

# Drivers of Tax Payer's Motivation and Tax Compliance Level: The Nigeria Experience

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**Abstracts:-** The study investigates the variables that affect taxpayer motivation and compliance levels in Nigeria. To boost the motivation for voluntary compliance, tax authorities in Nigeria have developed several strategies over the years. A cross-sectional research design was used for this study. The study found that the economic model that served as the foundation for evaluating taxpayer motivation by the appropriate tax authority for years had not produced any fruitful outcomes in tax-related areas. In light of the aforementioned results, the study recommended that tax authorities ensure that generated tax revenue is used wisely for the benefit of their citizens to increase citizen confidence and support for their administration, and that government should ensure transparency and accountability in the use of taxpayers' money.

**Keywords:-** Motivation, Tax Authority, Tax Revenue, Taxpayers

## I. INTRODUCTION

For many years, there has been a lot of interest in the literature on the subject of taxes. The most important challenges in governance, are both in developed and underdeveloped countries. Governments rely heavily on taxes and other sources of cash for funding. (Esosa, 2014). Tax compliance refers to a taxpayer's readiness to pay his tax obligations to the tax authorities following the tax regulations. The Nigerian government has faced a significant challenge on the issue of tax compliance over the years and has not yet developed a complete approach. Numerous measures and policies have been introduced by successive governments to address the problems with tax compliance in Nigeria, but they have not yet been successful. These include giving the Nigerian Internal Revenue Service autonomy, amending the tax policy and administration reforms, introducing the tax policy document, and many others. (Nwokoye, 2019).

Although since the beginning of civilized nations thousands of years ago, taxes have played a significant role in regulating national income, especially in industrialized nations, (Gadzo & Anaman, 2019). Although there have been some improvements to the Nigerian tax system, there are still a lot of problems that need to be fixed. Getting people to pay their taxes on time is one of the biggest problems facing the government. One aspect that will decide how much money the government will raise in taxes to pay for its expenses is the willingness of the taxpayers to comply with the country's rules. (Faizal, 2015). The objective of tax collectors is to raise money for the government to function (Mohd, Rizal, & Maelah, 2017). It has not been simple for the appropriate authorities to deal with the problem of tax compliance; as result, essential policies must be strengthened. The governments have continued to encourage and defend the use of deterrence, force compliance techniques, and other ways to ensure adequate tax compliance in society, but this hasn't resulted in any fruitful results in terms of the endeavor to boost tax revenue. Christian Daude, (2010), asserts that government spending has roughly doubled and the cost of repaying debt has increased, but tax receipts have fallen short of expectations. Certain taxes are imposed on the public with the primary goal of raising money for government spending. Faizal, (2015), submit that, taxes also serve additional purposes, such as reducing disparities through a policy of wealth and income redistribution to make the wealth gap between the rich and the poor less pronounced. Tax systems are also intended to serve social objectives, such as preventing undesired behaviors and conserving the environment.

Direct and indirect taxes are the two basic types of taxes. Direct taxes—such as corporate and individual income taxes meaning that the burden (incidence) of the tax is wholly carried by the paying entity and cannot be transferred to another entity. Usually, indirect taxes are assessed on the purchases of goods and services (Barjoyai, 2013). For instance, stamp duties, sales tax, excise tax, and VAT (Value Added Tax). Indirect taxes are imposed on goods and services rather than on individuals. Indirectly, consumers pay for this

tax by paying more for goods and services. For instance, it is possible to assert that the buyer is truly responsible for paying the retail sales tax while purchasing products from a retail store. The retailer ultimately transfers this tax to the appropriate agency. The cost of the items and the customer's purchase are increased by the indirect tax. Although direct taxes, unlike indirect taxes, are founded on the "capacity to pay" premise, they can occasionally serve as a disincentive to work harder and earn more money because doing so would result in paying more tax. One universal phenomenon that affects both established and emerging economies is non-compliance with tax laws. (Ducan Bentley & Clinton Alley, 2015).

Torgler & Herren, (2016), opined that concerning tax administration, non-compliance is a global difficulty for both developed and developing nations. Nwokoye, (2019), claims that due to the size of the informal sector, developing economies experience proportionally greater revenue loss due to non-compliance with tax regulations than developed ones. America the United States 2.7% of Switzerland's GDP 6% of the GDP, 27% of the GDP of Italy Nigeria's GDP 35%.

- Bame-Aldred, Cullen, Martin, & Parboteeah, (2019), emphasized that in 2016, the average revenue losses for developing nations ranged from 27% to 40% of GDP. Additionally, it was observed in this study that although governments strive to increase tax collections to improve public services, taxpayers business taxpayers in particular generally avoid taxes by living in the shadows or by hiding income from tax officials. The idea that people should be threatened with punishment to make them pay their taxes is based on well-established economic theory. Taxpayer behavior is based on the calculus of expected utility maximization. It is an example of a unique application of the economic theory of crime. Frey, (2017) also, stated that the decision to comply with tax laws is difficult and is influenced by many circumstances. The risk of being found out and punished is undoubtedly a factor, and data from some sources support the claim that more enforcement results in higher compliance. These justifications serve as the foundation for this study's investigation of the factors that influence taxpayer morale and tax compliance levels. The situations in Nigeria are ample avenues that can be appropriately utilized to handle economic and financial concerns; the governments have continued to bemoan their inability to do so. One significant source of revenue that they have neglected to utilize is taxation, (Oduola, 2006). Over the years, the problems of tax evasion, tax avoidance, and low tax compliance have continued to prevent the government from reaching its potential. Non-compliance with tax laws has been connected to governments' inability to raise enough tax income in developing nations, (Jayeola, 2019). Understanding what drives taxpayers' decisions (tax morale) is essential to resolving tax compliance concerns and can result in appropriate tax revenue production.

- To ascertain whether Nigeria's taxpayers are influenced by the government's tax-motivating policy.

Based on the aforementioned goal; the study hypothesis is as follows:

H<sub>01</sub>. Tax compliance in Nigeria has no relationship with tax motivation in Nigeria.

H<sub>02</sub>. Tax compliance level does not influence the development of economic policy.

H<sub>03</sub>. Tax morale and taxpayer compliance levels do not significantly correlate,

In contrast, the study would be helpful to Nigerian governments, tax officials, academicians, and taxpayers. The study is necessary since the two governments are having trouble achieving their objectives due to declining tax collections. Due to low revenue from low tax compliance levels, developing nations have postponed key capital projects. The study is reliable because it will help close the tax gap between South Africa and Nigeria, two countries that are neighbors. As tax administrations work to boost tax compliance and boost revenue inflows, it will be crucial to understand tax morale and make people and businesses more inclined to pay taxes.

The study, which spanned the period of five years from 2017 to 2021, primarily examines the factors that influence taxpayers' motivation and desire to pay taxes. The study aims to discover and analyze the elements that affect tax morale in Nigeria as of the due date.

## II. LITERATURE REVIEW

Taxes are one way for citizens to contribute to and increase the cost of government (Augustine, Agbetunde, & Lawal, 2022). According to Keen, (2019), tax money is primarily utilized to improve and finance social economic growth as well as other government programs and services that are mentioned in the annual budget. The government has long griped and bemoaned the problem of financing the economy. The problem of tax evasion and tax avoidance doesn't seem to be going away, so harnessing an idea of tax morale is a good step because it can serve as a deterrent for the government to accomplish its goals. Non-economic concepts can also be used to explain tax compliance behavior rather than just using economic concepts. The government can achieve its desired results from the domain of taxation alone if the concept of tax morale is correctly harnessed, which incorporates non-economic variables. According to officially released tax data for Nigeria (Federal and State), total taxes collected in the second quarter of 2021 were around N8, 883.5 billion, making Nigeria's 6.1% tax rate on GDP one of the lowest in the world (Esosa, 2014). The average tax-to-GDP ratio for the Organization for Economic Co-operation and Development's member nations, which includes some of the world's most industrialized nations, is 32.9% of GDP. France, a member of the OECD, has a tax-to-GDP ratio of more than

46%. 2020 Naira Metrics The lack of tax motivation in Nigeria is a root cause of tax evasion, voluntary tax compliance, tax fraud, apathy toward tax matters, and other problems that impede government efforts to increase tax revenue. This problem can be traced to a broken social contract that has encouraged a culture of tax evasion and avoidance among citizens. Anywhere in the globe, paying taxes is not particularly simple, especially for those who have invested time, effort, and other resources into generating money but have received insufficient compensation in return. Understanding the factors that affect tax compliance will aid to a greater extent in resolving the complicated problem of tax compliance in Nigeria. (Etale & Tueridei, 2020).

#### ➤ *Conceptual Framework*

Adam Smith (1776) made the argument that a tax system should be built on four fundamental principles: equality, clarity, convenience, and efficiency. Barjoyai, (1987), provided the following succinct definition of the tenets:

- **Equity:** According to this theory, a tax system should be equitable for all taxpayers and be based on their financial ability. Although, vertical equity state that taxpayers with high income (capacity) should pay more tax, horizontal equity means that taxpayers with the same income or wealth should pay the same amount of tax (tax burden).
- **Certainty:** This suggests that a taxpayer is aware of his or her tax obligations, as well as when and where to make payments. This has to do with making tax systems simple enough for individuals to comprehend them and figure out how much they owe in taxes.
- **Convenience:** This concept deals with how taxpayers interact with the tax system or pay their taxes. People find it more convenient, for instance, to pay tax at the source rather than in one major payment each year (Esosa, 2014). Another service offered by the tax authorities to simplify the process of filing tax returns is the introduction of electronic filing.
- **Efficiency:** Efficiency can also be narrowed into two separate categories: administrative efficiency and economic efficiency. It deals with how the tax authority collects tax money. Tax revenue collection expenditures are referred to as administrative expenses. Less of the revenue produced by a tax is available to the government for spending the more expensive it is to manage. To attain desired economic efficiency, the administrative costs should be as little as possible (Daniel, 2016). Tax-related economic efficiency shouldn't obstruct the operation of the markets. For instance, the implementation of a new tax or an increase in tax rates shouldn't change or influence how taxpayers behave (i.e. from compliant to less compliant).

#### ➤ *Review of Empirical Studies*

Schmölders, a German scholar, was the first to use the term "tax motivation," defining it as "the attitude of a group or the entire population of taxpayers regarding the question of accomplishment or neglect of their tax duties; it is anchored on citizens' tax mentality and in their consciousness of being

citizens, which is the basis of their inner acceptance of tax obligations and acknowledgment of the sovereignty of the state" (Schmölders, 1960). Despite Schmölders' definition, tax motivation is still a contentious concept with multiple interpretations. Schmölders stated that tax motivation should be the correct response since it should be focused on reasons why people choose to pay taxes rather than reasons why they avoid taxes. Tax motivation is the internalized obligation, willingness, and intrinsic morale to pay taxes. Elizabeth, (2016), asserts that, contrary to tax evasion, which measures taxpayers' behavior, consider tax morale as a gauge of taxpayers' attitudes. It is associated with civic responsibility and ethics Elizabeth, (2016). Tax motivation is the innate moral drive to comply, even though it is not a legal requirement but rather a moral one to contribute to the well-being of society. Bame-Aldred, (2019), defined tax morals as the "moral duty" or an "intrinsic motivation" to pay taxes. (Frey, 2017), emphasized the importance of tax compliance to comprehending the high degree of societal tax compliance. Faizal, (2015), conducts a survey and delineates the impact of intrinsic motivations and non-monetary motives on actual compliance. Nyamapfemi, (2021), give reasons for tax compliance while other articles refer to tax morale as tax ethics or tax honesty.

Tax morale is a catch-all word that includes non-financial motivations, non-economic reasons for paying taxes, and other elements that don't fit into the standard of expected benefit framework. It is now generally accepted that the choice to evade taxes is motivated by both inherent non-financial incentives and extrinsic financial factors, such as economic rewards.

According to Nwokoye, (2019), "tax morale" is a catch-all word for these inherent tax compliance incentives. For instance, people may be intrinsically motivated to pay taxes or may experience guilt or shame if they don't comply.

Organization for Economic Co-operation and Development (OECD) (2013) examined the effects of institutional and socioeconomic factors on tax morale. Institutional factors included perceptions of how governments spend tax revenue, democracy; trust in government, and preference for redistribution. Socio-economic factors assessed included marital status, gender, economic status, employment status, and economic problem. Studies on tax observance and individual taxpayer behavior in both developed and developing nations. Tax compliance is influenced by the individual taxpayer's notion of equity. Augustine (2022), revealed that tax compliance and tax equity have a bad relationship since people believe the tax system is unjust to them. One of the first theories of distributive justice is the equity hypothesis. Numerous studies have found a direct link between tax evasion and the impression of financial injustice. According to social psychology research, victims are particularly distressed when there is a lack of equity in an exchange relationship. The equity hypothesis is significant

because it postulates that outcomes received those that were considered fair as well as degrees of objective outcome are related to satisfaction and behavior (Mohd, 2017).

Norms and Morals in Tax Compliance: Tax morale is the internal drive to conform (Oduola, 2006). It is the idea that tax fraud is wrong and should not be tolerated. It works well as a stand-in for tax compliance. The majorities of research use personal norms or tax morale as an explanatory variable to forecast compliance levels. Several parameters were suggested by Torgler & Herren, (2016) as potentially significant for boosting tax incentives. The two key elements that have a beneficial impact on tax incentives are faith in the government and religion. Sanctions may also improve personal standards if the sanction's issuing authority can be trusted (Barjoyai, 2013). Frey (2017), perceived fiscal exchanges, general attitudes about governments, and tax administration fairness all appear to have an impact on tax compliance levels and morale. Both vertical equity and horizontal equity are possible designs for equity. Taxpayers who earn the same amount of money may receive horizontal equity treatments when other factors vary. Exchange equity is the idea that what taxpayers get back from the government in return for their taxes paid is fair.

According to Gadzo & Anaman, (2019), tax compliance demonstrates that observed legal consequences to the attitude of the laws against the persons' inconsistent tax-related behaviors were evaluated with detention risk and penalty magnitude. Tax compliance rises and tax evasion declines as a result of the concomitant rise in imprisonment risk, according to Bame-Aldred (2019).

#### ➤ *Trust in Government*

According to Esosa, (2014), taxpayers' perceptions of government accountability and openness increase their trust in the government, which is one of the key contributing factors to the behavioral morality that results in voluntary tax compliance. Torgler & Herren, (2016), also assert that the sense of tax fairness and corruption are all thought to be important factors in tax compliance. Mohd (2017), opined that tax transparency is important for fostering taxpayer confidence since it reduces the likelihood of tax fraud, evasion, and dishonesty. It has been noted that taxpayer compliance levels, voluntary tax behavior, and faith in government all have favorable relationships. One of the most important elements influencing taxpayers' level of tax compliance is their trust in the government (Faizal, 2015).

Studies have shown that people who identify as religious or spiritual are more likely to see paying taxes favorably because they strongly believe that it is against their religion to avoid paying taxes. According to Abdellatif, (2021), there is a bad correlation between criminal activity and religious convictions. Mehrotra, Julia & Ott, (2016), conducted a thorough investigation into this connection and discovered a strong causal relationship between various variables capturing

religiosity and tax morale. (Torgler & Herren, 2016), for countries in Europe, and (Torgler & Herren, 2016), for countries in Latin America, confirmed their findings. More religious people tend to want to live moral lives and view tax evasion as unethical because it goes against their religious beliefs and philosophy.

#### ➤ *Education*

Education is another factor that has been brought up with tax compliance and morale. Studies have shown that educated people have a better understanding of the services provided by the government and how tax money is used, and as a result, have higher tax morale than less educated people, which can result in higher levels of tax compliance. In addition to being more aware of potential government wastes and spending, highly educated people are also more aware of the chances for tax avoidance and evasion (Torgler & Herren, 2016). According to Australian research, taxpayers with the highest levels of education reported higher tax compliance than those with the lowest levels of education. Tax compliance levels and education may be favorably correlated. Richardson, (2017), submits that there is a link between education and tax compliance rates.

#### ➤ *Age*

According to research, elderly persons are more aware of their social obligation as citizens and have more polite attitudes. Elderly people appear to be more responsible in the area of tax compliance than younger people, as they appear to be more familiar with social and economic standards and the consequences of not paying their taxes on time. A study by Richardson, (2006), shows that there is an unfavorable correlation between age and taxpayer compliance, which suggests that elderly people are less compliant. Dubin & Graetz, (1987), on the other hand, asserted that age was positively correlated with taxpayer compliance. However, several types of research have not discovered a connection between age and taxpayer compliance. Elderly persons are more compliant than younger people. Mohani, (2011), argues that elderly individuals have more life experience and are therefore more vulnerable to social pressure.

#### ➤ *Employment*

The tax morale of self-employed people and part-time workers is lower than that of full-time employees. Employers are more likely to withhold income taxes from full-time workers, which may affect their attitude about paying taxes and their level of compliance. Nearly all studies on occupational status show that self-employed people have lower tax morale than other full-time occupational groupings (Frey, 2017).

#### ➤ *Culture*

Broad social conventions that endure over many years and throughout generations are referred to as culture. Although the two are undoubtedly related, such persistence is one of the key traits that set culture apart from



contemporaneous peer influences. The majority of inhabitants in many advanced nations, such as the United Kingdom, consider taxes as an integral part of their culture, which tends to inspire them to pay their taxes on time. Leading scholars have blamed a culture of non-compliance among people in poorer countries for some of the problems, (Besley & Persson, 2014). Because culture is viewed as a tradition or way of life, it affects people's behavior and affects or enhances the degree of tax compliance and morale, (Besley & Persson, 2014).

#### ➤ *Theoretical Theory*

Traditional Tax Compliance Theory using the A-S models, which are based on the deterrence theory, is another name for this theory of tax compliance. According to the argument, the taxpayer is expected to maximize the anticipated rewards of the tax evasion bet, weighing the advantages of successful tax cheating against the uncertain possibility of getting found and penalized by tax authorities, (Sandmo, 2005). According to Alameda, Ariffin, & Idris, (2011), tax audits and penalties play a significant role in the deterrence theory. They also emphasized how the fear and penalties associated with this theory of tax compliance force taxpayers to pay taxes. According to Viswanah, and Umashanker, (2015), the deterrent theories propose that taxpayers "play the audit lottery," that is, they determine the financial effects of various complying options. The deterrence model of tax compliance, according to Verboon & Dijke, (2017), focuses primarily on the relationship between the likelihood of detection and the seriousness of the sanctions that should be applied to non-compliance. The classical view is only based on economic analysis; social and psychological factors play an equal role in comprehending the problem of tax noncompliance, (Sandmo, 2005). For example, stated that if deterrence (i.e., the likelihood of detection and the severity of the consequence) were the most significant factor in explaining compliance, rational people would not comply in the majority of cultures around the world because deterrence levels are low. The Notion of Planned Behavior According to the theory of planned behavior, social behaviors are influenced by certain circumstances, stem from specific causes, and develop in a planned manner (Faizal, 2015). According to Benk, (2019), a person's capacity to engage in a specific behavior depends on the purpose they have for doing so. Therefore, attitude toward behavior, subjective norms, and perceived behavioral control are the components that determine the purpose of that behavior. According to Alameda, (2011), behavioral beliefs, normative beliefs, and control beliefs all have an impact on these variables. According to Frey, (2017), sociological and psychological aspects are significant in explaining the high levels of tax

compliance. To foster better knowledge of tax compliance, such analyses make use of notions like faith in authority, perceived fairness of the system, moral considerations, and norms (Besley & Persson, 2014).

### III. METHODOLOGY

A cross-sectional research survey design was used in this study. As of December 2021, 1,500 key personnel from the following listed companies on the Nigerian Stock Exchange made up the targeted demographic for this study: Nigeria Flour Mills (400), Nigeria Breweries Plc (500), Dangote Cement (350), and Honeywell (250). Since the researcher was unable to reach out to the complete community, samples were chosen using random sampling techniques to receive the benefits of a serious examination and effective coverage of the group under study. The sample size was established using the following formula by Taro Yamani:  
Yaro Yamani, (1964)  $n = N / [1 + (Ne^2)]$ .

Where  $n$  = is the sample size

$N$  = is the population

$E$  = is the error term (0.05 based on a 95% confidence level)

Therefore,

$$n = 1500 / [1 + 1,500 (0.05)^2] = 1,500 / [1 + 1,500 (0.0025)]$$

$$= 1,500 / 4.75$$

$$N = 316.894, \text{ approximately } 317 \text{ sample size}$$

Employing a population of around 1,500 personnel from the four listed companies. According to the calculations above, a sample size of about 317 (three hundred and seventeen) was deemed sufficient for Nigeria Flour Mills, Nigeria Breweries Plc, Dangote Cement, and Honeywell. A sample of 317 (three hundred and seventeen) from the entire workers participated in the survey. A primary source of data was used for the study; a standardized questionnaire was drawn and given to participants. Tax morale is the dependent variable for this study, and the independent variables are the factors that influence tax compliance, which is gauged by age, education, and levels of faith in the government. The relative predictive power of the independent factors on the dependent variable was evaluated using multiple regression analysis.

The Regression Model:  $TM = \beta_0 + \beta_1 TIG + \beta_2 EDU + \beta_3 AGE + ut$

Where:  $TM$  = Tax Moral;  $TIG$  = Trust in Government  $EDU$  = Level of Education;  $AGE$  = Age Group;  $ut$  = is the error term; apriori expectation:  $\beta_1 - \beta_5 > 0$

**IV. RESULT AND DISCURSION**

Table 1: Regression Results

Variables	Coefficient's	Std. Error	t-Statistic	Prob.
C	.216243	.659325	2.068374	0.0045
TIG	.099	.3102	3.878	0.000
EDU	.035612	.032318	4.029378	0.0287
AGE	4051345	1.822645	2.452913	0.0237
R- squared	.073637	Mean dependent var.		2.016345
Adjusted R- squared	.039127	S.D. dependent var.		0.213641
S.E of regression	.448652	Akaike info criterion		0.054142
Sum squared resid 2.870545 Schwarz criterion 0.024112 Log-likelihood -3.185251 F-statistic 2.196248 Durbin-Watts constant 1.725202 Prob. (F-statistic) 0.026527				

Source: Researchers Computation, 2023.

With a coefficient of 0.216243, it is implied that the tax morale of Nigerians (TM) will be at a minimum level of 0.216243 when the independent variables age and education are held constant. The coefficient of trusting the government (TIG) has a positive value of 0.099, meaning that a one-unit rise in trust in government will result in a 0.099-unit increase in tax morale among Nigerians. The coefficient of education (EDU) has a positive value of 0.035, which indicates that a one-unit increase in education in Nigeria will result in a 0.035-unit increase in tax morale among Nigerians. The age coefficient (AGE), which has a positive value of 4051345, indicates that one unit of age change in Nigeria will result in a considerable increase in tax revenue of 4051345 units. Using the general rule of thumb that says there is no positive autocorrelation in the residuals if Durbin Watson's (DW) value is "2." As a result, the model is not biased. The DW statistic of

"1.70," or roughly "2," indicates that the equation has no autocorrelation and is hence not biased. This test was run to determine each parameter's or variable's significance status. The researcher followed the general rule of thumb, which states that alternative hypotheses should be accepted if the estimated t-statistic in absolute terms is more than two (2).

➤ *Hypothesis*

H<sub>0</sub>: B<sub>s</sub>= 0 (Individual parameter estimates are not significant)

H<sub>1</sub>: B<sub>s</sub> ≠ 0 (Individual parameter estimates are significant)

➤ *Decision Rule: The researcher used the general rule of thumb, which states that alternative hypotheses should be accepted if the estimated (absolute) t- statistic in absolute terms is more than two.*

Table2: t-statistic summary test

Variable	t-value calculated	Rule of thumb	Remark
TIG	3.878	2	Individually statistically significant (null hypothesis rejected)
EDU	4.029378	2	Individually statistically significant (null hypothesis rejected)
AGE	2.452913	2	Individually statistically significant (Alternative hypothesis accepted)

The t-statistical result shows that, except for culture (AGE), all independent variables significantly affect tax morale in Nigeria. It follows that trust in government (TIG) and education are the main factors influencing tax morale in Nigeria (EDU).

➤ *F-test:*

The F-test, which follows an F-distribution, measures the overall significance of the model.

➤ *Decision Rule*

Reject H<sub>0i</sub> if f-cal > f-tab and accept H<sub>0i</sub> if f-cal < f-tab.

Table3:F-test summary

Fcal	F tab at 0.05 significant level	f-stat (prob.) p-value	Decision
1.596	0.43	0.03	Reject H <sub>0</sub> and accept H <sub>1</sub>

P – Value < 0.05

The researcher concluded that the model is statistically significant and has a decent fit by tabulating an  $f$  statistic of 0.43, which is less than an  $f$ -cal of 1.596, and an  $f$  statistic probability of 0.03 which is less than 0.05. The researcher rejected  $H_0$  and accepted  $H_1$ . This indicates that the explained variable is well explained by all the explanatory factors or at least one of them. This suggests that the independent variables of age (AGE), education (EDU), and trust in government (TIG) are all useful indicators of tax morale in Nigeria. Using the general rule of thumb that says there is no positive autocorrelation in the residuals if Durbin Watson's (DW) value is "2." As a result, the model is not biased. The equation exhibits no autocorrelation, which indicates it is not biased, according to the DW statistic of 1.90, or around 2. The goal of paying taxes is to help the government raise enough money to finance its economic activities, provide social economic services, and build and maintain infrastructures like roads, water systems, and electricity, among other things. However, one issue that frequently arises in Nigeria is that the government has struggled to fully utilize taxation. According to related studies, ordinary Nigerian taxpayer experiences reluctance when it comes to paying their taxes. The methods, strategies, and models the relevant tax authorities have used to address the issue of tax compliance in Nigeria over time haven't produced as much tax revenue as anticipated, which has led to a gap in the Nigerian tax system due to the issues of persistent tax evasion, tax avoidance, and low levels of tax compliance. According to the study, age, education, and trust in the government were found to be important predictors of tax morale in Nigeria as well as useful instruments to measure it. Age and trust in the government (TIG, AGE), as well as characteristics related to age and education (EDU), significantly influence tax morale.

## V. CONCLUSION AND RECOMMENDATIONS

The study concludes that the economic model that has formed the basis for understanding the concept of tax moral behavior by relevant tax authorities over the years has not yielded any positive results in tax-related matters. Understanding the social psychology perspective of a taxpayer by looking at social demographic factors would help in ameliorating the issue of tax compliance in society, strengthen government commitment towards economic development and ensure a better society.

The study, therefore, recommends based on the findings from the studies:

- Government should ensure judicious utilization of generated tax revenue for the benefit of its people with concrete physical evidence so that the citizen can have more confidence and make tax compliance a voluntary obligation.,
- The use of taxpayers' money should be transparent and accountable, according to the government.

- To reduce the problem of corrupt practices and increase the incentive of taxpayers, tax authorities should ensure better tax policy formulation and modernize tax administration methods.

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