

The Enforcer Myth: Reclaiming the Administrative Identity of Lagos Internal Revenue Service (LIRS)

Otudero Oluwafemi
Lagos Internal Revenue Service, Lagos, Nigeria

Abstract

The current Nigerian tax reforms sweeping the fiscal landscape have generated public debate and unprecedented misinformation. Claims about automatic bank debits, the elimination of the middle social class, and an increased tax burden on ordinary citizens grappling with harsh economic conditions filled the airwaves and social media, sparking public resistance.

This study argues that the public's susceptibility to these narratives reflects a deep perception of tax authorities as government-backed enforcers rather than administrators. This study examines the identity of the Lagos Internal Revenue Service (LIRS) by analysing its enabling legal framework, organisational structure and operational activities.

The analysis reveals a significant divergence between LIRS' core function, which is demonstrably administrative, and its enforcement identity. This perception gap creates fertile ground for misinformation, which can lead to the shutting down of possible constructive engagement with the transformation. Bridging the gap entails improving public understanding of tax authorities as tax administrators to enhance institutional credibility and support the implementation of reforms.

Keywords:

Tax administration, tax enforcement, tax reforms, public perception, tax authority

1. Introduction

What is LIRS? The Question of Identity.

The answer is straightforward: LIRS is a public institution that is responsible for assessing, collecting, and accounting for taxes due to the Lagos State Government (Lagos Internal Revenue Service, n.d.). It is the largest subnational revenue authority in annual revenue collection. In 2024, it became the first subnational revenue authority to surpass the

₦1 trillion revenue mark (Arise News, 2025). Also, the agency has led the deployment of technology and innovation to improve the taxpayer experience. As the Special Adviser to the Executive Chairman of LIRS noted in an interview with Channels Television:

"Essentially, what we have is that over time, technology has evolved. Moreover, we have tried to deploy it in a way that makes compliance easier and cheaper for taxpayers. That is the goal. That is what we do in LIRS" (Adigun, 2025).

The above statement is an accurate functional description of what LIRS does. The deeper question unanswered is what LIRS is. It describes activities but not character. It catalogues functions and not identity. How an institution (a tax authority) understands itself shapes how it operates, and, similarly, how residents perceive it also shapes how they respond or engage. For a tax authority, these narratives affect how taxpayers fulfil their obligations, whether cooperatively or resistively, through voluntary compliance or otherwise.

Institutions act in accordance with how they understand themselves, while citizens respond in accordance with how they perceive those institutions (Kirchler & Braithwaite, 2007). These factors influence whether taxpayers' approach or interact with the tax authority cooperatively or defensively, whether they embrace the tax reforms with trust or suspicion, and whether the state-resident fiscal relationship (a principal-agency construct) is one of cooperation or hostility.

Why Does This Question Matter Now?

Nigeria and its sub-regions stand at a pivotal moment in fiscal history, given that the recently enacted tax reforms (i.e., Nigeria Tax Act (NTA) 2025, Nigeria Tax Administration Act (NTAA) 2025, Nigeria Revenue Service (NRS) (Establishment) Act 2025, and Joint Revenue Board (JRB) (Establishment) Act

2025) promise to reposition an outdated tax system to support inclusive growth, ease compliance, and strengthen intergovernmental collaboration (Akweshola, 2025).

However, there are pockets of suspicion, scepticism, anxiety, and, in some quarters, hostility. Social media frames the reforms as 'Tinubu's' latest scheme to extract more from the already struggling citizens. Market associations fear enforcement, business groups worry about the compliance burden, and ordinary citizens, currently navigating economic challenges, believe tax reforms are a threat rather than an opportunity (Adetayo, 2025).

The general view or belief about the nature of tax authorities forms the foundation for the public's opposition and grievances. (Asri *et al.*, 2025). When its capacity is enhanced, and the public perceives it as an enforcement agency whose function is extraction, then the agency's capacity will appear as an enhanced threat (Mohammed & Tangl, 2023). In the public eye, more efficient tax administration translates into more efficient extraction, and a better tax system means fewer places to hide; thus, reforms become something to resist.

Conversely, if tax authorities are perceived as an institution whose purpose is to facilitate civic engagement, then behaviour shifts towards accepting reforms (Ogungbesan, 2024). If enhanced institutional capacity means better service, and improved tax systems through transparency and accountability mean easier compliance, then tax reform becomes a potential benefit rather than an extra burden (Oriaifoh & Obaretin, 2025).

The question about LIRS's identity (administrator or enforcer) is a matter of public consequence. How LIRS, policymakers, the media, and the public respond to this will determine whether Nigeria's tax reform succeeds.

This study examines LIRS identity through two lenses: First, what objective evidence reveals about the agency's fundamental character; second, how Lagos taxpayers and the broader Nigerian public perceive the tax institution. The analysis draws on legal documents, organisational evidence, public communications, and media coverage to assess the gap between institutional reality and public perception. The objective of this study is to

determine which of the tax authority's identities is predominant based on legal mandate, resource allocation, and operational emphasis. Understanding which view is predominant helps the tax authority understand the different responses to be received.

2.Theoretical Framework

2.1The Administrator-Enforcer Perspective

The administrative perspective holds that the tax authority is a service institution whose purpose is to manage systems through which the public fulfils their tax obligations (Chen *et al.*, 2015). These activities include taxpayer registration, tax return processing, and payment facilitation (Salawu, 2023). This relationship with taxpayers is fundamentally cooperative (i.e., the authority exists to help citizens understand and meet their obligations) (Siglé *et al.*, 2022).

The enforcement perspective views the tax authority as a compelling government body whose purpose is to ensure that the public meets obligations through penalties, prosecutions, and coercive collection of tax liabilities (Hofmann *et al.*, 2014). In this view, the relationship with taxpayers is 'adversarial' (i.e., the tax authority exists to punish evaders) (Hasseldine *et al.*, 2011). Also, holders of this view reckon that success depends on the evasions detected and the penalties and fines imposed.

These views are valid and ideal because they are not purely one or the other. All tax authorities, such as LIRS, maintain administrative and enforcement infrastructure to promote compliance and address non-compliance, respectively (Barrie Russell, 2010). To understand the taxpayers' compliance behaviour. Two popular ideas explain how taxpayers comply with tax reforms. They are the Classical Deterrence Theory and Slippery-Slope Framework.

The Classical Deterrents Theory: The core idea of this theory is that people are rational calculators who decide whether to comply or evade based on a simple cost-benefit analysis (Allingham & Sandmo, 1972; Becker, 1968). The rationale is that since money can be saved by not paying taxes, it creates an incentive to evade taxes. Also, the cost of evasion equals the product of the probability of being caught and the penalty if caught. The decision whether to evade or not comes from

ascertaining which option, between the benefit and the cost, outweighs the other (i.e., to evade if the benefit outweighs the cost and to comply if the cost outweighs the benefit). The limitation of this theory is that if people were purely rational, evasion should be rampant. Nevertheless, most people pay taxes in other countries most of the time, despite minimal risk detection.

The Slippery-Slope Theory: This suggests compliance relies on two factors: the tax system's inherent quality and public perception—Power and Trust (Kirchler *et al.*, 2008). It illustrates how these factors affect public behaviour. Figure 2.1 illustrates this concept, and the tax authority can achieve compliance through power and by building trust.



Figure 1¹. An illustration of the slippery slope theory showing taxpayer compliance behaviour based on varying degrees of power and trust in the tax system (or authority). Source: Adapted from (Kirchler & Braithwaite, 2007)

3. Research Methodology

This study adopts a qualitative case study design to investigate the institutional identity of Lagos Internal Revenue Service. It adopts the analytical and descriptive approach.

3.1.Data Collection

The analysis relies on multi-dimensional evidence to examine and ascertain the institutional character. The data sources include;

- Legal Instruments: A textual analysis of the NTA 2025 and NTAA 2025 to determine the

- statutory powers and the procedural requirements of the authority.
- Organisational Data: An examination of LIRS internal structure, directorate functions and resource allocation patterns
- Media and Communications Artefacts: A review of public communications and social discourse to capture the public identity of the service

3.2.Data Analysis Method

The data sources obtained from the law and the organisational structure provide objective evidence, whereas the media commentaries and public responses reflect subjective perceptions.

4. Results and Discussions

What LIRS actually is—The Core Function

This section examines the objective evidence of the tax authority's core operational characteristics, focusing on its legal mandate, resource allocation, and operational activities. It addresses the objectives outlined in the previous section of the study.

¹ Diagram generated using Gemini, May 5, 2026. The output was reviewed, verified, and edited by the author for accuracy and clarity. All content reflects verified information and the author's own interpretation.

4.1. Evidence from The Legal Framework

In Nigeria, the State Internal Revenue Services are established by both national and subnational level legislations. At the national level, the Personal Income Tax (PITA) serves as the broader legal framework which mandates relevant tax authorities (RTAs) to collect personal income taxes from residents within their jurisdictions (Personal Income Tax (Amendment) Act of 2011, n.d.). The Lagos State Administration Law establishes LIRS as the operating arm of the Lagos Board of Internal Revenue Service at the sub-national level (Asaolu *et al.*, 2015). A deep dive into the legislation reveals an administrative function evidenced in its responsibility for assessing, collecting, and accounting for revenue due to Lagos State. The 2025 Tax Reforms (NTA, NTAA, NRSA, and JRBA) have reshaped the fiscal landscape by aiming to modernise the Nigerian tax system and strengthen collaborations amongst tax authorities across all levels (Nigerian Economic Summit Group, 2025).

The management of systems and processes comprising tax assessment, revenue collection, the movement of funds from taxpayers to the government, and the accounting thereof, purely suggests administrative oversight, not coercive action. Significantly, notifications of assessment to taxpayers, objection procedures for assessment, and appeal mechanisms when all else fails serve as procedural protections for taxpayers. These provisions establish that LIRS is acting within the legal confines and is bound by procedural requirements that protect taxpayers from arbitrary actions.

4.1.1. The Enforcement Powers in the Legal Framework

The law grants the State Internal Revenue Service, for instance, the LIRS, enforcement powers to seal the premises of defaulting taxpayers, distrain assets to satisfy established tax liabilities, and conduct investigations into suspected non-compliance (John, 2020). A textual analysis of the authority's powers suggests that its enforcement powers exist as a necessary supplement.

4.2. Evidence from the Organisational

Structure.

How an organisation allocates and distributes resources and arranges its affairs, if its

mandate indicates it is administrative or otherwise (Adegoye, 2025; United Nations Conference on Trade and Development, 2013). The Lagos Internal Revenue Service organisational structure reveals an administrative structure. The core units and directorate focus on taxpayer services, customer service, public education and enlightenment, and information technology. These functions require resource allocation and leadership attention to drive service delivery and voluntary compliance, suggesting the need for administrative oversight.

4.3. Tax Authority's Public Identity: The Misinformation Crisis Amid Tax Reform

Having established the core function of a tax authority as an administrative institution, this section examines how the public views the tax authority amid the tax reform.

Following the announcement of the new tax reform, social media, market associations, business groups, and the general public have been abuzz with misinformation and inaccurate claims about the reform's purpose, leading to widespread resistance. This surge of confusion has sparked widespread public discourse, centred on concerns that the tax authority possesses excessive powers to impose additional tax burdens on citizens. These discussions heightened concerns that the tax authorities might exploit the powers granted to them by 'Tinubu', potentially imposing an even greater tax burden on the already struggling public. The prevailing narrative casts the tax reforms in the light of enforcement, positioning the tax authority (LIRS) as the primary enforcer.

Media commentary often enhances enforcement perception. The latest misinformation, among many others, is the claim that the Nigeria Revenue Service enacted a new law giving itself the power to create its own police force to arrest, investigate, and seize the assets of tax defaulters without a court order. Also, rumours spread that the government can confiscate accounts through the tax authorities and the banks. This narrative caused frequent panic withdrawals (Aothr, 2026). The falsities in these narratives are

consistent with the amplification of enforcement perceptions, which can weaken public trust in the system and increase opposition to the reform.

If the public perceives LIRS as an enforcer, taxpayers may comply only when enforcement directly threatens, evading it where they believe they can escape detection. It produces only enforced compliance, which requires constant expenditure on enforcement. Conversely, if the public perceives LIRS as an administrator, taxpayers may comply more broadly, including where enforcement is unlikely to reach. Trust supports voluntary compliance extending beyond enforcement capacity. The perception gap means that LIRS may face lower compliance than its administrative identity would otherwise enable.

5. Conclusion

This analysis reveals that all the tax authorities, such as the Lagos Internal Revenue Service, are tax administrators. It is so because the legal framework establishes an administrative purpose, the organisational structure prioritises administrative functions, and its operational activities are administrative by sheer volume. Enforcement exists as a necessary means to curb non-compliance, but not as a defining purpose. At the level of public identity, the picture tells a different story. Social media portrays LIRS and other RTAs as primarily enforcers. This, in turn, influences perceptions of compliance, trust, and reforms. A supportive tax authority helping citizens meet their obligations can build the trust needed for better compliance and increased revenue.

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