



GOVERNMENT TRANSPARENCY MODERATED BY TRUST IN GOVERNMENT AND VOLUNTARY TAX COMPLIANCE BEHAVIOUR IN NIGERIA

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Abstract

Taxes and tax transparency are essentials for nation's sustainable development. Tax revenue loss through tax evasion and government non-transparency are perceived to have adversely affected nation's development. Many studies have been carried out on taxpayers' compliance, but less emphasis on Government Transparency (GTRP). This study examined the influence of GTRP on individual taxpayers' voluntary tax compliance (VTC) behaviour in Nigeria. Survey design was used with focus on South-West, Nigeria. Population was 5,216,422 registered taxpayers while a sample size of 1,200 was used to collect data with a validated questionnaire. The study used descriptive and inferential statistics to analyse data at 5% significance level. The study revealed that GTRP positively influenced VTC among individual taxpayers in the study states (Adj. $R^2 = .095$, $F(6, 1050) = 19.34$, $p = .000$). There was evidence that TRUSTGOVT, GTRP and ES have significant relationship with VTC behaviour in the study states, while gender, age and EL do not have significant relationship respectively. The study concluded that GTRP influenced VTC. The government needs to be transparent in making details of tax collection timely. It recommended that government should strictly comply with the provisions of Fiscal Responsibility Act (2007), IPSAS and other financial regulations to enhance transparency.

Keywords: Government transparency, Sustainable development, Tax evasion, Tax authority, Trust in government, Voluntary tax compliance

INTRODUCTION

Organisation for Economic Cooperation and Development (OECD, (2014), stated that taxes are fundamentals for nation's sustainable development and economy stability. This can be achieved in many ways as adequate tax revenue generation reduces a country's reliance on foreign aids. Good tax system ensures accountability and transparency in government, which leads to nation's development and drive inflow of foreign investment and good trade relationship. Beale and Wyatt, (2017); Chude and Chude, (2015); Eiya, Ilaboya and Okoye, (2016), stated that a good tax system is a means for sustainable economic development, capacity building and social welfare which enhances good relationship between the government and the citizens. Besides, all over the world due to the downturn in nations economic, various countries leadership are strategising and taking necessary step in reducing tax evasion and increasing taxpayers' compliance (Jimenez & Iyer, 2016).

Tax evasion is a global problem in developed and developing countries and it is more pronounced in developing countries than the developed ones. The reason for this is the rapid growth of investments in such economies coupled with the lack of adequate expertise to deal with tax evasion (Kira, 2017). Tax evasion reduces tax collection by the government, the amount of tax citizens pay which later affects the type of public goods the citizens enjoy. In addition, tax evasion creates misallocations of resources used and when individuals alter their behaviours to cheat on their taxes, they alter the distribution of income in an unpredictable way (Alm & Gomez, 2008). Tax payment by the citizens is one of the relevant civic responsibilities which provides funds for government in order to provide public goods and enhance wealth distribution. Tax payers evade tax in order to reduce expenses and enhance profits where it is discovered that the threat of detection and punishment is very weak (Kirchler & Wahl, 2010). The attitude of tax payers in refusing to oblige to tax laws shows a level of non-compliance and it is an act of committing an offence of non-compliance (Kirchler, 2007). Tax payers' compliance behaviour level is a major concern to government as high tax evasion affect government in having enough fund for the provision of public goods. A very low tax compliance rate limits the government's ability to generate enough revenue for the provision of developmental and economic projects, rendering of public goods and services (Radae & Sekhon, 2017).

Transparency, on the other hand, is the availability and clarity of government information given to the public for decision making. Transparency assists citizens to become more aware and have full knowledge of government activities and this brings the citizens closer to the government and creates a better understanding of government policy. Transparency is very important in taxation because when taxpayers lose confidence in the tax system and

government, it leads to non-compliance which in turn leads to adopting sharp practices such as tax evasion or fraud (Kiow, Salleh & Kassim, 2017). Fadjar (2013) posited that transparency provides the opportunity for the government to enhance taxpayers' compliance levels but where the citizens found out that the government is not transparent in its activities, this leads to non-compliance. It is expected that the performance of any government in providing social amenities will improve with increase in tax compliance of the citizens. In developing countries all over the world, tax non-compliance has become a major challenge facing government and tax administrators as this affects revenue performance and government incapability to perform and provide the essential developmental projects and programmes as expected by the citizenry (Alaaray, Mohamed & Bustamam, 2018).

Besides, citizens' perceptions on tax payment could be traced to non-transparency and non-accountability and high rate of corruption which discourage voluntary tax compliance (Oyedele, 2015). Therefore, willingness on the part of the citizens to promptly pay tax is very important and cannot be ignored. Trust in government by the citizens had decreased due to tax corruption and lack of transparency in recent years. Therefore, ability to restore trust among the citizens is crucial to government. Transparency by the government and its agencies gives an opportunity to enhance taxpayers' compliance. Where the taxpayers trust the government institutions, this would probably leads to taxpayers' perception of being vulnerable to the tax authorities' actions as taxpayers' interest will be protected. Transparency is a very critical issue in taxation because when tax payers' lose confidence in the tax system and government, it leads to non-compliance by means of adopting sharp practices such as tax evasion or fraud (Kiowet.al, 2017). Factors that can influence the willingness to pay tax by the citizens require study in order to enhance tax revenue and government performance.

The objective of this study is to assess the influence of government transparency moderated by trust in government and controlled by demographic factors on the voluntary tax compliance behaviour of individual taxpayers in Nigeria with focus on South-West, Nigeria. The research hypothesis, which suggest a tentative answer to the problem or question under investigation was tested at 5% level of significance.

Hypothesis: Government Transparency moderated by trust in government and controlled by demographic factors does not have significant influence on the level of voluntary tax compliance of individual taxpayer's behaviour in Nigeria

The hypothesis was developed to gives explanation on the influence of government transparency moderated by trust in government on voluntary tax compliance of individual taxpayers. Siahaam (2013) posited that transparency is synonymous to trust and the two are positively correlated. This means that in a modern-day situation, taxpayers required more

information on tax transparency in respect of tax payment which is required to be made simple and transparent which leads to trust between the government and the taxpayers. This hypothesis extended the frontier of knowledge of research by investigating the influence of transparency on trust and then voluntary tax compliance. This also tested the relationship between government, its tax agencies and the citizens. This would assist the government to develop appropriate strategies for achieving a positive voluntary compliance among the taxpayers. Taxpayers' required basic information geared towards transparency on the part of the government and its agencies through which the government is required to inform the citizens on the management of tax revenue in a more open manner and at taxpayers' level of understanding. It is expected that tax transparency would have a positive and direct influence on individual voluntary tax compliance.

The other part of the paper is divided into four sections, these are the review of extant literature, methodology and analysis of empirical results, findings and discussion of results with implication and lastly conclusion and recommendation.

REVIEW OF EXTANT LITERATURE

Conceptual Review

Tax: Tax concept is as old as civilisation and it is the most constant means of revenue generation to the government. The concept of tax is basically to raise revenue for the government in order to meet government expenditure but tax is more than revenue generation but it is a means of creating a good relationship between the government and the citizens. Nwadior and Ekezi (2015) defined tax as fiscal tool and compulsory levy imposed on individual income or property by the constituted authority in order to provide funds for the government service and administration. Egwaikhide and Udoh (2012) also defined tax as compulsory payments made by taxpayers which are backed by the relevant tax laws. Tax payment is not an optional thing by individual in a society but one of the civic responsibilities. In line with this, Wahl, Kastlunger and Kirchler (2010) stated that payment of taxes by an individual is one of the civic responsibilities expected from the taxpayer which gives the government the desired revenue for the provision of public goods and also achieve wealth distribution. Therefore, in respect of this study, tax is defined as a compulsory levy imposed by constituted authorities on individual or corporate taxpayers in line with the relevant tax laws. A good tax system should be sufficient, convenient, efficient and fair in nature. A tax is considered sufficient if it has the ability to generate enough fund to the government in the provision of public goods. Tax is expected to be convenient when the method of collection is clear and well known to all taxpayers. The efficiency of tax means how taxpayers react to tax as a result of economic behavioural changes

while tax fairness means taxpayers' abilities to pay tax and these characterised by horizontal and vertical equitable methods. As a compulsory levy and sources of revenue to the government, taxes are levied on personal incomes such as salaries, business profits, interest income, dividends and royalties, and others such as company profits, petroleum profits, and capital gains (Ishola, 2016).

Tax System: Tax system is an all embraced network of activities which includes sets of rules, regulations and procedures adopted by the tax authorities in generating funds for the government. This involves activities like tax policy formulation, transformation of tax policy into tax laws and tax administration which is meant for the enforcement of the tax laws (Somorin, 2015). The Nigerian tax system is expected to contribute to the wellbeing of all Nigerians by ensuring that taxes collected are judiciously utilised with direct impact on the lives of the citizens. In order to achieve this purpose, a good tax system is expected to promote fiscal responsibility and accountability by means of transparency and prompt account of revenue collected through taxes; fast-track economic growth and development and as a catalyst for investment and not a burden to hinder economic growth and address inequalities in income distribution by seeking to narrow the gap between the highest and lowest income earners. Furthermore, it is expected to pursue fairness and equity through institutionalising horizontal and vertical equity and to provide the government with stable resources for provision of public goods. In order to address these objectives, taxes applicable in the Nigerian tax system must exhibit certain fundamental features of simplicity, certainty and clarity, low compliance cost, low cost of administration, equity and fairness, economic growth and efficiency, flexibility, transparency and accountability.

Transparency: Transparency is the availability and clarity of government information given to the public for decision making. Transparency assists citizens to become more aware and have full knowledge of government activities and this brings the citizens closer to the government and creates a better understanding of government policy. In Nigeria, the Fiscal Responsibility Act (2007) expressly required the government and its agencies to conduct their activities in a more transparent manner and ensure full and timely disclosure and publication of all revenues and expenditures transactions and decisions. According to Omolehinwa and Naiyeju (2015), fiscal transparency is the aspect of accountability which requires the government to carry out all aspects of budgeting responsibilities with openness, trust, basic values and ethical standards so that nothing will be hiding to the public. Transparency is a very critical issue in taxation because when tax payers lose confidence in the tax system and government, it leads to non-compliance

by means of adopting sharp practices such as tax evasion or fraud (Kiowa *et.al*, 2017). Transparency provides the government the opportunity to enhance taxpayers' compliance levels but where the citizens find out that the government is not transparent in its activities, this might lead to taxpayers' refusal to pay tax (Fadjar, 2013). Siahaan (2013) argued that transparency feeling among taxpayers creates a feeling of confidence while tax payers' knowledge of budget information and government activities will enhance tax compliance.

Kim and Lee (2012) stipulated that transparency in government activities along with individual trust in the government might lead to voluntary tax compliance. Siahaam (2013) posited that transparency is synonymous to trust and the two are positively correlated. This means that in a modern-day situation, taxpayers required more information on tax transparency in respect of tax payment, which is expected to be simple and transparent which enhanced trust between the government and the taxpayers. Rawlings (2009) in Fadjar (2013) identified three types of transparency and these are firstly, Information transparency which involved provision of timely, accurate, balanced and unequivocal information required by the stakeholders in making an informed decision. Secondly, participatory transparency which involved allowing the stakeholders to participate in some aspects of activities in order to know the need and type of information required by the stakeholders so that information shared will be relevant and useful. And thirdly, accountability transparency which involved transparency where those saddled with responsibilities are called upon to give accounts of their words, actions, activities and various decisions taken.

Tax Compliance: This is defined as the magnitude to which the taxpayers ensure tax obligation through payment of tax promptly according to the appropriate tax laws or regulations. This means taxpayer's prompt response to tax payments by producing and submitting tax information to the relevant tax authority based on stipulated formats. Tax compliance is the willingness and ability on the taxpayer's part to obey the relevant tax laws, declare the actual income and pay the correct tax liability as assessed promptly (Sitardja & Dwimulyani, 2016). In the modern-day context, tax compliance study is credited to Allingham and Sandmo (1972), they used economics of crime approach which was developed by Becker (1968) to explain taxpayers' compliance and taxpayers' behaviour. Tax compliance had been defined by many researchers. Ahmed and Kadir (2015) defined tax compliance as the degree taxpayers complies with tax rules and regulation instituted in a country. Thiga & Muturi (2015) also defined tax compliance as the ability to fulfil tax obligation payment as required by the relevant tax laws. Saw (2017) defined tax compliance as ability of taxpayers to submit tax returns within the stipulated time frame in terms of tax liability declaration and prompt payment of this liability to

the tax authority. However, according to Chow (2004), tax compliance can be classified into two forms, these are administrative and judicious compliance. The administrative tax compliance means a taxpayer's compliance with the approved and relevant tax laws while the judicious tax compliance means the taxpayer's filling of tax returns in an accurate and honest manner. Likewise, the Organisation for Economic Cooperation and Development (2011) also classified tax compliance into administrative compliance and technical compliance. The administrative compliance also known as reporting/ regulatory compliance is where taxpayers comply with administrative rules and regulations in respect of tax filling and tax payment while the technical compliance means compliance with the relevant tax laws. Brown and Mazur (2003) further highlighted that tax compliance can be payment compliance which means the ability to pay tax liability timely, filling compliance which involves the timely and prompt filling of tax return by tax payers and reporting compliance which is the prompt and accurate reporting of tax income and liability. Furthermore, tax compliance can also be in the form of tax authorities' enforcement method or individual's voluntary compliance method (Kaslunger, Kirchler & Schabmann, 2013; Kirchler, Hoelzl & Wahl, 2008; Muchlbacher & Kirchler, 2010). The tax authority enforcement techniques are based on powers conferred on them to coerce taxpayers in payment of taxes as at when due while the voluntary tax compliance is the taxpayer's moral to willingly pay tax without force or any form of coercion.

Voluntary Tax Compliance: This is the belief that taxpayers will collaborate with the tax authority and tax system by filling honest and accurate annual returns. Voluntary tax compliance is an individual willingness to prepare and file tax returns without any forms of involvements from the government. This involves tax payment by individual taxpayer without any form of coercion, force or enforcement but by means of positive mutuality and willingness of the taxpayer (Gangl, Hafmann, de Groot, Amtonides, Goslinger, Hartl & Kirchler, 2015). It is the situation whereby the taxpayers respects the tax laws while the tax authorities are seen as service providers by assisting the taxpayers' in compliance with the tax laws. In complying with the tax laws, the taxpayers at times engaged in tax avoidance by way of paying a lesser amount of tax liabilities by taking advantages of loopholes in the tax laws.

Trust on Government: Trust on government is one of the factors that influence compliance level among the taxpayers (Siahaan, 2012). Trust, as stated by Kirchler *et al.*, (2008), is an opinion by the general citizens that the government and its agencies for tax collection are honest, transparent and carried out there assignment in the best interest of the taxpayers. Bad and Pavlou (2012) cited in Sitardja and Dwimulyani (2016) stated that trust is a function of

relationship between the government and the governed where the governed expectations align with belief on uncertainties environment. Choi and Kim (2012) stated that public trust by individual taxpayers can be termed or related to good governance and that trust between the taxpayers and the tax authorities will achieve a synergistic climate. This occurred where the tax authorities have the trust that taxpayers will pay their taxes promptly and honestly while the taxpayers also trust the tax authorities and the government for the judicious usage of the money generated through taxes for the provision of public goods and infrastructural development which is in the best interest of the citizens. This is also termed as good governance. According to Thomas (1998), trust can be fiduciary trust, mutual trust and social trust. Fiduciary trust is known as asymmetric relationship. Mutual trust on the other hand, is a form that develops between or among individuals based on long and repeated interaction while social trust occurred in respect of institutions and its relationship with the general public.

Theoretical Framework

The study adopts political legitimacy theory and Theory of Planned behaviour (TPB).

Political Legitimacy Theory: Legitimacy theory originated from political economy theory and also from the concept of organisation legitimacy defined by Dowling and Pfeffer (1975). Legitimacy is described as belief or trust in the government, tax authorities and other agencies that work for the common good of the citizens. The theory postulated that compliance is influenced by the level and extent of trust the citizens have on the government and its institutions (Kirchler *et al.*, 2008). It is on this premise that it is assumed that tax compliance should be higher in an environment where citizens perceived high level of trust on the government rather than when there is lack of trust. Tax compliance with emphasis on African countries is shaped with a model of political legitimacy. Political legitimacy is the belief or trust on government, institutions and other government agencies for the provision of desired goods and services. OECD (2010) stipulated that citizen's trust in the government and its institutions ensures rules and regulations are abided with, which further enhances voluntary tax compliance decisions. Palil (2010) also posited that membership of the ruling party and love for the government and its policies might lead to individual tax compliance which further enhances generation of tax revenue by the government.

Theory of Planned Behaviour: Theory of Planned behaviour (TPB) propounded by Ajzen (1991) explained behaviour as centres on attitude and beliefs of an individual. It evolved from the theory of reason action which stipulated that intention is the best prediction of behaviour (Fishbein & Ajzen, 1975; Azjen, 1991). Intention therefore, is the combination of attitudes

exhibited towards behaviour while behaviour is the process of converting intention into action. TPB anchors on three beliefs, these are behavioural beliefs, normative beliefs and control beliefs (Fishbein & Ajzen, 2010). TPB stipulated that individual exhibited behaviour arises because of the intention to behave which is determined by three factors of beliefs. Behavioural beliefs mean the individual beliefs that occurred as a result of behaviour and result evaluations. Normative beliefs mean normative expectation and motivation for meeting those expectations. Control beliefs means the belief of inhabit behaviour that will be displayed or the existing of things to support. The TPB is relevant in the explanation of behaviour of taxpayers in meeting their tax obligations. Confidence on behavioural outcome dictates what to be done. Taxpayer's knowledge about tax will lead to tax payment which is meant for government developmental projects (behavioural belief), confidence on the normative expectations of others and what to be done in meeting these expectations (normative belief), satisfaction from tax, efficient and effective tax system motivate tax payers to oblige and obey tax laws. The control beliefs anchor on tax penalties. Tax penalties is designed to enforce taxpayers' compliance with tax rules and being honest to tax payment.

Empirical Review

Siahaan (2013) studied the effect of tax transparency and trust on tax payers' voluntary compliance. The result showed that tax transparency has an insignificant influence on voluntary tax compliance ($p=0.160 < 0.05$) whereby the tax transparency through trust in government had a positive influence on tax compliance ($p\text{-value } 0.005 < 0.005$) while the effect of trust on voluntary tax compliance revealed positive relationship and significant at $p\text{-value } 0.000 < 0.05$. Rasak and Adefula (2013) study taxpayers' attitude and its influence on tax compliance decision in Tamale, Ghana. The study showed that the citizens had less regards for transparency and accountability in government and this had negative effects on individual compliance decisions. The study concluded that tax payers had doubted mind in tax payment to the government. Fadjar (2013) studied the effect of direct and indirect tax transparency and trust on taxpayers' voluntary compliance in Indonesia. The respondents to the study are individual taxpayers in service industries. The findings from the study indicated that there was an insignificant effect of direct tax transparency on voluntary tax compliance behaviour while the indirect effect of tax transparency through trust on voluntary tax compliance behavior was positive and significant. Kiow, Salleh and Kassim (2017) studied the determinant of individual tax payer's tax compliance behaviour in Peninsular Malaysia. Findings from the review of previous researches showed that individual tax payer's compliance behaviour was influenced by ethical perception of the tax payer and this perception was affected by public governance and transparency in government

business operations. The study concluded that the individual perception of how the fund generated from taxes by the government from the public were being used and ascertainment of the benefit derived from such would influence tax payer's compliance behaviour. Transparency by the government on the judicious use of public fund in providing public goods and provision of amenities would enhance taxpayers' confidence and tax compliance.

METHODOLOGY

The Study

The study employed survey research design with focused on individual taxpayers in the formal and informal sectors in the South-West, Nigeria and it was carried out within one-year period. These individual taxpayers are those assessable to personal income tax such as PAYE, direct assessment on income, capital gain tax, withholding tax, stamp duties, land used charges/property tax and, levies and charges which SIRS levy as part of tax revenue. The individual taxpayers were those from the public services and Private entities in respect of formal sector while those of the informal sector were those involved in self-employed occupation such as artisans, traders, tax consultants, media and advocacy group, proprietors and general contractors which are termed "hard to tax sector group".

Population and Sampling

The population of the study was 5,216,422 individual taxpayers in Lagos, Ogun and Oyo states (NJTB, 2016). The study used random sampling techniques for data collection from the individual taxpayers in the selected states of South-West, Nigeria. Purposive sampling techniques was used to select the South-West region based on common demographic characteristics, tax revenue drive and registered number of individual tax payers. However, one thousand, two hundred (1200) validated questionnaire were administered by means of Stratified and random sampling techniques among the respondents and this gives a response rate of 87.6%.

Measurement of Research Variables

The study measured variables for dependent, independent, moderating and controlled with series of questions relevant for each variable based on widely acceptable measurements for primary data. Government transparency was measured by four items that covered disclosure, timely financial management information, openness and bidding process in awarding contracts. This was measured with a six-point Likert scale. A high score on the scale was an indication of government and tax authority showing a sense of transparency while a low score showed non-

transparent form of government and tax administration which also indicates that the government lacks dignity and honesty. Trust in the government was measured using question on openness, transparency, trustworthy and reliability on tax revenue generation and its application. Seven items of questions were developed to measure taxpayer's voluntary compliance. Taxpayers responded using six-point scale ranging from 1 (strongly disagreed) to 6 (strongly agreed). These questions covered right of payment, honesty, responsibility and morality. A high numerical response by the respondents indicated a high level of tax compliance perception while a low numerical response indicated a low degree of perceptions of taxpayer's compliance. The demographic factors as controlled variables for the study was extracted from demographic information given by the respondents as highlighted in the in the questionnaire designed for the study. These variables were classified and grouped accordingly in the manner by which respondents ticked where appropriate to them. The respondents' age was categorised into 18-30, 31-40, 41-50, 51-60, and 61 & above. The educational level was grouped based on qualification such as GCE/SSCE & Below, OND/NCE, HND/BSc, MBA/ MSc; and PhD. Gender was also group into Male or Female while the employment status was also grouped into Formal and Informal sectors. The study expected that the independent variables of government transparency (GTRP) factors would enhance voluntary tax compliance (VTC).

Reliability of Research Instrument

Table 1. Reliability Test of the Instrument Based on the Pilot Study

Variables	Cronbach's Alpha (%)
Trust in Government	84
Voluntary Tax Compliance	79
Transparency	81

The reliability of the research instrument showed that the instrument was reasonable and reliable since the results of all the constructs were above the acceptable threshold of 0.7 and therefore suitable for the current study.

Model Specification

Voluntary Tax Compliance and Government Transparency

$$VTC = \beta_0 + \beta_1 TRUGOVT_i + \beta_2 GTRP_i + \beta_3 GEN_i + \beta_4 AGE_i + \beta_5 EL_i + \beta_6 ES_i + \varepsilon$$

Where:

TRUGOVT = Trust in government

GEN = Gender

AGE = Age

EL = Education level

ES = Employment status

ε = Error terms

β_0 = Intercept or the constant

$\beta_1 - \beta_6$ = Partial regression coefficient of the explanatory variables.

ANALYSIS AND FINDINGS

Data collected from the validated questionnaires administered were analysed and interpreted using simple percentage, mean, standard deviation, frequency distribution and the hypothesis was tested using the Ordinary Linear Square (OLS) regression and Analysis of Variance (ANOVA) with the help of SPSS. Adjusted R^2 was employed to determine the power of model. Both the p-values of the t-statistics and F-value were employed in deciding the acceptance or rejection decision on the specified hypothesis using 5% level of significance in line with what was obtainable in management and social science.

Descriptive Analysis of the Test Items

Table 2. Respondents Responses on Tax Transparency

Test Items	Mean	Standard deviation
Government of this State does not make full disclosure of tax revenue collection and utilization.	4.74	1.19
Nigerian taxpayers believe governments are failing to practice open, honest, and responsible spending.	4.91	1.09
The Government of this State is not doing well in providing understandable and timely financial management information	4.67	1.20
This State Government does not employ competitive bidding process in the award of contracts.	4.58	1.25
Average Mean & Standard Deviation	4.73	1.18

Table 2 describes the responses of the respondents on the tax transparency in South-West, Nigeria. The mean of 4.74 suggests that about 74% of the respondents agreed that states government do not make full disclosures of tax revenue collection and utilization. The mean of

4.91 further suggests that the respondents agreed that Nigerian taxpayers believe the governments are failing to practice open, honest, and responsible spending. The mean of 4.67 further suggests that more than 77% of the respondents agreed that the governments are not doing well in providing understandable and timely financial management information. The mean of 4.58 suggests that the respondents agreed that the States' Governments do not employ competitive bidding process in the award of contracts and a standard deviation of 1.19, 1.09, 1.20, and 1.25 respectively implies that the respondents were not likely to change their responses over time. On the overall, a mean of 4.73 further indicates that the majority of the respondents agreed that there is high level of tax transparency among the three States.

Table 3. Respondents Responses on Trust from the Government

Test Items	Mean	Standard deviation
This state government is honest in the application of tax laws to all parties	4.00	1.35
This state government exhibit openness and transparency in dealing with tax payers.	3.90	1.31
This state government is trust worthy on application of tax revenue	3.89	1.40
This state government is not corrupt in handling tax revenue	3.64	1.44
This state government is reliable and transparent in the award of contract,	3.49	1.44
This state government is reliable in the application of tax revenue	3.89	1.36
Mean & Standard Deviation	3.80	1.38

The mean of 4.00 suggests that the respondents agreed to the test item that the state government is honest in the application of tax laws to all parties while the mean of 3.90 further suggests that the respondents agreed that the state government exhibit openness and transparency in dealing with tax payers. The mean of 3.89 indicated that majority of the respondents agreed that the state government is trust worthy on application of tax revenue while the mean of 3.64 further suggests that the respondents agreed that the state government is not corrupt in handling tax revenue. Besides, the mean of 3.49 shows that the state government is reliable and transparent in the award of contract while the mean of 3.89 showed that the state government is reliable in the application of tax revenue. On the overall, a mean of 3.80 further indicates that majority of the respondents agreed that there is trust on the government a standard deviation of 1.35, 1.31, 1.40, 1.44, 1.44 and 1.36 respectively implies that the respondents were not likely to change their responses over time.

Table 4. Respondents Responses on Voluntary Tax Compliance

Test Items	Mean	Standard deviation
Paying tax is the right and natural things to do.	5.17	0.98
Paying tax is a responsibility that should be willingly accepted by all citizen.	5.20	0.90
I pay tax to support the state, other citizen and its programme.	4.97	1.04
I will pay tax even when there are no controls because I am sure I am doing the right things.	4.67	1.27
Paying tax promptly is a matter of cause because I like to contribute to everyone's goods.	4.77	1.08
I feel morally obliged to honestly declare all my income for tax purposes because I regard it as my duty.	4.64	1.13
I will pay tax even if tax audit does not exist.	4.14	1.41
Mean & Standard Deviation	4.80	1.12

The mean of 5.17 indicates that majority of the respondents agreed that paying tax is the right and natural things to do while the mean of 5.20 further suggests that the respondents agreed that paying tax is a responsibility that should be willingly accepted by all citizens. The mean of 4.97 suggests that the respondents agreed to the test item that they pay tax to support the state, other citizens and its programme while the mean of 4.67 further suggests that the respondents agreed that they will pay tax even when there are no controls because they are sure that they are doing the right things. The mean of 4.77 also suggests that the respondents agreed that paying tax promptly is a matter of cause because they like to contribute to everyone's goods while the mean of 4.64 further suggests that the respondents agreed to the test item that they feel morally obliged to honestly declare all their incomes for tax purposes because they regard it as their duty. The mean of 4.14 suggests that the respondents agreed that they will pay tax even if tax audit does not exist. On the overall, a mean of 4.81 further indicates that majority of the respondents agreed that voluntary tax compliance is necessary in their respective state and a standard deviation of 0.98, 0.9, 1.04, 1.27, 1.08, 1.13 and 1.41 respectively suggests that the responses of the respondents are less likely to change over time.

Test of Hypothesis

Table 5. Government Transparency and Voluntary Tax Compliance Behaviour

Dependent Variable: VTC

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.333	.233		14.319	.000		
TRUGOVT	.159	.023	.214	7.067	.000	.942	1.062
TRP	.211	.026	.241	7.962	.000	.939	1.064
GEN	.033	.053	.018	.616	.538	.976	1.024
AGE	-.001	.025	-.001	-.032	.974	.895	1.117
EL	.041	.032	.043	1.289	.198	.792	1.262
ES	-.266	.066	-.131	-4.053	.000	.827	1.209

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.316 ^a	.100	.095	.84934

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	83.718	6	13.953	19.342	.000 ^b
Residual	753.113	1044	.721		
Total	836.832	1050			

a. Dependent Variable: VTC

b. Predictors: (Constant), trust from government (TRUGOVT), government transparency (TRP), gender (GEN), respondents age (AGE), educational level (EL) and employment status (ES)

Table 5 shows the results of regression analysis for the effect of government transparency moderated by trust on government and controlled by demographic factors on voluntary tax compliance behaviour of individual taxpayers in Nigeria. The results showed that trust on the government (0.159), government transparency (0.211), gender (0.033) and educational level (0.041) have positive relationships with voluntary tax compliance behaviour of individual taxpayers in Nigeria, while respondents' age (-0.001) and employment status (-0.266) of the

respondents have negative relationships with voluntary tax compliance behaviour of individual taxpayers in Nigeria. There was evidence that trust on government, government transparency and employment status have significant relationships with voluntary tax compliance behaviour of individual taxpayers in Nigeria (TRUGOVT= 0.159, t -test= 7.067, $p < 0.05$, TRP= 0.211, t -test =7.962, $p < 0.05$, ES = -0.266 t -test= -4.053, $p < 0.05$). Conversely, gender, age and educational level do not have significant relationship with voluntary tax compliance behaviour of individual taxpayers in Nigeria (GEN= 0.033, t -test=0.616, $p > 0.05$, AGE= -0.001, t -test= -0.032, $p > 0.05$, EL= 0.041, t -test=1.289, $p > 0.05$). This implies that trust on the government, government transparency and employment status were significant factors that influenced changes in the voluntary tax compliance behaviour of individual taxpayers in Nigeria while gender, age and educational level of the respondents were not significant factors that influenced changes in voluntary tax compliance behaviour of individual taxpayers in Nigeria.

The Adjusted R^2 measures the proportion of the changes in voluntary tax compliance behaviour in Nigeria as a result of changes in trust on the government, government transparency, gender, age, educational level and employment status of the respondents. The Adjusted R^2 of 0.1 explains about 10 per cent changes in voluntary tax compliance behaviour of individual taxpayers in Nigeria, while the remaining 90 per cent were other factors explaining changes in voluntary tax compliance behaviour of individual taxpayers in Nigeria but where not captured in the model. The F- test of 19.342 is statistically significant with $p < .005$. This indicated that the variables used in the model have a goodness of fit which was a good predictor of the main variables and that trust on the government, government transparency, gender, age, educational level and employment status of the respondents jointly explain changes in voluntary tax compliance behaviour of individual taxpayers in Nigeria. The variance inflation factor which was used to check for the presence of multicollinearity showed that all the explanatory variables were not related because the variance inflation factor for all the variables was less than 5.

The F-statistic of 19.342 is statistically significant with $p < 0.05$. This indicated that on the overall, the statistical significance of the model showed that the null hypothesis that government transparency moderated by trust on government and controlled by demographic factors does not have significant influence on voluntary tax compliance behaviour of individual taxpayers in Nigeria was rejected. Thus, the alternative hypothesis that government transparency moderated by trust on government and controlled by demographic factors has significant influence on voluntary tax compliance behaviour of individual taxpayers in Nigeria was accepted at 5 percent level of significance.

DISCUSSION OF FINDINGS

Empirical findings from the test of Hypothesis as showed in Table 5 on transparency and voluntary tax compliance behaviour in Nigeria revealed that trust in government, government's transparency, gender and educational level have positive relationships with voluntary tax compliance behaviour while respondent's age and employment status have negative relationships with voluntary tax compliance behaviour in Nigeria. This implies that a unit increase in trust in government, government's transparency, gender and educational level would lead to 0.159, 0.211, 0.033 and 0.041 increase in voluntary tax compliance behaviour while a unit increase in respondents' age and employment status would lead to decrease of 0.001 and 0.266 on voluntary tax compliance behaviour, respectively.

The findings also revealed that trust from government, government's transparency and employment status have significant relationships with voluntary tax compliance behaviour while gender, age and educational level do not have significant relationship with voluntary tax compliance behaviour whereby trust from government, government transparency and employment status were significant factors that influenced changes in the voluntary tax compliance behaviour while age, gender and educational level of the respondents were not significant factors that influenced changes in voluntary tax compliance behaviour. The F-statistic of 19.342 is statistically significant at $p= 0.000$ therefore, the study revealed that government's transparency has a significant influence on voluntary tax compliance behaviour in Nigeria at 5 percent level of significance. This result aligns with Siahm (2013) and Fedjar (2013) whose studies posited that tax transparency through trust in government had a positive influence on voluntary tax compliance behaviour. In addition, Kiow *et al*, (2017) reported that transparency in government would lead to trust which would eventually enhanced voluntary tax compliance behaviour and contrarily, the study of Rasak and Adefula (2013) reported that there were less regard for transparency and accountability in government and that these negative effects affected the individual tax compliance decision by which taxpayers had doubts in the payment of tax to the government.

IMPLICATION OF THE FINDINGS

The perception of government's transparency implies that government care less in making public details of tax collection while majority of taxpayers feel that tax revenue were used by the government in most cases on meaningless purposes and this had led to non- accountability and provision of report on tax revenue utilisation. Lack of competitive bidding process in the award of contract and non-rendering of timely financial information management have negative effect on voluntary tax compliance. The implication of these are loss of tax revenue but in order to

enhance voluntary tax compliance, government needs to be accountable and render report on tax revenue utilisation promptly and timely according to Fiscal Responsibility Act (2007)

CONCLUDING REMARKS

Summary of findings

The government's transparency analysis revealed that tax revenues collected by the government were used in most cases on meaningless activities and avenues for competing bidding on government contract are jettison to favouritism and political patronage. Findings also revealed that trust in government, government's transparency, gender and educational level have positive relationships with voluntary tax compliance behaviour while respondents' age and employment status have negative relationships with voluntary tax compliance behaviour in Nigeria. This implies that trust from government, government's transparency and employment status have significant relationship with voluntary tax compliance behaviour while gender, age and educational level do not have significant relationships with voluntary tax compliance behaviour whereby trust from government, government's transparency and employment status were significant factors that influenced changes in the voluntary tax compliance behaviour while age, gender and educational level of the respondents were not significant factors that influenced changes in voluntary tax compliance behaviour. This is due to perceived theoretical link (Political legitimacy and TPB) between transparency in the utilisation of previously collected tax revenue and future voluntary compliance of the taxpayers.

Conclusions

The study also concluded that government should ensure transparency in the award of government contract and enhance behavioural changes from tax officials based on human relationship and service delivery while States Internal Revenue Services should promote fairness in the application of tax laws. The perception of government's transparency implies that government care less in making public details of tax collection while majority of taxpayers feel that tax revenues were used by the government in most cases, on meaningless purposes and this had led to lack of accountability and non-provision of reports on tax revenue utilisation. Lack of competitive bidding process in the award of contract and non-rendering of timely financial information have negative effect on voluntary tax compliance. The implication of these are loss of tax revenues but in order to enhance voluntary tax compliance, the government needs to be accountable and transparent in making details of tax collection and its usage available to the citizens promptly and timely in line with the recommendation of Fiscal Responsibility Act (2007)

and IPSAS. In addition government contract should be handled with much transparency of openness, fairness and competitive bidding.

Recommendations

As a result of the findings from the study, the following recommendations are made:

1. Government and its agencies should be more transparent to its citizens in respect of tax revenue utilization in order to enhance voluntary tax compliance.
2. Government should be prompt in rendering financial statement for citizens' consumption and decision making.
3. The government should ensure that mode of collecting tax revenue are more transparent for citizens to comply.
4. The government and tax authority should encourage voluntary tax compliance through seamless tax returns mechanism.
5. The government should ensure openness, accountability and timely rendering of financial report on tax revenue in line with Fiscal Responsibility Act (2007). This would reduce tax evasion and enhance trust in government.

Scope for Further Studies

The study has found out that within the context of individual taxpayers, government transparency moderated by trust in government statistically has influence on individual taxpayers' compliance behaviour in Nigeria. Future researcher could also work on corporate tax payers, focus on other factors such as religiosity, social economy and political thought that might influence tax compliance behaviour among the tax payers

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