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COMPLIANCE WITH VALUE ADDED TAX (VAT) AND COMPANIES INCOME TAX (CIT) IN NIGERIA

ABSTRACT

The objective of this paper is to compare the compliance with Value Added Tax and Companies Income Tax in Nigeria. Hence, in this study we compare the payment compliance level between Value Added Tax (VAT) and Companies Income Tax (CIT) in Nigeria from 1996-2008. Using percentage analysis, we compare between budgeted and actual revenue from these forms of tax. The results show that the rates of compliance for both taxes are high. However, the compliance rate of CIT was higher. We observed that most tax payers are not captured by the Federal Inland Revenue Service (FIRS) hence, we recommend to the service to carry out an inventory of eligible tax payers in the country.

KEY WORDS: Compliance, Budgeted Tax Revenue, Actual Tax Revenue.