

# The Taxpreneurship Model: Rethinking Tax Administration in Developing and Underdeveloped Economies through the Application of Entrepreneurship Principles

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## Abstract

One major basis for the conceptualization of the “taxpreneurship model” and experimenting with it, in the case of a particular State in Nigeria, is the obvious inefficiencies and trust issues observed in tax administration in the country, which many studies have equally reported as the case in most underdeveloped and developing countries. In most of these countries, less attention is paid to the issues of trust and efficiency of the processes of tax collection, with more attention concentrated on enforcing the collection of taxes. The experiences of some other sub-nationals who have positively reformed their internal revenue administration, coupled with the challenges of inadequate funding from the central (national) source, have given justification to the need to rethink the tax administration system in this particular sub-national in 2015. The study adopted some fundamental entrepreneurship principles in what is called the “taxpreneurship model”, an experience related in this paper, based mainly on participant observation of this sub-national internal revenue service. Introducing this model as the omnibus guide over the study period of four years resulted in significant growth in internally generated revenue, human capacity development, better taxpayer relationship management, stakeholders’ engagement in tax administration and general societal acceptability of their civic responsibility of tax payment as a social contract.

## Keywords

Taxation, Entrepreneurship, Taxpreneurship, Tax Administration, Social Contract

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## 1. Background of Study

Nigeria, an independent nation in sub-Saharan Africa, was created (given birth to) in 1914, and at the matured age of 46, specifically in 1960, gained his freedom (self-rule) from his British colonialist (parent), who bequeathed him with a lot of resources, mostly natural. Nigeria, then at age 46, at independence, already had three “children” (regional sub-national governments) but from three different “wives” (regions), and allowed each of these children to live on the resources available within the region of their fatherland, by allowing each to manage and control the resources within the region and contribute to the sustenance of the “father” at the central government of the independent nation. At the age of 53, specifically in 1967, the number of “children” (sub-national states) in Nigeria had increased to twelve (12), and one of the “children” born at that time was named Kwara State. At age 48 (by 2015), Kwara, rhetorically has three “wives” (senatorial districts), just like his father when he was in his 40s, and the same as all other “brothers/sisters” (states). This is because the father has constitutionally mandated the children to have three “wives” (senatorial districts) only. From these three “wives”, Kwara has sixteen “children” (local government areas) out of the 774 “grandchildren” (local government areas) of the “father” (Nigeria).

Today, Nigeria has 36 “children” (sub-national states) from 6 “wives” (geo-political zones) and 774 “grandchildren” (local government areas). However, on the birth of Kwara, in 1967, something significant happened, as the father changed the arrangement of sharing his resources, by taking control of virtually all his major resources back from his children. By the new arrangement, on a monthly basis, he gives to each of his children and grandchildren what he considered their share of his trading activities (which was practically more than enough for these children) as he concentrates his efforts on the sale of just one of his numerous natural resources. This became a legally binding agreement (constitutional) with what is today called the 1999 constitution.

The father lives at the centre of his territory (federal capital) with his children and grandchildren, living in their various domains (states and local government areas respectively) for all these years, on income from this mono-product (crude oil), neglecting most of the other natural resources. His children, because of the stupendous wealth of their father, lost their sense of value for diligence, hard work, enterprise, decency, commitment and honesty. Suddenly, this product, which is the cash cow of Nigeria, lost its value so much in the market that the income generated and available for sharing by this stupendously large family has become inadequate to meet the already ostentatious lifestyle of the father (Nigeria) and his extended family (children and grand-children) who have lost all sense of production and accumulated over many years the sense of ostentatious consumption, making the nation significantly import dependent.

While many of the children are busy lamenting and complaining about the sudden misfortune of the family, some of the children, including Kwara State, decided to face reality by rethinking and re-strategizing, taking steps, similar to what the

eldest child, Lagos, took in 2004, after a fall out with the father, over the birth of additional children (creation of new local governments), contrary to the father's agreement with all the 36 children, through the 1999 constitution, that none of them should have additional children beyond the 774 the father had recognized in the (constitution) as his grandchildren. Only these recognized children and grandchildren have the right to share of the family commonwealth (federal allocation).

The withholding of regular monthly allocation due to the children (local government areas) of Lagos, as a result of this tussle, had made Lagos State to rethink the process of doing so many things, as it pertains to his internal resources. As they say, "necessity is the mother of invention". With the success recorded as a result of this survival mechanism of Lagos, a few other children (specifically five) had taken steps similar to Lagos's to revamp their internal resources with positive results from the internal realignment of the revenue sources and processes between 2005 and 2014.

Thus, Kwara's decision, in 2015, to join the other brothers that have taken steps to take their survival as adults in their hands, looking less unto what comes from their aged father, and moving ahead in life by living responsibly through the efficient mobilization of their internal resources for their long-term development, became a step in the right direction.

In the story above, Nigeria, is the father, Lagos State, is the "supposed first son", and Kwara State who, like his other brothers/sisters, was comfortable with receiving "enough money" from the sale of crude oil by the Federal Government and using same to meet its obligations such as salaries, infrastructures, etc., has suddenly decided to rethink his internal revenue administration process. With the dwindling revenue from the Federal Allocation, Kwara State Government, like some other states of the federation, saw the need to rethink her ways and look inwards. It, however, did not only realize this fact, like many of his brothers, but specifically decided to take steps to reform its internal revenue, with the leadership of the internal revenue reform, adopting an "omnibus" institutional change process involving the application of entrepreneurship principles, by conceiving and adopting what is today referred to as the "taxpreneurship model".

## **2. Literature Review**

In establishing the theoretical basis for the introduction of the concept of taxpreneurship into the lexicon of theories of taxation and entrepreneurship, we foray into the theories related to tax and taxation which is fundamentally drawn from the social contract theory. Further to this is the issue of trust and distrust between the taxpayer and the tax administrator, before we finally examine the need for principles of entrepreneurship and how relevant this may be in addressing the gaps.

### **2.1. Social Contract and Trust Revisited**

The social contract theory is rightly associated with modern moral and political

theory and is given its full exposition and defence by Thomas Hobbes, John Locke and Jean Jacques Rousseau. As the most dominant theory within moral and political theory throughout the history of the modern West, Bruner (2015) captures the diversity, tolerance and understanding required for the nexus of the social contract to function. Bussolo, Lopez-Calva & Sundaram (2018) appropriately capture the need to level the playing field for all parties involved to properly appreciate their roles. In this same dimension, Bussolo et al. (2019) presented a new social contract as a way of addressing the distributional tensions in Europe and Central Asia. Thus, the issue of the social contract being the fundamental basis for responsible citizenship and responsible government is well established.

Evidences from the communist and state capitalist economies also support a revisit of the social contract theory as presented by Cook & Dimitrov (2017) and Feldmann & Mazepus (2018) who through their theses tried to bridge the political culture gap in the social contract theory. In the wake of the Arab Spring, El-Haddad (2020) redefines the social contract theory in the Arab Spring, by drawing from the experiences of Egypt, Morocco and Tunisia to drive home the point that the concept of the social contract and its appropriate application by nations is universal and knows no bounds.

Healy & Murphy (2017), while examining how to reconnect the people and the state, proposed some elements of a new social contract that more or less made each person know their basic responsibilities within the social contract framework so that society could function unhindered. This position is in line with the stewardship status embedded in the social contract theory as explained in the stewardship theory of management, by Davis, Schoorman & Donaldson (1997). Just as the citizens are saddled with the responsibility of contributing through tax payment to the administration of the state, the government, on the other hand, is saddled with the responsibility of judiciously administering the taxes for the common good of the people.

Understanding tax and taxation in Nigeria is well captured in Olokooba (2019) where he clearly differentiated tax as a product and tool in the hand of the government to shape the direction of consumption, production and investment, beyond the source of revenue dimension commonly professed. The issue that is paramount to our discussion is the low level of voluntary compliance which Kirchler, Hoelzl & Wahl (2008) captured properly using the “slippery slope” framework to compare enforced compliance to voluntary compliance. This was further supported by the introduction of a methodology for surveying tax compliance by Kirchler & Wahl (2010).

Bringing in the issue of trust of the tax administrator and the tax system by the taxpayer, Hofmann et al. (2014) examined the enhancement of tax compliance through the coercive and legitimate power of tax authorities and concluded that it concurrently diminishes trust in tax authorities rather than facilitating trust. This is in alignment with earlier works of Muehlbacher, Kirchler & Schwarzenberger (2011) on voluntary versus enforced tax compliance while applying the

slippery slope framework. The fundamentals of the above are substantially supported by the work of [Kirchler \(2007\)](#) on the economic psychology of tax behaviour and [Blackwell \(2007\)](#).

[Kogler et al. \(2013\)](#), while testing the assumptions of the slippery slope framework of [Kirchler, Hoelzl & Wahl \(2008\)](#) in Austria, Hungary, Romania and Russia, concluded that the duo of trust and power are the major determinants of tax compliance. This position has its foundation built on the work of [Korczyński \(2000\)](#), who had earlier examined the political economy of trust, and trust as a social reality as put forward by [Lewis & Weigert \(1985\)](#). The morality issue relating to trust between the taxpayer and the tax authorities was described as having a shallow morality by [Messick & Kramer \(2001\)](#) to the extent that the impact of undermining trust, and the significance of cooperation, both working together were professed by [Mulder et al. \(2006\)](#) as a paradox of sanctioning systems in social dilemmas. While looking at the issue of ethics and morality as it affects tax compliance, [Alm & Torgler \(2011\)](#) submits that morality and ethical conduct of the tax authorities significantly impact on the level of compliance by the taxpayers.

According to [Feld & Frey \(2002\)](#), how taxpayers are treated by tax administrators is very important because trust breeds trust, as they submitted. In another of their work, [Feld & Frey \(2007\)](#) submitted that tax compliance is based on what they referred to as a psychological tax contract, stating that the introduction of different types of incentives, and some responsive and taxpayer-friendly regulations will go a long way in increasing voluntary tax compliance.

## 2.2. Entrepreneurship Principles and Tax Administration

Following from the above, and to upscale the level of taxpayer trust, there must be some level of efficiency and transparency, which may necessitate a rethink of the entire process of tax administration. To borrow from the proven principles of entrepreneurship, we therefore decided to examine who is an entrepreneur. Describing the entrepreneur as a problem solver, a resource mobilizer, an innovator, a value creator, a risk taker, a service provider, a resource transformer, an enterprise creator, a job creator, and a social transformer, [Stevenson and Gumpert \(1985\)](#) were merely describing the modern tax administrator of our dream, operating under the entrepreneurship principles which [Awodun \(2017b\)](#) innovatively coined as taxpreneurship.

The concept of taxpreneurship, as introduced, is simply the application of entrepreneurship principles to tax administration. It is the process of identifying the uniqueness of society and developing how to collect taxes using innovative approaches that will be most convenient for the taxpayers ([Awodun, 2018](#)). Taxpreneurship is making the taxman creative and innovative in revenue mobilization, taking the taxpayers' convenience into consideration in the process, making tax payment painless to the taxpayers, making taxpayers get value for the money paid, making the taxpayer a valued customer that must be satisfied at all times, establishing long-lasting relationships with the taxpayers, and changing the face of tax

administration to meet the challenges of our time (Awodun, 2016a, 2017a, 2018).

The tax administrators, today, should be conscious of value creation as the tax-payers are more desirous, now than ever before, of seeing what their taxes are being used for (Awodun, Somorin, & Olokooba, 2022), thus requesting value for their money. This is essential, if tax collection must increase, as the convenience of payment is a *sin qua non* for maximization of collections (Awodun & Yaru, 2019). Taking all of the above into consideration, applying the principles of entrepreneurship in tax administration has become more necessary now than it has ever been in developing countries due to the enormous challenges of tax administration, hence the introduction of taxpreneurship.

### 3. Conceptualizing the “Taxpreneurship Model”

What has entrepreneurship got to do with taxes? What is an entrepreneur doing as a tax administrator? Is there any link between entrepreneurship and tax administration? Who is an entrepreneur and how is he/she different from a tax administrator? These and many others were questions asked as an entrepreneurship educator was saddled with responsibility as the new taxman of the new sub-national Internal Revenue Service in this North-central State of Nigeria, on the 1<sup>st</sup> of October, 2015 with the mandate to “completely reform tax administration in the State”. The stage for the experimentation of the taxpreneurship model was thus set, with the laboratory for experimentation established.

The concept of entrepreneurship is as old as man, and so is the concept of taxation. To erase our doubts about this, let us reflect back into the story of creation as found in the holy books. The creator of heavens and earth, regarded as the first entrepreneur, decided to create man, after creating every other thing, and put man in charge of the enterprise, called earth, to manage, as literally narrated in the Bible. In saddling man with the responsibility of managing the earth, man was exempted from having anything to do with a particular resource (the forbidden tree of life) within the enterprise (the Garden of Eden). This forbidden tree could be considered as reserved as the portion that the entrepreneur (God) alone has right over. While Adam was not restricted from nurturing it like mandated to nurture all other resources in the Garden, however, he was not permitted to eat out of it.

The above basically marks the beginning of the social contract, as the only condition given for man to continue to live within the enterprise (Garden of Eden) was to observe this civil obligation of managing the resources in the garden, and giving back unto the enterprise owner (the entrepreneur—God), through the avoidance of eating from the “forbidden tree” otherwise known as the “tree of life”. This could be regarded as a form of “tax” imposed as a necessary condition for man to continue to enjoy managing the enterprise called “Garden of Eden” and enjoying all the benefits therefrom.

However, the failure of man to adhere to the rules and regulations (social contract), agreed upon by the entrepreneur and the manager, resulted in the extradition

of a man from the enterprise (Garden of Eden) to begin the sojourn of creating his own enterprise from scratch. Despite this somewhat new beginning, man was still mandated to pay in return a portion of his yields to the first entrepreneur (the Creator—God) under whom man learnt his trade and skills. Obviously, not adhering to the social contract, which led to the removal of man from the original enterprise still did not, painfully though, exempt him from paying the “tax” (as a compulsory contribution) in his new and self-made enterprise. This is because the Creator still demanded that he makes offerings in the form of sacrifices (taxes) from his annual yields, which literally could be seen as man’s payment of taxes to continue to live on earth.

With the above story, there is no doubt that taxation is as old as entrepreneurship. However, we may still want to ask what entrepreneurship, as we see it today, has to do with tax administration? To answer this question also, let us first come to terms with the definition of entrepreneurship, which we say, is the process of identifying opportunities embedded in societal problems and transforming those opportunities to innovative products that the society will be willing to exchange for a price to meet their needs, leaving the entrepreneur and the society better off through value addition. Drawing from the above definition, we will realize the significance of entrepreneurship to tax administration and, perhaps, governance, and this is worthy of pursuit (Awodun, 2016a). Without any iota of doubt, it is not difficult to conclude that the entrepreneur is a problem solver, a resource mobilizer, an innovator, a value creator, a risk taker, a service provider, a resource transformer, an enterprise creator, a job creator, and a social transformer (Stevenson & Gumpert, 1985).

The tax administrator, in this age and time, should therefore not see himself or herself as that enforcer of law alone, particularly when these laws are to be enforced on the people (employers and employees) who have legitimately earned their income and are compelled to pay (as a form of contribution to continuous citizenry) a portion of this income to the purse of the government as tax. Rather, and within the concept of social contract, the taxpayer should be seen as the principal, while the tax administrator is the agent, collecting this contribution from the taxpayer on behalf of the government who in turn is expected to apply the collected sum in the collective interest of all.

In line with the agency theory as supported by Vargas-Hernández & Teodoro Cruz (2018); Saeid & Sakine (2015) and Hill & Jones (1992), the principal, which in this case are the taxpayers, only pay their taxes to the tax administrator, who is the agent, for onward transmission to the government for the purpose of providing social infrastructure for the benefit of all and sundry (Awodun, Somorin, & Olokooba, 2022; Bonazzi & Islam, 2007; Fama & Jensen, 1983).

Thus, the tax administrator must change with the times, as people are quickly adapting to the changing times and are far ahead of the tax administrators in aligning with technological changes and advancement. The tax administrator of today must, just like the entrepreneur, be a problem solver, a resource mobilizer,

an innovator, a value creator, a risk taker, a service provider, etc. The administration of tax in the 21st century must take into cognizance the changes in the society, particularly the improvement and advancement in technology, and should therefore consistently innovate to match the pace of innovation of the society (Pool & Pool, 2007).

The administrator of taxes, today, should be conscious of value creation, as the taxpayers are better enlightened, and more desirous now, than ever before, of seeing what their taxes are being used for, thus requesting value for their money. The administrator must be more conscious than ever before of the efficiency of collection to ensure that the cost of collection is as minimal as possible. The administrator of taxes today must be creative in thoughts and deeds to come up with more innovative tax products that are packaged for the convenience of the taxpayers. This is essential if collection must be increased, as the convenience of payment is a *sin qua non* for maximization of collections.

It is, therefore, taking all of the above into consideration that the relevance of the concept of entrepreneurship in tax administration was considered necessary and the experimentation essential. In Nigeria, the challenges of tax administration are enormous, just like in most developing or underdeveloped countries, and the principles of entrepreneurship come in handy to provide solutions to each and every one of these challenges. These inform the introduction of the “taxpreneurship model” to represent the broad strategy for the start-up in the drive for revenue mobilization and tax administration in the sub-national used for our experimentation (Awodun, 2016b).

#### 4. Methodology

The research methodology adopted was participant observation, which made the author a principal participant in the process of introducing and applying the “taxpreneurship model” between 2015 and 2019. The entire Internal Revenue Service of the Agency, referred to, became the laboratory for the experimentation of the model. Beginning with the change of the revenue administration law by the State Government in June 2015, the change of the people followed in September (leadership, management and staff) and the change of the process and technology of operations, also from October 2015 (PPT model), the stage was set for the consistent application of the taxpreneurship model for an uninterrupted period of four years.

In all, there were 8 management staff in the positions of assistant director to director that were engaged in this experimentation. These were at the top-level management. At the middle level, there were 21 management staff members in the positions of manager to principal managers who were engaged and involved in the experimentation between 2015 and 2019. At the lower level of management, there were 840 staff and 34 support staff, making a total of 903 staff members.

From the very top to the support staff, roles were clearly defined and documented from the very beginning in October 2015, and each staff was made to take

responsibility for documenting tasks on a daily basis while the records were properly documented. Staff training, based on the intention of the research, was done consistently from the entry point to daily training for the first 60 days, and consistent monthly training and reporting at the various levels of units and departments culminated in the agency-wide report that is presented to the entire staff in a monthly field feedback programme conducted on the last Saturdays of every month, where records of performances per unit are presented and appraised, and challenges addressed.

## 5. Applying the “Taxpreneurship Model”

With the adoption of taxpreneurship as a model for creating a new internal revenue service, a labour-intensive, technology-driven approach was introduced for three major reasons. First is the need to have trained personnel constantly interfacing with the people they are to serve, such that they have direct contact, and establish direct customer relationships with the taxpayers as clients (Awodun & Edu, 2018; Awodun & Kamaluddeen-Aiyelabegan, 2019). Second is the fact that there are serious unemployment problems in the society and taxpreneurship becomes a “direct and indirect” strategic solution to the problem (Sachs, 2006; Beinhocker, 2007). Third is the fact that when employment is created, income (susceptible to tax) is also created to lift up economic activities in the society (Bernstein, 2004) with the multiplier effects not only bringing about tax payments by the income earners, but also the various multiples of receivers of the spending of the employees will earn income and also pay taxes (Awodun, 2017b).

It was also realized that the society has been disconnected from the government for too long and taxpreneurship was used to carefully bring back the presence of government, through the introduction of an intervention scheme called “community impact programme” (CIP) as the Agency’s version of corporate social responsibility (CSR) which was seen more as, corporate social partnership (CSP) to douse the tension that the disconnect of the past had caused. This, on its own, created a basis to get attention of the people to support the Agency in acting as that agent of change for process and service improvement. Thus, the Agency chose to touch the lives of people in the society through education, environment, empowerment, employment and enterprise creation, referred to as the 5Es (Awodun, 2017a).

As part of the strategy, the Agency chose to engage the society through conscious stakeholders’ involvement (Afsar, 2011) that cuts across the length and breadth of the State, making every part of the State subscribe to support the new arrangement, and making them take ownership of the process. The agency theory models the relationship between a principal and an agent, and considers the optimal contract form for the ubiquitous relationship where a principal, delegates work to an agent (Arrow, 1985). Agency theory is built on the notion that separation of ownership and control potentially leads to self-interested behaviors by the agent.

In agency theory, both the principal (i.e., shareholders) and the agent (i.e., managers) are depicted as utility maximizers (Jensen & Meckling, 1976; Fama & Jensen, 1983). The agent's utility function includes power, security, status, and wealth while the principal's utility function is to maximize the market value of their shares or interests or stakes as the case may be (Hill & Jones, 1992). Through taxpreneurship, the Agency strategically took tax collection beyond the traditional by applying the principles of entrepreneurship to tax administration.

The "taxpreneurship model", is therefore, simply the application of entrepreneurship principles to tax administration. It is the process of identifying the uniqueness of the society and developing how to collect taxes using innovative approaches that will be most convenient for the taxpayers. Taxpreneurship, as described and applied through our experimentation, is "making the taxman creative and innovative in revenue mobilization, taking the taxpayers' convenience into consideration in the process. Taxpreneurship is making tax payment painless to the taxpayers through taxpayer-centric approaches. Taxpreneurship is making taxpayers get value for the money paid through improvement in the social services of government. Taxpreneurship makes the taxpayer a valued "customer" who must be satisfied through service excellence at all times. Taxpreneurship is establishing a long-lasting relationship with the taxpayer for responsible and sustainable tax collection. Taxpreneurship is about providing services to the taxpayer and the government. Taxpreneurship is changing the face of tax administration to meet the challenges of this century (Awodun, 2018).

## 6. The Experimentation Results

The results obtained by adopting the "taxpreneurship model" could be classified into five categories as follows:

**1) Sustainable Growth in Internally Generated Revenue:** Improved internally generated revenue performance from N7.2 billion in 2015 (the base year) to N17.4 billion in 2016, N19.6 billion in 2017, N23.1 billion in 2018 and N30.1 billion in 2019. The implication of this could best be explained when you look at the total internally generated revenue of the State between 1999 and 2019, a period of 20 years which is a total of N183 billion and about 49% of this amount (N89.2 billion) was collected in the four years of introducing the taxpreneurship model as against 51% collected in 16 years prior to the introduction of this model to reform the process of tax collection in the State.

**2) Enduring Human Capacity Development:** Better trained crop of staff that became more professional and performance driven with customer centric drive. The measure of this is not just in the quantity of staff, which increased from 211 prior to the reform to 903 by 2019 after the period of the experimentation, but also in the quality of the agency's staff. The staff recruitment process was professionalized, and on-the-job and off-the-job training of staff from entry point onwards through the continuous staff training strategy of the taxpreneurship model made all staff to become professionals within a stipulated period of time.

**3) Taxpayer-Centric Strategy and Process Improvement for Efficiency:** Concise and more efficient customer service processes based on a customer-centric approach were part of the taxpreneurship model. This taxpayer relationship management strategy and tax processes documentation and automation led to the Agency becoming certified by the Organization for International Standardization (ISO) with the State Internal Revenue Service becoming the first and only State IRS in the country to be ISO certified for quality management system (ISO 9001) and business continuity management system (ISO 22301) for sustainability

**4) Stakeholders' Engagement Mechanism for Effective Taxpayer Relationship:** Stakeholders' acceptance of the taxpreneurship model as a more effective approach to tax administration through their feedback and exceptional cooperation. This is as a result of the stakeholder engagement mechanism that was adopted by the Agency in dealing with the identified 72 stakeholder associations in the State and seeing them more as partners in progress in the process of administering the taxpayers who mainly are members of these various professional and non-professional associations.

**5) Standardization with Local and International Acceptance:** The worthy results of performance of the State IRS became so obvious both in quantifiable and unquantifiable ways that no sooner than one year into the adoption of the taxpreneurship model, attention from other sub-nationals, federal and international agencies were drawn. Not less than 10 other sub-nationals came over to the State to understudy the process, while national and international attention were also received. Government's acceptance of the model through numerous awards and recognitions by various professional bodies, both at the state and the national levels, as a worthy model to be emulated and studied for replication by other sub-nationals in the country became an acceptable standard.

The above results became obvious testimonies to the efficacy of the "taxpreneurship model" for effective tax administration, and the gospel of this model began to spread across the country as a revenue reform model for developing and underdeveloped countries.

## 7. Conclusion

With the development and successful application of the taxpreneurship model in this sub-national, and the obvious institutional building impact emanating from it, calling all tax administrators, particularly in underdeveloped and developing economies, to begin to re-examine and rethink their various positions about tax collection is not out of place. First is the significance of the taxpayers whose trust in the tax authorities can only be encouraged with a transparent and efficient tax system. Furthermore, the revisit of the entire tax administration system, as demonstrated in the experimental case of this sub-national, has shown the taxpreneurship model as essential for process improvement and IGR growth.

Recognizing the significance of the taxpayers and the need to consciously serve them satisfactorily is the only antidote to the various vices of tax evasion and tax

avoidance. There can be no improvement in the level of tax compliance without a rejig of the tax administration system. The taxpreneurship model, when applied at the sub-national, as proven in the case of the sub-national studied, will challenge the tax administrators to “think out of the box” to come up with innovative products that will serve the interest of both the taxpayers and the tax collectors.

Just as the social contract assigns responsibilities to all parties, it also requires transparency and accountability from all parties. More than ever before, the need to adopt taxpreneurship is now, as reflected in the success story of this agency of government studied, where the model was experimented, and significant growth in internally generated revenue was recorded between 2015 and 2019 without changing the inherited tax rates but due to the application of entrepreneurship principles to tax administration. Beyond the growth in revenue is the significant human capacity development accomplished in the process that makes the institutional reform enduring and sustainable.

The testimony to this is the fact that the institutional reform embarked upon within this period has succeeded with the successful succession and transition from one administration to another. Following the principles and processes that were laid down, the adoption of the taxpreneurship model took the agency to a new height with continuous growth in the state’s IGR as expected.

### Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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