

Application of E-Governance in Service Delivery: A Study of Federal Inland Revenue Service

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Abstract	<i>Journal of Policy and Development Studies (JPDS)</i>
<p><i>The Federal Inland Revenue Service (FIRS) plays a pivotal role in Nigeria's fiscal landscape, responsible for collecting revenue through various taxes, including income tax, value-added tax (VAT), and corporate tax, among others. Historically, tax administration in Nigeria was marked by inefficiencies, corruption, and a lack of transparency. However, the adoption of e-governance as an important tool used in the delivery of government services to the people by leveraging It is based on this, that this study explores the application of e-governance in the Federal Inland Revenue. The study was a documentary research. Some challenges uncovered by the research include the digital divide, inadequate technology infrastructure, lack of digital literacy, cyber security threats, organizational culture, and lack of enabling legislation were discovered. In conclusion, the application of e-governance in the Federal Inland Revenue Service of Nigeria has revolutionized the nation's tax administration. It has enhanced efficiency, transparency, and revenue collection while improving taxpayer satisfaction. As Nigeria continues its journey toward digital transformation, e-governance in the FIRS stands as a testament to the positive impact of technology on governance. The paper, therefore, recommends that the government should improve internet infrastructure and access and that digital literacy programmes</i></p>	<p>Vol. 14. Issue 2 (2023) ISSN(p) 0189-5958 ISSN (e) 2814-1091 Home page https://www.ajol.info/index.php/jpds ARTICLE INFO: Keyword: Revenue, fiscal policy, inland revenue Article History Received 6th December 2023 Accepted: 4th January 2024 DOI: https://dx.doi.org/10.4314/jpds.v14i2.8</p>

should be promoted to ensure the sustainability and inclusivity of e-governance initiatives.

1. Introduction

E-governance, or electronic governance, has emerged as a transformative tool in modernizing government operations worldwide. It leverages technology to enhance efficiency, transparency, and accountability within government agencies. The utilization of digital technology to enhance the efficiency and effectiveness of government services has become a fundamental aspect of modern governance. This involves the implementation of robust financial management systems that provide real-time updates on revenue collection and expenditure. Citizens now have easy access to tax administrative information, ensuring transparency in tax collection and allocation of resources.

Nigeria, like many other nations, has recognized the potential of e-governance in various sectors, including tax administration. The implementation of e-governance in Federal Inland Revenue Service (FIRS) in Nigeria has made significant strides in modernizing its operations and increasing revenue collection. However, this development has been marred by several challenges, resulting in their ineffectiveness. Nigeria's ineffective electronic tax system in the Federal Inland Revenue Service can be attributed to a combination of technological, educational, administrative, and security-related issues.

The progress of e-governance is confronted with existing and new challenges and risks, such as cybersecurity and data privacy. Some considerations are especially urgent or important in developing countries including countries in special situations. These include lack of digital infrastructures, sustainable e-government platforms and limited resources for implementing digital government policies. (UN E-Government Survey, 2020). Nigeria faces infrastructure challenges, including unreliable electricity and internet connectivity. These issues have hindered the smooth implementation of e-governance initiatives. Regulatory framework: Maintaining a robust legal and regulatory framework to govern e-governance practices is essential. Addressing these issues becomes crucial for the successful adoption and implementation of electronic tax systems, which have the potential to significantly enhance revenue collection and fiscal transparency in the country. To this end, this study becomes necessary.

1.1. Background of Federal Inland Revenue Service

The Nigerian Federal Inland Revenue Service was created in 1943 when it was carved out of the erstwhile Inland Revenue Department that covered what was then the Anglo-phone West Africa

(including Ghana, Gambia and Sierra Leone) during the colonial era. In 1958, the Board of Inland Revenue was established under the Income Tax Ordinance of 1958. After various transformations in 1961 and 1993, the Federal Inland Revenue Service (FIRS) as the operational arm of FBIR, secured its autonomy through the emergence of FIRS (Establishment) Act 13 of 2007. The commencement date of this Act was April 16, 2007. The Act is a compendium of establishment, powers, management, financial provisions, tax administration and other provisions guiding the administration of FIRS.

2. Concept of E-governance

E-governance, a modern approach to public administration, harnesses information and communication technologies to enhance government services and interactions with citizens. E-governance (short for electronic governance) is the use of technological communications devices, such as computers and the Internet, to provide public services to citizens and other persons in a country or region and has revolutionized the way governments function, bringing about increased transparency, efficiency, and accessibility. Saugata and Masud (2007), electronic governance or e-governance is the application of IT for delivering government services, exchange of information, communication transactions, integration of various stand-alone systems between government to citizen (G2C), government-to-business (G2B), government-to-government (G2G), Government-to-employees (G2E) as well as back-office processes and interactions within the entire government framework. From the definition above, it is clear that e-governance takes place in all areas of the society with a major focus on the use of information and communication technologies, particularly the Internet, as a tool to achieve better government (OECD, 2003), and the use of information and communication technologies in all facets of the operations of a government organization (Grima-Izquierdo, 2010; Koh & Prybutok, 2003).

Some of the new revolutions governments are taking in pursuit of e-government include the delivery of e-government as a platform, the integration of online and offline multichannel delivery, the agile development of digital services (supported by whole-of-government and whole-of-society engagement and integration), the expansion of e-participation and partnerships, the adoption of data-centric approaches, the strengthening of digital capacities to deliver people-centric services, and the innovative use of new technologies such as artificial intelligence (AI) and blockchain (UN E-Government Survey, 2020). E-governance is a new way of organization and management of public affairs, introducing positive transformational processes in management and the structure itself of the organization chart, adding value to the procedures and services provided, all through the introduction and continued appropriation of information and communication technologies as a facilitator of these transformations (En busca, 2018). By promoting digital literacy and access to government services, e-governance empowers citizens to participate more actively in the democratic process.

The concept of e-governance has gained significant attention worldwide due to its potential to drive socioeconomic development and better governance. It is seen as a means to bridge the digital divide and provide essential services to marginalized communities (World Bank, 2016), and transform the way governments serve their citizens. By embracing technology, governments can improve transparency, efficiency, and accessibility, thereby contributing to social and economic development. The essence of e-governance is to enhance value for stakeholders through transformation (Kaylor, 2001) and the use of technology in improving access to and delivery of

government services to benefit citizens, business partners and employees (Deloitte Research, 2000).

Specific uses of the Application of E-governance in Federal Inland Revenue Service.

E-governance plays a crucial role in enhancing the efficiency and transparency of government operations, including tax collection agencies like the Federal Inland Revenue Service (FIRS). According to Awai & Oboh (2020), here are some specific uses and applications of e-governance in the context of FIRS:

- i. **Online Tax Filing and Payment:** E-governance facilitates the development of online platforms for taxpayers to file their returns and make payments electronically. This reduces paperwork, minimizes errors, and enhances the convenience of tax compliance. You can reference the FIRS website as an example of such an online platform.
- ii. **Electronic Tax Registration:** The introduction of online tax registration systems simplifies the process of registering new taxpayers, updating information, and obtaining Tax Identification Numbers (TINs). This makes it easier for individuals and businesses to comply with tax regulations.
- iii. **Data Analytics and Risk Assessment:** E-governance allows tax authorities to collect and analyze large volumes of data to identify tax evasion and fraud. By using modern data analytics tools, FIRS can target high-risk taxpayers more effectively, increasing compliance and revenue collection.
- iv. **Taxpayer Portals:** Developing taxpayer portals or dashboards allows individuals and businesses to access their tax records, view past returns, and receive updates on tax-related matters. These portals can improve transparency and provide taxpayers with a comprehensive view of their financial obligations.
- v. **Electronic Communication:** FIRS can use email and SMS notifications to communicate with taxpayers, sending reminders, updates, and important information related to their tax obligations. This helps in maintaining transparency and reducing the risk of non-compliance.
- vi. **Online Services for Tax Professionals:** E-governance can provide tax professionals with tools and resources to assist their clients in tax compliance. This might include access to e-learning platforms, electronic filing tools, and updated tax regulations. The Tax Professionals section on the FIRS website could serve as a reference.
- vii. **Automation of Tax Assessment and Refunds:** Automation in tax assessment and refund processes can minimize delays and errors, ensuring that taxpayers receive timely refunds when they are due. FIRS can implement automated systems for assessing tax liability and processing refunds.
- viii. **Electronic Audits and Compliance Checks:** E-governance tools can assist in conducting electronic audits, compliance checks, and risk assessments, reducing the need for physical audits. This not only saves time but also helps in maintaining transparency and accountability.

- ix. **Public Data and Information Sharing:** E-governance allows FIRS to share public tax-related data, information, and statistics with citizens, researchers, and businesses. This can be achieved through the publication of annual reports, tax guides, and online databases.
- x. **Feedback Mechanisms:** E-governance enables the collection of feedback from taxpayers regarding their experiences with the tax system. This information can be used for continuous improvement in tax administration.

Benefits of E-governance in Federal Inland Revenue Service in Nigeria

Implementing e-governance in the Federal Inland Revenue Service (FIRS) in Nigeria can bring about various benefits. Here are some potential advantages:

- i. **Efficiency and Speed:** E-governance streamlines and automates various processes, reducing the time it takes to perform tasks such as tax filing, processing refunds, and other administrative functions and also enables quick access to relevant information, allowing both taxpayers and tax administrators to retrieve and process data rapidly.
- ii. **Transparency and Accountability:** E-governance helps minimize corruption by creating transparent processes and reducing the need for human intervention in routine tasks. Whether in financial institutions, government operations, or business processes, this feature bolsters trust and deters malfeasance. It allows for seamless tracking of changes and authorizations, promoting integrity and due diligence. Another is that the electronic systems can maintain an audit trail of all transactions, enhancing accountability and providing a transparent record of activities. These systems meticulously record every action, leaving an indelible digital footprint. This audit trail serves as a reliable record of activities, making it easier to trace, monitor, and verify transactions.
- iii. **Convenience for Taxpayers:** Taxpayers can file their returns online, reducing the need for physical visits to tax offices. This enhances convenience and encourages compliance. Also, the e-payment options simplify the payment process, making it more convenient for taxpayers and reducing the reliance on physical cash transactions.
- iv. **Data Accuracy and Integrity:** Automation reduces the likelihood of errors in data entry and calculations, ensuring the accuracy of tax-related information. Implementing robust cybersecurity measures also protects sensitive taxpayer information, ensuring data integrity and confidentiality.
- v. **Cost Savings:** E-governance systems reduce the dependency on paper, leading to cost savings in terms of printing, storage, and manual processing. Digitalizing processes such as tax filing and payment can streamline operations, reducing the need for manual labour and paperwork. This efficiency leads to lower administrative expenses. Streamlined processes and reduced manual intervention also lead to operational cost savings.
- vi. **Improved Compliance:** E-governance systems can incorporate automated checks and alerts for non-compliance, promoting adherence to tax regulations. Taxpayers can receive timely notifications and reminders about deadlines, helping them stay compliant with tax obligations.
- vii. **Enhanced Data Analytics:** E-governance systems generate large amounts of data that can be analyzed to derive insights. This data-driven approach can inform decision-making processes and policy formulation. Advanced analytics can also be employed to identify high-risk areas, potentially reducing tax evasion and fraud.
- viii. **Customer Service Improvement:** With online services, the need for physical visits to tax offices decreases, reducing congestion and wait times. Online portals and chat support

make it easier for taxpayers to navigate tax-related queries, file returns, or resolve issues. The user-friendly nature of e-governance platforms fosters transparency and efficiency, ultimately promoting trust in the government. This transformation streamlines interactions, reducing bureaucracy and waiting times. This technological shift not only benefits taxpayers but also empowers governments to provide better services and address citizens' needs promptly and effectively.

- ix. **Global Competitiveness:** Adopting e-governance aligns FIRS with international standards in tax administration, enhancing Nigeria's global competitiveness and reputation. In an increasingly interconnected world, modernizing tax collection and administration through digital means is crucial. This not only improves the ease of doing business but also boosts investor confidence. By aligning with international best practices, FIRS showcases Nigeria's commitment to a fair and efficient tax system. This, in turn, attracts foreign investments, promotes economic growth, and elevates the country's standing on the global stage.

2.1 Challenges Faced by Federal Inland Revenue Services in Deploying E-governance in their Administration

- i. **Digital Divide:** This can also be seen as Limited Internet Access and refers to the gap between individuals or communities who have access to digital technologies and the internet and those who do not. This disparity in access can lead to significant inequalities in education, employment, and overall quality of life. In an increasingly digital world, those without access to technology are at a disadvantage. In some regions of Nigeria, access to reliable and high-speed internet remains a challenge. This can hinder the effective implementation of e-governance initiatives as users may face difficulties in accessing online services.
- ii. **Infrastructure Constraints:** The absence of such a foundation can obstruct the seamless operation of these systems. Hardware deficiencies may lead to sluggish processing, system failures, or security vulnerabilities, impairing the government's ability to deliver services efficiently. Likewise, outdated or inadequate software can result in compatibility issues, data breaches, and limited functionality, hindering transparency and citizen engagement.
- iii. **Lack of Digital Literacy:** Lack of digital literacy significantly impedes e-governance within the Federal Inland Revenue Service (FIRS). Digital literacy, the ability to use digital tools and technologies effectively, is crucial for both employees and taxpayers in the context of tax administration. Within FIRS, employees must be adept at using digital systems to manage tax data, process returns, and ensure data security. Without digital literacy, the workforce faces challenges in adapting to modern tax collection methods, resulting in inefficiencies and potential data breaches. Moreover, taxpayers need to access and navigate online portals for filing taxes and obtaining information. A lack of digital literacy hinders their ability to interact with the tax system, leading to compliance issues and hindered revenue collection.
- iv. **Data Security and Privacy Concerns:** Data security and privacy concerns are paramount in the application of e-governance within federal revenue services. As technology advances, so does the volume of sensitive taxpayers' information stored electronically. Protecting this data from cyber threats and unauthorized access is a critical challenge. Breaches can lead to identity theft and financial fraud.

- v. **Resistance to Change:** Resistance to change in the application of e-governance within federal revenue services poses a significant challenge. Bureaucratic structures often resist technological advancements due to fear of job displacement, unfamiliarity, or a general reluctance to alter established processes. This resistance hampers the implementation of efficient and transparent e-governance systems. Resistance to change within the organization can be a significant hurdle sometimes too due to a need for cultural shifts to embrace digital transformation.

3. Conclusion and Recommendation

The application of e-governance within the Federal Inland Revenue Service (FIRS) represents a transformative leap toward efficiency and transparency. The utilization of digital platforms, online tax filing, and data analytics has streamlined tax collection, reducing bureaucratic red tape. Additionally, e-governance has enhanced taxpayer compliance and minimized opportunities for corruption. This modernization fosters economic growth, ensuring that revenue collection aligns with the dynamic needs of the country. Furthermore, it demonstrates a commitment to serving citizens and businesses more effectively. As we move forward, continuous improvement and security measures will be essential for maintaining public trust in the FIRS's digital transformation, hence, the following recommendations are made regarding the identified challenges in this study:

- i. Bridging the digital divide is crucial for ensuring equitable opportunities for all will enhance e-governance in FIRS. Initiatives such as affordable broadband access, digital literacy programs, and support for underserved communities are essential in narrowing this gap. Addressing the digital divide is not only a matter of social justice but also an economic imperative in our modern society.
- ii. To ensure the success of e-governance initiatives, investments in modern, secure, and adaptable technology are imperative, underlining the critical role of technology in promoting accessible, efficient, and accountable government services. This will promote a robust technological infrastructure, including hardware and software, and enhance the smooth functioning of e-governance systems in FIRS.
- iii. Promoting digital literacy is crucial for the seamless functioning of e-governance in the Federal Inland Revenue Service (FIRS). To achieve this, the agency can initiate educational campaigns, workshops, and online training programs for both employees and taxpayers. Encouraging the use of user-friendly interfaces and providing technical support will boost confidence in digital processes. Moreover, simplifying tax-related documentation and using plain language can enhance accessibility. Collaboration with educational institutions can foster digital skills development. Additionally, regularly updating digital infrastructure and ensuring data security is vital for trust and efficiency. In the digital age, enhancing digital literacy is indispensable for the FIRS to effectively serve the public.
- iv.
- v. Transparent communication is key. FIRS should engage employees and stakeholders in open dialogues to explain the benefits of e-governance, addressing their concerns and

dispelling misconceptions. Secondly, a phased implementation strategy can be employed, allowing employees to adapt gradually and providing training and support throughout the process. Thirdly, showcasing successful case studies of e-governance adoption in other tax authorities can inspire confidence in the change. Lastly, FIRS must establish a feedback system to continually assess and address issues, fostering a culture of adaptability and inclusivity. These measures can help minimize resistance and ensure a smooth transition to e-governance.

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