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CORPORATE TAX COMPLIANCE AND REVENUE GENERATION IN NIGERIA: A STUDY OF THE FEDERAL INLAND REVENUE SERVICE (FIRS)

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ABSTRACT

This study investigates the role of the Federal Inland Revenue Service (FIRS) in promoting corporate tax compliance and enhancing revenue generation in Nigeria, with particular emphasis on Company Income Tax (CIT) between 2018 and 2023. In response to the country's growing fiscal pressures and the need to diversify beyond oil revenue, several institutional reforms have been introduced by FIRS to strengthen compliance and broaden the tax base. Anchored on the Institutional Theory, the study explores how organizational structures, norms, and enforcement mechanisms influence compliance behavior and revenue outcomes. Using secondary data sourced from official FIRS publications, the study adopts a descriptive approach to analyze actual CIT collections relative to projected targets across the six-year period. The findings reveal a steady upward trend in CIT revenue, with significant performance improvements recorded in 2022 and 2023. These gains are attributed to administrative reforms, technological innovations, and improved enforcement strategies. However, inconsistencies in quarterly collections and the absence of published targets in certain years highlight lingering structural and reporting challenges. The study concludes that while FIRS has made notable progress in corporate tax administration, sustaining these gains requires strengthened taxpayer education and engagement, investment in digital infrastructure and staff capacity, and the promotion of voluntary compliance through simplified procedures and transparency, sustaining these gains requires a stronger emphasis on voluntary compliance, transparency, and institutional efficiency. The research offers insights for policymakers seeking to optimize tax performance as a tool for national revenue growth.

Keywords: Compliance, Corporate tax, Revenue, Tax administration, Taxation

1.0 INTRODUCTION

In recent years, corporate taxation has gained renewed significance in Nigeria's efforts to boost domestic revenue and reduce its dependence on oil. With increasing concerns over debt sustainability, widening budget deficits, and unpredictable oil prices, the need to optimize non-oil revenue sources has become more pressing than ever (Oyinkansola & Omodero, 2023). Among these sources, Company Income Tax (CIT) stands out as a major revenue stream.

However, it remains undermined by widespread non-compliance, evasion, and weak enforcement. These issues continue to hinder the country's ability to meet its fiscal targets and fund critical development needs (Ogidiaka et al, 2024)).

The Federal Inland Revenue Service (FIRS), as the primary institution responsible for collecting corporate taxes, plays a central role in addressing these challenges. Over the past few years, FIRS has rolled out several reforms aimed at improving tax compliance and increasing revenue generation (Mohammed et al, 2023). These include the implementation of digital tools like the TaxPro Max platform, the enforcement of tax audit and investigation units, and the administration of recent Finance Acts designed to broaden the tax base and close compliance loopholes. While these measures are intended to enhance efficiency, reduce tax evasion, and improve corporate tax collection, the actual impact of these interventions remains under-examined in academic literature (Mohammed et al, 2023). Existing studies on tax compliance in Nigeria tend to focus heavily on taxpayer behavior, especially in relation to SMEs and the informal sector. However, relatively little attention has been paid to the institutional mechanisms through which FIRS enforces corporate tax compliance, particularly in light of recent reforms and technological innovations. This presents a gap in the literature: the need for a more detailed, institution-focused assessment of how FIRS's strategies influence corporate compliance levels and overall revenue outcomes (Akinyosoye et al, 2024).

This study addresses that gap by focusing specifically on Company Income Tax (CIT) as a proxy for corporate tax compliance in Nigeria. CIT is the most consistently reported and quantitatively significant component of corporate taxation, making it a reliable indicator for assessing institutional performance and revenue outcomes. By examining FIRS's operational strategies, policy tools, and enforcement mechanisms, the research aims to provide insight into how institutional performance can strengthen national revenue mobilization. The study also considers recent policy shifts and technological interventions as part of the broader effort to modernize tax administration in Nigeria. In doing so, the study contributes to the ongoing discourse on tax reform, institutional capacity, and revenue performance, offering practical and policy-relevant insights for tax authorities, policymakers, and scholars alike.

2.0 LITERATURE REVIEW

Corporate tax compliance has increasingly become a focal point in Nigeria's fiscal discourse, particularly in response to the country's shifting economic landscape. The traditional dependence on oil revenue has proven unsustainable in the face of global price volatility, dwindling crude production, and international pressure to transition to cleaner energy sources. In this context, Nigeria's urgent need to diversify its revenue base has brought non-oil taxes, especially Company Income Tax (CIT), to the center of economic planning and policy debates. CIT now stands not only as a revenue stream but also as a critical barometer for evaluating the effectiveness of Nigeria's tax administration system and broader fiscal governance (Adefunke & Usiomon, 2022).

Despite its growing significance, corporate tax compliance in Nigeria remains far below its potential. Numerous studies point to a persistent compliance gap between what corporations are expected to remit and what they actually pay. While the size of Nigeria's formal corporate sector continues to expand, government revenue from corporate taxation has not experienced a proportionate increase. Scholars have attributed this mismatch to a combination of deep-rooted institutional, structural, and regulatory challenges (Oladipo et al, 2022). Wingate (2020) portrays the Federal Inland Revenue Service (FIRS), the country's primary tax enforcement agency, as constrained by both operational and strategic limitations, with perceived inefficiency being foremost among its challenges

Administrative bottlenecks within FIRS have drawn sustained scholarly attention. Studies frequently cite issues such as procedural delays in processing corporate tax returns, limited reach of audit mechanisms, lack of consistency in penalty enforcement, and weak follow-through on investigations. These inefficiencies, far from being isolated glitches, are seen as systemic features of an overburdened and under-resourced tax administration. For instance, the relatively low ratio of tax officers to corporate taxpayers leads to poor oversight and allows many firms to exploit regulatory blind spots. Moreover, the absence of robust performance evaluation metrics within FIRS creates room for staff discretion and opens opportunities for rent-seeking, which further erodes the integrity of the compliance process (Ibidunmoye et al, 2015). Le et al. (2020) highlight that corruption within the tax administration features prominently in the literature. Several studies, drawing from empirical surveys and anecdotal evidence, argue that the perceived and actual prevalence of bribery, collusion, and selective enforcement undermines compliance. When corporations perceive that tax obligations can be negotiated informally or avoided through illicit payments, the incentive to comply voluntarily diminishes significantly. This institutional credibility deficit fosters what some scholars describe as a "strategic non-compliance culture" among firms, especially those with political connections or significant market power. In such an environment, tax becomes less of a statutory duty and more of a negotiable obligation.

Legal and regulatory instability has also been identified as a core impediment to effective corporate tax compliance. The series of Finance Acts passed annually since 2019, while aimed at tax modernization and harmonization, have introduced a level of legal dynamism that many firms find difficult to navigate. Although these legislative interventions are typically framed as reforms, their frequent and sometimes abrupt nature has created uncertainty for corporate taxpayers. This is particularly problematic for small and medium-sized enterprises (SMEs) that lack access to up-to-date legal counsel or internal tax compliance units. In many cases, these firms become unintentionally non-compliant due to misunderstanding or misinterpreting rapidly evolving obligations, thereby increasing the administrative burden on both taxpayers and FIRS (Adelakun et al, 2024). Alm and Malézieux (2021) identify another critical theme in the literature concerning the foundational orientation of the Nigerian tax system. Some scholars argue that the administrative philosophy underpinning tax enforcement in Nigeria remains largely extractive. Rather than being designed as a service-oriented framework that supports taxpayer understanding and ease of compliance, the system often appears coercive, adversarial, and transactional. This orientation leads to low levels of trust between taxpayers and the state, with many firms seeing tax payments as punitive rather than contributory. In such a context, voluntary compliance is difficult to foster, and enforcement becomes the dominant (and often ineffective) mode of ensuring revenue collection.

Nevertheless, the literature also reflects growing recognition of reform initiatives undertaken by FIRS to address these long-standing issues. One of the most transformative reforms has been the rollout of the TaxPro Max digital platform, which aims to automate key tax processes

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such as registration, filing, payment, and receipt generation. Some studies suggest that the introduction of this platform has reduced opportunities for direct human contact, thereby limiting informal negotiations and increasing system transparency (Adeagbo et al 2024,). TaxPro Max is also credited with improving record accuracy, minimizing data entry errors, and facilitating real-time tracking of taxpayer obligations. However, despite these promising features, empirical evaluations of the platform's impact remain limited, and many of the existing studies stop at descriptive analysis without quantifying compliance outcomes or measuring improvements in revenue performance (Hassan et al, 2021).

In parallel with digital reforms, FIRS and the federal government have implemented various legislative changes to streamline the corporate tax system. The Finance Acts have introduced several sector-specific reliefs, simplified filing thresholds, and revised outdated provisions to align the Nigerian tax system with global norms. These reforms are particularly intended to broaden the tax base by bringing more entities into the formal net and reducing opportunities for avoidance through legal loopholes. While some scholars applaud these measures for their technical soundness, others argue that legislative changes alone are insufficient unless supported by strong administrative follow-through. Without adequate enforcement and institutional coherence, even the most progressive legal reforms may fail to generate the intended compliance improvements (Ishaqi & Mastor, 2024).

Hanapi (2022) observes that a striking feature of much of the existing literature is its heavy focus on taxpayer-side explanations for non-compliance. Many studies rely on behavioral surveys, interviews, and self-reported attitudes to explain why corporations evade taxes or fail to meet their obligations. Commonly cited reasons include low tax morale, limited awareness of tax laws, high compliance costs, and the perceived unfairness of the tax system. While these behavioral insights are useful, they often treat the tax authority as a static backdrop rather than a dynamic player in shaping compliance behavior. As a result, the institutional actions, or inactions of FIRS are frequently underexplored or oversimplified in empirical research. This presents a critical gap in the literature. There is a noticeable shortage of studies that examine the internal operations of FIRS in detail, including how policy decisions, enforcement schedules, audit capacity, and inter-agency coordination influence compliance outcomes. Likewise, few works explore the impact of FIRS's organizational culture, leadership structures, and accountability systems on the consistency and credibility of tax administration. Given that tax authorities are not passive institutions but active agents with the power to shape fiscal behavior, this oversight limits the explanatory power of many existing models (Chang, 2021).

The geographic and sectoral diversity in compliance behavior is rarely addressed in depth. The tendency to rely on national aggregates or case studies from high-revenue urban centers like Lagos and Abuja overlooks important variations across Nigeria's diverse economic and regional landscapes. For example, firms in the North-East may face different tax administration challenges due to insecurity or poor infrastructure, while businesses in the informal retail or agricultural sectors may operate entirely outside the FIRS radar. Understanding these spatial and sectoral nuances is vital for developing more tailored and effective compliance strategies (Hunter, 2023). Taken together, the literature reflects a growing awareness of the importance of corporate tax compliance in Nigeria's fiscal strategy, but it also reveals critical limitations in scope and analytical depth. While much attention has been paid to reforms, taxpayer psychology, and policy shifts, the administrative behavior and institutional dynamics of FIRS

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remain under-theorized and empirically under-investigated. As Nigeria continues to seek more stable and sustainable sources of revenue, future research must place greater emphasis on the strategic and operational capacity of its tax authorities. Only then can the compliance gap be properly understood and, ultimately, closed.

3.0 THEORETICAL FRAMEWORK

This study is anchored on Institutional Theory, which provides a robust and multidimensional lens for analyzing the relationship between corporate tax compliance and revenue generation within the operational framework of the Federal Inland Revenue Service (FIRS) in Nigeria. Institutional Theory departs from simplistic assumptions that tax compliance is purely driven by rational calculations of cost and benefit, such as the fear of sanctions or probability of detection. Instead, it posits that organizational behavior, including tax compliance, is deeply embedded in broader institutional environments, consisting of formal rules, informal norms, sociopolitical pressures, and historically established practices (Bah, 2024).

At its core, Institutional Theory asserts that the actions of individuals and organizations are not made in a vacuum, but are shaped by the structures and expectations of the institutional systems in which they operate. These systems include regulatory frameworks, organizational hierarchies, cultural norms, and procedural standards that guide behavior and create shared meanings. When institutions exhibit stability, legitimacy, transparency, and fairness, they foster predictable environments in which compliance is more likely to be viewed as routine, appropriate, and socially reinforced, rather than coercively imposed (Powell & DiMaggio, 2012). Feng et al. (2023) explain that in the Nigerian context, the FIRS represents the institutional embodiment of corporate tax enforcement. Its structure, practices, and public perception directly influence the compliance behavior of corporate taxpayers. The theory therefore encourages a focus not only on the formal laws or penalty regimes set by the tax authority but also on how the authority operates, how it is perceived by stakeholders, and how it interacts with the business community over time. This is especially crucial in Nigeria, where institutional weaknesses, including inconsistent policy implementation, inadequate taxpayer services, corruption, and bureaucratic inefficiencies have historically undermined voluntary compliance and eroded trust in public institutions.

Institutional Theory is highly relevant to this study because it allows for a systemic evaluation of the internal capacity and reform orientation of FIRS as a tax institution. Rather than viewing compliance merely as the outcome of a rule-following exercise or fear-based deterrence, the theory invites us to examine how FIRS builds legitimacy, manages organizational change, enforces norms, and aligns itself with broader national governance objectives. For instance, the shift towards digital administration, through tools like TaxPro Max can be interpreted not only as a technical upgrade but also as a strategic institutional realignment designed to improve service delivery, reduce discretion, and enhance the predictability of taxpayer interactions (Dekel-Dachs et al, 2021). The theory brings into sharp focus the non-coercive dimensions of compliance, such as procedural justice, clarity of communication, access to dispute resolution, and user-centered services. These elements are critical to institutional performance but are often overlooked in tax compliance models that focus purely on punishment or deterrence. In reality, compliance is frequently driven by a sense of procedural fairness, when taxpayers believe the system is operating consistently, transparently, and equitably, they are more likely to comply voluntarily. This insight helps explain why enforcement-only models often yield diminishing returns in environments where the tax institution lacks credibility or public support (Demarest, 2021)

Jooji et al. (2023) note that Institutional Theory also emphasizes that institutions evolve. They are not static structures but adaptive entities that respond to internal and external pressures. In the case of FIRS, the past decade has witnessed several reform efforts aimed at institutional modernization. These include structural reorganization, performance-based staff evaluations, the centralization of compliance functions, and efforts to reduce face-to-face interactions between taxpayers and officials, all of which aim to improve administrative efficiency and reduce opportunities for manipulation or corruption. These reforms reflect a growing institutional awareness of the need to move from a purely extractive role to one that also prioritizes facilitation, responsiveness, and accountability. By framing the inquiry through Institutional Theory, this study prioritizes an examination of how FIRS's institutional features, such as leadership vision, operational consistency, internal coordination, and reform implementation, translate into compliance outcomes. It also opens space to explore how these institutional dynamics are perceived by corporate taxpayers, especially in terms of fairness, professionalism, and capacity. This is important in the Nigerian context, where institutional trust is often fragile, and past failures of government agencies can lead to skepticism and resistance, even in the face of well-intentioned reforms (Liu et al, 2024).

Importantly, Institutional Theory also allows for a contextualized interpretation of the Nigerian tax environment. It recognizes that tax institutions do not exist in isolation but are embedded within larger political, economic, and social systems. Therefore, this study can critically explore how macro-institutional factors, such as political will, inter-agency collaboration, public sector corruption, and fiscal federalism, interact with the micro-level operations of FIRS to shape compliance behavior. This broader perspective acknowledges that improving tax compliance is not merely a technical or legal task but a deeply institutional challenge, requiring consistent reform, credible leadership, stakeholder engagement, and cultural transformation (McCulloch et al, 2021). By adopting Institutional Theory as its guiding framework, this study is positioned to deliver a more holistic and practice-informed understanding of corporate tax compliance in Nigeria. It shifts the analytical lens from the behaviors of individual taxpayers to the structural and operational qualities of the tax authority itself. This approach not only enhances the explanatory power of the research but also aligns with contemporary public finance literature that increasingly views tax institutions as critical enablers of development, rather than merely revenue collectors (Yue, 2023).

4.0 EMPIRICAL REVIEW

Empirical investigations into corporate tax compliance and revenue generation in Nigeria reflect an increasingly dynamic field of study, marked by the interplay between regulatory mechanisms, administrative capacity, corporate behavior, and technological transformation. As Nigeria continues to grapple with the imperative of boosting non-oil revenue, especially in the face of chronic fiscal deficits, studies have sought to assess the effectiveness of the Federal Inland Revenue Service (FIRS) in managing and enhancing corporate tax compliance through various strategic reforms and operational adjustments. These empirical efforts, while

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insightful, also reveal the fragmented and sometimes inconsistent nature of tax enforcement and administration across sectors and regions (Efuntade & Efuntade, 2023).

Much of the existing empirical literature adopts quantitative methodologies, leveraging tax revenue data from FIRS, corporate financial statements, annual reports, and taxpayer surveys to identify correlations between compliance levels and revenue outcomes. A dominant narrative within this body of work points to a positive but uneven relationship between strengthened compliance frameworks and increased government revenue. In particular, the enforcement mechanisms deployed by FIRS, such as audits, investigations, and compliance reviews have been shown to exert a measurable influence on corporate behavior, particularly among large firms operating in the formal economy (Zhang et al, 2022). Hut-Mossel et al. (2021) observe that several empirical studies underscore the deterrence effect of tax audits, noting that scheduled and surprise audits serve not only to uncover evasion but also to enhance voluntary compliance through the perceived risk of detection. In firms where regular audits are anticipated, the compliance rate tends to be significantly higher. However, the actual capacity of FIRS to conduct systematic audits has been questioned in numerous analyses. Budgetary limitations, manpower shortages, lack of automated audit tools, and procedural delays significantly hamper the agency's ability to scale its enforcement activities. This constraint reduces the reach and credibility of audit-based deterrence and leaves a significant proportion of the corporate tax base outside the scope of active surveillance.

Beyond enforcement, a growing cluster of empirical studies has focused on the digitization of tax administration, particularly through the deployment of platforms such as TaxPro Max. This platform was introduced to facilitate end-to-end digital filing, automated taxpayer registration, payment processing, and record reconciliation. Early evaluations suggest modest improvements in filing compliance, data transparency, and efficiency gains. For instance, some firms report shorter turnaround times for tax clearance certificates and reduced errors in declarations (Fadipe et al, 2025). Okeke et al. (2023) note, however, that empirical critiques of these reforms highlight a number of implementation challenges, including inadequate taxpayer onboarding, poor digital infrastructure in rural and underserved areas, and a general lack of IT literacy among small business operators. Without significant investments in digital capacity-building and user support, the effectiveness of these platforms is likely to remain concentrated among technologically sophisticated, urban-based firms.

In addition to digital initiatives, Nigeria's legislative landscape has undergone significant transformation through the passage of five consecutive Finance Acts (2019–2023), each introducing changes to CIT rates, exemptions, administrative thresholds, and reporting requirements. Empirical studies investigating these reforms have found mixed results. On the one hand, the codification of minimum tax provisions, clarification of ambiguous tax incentives, and removal of redundant exemptions have contributed to a more predictable tax environment, which, in theory, should encourage greater compliance (Nwokoye et al, 2023). On the other hand, the frequent revision of tax laws, sometimes with retroactive implications has introduced compliance uncertainties, especially among SMEs and startups. These firms often lack the financial or technical resources to track, interpret, and implement new tax rules, leading to compliance lapses that are not always intentional (Løyland et al, 2024).

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There is a growing empirical interest in exploring institutional dynamics within FIRS itself. Despite its central role in Nigeria's fiscal system, very few studies have placed the internal functioning of the agency at the center of empirical inquiry. Important variables such as staff competence, leadership structure, audit strategy formulation, inter-agency collaboration, and accountability mechanisms are frequently mentioned in passing but are rarely subjected to rigorous analysis. For example, the implementation of performance monitoring systems within FIRS, aimed at linking revenue targets to staff output, is a promising development but lacks comprehensive empirical assessment (Madawaki & Ahmi, 2021). Similarly, the coordination between FIRS and other regulatory bodies, such as the Corporate Affairs Commission (CAC) and the Nigerian Financial Intelligence Unit (NFIU), has yet to be fully evaluated for its impact on data sharing, compliance tracking, and fraud detection (Giglietto et al, 2020). Another critical weakness in the literature is the over-reliance on national-level or urban-centric data. Most empirical research is conducted in Lagos, Abuja, and Port Harcourt, which, while economically significant, do not represent the full diversity of Nigeria's tax environment. Studies rarely explore how geographical variations, including disparities in infrastructure, security, governance, and economic structure, affect tax compliance across the country's six geopolitical zones. For instance, the North-East, plagued by conflict and low state capacity, likely presents different compliance challenges than the more industrialized South-West. Similarly, tax behavior in the oil and gas sector, characterized by high regulatory oversight, differs dramatically from that in agriculture or informal retail, which often operate below the radar of formal taxation (Adeleke, 2021).

This sectoral and spatial blind spot weakens the applicability of many empirical findings and reinforces the need for more disaggregated studies using region-specific data sets. Moreover, most studies do not adequately differentiate between types of corporate entities, such as multinational corporations, indigenous conglomerates, and SMEs, despite their vastly different risk profiles, tax obligations, and capacities for compliance (Budiman & Inayati, 2021). From a methodological standpoint, a considerable portion of the literature depends on survey-based approaches that gather perceptions of compliance behavior from company representatives, tax consultants, or government officials. While these surveys offer valuable insights into attitudes and general trends, they are often prone to social desirability bias and underreporting of illegal behavior, particularly when it comes to tax evasion. Additionally, the reliance on cross-sectional designs limits the ability of researchers to capture long-term changes in compliance behavior following major reforms (Endra et al, 2021). As such, there is an increasing call for more longitudinal studies and the use of administrative data from FIRS to supplement or replace perception-based measures. A few pioneering studies have begun to incorporate panel data techniques to track firm-level compliance over time, but these remain the exception rather than the norm.

The empirical literature on corporate tax compliance in Nigeria has grown in scope and sophistication, it remains constrained by several critical gaps. There is an overemphasis on taxpayer attitudes at the expense of institutional effectiveness, a lack of regionally representative data, limited sectoral disaggregation, and a need for stronger methodological diversity. As Nigeria continues to reform its tax administration and broaden its revenue base, empirical work must evolve accordingly (Amaeshi et al, 2020). By centering institutional performance, particularly the operational capacity, leadership, and innovation strategies of

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FIRS, future research can provide more actionable insights into how corporate compliance can be effectively nurtured, monitored, and enforced in a rapidly changing economic environment.

5.0 METHODOLOGY

This study employs a descriptive research design to evaluate corporate tax compliance and revenue generation in Nigeria using Company Income Tax (CIT) data from 2018 to 2023. The analysis is based on secondary data obtained directly from the Federal Inland Revenue Service (FIRS), including quarterly and annual records of actual CIT collections and targeted projections. The study does not test hypotheses but relies on quantitative analysis to assess trends in tax performance. Comparisons are made between actual revenue and targets to measure compliance levels and revenue consistency across the six-year period. Results are presented in tables, with basic descriptive statistics used to interpret the findings.

6.0 RESULTS

This study assessed the performance of Company Income Tax (CIT) revenue in Nigeria between 2018 and 2023, emphasizing actual collections versus projected targets. The results reveal both inter-year and intra-year fluctuations, highlighting key patterns in tax compliance and revenue outcomes under the administration of the Federal Inland Revenue Service (FIRS). In 2018, actual CIT revenue stood at ₦1,340.33 billion, falling short of the annual target of ₦1,669.32 billion. Although performance was uneven across quarters, Q2 registered the highest figure at ₦421.80 billion, while Q1 recorded the lowest. This shortfall points to a possible gap in tax compliance enforcement or an overestimation in the year's forecast.

The year 2019 showed an improvement, with CIT revenue rising to ₦1,674.70 billion, nearly meeting the annual target of ₦1,708.51 billion. Q3 emerged as the strongest quarter at ₦513.38 billion, reflecting a mid-year boost in revenue. Compared to the previous year, there was a notable increase of ₦334.37 billion, representing a stronger alignment between FIRS projections and actual remittances. In 2020, total CIT revenue dropped to ₦1,275.37 billion, the lowest in the six-year period.This decline occurred despite quarterly targets of around ₦441.97 billion. The economic disruptions linked to the COVID-19 pandemic likely contributed to reduced corporate profitability and delayed remittances. Only Q3 exceeded ₦390 billion, while other quarters fell below the benchmark. Recovery began in 2021, with CIT collections increasing to ₦1,747.99 billion, surpassing pre-pandemic levels. Although no official target was published, each quarter exceeded the prior year's corresponding period, with Q3 again peaking. This rebound may reflect increased post–COVID business activity and improved compliance mechanisms by FIRS. In 2022, actual collections surged to ₦2,649.20 billion, an increase of over ₦900 billion from the previous year. Although this figure fell marginally short of the implied annual target of ₦3,117.28 billion, Q3 and Q4 performed strongly, indicating improved voluntary compliance and more effective enforcement.

The most recent data for 2023 shows CIT collections climbing to ₦3,349.75 billion, exceeding the annual target of ₦2,108.26 billion by a significant margin. Q3 stood out with ₦1,207.52 billion, the highest quarterly figure across the period reviewed. This suggests not only economic recovery but also enhanced tax administration efficiency under FIRS. The six-year analysis reveals a gradual yet uneven trajectory in CIT performance. While the COVID-19 pandemic caused a dip in 2020, the general trend reflects increasing corporate tax compliance

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and stronger alignment between forecasts and actuals. Quarterly variations also show that revenue mobilization is most effective in Q2 and Q3, likely due to filing deadlines and fiscal business cycles (National Bureau of Statistics & FIRS, 2023).

Figure 1: Actual vs Targeted CIT (2018–2023)

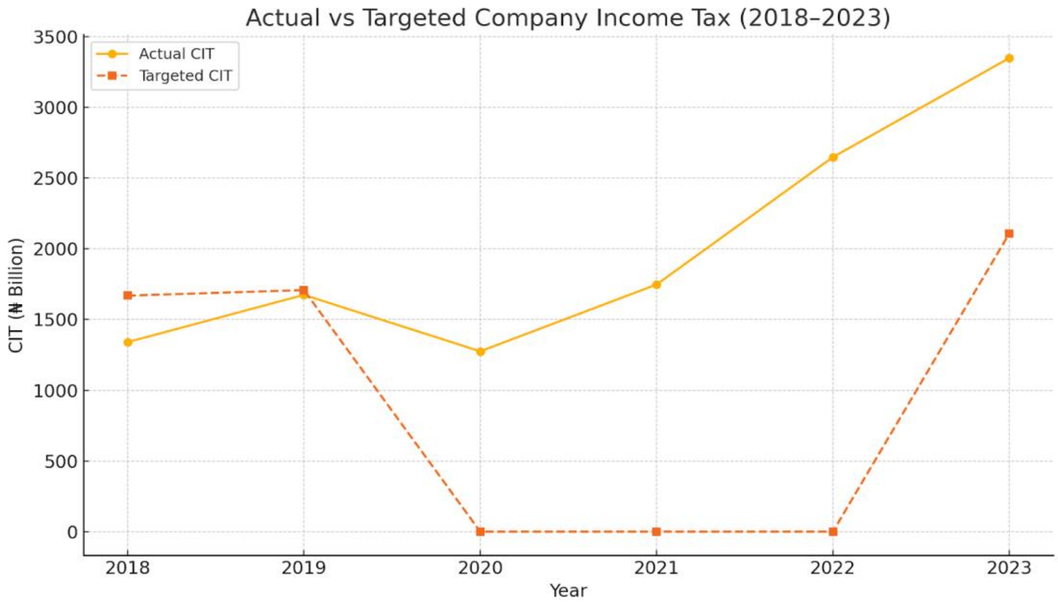

Figure 1 shows the annual trend of Company Income Tax collected versus targeted revenue. A consistent increase in actual revenue is observed, with notable over performance in 2023.

Note that no annual targets were officially declared for 2020 and 2021, likely due to economic uncertainty and reporting disruptions caused by the COVID-19 pandemic.

Figure 2: Quarterly CIT Collection by Year

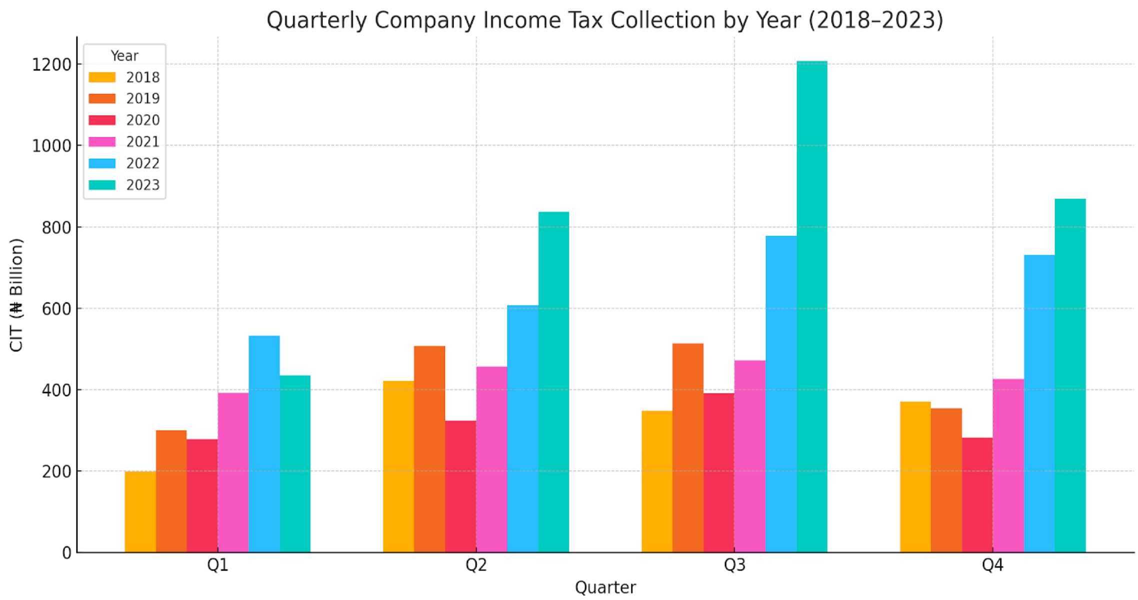

Figure 2 highlights quarterly performance across each year. Q3 consistently reflects the strongest collections, while 2020 shows the weakest performance due to pandemic-related disruptions.

7.0 DISCUSSION OF FINDINGS

The results of this study reveal notable patterns in Company Income Tax (CIT) performance in Nigeria between 2018 and 2023. While the data shows a general upward trajectory in CIT revenue over the six-year period, the underlying dynamics suggest a more nuanced relationship between tax reforms, institutional performance, and corporate compliance. According to Oyinkansola and Omodero (2023), the performance of CIT revenue is intricately linked to the statutory enforcement environment and the operational efficiency of tax authorities in Nigeria.

The initial shortfall in 2018, where actual revenue fell below the targeted benchmark, reflects long-standing issues in Nigeria's corporate tax space, particularly evasion, underreporting, and weak enforcement mechanisms. Despite the significance of CIT as a non-oil revenue source, compliance appeared inconsistent, especially in the first and third quarters, which may indicate a mismatch between policy intentions and taxpayer behavior. Le, Malesky, and Pham (2020) argue that when tax enforcement is inconsistent or corruptible, corporate entities tend to exploit systemic loopholes, leading to strategic non-compliance. In contrast, 2019 marked a turning point, with actual CIT revenue nearly aligning with projections. This improvement likely stemmed from increased enforcement pressure or early-stage administrative reforms within FIRS. The sharp rise in Q2 and Q3 collections suggests seasonal or regulatory triggers, such as tax deadlines or audit timelines, that prompt a higher level of compliance in mid-year periods. Ogidiaka et al. (2024) support this by highlighting how the expertise of tax officers and the timing of back-duty audits positively influence corporate compliance outcomes.

The decline observed in 2020 coincides with the COVID-19 pandemic, which severely disrupted economic activity and corporate profitability. Despite the absence of declared annual targets that year, the significant drop in quarterly figures, particularly in Q1 and Q4, signals the vulnerability of tax systems to external shocks. It also raises questions about the adaptability of FIRS's compliance infrastructure under crisis conditions. According to Adeleke (2021), fiscal outcomes in Nigeria are highly susceptible to macroeconomic disruptions, especially where digital resilience and adaptive policy responses are lacking. A strong rebound in 2021 suggests institutional recovery and the resumption of business operations. While no annual target was provided, each quarter surpassed its equivalent in 2020, pointing to improved operational performance and taxpayer responsiveness. The consistency in Q3 performance across the years indicates a structural pattern in tax compliance cycles, possibly linked to corporate reporting schedules. Adefunke and Usiomon (2022) emphasize that corporate profitability and internal reporting mechanisms play a direct role in determining CIT obligations and remittance timing.

The significant jump in CIT revenue in 2022, followed by an even steeper increase in 2023, implies the cumulative effect of FIRS's reform efforts. The introduction of digital tools like TaxPro Max and enhanced audit frameworks may have tightened compliance and minimized loopholes. The fact that actual collections in 2023 far exceeded the set target underscores not only improved enforcement but also more accurate taxpayer capture and possibly increased

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corporate transparency. Mohammed et al. (2023) confirms that digitalization efforts by FIRS have led to measurable improvements in tax collection by reducing processing delays and audit inefficiencies.

However, these gains should be interpreted with caution. Surpassing a revenue target does not necessarily equate to voluntary compliance. It may reflect stricter enforcement rather than improved tax morale. Furthermore, the absence of publicly available targets for key years like 2020 and 2021 complicates the ability to assess FIRS's performance consistently across the entire period. Alm and Malézieux (2021) caution that tax compliance data can be misleading if enforcement-driven compliance is mistaken for long-term behavioral change. The findings suggest that while structural reforms are yielding positive results, sustained growth in corporate tax revenue depends not only on institutional capacity but also on broader economic stability and the willingness of corporate entities to comply. The seasonal spikes, particularly in Q2 and Q3, highlight the importance of timing in enforcement and the strategic role that FIRS plays in shaping compliance behavior through deadlines, audits, and public policy. Jooji et al. (2023) support this institutional perspective, asserting that sustained compliance depends as much on institutional trust and policy consistency as on enforcement mechanisms.

8.0 CONCLUSION AND RECOMMENDATIONS

This study examined the role of the Federal Inland Revenue Service (FIRS) in enhancing corporate tax compliance and revenue generation in Nigeria, with a particular focus on Company Income Tax (CIT) performance between 2018 and 2023. The findings reveal a steady upward trend in CIT revenue over the six-year period, with notable improvements recorded in the post-pandemic years.

Although the data indicates progressive gains in revenue mobilization, it equally highlights intermittent shortfalls, compliance inconsistencies, and systemic weaknesses within the tax framework, especially during periods of economic uncertainty. The sustained growth in CIT collections underscores the positive impact of recent institutional reforms introduced by FIRS, particularly the deployment of digital tax administration platforms, strengthened audit mechanism, and the implementation of successive Finance Acts.

Collectively, these reforms demonstrate measurable progress toward a more efficient, transparent, and technology-driven tax administration system capable of supporting Nigeria's fiscal sustainability.

In light of the foregoing analysis, the following recommendations are proposed:

i. Enhance Taxpayer Education and Engagement:

The Government through the Federal Inland Revenue Service (FIRS) should intensify taxpayer education initiatives and foster continuous engagement with corporate taxpayers to deepen understanding of tax obligations and promote voluntary compliance.

ii. Promote Voluntary Compliance through Simplification and Trust:

Tax authorities should encourage voluntary compliance by simplifying filing procedures, ensuring consistency in reporting requirements, and building mutual trust and credibility with taxpayers.

iii. Invest in Digital Infrastructure and Capacity Development:

Strengthened investment in digital systems, data analytics, and personnel training is essential to improve tax administration efficiency, audit precision, and overall service delivery.

iv. Adopt a Balanced Compliance Strategy:

A sustainable tax system requires a balanced approach that integrates effective enforcement with facilitative measures, ensuring transparency, fairness, and a business-friendly environment.

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