REVISITING CLASSICAL AND CONTEMPORARY CANONS OF TAXATION: AN ASSESSMENT OF THE NIGERIAN CORPORATE TAX SYSTEM

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Abstract

Taxation remains an indispensable instrument of governance and economic coordination. It serves not only as a means of revenue generation but also as a mechanism for redistribution and socio-economic development. Taxation system in Nigeria has been said to be combating several challenges. Thus, this paper revisits the classical and contemporary canons of taxation to assessing the Nigerian company taxation system. The paper adopts doctrinal method of legal research to interrogating the multifaceted concept of taxation by tracing its definitional complexities through dictionary meanings, case law interpretations, and scholarly perspectives. The paper explores the essential constituents of a good tax system and evaluates the enduring relevance of Adam Smith's classical canons equity, certainty, convenience, and economy in the context of modern tax administration. The paper pays special attention to Nigeria's corporate tax system by assessing its alignment with contemporary canons of taxation of neutrality, flexibility and administrative efficiency as refined by the Meade Committee. The paper interrogates the tension between theoretical ideals and applied fiscal policy to determining the feasibility of harmonizing the classical tax canons with the dynamic needs of emerging economies. The paper finds that while Nigeria's tax framework nominally embraces these principles, practical implementation is undermined by legal ambiguity, perceived inequity, high administrative costs, and inter-agency disjunctions. The paper concludes that a principled, coherent, and context-sensitive tax policy is essential to fostering compliance, transparency, and sustainable economic growth in Nigeria. The paper proffers actionable recommendations aimed at simplifying legislation, enhancing equity, strengthening institutional coordination, and modernising administrative processes.

Keywords: Taxation, Nigerian Company Tax, Adam Smith's Canons, Tax Equity, Tax Reform, Meade Committee

1.0 Introduction

Taxation remains a foundational pillar of economic governance, shaping revenue mobilisation, redistribution, and national development. Although taxation is often described as a fiscal tool, its conceptualisation extends beyond revenue generation to include broader social, economic, and regulatory functions. Within this broad context, the Nigerian corporate tax system has attracted sustained scholarly attention due to persistent concerns regarding legal ambiguity, administrative inefficiency, inequity, and inconsistencies in policy implementation.

Existing literature on Nigerian taxation has extensively examined definitional issues, historical evolution, statutory provisions, and administrative challenges. However, a critical gap persists many studies analyse taxation either doctrinally or administratively without systematically assessing how Nigeria's corporate tax framework aligns or fails to align with both classical and contemporary canons of taxation**.** Furthermore, while some scholarship engages Adam Smith's canons, very little interrogates their continued relevance alongside modern principles such as neutrality, flexibility, simplicity, and administrative efficiency, as refined by the Meade Committee. This gap creates uncertainty in determining whether Nigeria's corporate tax system is normatively sound or merely operationally functional.

This paper therefore revisits the theoretical foundations of taxation to provide a structured assessment of the Nigerian company income tax system through the dual lenses of classical and contemporary tax canons. It begins by unpacking the definitional complexities of tax through dictionary meanings, judicial interpretations, and scholarly perspectives, highlighting the pluralistic and evolving nature of the concept. It then evaluates the characteristics of a sound tax system by examining Adam Smith's principles of equity, certainty, convenience, and economy, alongside the Meade Committee's expanded canons of neutrality, simplicity, flexibility, and administrative efficiency.

Against this conceptual background, the study interrogates the extent to which Nigeria's corporate tax regime reflects these enduring principles. The research problem it addresses is the persistent disconnect between the normative ideals embodied in tax canons and the realities of Nigeria's tax administration manifested in legal ambiguities, inconsistent enforcement, administrative bottlenecks, and perceived inequities. These gaps undermine compliance, increase transaction costs, and hinder the achievement of broader fiscal objectives.

The significance of this study lies in its contribution to bridging this theoretical–practical divide. By synthesising classical frameworks with contemporary evaluative criteria, the paper offers a holistic assessment of Nigeria's company tax system and provides reform-oriented insights. The findings demonstrate that although Nigeria's tax laws nominally reflect canonical principles, their practical implementation remains weak due to structural, administrative, and interpretive challenges. The paper therefore lays a conceptual foundation for policy reforms aimed at simplifying tax legislation, enhancing equity, strengthening institutional coordination, and modernising administrative processes.

2.0 Concept of Taxation

Taxation serves as a fundamental mechanism through which both developed and developing countries generate revenue for national development and the execution of governance functions. It involves the compulsory transfer of resources from private individuals, entities, and, in certain instances, minors (in cases such as Value Added Tax), to the state for the purpose of financing public expenditure and advancing collective welfare.

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Despite the centrality of taxation to economic governance, the term "tax" lacks a universally accepted definition and, more critically, is not expressly defined under

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[1] O Akanle, *Tax Law and Administration in Nigeria* (Ibadan: Spectrum Books, 1995) 4.

Nigerian tax statutes.[2] Nigerian tax legislation, including the Federal Inland Revenue Service (Establishment) Act, the Companies Income Tax Act (CITA), and the Personal Income Tax Act, merely describe taxation through its incidence and application rather than by way of a comprehensive legal definition. Even the Nigerian National Tax Policy fails to provide a precise definition, opting instead to describe taxation in operational terms.[3] This definitional gap contributes to persistent ambiguity regarding tax classification and the jurisdictional authority of Nigeria's three-tier federal structure. As a result, the concept of "tax" is often interpreted through judicial reasoning and academic literature rather than statutory authority.[4]

This absence of a statutory definition is not peculiar to Nigeria. In the United States, for instance, federal tax legislation is primarily codified in the Internal Revenue Code (IRC), which constitutes Title 26 of the United States Code.[5] While the IRC extensively delineates various tax types such as income tax, estate tax, and excise tax it does not provide a singular, definitive articulation of the term "tax."[6] Supplementary interpretations are issued through Treasury Regulations and administrative guidelines from the Internal Revenue Service (IRS), which help clarify tax obligations and procedures, albeit without offering a holistic definition.[7]

The United Kingdom likewise adopts a fragmented approach to tax definition through its statutory architecture. Tax laws in the UK derive primarily from parliamentary enactments, such as the Income Tax Act 2007, which details the assessment and charge of income tax, and the annually enacted Finance Acts, which update rates, thresholds, and

[2] AA Alli, 'Taxation in Nigeria: A Critical Analysis' (2020) 41(2) *Journal of African Law* 158, 160.
[3] Federal Republic of Nigeria, *National Tax Policy* (2017) para 1.1.
[4] K Naiyeju, Improving Tax Administration in Nigeria (Lagos: ICAN, 2010) 26.
[5] 26 United States Code (IRC), esp. ss 1–1400.
[6] Bittker and Lokken, *Federal Taxation of Income, Estates and Gifts* (Vol. 1 & 1.1. Thomson Reuters, 2022) p. 15.
[7] US Department of the Treasury and Internal Revenue Service, *Treasury Regulations* (2023) https://www.irs.gov accessed 10 July 2025.

reliefs.[8] While these instruments collectively create the legal framework for taxation, they do not offer a single, encompassing definition of the term "tax."[9]

In the Nigerian context, this legislative silence on the definition of tax has generated considerable interpretative uncertainty. The judiciary, in attempting to fill this void, has variously characterised tax as a compulsory contribution imposed by law, payable by individuals or legal entities to the government, for which no direct benefit or quid pro quo is expected in return.[10] However, even these judicial definitions vary depending on the facts and contexts of the cases in which they arise. Consequently, scholars and practitioners have argued that the attempt to fashion a universal definition of tax may, paradoxically, exacerbate ambiguity rather than resolve it.[11]

In light of the foregoing, it may be more analytically productive to assess the functional attributes of a fiscal measure to determine its tax character, rather than insist upon a singular conceptual definition. The dynamic nature of taxation shaped by socio-economic objectives, administrative realities, and political context necessitates a flexible, principle-based approach to understanding its core elements.

2.1: Dictionary Definitions of Tax

Dictionary definitions provide a foundational but often limited understanding of taxation. **Black's Law Dictionary** defines tax as *"a deductible portion of the produce or the property and labour of the individual citizen, taken by the nation in the exercise of its sovereign rights for the support of the government, for the administration of the laws, and as a means for continuing in the operation of the various legitimate functions of the state."*[12] This definition captures the essence of taxation as a sovereign act and highlights its role in supporting state functions. However, it may be critiqued for its formal tone,

[8] Income Tax Act 2007 (UK), c. 3; Finance Act 2024 (UK), c. 1.
[9] HM Revenue & Customs, *The Taxation Framework Manual* (2023) https://www.gov.uk accessed 10 July 2025.
[10] *A.-G., Ogun State v Aberuagba* [1985] 1 NWLR (Pt. 3) 395.
[11] OJ Akanbi, 'Rethinking the Definition of Tax in Nigerian Jurisprudence' (2021) 10(1) *Nigerian Tax Review* 101, 103.
[12] BA Garner (ed), *Black's Law Dictionary* (11th edn, Thomson Reuters, 2019) 1682.

lack of contemporary emphasis on redistribution, and its failure to explicitly acknowledge taxation as an instrument of social policy.

The **New Oxford Dictionary of Current English** simplifies the definition as *"a compulsory contribution to the support of government levied on persons, property, income, commodities, and transactions at a fixed rate, mostly proportionate to the amount on which the contribution is levied."*[13] This version underscores the compulsory and proportionate nature of taxation but does not explore its policy-based dimensions or broader economic implications.

The Chambers Dictionary defines tax briefly as *"a contribution to revenue exacted by the state from individuals or business; a burden, drain, or strain."*[14] While evocative in its language, this definition is too concise to be analytically sufficient. It omits critical elements such as the legal foundation of taxation, the principle of compulsion, and the conditions of eligibility and enforcement.

It is noteworthy that these definitions commonly reduce the purpose of taxation to revenue generation. However, taxation serves multiple socio-economic objectives beyond this primary function. For instance, excise taxes on tobacco and alcohol are often used as regulatory tools to curb consumption and promote public health.[15] Similarly, progressive tax systems can redistribute wealth by imposing a greater burden on higher-income earners, thereby reducing income inequality.[16] Tax policy can also serve as a developmental strategy encouraging investment in local industries through targeted incentives and protective measures.[17]

In this broader sense, taxation is not merely an economic tool but a dynamic instrument of public policy, reflecting the evolving values and priorities of the state.

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[13] *The New Oxford Dictionary of Current English* (Oxford University Press, 2001) 934.
[14] *Chambers Dictionary* (12th edn, Chambers Harrap, 2011) 1535.
[15] J Stiglitz, *Economics of the Public Sector* (3rd edn, Norton, 2000) 468–472.
[16] R Musgrave and P. Musgrave, *Public Finance in Theory and Practice* (5th edn, McGraw-Hill, 1989) 320–325.
[17] SM Olokooba, *Nigerian Taxation: Law and Practice* (Ibadan: University Press, 2019) 119.

2.2: Case Law Definition of Tax

Judicial interpretations have played a crucial role in shaping the understanding of taxation, particularly in jurisdictions where statutory definitions are either absent or insufficiently precise. Courts have sought to define tax in terms that reflect its legal, economic, and constitutional characteristics, although these definitions often vary in scope and emphasis.

In *United States v. Butler,* the Supreme Court of the United States, per Justice Roberts, stated that *"a tax, in both the general understanding and the strict constitutional sense, is an exaction for the support of the government. The term does not imply the expropriation of money from one group to be expended for another, as a necessary means in a plan of regulation, such as the plan for regulating agricultural production."*[18] This definition highlights taxation as a financial obligation intended solely for the support of government functions. It draws a clear line between taxation and regulatory redistribution, situating tax within its narrow constitutional confines. However, its rigid approach arguably understates the broader redistributive and policy-based functions taxation serves in contemporary governance.

Similarly, the Australian High Court in *Matthews v. Chicory Marketing Board* defined tax as *"a compulsory exaction of money by a public authority for public purposes."*[19] While this definition establishes the core legal elements compulsion and public purpose it has been critiqued for its vagueness. It does not expressly clarify whether such exactions must be sanctioned by legislation, nor does it encompass modern complexities such as indirect taxes, levies on corporate entities, or taxes aimed at behavioural modification.

In *Michigan Employment Security Commission v. Patt*, the court described tax as *"a non-voluntary payment or donation but an enforced or compulsory contribution, exacted under legislative authority."*[20] This characterisation appropriately underscores the legal enforceability of tax obligations. However, the use of the term "donation" is misleading,

[18] *United States v Butler* 297 US 1 (1936) (USSC) 61.
[19] *Matthews v Chicory Marketing Board (Vic)* (1938) 60 CLR 263 (HCA) 276.
[20] *Michigan Employment Security Commission v Patt* 258 Mich 603, 610 (1932).

as it may suggest a voluntary element. The definition also omits reference to the wider economic and social objectives often pursued through taxation.

In the UK context, judicial pronouncements have been particularly concerned with the legal authority underpinning taxation. In *Coltness Iron Company v. Black*, Lord Blackburn held that *"no tax can be imposed on the subject without clear words in an Act of Parliament indicating an intention to burden them. But once that burden is sufficiently demonstrated, speculating on the fairest and most equitable method of levying that tax becomes futile."*[21]This definition reinforces the principle of legality in tax matters: that taxation must be authorised by explicit legislative language. Nonetheless, it is limited in its scope, as it neglects to address fairness, administrative efficiency, and broader socio-economic impacts principles which now inform much of modern tax discourse.

Likewise, in *Ayrshire Employers Mutual Insurance Association Ltd v. IRC*, Lord President Normand restated the principle that *"no tax can be imposed on the subject without words in an Act of Parliament clearly showing an intention to lay a burden on him."*[22] This aligns with the UK's strong emphasis on parliamentary sovereignty and the rule of law in taxation matters.

In contrast, Nigerian courts have generally refrained from articulating a judicial definition of "tax." Even when the Supreme Court of Nigeria had the opportunity in *Shell Petroleum Development Company v. Federal Board of Inland Revenue*, it declined to offer a detailed definition. The Court merely observed that taxes are obligations owed to the government.[23] This judicial silence contributes to the definitional ambiguity that permeates Nigerian tax jurisprudence and leaves tax administrators and taxpayers alike with little judicial guidance on the concept's substantive meaning.

Thus, while case law across jurisdictions offers foundational insights into the nature of taxation, most definitions remain narrow, focusing on the elements of compulsion, authority, and purpose. However, modern tax policy demands a broader lens one that

[21] *Coltness Iron Co v Black* (1881) 6 App Cas 315, 330 (HL).
[22] *Ayrshire Employers Mutual Insurance Association Ltd v IRC* (1946) SC 17, 21.
[23] *Shell Petroleum Development Company v Federal Board of Inland Revenue* (1996) 8 NWLR (Pt 466) 256, 289 (SC).

captures not only the legal form of tax but also its economic, redistributive, and developmental functions.

2.3: Practitioners' Definition of Tax

Tax practitioners also referred to as tax professionals are individuals or organisations with specialised expertise in tax law, compliance, planning, and administration. These include tax advisors, accountants, lawyers, and firms that provide comprehensive tax-related services to individuals, businesses, and organisations.[24] Their core function is to assist taxpayers in understanding and meeting their fiscal obligations, optimising tax liabilities within legal bounds, and navigating the complexities of evolving tax regulations.[25]

Tax consultants provide strategic tax planning advice that guides financial decisions, transactions, and estate structures, with particular focus on minimising tax exposure. Tax accountants, on the other hand, manage compliance by preparing returns, maintaining tax records, and ensuring accuracy in calculating liabilities. Tax lawyers deal with legal interpretations of complex tax legislation, offer representation in disputes, and advocate for clients before tax tribunals or courts.[26] Together, these professionals constitute the backbone of both proactive and reactive tax management in modern economies.

Given the technical and evolving nature of taxation, practitioners often resort to descriptive rather than definitional approaches. For instance, some economists regard tax as *"a means of diverting resources from private to public use."*[27] While this characterisation captures taxation's resource-shifting function, it lacks precision in terms of purpose and legal foundation. The phrase may unintentionally suggest that taxation is an arbitrary or unjust exercise of state power, omitting its developmental, redistributive, and regulatory objectives.

A more structured view is offered by Whitehouse, who posits that taxation involves:

[24] SM Olokooba, (n 17) 41.
[25] RW McGee, *The Philosophy of Taxation and Public Finance* (Springer, 2004) 113.
[26] K Naiyeju, *Taxation: A Tool for Economic Development* (Lagos: Century Publishers, 2010) 18.
[27] J Stiglitz, (n 15) 480.

i. A required payment;
ii. Imposed by the government (or in some cases, local authority); and
iii. Taxation is often defined as a compulsory levy imposed by government, whose proceeds are used either to raise revenue or promote social justice.

This definition highlights key elements governmental authority, compulsion, and societal purpose. However, referencing "social justice" introduces ambiguity, as its meaning varies across political and cultural contexts. This subjectivity can blur the objective, legal, and technical understanding of taxation, making it less precise. [28] While socially aspirational, such normative language may undermine clarity in defining the true legal character of taxation.

In Nigerian tax scholarship, several authors have attempted to define taxation with varying levels of success. Ola defines tax as *"a demand made by the government of a country for compulsory payment of money by the citizens of that country."*[29]This definition, while correctly emphasising compulsion, is overly general and omits the legal frameworks, tax types, and societal roles taxation plays beyond mere revenue generation.

Akanle refines this by defining tax as *"a compulsory levy imposed on a subject or upon his property by the government having authority over him or the property."*[30]This better captures the essence of taxation's legal character but still falls short of addressing its economic functions, enforcement mechanisms, and international dimensions, particularly in light of cross-border tax treaties and digital economy challenges.

Umenweke describes tax as *"a peculiar burden laid upon individuals, persons or property to support the government and it is a payment enacted by legislative authority."*[31] The inclusion of legislative authority rightly anchors taxation within the doctrine of legality. However, terms such as "peculiar burden" are vague, and the

[28] R Musgrave and P. Musgrave, (n 16) 236.
[29] CS Ola, *Income Tax Law and Practice in Nigeria* (Ibadan: Heinemann, 1981) 2.
[30] O Akanle, (n 1) 3.
[31] MN Umenweke, *Tax Law and Administration in Nigeria* (Enugu: Nwamife Publishers, 2010) 6. Ditto as in Olokokooba

definition omits a clear distinction between direct and indirect taxation, as well as its dynamic role in policy formulation.

Agbonika's contribution *"an obligatory levy, exacted by the government on eligible persons, goods or activities for a particular purpose which may be expressed or implied in the interest of the nation"* is one of the more encompassing attempts.[32] However, the ambiguity of terms like "eligible persons" and "particular purpose" weakens its analytical utility. A definition of tax must not only be precise but also anticipate interpretative challenges in statutory and judicial contexts.

Ayua, while not offering an original definition, acknowledges that the defining feature of taxation lies in its status as a "payment by legislative authority."[33] While accurate, this is too skeletal to function as a stand-alone definition and omits critical elements such as enforceability, purpose, and scope.

Perhaps the most philosophical definition comes from Abdulrazaq, who describes tax as *"the annual price of citizenship and the price of civilisation."*[34] This captures taxation's foundational role in sustaining public institutions but is far too metaphorical to serve as a legal or policy definition. It romanticises tax while ignoring the structural, procedural, and distributive complexities that define modern tax systems.

In sum, practitioners' definitions of tax tend to emphasise compulsion and legality but vary widely in scope and clarity. An ideal definition must capture not only the legal and economic essence of taxation but also reflect its evolving roles in regulation, redistribution, and national development.

3.0 Constituents of a Good Tax System

The definitional ambiguity surrounding the concept of tax persists in literature. Most definitions, rather than clarifying its essence, tend to obscure it further. The absence of precision in tax terminology highlights the difficulty in formulating a mathematically or

[32] JAM. Agbonika and JAA Agbonika, *Topical Issues on Nigerian Tax Laws and Related Areas* (Ababa Press Ltd, 2018) 255.
[33] IA Ayua, *The Nigerian Tax Law* (Ibadan: Spectrum Books, 1996) 7.
[34] A Abdulrazaq, *Nigerian Tax Offences and Penalties* (Lagos: Batay Law Publications, 2002) 1.

universally acceptable definition. In the opinion of this researcher, tax should be conceptualised as a compulsory levy, imposed by a legitimate authority on individuals, companies, and entities within a sovereign jurisdiction, to support governance, redistribute wealth, and promote economic stability and social development.

A tax derives its legality and enforceability from a legislative enactment. As Ipaye rightly posits, the focus should not be on nomenclature but on the core attributes of taxation.[35] These attributes, as elucidated below, form the foundational constituents of an ideal tax system.

1. **Legal Obligation and Consequences**: Taxation is inherently a legal construct. For a charge to be recognised as a tax, it must emanate from an enabling statute or a law validly made by a legislative body.[36] The imposition of a tax is not a matter of discretion; rather, it is rooted in legal compulsion, thereby ensuring compliance through the coercive powers of the state.[37] This distinguishes taxation from voluntary financial contributions or moral obligations.
2. **The Nexus Between Tax and Law**: A legitimate tax must be expressly stipulated in clear legal terms.[38] The constitutional requirement for legislative authorisation reflects the broader principle of legality no tax without law.[39] This underscores the mandatory nature of taxation and protects taxpayers from arbitrary imposition.
3. **Socioeconomic Purpose and Governmental Role**: Taxes are not levied solely to generate revenue; they play a crucial role in funding essential public goods and services, including security, education, infrastructure, and healthcare.[40] Taxation is also a vital tool for economic management, influencing demand, investment, and wealth distribution.
4. **Taxpayer Identification and Age Demarcation**: Typically, individuals aged 18 and above are liable for taxes, as they are considered to have attained legal and economic

[35] A Ipaye, *Tax Law and Administration in Nigeria* (Lagos: Malthouse Press, 2014) 8.
[36] ibid
[37] FIRS v. Halliburton (2016) 15 TLRN 1, 24
[38] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 59(1).
[39] Coltness Iron Co v. Black (1881) 6 App Cas 315.
[40] SM Olokooba, (n 17) 18.

capacity.[41] However, indirect taxes such as Value Added Tax (VAT) may be borne by minors through consumption, reflecting the breadth of tax impact irrespective of age.

5. **Absence of Quid Pro Quo**: A key principle of taxation is that it is non-reciprocal.[42] Taxpayers are not entitled to specific benefits in proportion to their contributions. Rather, taxes fund collective needs, demonstrating the communal rather than transactional nature of public finance.
6. **Legitimate Collection Channels**: Taxes must be collected by lawfully constituted authorities such as the Federal Inland Revenue Service (FIRS) or State Boards of Internal Revenue.[43] Collection by unauthorised bodies constitutes illegality or extortion.[44] This legitimacy ensures accountability, trust, and efficiency.
7. **Clarity and Computability**: A good tax system must operate within a clear legal framework, using precise language and allowing for predictable calculation.[45] Ambiguity in tax laws undermines fairness, fosters litigation, and erodes taxpayer confidence.
8. **Annual Imposition and Income-Based Liability**: Taxes are typically assessed annually, based on the income or profits of individuals or corporations.[46] This ensures fairness, as liability correlates with financial capacity, thereby fostering equity and vertical fairness.
9. **Defined Scope of Taxation**: Taxes must be confined to assessable income, property, or transactions.[47] The scope must be precisely delineated to prevent overreach or arbitrary extensions of taxing power. This precision safeguards against fiscal oppression and affirms the legality of tax collection.

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[41] Personal Income Tax Act, Cap P8, LFN 2004, s 2(1).
[42] Michigan Employment Sec Commission v. Patt, 123 NW 2d 767 (1963).
[43] Federal Inland Revenue Service (Establishment) Act 2007, s 8.
[44] A Naiyeju, (n 4) 25.
[45] Matthews v. Chicory Marketing Board (1938) 60 CLR 263.
[46] Companies Income Tax Act, Cap C21, LFN 2004, ss 9–11.
[47] T Akanle, *Tax Law and Administration in Nigeria* (Ibadan: Spectrum Books, 1995) 17. Ditto as in Olokooba.

Determining whether a levy qualifies as a tax requires scrutiny of the enabling statute, the purpose of the levy, its intended beneficiaries, the collecting authority, and the consequences of non-compliance.[48] These elements distinguish a tax from other forms of public or private levies, ensuring that taxation remains grounded in legality, transparency, and equity.

4.0 Evaluating the Effectiveness of Adam Smith's Canons in Modern Tax Systems

Taxation is an essential instrument for economic stability, public finance, and social governance. In the context of contemporary fiscal systems, the structure and effectiveness of taxation determine the functionality of a nation's financial architecture. Adam Smith's four canons of taxation equity, certainty, convenience (often rendered as administrative efficiency), and economy (or neutrality) remain foundational principles by which tax systems are assessed.[49] These canons, introduced in *An Inquiry into the Nature and Causes of the Wealth of Nations*, have been continually referenced by scholars and tax administrators to promote fairness, predictability, and economic rationality in tax design.[50]

Though formulated in the 18th century, Smith's principles remain remarkably relevant. As Kath Nightingale affirms, a good tax system must be logical, equitable, and free from arbitrariness or discrimination.[51] The enduring utility of these canons lies in their adaptability to contemporary challenges such as globalisation, digitalisation, and fiscal decentralisation.

4.1: Canon of Equity

Also referred to as the ability-to-pay principle, the canon of equity posits that taxation should be proportionate to an individual's income or wealth.[52] Those with greater

48 MN Umenweke, (n 31) 31.
49 A Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (London: Methuen & Co., 1776) Book V, ch II. 15
50 SM Olokooba, (n 17) 29.
51 K Nightingale, *Principles of Taxation* (London: Pearson Education, 2001) 15.
52 T Akanle, (n 47) 26.

financial capacity ought to bear a larger tax burden, reflecting the values of vertical equity, while individuals with similar incomes should contribute similarly, embodying horizontal equity.[53]

This principle is operationalised in Nigeria through the progressive structure of the Pay As You Earn (PAYE) system under the Personal Income Tax Act (PITA).[54] The Sixth Schedule of PITA introduces tax bands and graduated rates that impose higher liabilities on those with greater income, thereby ensuring compliance with the canon of equity.[55] This equity-driven structure enhances voluntary compliance and public confidence in the fairness of the tax system.

4.2: Canon of Neutrality

The neutrality principle asserts that tax policies should avoid creating distortions in market behaviour. Taxes should not unjustly favour or penalise particular goods, sectors, or forms of economic activity.[56] If taxation discriminates for example, through selective excise duties on tobacco or alcohol while subsidising agriculture it risks distorting consumption patterns and disincentivising investment in certain industries.

While some deviation from neutrality is permissible for regulatory or public health purposes, persistent sector-specific tax preferences can erode the integrity of the tax base.[57] For instance, excessive incentives to specific industries, such as the oil and gas sector, have historically skewed Nigeria's economic diversification agenda.

4.3: Canon of Certainty

Smith emphasised that tax obligations must be predictable and transparent: "The tax which each individual is bound to pay ought to be certain, and not arbitrary."[58] Certainty

[53] MN Umenweke, (n 31) 33.
[54] Personal Income Tax Act (PITA), Cap P8, LFN 2004 (as amended), Sixth Schedule.
[55] ibid
[56] J Oats, *Taxation Policy and Practice* (Birmingham: Fiscal Publications, 2020) 48.
[57] A Naiyeju, (n 4) 42.
[58] Adam Smith, (n 49) 15.

minimises disputes, discourages corruption, and empowers taxpayers to plan their finances with confidence.[59]

Modern tax systems achieve this through clear legislation, accessible guidelines, and predictable assessment processes. In Nigeria, ambiguity in the interpretation of tax statutes often leads to litigation and administrative bottlenecks.[60] In such instances, the principle of contra fiscum, which provides that tax ambiguities must be resolved in favour of the taxpayer, safeguards fairness.[61] Certainty is also essential for effective budgeting and fiscal planning by the government.

4.4: Canon of Administrative Efficiency

Also termed economy in collection, this principle requires that the cost of tax administration should not outweigh the revenue generated.[62] Efficient systems reduce compliance burdens, enhance taxpayer experience, and increase overall collection.

In Nigeria, inefficiencies in tax administration persist, exacerbated by bureaucratic hurdles, duplicative processes, and weak enforcement mechanisms.[63] The use of technology-driven platforms such as the Integrated Tax Administration System (ITAS) and e-filing represents efforts to improve cost-effectiveness.[64] The canon of administrative efficiency is not merely about collection; it extends to audit, enforcement, and dispute resolution processes.

5.0 Assessment of Equity, Neutrality, Certainty, and Administrative Efficiency in the Nigerian Company Tax System

The effectiveness of any tax system can be evaluated through the foundational canons of taxation as propounded by Adam Smith—equity**,** neutrality**,** certainty, and administrative efficiency. These principles serve as normative benchmarks against which modern tax

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59 S James and C Nobes, *The Economics of Taxation* (London: Prentice Hall, 2008) 67.
60 FIRS v. Halliburton (2016) 15 TLRN 1.
61 Shell Petroleum Dev. Co. Ltd v. FBIR (1996) 8 NWLR (Pt. 466) 256.
62 A Ipaye, (n 35) 41.
63 O Olatunji, "Challenges in Nigeria's Tax Administration and Revenue Generation" (2013) 6(2) *Journal of Business Management* 23.
64 Federal Inland Revenue Service, *FIRS Strategic Plan 2020–2024* (Abuja: FIRS, 2020).

systems are assessed. In the context of Nigeria, the application of these principles within the corporate tax framework presents mixed results.

5.1: Equity

The canon of equity is predicated on the ability-to-pay principle, which posits that tax liabilities should be proportionate to a taxpayer's income or wealth.[65] In a corporate context, this would require that tax burdens reflect the relative profitability and size of business entities.

Implementation in Nigeria

Nigeria applies a flat corporate income tax rate to most companies, with few distinctions based on profitability. While small companies (with an annual turnover below ₦25 million) are exempt from Companies Income Tax (CIT), and medium-sized companies (with turnover between ₦25 million and ₦100 million) enjoy a reduced rate of 20%, the standard 30% rate applies across the board to larger companies, regardless of their marginal profit differentials.[66] This flat structure falls short of a fully progressive corporate tax model.

In contrast, equity is better achieved in Nigeria's personal income tax system, particularly under the Pay As You Earn (PAYE) scheme, where progressive tax rates apply.[67]

Challenges

The uniform application of tax rates to most corporations ignores disparities in financial capacity, undermining vertical equity. Tax evasion and avoidance by larger and more resourceful entities disproportionately shift the tax burden to smaller compliant businesses.[68]

[65] A Smith, (n 49) 20.
[66] Companies Income Tax Act (CITA), Cap C21, LFN 2004 (as amended), ss. 23(1)(o), 40.
[67] Personal Income Tax Act (PITA), Cap P8, LFN 2004 (as amended), Sixth Schedule.
[68] O. Olatunji, (n 63) 23.

5.2: Neutrality

Neutrality requires that taxes do not interfere with economic decisions or distort market outcomes. Ideally, tax systems should neither favour nor penalise specific industries, sectors, or transactions.

Implementation in Nigeria

Nigeria's tax framework attempts neutrality through standardised Value Added Tax (VAT) rates and uniform statutory CIT rates. [69] However, significant tax holidays, investment allowances, and exemptions granted to sectors such as oil and gas, agriculture, and export processing zones introduce substantial distortion into the economy.[70]

Challenges

Preferential treatment in the form of Pioneer Status Incentives and sectoral tax waivers distorts competitive neutrality.[71] Sectors like telecommunications and alcohol are subject to excessive excise taxes, which discourage investment and affect pricing.[72]

5.3: Certainty

Certainty ensures that taxpayers clearly understand their tax obligations including amounts, timelines, and methods of payment thereby reducing disputes and enhancing compliance.[73]

Implementation in Nigeria

The Federal Inland Revenue Service (FIRS) has implemented various initiatives to improve clarity, including issuing circulars**,** public notices**,** and practice directions to

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[69] Value Added Tax Act, Cap V1, LFN 2004 (as amended), ss. 1, 2.
[70] Industrial Development (Income Tax Relief) Act, Cap I7, LFN 2004; Nigerian Investment Promotion Commission Act, Cap N117, LFN 2004.
[71] A Naiyeju, (n 4) 44.
[72] Finance Act 2020, ss. 21, 38; Excise (Control of Duties) Act, Cap E4, LFN 2004.
[73] S James and C Nobes, (n 59) 65.

interpret ambiguities in tax laws.[74] Legislative interventions such as the Finance Acts (2019–2023) have also sought to harmonise tax statutes and plug loopholes.

Challenges

Frequent amendments, inconsistent application, and overlapping jurisdictional claims (between FIRS and state revenue boards) continue to breed uncertainty.[75] Complex legal drafting and ambiguous provisions in laws like the Companies Income Tax Act **(**CITA**)** create confusion among taxpayers.[76]

5.4: Administrative Efficiency

Administrative efficiency demands that the cost of collection be as low as possible relative to the revenue raised.[77] Effective systems reduce compliance burdens and minimise leakages.

Implementation in Nigeria

Nigeria has adopted several digitised processes, including e-tax platforms**,** self-assessment schemes, and automated withholding tax systems, to improve efficiency.[78]

Challenges

The informal sector, which remains largely untaxed, increases the per-unit cost of tax enforcement.[79] Corruption, insufficient manpower, and bureaucratic inefficiencies at tax offices lead to revenue losses and weaken trust in the system.[80]

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[74] Federal Inland Revenue Service, *Information Circulars and Guidelines,* www.firs.gov.ng (accessed 10 July 2025).
[75] Shell Petroleum Dev. Co. v. FBIR (1996) 8 NWLR (Pt. 466) 256.
[76] T Akanle, (n 47) 57.
[77] SM Olokooba, (n 17) 92.
[78] FIRS, *TaxPro Max and ITAS Systems Overview* (Abuja: FIRS, 2023).
[79] N Adegbie and A Fakile, "The Informal Sector and Revenue Generation in Nigeria" (2011) 3(1) *Pakistan Journal of Social Sciences* 37.
[80] D Ogunleye, "Public Sector Corruption and Revenue Performance in Nigeria" (2020) 7(2) *African Journal of Public Policy* 19.

6.0 The Meade Committee Perspective on an Effective Tax System

The **Meade Committee**, established in 1975 by the United Kingdom's Institute for Fiscal Studies under the chairmanship of Professor James Meade, offered an expanded and more contemporary articulation of the principles of an effective tax system, particularly with respect to direct taxation.[81] The Committee's report aimed to modernise and complement the classical Smithian canons by incorporating considerations more relevant to the realities of modern tax policy and administration.[82]

The Meade Committee outlined six critical criteria for assessing and designing a functional and equitable tax regime: incentives and efficiency**,** distributional effects**,** simplicity**,** flexibility**,** productivity**,** and diversity.

6.1: Incentives and Economic Efficiency

A central concern of the Meade Committee was that tax systems should avoid distorting economic behavior and instead foster productivity, innovation, and growth. Ideally, taxation should support saving, investment, and risk-taking without discouraging work or misallocating resources. This aligns with Adam Smith's canon of neutrality but adds a macroeconomic focus. In Nigeria, incentives like the Pioneer Status and investment allowances show partial compliance but are often criticized for opacity, inequity, and abuse. A truly efficient system would anchor incentives to clear economic goals, ensure transparency, and implement regular performance evaluations to ensure their effectiveness and alignment with national development priorities.

6.2: Distributional Effects

Closely aligned with Smith's canon of equity, this principle emphasises fairness in the distribution of tax burdens and access to public goods.[83] The tax system should reduce inequality without discouraging high earners or capital owners from contributing. In

[81] JE Meade, *The Structure and Reform of Direct Taxation: Report of a Committee Chaired by Professor J.E. Meade* (London: Allen & Unwin, 1978).
[82] R Bird and M Zolt, "Tax Policy in Emerging Countries" (2005) 4(2) *Environment and Planning C: Government and Policy* 99.
[83] Adam Smith, (n 58).

practice, this calls for a balance between progressive taxation and economic growth incentives.

In Nigeria, while the Personal Income Tax Act (PITA) adopts progressive rates, the Companies Income Tax Act (CITA) largely implements a flat tax, which dilutes vertical equity.[84] The absence of effective wealth taxes, coupled with limited enforcement mechanisms, further weakens the distributive power of the tax system.[85] For a developing country like Nigeria, embedding redistributive objectives into tax policy is critical for promoting social cohesion and poverty alleviation.

6.3: Simplicity, Administrative Cost, and Compliance

According to the Meade Committee, simplicity and transparency in the tax system are essential to enhance voluntary compliance, reduce administrative costs**,** and minimise opportunities for corruption and litigation.[86] Tax laws should be easily understandable, and the procedures for assessment and payment should be clear and consistent.

Nigeria's tax system has suffered from complex, ambiguous, and overlapping provisions, particularly where federal and state jurisdictions intersect.[87] The multiplicity of taxes such as education tax, information technology levy, and stamp duties creates a burdensome environment for businesses. Additionally, the legal language of many tax statutes lacks clarity, often resulting in litigation and interpretative uncertainties.[88]

Furthermore, poorly trained or unmotivated tax personnel can frustrate even well-intentioned taxpayers, highlighting the need for capacity building within tax authorities.[89]

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[84] Personal Income Tax Act (PITA), Cap P8, LFN 2004 (as amended), Sixth Schedule; Companies Income Tax Act (CITA), Cap C21, LFN 2004 (as amended), s 40.
[85] O Olatunji, "Equity in Nigerian Tax Law" (2017) 5(1) *Nigerian Journal of Fiscal Studies* 12.
[86] JE Meade (n 81) 100–105.
[87] Shell v. FBIR (1996) 8 NWLR (Pt. 466) 256.
[88] T Akanle, (n 47) 82.
[89] N Adegbie and A Fakile, (n 79) 29.

6.4: Flexibility and Stability

An effective tax system must adapt to changing economic conditions, technological innovation, and shifting policy priorities, without being erratically revised. The Meade Committee underscored that while stability in tax laws ensures confidence among investors, flexibility ensures relevance and responsiveness.[90]

In Nigeria's volatile policy environment, frequent amendments via annual Finance Acts have enhanced flexibility. However, stakeholders have raised concerns about legislative unpredictability, especially where retrospective amendments are involved.[91] Tax reforms must balance agility with consistency to sustain long-term economic planning.

6.5: Productivity (Fiscal Adequacy)

A key concern for the Meade Committee was whether a tax system can generate sufficient revenue to meet the needs of government. This principle of fiscal adequacy is particularly vital in developing economies with significant budgetary constraints.[92]

Nigeria's tax-to-GDP ratio remains among the lowest in sub-Saharan Africa, hovering around 10%**,** far below the World Bank's recommended threshold of 15% for sustainable development.[93] Heavy dependence on oil revenue makes Nigeria's fiscal structure fragile and vulnerable to global price shocks. Strengthening non-oil taxation, especially through the corporate tax base, is essential for achieving fiscal productivity.

6.6: Diversity

The Meade Committee advocated for a diversified tax base, combining different types of taxes income, consumption, and property to spread risk and avoid excessive reliance on

[90] JE Meade (n 81) 113.
[91] Finance Act 2023, ss 10–12; see also Budget Office of the Federation, *Tax Reforms Digest* (Abuja: FGN, 2024).
[92] S James and C Nobes, (n 59) 89.
[93] World Bank, *Revenue Mobilization for Development* (Washington DC: World Bank Publications, 2023).

any single source.[94] This aligns with the principle of horizontal equity and enhances resilience in times of economic downturn.

Nigeria's over-reliance on petroleum profits tax and customs duties undermines this principle. The formal sector bears a disproportionate burden, while the informal sector remains largely untaxed.[95] A diversified tax regime would not only ensure a more equitable distribution of tax burdens but also stabilise government revenue flows.

7.0 Modern Perspectives on Tax Canons: The Meade Committee and Their Applicability in Nigeria

The Meade Committee's framework for evaluating modern tax systems offers an evolved perspective on Adam Smith's classical canons. It addresses contemporary fiscal realities, especially in the context of direct taxation, administrative efficiency, and economic development.[96] The Committee's approach encompasses broader concerns such as economic incentives, equity in distribution, simplicity, flexibility, fiscal productivity, and diversity of the tax base, each of which remains instructive for developing economies like Nigeria.[97]

7.1: Incentives and Economic Efficiency

The Meade Committee emphasised that a tax system should promote productive economic behaviour by encouraging savings, investment, innovation, and efficient allocation of resources.[98] These objectives aim at enhancing overall economic growth and competitiveness.

Applicability in Nigeria: Nigeria's tax policy includes a range of incentives for sectors such as agriculture, technology, and manufacturing, including tax holidays, investment

[94] JE Meade (n 81) 120–121.
[95] A. Fagbemi, "Broadening the Nigerian Tax Base" (2021) 10(2) *African Journal of Taxation and Economic Governance* 45.
[96] JE Meade, (n 81)122
[97] R.M. Bird and E.M. Zolt, (n 82) 87.
[98] ibid

allowances, and exemptions for pioneer industries.[99] Policies supporting research and development and infrastructure investment have also been introduced.

Challenges:

(i) *Implementation Gaps*: The effectiveness of these incentives is often undermined by poor regulatory oversight, lack of transparency, and bureaucratic inefficiencies.[100]

(ii) *Sectoral Distortions*: Overgenerous incentives to the oil and gas sector have skewed economic priorities and discouraged diversification.[101]

7.2: Distributional Effects

This principle advocates a fair allocation of the tax burden and equitable distribution of public goods. It aligns closely with the Smithian canon of equity by seeking to redistribute wealth without creating disincentives for high-income earners.

Applicability in Nigeria: Nigeria's Personal Income Tax Act adopts a progressive tax rate that aims to ensure vertical equity. Social investment initiatives, such as N-Power and TraderMoni, are funded through tax revenue and aimed at reducing poverty.[102]

Challenges:

a. *Weak Redistribution*: Rampant tax evasion by high-net-worth individuals and inefficiencies in welfare programs have limited the redistributive power of taxation.[103]
b. *Regressive Tax Burden*: Indirect taxes such as VAT disproportionately affect low-income earners, worsening inequality.[104]

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[99] Industrial Development (Income Tax Relief) Act, Cap I7 LFN 2004.
[100] J Naiyeju, *Taxation and Fiscal Policy in Nigeria* (Lagos: Spectrum Books, 2011) 93.
[101] M Adebayo, "Tax Incentives and Distortions in the Nigerian Oil Sector" (2020) 8(1) *Nigerian Journal of Petroleum Economics* 14.
[102] National Social Investment Office, *Annual Report 2020* (Abuja: NSIO, 2021).
[103] SM Olokooba, (n 17) 55.
[104] A Fagbemi, "The Regressivity of Nigeria's VAT System" (2021) 10(2) *African Journal of Tax and Fiscal Studies* 33.

7.3: Simplicity, Cost of Administration, and Compliance

The Meade Report recommends that tax laws be comprehensible, consistent, and efficiently administered to reduce compliance and administrative costs.

Applicability in Nigeria: Efforts such as e-tax filing, the introduction of Tax Identification Numbers (TINs), and taxpayer education are steps in the right direction.[105]

Challenges:

a. *Complex Legislation*: Frequent amendments, overlapping jurisdictions, and technical drafting deficiencies contribute to taxpayer confusion and legal disputes.[106]

b. *High Administrative Costs*: Managing tax collection in Nigeria's vast informal economy increases costs and reduces efficiency.[107]

7.4: Flexibility and Stability

Tax systems must be adaptable to changing socio-economic conditions while maintaining predictability to foster investor confidence.

Applicability in Nigeria: The introduction of annual Finance Acts (since 2019) has demonstrated responsiveness to economic and policy shifts.[108]

Challenges:

(a) Policy Volatility: Frequent and often reactive amendments undermine predictability and long-term business planning.[109]

(b) Inflexible Enforcement: Tax laws are sometimes rigidly applied without regard for taxpayer circumstances or evolving industry realities.[110]

7.5: Productivity (Fiscal Adequacy)

This principle, also referred to as *fiscal adequacy*, requires that the tax system generate sufficient revenue to meet public expenditure needs without unsustainable borrowing or inflationary finance.

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[105] Federal Inland Revenue Service, *Strategic Plan 2020–2025* (Abuja: FIRS, 2020).
[106] Shell Petroleum Development Co. v. FBIR (1996) 8 NWLR (Pt. 466) 256.
[107] N Adegbie and A Fakile, "Challenges of Tax Administration in Nigeria" (2011) 3(1) *Journal of Business Studies Quarterly* 29.
[108] Finance Act 2020 (Nigeria).
[109] A Olasupo, "Legislative Overactivity and Taxpayer Uncertainty in Nigeria" (2023) 6(1) *Nigerian Law Review* 67.
[110] T Akanle, (n 47) 87.

Applicability in Nigeria: Nigeria generates tax revenue from a mix of corporate income taxes, VAT, and customs duties. Recent reforms have aimed to expand the tax base.

Challenges:

- Low Tax-to-GDP Ratio: At under 11%, Nigeria's tax-to-GDP ratio remains one of the lowest in Africa, undermining its fiscal sustainability.[111]
- Oil Revenue Dependence: Volatile global oil prices directly affect government revenue, compromising the reliability of fiscal planning.[112]

7.6: Diversity of the Tax Base

A diversified tax system reduces vulnerability and distributes tax burdens more equitably by drawing revenue from multiple sources.

Applicability in Nigeria: The Nigerian tax structure includes corporate and personal income taxes, VAT, excise duties, customs duties, and digital service taxes.

Challenges:

- Sectoral Concentration: Oil, telecommunications, and a few formal sectors bear the bulk of the tax burden, while the informal economy remains largely untaxed.[113]
- Imbalanced Revenue Structure: Overreliance on VAT and petroleum taxes has created exposure to price shocks and consumer resistance.[114]

8.0 Conclusion and Recommendations

Taxation remains a cornerstone of economic governance, evolving from a mere tool for revenue generation to a broader instrument for wealth redistribution, economic regulation, and social progress. Rooted in both classical principles such as Adam Smith's canons and modern frameworks like the Meade Committee's recommendations, taxation continues to influence global public finance systems.

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[111] World Bank, *Nigeria Development Update* (Washington DC: World Bank Publications, 2023).
[112] Central Bank of Nigeria, *Statistical Bulletin* (2022).
[113] FIRS, *Tax Statistics Report* (2023).
[114] SA Ogunmuyiwa, "Diversifying Nigeria's Tax Base: An Assessment" (2022) 11(3) *West African Fiscal Policy Journal* 45.

This paper explored the conceptual foundations and definitional complexities of taxation, advocating a functional perspective that assesses levies based on their characteristics rather than nomenclature. It applied this understanding to critically evaluate Nigeria's company tax regime in light of key normative ideals: equity, certainty, neutrality, and administrative efficiency.

Despite several reform efforts, Nigeria's tax system faces significant challenges. The legal framework is often ambiguous and inconsistently enforced, creating uncertainty and undermining confidence. Perceptions of inequity persist, as large corporations and politically exposed individuals appear to bear less tax burden compared to SMEs and low-income earners. Moreover, tax compliance remains costly and administratively burdensome, particularly for small businesses, deterring voluntary compliance and weakening revenue mobilisation.

To address Nigeria's company tax challenges, this paper recommends simplifying tax laws, adopting a progressive structure, automating compliance for SMEs, and strengthening tax administration. Aligning with classical canons and modern realities requires integrated reforms combining legal clarity, institutional capacity, and a renewed social contract. Properly implemented, taxation not only funds governance but also builds public trust, promotes fairness, and supports sustainable national development.

In response to the legal ambiguities, perceived inequities, and systemic inefficiencies identified in this paper, the following streamlined reforms are recommended to improve transparency, equity, and operational effectiveness in Nigeria's company taxation framework:

1. **Simplify and Clarify Tax Legislation**: A comprehensive overhaul of tax laws is essential. This should include harmonizing existing statutes, eliminating obsolete provisions, and drafting regulations in clear, accessible language to reduce interpretative ambiguity. Regular issuance of circulars, FAQs, and explanatory notes with stakeholder consultations will further clarify complex provisions and promote legal certainty.
2. **Promote Tax Equity:** A more progressive tax structure should be adopted, allowing larger corporations to bear proportionately higher burdens while easing pressure on

SMEs. Ensuring both horizontal (equal treatment of similar taxpayers) and vertical (burden relative to capacity) equity will enhance fairness and inclusiveness in the tax system.

3. **Improve Administrative Efficiency**: Tax procedures should be streamlined via digital platforms that simplify filing and payment, particularly for SMEs. Simultaneously, expanding taxpayer education, digital helpdesks, and walk-in support centers will encourage voluntary compliance and demystify tax obligations.
4. **Reduce Administrative Costs**: Modernizing tax infrastructure through e-filing, automation, and AI-assisted audits can significantly cut costs, minimize errors, and curb revenue leakages. Periodic performance audits of tax authorities should be institutionalized to identify inefficiencies and optimize resource deployment.
5. **Introduce Responsive Legal Mechanisms**: A dedicated tax reform task force should be established to propose timely legislative updates aligned with economic realities and global standards. Legal harmonization between federal and state regimes will also ensure consistent application and reduce regulatory contradictions.
6. **Strengthen Growth-Oriented Incentives**: Tax incentives should be expanded and better targeted toward priority sectors like agriculture, ICT, manufacturing, and renewable energy. Instruments such as tax holidays, R&D credits, and employment-based deductions can stimulate investment. Awareness campaigns must accompany these measures to ensure accessibility and uptake, especially among SMEs.
7. **Enhance Inter-Agency Coordination**: Greater collaboration among the Federal Inland Revenue Service, state tax authorities, customs, and regulatory bodies is vital. Developing integrated data-sharing platforms will improve enforcement, eliminate redundancies, and support a unified national tax system.