

IMPACT OF FORENSIC ACCOUNTING ON TAX ADMINISTRATION IN NIGERIA

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Abstract: Traditional tax administration can no longer be sustained in the present IT powered environment that most organizations operate in. This study is set to examine forensic accounting as tool for effective tax administration in Nigeria with Edo State in focus. The specific objectives are to examine the impact of forensic tax assessment and forensic tax audit on tax administration in Edo State. Survey research design was adopted and a sample of 347 questionnaires was distributed to tax practitioners and staff both Federal and State revenue services operating in Benin-City Edo State. Simple percentages, tables were used to analyze the data while regression analysis was used to test the hypothesis. The outcome of the findings shows that there is positive and significant relationship between forensic tax assessment and forensic tax audit on tax administration in Nigeria. The study concluded that there is positive and significant relationship between forensic accounting and tax administration in Edo State. The study therefore recommends that all tax authorities both at Federal and state level should engage the services of forensic accountants in their offices to curb the spate of tax fraud that has adversely affected tax revenue generated.

Keywords: Forensic accounting, Tax administration, Forensic tax assessment, Forensic tax audit, Tax fraud

INTRODUCTION

The revenue Nigeria generates from oil can no longer fully support her developmental objectives due to the serious decline in price of oil in recent years which in turn led to a decrease in the funds available to the government. There is therefore the need for government to generate revenue internally to help finance public expenditures. This need underscores the eagerness on the part of government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources. One of these existing sources is taxation. Maisiba and Atambo (2016) described tax as a compulsory levy used by the government to provide security, social amenities and create conditions for the economic well - being of the society, it is imposed on a subject and any property that might be in the subject's name. To help the government to achieve better revenue collection, there is a need for her to introduce a better and convenient way to collect tax from her citizens which is through forensic accounting.

The incidence of frauds in modern organizations has become sophisticated and this has made traditional auditing and investigation inefficient and ineffective in the detection and prevention of the various types of frauds, confronting businesses worldwide. Onuorah and Appah (2012) argue that the level of fraud continues to increase across private and public sector organizations and across nations. Fraud is a universal problem as no nation is resistant, although developing countries and their various states suffer the most pain. Today, modern organized financial crimes have emerged. Financial crimes such as employee theft, payroll frauds, fraudulent billing systems, management theft, corporate frauds, insurance fraud, embezzlement, bribery, bankruptcy, security fraud (EFCC, 2004), among others, have taken the center stage in the scheme of things; and has immersed itself in private, public and governmental preference. Financial crimes today have grown wild, and the emergence of computer software coupled with the advent of internet facilities has compounded the problem of financial crimes. Tax fraud, tax evasion and tax non-compliance has become an alarming situation in most developing countries, and these are the greatest problems afflicting tax administration in Nigeria. Tax fraud is pertinent, it involved tax evasion, avoidance and non-compliance by individuals and firms. Fraud is the deliberate action, false depiction or suppression of material facts for the purpose of deceiving another to act upon it in order to be cheated. All fraud is violation of trust. The essence of tax fraud is the individuals or firms' ability to evade tax through false representation, fraudulent practices or concealment of tax material facts, in order to deceive government and reduce the tax liabilities and payments. A taxpayer who is accused of tax fraud or tax evasion commits an act of fraudulent behavior against the tax law. The increasing complexity of tax fraud require urgent attention and the service of forensic accountant to investigate and prosecute tax evaders and other related fraudulent activities. Therefore, one way of reducing this menace, and to instil tax compliance on individual or firm by complying with actual tax assessment and payment, is the application of forensic accounting techniques.

Tax fraud has grown rapidly over the last few years, and there is need to consider the services of professionals such as forensic accountants to reduce the pressure and potentials of tax frauds (Abdullahi and Mansor, 2015). Regardless of the type or nature of tax fraud and the sectors it occurs, its' effect on tax revenue generation cannot be overemphasized (Manning, 2023) thus the role of forensic accountants in preventing such financial illegality is eminent.

As mentioned in Murray (2017), taxes have always been the most important source of the state budget. But taxpayers are constantly looking for ways to avoid paying taxes or to reduce the amount of tax liability which is why some tax payers result to tax fraud. Tax fraud is currently a serious problem of each economy in the world. According to Onyeka and Nwankwo (2016), tax fraud has a negative effect on the state budget and on the situation of public finances. Tax fraud is carried out as the result of the economic behaviour of taxpayers, which in most cases the tax payer thinks it is as a result of lacunas in tax laws and administration (Saxunova, Sulíková & Szarkova, 2017).

The integration of accounting, audit and investigation skills yield the specialty known as forensic accounting (Islam, Rahman and Hossan. 2011). Forensic accounting services involves application of specialized knowledge and investigative skills possessed by forensic accountants to collect, analyze and evaluate evidential matters and to interpret and communicate the finding in the courtroom, boardroom or other legal administration forum. The service includes disputes resolution, litigation support, bankruptcy proceedings, and fraud and special investigations. Forensic accounting services utilizes the practitioner's specialized accounting, auditing, economics, tax and other business skills to perform number of consulting services. The provision of forensic accounting services requires the practitioner to serve as witness expert depending on the assignment. Disputes

resolution services assist with parties with settlement of or determination of disputes. Litigation services involve pending or potential legal or regulatory proceeding before trier of fact in connection with resolution of a dispute between parties. Bankruptcy support services assist debtors, creditors, and other interested parties and court with pending or potential formal legal bankruptcy proceedings. Fraud and special investigations involve investigation of known or suspected frauds or event using recognized forensic techniques (AICPA).

Forensic Accounting is an investigative style of accounting used to determine whether an individual or an organization has engaged in any illegal financial activities. Professional Forensic Accountants may work for government or public accounting firm. Although, forensic accounting has been in existence for several decades, it has evolved over time to include several types of financial information scrutiny. Forensic accounting can, therefore, be seen as an aspect of accounting that is suitable for legal review and offering the highest level of assurance (Apostolou, Hassell and Webber, 2000).

Fagbemi, Uadiale and Noah (2010), mentioned that the Federal Inland Revenue Services (FIRS) report presented to the federal executive council on National Tax Policy for 2009, says that sustainable development in the context of tax refers to the pattern of revenue generation, which is able to meet the needs of the present generation of Nigerians, without negatively impacting the ability of future generations to meet their own needs. Generally, taxation is regarded as a sustainable source of government revenue due to the stability and certainty of the tax system (Almustapha & Hamza, 2016).

There are seemingly, inadequate competent professionals to handle cases of fraud as stated by (Owolabi, Dada and Olaoye (2013) and the judicial system is slow leading to a delay in the prosecution process. From recent development, electronic (e) banking, e-business, e-fraud, e-corruption and e-financial scandals, it is almost obvious that the Traditional or Conventional Accountant may not be able to meet up with the level of sophistication of fraud.

Objectives of the Study

The general objective of this study is to assess the impact forensic accounting as a tool for effective tax administration in Nigeria.

- To assess the impact of forensic tax assessment in tax administration in Nigeria.
- To ascertain the impact of forensic tax audit in tax administration in Nigeria

Research Questions

The study seeks to provide solutions to the following questions

- What is the effect of forensic tax assessment in tax administration in Nigeria?
- Does forensic tax audit have improved tax administration in Nigeria?

Statement of Hypotheses

The study is guided by the following hypothesis stated in null form,

- i. Forensic tax assessment does not have significant impact in tax administration in Nigeria.
- ii. Forensic tax audit does not have positive impact in tax administration in Nigeria

LITERATURE REVIEW

Concept of Forensic Accounting

The term “forensic accounting was coined by Peloubet in 1946, he said, forensic accounting is the application of accounting knowledge and investigative skills to identify and resolve legal issues. It is the science of using accounting as a tool to identify and develop proof of money flow. These tools and/or techniques, skills and

knowledge can be invaluable for fraud and forensic accounting investigators.” Forensic accounting is the integration of accounting, auditing and investigative skills Dada, Owolabi and Okwu,(2013). Eliezer and Emmanuel (2015) defined forensic accounting as the application of accounting concepts and techniques to legal problems. It demands reporting, where accountability of the fraud is established and the report is considered as evidence in the court of law or in administrative proceedings. According to the Association of Certified Fraud Examiners (ACFE), forensic accounting is the use of skills in potential or real civil or criminal disputes, including generally accepted accounting and auditing principles; establishing losses or profit, income, property or damage, estimations of internal controls, frauds and others that involve inclusion of accounting expertise into the legal system. Okoye and Gbegi, (2013) agrees that forensic accounting also called investigative accounting or fraud audit is a merger of forensic science and accounting.

In the view of Howard and Sheetz (2006), forensic accounting is the process of interpreting, summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert. It is concerned with the use of accounting discipline to help determine issues of facts in business litigation Okunbor and Obaretin, (2010). Forensic accounting is a discipline that has its own models and methodologies of investigative procedures that search for assurance, attestation and advisory perspective to produce legal evidence. A forensic investigation may be grounded in accounting, medicine, engineering or some other discipline. Forensic audit is an examination of evidence regarding an assertion to determine its correspondence to established criteria carried out in a manner suitable to the court.

Basic Skills of a Forensic Accounting Tax practitioner

There are numerous opinions on the skills a forensic accounting tax practitioner should have. Harris and Brown (2000) while investigating the qualities of a forensic accountant, identifies specialized skills and abilities that should be possessed by experts of their nature. They discovered that a forensic accountant should be conversant with civil and criminal law. Also, they stressed the need for understanding of court room procedures and expectations, investigative skills, creative thinking as well as clear and precise communication skills.

Forensic Tax Audit

A forensic audit examines and evaluates a firm's or individual's financial records to derive evidence used in a court of law or legal proceeding. Forensic auditing is a specialization within accounting, and most large accounting firms have a forensic auditing department. Forensic audits require accounting and auditing procedures and expert knowledge about the legal framework of such an audit.

Forensic audits cover a wide range of investigative activities. A forensic audit is often conducted to prosecute a party for fraud, embezzlement, or other financial crimes. In the process of a forensic audit, the auditor may be called to serve as an expert witness during trial proceedings. Forensic audits could also involve situations that do not include financial fraud, such as disputes related to bankruptcy filings, business closures, and divorces

Forensic audit investigations can uncover or confirm various types of illegal activities. Usually, a forensic audit is chosen instead of a regular audit if there's a chance that the evidence collected would be used in court.

Forensic Tax Assessment

Tax assessment is a method of determining the amount of tax to be paid by a tax payer directly or indirectly. Tax assessment is part of tax administration and is done by officials of tax authorities. Tax assessment using manual means can lead to loss of revenue to government due to inability of the tax officials to ascertain the correct tax liability.

According to Enofe et al (2015) application of forensic accounting in tax assessment can to a large extent reduce the issue of loss of revenue due to various fraudulent practices perpetrated by taxpayers.

There has been a widespread nature and increasing dynamics in tax fraud especially in the areas of tax return and these have combined to making reliance on conventional or traditional auditing tool grossly insufficient to address the overwhelming challenges. Oil and gas is a big business in Nigeria as it accounts for over 70% of its foreign earnings and therefore, the chances are also high that tax revenue from the companies in that sector if adequately returned will also be huge (Chepngeno and Fred 2020). However, it was noticed by the federal government that tax return of the oil companies does not commensurate with the expected tax revenue and therefore the needs for forensic analysis into the books of the company to investigate their level and extent of tax returns. Based on this, the problem identified by this study is to consider whether government forensic analysis has had any impact on the level of tax fraud prevention of oil companies operating in Nigeria.

Concept of Tax Administration

Gray (2008) defined tax administration as the department of the government responsible for the management of tax obligations specified by the tax law. Its primary task is to ensure that the right amount of tax is paid by the right taxpayer at the right time, providing the government with the needed revenue to deliver goods and services as planned meaning that an administration that achieves this task is effective. An administration that does so at a reasonable, minimal cost to the government is efficient. However modern tax administration seeks to focus on three key objectives: facilitating voluntary compliance, providing adequate tax records for easy communication of information, and efficiently minimizes cost of collection. This served as the main function which led to the most prevalent use of IT systems in tax administrations through the undertaken of the core tax administration tasks and collecting relevant information.

The adaptation of information technology in the enforcement of core tax processes such as registration, filling of returns, payments and general maintenance of database brought about what is now known as an —**electronic based tax system** popularly referred to as e-tax. Electronic - Taxation can then be defined as the automation of core tax processes. Despite the effort of government to maximize revenue and minimize the cost of collection, the issue of tax fraud is still prevalent in Nigerian tax system, hence the need to introduce forensic accounting in Nigerian tax system to prevent and detect these practices that has been denying government its resources.

Concept of Tax Fraud

Fraud is stealing by deceit and tricks. It is a deceptive trick to cheat or mislead someone. It is the use of deceit to gain unjust or illegal advantage over another person or organization.

Tax fraud is the deliberate deception and tricks to minimize tax payment or refusal in tax payment through falsification of tax returns or evasion. It is an intentional wrongdoing by taxpayer with a specific purpose of evading tax payment. Tax fraud is an intentional deception by taxpayer that result in an injury (tax loss) to the government. It involves both underpayment of tax and fraudulent intent. This can be committed against the government and tax authorities that collect taxes in the federal, state and local government. Tax fraud have both domestic and international dimension. The domestic dimension is in the form of tax evasion, especially as a result of high number of informal sector or shadow economy. The international dimension is the type carried out by companies, corporations and high net worth individuals through profit shifting and offshore holdings of financial assets. Creative accounting techniques are adopted by many firms and individuals to dodge tax payments through falsification of accounting records, financial facts and accounting figures. The tax system in Nigeria focused on voluntary tax systems where the taxpayers' files tax returns when required for tax assessment and further payment

of tax. While some individual obliges to this rule and pay their tax obligation, some individual taxpayers are not honest thereby not paying taxes or rather underpay their taxes. This intentional and wilful act to underpay taxes is called tax fraud, ways to defraud the tax authority and the government.

Fraud Management

An understanding of effective fraud and forensic accounting techniques will assist Professional Forensic Accountants in identifying illegal activity and discovering and preserving evidence (Hadi et al 2018). Hence, it is important to understand that the role of a forensic accountant is different from that of regular auditor. Crumbley and Apostolou (2005) as cited by Okoye and Gbegi, (2013) describes a forensic accountant as someone who can look behind the faced-out, accept the records, at their face value-someone who has a suspicious mind that (considers that) the documents he or she is looking at may not be what they purport to be and someone who has the expertise to go out and conduct very detailed interviews of individuals to develop the truth, especially if some are presumed to be lying.

Forensic accounting as a field of specialization that has to do with provision of information that is meant to be used as evidence especially for legal purposes. The persons practicing in this field (i.e. forensic accountants) investigate and documents financial fraud and white-collar crimes such as embezzlement and investigate allegations of fraud, estimates losses damages and assets and analyses complex financial transactions. They provide those services for corporation, attorney, criminal investigators and the government (Coenen, 2005, Zysman, 2001) the forensic accountant's engagements are usually geared towards finding where money went, how it got there, and who was responsible. According to Bhasin (2007), forensic accountants are trained to look beyond the numbers and deal with the business realities of situations. Analysis, interpretation, summarization and the presentation of complex financial business-related issues are prominent features of the profession. He further reported that the activities of forensic accountants involve: investigating and analyzing financial evidence; developing computerized applications to assists in the analysis and presentation of financial evidence; communicating their findings in the form of reports, exhibits and collections of documents; and assisting in legal proceedings, including testifying in courts, as an expert witness and preparing visual aids to support trial evidence.

Theoretical Underpinning

This study is anchored on theory of inverse logic. The theory of inverse logic in a nutshell illustrates the advantages of looking both ways, forwards and backwards, in given situations to get multidimensional views. The theory propounded by *Dr Joseph T. Wells in 2005*, a Chartered Accountant and a Certified Fraud Examiner illustrates application of certain reality tests on evidence, particularly documentary evidence. A document may appear to indicate something routine or normal but when examined forensically with reality tests, the presence of fraud or deception may be spotted. Thus, in addition to the normal investigation and auditing techniques (which are absolutely necessary) certain reality tests and tests of 'reasonableness' using reverse logic may yield new results. In addition, the theory is supported with links to access the author's videos explaining and discussing concepts and case studies. The videos will facilitate better understanding of the theory of inverse logic. The author has extensively used illustrations, experiences with frauds that have happened in the past to demonstrate how the new theory could assist auditors, investigators and even cost & finance controllers in corporate sector.

Empirical Review

Various researches have been conducted on the impact of forensic accounting on fraud detection and deterrent in organization. The research confirms that there is appositve correlation between forensic accounting and prevention of frauds.

Enofe, Utomwen and Danjuma (2023) examine the role of forensic accounting in curbing financial crimes. The study adopts a survey research design. The population of the study comprises of staffs of selected banks. Primary data was used for the purpose of this research. This research work employed the use of structured questionnaire in eliciting the required data needed to test the formulated hypotheses. Regression analysis was utilized as the method of data analysis and the results will be used in testing the hypotheses specified in the study. The study reveals that there is need for forensic accountants in the Nigerian banking system; Forensic accounting is an effective tool for addressing financial crimes in the banking. Their study also reveals that there is a need for forensic accountants in the Nigerian banking system, Forensic accounting is an effective tool for addressing financial crimes in the banking system and finally that Conventional accounting techniques are not effective in curbing financial crimes. Imoniana, Antunes and Formigoni (2013) conclude that the idea that frauds have been least detected by auditors begins to gain shape as auditors are more adequately trained to detect frauds instead of emphasizing the traditional segregation of duties and safeguard of assets. Most of these studies have explored forensic accounting to an extent but there is need to examine the extent of forensic auditor in combating fraudulent activities in order to impact on corporate governance of Nigerian corporate organizations. Other, instance of corporate financial fraud could be drawn from recent bank failure in Nigeria where management has fraudulently given loans without board approval and yet such bank annual report has been unqualified. From the above it could be said that the external auditors have continued to certify fraudulent financial statement as unqualified audit report thus, leads to detriment of investors and most times corporate collapse and economic crisis.

Modugu (2023) pointed out that fraud has become real and prevalent in the contemporary business environment. His study found that there is significant agreement among stakeholders on the effectiveness of forensic accounting in fraud control, improving financial reporting and internal controls. He noted that forensic accountants can provide significant assistants in preventing, investigating and resolving such issues. He recommended for the formalization and specialization of the profession by the National Association of Accountants in Nigeria. Locally there has also been research conducted on the subject and results tend to confirm the positive correlations between forensic accountings services and reductions of frauds as indicated by below researcher.

Eke and Alohan (2022) The study examined the Impact of E – Taxation on Tax Administration in Nigeria. The work was set out to determine whether e – taxation has made tax administration more effective in the country. The study employed primary data. The population for the study consisted of tax payers, tax professionals, chartered accountants, tax administrators from the Federal Inland Revenue Service Benin and Auchu branches. The sample size selected for the study was 399 using stratified random sampling technique. Data were collected with the aid of structured questionnaire. A total of 390 copies of questionnaire were retrieved from the respondents. The study carried out using descriptive statistics, correlation analysis and panel regression to analyse the variables using SPSS 23. The result of the analyses showed that (1) e – taxation exhibits negative impact (-0.032) on Ease of Paying Taxes and not statistically significant ($p = 0.221$) at 5% level, meaning that e – taxation has not significantly made it easier to pay taxes in Nigeria. (2) E – Taxation exhibits a negative impact (-0.129) on Processing time of Tax Returns and Assessment and it is statistically significant ($p = 0.013$) at 5% level, meaning that e – taxation has helped to achieve a 12.9% reduction in the processing time of tax returns and assessment. The study recommended that tax payers should be trained on how to pay taxes electronically especially with the newly introduced TaxPro Max; The e – tax system should be constantly reviewed so as to make it more swift.

Khershiat (2018) studied the role of forensic accountant in the detection of tax fraud in financial statement in order to combat fraud. The study revealed that forensic accountant has the expertise, required qualification and skills to detect tax fraud and other irregular manipulation in the financial statements. Also, in the studied of role of forensic accounting in limiting tax evasion in public industrial shareholding companies, in Jordan by Al-Sharairi (2018) the study revealed that there is statistically significant role of forensic accounting in limiting tax fraud and evasion. The study recommends that government should recognize the role of forensic accountant in limiting cases of tax fraud and evasion.

Hadi, Abed, and Kadim (2018) studied the role of forensic accounting and its relationship with taxation system in Iraq. The study revealed the necessity of forensic accounting in the introduction of tax reform in Iraq. The study recommends the establishment of forensic accounting units in all legal institutions in the country while educational institutions should ensure the inclusion of forensic accounting in their curriculum.

Besides, Enofe, Olorunnuho, and Eboigbe (2015) studied accountants' perception of financial accounting and fraud investigation. The study revealed the need for services of forensic accountant for fraud and corruption related issue in Nigeria economy while, Friday and Micah (2019) studied financial statement fraud and tax compliance using tax audit. In their study, they revealed that companies intentionally manipulate records and financial statement in order to evade taxes. It was reported that this tax crime calls for tax audit, while whistleblowing issues becomes important with appropriate protection for whistle-blowers.

Amah and Nwaiwu (2018) used Ordinary Least Squares to investigate self-employed tax avoidance and evasion attitudes (OLS). The study examines ethical viewpoints on educational accomplishment, religious and cultural practices, tax administration methods, and tax avoidance

actions. The statistics show that tax evasion is considered ethical, meaning that ethical perspectives on educational accomplishment, religion, and cultural practices are linked to tax administration method. The report also advised that authorities be subjected to frequent assessments of tax rates and policies in order to stay up with economic realities, that tax laws and processes be simplified to make them less technical and flexible, and that all necessary help be provided at all times.

Adebisi & Gbeji (2019) examined the effect of forensic accounting on fraud detection in Deposit Money Banks (DMBs) in Nigeria. Structured questionnaire was administered on 40 forensic accountants. The study reveals a positive link between forensic accounting, proxied by Investigation of Fraud, Analysis of Fraud, Prevention of Fraud, and Deterrence in Fraud and fraud detection in the banking industry.

Gosh Y. and Banegie (2021) conceptually reviewed the impact of forensic accounting toward utilizing professional judgments, accounting skills, auditing and law procedures to fight the dreaded disease of corporate liquidation and the paper concluded that forensic auditing can go a long way to prevent financial scandals in corporate organizations.

Bressler (2021) studied the perception of attorney and judges in the court system as to what might enhance understanding of the role of forensic accountants in fraud investigation. The researcher employed conceptual analysis and found that forensic accountants must be well trained in the rules of evidence, financial data, accounting information system, and software and communication skills.

Summary of Literature Review and Gap Identified

From the empirical literature reviewed, majority of the researches carried out so far in the area of forensic accounting looked at its impact on tax fraud which majority has positive and significant influence. In this research we are looking at how specific skills of forensic accountant impacts on specific area of assessment, audit and

investigation. It also focused on Edo State Nigeria. Other research in this area to the best of my knowledge has not focused in these two approaches.

METHODOLOGY

For the purpose of this research, survey design has been employed in order to answer the research questions and test the hypotheses formulated. Since it is a survey design that needs people's opinion, it was chosen for easy accessibility in order to administer questionnaires to the respondents. This research will cover Edo State, Nigeria. For the purpose of this study, a finite population of tax professionals, chartered accountants, tax administrators from Edo State Internal Revenue Services (EIRS) and Federal Inland Revenue Service Benin and Auchi branches (which are the only FIRS offices in Edo state and), made up the target population. Information gotten from this group of people was used in this research work. Preliminary findings by the researcher revealed the following figures about the population for the study.

Table 1. Population size for the study

Respondent Group	Population
Senior Staff of Edo State Board of Internal Revenue	1,054
Senior Staff of Federal Inland Revenue Service Benin & Auchi	86
Chartered Accountants	850
Chartered Tax Practitioners	630
TOTAL	2,620

Source: EIRS, FIRS, ICAN (Benin District) and CITN (Benin District) respectively (2024).

The sample size of 347 was derived through Taro Yamane formula, from the population of the study. The questionnaire to be administered to the selected staff of different categories stated above.

The sample size was derived using the Taro Yamane formula.

Applying the Taro Yamane formular, $n = \frac{N}{1+N(e)^2}$

n = sample size

N = population

e = error limit

Therefore, $n = \frac{2620}{1+2620(0.05)^2}$

$$n \frac{2620}{7.55} = 347$$

Source: Researcher's compilation, 2023

The primary data of the study was a closed ended questionnaire. Questionnaire was used to get the responses from the respondents of the study. The research instrument entails two sections, the first part containing information relating to bio-data of the respondents, while the second part focused on questions relating to variables of the study. Structured questionnaire was used because it allows for high degree of anonymity and the use of standardized question for all respondent. The responses of the respondent in the questionnaire was stated in form of 'Strongly agree', 'agree', 'disagree' and 'strongly disagree'. Therefore, the study adopted a four-point likert scale in analyzing the responses of the respondents of the study.

For this study, content validity was used. In order to ascertain the content validity of the research instrument used for data collection, the questionnaire will be given to lecturers with knowledge on the subject matter in the department of Accounting, Wellspring University, Benin city, for useful criticism and corrections. The reliability

of this research is tested through the use of Cronbach's Alpha (Saunders et al., 2016). The Cronbach's Alpha statistic is usually adopted to measure the consistency of responses of a given set of questions (scale items) that are combined as a scale to measure a particular concept. It consists of an alpha co-efficient with a value between 0 and 1. A value of 0.7 or above indicates that statements in the questionnaire are all consistent and have captured the information about the variables, thus, having a high level of internal consistency (Saunders et al., 2016).

Method of Data Analysis

The study employed both descriptive and inferential statistics. The descriptive statistics include frequency and percentage presented in tables. The study also employed the deductive approach in which inferential computation will be used to explain the relationship between variables under investigation. Therefore, regression analysis and annova was employed to test the hypotheses and make inference on the study. Analysis was done with the help of Statistical Package for Social Sciences (SPSS) version 26.

Model Specification

For the purpose of this study the model used for the regression analysis specifying dependent and independent variable are as specified below.

$$TAD = \alpha_0 + \beta_1 FTA_i + \beta_2 FTAU_i + \varepsilon \dots \dots \dots (1)$$

Where;

TAD = Tax Administration;

FTA = Forensic Tax Assessment;

FTAU = Forensic Tax Audit;

ε = the stochastic error term;

β_0 = Intercept;

β_1, β_2 , = Parameter estimate;

Apriori expectation are $\beta_1 > 0, \beta_2 > 0$, which suggests that the independent variables are expected to have positive and significant relationship with TAD (i.e good predictors of TAD) specifically to be consistent with existing theory (Technology Acceptance Model) on which this study is anchored. Thus,

$\beta_1 > 0$: an increase in forensic Tax Assessment will result in an improvement in tax administration

$\beta_2 > 0$: an increase in forensic tax audit will result in an improvement in tax administration

Presentation, Analysis and Interpretation of Data

Presentation of data

This chapter deals with the presentation and analysis of the data obtained from the respondents in the accountants operating in Edo State. The study was conducted to examine the impact of forensic accounting in tax administration in Nigeria. A total of three hundred and twenty-three (347) copies of questionnaires were distributed, out of which, three hundred (300) copies were fully completed and returned while twenty-three (47) copies were not returned. Hence, for this research study, feedback of ninety-three percent (93%) in this research is therefore taken to be acceptable.

Table 1: *Reliability Statistics*

Cronbach's Alpha	N of Items
0.892	25

Source: Author's Computation, 2024

The table above revealed the reliability statistics of the 0.892. That is 89% reliable.

Analysis of Research Questions

What is the impact of forensic tax assessment in Tax Administration in Nigeria?

Table 2 : Impact of forensic tax assessment in Tax Administration in Nigeria

S/N	ITEMS	SA	A	N	D	SD
1.	Forensic tax assessment leads to correct assessment of taxpayers	114 (42%)	21 (7%)	24 (8%)	63 (21%)	66 (22%)
2.	Fraudulent financial statements are detected by forensic accountants working in tax offices	147 (49%)	39 (13%)	30 (10%)	36 (12%)	48 (16%)
3.	Through forensic assessment filling of fake returns are easily detected.	186 (62%)	27 (9%)	9 (3%)	36 (12%)	39 (13%)
4.	Through forensic accounting tax assessment goes beyond normal financial statement filled by clients.	69 (23%)	126 (47%)	24 (8%)	30 (10%)	36 (12%)

Source: Fieldwork, 2024

From table 2 above, a greater percentage of the respondents agreed that forensic tax assessment has significantly made it easier for tax administration in Nigeria. This is evidenced by the percentage of respondents that agreed and strongly agreed. Some of the respondents however disagreed that forensic tax assessment has impacted on tax administration in Nigeria. This implies that forensic tax assessment has noticeable effects on tax administration in Nigeria.

Table 3: What is the impact of forensic Tax Audit on Administration in Nigeria?

S/N	ITEMS	SA	A	N	D	SD
5.	Forensic tax audit will expose fraudulent practices of tax payers	117 (39%)	102 (34%)	36 (12%)	12 (4%)	30 (10%)
6.	Forensic tax audit will ensure more tax revenue is generated by government.	63 (21%)	39 (13%)	33 (11%)	138 (46%)	27 (9%)
7.	Forensic Tax audit minimizes the fraudulent disclosure of income by taxpayers.	138 (46%)	63 (21%)	0 (0%)	66 (22%)	33 (11%)
8.	Forensic tax audit will ensure tax payers prepare authentic financial statement before filling their returns.	51 (17%)	129 (43%)	27 (9%)	42 (14%)	51 (17%)

Source: Fieldwork, 2024

From table 3 above, a greater percentage of the respondents agreed that forensic tax audit has significantly made it easier for tax administration in Nigeria. This is evidenced by the percentage of respondents that agreed and strongly agreed. This implies that forensic tax audit plays a significant role in tax administration in Nigeria.

Descriptive statistics

This section gives a brief analysis of the responses of the respondents used for this study. As mentioned earlier, the research instrument used for this study is the questionnaire. The Likert summated 5-point rating scale was adopted by the researcher in the questionnaire. The points were allocated as follows: Strongly Agreed (SA) 5, Agreed (A) 4, Undecided (U) 3, Disagreed (D) 2 and Strongly Disagreed (SD) 1.

Table 4: Descriptive statistics Table

	FTA	FTAU
Mean	4.201	3.441
Maximum	5.0	5.0
Minimum	2.3	2.4
Std. Dev.	0.4487	0.4341
Std. Error	0.0229	0.0221

Source: Researcher's compilation, 2024

The table 4. Above gives a description of the measures of central tendency, measures of dispersion and measure of normality. From the result above, it was observed that the mean value of forensic tax assessment stood at a value of 4.201 meaning that more of the respondents agree that forensic tax assessment assists in tax administration in Nigeria. The standard deviation measuring the spread of the distribution stood at a value of 0.4487, the variable is normally distributed. Forensic tax audit was found to have a mean value of 3.441 meaning that forensic tax audit has positive effect on tax administration, the standard deviation measuring the spread of the distribution stood at a value of 0.4341..

Correlation of Variables

The Pearson Correlation coefficient was used to establish the kind of relationship that exists between the independent and dependent variables in this research work. The criteria are that if pearson correlation (r-value) is positive, then, there is a relationship between the dependent and independent variables. However, if Pearson correlation (r-value) is negative, there is no relationship between the variables. Furthermore, a variable is said to be significant at 5% level of significance if its p-value is less than 0.05. While it is insignificant if its p-value is greater than 0.05.

Table 5: Correlation Result: Forensic Accounting and Tax Admiration.

Correlation Probability Observations		FTA	FTAU
FTA	<i>r value</i>	1	
	<i>p value</i>		
	N	300	
FTAU	<i>r value</i>	.299	1
	<i>p value</i>	.002	
	N	300	300

Source: Output from SPSS (2024)

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Note: r-value = Pearson correlation

P-value = Sig (2 tailed)

From the table above, it was observed that forensic tax audit was found to be positively correlated with forensic tax assessment. It was also found to be statistically significant when tested at 5% level of significant ($P > 0.05$). This means that at the moment with forensic tax audit, it possible for forensic tax assessment to be possible. This means that as improvement in full forensic tax audit aids tax administration since a positive relationship exists between the two variables.

Regression Analysis

Table 6: Regression Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704 ^a	.689	.621	0.154
a. Predictors: (Constant), Forensic Tax Assessment, forensic tax Audit,				
b. Dependent Variable: Tax Administration				

Source: Author's Computation, 2024

The table above reveals the model summary of the study. The adjusted R-Squared stood at 0.704. it implies that about 70.4% of the systematic variation is caused by independent variable of the study. However, 30. % of the systematic variation are caused by other variables not used in the model but was adequately accounted for by the standard error of the regression, SE = 0.154.

Table 7: Model Fitness

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.915	1	6.915	39.452	.002 ^b
	Residual	65.411	388	0.168		
	Total	72.326	389			

a. Dependent Variable: Tax Administration

b. Predictors: (Constant), Forensic Tax Assessment, forensic tax Audit,

Source: Author's Computation, 2024

The ANOVA table revealed that the model was statistically fit, $F = 39.452$, $df = 1,388$, $p = 0.002 < 0.05$.

Table 8: Regression Coefficient

Model	Predictors	Unstandadized Coefficients	Std Error	Standadized Coefficients Beta	T	Sig
1						
	(Constant)					
	FTA	3.155	0.154	0.235	19.019	0.002
	FTAU	3.165	0.150	0.253	19.057	0.000

Dependent Variable: Tax Administration.

Source: Author's Computation, 2024

Regression analysis was used to establish the impact of impact of the independent variable on the dependent variables. The rule is that if the coefficient is positive, then there is a positive relationship between dependent and independent variables. However, if the coefficient is negative, there is a negative relationship between the variables. Furthermore, the result is said to be statistically significant at 5% level of significance if its Probability value (p-value) is less than 0.05. While it is insignificant if its Probability value (p-value) is greater than 0.05.

Discussion of Findings

The discussion of the results is based on the Regression Tables 6. The results are discussed below;

Forensic Tax Assessment and Tax Administration.

The results in Table 8 show that forensic tax assessment exhibits a positive impact (0.235) on tax administration and statistically significant ($p = 0.002$) at 5% level. This suggests that forensic tax assessment has significantly

made it easier for tax administration. Also, based on the statistically significant criterion ($p = 0.002 < 0.05$), we reject the null hypothesis and conclude that 'Forensic tax assessment has significantly impacted on tax administration'.

Forensic Tax Audit and Tax Administration.

The results in Table 8 show that Forensic Tax Audit exhibits positive impact (0.253) on tax administration and it is statistically significant ($p = 0.000$) at 5% level. This suggests that forensic tax audit significantly makes it easier for tax administration. Based on the statistically significant criterion ($p = 0.000 < 0.05$), we reject the null hypothesis and conclude that forensic tax audit significantly enhances tax administration.

Discussion of Findings

The broad objective of this study was to examine the impact of forensic accounting on tax administration in Nigeria. The specific objectives were to ascertain the impact of forensic tax assessment on tax administration in Nigeria; determine the effect of the forensic tax audit on tax administration in Nigeria and examine the impact of forensic tax investigation on tax administration in Nigeria.

The result from the least squares regression analysis it was revealed that forensic tax assessment has significantly made it easier for tax administration in Nigeria. The finding is consistent with the works of Kharshiat (2018) who found positive relationship between forensic tax assessment and tax administration in Nigeria. Islam, Rahman and Hossan (2011) also found positive influence of forensic accounting on tax administration.

Secondly, the result from the least squares regression revealed that forensic tax audit has positive and significant effect on tax administration in Nigeria. This finding is in tandem with the work of Hadi, Abedi and Kadim (2018); & Enofe et al (2018). However, in contrast to the work of Iyesi and Ezuwore (2014) who did not find relationship between forensic tax audit and tax administration.

Summary of Findings

The primary aim of this research work is to examine the impact of forensic accounting in tax administration in Nigeria. From the result of the analysis of the data in chapter four using the regression technique, the following findings were obtained.

1. There is a significant relationship between forensic tax assessment and tax administration in Nigeria.
2. Forensic tax audit has a significant impact in tax administration in Nigeria.

Conclusion

The study therefore concludes that the role of forensic accountant in tax administration in Nigeria is vital. Forensic accountants help lawyers, courts and regulatory bodies through application of investigative, data mining and analytical skills in tax administration. This is also because forensic accountants possess skills and experience in accounting, auditing, taxation business operations, management and internal controls. It should be emphasized that whether in the business world or the department of the anticorruption agencies in Nigeria, the ultimate responsibility for discouraging and detecting fraud practices rests with the management. Fraud detection therefore is a major aspect of daily business activities which should be performed through engagement of forensic accountants.

Recommendations

Since there is a general belief that no nation can grow when corruption is seen as normal way of life, there is therefore, urgent need to tackle the endemic fraud and corruptible tendencies in our tax administration and politics so that the nation's economy can develop like that of other nations. Based on the findings of this study, the following recommendations will help reduce fraud in Nigeria.

1. Tax authorities in both Federal and State level will need to engage the services of forensic accountant to compliment efforts of other professionals in reducing fraudulent activities and installing fraud proof internal control system in revenue offices.
2. Tax authorities both at state and Federal Level should execute tax audit with more of forensic accountants in their tax audit team
3. Practicing accountants in the country should work towards specialization and possibly establishing firms for forensic accounting practice only. Today we have Chartered Institute of Forensic Accountants and Auditors in Nigeria
4. The academia should emphasize skill development in the field of forensic accounting so that students at an early stage would become familiar with it.

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