International Journal of Economics, Commerce and Management
United Kingdom ISSN 2348 0386 Vol. VII, Issue 10, October 2019
http://ijecm.co.uk/

RULE OF LAW, MODERATED BY TRUST IN GOVERNMENT AND VOLUNTARY TAX COMPLIANCE BEHAVIOUR AMONG INDIVIDUAL TAXPAYERS IN NIGERIA

Adekoya A. Augustine
Department of Accounting, Babcock University, Ilisan-Remo, Ogun State, Nigeria
sanyaaustine08@yahoo.com

Oyebamiji T. Adewale
Department of Accounting, Babcock University, Ilisan-Remo, Ogun State, Nigeria
taodewale70@yahoo.com

Lawal B. Akeem
Department of Accounting and Finance, McPherson University, Ogun State, Nigeria
ab400level92@gmail.com

Abstract

Tax laws complexity is one of the deterrents of tax compliance behaviours. Consistent tax revenue loss through this complexity and evasion attitude by taxpayers are perceived to have adversely affected nation's growth. Studies have been carried out on taxpayers' compliance, but not many considered the effect of Rule of Law (ROL) in their study. This study examined the probable influence of ROL on individual taxpayers' voluntary tax compliance (VTC) behaviour in Nigeria. The study employed survey research design. Study population was 5,216,422 individual taxpayers in South-West, Nigeria.Validated questionnaire with sample size of 1200 was used. The study employed descriptive and inferential statistics to analyse data at 5% significance level. The study showed that ROL positively influenced VTC among individual taxpayers in Nigeria (Adj. R2=.052, F(6, 1050)=10.610, p=.000). There was evidence that trust in government, ROL and employment status have significant relationship with VTC behaviour while gender, age and educational level do not have significant relationship with VTC *respectively. The study concluded that ROL influenced VTC. The tax authorities should therefore promote fairness in the application of tax laws. Tax laws should be written with simple language while government should established an independent tax court to adjudicate on tax matters.*

Keywords: Complexity, Rule of law, Tax evasion, Tax authority, Tax laws, Trust in government, Voluntary tax compliance

INTRODUCTION

Motivations to pay taxes differ from taxpayer to taxpayer (Kirchler, Hoelz & Wahl. 2008) and these determine differences in tax compliance behaviour among tax payers (Kirchler, Kogler & Muehlbacher, 2014). According to Gangl, Hofmann, de Groot, Antonides, Goslinga, Harth and Kirchler (2015), tax compliance has three main motivation factors available for individual to either comply or not with the tax laws which are enforced, voluntary and committed motivation. Enforced motivation means taxpayers only pay taxes due to enforcement by the tax authority using auditing and fine to checkmate non-compliance by the taxpayers. The voluntary motivation means that taxpayers respect the tax laws and dully comply with the laws by paying the tax liability promptly while the committed motivation also known as intrinsic motivation means taxpayers moral obligation and ability to exhibit honest responsibility in tax payment. Research on taxation and tax compliance is of economic, social and political benefit to the government and the citizens. This made most developing countries including Nigeria to re-focus on revenue generation by shifting revenue generation toward taxes rather than over reliance and dependency on foreign aid, natural resources and other forms of revenue (Marundu, Mbekomize & Ifezue, 2014). The 2012 Nigeria National Tax Policy, which was revised in 2016 and approved on 1st February, 2017 by the Federal Executive Council (FEC) was designed to address Nigerian tax system in terms of structural, institutional and other problems inherent in the tax system. A strong tax system plays three important roles which are firstly, revenue generation - this is the direct role and most obvious purpose of taxation. Revenue derived through tax is used for developmental, economic and social projects (Keen, 2012). Secondly, it can also be used to lessen inequality by means of providing income for the government for the purpose of eradicating poverty through provision of public goods (Cobham, 2005) and thirdly to promote good governance of economic stabilization and control of consumption behaviour through the building of institutions and accountability.

Licensed under Creative Common

According to Bello (2017), Nigeria with population of over 182 million as at May 14, 2017 exhibited low tax compliance rate and this is reflected in the failure of government in the provision of desired public goods and services. Voluntary tax compliance or willingness in paying tax has become a key challenge to taxation in Nigeria at both the federal and the state levels. The World Bank's doing business report of 2011 and 2012 reported that Nigeria was ranked 109 and 138, respectively out of 183 countries surveyed while Nigeria was ranked 27 out of 46 countries in Sub-Saharan Africa. The World Bank/PWC Group (2017) reported that Nigeria was ranked 182 out of 190 countries surveyed in the ease of paying taxes sub index of the ease of doing business index for 2017 with Distance to Frontier (DTF) score of 28.09%. According to OECD (2014), the income tax as percentage of total tax for OECD countries in 2012 were Denmark 58.1%, New Zealand 55.5%, Norway 48.2%, USA 47.9%, UK 35.6% and Germany 30.4%. Nigeria had a ratio of tax revenue to GDP of 5.5%, 5.1%, 2.3%, 1.8%, 1.6%, and 1.5% in 2008 to 2013, respectively (IMF, 2016). The poor performance of income tax in Nigeria was corroborated by Oyedele (2016) that Nigeria non-oil tax to GDP ratio is one of the lowest in the world. This revealed that Nigeria is lagging in her tax collection drive which is contributing to the present level of development and need for public infrastructure and basic needs of the citizens.

The complexity of tax laws and rule of law is one of the deterrents of tax compliance behaviours apart from tax system complexity and fiscal policy. It is of the opinion that the complexity of the tax laws and its administrations could be ambiguous due to unclear procedures, process and regulations (Kirchler, Niemirowski & Wearing, 2006). Tax knowledge is a factor that assists tax payers on compliance purpose without stress (Batrancea, Nichita & Batrancea, 2012). Any ambiguity in the tax laws creates a problem of understanding what to be done as such laws will be tagged as foreign language and becomes difficult to comprehend and acted upon (Long & Swingen, 1991). Where tax laws are written in simple language that is clear and simplified, it fast-track individual tax compliance. Individual taxpayers' educational level determines the level of tax compliance and lack of tax laws leads to distrust and non-compliance on the part of the individual taxpayer (Fatt & Khim, 2011). Therefore, tax law is believed to be written in a manner of simple language in order to be understood by all interested party. In most cases, understanding the tax laws is difficult and at time, gives rise to different interpretations by the tax payers and the tax authority. Based on this, Batrancea *et al,* (2012) opined that lack of tax knowledge and tax law at times, give the tax authority too much liberty in deciding what is right and what is wrong in the application of the laws at the disadvantage of the individual tax payer. Citizens or taxpayers obey laws for various reasons. To some, compliance to law is instrumental in nature which is motivated by fear of punishment for violation of the law. To others, obeying the law rests on intrinsic motivation to follow the law because of the belief that it is the right thing to do. Therefore, the influence of rule of law moderated by trust in government and controlled by demographic factors on voluntary compliance among individual taxpayers is of importance to the government and the taxpayers. Tax ambiguity has become an issue in the application and implementation of tax laws because taxpayers, tax administrators, tax consultants and practitioners at time have different interpretations of the tax laws.

Despite the various measures and tax reform taken by the government and relevant stakeholders in Nigeria to enhance individual tax compliance, tax non-compliance still posed serious challenge to revenue generation which hinders management and efficient administration of the nation and states (Beale & Wyatt, 2017; Kira. 2017). In Nigeria, some researchers had expressed various factors responsible for tax payer's compliance behaviour. Some of the relevant studies that had been conducted in the past in respect of tax compliance were public government quality with moderating variable of financial condition and risks preference (Alabede, Ariffin & Idris, 2011), tax justice and compliance of Nigerian tax payers (Oyebamiji, 2018), institutional factors and personal income tax compliance in Kaduna (Lateef, Saheed & Onipe, 2015). There are also studies on socio economic condition, tax knowledge, audit probability and social norms on compliance (Mohammed, Chek & Idawati, 2016), tax payers education and strategy for achieving voluntary compliance (Olowookere & Fashina, 2013), impact of tax fairness and demographic factors on tax compliance (Bojuwon, 2010). Other studies are tax morale and tax compliance in Nigeria (Fakile, 2011), and exploratory analysis of individual tax payers compliance behaviour in Nigeria- study of demographic factors (Alabede, 2014). Besides, there had been less emphasis on rule of law, trust in government and individual voluntary tax compliance.

The objective of this study is to assess the extent to which rule of law, moderated by trust in government and controlled by demographic factors, influences voluntary compliance behaviour of individual taxpayers in Nigeria. In order to focus the study, the research hypothesis stated in null form, which suggest a tentative answer to the problem or question under investigation were tested at 5% level of significance.

Hypothesis: *Rule of Law, moderated by trust in government and controlled by demographic factors, does not influence the level of voluntary compliance behaviour among individual taxpayers in Nigeria*

Licensed under Creative Common

Citizens or taxpayers obey laws for various reasons. To some, compliance to law is instrumental in nature which is motivated by fear of punishment for violation of the law. To others, obeying the law rests on intrinsic motivation to follow the law because of the belief that it is the right thing to do. Therefore, the influence of rule of law moderated by trust in government and controlled by demographic factors on voluntary compliance among individual taxpayers is of importance to the government and the taxpayers. Tax ambiguity has become an issue in the application and implementation of tax laws because taxpayers, tax administrators, tax consultants and practitioners at time have different interpretations of the tax laws. Graetz and Wilde (1985) stated that tax laws when compared with the criminal laws are characterised with uncertainty and ambiguity. The hypothesis was used to test the influence of rule of law on tax compliance behaviour among individual taxpayers in Nigeria. Kirchler, Niemirowski and Wearing (2006) are of the opinion that the complexity of the tax laws and its administrations could be ambiguous due to unclear procedures, process and regulations. Complexity of tax laws shows that compliance could be difficult even where the taxpayers desired to fulfil his obligation.

The other part of the paper is divided into four sections, these are the review of extant literature in section two, methodology and analysis of empirical results in section three, while the fourth section deals with findings and discussion of results with implication and the last section deals with conclusion and recommendation.

REVIEW OF LITERATURE

Conceptual Review

Tax

A tax is a form of payment to support and enhance the cost of governance. It differs from fines and penalties which are imposed by the government as a means of punishment for wrong doing by the taxpayers. A taxpayer is any individual or corporate organisation required by law to pay tax on his/her income to the government (Khasawneh, Obeidat & Al-Momami, 2012). 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

Licensed under Creative Common

profits, interest income, dividends and royalties, and others such as company profits, petroleum profits, and capital gains (Ishola, 2016).Taxes are assessed for payment on individuals, assets, companies and or transactions. According to Federal Ministry of Finance (2017), the Nigeria revised 2017 National Tax Policy defined tax as any compulsory payment made to the government which is imposed by law without any form of direct benefit or return of value or service whether it is called a tax or not. This definition shows that for any payment to the government to be termed as tax, it must have three elements which are element of compulsory payment, element of law backing and element of non- direct benefit or return of value or service. This affirms that tax payment is not a voluntary gift, donation or contribution but it is an enforced payment backed by law and enforced by government.

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.

Tax Laws/ Legislations

Law was defined by Somorin (2015b) as a system of rules and guidelines which are enforced through social institutions to govern behaviour. Tax law is the legal document drafted from the adopted fiscal policy for the purpose of effective and efficient implementation of tax policies. Tax laws are interpreted and clarified in court by lawyers and judges. The tax laws remain the legal instruments which the tax administrator uses as the basis of authority in implementing the tax

Licensed under Creative Common

policies of the country. Based on this, Somorin, (2015b) reported that Nigeria tax laws have continued to undergo series of transformation and development to reflect the economic, social and political aspirations of the nation. Tax legislation, on the other hand, is the act or process of enacting tax laws and the body of laws that provide for the levying of taxes and enhancement of tax administration (Ishola, 2016). A Federal legislation made by the National Assembly is called Act and while those passed by the Military is called Decree. State legislation made by the State House of Assembly is called law and while those passed by the Military is called Edict. In addition, enactment by the local government is called Bye-laws. Some of the tax laws enhancing tax system in Nigeria are Personal Income Tax Act (PITA) Cap. P8 LFN, 2004 (as amended in 2011), Companies Income Tax Act (CITA) Cap. C21 LFN, 2004 (as amended 2007 and 2015), Petroleum Profit Tax Act (PPTA) Cap. P13 LFN, 2004 (as amended), Capital Gain Tax Act (CGTA) Cap. C1 LFN, 2004, Value Added Tax Act (VAT) Cap. V1 LFN, 2004 (as amended in 2007), Tertiary Education Tax Act (TETA) Cap. E4 LFN 2004 (as amended in 2011), Stamp Duties Act Cap. S8 LFN 2004 and Federal Inland Revenue Service (Establishment) Act 2007. In addition to these Acts, there are various State revenue laws and other subsidiaries legislations in operation, which are legal.

Rule of law

It is the responsibility of the government to implement an effective tax laws for the purpose of efficient and effective revenue generation. Tax laws are normally enacted by the legislative arms of government and enforced by the executive arms of government through the government agencies like tax authority at the Federal, State and Local Government. The enforcement of tax laws by the relevant tax authority has become relevant and necessary because of continue increased in the number of individuals that avoid or evade taxes. Citizens do not only have difficulties in understanding the tax laws but at time exhibit poor knowledge of the tax rates and the basic idea of taxation (Hofmann, Hoelzl & Kirchler, 2008).Tax ambiguity has become an issue in the application and implementation of tax laws because taxpayers, tax administrators, tax consultants and practitioners at times, have different interpretations of the tax laws. Magro (1999) therefore, defined ambiguity as the state of uncertainty which happens as a result of unclear, unreliable and elusiveness of relevant information. Long and Swingen (1987) also defined tax ambiguity as the features of tax legislation that give room for more than one interpretation at a time by individuals. This at times become one of the reasons for non-compliance and the non-compliance to tax payment could be traced to the complexity and ambiguity of tax laws. Tax ambiguity, as reported by Long and Swingen (1991) is of three levels, these are ambiguity in the use of language, ambiguity in tax application and ambiguity in sufficient tax evidence. Therefore, ambiguity in tax laws could be attributed to the various conflicts between the taxpayers and the tax authorities which in most cases lead to judicial interpretations.

Tax knowledge is a factor that assists taxpayers on compliance purpose without stress. Any ambiguity in the tax laws creates problems of understanding what to be done as such laws will be tagged as foreign language and becomes difficult to comprehend and acted upon. The level of education of the tax payers determines the level of tax compliance and lack of tax laws leads to distrust and non-compliance on the part of the individual taxpayer. Therefore, tax law should be written in a manner of simple language to be understood by all interested party. In most cases, understanding the tax laws is difficult and at times gives rise to different interpretations by the taxpayers and the tax authority. In line with this, Batrancea *et al,* (2012) opined that lack of tax knowledge and tax law at times gives the tax authority too much liberty in deciding what is right and what is wrong in the application of the laws at the disadvantage of the individual tax payer. Snow and Warren (2005) asserted that fear of using the laws in carrying out audit exercises in detecting non-compliance by tax payers will increase the level of tax compliance from the citizens.

Laws are obeyed for many reasons. Firstly, it is related to compliance whereby tax payers run away from penalties which could be levy on finding out on the violation of the laws. Secondly, strict adhering to the laws as a law-abiding citizen who believes in following the laid down rules and regulations because of the belief of an individual that it is the right thing to do (Murphy, Bradford & Jackson, 2016). The deterrence method of human behaviour stipulated that citizens normally compare the cost and benefit associated with obeying the laws but where the cost associated with non-compliance is more than the benefits, the basic decision is to comply with the law (Allingham & Sandmo, 1972). According to Murphy, Bradford, and Jackson(2016) in a regulatory context, the probability of an individual tax payer being caught and penalised for the violation of tax laws and regulations is low while in the context of taxation, the probability of detecting an evader is also low.

Tax understanding is the ability of the tax payer to interpret the tax laws based on the willingness to comply to tax payment as at when due. According to Kasipillai, Aripin and Amran (2003), tax understanding is the general knowledge of tax laws and regulations in addition to all information relating to the opportunity available to evade tax. The essence of tax knowledge is to increase public awareness in the area of tax laws, the importance of tax in nation building and accountability of revenue and expenditure in order to show transparency. Fines and penalties are tools of tax laws which can be used to track the offenders and non-compliance tax payers. In line with this, Kirchler*et al.,* (2008) opined that fines are connected with trust and power. A

Licensed under Creative Common

low fine could be seen as an authority weakness and inability to control and deal with defaulters which eventually works against trust among the honest and outstanding tax payers. Inappropriate fines due to unexpected mistakes as a result of ambiguity of the tax laws, high or exorbitant fines will weaken redistributive perception and lead to tax evader's inducement to recoup the losses suffered by tax fines. Penalties and fines at times are key to rule of law and tax compliance behaviour. Penalties are negative punishment imposed on taxpayers who break the tax law, rule and regulation while fines are money paid as a means of punishment for violating tax law and regulation by taxpayers. According to Savitri and Musfialdy (2016), tax laws have two types of tax penalties, these are administrative and criminal sanction. Administrative sanction is imposed when taxpayers make an abuse which results into payment of penalties or/ interests. Criminal sanction involved judicial intervention whereby tax defaulters are charged to court and if found guilty, the taxpayers can be liable to a jail term or sentences by the appropriate court of law.

Tax Compliance

This is defined as the extent to which the taxpayers meet the tax obligation by paying tax as at when due according to the relevant tax laws or regulations. It means prompt tax payments and producing and submitting tax information to the relevant tax authority based on the required formats. At times, taxpayers might refuse to oblige to the relevant tax laws willingly or unwillingly. The categories of these taxpayers are either tax resisters or tax protesters. Tax protesters fail in tax payment by evading through giving different interpretations to tax laws for the purpose of non-compliance mechanism while the tax resister fails in tax payment due to reliable reasons and information. Based on this, Palil and Mustapha (2011) defined tax compliance as a process of filing and submission of all taxpayers' return of all accurately declared income and the payment of the exact tax assessed based on the approved tax laws and other regulations. Tax compliance is a major problem for many nations as it is very difficult at times to compel tax payers to comply with tax laws and to ensure voluntary payment of tax liabilities (James & Alley, 2004). Badara (2012) claimed that tax compliance is the ability of tax payers to render an accurate and complete information on tax returns in line with the relevant laws, rules and regulations of the state for the purpose of tax assessment and payment. Similarly, tax compliance means the desire in doing the right thing at the right time. This involves the individual taxpayer's belief that tax payment is the right thing to do but should not be based on fear of being punished for failure to comply (Wenzel, 2005).

Voluntary Tax Compliance

It is the principle that taxpayers will cooperate with the tax authority and tax system through filling of 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 the taxpayer without any form of enforcement but by means of positive mutuality of the taxpayer (Gangl, Hafmann & 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.

Tax Non-Compliance

In distinction with tax compliance Kasipillai and Jabbar (2003) defined tax non-compliance as taxpayers' inability or failure to pay the correct amount of tax to the tax authorities on account of complexity and ambiguity in tax laws and administrative procedures. Kirchler (2007) perceived that non-compliance is the taxpayer's failure in reporting actual income, deductions such as claims, relief and rebates and make payment in respect of tax liabilities computed as at when due. Hofmann *et al.,* (2008) also stipulated that tax non-compliance is seen as minor law breaking in some countries where the taxpayers are seen as smart people. Therefore, non-compliance is the failure of taxpayer to file, report, compute and pay the right tax liabilities as at when due. According to Kiow, Salleh & Kassim, (2017), it is a form of unintentional omission of information in preparing tax returns and other forms of lack of tax awareness by the taxpayers. Therefore, the continuous and persistence of non-compliance by taxpayers in the informal sectors could be attributed to various factors that required study and solution (Joshi, Prichard & Heady, 2014).

Trust on Government

Tax compliance is the ability and willingness of the tax payers to obey the relevant tax laws, declare the actual earnings and pay the correct tax assessment promptly (Sitardja & Dwimulyani, 2016). Therefore, trust on government is one of the factors that influences compliance level among the taxpayers (Siahaan, 2012). 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. Trust is assumed to be a very important

Licensed under Creative Common

indicator for individual taxpayers' compliance behaviour towards tax payment (Fadjar, 2013). Torgler (2007) stated that taxpayers and government relationship can be achieved through trust in government, which influences voluntary tax compliance. In other word, trust is the main factor for achieving tax compliance. The confidence in government has a positive relationship with tax compliance and this belief leads to higher support for the government activities and programmnes by means of willingness to pay tax. Robbin and Judge (2009) cited in Fadjar (2013) looked at trust in three dimensions, these are deterrence-based trust which is a trust that is based on fear of punishment where such trust is violated. Knowledge based trust is a trust based on one's knowledge and understanding of an individual to accurately predict one's behaviour. It is behavioural predictably based on history of interaction. Identification based trust is an emotional connection between parties which can be termed as agency relationship forms of trust.

Theoretical Framework

The study adopts theory of Social interactions and Comparative treatment theory.

Theory of Social Interactions

This theory is all about relationship between social interaction and the payment of taxes in a country. The taxpayer's behaviour could be a reflection of his peers or institutions such as parent, friends, relatives, neighbour, tax authorities, government and its agencies. The theory refers to fairness of tax rules applicable in a country and this means equality in the application and treatment of tax laws among the citizens. This equality in the application of tax laws among the individuals leads to increase in tax payment and tax compliance. Kirchler, Muchlbacher and Schwarzenberger (2011) affirmed that an impartial system enhances tax confidence and this leads to tax compliance and increase in tax revenue. This means that at the government level, accountability and transparency will lead to higher tax revenue and compliance. Besides, Kirchler *et al.,* (2011) postulated that the kind of confidence and trust by the taxpayer on government and its agencies is a factor for taxpayer's behaviour. Therefore, individual taxpayer's perception of corruption and misuse of tax revenue in the government system might lead to discouragement and refusal in the payment of appropriate taxes.

Comparative Treatment Theory

The comparative treatment theory evolved from equity theory. McKerchar and Evans (2009) stipulated that addressing inequalities in trade exchange between the taxpayers and the government leads to tax compliance. Therefore, it is a common belief that individuals comply

Licensed under Creative Common

with tax laws and regulations when convince that the process and the essence of the tax laws is generally fair and honest. This means that a higher tax compliance might be perceived where the entire tax system is fair and honest (OECD, 2010). Walsh (2012) asserted that the impact of perceived fairness of the tax system on tax compliance decision is not only in respect of individual taxpayer but also relates the tax burdens of the other citizens as well as their observed compliance behaviour. The willingness to pay tax increases when individuals find out that the perceived fairness increases as other citizens within the community also comply to tax payment. According to OECD (2010), tax fairness can be categorised into distributive fairness, procedural fairness and retributive fairness. Distributive fairness means taxpayers perception of the government on fairness, justice and honesty on the application and usage of tax revenues. Procedural fairness relates to perception of tax authority on how procedure is strictly adhered to and fairness in dealing with the taxpayers. The redistributive fairness relates to the perception on how the tax authorities show fairness on the application of penalties and sanctions for tax defaulters. Besides, Walsh (2010) also classified this tax fairness into two. The distributive fairness is linked with fiscal exchange and focus on exchange equity between the government and the taxpayers. The procedural and retributive fairness are linked with comparative treatment and this can be influenced by tax administration by means of fairness and transparency in tax administration. Kirchler and Hoelz (2006) stipulated that equity and fairness in taxation enhances trust and mutual cooperation between taxpayers and tax authorities which eventually leads to voluntary compliance.

Empirical Review

Chan, Troutman and O'Bryan (2000) examined an expanded model of taxpayers' compliance with evidence from the USA and Hong Kong. The study adopted survey method to gather data from tax respondents. The study revealed that tax compliance with the tax laws was driven by the age and level of education of the citizens. The result from the study showed that old individual taxpayers tend to comply with the tax laws and tax obligations than the young individual. In addition, the study showed a negative relationship between education, attitude and compliance behaviour. Rasak and Adefula (2013) studied taxpayers' attitude and its influence on tax compliance decision in Tamale, Ghana. The study adopted survey research design with the use of questionnaire which was distributed to SMEs operators. The study used descriptive and inferential statistics for data analysis. The study showed that greater number of people demonstrated poor understanding of the tax laws because tax laws were written in a language difficult to comprehend and applied by the taxpayers. Therefore, the levels of the tax laws influenced tax payers' degree of compliance decisions. Accordingly, in the study carried out by

Licensed under Creative Common

Thiga and Muturi (2015), the study showed that from the 400 respondents on knowledge of tax laws, 142 respondents were illiterate of the tax laws while 258 respondents had tax laws knowledge while 202 respondents out of 258 duly complied with tax laws. The study showed that tax understanding had a positive influence on the level of tax compliance while lack of knowledge of the tax laws lead to non-compliance and this negatively influenced tax compliance. The study also showed that 192 out of 400 respondents agreed that penalties and fines were high while 208 respondents were of the opinion that it was low. From the high agreed respondents, 154 complied with the tax laws and this showed that fines and penalties positively influence tax compliance in a minimal manner. Lim and Carrol (2000) looked at the impact of tax knowledge on the perceptions of tax fairness and attitudes toward compliance. The study considered the students of introductory taxation course of tertiary institutions in New Zealand. The outcome of the study showed that increase in tax knowledge does not have a significant influence on the perception of fairness and tax compliance.

METHODOLOGY

The study employs survey research design to generate the relevant primary data required for the study. This was based on the geographical disparity of the states and the number of individual tax payers reached in these different geographical regions. The study covered only individual tax payers in both formal and informal sectors with focused on South West, Nigeria. For the purpose of this study, reliance was placed on the National Joint Tax Board's (NJTB) publication on Nigeria's individual taxpayers' population. Therefore, according to individual taxpayers' statistic of National Joint Tax Board (NJTB) publication (2016), the population of the study was 5,216,422 for the three selected states of South-West, Nigeria. The individual taxpayers were selected randomly as respondents for the questionnaire administered. The questions highlighted in the questionnaire were adapted from the work of Abata (2014), Eneharo and Jaiyeola (2012), tax payers' compliance appraisal by Fisher, Wartick and Mark (1992), Kirchler and Wahls (2010), Lateef, Saheed and Onipe (2015), Olowookere and Fashina (2013). These questions were structured to reflect Nigeria's Characteristics and structured in scaled and closed ended form. Variables highlighted in the questionnaire were measured using six (6) point Likert scale of 1=strongly disagree, 2=disagree, 3=partially disagree, 4=partially agree, 5=Agree and 6=strongly agree. One thousand, two hundred (1200) copies of questionnaire were administered to various respondents. The study also adopted purposive sampling technique to select the geographical zone of South-West, Nigeria and the three states selected within the zone for the study. The South-West, geographical zone which comprises of Lagos, Ogun, Oyo, Ondo, Ekiti and Osun was considered for the study because it has the

Licensed under Creative Common

largest number of individual taxpayers (53.5% NJTB, 2016) in the country when compared to another geopolitical zones of South-East, South-South, North-West, North-East and North-Central. In addition, the South-West Zone is the most commercial hub of the country, it has common demographic characteristics, common language, and cultural norms and basically have the same informal sectors/ individual taxpayers setting. The selected states for the study from the South-West zone were Lagos, Ogun and Oyo States and the basic reason for choosing these States from the South-West zone as representatives of the zone was based on the following characteristics: A noticeable heterogeneous nature of the informal sectors operation, Tax revenue drive by the governments of these states, Lagos has the highest number of individual tax payers' percentage in Nigeria (46%) according to NJTB (2016), The three states have the highest internally generated revenue percentage increase between 2011 and 2016. These are ₦202bn, ₦11bn and ₦9bn for Lagos, Ogun and Oyo in 2011 respectively to ₦301bn, ₦56bn and ₦16bn in 2016 respectively according to National Bureau of Statistics/JTB/ State Board of Internal Revenue (2017). The states had also introduced an indigenous tax scheme involving the informal businesses which helps to generate revenue from hard to be taxed group of people.

The reliability test of the instrument based on pilot study showed that rule of law, voluntary tax compliance and trust in government had Cronbach's alpha of 0.70, 0.79 and 0.84 respectively. This showed that the instrument was reasonable and reliable for the study as the figure were above the acceptable threshold of 0.7. The reliability of the research instrument was measured with the use of composite reliability test. A composite reliability and Cronbach Alpha (α) calculated greater than 0.6 was affirmed by Taber (2016); Tavakol and Dennick (2011); as a reasonable reliability and acceptable while Cronbach Alpha (α) calculated greater than 0.7 was affirmed by Bolarinwa (2015); Taber (2016) as a good and robust reliability and acceptable. The pilot study results showed that the instrument was reasonable and reliable since the results of all the constructs were above the acceptable threshold and therefore suitable for the study.

In the study it is expected that the independent variable of rule of law would enhance voluntary tax compliance. It is therefore expected that rule of law (ROL) would determine tax compliance. The dependent variable is Voluntary tax compliance (VTC).

$$VTC = \Omega_0 + \Omega_1 TRUGOVT_i + \Omega_2 ROL_i + \Omega_3 GEN_i + \Omega_4 AGE_i + \Omega_5 EL_i + \Omega_6 ES_i + \varepsilon_i$$

Where:

TRUGOVT = Trust in government	GEN = Gender
AGE = Age	EL = Education level
ES = Employment status	Ɛ = Error terms

Ω_0 = Intercept or the constant

$\Omega_1 – \Omega_6$ =Partial regression coefficient of the explanatory variables.

ANALYSIS AND FINDINGS

The study employs the cross-sectional analysis in providing answers to the research question and hypothesis. The primary data employed were analysed using the descriptive and inferential statistics. The descriptive statistics involved the use of tables in the form of frequency distribution, mean and percentage while among inferential statistics, the study used the Ordinary Linear Square (OLS) Regression Analysis and Analysis of Variance (ANOVA).

Descriptive Analysis of the Test Items

Table 1. Respondents Responses on Rule of Law

S/N	Test Items		SD	D	PD	PA	A	SA	Mean	SDV
			1	2	3	4	5	6		
1	This State Internal Revenue Service is strict on taxpayers when it comes to non-adherence to tax law provisions	Freq	20	65	73	297	486	110	4.42	1.09
		%	1.9	6.2	6.9	28.3	46.2	10.5		
2	There is widespread unfair application of tax laws by this State Internal Revenue Service.	Freq	20	94	97	235	520	85	4.33	1.15
		%	1.9	8.9	9.2	22.4	49.5	8.1		
3	This State Government is reputed for upholding the rule of law on taxes	Freq	18	75	131	309	438	80	4.25	1.11
		%	1.7	7.1	12.5	29.4	41.7	7.6		
4	This State Internal Revenue Service Violates taxpayers rights of normal assessment with Best of Judgment (BOJ)	Freq	21	104	95	223	501	107	4.33	1.20
		%	2	9.9	9	21.2	47.7	10.2		
5	This State Internal Revenue respects the right of taxpayers regardless of your status in the society	Freq	73	128	74	308	393	75	3.99	1.36
		%	6.9	12.2	7	29.3	37.4	7.1		
	Mean & Standard Deviation								4.27	1.18

Table 1 describes the responses of the respondents on the rule of law in Lagos, Ogun and Oyo States. The mean of 4.42 indicates that majority of the respondents agreed that the State Internal is strict on taxpayers when it comes to non-adherence to tax provisions. The mean of 4.33 further suggests that the respondents agreed that there is a widespread unfair application of tax laws by the State Internal Revenue Service while the mean of 4.25 suggests that the respondents agreed to the test item that the States Governments are reputed for upholding the rule of law on taxes. The mean of 4.33 further suggests that the respondents agreed that the State Internal Revenue Service Violates taxpayers' rights of normal assessment with Best of Judgment (BOJ). Besides, the mean of 3.99 further suggests that the respondents agreed that the State Internal Revenue respects the rights of taxpayers regardless of their status in the society and a standard deviation of 1.09, 1.15, 1.11, 1.20and 1.36 respectively suggests that responses of the respondents are less likely to change over time. On the overall, a mean of 4.27 further indicates that the majority of the respondents agreed that there is high level of rule of law among the three States.

Table 2. Respondents Responses on Voluntary Tax Compliance and Trust in Government

Variables	**Mean**	**Standard Deviation**
Voluntary tax compliance	4.8	1.12
Trust in Government	3.8	1.38

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 1.12 suggests that the responses of the respondents are less likely to change over time. While a mean of 3.80 further indicates that majority of the respondents agreed that there is trust on the government a standard deviation of 1.38 implies that the respondents were not likely to change their responses over time.

Test of Hypothesis

Table 3 showed the results of regression analysis for the effect of rule of law moderated by trust on government and controlled by demographic factors on voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, Nigeria. The results show that trust on the government (0.103), rule of law (0.120), gender (0.049) and educational level (0.036) have positive relationships with voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, Nigeria, while respondents' age (-0.007) and employment status (-0.242) of the respondents have negative relationships with voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, Nigeria. There was evidence that trust on government, rule of law and employment status have significant relationships with voluntary tax compliance behaviour of individual taxpayers in the selected states in South West, Nigeria (TRUGOVT= 0.103, *t*- test= 4.482, $p < 0.05$, ROL= 0.120, *t*- test =3.657, $p < 0.05$, ES = -0.242 *t*- test= -3.614, $p < 0.05$). Conversely, gender, age and educational level do not have significant relationships with voluntary tax compliance behaviour of individual taxpayers in the selected states in South West, Nigeria (GEN= 0.049, *t*- test=0.890, $p > 0.05$, AGE= -0.007, *t*-test= -0.281, $p > 0.05$, EL= 0.036, *t*- test=1.107, $p > 0.05$).

Table 3. Rule of Law and Voluntary Tax Compliance Behaviour

Dependent Variable: VTC

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
VTC	**B**	**Std. Error**	**Beta**			**Tolerance**	VIF
(Constant)	4.035	.223		18.128	.000		
TRUGOVT	.103	.023	.138	4.482	.000	.950	1.052
ROL	.120	.033	.112	3.657	.000	.958	1.044
GEN	.049	.055	.027	.890	.374	.977	1.023
AGE	-.007	.025	-.009	-.281	.779	.896	1.116
EL	.036	.032	.037	1.107	.268	.792	1.262
ES	-.242	.067	-.119	-3.614	.000	.829	1.206

Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
	.240[a]	.057	.052	.86919

ANOVA[a]

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
	Regression	48.095	6	8.016	10.610	.000[b]
	Residual	788.736	1044	.755		
	Total	836.832	1050			

a. Dependent Variable: VTC

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

The above analysis implies that trust on the government, rule of law and employment status were significant factors that influenced changes in the voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, 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 the selected states in South-West, 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, rule of law, gender, age, educational level and employment status of the respondents. The Adjusted R^2 of 0.05 explained about 5 percent changes in voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, Nigeria, while the remaining 95 percent were other factors explaining changes in voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, Nigeria but were not captured in the model.

The F- test of 10.610 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, rule of law, gender, age, educational level and employment status of the respondents jointly explain changes in voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, 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 10.610 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 the rule of law moderated by trust on government and controlled by demographic factors does not have a significant influence on voluntary tax compliance behaviour of individual taxpayers in the selected states in South-West, Nigeria was rejected. Thus, the alternative hypothesis that the rule of law moderated by trust on government and controlled by demographic factors has significant influence on voluntary tax compliance behaviour of individual taxpayers in the selected states in South West was accepted at 5 per cent level of significance.

DISCUSSION OF FINDINGS

In relation to concept, the study reveals the nexus between rule of law and individual tax compliance behaviour. On the concept of rule of law this had a positive relationship with voluntary tax compliance. This reveals that tax as a concept is very important to the benefit of the government and the citizens whereby taxpayers' behaviour is based on the justifiable application of tax law on the best interest of the citizens. In relation to theories, findings from the study reveals that individual taxpayers' behaviour was a function of taxpayers' satisfaction or dissatisfaction from the government and its agencies. This belief or trust perception has effect on the level of tax compliance. An unjust tax system will increase the level of tax evasion as there will be an attempt by taxpayers to adjust their behavioural relationship with the government and its agencies. The findings are consistent with Fiscal exchange theory traced to Spicer (1974) and Vogel (1974) and social interaction theory. Empirical findings from the test of Hypothesis on the rule of law and voluntary tax compliance behaviour of individual taxpayers in Nigeria with focus on South-West revealed that trust in government, rule of law, gender and educational level have positive relationships with voluntary tax compliance behaviour of individual taxpayers while respondent's age and employment status have negative relationships with voluntary tax compliance behaviour of individual taxpayers in South-West, Nigeria. This implies that a unit increase in trust in government, rule of law, gender and educational level would lead to 0.103, 0.120, 0.049 and 0.036 increase in voluntary tax compliance behaviour of individual taxpayers while a unit increase in respondents' age and employment status would lead to decrease of 0.007 and 0.342 on voluntary tax compliance behaviour of individual taxpayers, respectively.

The findings also revealed that trust from government, rule of law and employment status have significant relationships with voluntary tax compliance behaviour of individual taxpayers while gender, age and educational level do not have significant relationships with voluntary tax compliance behaviour of individual taxpayers whereby trust from government, rule of law and employment status were significant factors that influenced changes in the voluntary tax compliance behaviour of individual taxpayers while age, gender and educational level of the respondents were not significant factors that influenced changes in voluntary tax compliance behaviour of individual taxpayers. The F-statistic of 10.610 is statistically significant at $p = 0.000$ therefore, the study revealed that the rule of law has a significant influence on voluntary tax compliance behaviour of individual taxpayers in the selected states of South-West, Nigeria at 5 per cent level of significance. This result aligns with the study of Rasak and Adefula (2013) that the understanding of tax laws influenced tax payer's degree of tax compliance decisions. Furthermore, it also aligns with the studies of Wilks and Pacheco (2014); Thiga and Muturi (2015) that trust in government and ability to punish tax evaders would lead to voluntary tax compliance.

IMPLICATION OF THE FINDINGS

The perception of the rule of law implies widespread unfair application of personal income tax laws, capital gain tax law, land used charges law and stamp duties law by SIRS and violation of individual taxpayers' rights of normal assessment with Best of Judgment (BOJ). The SIRS

Licensed under Creative Common

should promote fairness in the application of personal income tax laws and others. Some section of PITA, CGT, Stamp Duties and of LUC laws need to be reviewed and amended in order to avoid ambiguity and misinterpretation by individual taxpayers. The essence of this is to allow individual taxpayers have full understanding of the law for easy process, filing and payment of tax liability.

CONCLUSION

The study examined rule of law and individual taxpayers' compliance behaviour in the selected Nigeria with emphasis on individual taxpayers assessable to capital gain tax, PAYE, direct assessment on income, stamp duties, withholding tax on economic activities, LUC/property tax, other levies and charges imposed by SIRS. Enhancing tax payers' level of education in filing tax returns and making such to be more seamless to handle by taxpayers will ensure tax compliance. The study also concluded that government and its tax agencies should promote fairness in the application of tax laws rather than using consultant for BOJ assessment.

RECOMMENDATIONS

The perception of rule of law by respondents implies widespread unfair application of tax laws by tax authorities and violation of taxpayers' rights of normal assessment with Best of Judgment (BOJ). The tax authorities should promote fairness in the application of PITA, CGT, LUC/property tax, Stamp Duties and other individual tax laws while some of the section in these tax laws need to be reviewed and amended in order to avoid ambiguity and misinterpretation by tax payers. Tax laws should be written in simple language for purpose of clarity that will facilitate tax compliance. Tax compliance software could be introduced with the aim of providing tax user the opportunity of calculating tax payment and also minimize any form of human error. Government should established an independent tax court to adjudicate on tax matters. Besides, creation of dedicated tax website to facilitate quick response from stakeholders on tax policy proposals. The essence of this is to allow taxpayers have full understanding of the law for easy process, rendering of return and payment of tax liability.

SUGGESTION FOR FURTHER STUDIES

The outcome of the research shows that the rule of law moderated by trust on government and controlled by demographic factors has significant influence on voluntary tax compliance behaviour of individual taxpayers in Nigeria. In the future, researcher could consider corporate tax payers with focus on other controlled factors such as ethnicity, religiosity and political thought that might influence tax compliance behaviour among the tax payers

Licensed under Creative Common

REFERENCES

Abata, M. A. (2014). The impact of tax revenue on Nigerian economy: A case of Federal Board of Inland Revenue. Journal of Policy and Development Studies, 9(1), 109-121.

Alabede, J. O. (2014). An exploratory analysis of individual taxpayers' compliance behavior in Nigeria: A study of demographic differences and impact. International Journal of Accounting and Taxation, 2(2), 39-64.

Alabede, J. O., Ariffin, Z. Z., & Idris, K. M. (2011). Public governance quality and tax compliance behavior in Nigeria: The moderating role of financial condition and risk preference. Journal of Social and Environmental Accounting, 5(12), 3-24.

Allingham, M., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. Journal in Public Economics, 1(3-4), 323-338.

Alm, J., Jackson, B. R., & McKee, M. (1993). Fiscal exchange, collective decision institutions, and tax compliance. Journal of Economic Behavior and Organization, 22(3), 285-303.

Anyaduba, J. O., Eragbhe, E., & Modugu, P. K. (2014). Impact of deterrent tax policies on tax compliance: The Nigerian experience . International Journal of Business and Social Science, 5(9), 150-158.

Badara, M. S. (2012). The effect of tax audit on tax compliance in Nigeria. A study of Bauchi State Board of Internal Revenue. Research Journal of Finance and Accounting, 3(4), 74-81.

Batrancea, L. M., Nichita, R. A., & Batrancea, I . (2012). Understanding the determinants of tax compliance behavior as a prerequisite for increasing public levies. The Usv Annals of Economics and Public Administration, 12(15), 201-210.

Beale, T., & Wyatt. (2017). Predicting taxpayer behaviour and compliance: An economic analysis of Jamaica's property tax system,. Paper presented at the conference on responsible Land Governance: Towards an evidence base approach, 2017 World Bank Conference on Land and poverty. Washington DC: The World Bank. Retrieved July 04, 2018

Bello, T. (2017). Law and economics of taxasion, tax avoidance and tax evasion: A Nigerian template. SSRN Electronics Journal, 1-18. doi:10.2139/ssm.2970992

Bojuwon, M. (2010). The impact of tax fairness and demographic factors in tax compliance in Nigeria. An unpublished M.sc thesis in Accounting. Malaysia: University of Utara.

Bolarinwa, O. A. (2015). Principles and methods of validity and reliability testing of questionnaire uses in social and health science. Nigeria Postgraduate Medical Journal, 22(4), 195-201.

Chan, C. W., Troutman, C. S., & O'Bryan, D . (2000). An expanded model of tax payer compliance: Empirical evidence from USA and Hong Kong. Journal of International Accounting, Auditing and Taxation, 9(2), 83-103.

Cobham, A. (2005). Taxation pollcy and development. The Oxford Council on Good Governance Economy Analysis, 2, 1-23.

Devos, K. (2014). Factors influencing individual taxpayer compliance behavior. Springer Science and Business, 1-24. doi: 10.1007/978-94-007-7476-6_2.

Enahoro, J. A., & Jayeola, O. (2012). Tax administration and revenue generation of Lagos state government. Nigeria. Research Journal of Finance and Accounting, 3(5), 133-139.

Fadjar, O. P. (2013). The effect of tax transparency and trust on taxpayers' voluntary compliance. GSTF Journal on Business Review, 2(3), 4-8.

Fakile, S. A. (2011). Analysis of tax morale and tax compliance in Nigeria. An unpublished PhD Thesis in Accounting. Ota, Nigeria: Covenant University.

Fatt, C. K., & Khim, E. W. S. (2011). A study of self-assessment tax system in Malaysia. Australian Journal of Basic and Applied Sciences, 5(7), 881-888.

Federal Ministry of Finance. (2017, February). National Tax Policy. FCT, Abuja, Nigeria: Federal Ministry of Finance.

Fisher, C. M., Wartick, M., & Mark, M. (1992). Detection probability and tax payer compliance: A review of the literatures. Journal of Accounting Literatures, 11(6), 1-46.

Gangl, K., Hafmann, E., & Kirchler, E. (2015). Tax authorities' interaction with taxpayers: A conception of compliance in social dilemmas by power and trust. New Ideas in Psychology, 37(2), 13-23.

Gangl, K., Hafmann, E., de Groot, M., Antonides, G., Goslinga, S., Hartl, B., & Kirchler, E. (2015). Taxpayers' motivation relating to tax compliance: Evidence from two representative samples of Austrian and Dutch self-employed taxpayers. Journal of Tax Administration, 1(2), 15-25.

Graetz, M., & Wilde, L. L. (1985). The economics of tax compliance: Facts and fantasy. National Tax Journal, 38(3), 355-363.

Hofmann, E., Hoelzl, E., & Kirchler, E. (2008). Preconditions of voluntary tax compliance: Knowledge and evaluation of taxation, norms, fairness and motivation to cooperate. Journal of Psychology, 216(4), 209-217.

International Monetary Fund. (2016). IMF country report no 16/102. Washington, DC, United States of America: Public Affair Department, IMF. Retrieved may 23, 2018

Ishola, K. A. (2016). Taxation principles and fiscal policy in Nigeria (Revised ed.). Ibadan, Nigeria: Cresthill Publishers Ltd.

James, S., & Alley, C. (2002). Tax compliance self-assessment and tax administration. Journal of Finance and Management in Public Services, 2(2), 27-42.

Joshi, A., Prichard, W., & Heady, C. (2014). Taxing the informal economy challenges, possibilities and remaining question. Institute of Development Studies (IDS), Working papers (429).

Kasipillai, J., & Jabbar, H. A. (2003). Tax compliance attitude and behavior: Gender and ethnicity differences of Malaysian taxpayers. Malaysian Accountant, 2(4), 2-7.

Kasipillai, J., Aripin, N., & Amran, N. A. (2003). The influence of education on tax avoidance and tax evasion. eJournal of Tax Research, 1(2), 134-146.

Keen, M. (2012). Taxation and development – Again. Working paper/12/220. International MonetaryFund.RetrievedMay24,2018,fromhttps://www:imf.org/external/ft/pass/wp/2012/wp1220.pdfMay 2018

Khasawneh, A., Obeidat, M. I., & Al-Momami, M. A. (2012). Income tax fairness and taxpayers' compliance in Jordan. Journal of Economic and Administrative Sciences, 24(1), 15-39.

Kiow, T. S., Salleh, M. F., & Kassim, A. A. (2017). The determinant of individual tax payers' tax compliance behavior in Peninsular Malaysia. International Business and Accounting Research Journal, 1(1), 26-43.

Kira, A. R. (2017). An evaluation of government initiates in enhancing small taxpayers' voluntary tax compliance in developing countries. International Journal of Academic Research in Accounting, Finance and Management Science, 7(1), 1-15.

Kirchler, E. (2007). The economic psychology of tax behavior. Cambridge: Cambridge University Press.

Kirchler, E., Hoelzl, E., & Wahl, O. (2008). Enforced versus voluntary tax compliance: The slippery slope framework. Journal of Economic of Psychology, 29(2), 210-225.

Kirchler, E., Kogler, C., & Muehlbacher, S. (2014). Cooperative tax compliance: From deterrence to deference. Current Directions in Psychological Science, 23(2), 87-92.

Kirchler, E., Muchlbacher, S., & Schwarzenberger, H. (2011). Voluntary versus enforced tax compliance: Empirical evidence from the slippery slope framework. European Journal of Law and Economics, 32(1), 89-97.

Kirchler, E., Niemirowski, A., & Wearing, A. (2006). Shared subjective views, intent to cooperate and tax compliance: Similarities between Australian taxpayers and tax officers. Journal of Economics Psychology, 27(3), 502-517.

Kirchler, E., & Wahl, I . (2010). Tax compliance inventory tax-I: Designing an inventory for surves of tax compliance. Journal of Economics Psychology, 31(1), 331-345.

Lateef, O. M., Saheed, Z., & Onipe, A. Y. (2015). Institutional factors and personal tax compliance in Kaduna state, Nigeria. Journal of Research in Humanities and Social Sciences, 5(35), 146-157.

Lim, M. T., & Carrol, C. F. (2000). The impact of tax knowledge on the perception of tax fairness and attitudes towards compliance. Asian Review of Accounting, 8(1), 44-58.

Long, S. B., & Swingen, J. A . (1991). Taxpayer compliance: Setting new agenda for research. Law and Society Review, 25(2), 637-683.

Long, S. B., & Swingen, J. A. (1987). An approach to the measurement of tax law complexity. The Journal of the American Taxation Association, 8(1), 22-36.

Magro, A. (1999). Contextual features of tax decision-making settings. The Journal of the American Taxation Association, 2(1), 63-73.

Marundu, E. A., Mbekomize, C., & Ifezue, A. (2014). Determinant of tax compliance: A review of factors and conceptualizations. Proceeding of the first Middle East conference on global business, economic, finance and banking, D4110, 1-18. Dubai, United Arab Emirate: Middle East conference on global business, economic, finance and banking.

McKerchar, M., & Evans, C. (2009). Sustaining growth in developing economies through improved taxpayer compliance: Challenges for policy makers and revenue authorities. eJournal of Tax Research, 7(2), 171-201.

Mohammed, A. U., Chek, D., & Idawati, B. I. (2016). Income tax noncompliance in Nigeria and the moderating effect of public -governance quality: A suggested framework. Mediterranean Journal of Social Science, 7(6), 339-348.

Moore, M. (2004). Revenue, state formation, and the quality of governance in developing countries. International Political Science Review, 25(3), 297-319.

Murphy, K., Bradford, B., & Jackson, J. (2016). Motivating compliance behavior among offenders. Criminal Justice and Behavior, 43(1), 102-118.

National Joint Tax Board. (2016). Publication on Nigeria individual taxpayer's population- 2016. AAbuja: National Joint Tax Board .

Organisation for Economic Cooperation and Development. (2014). OECD Development co-operation peer reviews. United Kingdom: OECD Publishing.

Olowookere, J. K., & Fasina, H. T. (2013). Tax payers' education: A key strategy in achieving voluntary compliance in Lagos state, Nigeria. European Journal of Business and Management, 5(10), 146-154.

Oyebamiji, T. A. (2018). Tax Justice, demographic factors and Compliance of Nigerian corporate Taxpayers. An unpublished dissertation submitted to the department of Accounting, School of Management Science, in partial fulfilment of the requirements for the award of the Doctor of philosophy in Accounting. Ilishan-Remo, Ogun, Nigeria: Babcock University.

Oyedele, T. (2016, October). The role of taxation and fiscal policy in economic diversification. Being a paper presented at first Babcock tax lecture series. Ilishan, Ogun State, Nigeria: PriceWaterhouseCooper- PWC.

Palil, M. R. (2010). Tax knowledge and tax compliance determinants in self-assessment system in Malaysia. Unpublished PhD thesis. University of Birmingham.

Palil, M. R., & Mustapha, A. F. (2011). Tax audit and tax compliance in Asia. A case study of Malaysia. European Journal of Social Science, 24(1), 7-32.

Rasak, A. A., & Adafula, C. J. (2013). Evaluating taxpayer's attitude and its influence on tax compliance decision in Temele, Ghana. Journal of Accounting and Taxation, 5(3), 48-57.

Savitri, E., & Musfialdy. (2016). The effect of taxpayers' awareness, tax socialization, tax penalties, and compliance cost at taxpayer compliance with service quality as mediating variable. Procedia- Social and Behavioral Science, 219(11), 682-687.

Siahaan, F. O. (2012). The influence of tax fairness and communication on voluntary compliance: Trust as intervening variable. International Journal of Business and Social Science, 3(21), 1-10.

Sitardja, M., & Dwimulyani, S . (2016). Analysis about the influence of good governance, trust toward tax compliance on public companies that listed in Indonesian stock exchange. OIDA International Journal of Sustainable Development, 9, 35-42.

Snow, A., & Warren, R. S. (2005). Tax evasion under random audits with uncertain detections. Economics Letters, 88(1), 97-100.

Somorin, O. A. (2015). Highlights of historical developments of Nigeria tax system. Lagos, Nigeria: ASCO Publishers.

Somorin, O. A. (2015a). Evolution of Nigerian tax laws. Lagos, Nigeria: ASCO Publishers.

Taber, K. S. (2016). The use of Cronbach's Alpha when developing and reporting research instrument in science education. Research in Science Education. doi:10.1007/s 11165-016-9602-2

Tavakol, M., & Dennick, R. (2011). Making sense of Crobach's alpha. International Journal of Medical Education, 2(1), 53-55. doi:10.5116/ijme.4dfb.8dfd

Thiga, M. N., & Muturi, W. (2015). Factors that influence compliance with tax laws among small and medium sized enterprises in Kenya. International Journal of Scientific and Research Publications, 5(6), 1-12.

Thomas, C. W. (1998). Maintaining and restoring public trust in government agencies and their employees. Administration and Society, 30(2), 166-193.

Licensed under Creative Common

Torgler, B. (2003). Tax morale, rule, governed behavior and trust. Constitutional Political Economy, 14(2), 119-140.

Torgler, B. (2007). Tax compliance and tax morale. A theoretical and empirical analysis. Northampton, MA: Edward Elgar Publishing, Inc.

Wenzel, M. (2005). Motivation or rationalization? Casual relations between ethics, norms and tax compliance. Journal of Economic Psychology, 26(4), 491-508.

World Bank/PwC. (2017). Paying Taxes 2017. Washington, DC, United States of America: The World Bank Group.

Yamane, T. (1967). Statistics, An Introductory Analysis (2nd ed.). New York, United States of America: Harper and Row.