



## Forensic Accounting, Tax Fraud and Tax Evasion in Nigeria – Review of Literatures and Matter for Policy Consideration

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### Abstract

*Tax Fraud (TF) and Tax Evasion (TE) has become an alarming situation in most developing countries. It has become a focus of attention in recent times by scholars and policy makers because of its impact on the economy. In Nigeria, the recent worldwide economy downturn through COVID-19 pandemic and decrease in price of crude oil and sales quantity in the global market has contributed to difficulties in the implementation of annual budget. This called for a shift to tax revenues (TR) but the major challenge is the high rate of TF and TE. One way of reducing this menace and to instil Tax Compliance (TC) is the application of Forensic Accounting (FA) techniques. Therefore, this call for better understanding of the concepts and ways of using FA to promote TC. It is against this background that the study examined FA, TF and TE in Nigeria. The study adopts exploratory research design with literatures from materials on taxation and accounting. The study concluded that since the traditional auditing techniques has failed to curb TF and TE because of its inefficiency and ineffectiveness of operation, therefore FA will expose, control and deter fraudulent practices on TR, and this will enhance good TR for the government. The study recommends that government should develop interest in FA, enforce tax laws and regulations on TF and TE with strict appropriate punishment on tax evaders, ensure transparency and accountability on TR, and further create forensic unit in tax offices with modern FA techniques equipment.*

#### Keywords:

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## 1. Introduction

Tax fraud, tax evasion and tax non-compliance has become an alarming situation in most developing countries, and these are the greatest problems afflicting tax administration in Nigeria. Tax fraud is pertinent, it involved tax evasion, avoidance and non-compliance by individuals and firms. Fraud is the deliberate action, false depiction or suppression of material facts for the purpose of deceiving another to act upon it in order to be cheated. All fraud are violation of trust. The essence of tax fraud is the individuals or firms ability to evade tax through false representation, fraudulent practices or concealment of tax material facts, in order to deceive government and reduce the tax liabilities and payments. A taxpayer who is accused of tax fraud or tax evasion,

commits an acts of fraudulent behaviour against the tax law. The increasing complexity of tax fraud require urgent attention and the service of forensic accountant to investigate and prosecute tax evaders and other related fraudulent activities. Therefore, one way of reducing this menace, and to instil tax compliance on individual or firm by complying with actual tax assessment and payment, is the application of forensic accounting techniques.

Forensic accounting is a model of investigative procedures for ascertainment of assurance, evidentiary nature of accounting data, and for purpose of legal evidence. It utilises highly technical skills to uncover hidden facts as evidence for tax payment against the victim, it is also useful in court without compromising the integrity of the evidence in a legal proceeding. According to [Dhar and Sarkar \(2010\)](#) it is a tool for forensic auditing, detection of financial misrepresentation or fraud, tax evasion and violation of accounting rules and regulations. [Al-Sharairi \(2018\)](#) opined that forensic accounting evolved in accounting profession as a way of investigating fraud related cases, inclusive of tax fraud and tax evasion. Forensic is a branch of accounting which adopts basic accounting, auditing and investigating knowledge and skills in resolving fraudulent activities in a legal matters. [Aduwo \(2016\)](#) stated that it is a skill to assist in legal matters. Forensic accounting is to aid reduction in tax fraudulent activities, tax loss and tax corruption which reduces tax revenues collection that impaired on social, economic and infrastructural development at all level of government. On daily basis, different form of tax frauds, corruption and sharp practices occurred on tax matters without being noticed, detected or investigated by government, this had hampered the growth and development of a nation. This activities has become endemic, systemic and maladies affecting tax administration in Nigeria with much loss of revenues by government, with serious negative impact on social and economic development.

Fraud, inclusive of tax related one, is a global phenomenon which cut across both the developed and developing economy. Fraud is an act of deception for personal gain or to cause a loss to another individual or institution ([Gbegi & Adebisi, 2014](#)). This has been part of human behaviour from time immemorial even in the religious circle as recorded in the holy books. In the bible, tax collectors with case of fraud and corruption were treated with disdain, contempt and isolation. [Adefila, Kasum, and Olaniyi \(2005\)](#) opined that fraud and fraudulent related activities are global endemic. In Nigeria, two agencies were established to curb fraud, corruption and other fraudulent activities. These are Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and other related offences Commission (ICPC). These agencies has tried to curb this menace in other sectors but with less emphasis on tax related matters especially at state level. In order to reduce tax fraud, fiscal corruption and other forms of tax sharp practices, and enhance tax revenues, forensic accounting is one techniques that can be of help. Although, forensic accounting is still at infant stage in Nigeria but as a discipline, it has gained much acceptance in most developed economy.

The role of forensic accountant in tax fraud goes beyond accounting numbers but involves proper investigation and analysis of financial evidence, report writing, collection of proper exhibits and documentary evidences that will assist as an experts witness in tax legal proceeding matters. Forensic accountant activities involves three major areas, investigation, dispute resolution and litigation support. Forensic accounting has been used in developed countries likes Canada, Britain, United State of America (USA) and Germany to achieved detection of tax fraud and enhancement of tax revenues generation for economic growth and development. Tax revenue is a form of levy imposed by constituted authority against the income, profit or wealth of an individuals or companies. Tax payment is a compulsory obligation which taxpayer owe to the state on yearly basis. It is a form of payment to support and enhance cost of governance ([A. A. Adekoya, Oyebamiji, & Lawal, 2019](#)). Based on this, the Federal Republic of Nigeria, 1999 constitution, section 24(4) stipulates that "It shall be duty of every citizens to declare his/her income honestly to appropriate and lawful agencies and pay tax promptly". Tax revenue aid government activities, it is use for provision of social, economic and infrastructural development, maintenance of law and order, as well as the well-being of the citizens.

In the past years, there had been less focused on tax revenues due to oil boom and overdependence on oil revenue. Therefore, Nigeria overdependence on oil revenues as a major sources of financing the annual budget, makes the country vulnerable to oil prices volatility. The recent worldwide economy downturn due to COVID-19 pandemic, coupled with reduction in oil prices and regulated or quota oil sales in the global market has contributed to dwindling revenues and difficulties in the implementation of annual budget. This called for annual budget financing shift to tax revenues but the major challenge is the high rate of tax fraud through tax evasion, avoidance and non-compliance. Apart from these, fiscal corruption and revenue fraud on the part of tax officials and tax payer's is also paramount, According to [Fatoki \(2014\)](#) this form of tax loss had compounded the social, economic and infrastructural growth and development in Nigeria.

Nigeria adopts self-assessment method to tax payment. The method gives the taxpayer the opportunity to file returns and ensure payment of tax liabilities before due date in a tax year. The self-assessment makes taxpayer to manipulate or falsifies records in order to evade tax or reduce tax payment. In Nigeria, as much as some taxpayers comply with tax payments, some taxpayers absconds from such. This attitude of tax evasion and tax fraud is enormous and it amounts to billions of naira in a year. According to [Fowler \(2019\)](#) the then Executive Chairman of Federal Inland Revenue Service (FIRS), Nigeria loses \$15 billion to tax evasion as a result of several people evading tax in the country. Tax evasion has vital fiscal implication due to loss of tax

revenues which resulted into fiscal deficit and budget imbalance. Tax evasion and tax fraud as illicit approach, deprives the necessary government tax revenues ought to be available for servicing the machinery of governance, provision of goods and services, and infrastructural development. It also pose a serious disadvantage to complaint taxpayers. While the honest taxpayers pay more taxes, the dishonest taxpayers (tax evaders) concealed their income and refuse to pay taxes. This sharp practices is achieved through understatement of incomes or revenues and overstatement of expenses. Tax evasion and tax fraud is the illegal and intentional falsification of tax obligation.

All over the world, external auditors do audit and certified the accounts of company's and individual's statement of affairs, also process returns for tax assessment. Tackling tax evasion, tax fraud, fraudulent activities and sharp practices in tax returns has become an issue of concern to government and policy makers. Forensic accounting has been proved to be an effective tool for exposing fraudulent activities, therefore, it has become relevant for tax investigation due to the recent increase in the cases of financial and tax fraud because of weakness and constant failure of statutory audit to detect and prevent fraudulent activities and tax fraud or evasion. This call for a better skills, techniques and strategies that will unravel fraudulent practices on tax revenue. The idea of application of forensic accounting to tax revenues generation, reducing tax fraud or tax evasion is to probe into the existence of any form of irregularities or fraud in tax assessment, tax rules infringements, returns and payments. The essence of the combat against tax fraud is to investigate, discover and retrieve tax revenues loss to the tax authority and government. This is to ensure fraudsters and tax evaders do not have undue advantage over compliant taxpayers, this will also enhance tax fairness and justice among taxpayers. It is on the light of this, this study looked at forensic accounting as a way of curbing tax fraud and other fraudulent activities on tax revenues. Besides, the theoretical implication of the study is the contribution to policy, knowledge and literatures as the use of forensic accounting techniques for tax revenues generation remain an emerging issue with less related research.

## **2. Review of Extant Literature**

### *2.1. Conceptual Review*

#### *2.1.1. Historical Development of Forensic Accounting*

Forensic accounting development was traced to a newspaper advertisement in 1824 in Glasgow, Scotland, it has its existence in 1817 (Crumbley, 2001). At that time forensic accountants were used by courts, counsels and arbiters to investigate fraudulent activities. The first article that stipulated guidelines for expert testimony in USA and England was published in 1900s. The adoption of Federal Income Tax in 1900s and subsequent tax evasion, demands for the service of forensic accountant. Forensic accountant was used to discover the tax evasion perpetrated by the infamous gangster Al Capone (Nunn & McGuire, 2006). Overtime, the forensic accounting profession has grown with series of publication and pronouncement for its operation and guidance. Previous studies revealed that Maurice E. Peloubet was the architects of modern day forensic accounting, according to his essay "Forensic Accounting" which was in the print for the first time in 1946 while the first high profile forensic accountant was Frank J. Wilson who see to the conviction of Alphonse "Scarface" Capone of tax evasion in 1931 (Joshi, 2003).

Two areas of expertise in forensic accounting are litigation support and investigation or fraud accounting. Forensic is multi-disciplines which requires skills and knowledge in areas such as accounting, investigation, auditing, psychology and law. Crumbley (2001) defined forensic accounting as applications of "*the laws of nature to the law of man*". He refers forensic accountants as examiners and interpreters of financial facts and provider of evidence in legal case, in addition, they offer opinion regarding their findings in law court. According to Hopwood, Hopwood, Young, and Leiner (2013) forensic accounting is the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that meets standards required by court of law. Baird and Zelin (2009) defined forensic accounting as an important investigative tool for fraud detection. According to Dada, Owolabi, and Okwu (2013) forensic accounting involves the combination of accounting, auditing and investigating skills in resolving fraudulent activities. Therefore, it is the application of scientific skills and techniques to the investigation of illicit activities and financial transaction in a legal context, litigation or any form of monetary or non-monetary dispute resolution in court. This involves skillful gathering of financial and documentary evidences tenable in court to support investigative procedure and proof of issues in dispute resolution. Modugu and Anyaduba (2013) stated that it is the special investigative process that involves accounting, auditing and investigative skills in assessing financial fraud in legal matters.

#### *2.1.2. Factors Militating Against Forensic Accounting in Nigeria*

1. Low level of awareness – The knowledge of forensic accounting is very low among individual taxpayers, the government and policy makers. A higher level of awareness on the use of forensic accounting for curbing tax fraud will caution taxpayer sharp practices and fraudulent activities. This will lead to decline in attempt by taxpayer to perpetrate tax fraud and reduce corruption by tax officials, this will instil tax compliance and increase in revenues generation to the government.
2. Legal framework – There is no adequate institutional and legal framework for the application of forensic accounting in tax revenues drive. This at time has been restricted with stiff political will.

3. Shortage of manpower/personnel – The number of forensic accountant in Nigeria is very low. There had been less focused on funding and training of personnel on forensic accounting skills. In Nigeria, only few institution offered forensic accounting as a course.
4. The tedious task of gathering evidence that is tenable and admissible in court is time consuming and costly.
5. Globalisation of the economy where fraudster or tax evaders can hid anywhere in the world, this might led to problem of inter jurisdiction, recovery and punishment that will serve as deterrence.

#### *2.1.3. Roles of Forensic Accountant in Tax Disputes*

Forensic accountants play three important roles in tax disputes, these are fact witness, consulting expert and testifying expert. As a fact witness, forensic accountants are expected to offer only factual information on legal case without rendering any form of opinion. As a consulting experts, he is expected to offer consultancy service on attorney's work by formulating strategy, review of documents and provision of additional facts in a legal matter. The consulting experts owed allegiance to the client and advocate on client's behalf. Forensic accountants as an expert testifying in a law case, is to appears before a judge or jury to provide professional advice and opinion on matters, either by disposition or by testimony. In recent time, according to [Eliezer and Emmanuel \(2015\)](#) forensic accountant has been used to deal with financial accounting manipulation and tax rules infringements that leads to tax fraud. The weakness of statutory audit to detect fraudulent activities as it relates to tax matters calls for adoption of powerful fraud and manipulation detection tools. These tools will be used to detect incomes not disclosed or under reported and expenses over reported or invoices manipulated.

#### *2.1.4. Tax Fraud*

Fraud is stealing by deceit and tricks. It is a deceptive trick to cheat or mislead someone. It is the use of deceit to gain unjust or illegal advantage over another person or organisation. Fraud is a worldwide problem but much pronounced in the developing countries in recent times. According to [Zimbelman, Albrecht, Albrecht, and Albrecht \(2012\)](#) fraud is a generic term, and embraces all the multifarious means which human ingenuity can device, which are resorted to by one individual, to get an advantage over matter by false representation. This includes surprise, trickery, cunning, and unfair way by which another individual or organization is cheated. [Karwai \(2002\)](#) opined that fraud causes a lot of havoc in Nigeria which has resulted into loss of individual confidence. Fraud is a form of dishonest, deceit and other form of illicit practices perpetuated by individual to gain undue advantage over others.

Tax fraud is the deliberate deception and tricks to minimize tax payment or refusal in tax payment through falsification of tax returns or evasion. It is an intentional wrongdoing by taxpayer with a specific purpose of evading tax payment. Tax fraud is an intentional deception by taxpayer that result in an injury (tax loss) to the government. It involves both underpayment of tax and fraudulent intent. This can be committed against the government and tax authorities that collect taxes in the federal, state and local government. Tax fraud have both domestic and international dimension. The domestic dimension is in the form of tax evasion, especially as a result of high number of informal sector or shadow economy. The international dimension is the type carried out by companies, corporations and high net worth individuals through profit shifting and offshore holdings of financial assets. Creative accounting techniques are adopted by many firms and individuals to dodge tax payments through falsification of accounting records, financial facts and accounting figures. The tax system in Nigeria focused on voluntary tax systems where the taxpayers files tax returns when required for tax assessment and further payment of tax. While some individual oblige to this rules and pay their tax obligation, some individual taxpayers are not honest thereby not paying taxes or rather underpay their taxes. This intentional and wilful act to underpay taxes is called tax fraud, ways to defraud the tax authority and the government.

#### *2.1.5. Elements of Tax Fraud*

Four general elements must be present for a tax fraud to exist, these are:

1. A material false statement.
2. Knowledge that the statement was false when it was altered.
3. Reliance on the false statement by the victim (Government).
4. Damages (revenue loss) resulting from the victim (government) reliance on the false statement.

#### *2.1.6. How to Minimise Tax Fraud*

Eliminating tax fraud opportunities can be achieved through:

1. Having good internal control on tax revenues generation.
2. Proper monitoring of taxpayers.
3. Discourage all forms of collusion between the tax officials and taxpayers.
4. Creating an expectation of punishment as deterrence.
5. Minimisation of avenue for corruption on tax revenues by tax officials.

6. Creation of conducive working environment for tax officials with modern working tools and adequate training and skill transfer on new forensic technology.
7. Proactive tax fraud auditing.
8. Creation of culture of honesty, openness and fairness in the tax system, and on application of tax revenues.

To prevent tax fraud is cheap and more effective than investigation and detection. Tax fraud prevention is much better because in a fraud case, the possibility of full recovery of the amount involved is very slim, besides, it consume time and money to investigate fraudulent activities. Therefore, having necessary machinery in place to prevent the occurrence of tax fraud will save time, money and much effort required to track down fraud perpetrators and eventual recovery of funds. Ruankaew (2013) stated that to reduce fraud and manage risks associated with it, it is necessary to understand and identify the factors leading to fraudulent activities and unethical behaviour. This will show the basic reason for committing fraud and who are fraudsters.

#### *2.1.7. Tax Evasion*

Tax evasion is an unlawful act and unethical behaviour that robs government revenues and hinder provision of goods and services; social and economic development for the well-being of the citizens. It is a global problem but, is more pronounced in developing countries than the developed economy. Al-Mustapha and Hamza (2016) defined tax evasion as taxpayer's deliberate refusal to make tax payment out of his legal sources of income. According to Alm and Torgler (2011) tax evasion is an illegal and intentional act undertaken by the taxpayer in order to reduce his tax liabilities through the means of underreporting of the appropriate earnings or incomes; or by overstating expenses, allowable allowances; or failure to file tax returns in due date. Besides, tax evasion is an act of violating tax laws, norms and ethics in the payment of tax (Folayan & Adeniyi, 2018). It is a breach of tax laws and unethical means to evade tax. Tax evasion is undertaken with bad intention of deceit and use of tricks such as non-registration for taxes, failure to pay tax, non-submission of tax returns, overstatements of expenses, understatement of incomes or revenues, deliberate omission of vital tax matters, fraudulent claim of fictitious reliefs, presentation of fictitious transactions in books of accounts, and falsification of tax clearance certificates and tax receipts. Tax evasion hinder the efforts of government in achieving Sustainable Development Goals (SDGs), good governance, infrastructural development, and social economics and fiscal policies.

Previous researchers have highlighted various reasons for tax evasion in a country such as low tax morale, greed and selfishness, fiscal corruption, illiteracy, lack of social contract, weak internal control, high tax rates, lack of tax awareness, poor tax service delivery, ambiguity in tax laws, lack of adequate training and tools for tax officials, weak legal system and justice delay in prosecuting evaders (Adebisi & Gbegi, 2013; Augustine Adekoya, Folajimi, & Ayodele, 2020; Onyeka & Nwakwo, 2016). Despite of these reasons, the impact of tax evasion on the economy is enormous as it affects the smooth administration of government and hinder the implementation of annual budget. Therefore, tax evasion is a social phenomenon that significantly reduce tax revenues and seriously affect the social-economic growth and infrastructural development of a country (Ajaz & Ahmad, 2010). Tax evasion is carry out in areas such as custom duties through under-invoicing or changes in goods description to attract lower rates, smuggling through illegal routes; personal income and company income tax, failure to remit PAYE deduction to tax authority, filing false PAYE returns, underreporting of incomes or over reporting of expenses; VAT evasion through falsification of invoice and use of fake invoice to offset VAT payment. In order to minimize tax evasion, government needs to reformulate the tax laws, ensure equitable of tax system, ensure appropriate penalties and sanctions are melt down on tax evaders as a form of deterrence to others (Adekoya. & Enyi, 2020) ensure proper awareness on moral and important of tax payment with fairness, justice and honesty in the application of tax revenues.

#### *2.2. Theoretical Review*

The study anchored on the theory of fraud triangle and fraud diamond. The fraud triangle was developed in 1953 by a criminologist Donald Cressey, to investigate the causes of fraud. This theory affirmed the basic reason for violation of trust by individual and firms as bestowed on them. According to Cressey (1953) three elements are considered for fraudulent activities, these are pressure, opportunity and rationalization. These are the factors that make individual or firm to engage in fraudulent and immoral activities. Pressure is anything that drive individual for committing fraud such as tastes, addiction, medical bills, prestige, and status attainment and so on. It is the motivational traits in individual that leads to his immoral behaviour. Opportunity is the ability to commit fraud because of weak internal control systems, lack of strong management oversight, collusion and loopholes. Rationalization is the individual self-conviction that fraudulent act worth its risk. It is a defence mechanism to justify fraudulent activities.

Wolfe and Hermanson in 2004 added value to fraud triangle with a better view of additional factors that lead to fraud. The fourth element added to the initial three elements in fraud triangle is capability. This is called fraud diamond with pressure, opportunity, capability and rationalization as the elements. The capability is the individual traits, abilities or positional seat of authority to commit fraud. The ability to turn fraud opportunity into realities. Wolfe and Hermanson (2004) opined that fraud diamond moves beyond fraud

opportunity as viewed in terms of environmental or situational factors. The argument was that fraud cannot successfully be concealed unless the fraudster has capability (personal trait and abilities) that dictate fraud, even with the presence of other three elements in fraud triangle. According to [Wolfe and Hermanson \(2004\)](#) opportunity is the key to open fraud door while pressures and rationalization draw individual toward fraud. However, perpetrator of fraud have the capability to recognize the opportunity and eventually, takes the advantage of the fraudulent activity. In relation to tax fraud, tax evasion or tax non-compliance, the theory element of pressure makes the taxpayer to evade tax. This comes from both financial and non-financial factors. The financial pressure could be sudden financial need, lifestyle pressure or addiction such as greed, poor credit, personal financial losses and unexpected financial needs. The opportunity for fraud occurred due to weak internal control system in tax administration, tax assessment and tax payment procedures. These are lack of internal control to detect or prevent fraudulent behaviour, failure to discipline fraud perpetrators, lack of access to information, lack of audit trail and ignorance apathy and incapacity. Capability for fraud occurred based on individual position or personal trait, abilities and influence to dodge tax payment. These are the political position in the society, collusion with tax official, corruption and influence. Rationalization is the justification for evading tax such as the rich does not pay enough taxes, infrastructural decay, inefficiency and ineffectiveness of government services, corruption and embezzlement of tax revenues, wastages of tax revenues by the government on less important needs of the citizens, and at time individual belief of paying more than fair share of taxes.

### *2.3. Empirical Review*

[Khersiat \(2018\)](#) studied the role of forensic accountant in the detection of tax fraud in financial statement in order to combat fraud. The study revealed that forensic accountant has the expertise, required qualification and skills to detect tax fraud and other irregular manipulation in the financial statements. Also, in the studied of role of forensic accounting in limiting tax evasion in public industrial shareholding companies, in Jordan by [Al-Sharairi \(2018\)](#) the study revealed that there is statistically significant role of forensic accounting in limiting tax fraud and evasion. The study recommends that government should recognize the role of forensic accountant in limiting cases of tax fraud and evasion. [Hadi, Abed, and Kadim \(2018\)](#) studied the role of forensic accounting and its relationship with taxation system in Iraq. The study revealed the necessity of forensic accounting in the introduction of tax reform in Iraq. The study recommends the establishment of forensic accounting units in all legal institutions in the country while educational institutions should ensure the inclusion of forensic accounting in their curriculum. Besides, [Enofe, Olorunnuho, and Eboigbe \(2015\)](#) studied accountants' perception of financial accounting and fraud investigation. The study revealed the need for services of forensic accountant for fraud and corruption related issue in Nigeria economy while, [Friday and Micah \(2019\)](#) studied financial statement fraud and tax compliance using tax audit. In their study, they revealed that companies intentionally manipulate records and financial statement in order to evade taxes. It was reported that this tax crime calls for tax audit, while whistleblowing issues becomes important with appropriate protection for whistle-blowers.

[Folayan and Adeniyi \(2018\)](#) studied the effect of tax evasion on government revenue generation in Oyo state, Nigeria. The study revealed that tax evasion has negative effect on government revenues and budget performance. The study recommends appropriate public awareness and judicious utilisation of tax revenues for the well-being of the citizens in order to discourage tax evasion. In the same vain, [Enofe., Embele, and Obazee \(2019\)](#) studied tax audit, investigation and tax evasion. The study revealed that tax audit and investigation are important techniques that reduces tax evasion and increase tax revenue for the government. Therefore, it was recommended that, as tax audit and investigation acts as preventive tools for tax evasion, this should be carried out on a routine basis as a form of checks. In addition, [Balios, Tantos, Eriotis, and Vasiliou \(2020\)](#) studied the conjunction of tax auditing mechanism with behavioural and institutional parameters of tax evasion and the role of accounting rules and forensic accounting. The study revealed the role and contribution of forensic accounting against tax fraud as it emerges increasingly. The study concluded that tax policy makers should adopt restrictive measures against tax evasion. In addition, [Beredugo, Azubike, and Mefor \(2019\)](#) studied tax evasion and avoidance using an effective tax audit and investigation in Nigeria. The study revealed that penalty significantly affected tax evasion while a sound tax audit will enhanced tax compliance and discourage tax evasion. It was recommended that appropriates penalty for tax evaders should always be invoked to serve as deterrent to other.

Moreover, in the public sector in Nigeria, [Akani and Ogbeide \(2017\)](#) studied forensic accounting and fraudulent practices, the study revealed a significant relationship between forensic accounting and reduction in fraudulent practices. The study recommends that government should regulate forensic activities through the provision of good standards and guidelines with proper integrity, fairness and accountability in the public sector. In the same vain, [Gbegi and Adebisi \(2014\)](#) studied forensic accounting skills and techniques in fraud investigation, the study revealed that forensic accounting skills and techniques have significant effect on fraud reduction. They recommends the establishment of forensic units and laboratory by anti-grafts agencies for quick investigation of fraudulent activities while forensic accounting should be institutionalised by government. Besides, [Enofe., Utomwen, and Danjuma \(2015\)](#) studied the role of forensic accounting in

mitigating financial crimes. The study concluded that there is need for the service of forensic accountant in addressing financial crimes due to the shortcoming of the conventional accounting techniques.

### **3. Methodology**

Exploratory research design was adopted for the study where relevant books, journals and other literatures in the field of forensic accounting, investigation and taxation were reviewed, drawn conclusion and appropriate recommendations were made for purpose of increasing the frontiers of knowledge.

### **4. Conclusion and Recommendations**

#### *4.1. Conclusion*

The high rate of tax fraud, tax evasion and other form of non-compliance in Nigeria is alarming, while the traditional auditing techniques has failed, based on its inefficiency and ineffectiveness in curbing tax fraud and other forms of fraudulent practices. In Nigeria, our value system is weak with less emphasis on individual honesty, integrity and exhibition of good characters. The society recognises wealthy individuals without the appropriate question on their sources of income or wealth, even not minding whether taxes are paid or not. These are the people in the corridor of power who are hailed, honoured and recognized in the society. These high wealthy individuals dodge tax payment or underreport income for tax assessment. Most people in the informal sectors follow suit using them as basis of rationalisation for tax fraud and tax evasion. Collusion and corruption on tax revenues is also alarming, rationalising it on wastages and infrastructural decays. Much premium is placed on materials than integrity which to a large extent encourage fraudulent practices and tax fraud. This necessitate the calls for an alternative means of addressing this tax problems, therefore, forensic accounting is to control and deter fraudulent practices on tax revenues in order to enhance and increase tax revenue generation by the government. Forensic accounting application to tax fraud and tax evasion is very important to the enhancement of revenues generation especially in a developing countries with high rate of informal sectors, corruption and persistent increase in the level of tax loss. The major benefit is to increase government revenues required for provision of public goods and services; enhancement of social, economic and infrastructural development; and reduction in the country's annual budget deficit. Also, the application of forensic accounting techniques for tax revenues drive will shape tax morale wish will lead to increase in the level of tax compliance. It will also bring about tax fairness and justice as number of tax complaint individual and firms will increase while it bridged the gap between tax compliant and tax evaders, as those that voluntary complied to tax payment will not feel aggrieved and cheated by tax evaders. It will enhance the compilation of taxpayers' data base as many taxpayers will be brought to books which will aid good revenues generation planning and budgeting. For the future, as the level of compliance increases, time and cost associated with investigation and recovery will be minimised and eradicated.

#### *4.2. Recommendations*

1. Government should develop interest in forensic accountant for monitoring and investigation of tax fraud and other related fraudulent activities.
2. Formalisation and specialisation of forensic accounting as a field of study in tertiary education and as a unit in organisation set-up.
3. Accountant should specialises in forensic accounting practices.
4. Creation of law and regulations on the use of forensic accounting in combating financial and tax related fraudulent activities and crimes.
5. Enforcement of tax laws.
6. Appropriate punishing and stiffer sanctions for the defaulter of tax laws, to serve as deterrence.
7. Presence of forensic accountant at tax offices to pursue tax revenues.
8. Adoption of advanced technology to curb tax fraud and evasion
9. Transparency and accountability around tax matters
10. Tax fairness and justice with good taxpayers' data base.

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