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Effect of Finance Act on the Minimization of Tax Conflict and Incidence of Double Taxation in Nigeria

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Abstract: This paper examined key contentious tax issues in Nigeria and the policy implication of resolving these issues using a fiscal instrument of the Finance Act. To achieve this objective, controversial tax issues in Nigeria ranging from tax legislation to administration and tax policy matters were examined from conceptual, theoretical and empirical perspectives utilizing dual research objectives, questions, hypotheses and theoretical underpinnings. The sample size of 217from estimated population of 500 using the Krejcie & Morgan sample size table at 0.5% was used for the study. Findings show a positive but insignificant effect of the Finance Act on tax conflict minimization in Nigeria. It also showed that the Finance Act has a significant effect on prevention of incidence of double taxation in Nigeria. It was therefore recommended that government needs to adopt conscious efforts to amend all conflicting areas in the tax law, plug possible loopholes by continuously reviewing and updating tax legislations in line with international best practice to ensure that the right amount of tax is remitted to Government treasury; and there is need to also promote efficient tax administration using technology so as to help minimize reoccurring tax conflict between the tax authorities and the tax payers as well as prevent double taxation of taxpayers.

Key Words: Finance Act, Tax Conflict, Double Taxation, Incidence, Tax Policy.

1. Introduction

The Nigerian tax system is laced with various degrees of internal conflicts, high incidence of double taxation, ambiguities in tax laws, ineffectiveness and controversies relating to the correct interpretation of some complex tax provisions. Added to this list are the issues of bureaucracy, obsolete tax laws and manual tax administration system as against a technology-driven risk based method of tax enforcement and management. The contentious issues range from tax legislation to administration and tax policy issues which has led to tax conflicts and several litigations between tax officials and the taxpayers in Nigeria.

Anyanwu (1997) asserts that tax system is anchored on efficient tax planning and administration policy. Hence, good tax laws in forms of the Finance Act and national tax policy are instruments that could be used to reduce tax conflict and incidence of double taxation as well as to promote efficient tax administration that can propel growth in tax revenue. This goes to say that there will be weak and inefficient tax administration where there are litigations and litanies of contentious issues in tax provisions. Contentious tax issues no doubt will culminate into litigation leading to low tax morale, insufficient revenue collections, budget deficit and government inability to finance its policies and programmes.

Oyedele (2016) posits that Nigerians are tax averse because of incoherent fiscal policies, complex and inefficient tax management system, high level of tax leakages, complex tax laws, lack of transparency on utilization of tax revenue and of course visible under-development. It is abundantly clear that the existing tax laws in Nigeria are lagging behind in the face of the ever-dynamic digital economy. The world around us is changing rapidly, and often in ways that are difficult to forecast. This has led various governments to introduce both unilateral and interim measures to avoid unnecessary loss of revenue and prevention of tax conflicts and incidences of double taxation. Policy makers and revenue officers can leverage on digitization opportunities to simplify the taxpayer's experience of the tax system and improve efficiencies; however, the digital transformation has also given rise to a number of emerging threats and conflicts that government need to handle.

The need to address some of the contentious issues in the Nigerian tax laws and to minimize tax conflicts and incidence of double taxation motivated the government and its agencies to embark on a number of reforms to existing tax laws. According to Akintoye and Tashie (2013), the objectives of tax reforms in Nigeria include to bridge the gap between the national development needs and the funding of the needs. In meeting this objective, efforts are made by government to constantly review the tax laws where necessary to minimize tax conflict, prevent double taxation and tax evasion. Reducing ambiguity in the Nigerian tax law and reform of obsolete or outmoded tax provisions will improve efficiency of tax collection and payment. It will also stimulate the economy and enable Nigeria to assume a more competitive position on the global stage.

One of the policy objectives of the Nigerian government is to improve the ease of doing business, encourage voluntary tax compliance and fiscal responsibility in Nigeria. To achieve these noble objectives, the government, through the Finance Act 2019 and 2020 (The Finance Act, 2019;2020) amended various tax and fiscal legislations to align the Nigerian business environment with global best practice and make the country competitive in the world of business.

One of such amendments is the categorization of companies into small, medium, and large companies, based on annual gross turnover as seen in the Finance Act 2019 (The Finance Act, 2019). Small companies are companies with annual gross turnover below N25 million; medium size companies have annual gross turnover of N25 million and above but below N100 million, while large companies are those with annual gross turnover of N100 million and above. The Finance Act 2020 which took effect from 1 January 2021, made amendments to some tax and fiscal legislations by granting additional tax reliefs to small and medium scale companies. It also made corrections on contentious areas noticed in the Finance Act 2019, all in a bid to minimize tax conflicts in Nigeria.

The Companies and Allied Matters Act (CAMA) 2020 defines a small company as a private company having an annual turnover and net asset value of not more than N120,000,000 and N60,000,000 respectively, it has no foreigner as its member and where the company has a share capital, the directors hold at least 51% of the share capital. This definition threw up another controversy as it is not in agreement with the definition provided in the Finance Act 2019. Consequently, the FA 2020 has now provided amendments to resolve the controversy that arose with CAMA 2020 as small and medium size companies are now required to submit a special type of account along with their tax returns. The CAMA 2020 threshold for small and medium scale companies will also cover some companies classified as medium size companies (whose annual gross turnover does not exceed N100 million) based on CITA. However, for medium scale companies whose annual gross turnover falls between N100 million and N120 million, it is not yet clear the form of accounts that will be submitted along with their tax returns. Therefore, the controversies and conflicts have not yet abated rather it appears that new and subtle ones are emerging.

In line with the ease of doing business and in accordance with CAMA 2020, small companies in Nigeria were exempt from the requirement to appoint auditors. Effectively, small companies are no longer required to prepare audited financial statements which are a requirement for filing annual corporate tax returns with the Federal Inland Revenue Service (FIRS). Consequently, the FA 2020 introduced an amendment to Section 55 of CITA by introducing a new Sub-Section 7 which empowers the FIRS to issue a notice specifying the forms of accounts to be included in the tax returns of small companies. This implies that the cost of engaging the services of an auditor has been eliminated for SMEs (Ahmed, 2021).

From the foregoing, the study aims at evaluating the effect of the Finance Act on the minimization of tax conflict as well as the prevention of double taxation in Nigeria. The specific objectives are to:

i. Evaluate the effect of the Finance Act on the minimization of tax conflict in Nigeria.
ii. Evaluate the effect of the Finance Act on the prevention of incidence of double taxation in Nigeria.

The following research questions naturally follow to meet the general and specific objectives of the study:

i. To what extents can the Finance Act minimizes tax conflicts in Nigeria?
ii. To what extent can the Finance Act prevent incidence of double taxation in Nigeria?

The following hypotheses formulated in null format will guide the research inquiry:

i. The Finance Act does not have significant effect on tax conflict minimization in Nigeria.
ii. The Finance Act does not have significant effect on double taxation prevention in Nigeria.

2. Conceptual clarification

2.1. The Finance Act 2019 and 2020

The Finance Act is a law made by National Assembly and approved by the President aimed at introducing new taxes, amending existing tax provisions and deleting existing tax provisions where necessary. According to Apelegan (2020), the Finance Act is a fiscal policy statement, which shows how the Government intends to finance budgeted expenditure and achieve other socio-economic objectives. The Finance Ac 2019 which amends the provisions of major tax provisions in Nigeria was signed by the President on 13 January 2020. Besides, The President signed the Finance Act 2020 into law on 31 December 2020. The Finance Act 2020 aims at addressing tax as well as non-tax-related issues while improving on the success of the Finance Act 2019 and correcting its deficiencies.

The key objectives of the Finance Act include promotion of fiscal equity by reducing instances of regressive taxation; reforming domestic tax laws to align with global best practices; introducing tax incentives for investments in infrastructures and capital markets; supporting small businesses in line with the ongoing ease of doing business reforms; and to raise revenue for government, by various fiscal measures, including an increase in the rate of VAT from 5% to 7.5%.

2.1.1. Contentious Tax Issues In the Nigerian Tax Legislations Excess Dividend Tax

Excess dividend taxation is one of the key controversial tax issues in Nigeria. Section 19(1) (a) of CITA Cap 21 LFN 2004 provides that where the dividend paid or proposed by a company is more than the total profits, the company in question shall be charged to income tax at a tax rate of 30% on the paid or proposed dividend as if the dividend was the total profits for the tax year to which the paid or proposed dividend covered. The section 19 provision is usually interpreted and applied by the tax authorities to levy tax on a company whose dividend exceeds taxable profit regardless of whether the profit being distributed has already suffered tax (as in the case of dividend income received by a holding company or taxed retained earnings) or whether the profit is tax exempt (as in the case of pioneer profit and capital gains on stocks). This controversial and one of the most critical tax has been partially amended under section 7 of the Finance Act 2019. The new amendment has excluded certain sources of dividends from excess dividends tax (EDT) such as:

a. Dividend paid out of the retained earnings of a company where the dividend had previously been charged to income tax, petroleum profit tax or capital gains tax.
b. Dividend paid out of profit exempted from income tax under the Industrial (Income Tax Relief) Act, the Petroleum Profit Tax Act, Capital Gains Tax Act or any other legislation.
c. Franked Investment Income –income that has suffered withholding tax at source.

In conclusion, the clarity provided by the Finance Act on the non-applicability of Excess Dividend Tax (EDT) to dividends declared from tax-exempt incomes will help companies whose dividend decisions have been adversely impacted by the literal interpretation of Section 19 of CITA. Also, the EDT exemption of dividend paid from retained earnings that have suffered tax may encourage some companies to increase the proportion of their current year earnings that is reinvested in the business, thereby reducing their borrowing cost and promoting economic growth and development (Ezeanochie and Adenekan, 2020).

2.1.2. Multiple Taxation

The issue of multiplicity of tax was at alarming stage in 1995 as various taxes and levies were introduced by various States and Local Governments fuelled by the activities of some consultants used by government to drive their accelerated revenue generation programme (Osemene, 2004). Multiple taxation which is still pervasive in Nigeria despite the approved list of tax collection and Government attempts to eradicate it implies paying similar taxes on the same or substantially similar tax base. Examples of multiple taxes include companies income tax, information technology tax (NITDA levy), tertiary education tax, Nigerian content development levy all of which are based on income or profits of an entity and value added tax, sales tax and hotel consumption tax all based on sales. Multiple taxes should be distinguished from numerous taxes which mean many but different taxes on different tax bases. Numerous taxes are likely to occur in a federation like Nigeria. To address multiple and numerous taxation earmark taxes should be reduced to the barest minimum and approved list of taxes should be streamlined and adhered to by all tiers of government (PWC, 2010).

2.1.3. Minimum Tax Provisions

The companies' income tax Act 2004 imposes minimum tax on companies using different rates and bases where they have no taxable profits or taxable profits resulting in lower than minimum tax. This effectively means that such companies would have to pay taxes out of their capital. This section is contentiously discriminatory as it does not apply to entities with significant imported equity. More importantly, it discourages investment and increases the risk of failure for companies in periods of little or no profitability. However, this contentions aspect of the Nigerian tax law has received appropriate attention under the Finance Act 2019 and 2020 as Section 33(2) of the amended CITA provides that "the minimum tax to be levied and paid shall be 0.5% of gross turnover of the company less franked investment income provided that the applicable minimum tax is reduced to 0.25% for tax returns prepared and filed for any year of assessment falling due on any date between 1 January 2020 and 31 December 2021, both days inclusive" . Section 33 of the CITA was amended in a bid to reduce the burden of tax on companies given the negative impact of Covid-19 on businesses. This has to a great extent resolved the punitive issues of the previous minimum tax provision.

2.1.4. The Commencement Rule

The Companies Income Tax Act (CITA) sets out the rules for the taxation of a company during commencement of business. These rules create unnecessary complications and overlap in the basis period. Under the Finance Act 2019 provisions, the assessable profits of any company from any trade or business (or in the case of a company other than a Nigerian company) for its first year of assessment and the two following years of assessment shall be ascertained by the following provisions: a) for the first year, the assessable profits shall be the profits from the date in which it commenced to carry on such trade or business in Nigeria to the end of its accounting period, b) for the second year, the assessable profits shall be the profits from the first day after its first accounting period to the end of its second accounting period; and c) for the third year and each subsequent years, the assessable profits shall be the profits from the day after the accounting period just ended. This new amendment has to a great extent resolved the contentious issues of overlapping basis period and the issue of double taxation. Tax liability is now computed based on accounting period using preceding year basis.

2.1.5. Input VAT Restriction

Another areas of contention in the Nigeria tax laws is that claimable input VAT is restricted to VAT on inventory. Input VAT on services, overhead and non-current assets are not creditable but must be expensed or capitalized. This increases the true cost of VAT borne by taxpayers on goods and services consumed much beyond the 5% (now 7.5%) nominal rate. Input VAT should be allowed as claimable on all items except where the taxpayer is the final consumer or does not produce Vatable output. This issue was not resolved under the Finance Act 2019 and 2020.

2.1.6. Group Taxation and Reorganization

There are no provisions for group taxation (intra-group transaction not allowed) in the Nigerian tax legislation. However, there are instances where it may be necessary for a company to reorganize its affairs for improved efficiency. The relevant section of CITA only focuses on foreign companies reconstituted and transferred to Nigerians after the civil war which ended in 1970. The section does not encourage business reorganization and internal reconstructions for better efficiency by companies operating in Nigeria today.

Tax experts have advocated for the inclusion into the Nigerian tax law provisions that will enable groups of companies to freely transfer assets within their groups without a tax charge in order not to hinder internal arrangements that are necessary for better management and efficiency. The tax legislation should permit intra-group transactions without uncompetitive double taxation in the form of VAT, withholding tax or dividend tax.

Business reorganization, such as a merger, acquisition, take-over, asset-deal, among others, which involves a change in ownership or transfer of operating assets, will trigger tax implications under the companies' income tax, value added tax as well as capital gains tax. These may include taxing the proceeds on asset disposal and any transaction profits.

What the Finance Act seeks to address here is to harmonize the tax concessions available to related parties undertaking business reorganization by introducing similar provisions in the CGTA, CITA and VATA as the basis for enjoying the concessions. The effect is that short term group relationships created for the purpose of enjoying the tax concessions would no longer be an effective business reorganization strategy. Investors will now be forced to consider the cost and benefits of reorganizing immediately after an acquisition and forfeiting the tax benefits as well as fulfilling the holding period conditions and taking the benefits accorded under the tax laws (Oloma and James, 2020).

Thus the Finance Act modifies the tax exemption on business re-organizations which exempts assets transferred in a related-party business re-organization, subject to passing the minimum holding requirement test (MHRT). Operating assets transferred in the course of a related party business re-organization will typically not give rise to the realization of economic value for group of companies, as the benefits derived from utilizing those assets will eventually devolve to the same persons who had hitherto benefited from those assets. Taxing the asset transfer would, therefore, result in a double taxation within the group on the same asset as opposed to taxing the synergies and other economic benefits derived from exploiting those assets. The implication of the amendment contained in the Finance Act is that, related-party business re-organizations can now be successfully completed in a tax-neutral manner subject to passing the minimum holding requirement test (Oloma and James, 2020).

2.1.7. Separate Source of Income

Section 25(1) of CITA states that the profits of any company for each year of assessment from such sources of profits shall be the profits of the year immediately preceding the year of assessment from each such source. Section 27(2) restricts the losses that may be relieved in any year to the assessable profits from the trade or business in which the loss was incurred. The combined effect of these sections is normally interpreted by tax officials to mean ring fencing of different sources of income to the effect that losses from one line of business cannot be used to offset profits from other lines of business by the same company. This practice is not equitable and it seems to punish genuine businesses for incurring real losses. The separate taxation of income needs to be abolished in line with global best practice as many countries have even gone beyond this level to permit group consolidated tax returns (PWC, 2010). The Finance Act is silent on this contentious aspect.

2.1.8. Tax Refunds System

Although there are specific provisions in the tax laws especially under section 23 of the FIRS Establishment Act 2007 for tax refunds this has yet to be fully functional. There should be appropriate funds allocated or retained out of tax collection to cater for tax refunds both at the federal and state levels. The FIRS Act requires the tax authorities to pay a tax payer's refund claim within 90 days of the application subject to appropriate audit. These audits are usually slow and time consuming sometimes running into several years. Fairness and equity requires that cash refunds be made promptly to deserving tax payers. Failure to pay refund within the stipulated timeframe should attract commercial interest (PWC, 2010). The Finance Act took this contentious aspect into consideration pending full implementation tax administrators.

2.1.9. Capital Gains Tax and Inflation

Capital Gains Tax (CGT) is applicable on capital gains derived from the disposal of a chargeable asset. The determination of chargeable gain ignores inflation and time value of money. A taxpayer may therefore be required to pay CGT even when in real terms the tax payer has incurred a loss. There should be inflation adjustments to cost of chargeable assets in line with global best practice in calculating capital gains tax (PWC, 2010). This aspect is still very contentious as it was not resolved under the FA 2019 and FA 2020.

2.1.10. Investment Allowance

Any expenditure on plant and equipment entitles the owner to investment allowance. However, the tax authorities often challenge whether office equipment such as computers, printers, and generators fall into this category. Since equipment is not qualified in the CITA and there is no other more appropriate classification, office equipment should be allowed to enjoy investment allowance. The law should be amended if this is not the intention (PWC, 2010). The Finance Act is silent on this contentious aspect.

2.1.11. Certificate of Acceptance

The CITA requires a certificate of acceptance to be obtained for assets addition from the Ministry of Industry for capital allowance purposes. This is of no relevance and creates an extra burden without adding any value to the process in addition to creating an avenue for sharp practices. The need for certificate of acceptance should be abolished (PWC, 2010). The call for deletion of this contentious aspect was not considered in the Finance Act 2019 and 2020 amendment.

2.1.12. Capital Loss Deduction for CGT Purposes

Any capital gain on chargeable assets is taxable except where specifically exempted as in the case of gains on shares and dwelling house. On the other hand, the law does not allow deductions for capital losses. In order to ensure fairness as one of the canons of a good tax system, capital losses should be tax deductible to the extent that capital gains are taxable. The Finance Act 2019 and 2020 did not consider this aspect of tax conflict.

2.1.13. Capital Allowances on Certain Assets

The Second Schedule to CITA on capital allowance does not include assets such as ships, aircraft and intangible assets such as license and franchise. The schedule of qualifying assets should be expanded for capital allowance purposes. A related issue is pre-incorporation expenditures being necessary expenses incurred to establish a company in order to generate taxable business income in future. Since the company is yet to make profits, these expenses are capitalized but are not regarded as qualifying capital expenditure under CITA for capital allowance purposes. It is also not permissible to claim a tax deduction for them as they are normally regarded as capital in nature. There should be a provision to allow tax deduction for all necessary business expenditures (PWC, 2010).

Table 1. Contentious tax issues and the extent of resolution under the Finance Act 2019 and 2020

S/n	Contentious tax issues	Code	Effect	R	NR	PR
1	Excess dividend tax	EDT	Double taxation	1		½
2	Multiple taxation	MTA	Multiple taxes		0	½
3	Minimum tax	Mintax	Tax payment from capital	1		
4	Commencement rule	Comrule	Double taxation	1		
5	Group taxation/organization	GTO	Failure of firms			½
6	Input VAT restriction	IVAT	Punitive/complication		0	
7	Tax refunds	TaxR	Delay remittance			½
8	Unutilized tax losses restriction	UTLR	Restriction of losses	1		
9	Capital gains tax and inflation	CGTI	Inflation not considered		0	
10	Capital loss deduct from CGT	Caploss	Non consideration of loss		0	
11	Separate source of income	SSI	Punitive/complication		0	
12	Tax technology	Tax tech	Ineffective administration			½
13	Tax touting (LGA)	TaxT	Ineffective administration			½

R = resolved assigned score (1); NR = not resolved assigned score (0); PR = partially resolved assigned a score (½).

2.3. Theoretical Review

This study is anchored on the optimal tax theory supported by the simplicity theory of tax. The optimal tax theory posits that the choice of tax system should be based on the need to maximize the social welfare of the public. In other words, the public are not to be taxed into poverty. Government and tax administrators are seen as Unitarian that must ensure that tax payers derive satisfaction from tax payment in form of provisions of infrastructures and social amenities as this will motivate them to comply with tax laws and requirements. According to Gregory *et al.* (2009), the optimal tax theory depends in the distribution ability as the optimal extent of redistribution increases with wage inequality. This is to say that taxation should be used as a mechanism for income and wealth distribution. Related to the optimal theory is the simplicity theory which states that the tax law and the national tax policy should be devoid of ambiguity but be plain, simple to understand and interpret by taxpayers. Anyanfo (1996) posits that there should be no hidden agenda in the tax law. In other words, the law should be clear and intelligible to common taxpayer.

2.4. Empirical Review

Ogbonna and Appah (2012) investigated the impact of tax reforms on economic growth in Nigeria, using data collected from the Statistical Bulletin of the Central Bank of Nigeria (CBN) for the period 1994 - 2009. They employed descriptive statistics and econometric models such as White test, Ramsey RESET test, Breusch Godfrey test, Jacque Berra test, Augmented Dickey Fuller test, Johansen test, and Granger Causality test to analyze their study data. They found that tax reform variables such as petroleum profit tax, companies' income tax, value-added tax, education tax, personal income tax, and custom and excise duties had significantly positive impact on economic growth in Nigeria. Thus their conclusion that tax reforms improved government revenue.

In a related study, Umoru and Anyiwe (2013) investigated the correlation between the New National Tax Policy and economic growth in Nigeria, using co-integration technique and error correction model to analyze data. They stated that taxes can be structured into direct and indirect. Examples of direct taxes include petroleum profit tax, companies' income tax, education tax and personal income tax. While indirect taxes include custom and excise duties, and value-added tax. The results of their analysis revealed that direct taxation revenue had significant positive relationship with economic growth, while indirect tax revenue had insignificant but negative impact on economic growth in Nigeria. They concluded that Nigeria's tax policy towards indirect taxation lack justification, rather the country should strengthen the structures of direct taxation.

Ihenyen and Mieseigha (2014) examined taxation as a financial instrument for economic growth in using data obtained from the Central Bank of Nigeria for the period 1980 – 2013. They used corporate income tax and value-added tax as the independent variables and proxy for taxation. These were regressed against economic growth measure by gross domestic product (GDP), the dependent variable. The study employed Ordinary Least Squares technique (OLS) data, and the results revealed that corporate income tax and value-added tax impacted positively on gross domestic product. They therefore concluded that taxation is an instrument of economic growth in Nigeria.

In a similar study, Edame and Okoi (2014) examined the impact of taxation on investment and economic development in Nigeria, using data covering the period 1980 – 2010. They collected data on corporate income tax, personal income tax and gross domestic product (the study variables) from the Statistical Bulletin of the CBN and the National Bureau of Statistics. They defined three regression models, investment, gross domestic product and government expenditure models, and employed multiple regression technique to analysis the study data. The study found that corporate income tax and personal income tax were negatively related to investment, but positively related to government expenditure. Therefore, they concluded that taxation is an instrument for government expenditure. Also, Chude and Chude (2015) investigated the impact of company income tax on the profitability of brewery companies in Nigeria. The study employed the Augmented Dickey Fuller Unit Root test, Johansen co-integration test and Ordinary Least Squares technique to analyze time series secondary data. The study revealed positive correlation between taxation and profitability.

3. Materials and Method

The study adopted the cross-sectional survey method and the population of the study comprised taxpayers in Rivers State, Staff members of the Federal Inland Revenue Service in Rivers State, Staff members of the Rivers State Internal Revenue Service and tax practitioners within Rivers state, all estimated at 500 (management staff). The sample size for a population of 500 is 217 at 0.5% (Krejcie and Morgan, 1970). The Krejcie and Morggan formula for determining sample size is given as: $S = X^2NP(1-P) \div d^2 (N-1) + X2P(1-P)$

S = required sample size
X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)
N = the population size
P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size)
D = the degree of accuracy expressed as a proportion (0.05)

No need of using the formula since the table of determining the sample size has all the provisions required to arrive at the sample size of 217 for a population of 500.

The research instrument adopted in this study is the questionnaire. It was designed to reflect the variables under study in line with the 5-point Likert scale of measurement, which assigns numerical values to ordinal responses. The cronbach's Alpha test was used to determine the reliability of the instrument. According to Nunally (1978), a benchmark model of .70 is accepted.

Table 2. Reliability test for Cronbach Alpha

Variables	No. of Items	Coefficient
Tax conflict	4	0.761
Double taxation	4	0.822
Finance Act	4	0.704

Source: Author's Reliability Test Output

Table 3. Regression analysis for tax conflict

Regression Statistics	Hypothesis 1	Hypothesis 2
R	0.85985	0.92506
R2	0.73935	0.855736
Adjusted R2	0.72355	0.851456
S.E. of regression	1318.05	1044.31
F-Statistics	46.8	223.13
Sig. (F-Stat)	0.07	0.03
Decision	Accept	Reject

Source: Author's Regression Analysis Output

4. Discussion of Findings

This study investigated the effect of the Finance Act (The Finance Act, 2019;2020) on minimization of tax conflict and incidence of double taxation in Nigeria. From Table 3 above, the test conducted for hypothesis 1 shows an F-statistic of 46.8 and p-value of 0.07. Since the level of significance is more than 0.05, we accept the null hypothesis and conclude that the Finance Act has no significant effect on tax conflict minimization in Nigeria. Going by the coefficient of determination(R^2) of approximately 0.74, it shows that the employed predictor variable which is the Finance Act singly account for about 74 percent of changes in the criterion variable (tax conflict minimization) while the remaining 26 percent can be attributed to other extraneous variables not considered in the study.

The test for hypothesis 2 shows an F-statistic of 223.13 and p-value of $0.03 < 0.05$ significant level. Since the level of significance is less than 0.05, we reject the null hypothesis and conclude that the Finance Act has significant effect on prevention of incidence of double taxation in Nigeria. Going by the coefficient of determination(R^2) of approximately 0.86, it shows that the employed predictor variable which is the Finance Act singly account for about 86 percent of changes in the criterion variable (tax conflict minimization) while the remaining 14 percent can be attributed to other extraneous variables not considered in the study.

5. Conclusion and Recommendations

Consequent on the findings, the following conclusions are drawn: First, there is a clear evidence to support the postulations that the Finance Act will not significantly minimize tax conflict in Nigeria. This implies that resolution of tax conflict is not just a function of enactment of a new law in the form of the Finance Act. Implementation matters. Unbiased enforcement of the law, quick dispensation of justice, technology and efficient tax administration and of course government accountability and transparency among others are factors to be considered also. Second, there is empirical evidence that the Finance Act will significant minimize incidence of double taxation especially with respect to the abolition of the old commencement rule. There has been a lot of opinions and reservations about the expectations and compliance requirements of the new tax regime (the Finance Act). Every legislation can be analyzed thoroughly by practitioners and loopholes will be discovered which will be exploited by Taxpayers to avoid tax. One possible area of exploitation is the Companies Income Tax provision exempting small businesses from payment of Companies Income Tax. Business people may deliberately sub divide their operations and set up several companies and ensure that turnover cap does not exceed NGN25million just so they can avoid Companies Income Tax liability.

Therefore, government needs to adopt conscious efforts to amend all conflicting areas in the tax law, plug possible loopholes by continuously reviewing and updating tax legislations in line with international best practice by continuously reviewing and updating tax statutes to ensure that the right amount of tax is remitted to Government coffers and not diverted to private pockets and there is effective tax administration using state of the art technology. These will to a great extent help to minimize conflict between the tax authorities and the tax payers. Beside this, tax authorities and relevant government agencies should commence preparation of administrative notes, enlightenment guides, effective compliance aid and other implementation guides to enable taxpayers understand the import of these amended legislation in order to invoke ease of compliance and to prevent double taxation of taxpayers.

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