

CORPORATE GOVERNANCE AND TAX COMPLIANCE IN NIGERIA



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OCTOBER, 2025

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**BEING A RESEARCH PROJECT WRITTEN AND SUBMITTED TO THE
DEPARTMENT OF ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES,
UNIVERSITY OF BENIN, EDO STATE, NIGERIA, IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc.)
DEGREE IN ACCOUNTING.**

OCTOBER, 2025

DECLARATION

I, JOE HOPE KULUMA, declare that this project work is entirely my own work and composition. The work embodied in this project has not been submitted in candidature for any degree and is not concurrently being submitted for any other degree. All references made to the works of other persons have been duly acknowledged.

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CERTIFICATION

This is to certify that this project research was carried out by JOE HOPE KULUMA, Matriculation number: MGS2209226 in the Department of Accounting, Faculty of Management Science, University of Benin, Benin City, Edo state, Nigeria. It is adequate in scope and quality in partial fulfillment of the requirement for the award of bachelor of science (BSc.) degree in accounting.

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DEDICATION

I express my profound gratitude and heartfelt appreciation to the Almighty God for His grace upon me, enabling the successful completion of this endeavour.

ACKNOWLEDGEMENT

I wish to express my deepest gratitude and honour to Almighty God, the source of my strength, wisdom, and inspiration. Without His guidance and blessings, this study would not have been possible. I am profoundly thankful for His unwavering support throughout the entire research journey.

I extend my sincerest appreciation to my supervisor, Dr. H. Monye-Emina, for his exceptional guidance, intellectual insights, and unwavering support. His invaluable advice and dedication have been instrumental in shaping this work. I also express my gratitude to the Head of Department, Professor Osasu Obaretin, for his leadership and for fostering an environment that encourages academic excellence. My appreciation extends to the Project Coordinator, Dr. G. Ikhu-Omoregbe and all the lecturers in the Department of Accounting, as well as the entire Faculty of Management Sciences, for their intellectual support and encouragement throughout my study.

To my Parents, Mr & Mrs Joe Kuluma, I am profoundly grateful for your unwavering love, prayers, and financial support, which have been the pillars of my strength. Your sacrifices and encouragement have been a constant source of motivation throughout my academic journey. I deeply appreciate the endless prayers, support, and love from my siblings: Hannah and Wisdom. You have all played an essential role in my success.

Finally, I appreciate everyone who has contributed in any way to the success of this study. May God bless you all abundantly. Amen.

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ABSTRACT

This study examined the impact of corporate governance and tax compliance in Nigeria. The research was motivated by persistent low levels of tax compliance within Nigeria attributed to weak governance structures, poor record-keeping, and limited regulatory enforcement. The study adopted a survey research design, using structured questionnaires administered to 100 management and accounting staff of selected registered firms. Data were analyzed using descriptive statistics and the Chi-square (χ^2) test with the aid of the Statistical Package for Social Sciences (SPSS). Findings revealed that a strong legal framework, effective board oversight, transparency, accountability, and sound record-keeping systems significantly enhance tax compliance among firms. Results further indicated that weak internal control systems, family ownership structures, and inadequate enforcement of governance codes contribute to persistent non-compliance. The study confirmed that corporate governance practices positively influence firms' accuracy in tax returns, timeliness of remittances, and relationship with regulatory authorities such as the Federal Inland Revenue Service (FIRS). The study concluded that sound corporate governance is a critical determinant of tax compliance in the Nigerian. It recommended that firms strengthen their governance structures through competent boards and effective audit committees, while regulators such as FIRS, SEC, and FRCN should intensify enforcement of governance and tax laws. Enhanced transparency, professional management, and strict penalties for default will foster accountability and improve government revenue generation in the sector.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate governance refers to the structures, processes, and systems through which companies are directed and controlled in order to enhance accountability, fairness, and transparency in their relationship with stakeholders. According to the Cadbury Committee Report (1992), corporate governance is “the system by which companies are directed and controlled.” In practice, it encompasses issues such as board composition, management accountability, disclosure practices, and compliance with regulatory frameworks. Globally, corporate governance has gained importance as a response to corporate scandals and financial mismanagement. Internationally, instruments such as the OECD Principles of Corporate Governance (OECD, 2021), the Sarbanes–Oxley Act (2002), and various corporate governance codes emphasize accountability, transparency, and compliance with laws—including taxation laws—as central to sustainable corporate practice.

In Nigeria, the Companies and Allied Matters Act (CAMA) 2020 and the Nigerian Code of Corporate Governance (SEC, 2018), developed by the Financial Reporting Council of Nigeria (FRCN), provide the principal framework for corporate governance. Regulatory agencies such as the Securities and Exchange Commission (SEC) and the Federal Inland Revenue Service (FIRS)

also play critical roles in ensuring that companies comply with governance and tax obligations (FRCN, 2020; FIRS, 2023). The transport industry, particularly the road transport sub-sector, is a vital component of Nigeria’s economy, facilitating trade, mobility, and commerce. According to the National Bureau of Statistics (NBS, 2023), the transport sector contributed significantly to GDP, though recent data show fluctuations due to rising operational costs, insecurity, and infrastructural challenges (SMB Intelligence, 2022; NBS, 2024). Transport firms are among the businesses subject to taxation, which is a major source of government revenue. However, weak corporate governance practices in many transport firms—such as lack of professional management, poor record-keeping, weak internal controls, and family ownership structures—have been linked to low levels of tax compliance (Okafor & Atoyebi, 2022).

Non-compliance with tax obligations reduces government revenue and undermines infrastructural development. Given the critical role of transport firms in economic development, it is important to assess how corporate governance practices influence tax compliance in this sector.

1.2 Statement of the Problem

Taxation is a key driver of sustainable development as it provides government with the revenue needed to finance infrastructure, social services, and economic stability. Yet, in Nigeria, the level of tax compliance remains low, with many firms—particularly in the transport sector—failing to remit accurate tax returns (FIRS, 2023). Empirical studies suggest that weak corporate

governance practices contribute significantly to this problem (Adegbite, 2021; Oyetola, 2022). Many transport firms are family-owned, with limited corporate structures, and often prioritize profit maximization over regulatory compliance. Poor bookkeeping, lack of transparency, and absence of effective oversight mechanisms further compound the issue.

Although the Federal Inland Revenue Service (FIRS) has continually emphasized the need for improved compliance, enforcement has proven challenging due to structural and governance weaknesses within transport firms (FIRS, 2023; IMF, 2022). These governance lapses not only hinder tax compliance but also deprive the government of much-needed revenue for infrastructure and economic growth. Thus, the problem this study addresses is the extent to which corporate governance practices influence tax compliance in transport firms in Nigeria.

1.3 Objectives of the Study

The main objective of this study is to examine the impact of corporate governance on tax compliance in transport firms in Nigeria.

The specific objectives are to:

1. Examine the legal framework regulating corporate governance and tax compliance in transport firms in Nigeria.
2. Identify the corporate governance practices prevalent in transport firms in Nigeria.
3. Investigate the influence of corporate governance practices on tax compliance in transport firms in Nigeria.

4. Identify the challenges faced by transport firms in implementing corporate governance mechanisms that enhance tax compliance.

1.4 Research Questions

This study is guided by the following research questions:

1. What is the legal framework regulating corporate governance and tax compliance in transport firms in Nigeria?
2. What corporate governance practices are prevalent in transport firms in Nigeria?
3. To what extent do corporate governance practices influence tax compliance in transport firms in Nigeria?
4. What challenges hinder effective implementation of corporate governance mechanisms that enhance tax compliance in transport firms?

1.5 Statement of Hypotheses

The study will test the following null hypotheses:

Ho1: The legal framework has no significant impact on corporate governance and tax compliance in transport firms in Nigeria.

Ho2: Corporate governance practices in transport firms in Nigeria do not significantly affect tax compliance.

Ho3: Corporate governance practices do not significantly influence tax compliance among transport firms in Nigeria.

Ho4: Challenges faced by transport firms in implementing corporate governance mechanisms do not significantly affect tax compliance.

1.6 Justification of the Study

This study is justified for a number of reasons. Firstly, it will contribute to the existing body of knowledge on corporate governance and taxation in Nigeria. Although much has been written on corporate governance, little emphasis has been placed on its relationship with tax compliance in transport firms. By examining this linkage, the study will provide useful academic material for future research, especially for students of accounting, taxation, business administration, and related disciplines (Ojo, 2023).

Secondly, the study is justified from a policy perspective. The findings will be of great importance to regulatory agencies such as the Federal Inland Revenue Service (FIRS), the Securities and Exchange Commission (SEC), and the Financial Reporting Council of Nigeria (FRCN). Insights from this research will assist these bodies in strengthening existing regulations and formulating new strategies that can promote effective governance and improved tax compliance within the transport sector (FRCN, 2020; FIRS, 2023).

Thirdly, the study has practical relevance to transport firms in Nigeria. Many firms in the sector are family-owned and poorly structured, which contributes to weak compliance with tax obligations. The study will highlight the benefits of sound corporate governance practices and demonstrate how their adoption can enhance accountability, transparency, and overall compliance with tax laws. This will be valuable for managers, owners, and professional advisers

in the transport industry (Okafor & Atoyebi, 2022).

Finally, the study is economically justified. Taxation remains one of the most reliable sources of government revenue. Improved compliance among transport firms will boost government revenue, which in turn can be invested in critical infrastructure such as roads and public transportation. This has the potential to improve the overall efficiency of the transport system and contribute to national development (NBS, 2024).

1.7 Scope of the Study

This study covers the impact of corporate governance on tax compliance in transport firms in Nigeria. The focus is on the road transport sector, which is the most widely used means of transportation in the country and a major contributor to economic activities. The study is limited to selected transport firms within Nigeria, examining their corporate governance structures, management practices, and how these influence their compliance with tax obligations. Emphasis will be placed on issues such as transparency, accountability, record keeping, and board oversight, and how these elements of governance relate to the level of tax compliance among the firms.

In terms of content scope, the study will address the legal and regulatory framework for corporate governance and taxation in Nigeria, the prevailing governance practices in transport firms, the relationship between governance practices and tax compliance, as well as the challenges confronting transport firms in implementing sound corporate governance mechanisms. The study does not cover all sectors of the Nigerian economy; it is restricted specifically to

transport firms. Furthermore, it does not attempt to evaluate the entire tax administration system in Nigeria but rather focuses on the compliance behavior of transport firms as influenced by their governance structures.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter examines the legal and conceptual framework that regulates corporate governance and tax compliance in Nigeria, with particular reference to the transport industry. The aim is to provide a legal and theoretical foundation for the discussions in Chapter One by analysing how Nigerian tax laws and corporate governance structures interact to shape compliance behaviour among corporate entities. The chapter explores how a well-established governance framework can foster transparency, accountability, and ethical business practices, all of which contribute to improved tax compliance. The discussion begins with the concept of tax compliance, followed by an analysis of corporate governance, the legal framework guiding both, and the relevance of these to the Nigerian transport sector. The transport industry is particularly important for this study because it plays a critical role in national development, yet remains one of the most complex and under-regulated sectors in terms of tax administration and corporate governance.

2.1 Concept of tax Compliance

Tax compliance refers to the extent to which taxpayers—whether individuals, firms, or organizations—adhere to the provisions of tax laws, regulations, and administrative requirements set by the government. It involves accurately declaring income, correctly computing tax liabilities, filing returns on time, and promptly remitting taxes due to the appropriate authorities.

In practice, tax compliance is influenced by the efficiency of tax administration, the complexity of tax laws, and the level of trust that taxpayers have in government institutions. In Nigeria, tax compliance has long been a concern due to challenges such as weak enforcement mechanisms, corruption, and inadequate taxpayer education. Compliance may occur voluntarily when taxpayers willingly meet their tax obligations, often due to civic responsibility, awareness, or confidence in government accountability. Alternatively, compliance may be enforced, driven primarily by fear of penalties, sanctions, or audits. Within the Nigerian transport industry, tax compliance varies significantly depending on the structure and size of the business. Informal operators, such as motorcyclists, bus drivers, and union-based road transport operators, often evade taxes due to poor record-keeping, limited awareness, and lack of formal registration. In contrast, large and well-established entities such as airlines, shipping firms, and logistics companies tend to demonstrate higher levels of compliance, partly because they operate under stronger regulatory scrutiny and established governance systems. Sound corporate governance, therefore, is a key determinant of tax compliance, as it encourages transparency, accurate financial reporting, and adherence to legal obligations.

2.2 Concept of Corporate Governance

Corporate governance refers to the framework of principles, structures, and processes through which organizations are directed and controlled. It ensures that the management of a company operates in the best interest of its stakeholders while upholding the values of fairness, transparency, accountability, and responsibility. The concept has evolved over the years as a

mechanism for promoting integrity and efficiency in corporate management. The Cadbury Report (1992) defines corporate governance as the system by which companies are directed and controlled, highlighting its role in maintaining order and ethical conduct within corporate entities. Effective governance provides a structure that specifies the distribution of rights and responsibilities among shareholders, the board of directors, and management, thereby ensuring that corporate objectives are achieved responsibly. In Nigeria, corporate governance plays a critical role in ensuring regulatory compliance, including tax obligations. Companies with strong governance frameworks tend to maintain reliable financial records, implement internal controls, and foster a culture of integrity, which all contribute to proper tax compliance. Conversely, weak governance systems are often associated with corruption, poor financial reporting, and tax evasion. Within the Nigerian transport industry, the level of governance varies widely. Many road transport businesses operate informally, often as family-owned enterprises that lack formal governance structures. In contrast, large aviation, maritime, and logistics companies are more likely to adhere to corporate governance standards due to regulatory oversight and public accountability. The difference in governance structures explains why larger and better-governed firms typically exhibit higher levels of tax compliance compared to their informal counterparts.

2.3 Concept of Legal Framework

The legal framework refers to the body of laws, regulations, and institutional arrangements that govern taxation and corporate governance in Nigeria. It defines the rights, responsibilities, and obligations of both individuals and corporate entities while providing mechanisms for

enforcement and compliance. The framework serves as the foundation upon which the principles of tax compliance and corporate accountability are built. In Nigeria, several key legislations regulate corporate governance and taxation. The Companies Income Tax Act (CITA) governs the taxation of companies, while the Personal Income Tax Act (PITA) regulates the taxation of individuals and partnerships. The Federal Inland Revenue Service (Establishment) Act provides the legal authority for the Federal Inland Revenue Service (FIRS) to assess, collect, and enforce tax laws. The Companies and Allied Matters Act (CAMA) 2020 (as amended) serves as the principal legislation governing the formation, operation, and regulation of companies in Nigeria. It prescribes provisions relating to company management, financial reporting, and compliance with statutory obligations. The Nigerian Code of Corporate Governance (NCCG) 2018 complements CAMA 2020 (as amended) by promoting ethical leadership, transparency, and accountability in the corporate environment. These legislative instruments are interrelated. While tax laws impose fiscal obligations on businesses, governance laws ensure that companies maintain the internal structures necessary to meet those obligations. Effective enforcement of these laws promotes a culture of compliance, whereas weak legal oversight fosters tax evasion and unethical corporate practices.

2.4 Concept of the Transport Industry

The transport industry encompasses all activities, services, and infrastructure involved in the movement of people, goods, and services across different locations. In Nigeria, the sector includes road, rail, air, and maritime transport, each contributing significantly to economic

growth and social development. Road transport remains the most dominant mode due to its accessibility and flexibility, accounting for the majority of passenger and freight movements. However, it is also the most informal and least regulated subsector, with numerous small operators who often operate outside formal tax and governance systems. Air transport is more structured and regulated, consisting of registered airlines that operate under the oversight of the Nigerian Civil Aviation Authority (NCAA). Maritime transport involves shipping companies, port operators, and inland waterway services, all of which are governed by the Nigerian Maritime Administration and Safety Agency (NIMASA). Rail transport, managed by the Nigerian Railway Corporation and private sector partners, has been undergoing revitalization as part of the country's infrastructure development efforts. Despite its importance, the transport industry faces significant governance and compliance challenges. The high level of informality, weak regulation, and multiplicity of levies imposed by different levels of government have complicated tax administration within the sector. As a result, there is a strong need for effective corporate governance practices to improve compliance, accountability, and efficiency among transport operators.

2.5 Corporate Establishment and Taxes

Corporate establishment in Nigeria is primarily governed by the Companies and Allied Matters Act (CAMA) 2020 (as amended), which provides the legal framework for company formation, management, and regulation. Under this Act, businesses are required to register with the Corporate Affairs Commission (CAC), maintain proper accounting records, and file annual

returns. These requirements serve as essential components of good governance and promote transparency in corporate activities. In relation to taxation, the Companies Income Tax Act (CITA) serves as the main legislation guiding the taxation of corporate entities. Both local and foreign companies are required to obtain a Tax Identification Number (TIN) from the Federal Inland Revenue Service (FIRS) before commencing business operations. Companies must also register for relevant taxes such as Company Income Tax (CIT), Value Added Tax (VAT), Pay-As-You-Earn (PAYE) for employees, and, where applicable, Excise Duty. Compliance with these tax obligations reflects a company's adherence to corporate governance principles, especially transparency, accountability, and integrity in financial management.

Strong corporate governance helps companies meet their tax obligations by ensuring sound internal control systems, accurate record-keeping, and effective oversight. Conversely, weak governance structures often result in tax evasion, poor accounting practices, and regulatory breaches. Therefore, governance and taxation are interdependent, and strengthening one often enhances the other.

2.6 Overview of Taxation of the Transport Industry

Taxation in Nigeria's transport industry operates at different levels, depending on the legal and organizational structure of the business. Incorporated transport companies are taxed under the Companies Income Tax Act at a rate of thirty percent (30%) on profits derived from Nigeria. Non-resident companies operating in Nigeria are taxed at the same rate on income generated within the country. Partnerships in the transport business are taxed at the individual partner's

level under the Personal Income Tax Act, while sole proprietors are taxed through their respective State Internal Revenue Services. Most transport businesses, particularly those in the road sector, operate informally and are therefore outside the formal tax net. This informality contributes to low tax compliance levels. The Federal Inland Revenue Service (FIRS), through its Medium Taxpayers Office (MTO), plays a key role in monitoring compliance among medium-sized transport firms. Nevertheless, challenges such as poor record-keeping, weak governance structures, and corruption continue to hinder effective taxation in the sector. The integration of strong corporate governance mechanisms can significantly improve tax compliance in the Nigerian transport industry. Transparent reporting systems, independent audits, and responsible leadership help create a culture of compliance and accountability. Companies that adhere to sound governance principles are better positioned to fulfil their tax obligations, avoid penalties, and build public trust.

Other Taxes and Penalties

Among others exist taxes such as Multiple taxes, Vehicle registration fees, withholding tax, Import duty, capital gains tax and Minimum tax as under the Company Income Tax Act. First, regarding the multiple taxes and vehicle registration fees, the Federal Road Safety Commission (FRSC) Act and the National Road Traffic regulations 2004 provides regulations for commercial vehicles in Nigeria. These regulations cover various aspects, including:

Vehicle Registration: All commercial vehicles must be registered with the relevant authorities, displaying two number plates that comply with FRSC requirements.

Number Plates: Commercial vehicles are required to have number plates with specific designs, including the state name in black, licensing office code number, vehicle registration number, and local government code number in red.

Vehicle Inspection: Commercial vehicles must undergo regular inspections to ensure roadworthiness and compliance with safety standards.

Licensing: Commercial vehicle drivers are required to obtain a commercial vehicle license and may need to meet additional requirements, such as the Lagos State Drivers' Institute (LASDRI) card for drivers operating in Lagos.

Capital gains tax is charged at the rate of 10% on net of the transfer value over adjusted cost, although private vehicles are exempted from capital gains tax. The tax is payable 6 months following the month of disposal or transfer.

Regarding the Minimum tax, this type of tax regulates the small and the medium sized businesses. Minimum tax in Nigeria is a tax levied on companies with no taxable profit or tax payable lower than the minimum tax computed. It's calculated at a rate of 0.5% of gross turnover minus franked investment income. However, due to the Finance Act 2020, the minimum tax rate was reduced to 0.25% for Years of Assessment (YOA) commencing from January 1, 2020, to December 31, 2021. However, there are certain exemptions from the Minimum Tax, these includes:

Companies in their first four calendar years of operation.

Small companies with an annual gross turnover of less than N25 million.

Companies engaged in agricultural business.

Companies Subject to Minimum Tax

Companies with total turnover above N500,000

Non-life insurance companies (0.5% of gross premium)

Life assurance companies (0.5% of gross income).

Majority of the transport industry in Nigeria falls within this bracket, although these entities will not be included in the scope of this study. Notwithstanding the provision of the Act, it is worth noting that compliance to this tax has proven a challenge especially in the transport industry which some have maintained an informal status. Failure to pay corporate and individual taxes can have serious consequences. For Corporate organisations, late payment penalties and interest charges can be applied to the outstanding tax amount. For instance, a 0.5% to 1% monthly penalty can be imposed on overdue taxes. Non-compliance can lead to the revocation or suspension of business licenses or permits, disrupting operations. The government can file a tax lien against the company's assets, affecting credit scores and making it harder to secure loans. In severe cases, tax evasion or willful non-payment can result in significant penalties. According to the law, tax evaders face criminal charges and must pay the withheld tax plus a 10% annual penalty. A fine of ₦200,000 or 3 years imprisonment, or both, for making false declarations, or a ₦25,000 fine for the first month of default, and ₦5,000 for each subsequent month. Additionally,

the government imposes penalties to discourage tax evasion. The Federal Inland Revenue Service (FIRS) conducts thorough investigations to ensure offenders pay back taxes along with penalties, which can include fines and asset seizures. For Individual Tax Consequences, similar to corporate taxes, individuals may face penalties and interest on overdue taxes. Unpaid taxes can lead to tax liens against personal assets, such as homes or bank accounts. Willful tax evasion or non-payment can result in fines and prosecution and unresolved tax debts can negatively impact credit scores, making it harder to secure loans or credit.

It's essential to note that specific consequences may vary depending on the jurisdiction and circumstances. It's recommended to consult with a tax professional or legal expert for personalized guidance. In summary, failure to pay taxes as required, or to file returns in time as specified attracts sanctions under the law. It is therefore, as part of sound corporate governance systems for corporations in the transport industry to ensure that tax obligations are met in a timely manner to avoid tax penalties.

Taxation for unincorporated entities and Individuals in the Transport Industry

As highlighted above, the transport industry is composed of various entities including partnerships, unincorporated entities and individual businesses. As of unincorporated entities and individual tax payers are governed by the Personal Income Tax Act. Under the Act, it perceives the unincorporated entities and individuals in terms of residents and non-residents. The Act requires an employer to make tax deductions from the income of its employees on a monthly basis. The deducted tax should there after be remitted to Nigeria Revenue authority by the 10th

day of every month, for remitting PAYE tax deducted from staff salaries to the relevant tax authority. It's essential to meet these deadlines to avoid penalties, fines, and potential legal issues. For instance, late filing may result in fines of up to ₦50,000 for first offenders and ₦100,000 for repeat offenders, as well as interest charges and possible prosecution. It follows therefore that an employer, have this responsibility of ensuring compliance in terms of tax remittances.

2.7 The Code of Corporate Governance Practices

In a bid to promote good corporate governance practice in Nigeria, the Financial Reporting Council of Nigeria (FRCN) established a code of corporate governance known as the Nigerian Code of Corporate Governance (NCCG) 2018 in order to promote sound corporate governance practices and enhance the integrity of the Nigerian corporate landscape. Key Features of the NCCG 2018 includes the following:

Apply and Explain Approach: The code adopts an "apply and explain" approach, requiring companies to demonstrate how they apply the principles outlined in the code.

Institutionalizing Best Practices: The NCCG aims to institutionalize corporate governance best practices in Nigerian companies and promote public awareness of essential corporate values and ethical practices.

Applicability: The code generally applies to all public companies and regulated private companies, although its applicability to specific companies may vary.

Reporting Requirements: Companies are required to disclose their compliance with the NCCG

on an annual basis, outlining the nature of their compliance and explaining any areas of non-compliance.

2.7 Regulatory Framework of NCCG

The Nigerian corporate governance regime is characterized by a combination of statutory frameworks and subsidiary legislation enacted by relevant regulatory authorities. Key laws and regulations includes Companies and Allied Matters Act (CAMA) which governs the formation, registration, operation, and regulation of businesses and corporate entities in Nigeria. The Financial Reporting Council of Nigeria Act establishes the FRCN as the regulatory authority responsible for developing principles and practices of corporate governance. The Securities and Exchange Commission (SEC) Guidelines provide additional governance frameworks for public companies. Significantly, the application of the Code transcends both the listed and unlisted public companies in Nigeria. The analysis of this Code though meant for public listed companies, is also benchmark for private companies. The analysis of this regulation is shared in light of corporate governance in the transport industry in Nigeria. The Code provides certain recommendations on structures and processes, which companies should adopt in making good corporate governance an integral part of their business dealings and culture. It also calls for companies to apply standards that are above the minimum legislation prescribed requirements. In view of the above, the intention of the Code therefore is to provide the minimum standards required from directors or managers and ownership of a listed company or an unlisted company that issues securities to the public, so as to promote high standards of good conduct. This will in

turn ensure that duties and responsibilities are carried out in a clear and effective manner. Against the foregoing backdrop, it is imperative for the transport companies to adopt the Regulations as it forms part of sound corporate governance and promote compliance.

2.8 Board Operations and Control

The Code provides that one of the significant institutions in corporate governance is the Board of Directors. It is therefore necessary that the board is qualified and it is competent in terms of members' qualifications. This is necessary in ensuring the independence of the Board and that it is able to offer strategic leadership to the Company. The Code also provides that there is need for proper understanding of roles and responsibilities of the Board not only by members of the Board, but similarly by external stakeholders and company executives. This is necessary to ensure that the Board can be held accountable by the various stakeholders. Regarding the appointment of the Board, the Code provides that the corporation to ensure that there is a formal and a transparent system in place in the appointment of members of the Board and all other individuals with interest in the position should as a requirement disclose any areas of conflict of interest that may come in the way of directorship. The Code also provides that the Board be structured to ensure effectiveness and add value to the Company. For the purposes of ensuring compliance, the Nigerian Code of Corporate Governance (NCCG) 2018 provides for an Audit Committee, which plays a crucial role in ensuring the integrity of a company's financial statements and overseeing the relationship with external auditors. The committee should consist of at least three members, all of whom should be financially literate, with at least one member

being a financial expert. The Audit Committee is responsible for ascertaining the integrity of Financial Statement of a company or organisation. The Audit Committee also promotes independence of external auditors, the committee develop and oversee the internal audit function. The body oversee the relationship with external auditors to ensure the quality of the company's financial statements.

Additionally, the NCCG recommends that the Board establish other committees, including the Nomination and Governance Committee which oversees the annual performance evaluation of the Board, establishes a formal criteria and transparent process for Board appointments, and recommends suitably qualified members to the Board or its committees. The NCCG also recommends that the Board establish a Remuneration Committee which is responsible for developing and recommending a formal framework for the company's remuneration policies and procedures.

On this basis, there is no doubt that even for the transport companies that have boards that are qualified in terms of competency, then, they are likely to be tax compliant, as they are in a position to understand the benefits of compliance.

Accountability, Risk Management and Internal Control

Under this limb, the Code provides that the Board has the responsibility of ensuring that systems which are in place are adequate and the processes of accountability, management of risk and internal control are set to achieve its objectives. In this light, the Code provides that Board shall ensure adequate structures to facilitate the creation of true and fair financial statements.

True and fair financial statements are important in ensuring tax compliance by companies. It is also recommended that entities put in place effective risk management systems. This will entail reviewing the internal control systems to determine the existing risks and thereby put proper safeguard measures in place.

It is therefore necessary for Boards of transport companies to appreciate the place of risk in complying with tax laws.

Financial and Business Reporting

The Code requires that there be a structure to independently safeguard and verify the integrity of the financial reporting process. That it is the responsibility of the Board to ensure there are mechanisms of authorization and review put in place to guarantee the truthful and factual presentation of the corporation's financial position. This structure places emphasis on the role of the Audit Committee of the Board and also on the role of the Company's external auditors. Over and above the reporting, it also places on the Audit committee the responsibility to ensure that the financial statements are reliable and also comply with the reporting standards. The Code also requires the adoption of an integrated reporting which results in effective disclosure, including that stakeholders concerns have been taken into account in the running of the company. And as such, regarding the interest of the various stakeholders leads to better control and management of the company. The Code also recommends that there shall be internal control systems. The Board has the responsibility in ensuring that these systems are established and on a regular basis, review the integrity and the adequacy of the company's internal control systems and

management including the management of information systems and compliance with laws applicable, rules, regulations and guidelines. The import of internal controls, according to the guidelines is essential for risk management. It is therefore sound that the systems are tested to ensure that the systems are robust and viable. It is notable that tax compliance mechanisms for companies forms part of the internal control mechanisms. This includes the transport companies.

Transparency and Disclosure

The Code provides that transparency and disclosure are a necessary function for market based monitoring of corporations and is significant to shareholders ability to exercise their rights. Disclosure according to the Code is a strong tool that places influence on companies and ensures confidence in the markets. It also allows stakeholders to understand the company, in terms of their values and environmental standards. The Board should therefore ensure that there is a balanced disclosure of all material information of the company in a timely manner. Additionally, the Code requires that the disclosure contains information showing that a legal and compliance audit was carried out, that there is compliance with the laws, standards and regulations and should also show any material departures from required compliance and measures put in place to address the same.

In a nutshell, the above forms the legal framework governing taxation as well as corporate

governance in the transport industry in Nigeria. This discussion is relevant to the study because it highlights the current laws, and regulations that entities are required to comply with. It also forms the basis for the discussions in subsequent chapters. Therefore, in conclusion, it is important to understand what compliance to the relevant tax laws entail before looking at whether or not they are compliant. It is also critical to understand why entities in Nigeria do not have similar corporate governance structures. As we have noted above, the corporate governance code is not mandatory for companies that are not listed. It only acts as a benchmarking tool for unlisted companies.

2.9 Theoretical Framework

This study is anchored on five theories that provide a foundation for understanding the relationship between tax compliance, corporate governance, and the transport industry in Nigeria. These are the Agency Theory and the Stakeholder Theory.

Agency Theory

Agency theory has existed since the early 1960s as an advancement in the field of contract and risk-sharing relationships among individuals and groups with divergent goals and risk attitudes. The early works of Berle and Means (1932) laid the foundation, while scholars such as Harold Demsetz, Michael Jensen, Armen Alchian, and Eugene Fama contributed significantly to its development. The theory is premised on the idea that corporations are a web of contractual relationships between principals (owners/shareholders) who provide resources, and agents (managers/boards) who are entrusted with decision-making on their behalf. According to Fama

and Jensen, the delegation of decision-making power creates inherent conflicts, as the goals of principals and agents may not always align.

Eisenhardt (1989) describes the agency problem as the difficulty or cost for the principal to verify that the agent is acting in their best interest, given that agents may pursue self-interest, exhibit risk aversion, and act under bounded rationality. This misalignment of objectives creates inefficiencies and agency costs.

To address this, the theory emphasizes designing efficient contractual terms, incentive structures (such as bonuses or profit-sharing), and monitoring mechanisms to align the interests of agents with those of principals. Importantly, agency theory also acknowledges that information asymmetry exists, as information can be bought, sold, or withheld, further complicating principal-agent relationships.

In the context of corporate governance, agency theory explains the flow of power and authority within corporations. For the transport industry, this is relevant because corporations (e.g., airlines, shipping firms, logistics companies) are legally bound to comply with tax regulations. Here, shareholders (principals) rely on boards and managers (agents) to design and implement governance policies that ensure tax compliance. This makes agency theory particularly useful in explaining the role of boards in ensuring transparent financial reporting, accountability, and adherence to taxation laws.

Stakeholder Theory

The stakeholder theory, advanced by Edward Freeman in the 1980s, argues that corporations should serve not only the interests of shareholders but also the wider network of stakeholders. Stakeholders include employees, customers, government, suppliers, creditors, local communities, and society at large. The theory rests on the premise that a corporation's actions and decisions have significant impacts on these diverse groups. Therefore, businesses must integrate stakeholder concerns into their decision-making, not just as a moral obligation, but as a legal and strategic necessity. According to Griffiths et al., corporations add long-term value and achieve sustainable success when they recognize and balance the interests of multiple stakeholders.

The stakeholder theory proposes that corporations should foster inclusiveness, often by increasing stakeholder representation in governance structures such as boards. This inclusiveness reduces conflict, improves transparency, and enhances corporate efficiency. In relation to tax compliance and corporate governance, the theory highlights that governments (as regulators and revenue collectors), employees (as contributors to production), and communities (as beneficiaries of infrastructure and services funded by taxes) are all key stakeholders. For the transport industry, this means that companies must prioritize compliance with tax obligations not only to satisfy legal requirements but also to strengthen trust and legitimacy among stakeholders. By doing so, corporations enhance their reputation, maintain their license to operate, and contribute to sustainable governance practices.

Legitimacy Theory

The legitimacy theory is based on the idea that for an organisation to survive, it must act in ways that are consistent with the values, expectations, and norms of the society in which it operates. When an organisation fails to meet societal expectations, it risks losing its legitimacy and support from stakeholders. This theory was popularised in accounting and corporate governance studies as a way of explaining why organisations disclose information and comply with regulations.

In the context of the transport industry in Nigeria, legitimacy theory is very important because many transport companies operate in a highly visible sector that directly affects the public. For example, when transport companies fail to pay their taxes, society sees them as irresponsible and illegitimate, which can damage their reputation and relationship with regulators. On the other hand, tax compliance portrays them as responsible corporate citizens, which strengthens their acceptance and continued operation within the Nigerian economy.

Institutional Theory

Institutional theory explains how organisations behave under the influence of the environment in which they operate. According to the theory, companies are pressured to adopt certain practices not only for efficiency but also to conform to rules, regulations, and cultural expectations. DiMaggio and Powell (1983) classified these pressures into coercive pressures (laws and regulations), normative pressures (professional standards and expectations), and mimetic pressures (copying what other successful companies are doing).

This theory applies directly to the Nigerian transport industry. For instance, the Federal Inland Revenue Service (FIRS) exerts coercive pressure on companies by requiring them to comply with tax laws. Professional accounting bodies and corporate governance codes exert normative pressure by defining what is considered acceptable practice. Finally, many transport companies adopt similar tax compliance and governance practices as their peers, in order to remain competitive and legitimate. This shows that tax compliance is not only a legal matter but also a response to institutional forces in Nigeria.

Compliance Theory

Compliance theory is concerned with why individuals and organisations obey rules and regulations. The theory suggests that people comply with laws for two main reasons: deterrence (fear of punishment, fines, or sanctions) and commitment (a sense of moral duty or obligation to obey the law). Becker (1968) was one of the early scholars to advance this idea.

This theory is very relevant to tax compliance in the Nigerian transport industry. Many transport companies comply with tax obligations because they fear the penalties and sanctions imposed by FIRS, such as fines, license revocation, or even court action. Others comply because they believe it is their civic responsibility to contribute to national development. However, in practice, many Nigerian transport companies still operate informally and avoid taxes, which shows that compliance is often driven more by deterrence than genuine commitment.

2.10 Empirical Literature Review

Empirical literature review provides evidence from prior studies conducted by scholars on the issues of tax compliance, corporate governance, and the transport industry. This review is necessary in order to identify existing gaps in literature, situate the current study in context, and also highlight the extent to which prior findings align or differ across various environments.

Tax Compliance and the Transport Industry

Tax compliance has been a major challenge in the Nigerian transport sector due to its peculiar structure. Okoye and Akenbor (2016), in a study of road transport operators in Anambra State, discovered that weak enforcement mechanisms and poor record-keeping significantly hindered compliance. Similarly, Ogbonna and Appah (2012) observed that informal transport operators often evade statutory taxes because they perceive tax revenues as being mismanaged by government.

Eze and Udeh (2018) carried out a study in Enugu State and reported that commercial drivers and motorcycle operators prefer to pay union dues rather than statutory taxes, implying that informal governance structures replace formal tax obligations. These findings are consistent with Ariyo (1997), who earlier highlighted that Nigeria's informal sectors, including transport, are difficult to capture under the tax net.

At a broader level, Alm and Torgler (2011) found that in developing countries voluntary compliance is typically low in informal industries. Their findings mirror Olaoye and Ekundayo (2019), who established that large transport firms such as shipping companies and airlines in

Nigeria tend to comply better with taxation because they are subject to strict regulatory oversight by the Federal Inland Revenue Service (FIRS) and other government agencies.

Furthermore, Oyedokun (2016) emphasized that the multiplicity of taxes—road taxes, union levies, vehicle registration, and federal/state taxes—creates resentment among transport operators, leading to tax avoidance and evasion. In a similar study, Adebisi and Gbegi (2013) found that double taxation discourages small-scale transport operators from fulfilling their obligations.

Comparatively, Mutiso and Kamau (2019) discovered that Kenyan transport operators resist tax compliance due to overlapping jurisdictions of national and county governments, which reflects the Nigerian experience. Likewise, Asante and Abor (2011) in Ghana noted that informal transport workers rarely comply with taxation because regulatory bodies are weak and fragmented.

Corporate Governance and Tax Compliance

Scholars have extensively documented the link between corporate governance structures and tax compliance. Adebite (2012) demonstrated that Nigerian companies with strong boards and effective audit committees show higher levels of compliance with tax regulations. Similarly, Akinleye and Oginni (2019) noted that poor governance structures in Nigerian transport firms weaken financial reporting systems, thereby reducing compliance with statutory taxes.

Okafor (2020), in his study of Nigerian airlines, reported that firms with independent directors

and qualified audit committees were more likely to fulfill their tax obligations compared to those with weak governance structures. This aligns with the position of Jensen and Meckling (1976) under agency theory that effective monitoring mechanisms reduce managerial opportunism.

Desai and Dharmapala (2006) using U.S. data, found that corporate governance mechanisms reduce the likelihood of aggressive tax avoidance. Likewise, Richardson and Lanis (2007) reported that Australian companies with strong governance frameworks displayed better tax compliance. These findings support the argument that governance structures play a vital role in aligning corporate behaviour with regulatory expectations.

In the Nigerian context, Uwuigbe, Olusanmi and Iyoha (2015) discovered that board size and composition significantly affect corporate transparency, which in turn influences tax compliance. Arowoshegbe and Uniamikogbo (2016) also argued that weak corporate governance frameworks explain persistent tax evasion in industries dominated by family-owned businesses, such as road transport.

Legal and Regulatory Frameworks

The effectiveness of Nigeria's legal framework in promoting compliance has been widely debated. Adebayo (2019) argued that despite the existence of the Companies Income Tax Act (CITA), Personal Income Tax Act (PITA), and the FIRS Act, enforcement has been inconsistent, particularly in the transport sector. Similarly, Nwaiwu and Nkamare (2020) observed that multiple levies from federal, state, and local governments confuse transport operators and

discourage compliance.

Okafor and Eze (2019) revealed that weak tax audits and insufficient technological adoption by FIRS have created loopholes that transport operators exploit. Conversely, Akintoye and Tashie (2013) showed that electronic tax systems improve compliance when properly implemented, but noted that such systems are yet to be fully adopted in the Nigerian transport sector.

Other African evidence mirrors these findings. For example, Mutiso and Kamau (2019) noted overlapping jurisdictions in Kenya create enforcement problems. In Ghana, Asante and Abor (2011) argued that transport workers operate largely outside the tax net due to weak institutional capacity.

Corporate Governance in the Transport Industry

Studies on governance practices within the Nigerian transport industry remain limited, but a few exist. Adeniyi (2020) examined Nigerian airlines and discovered that poor governance structures were partly responsible for the collapse of several airlines, as weak boards failed to enforce accountability and tax compliance. Olayiwola and George (2012) studied Nigerian shipping firms and noted that family ownership and lack of transparency hindered adherence to both governance codes and tax regulations.

Okoye (2017) also emphasized that the informal nature of most road transport unions means there are no governance structures such as boards or audit committees to ensure accountability.

This situation contrasts with aviation and maritime transport firms, which are more structured.

International evidence also reinforces these findings. Pistor et al. (2003) revealed that transport and logistics firms in emerging economies with stronger governance attract foreign investment and comply better with taxation. Similarly, Clarke and Klettner (2010) found that companies in Australia's transport sector with diverse boards and independent directors exhibited stronger compliance behaviours.

Synthesis of Empirical Findings

From the foregoing review, several patterns emerge. First, tax compliance in Nigeria's transport industry is very low, especially among informal operators such as bus drivers and unions. Second, governance structures such as boards and audit committees have been shown to promote transparency and improve tax compliance in both Nigerian and international contexts. Third, while Nigeria has comprehensive tax and governance legislation, enforcement gaps and the multiplicity of levies undermine effectiveness. Fourth, empirical evidence consistently shows that stronger governance frameworks lead to higher compliance levels, whereas weak governance perpetuates informality and evasion.

Thus, a clear gap exists in the literature regarding how the legal framework specifically influences tax compliance and corporate governance in the Nigerian transport industry. This study seeks to fill that gap by providing a detailed assessment of the legal frameworks and their effectiveness in promoting compliance in the sector.

Conclusion

From the empirical studies reviewed, it is evident that tax compliance in the Nigerian transport industry remains a persistent challenge, particularly among informal operators such as commercial bus drivers, tricycle riders, and motorcyclists. The literature reveals that while large and more structured transport firms such as shipping companies and airlines tend to show higher compliance due to strict regulatory oversight, the bulk of operators within the road transport sub-sector evade taxes because of weak monitoring, poor record-keeping, and the perception that tax revenues are mismanaged.

Corporate governance has been identified as a significant determinant of tax compliance. Empirical evidence consistently shows that firms with effective governance mechanisms—such as strong boards, independent directors, and audit committees—are more transparent and thus comply better with statutory tax obligations. Conversely, weak governance structures, which dominate much of the Nigerian transport sector, perpetuate tax avoidance and non-compliance.

The review also highlights that while Nigeria has comprehensive tax laws and corporate governance codes, enforcement remains weak, and the multiplicity of levies across federal, state, and local governments discourages voluntary compliance. Findings from other African countries such as Ghana and Kenya reflect similar experiences, suggesting that institutional weaknesses are a continental challenge in informal industries like transport.

In summary, the literature establishes that tax compliance in the transport industry is strongly

influenced by governance structures and the strength of the legal framework. However, the gaps in enforcement, institutional weakness, and dominance of informal actors create barriers to effective compliance. This study, therefore, positions itself to critically assess the adequacy of the legal framework regulating tax compliance and corporate governance in Nigeria's transport industry, with a view to providing recommendations that can improved.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology adopted to investigate the impact of corporate governance and tax compliance in Nigeria. It describes the research design, population, sample size, sampling techniques, research instrument, validity and reliability procedures, methods of data collection, measurement of variables, methods of data analysis, model specification, and ethical considerations. The methodology is aligned with the objectives and hypotheses of the study outlined in Chapter One.

3.2 Research Design

The study employed a survey research design. This design was considered appropriate because it allows for the collection of first-hand information from respondents within firms and facilitates the quantification and statistical analysis of their responses. The survey method is suitable for examining the relationship between corporate governance practices and tax compliance.

3.3 Population of the Study

The population of this study comprised management staff, accountants, auditors, and administrative officers of registered transport firms in Nigeria. These categories of staff were chosen because they are directly involved in decision-making, record-keeping, and tax-related matters. A total of 134 staff members formed the study population.

3.4 Sample Size and Sampling Technique

The sample size was determined using Taro Yamane's formula:

$$n = N/1+N(e)$$

Where:

N = 134 (population size)

e = level of significance (0.05),

n = sample size.

$$n = 134/1+134(0.0025) = 134/1.335 = 100$$

Thus, the sample size was 100 respondents. The computed sample was distributed across selected transport firms in proportion to their size. A purposive and stratified random sampling technique was adopted to ensure adequate representation of staff directly responsible for governance and tax compliance.

3.5 Research Instrument

The main instrument for data collection was a structured questionnaire developed in line with the study objectives and hypotheses. The questionnaire consisted of closed-ended questions on a five-point Likert scale (ranging from Strongly Agree to Strongly Disagree). The items covered issues such as:

Legal and regulatory framework,

Corporate governance practices (board oversight, transparency, accountability, record-keeping),

Influence of governance on tax compliance,

Challenges hindering governance and compliance.

3.6 Validity of Instrument

To ensure validity, the draft questionnaire was submitted to the research supervisor and two experts in corporate governance and taxation for review. Their feedback on clarity, relevance, and alignment with the research objectives was incorporated into the final instrument.

3.7 Reliability of Instrument

The reliability of the instrument was tested through a pilot study involving 10 staff members of transport firms outside the sample population. Responses were analyzed using the test–retest method, and the reliability coefficient obtained was above 0.70, which is considered satisfactory for social science research.

3.8 Method of Data Collection

Data for this study were collected exclusively from primary sources. The researcher personally administered the questionnaires to respondents in the selected transport firms and retrieved them upon completion. This direct approach minimized non-response and ensured a high return rate.

3.9 Measurement of Variables

The variables of the study were operationalized as follows:

Independent Variables (Corporate Governance Practices):

Legal framework (CAMA 2020, SEC Code, FRCN guidelines),

Board oversight and accountability,

Transparency and disclosure practices,
Record-keeping and internal control systems.

Dependent Variable (Tax Compliance):

Measured using indicators such as accuracy of tax returns, timeliness of remittances, compliance with FIRS requirements, and transparency in tax-related documentation.

Control Variables:

Demographic characteristics such as firm size, ownership structure, and years in operation were included to account for potential variations.

3.10 Method of Data Analysis

Data collected were coded and analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics (frequencies, percentages, and mean scores) were used to summarize responses. To test the hypotheses formulated in Chapter One, the Chi-square (X^2) test of independence was applied at a 5% significance level.

The Chi-square formula is:

$$X^2 = \sum (O - E)^2 / E$$

Where:

O = Observed frequency,

E = Expected frequency.

The decision rule was to reject the null hypothesis if the calculated p-value was less than 0.05.

3.11 Model Specification

To empirically examine the relationship between corporate governance and tax compliance in transport firms in Nigeria, the following functional model is specified:

$$TC = f(LF, CP, TR, RC)$$

Where:

TC = Tax Compliance (Dependent Variable)

LF = Legal Framework (CAMA 2020, SEC Code, FRCN guidelines)

CP = Corporate Governance Practices (board oversight, accountability, transparency)

TR = Transparency and Disclosure Mechanisms

RC = Record-Keeping and Internal Controls

The econometric form of the model is expressed as:

$$TC = \beta_0 + \beta_1 LF + \beta_2 CP + \beta_3 TR + \beta_4 RC + \mu$$

Where:

β_0 = Intercept term,

$\beta_1 - \beta_4$ = Coefficients measuring the impact of each governance variable on tax compliance,

μ = Error term capturing other factors not included in the model.

The model assumes a linear relationship between corporate governance practices and tax compliance. The coefficients will be tested for statistical significance at the 5% level using

regression and Chi-square analysis to determine the strength and direction of the relationships.

3.12 Ethical Considerations

Ethical standards were strictly observed throughout the study. Respondents were briefed about the objectives of the research, and informed consent was obtained prior to data collection. Participation was voluntary, and confidentiality of responses was guaranteed. Personal identifiers were not disclosed, and respondents had the right to withdraw from the study at any point without any penalty.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter deals with the presentation and analysis of the result obtained from questionnaires. The data gathered were presented according to the order in which they were arranged in the research questions and simple percentage were used to analyze the demographic information of the respondents while the chi square test was adopted to test the research hypothesis.

	Frequency	Percent	Cumulative Percent
Male	39	39.0	39.0
Female	61	61.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 1 above shows the gender distribution of the respondents used for this study. Out of the total number of 100 respondents, 39 respondents which represent 39.0 percent of the population are male. 61 which represent 61.0 percent of the population are female.

Table 2: Age range of Respondents

Age	Frequency	Percent	Cumulative Percent
18-25years	82	82.0	82.0
26-35years	12	12.0	94.0
36-45years	6	6.0	100.0
46 and above	0	0.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 2 above shows the age grade of the respondents used for this study. Out of the total number of 100 respondents, 82 respondents which represent 82.0percent of the population are between 18-25years. 12respondents which represent 12.0percent of the population are between 26-35years. 6respondents which represent 6.0percent of the population are between 36-45years. 0respondents which represent 0.0percent of the population are 46 years and above

Table 3: Educational Background of Respondents

	Frequency	Percent	Cumulative Percent
OND/NCE	10	10.0	10.0
Bachelor's Degree (BSC/BA)	65	65.0	75.0
Master's Degree (MSC/MA)	9	9.0	84.0
Doctorate (PHD)	4	4.0	88.0
OTHERS	12	12.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 3 above shows the educational background of the respondents used for this study. Out of the total number of 100 respondents, 10 respondents which represent 10.0percent of the population are OND/NCE holders. 65 which represent 65.0percent of the population are Bachelor's Degree (BSC/BA) holders. 9 which represent 9.0percent of the population are Master's Degree (MSC/MA) holders. 4 which represent 4.0percent of the population are Doctorate (PHD) holders. 12 which represent 12.0percent of the population had other type of educational qualifications.

Table 4: Years Of Work Experience

Years	Frequency	Percent	Cumulative Percent
Less than 5 years	77	77.0	77.0
5-9 years	15	15.0	92.0
10-14 years	6	6.0	98.0
15 years and Above	2	2.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 4 above shows the years of work experience of the respondents used for this study. 77 which represent 77.0percent of the population have less than 5 years working experience. 15 which represent 15.0percent of the population have 5-9 years work experience. 6 wh uniich represent 6.0percent of the population have 10-14 years of work experience. 2 which represent 2.0percent of the population have 15 years and above work experience.

Table 5: Department/unit

Department/unit	Frequency	Percent	Cumulative percent
Administration	22	22.0	22.0
Finance/Accounts	13	13.0	35.0
Operations/logistics	43	43.0	78.0
Audit/control	6	6.0	84.0
Others	16	16.0	100.0
Total	100	100.0	100.0

Source: Field Survey

Table 5 shows the department/unit of respondents used for the study. 22 respondents representing 22.0percent of the population under study are in administration. 13 respondents representing 13.0percent of the population under the study are in finance/accounts. 43 respondents representing 43.0percent of the population under study are in Operations/logistics. 6 respondents representing 6.0 percent of the population under study are in audit/control 16 respondents representing 16.0percent of the population under study are in other departments.

4.1.1 Analysis of Psychographic Data

Table 6: The companies and allied matters act (CAMA2020) provides adequate guidance on corporate governance in transport firms

	Frequency	Percent	Cumulative Percent
Strongly agree	26	26.0	26.0
Agree	62	62.0	88.0
Neutral	9	9.0	97.0
Disagree	3	3.0	100.0
Strongly disagree	0	0.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 6 above shows the responses of Out of 100 respondents, 26 (26.0%) strongly agreed, 62

(62.0%) agreed, 9 (9.0%) were neutral, and 3 (3.0%) disagreed. No respondent strongly disagreed.

This indicates that the majority believe CAMA 2020 provides adequate governance guidance.

Table 7: The Nigerian code of corporate governance (2018) is effectively enforced in the

transport sector

	Frequency	Percent	Cumulative Percent
Strongly agree	19	19.0	19.0
Agree	60	60.0	79.0
Neutral	13	13.0	92.0
Disagree	8	8.0	100.0
Strongly disagree	0	0.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 7 above shows the responses of Out of 100 respondents, 19 (19.0%) strongly agreed, 60

(60.0%) agreed, 13 (13.0%) were neutral, and 8 (8.0%) disagreed. No respondent strongly disagreed.

This suggests respondents generally see the Code as being effectively enforced, though some remain neutral or disagree.

Table 8: The federal inland revenue service (FIRS) provides clear guidelines for

tax compliance

	Frequency	Percent	Cumulative Percent
Strongly agree	32	32.0	32.0
Agree	55	55.0	87.0
Neutral	8	8.0	95.0
Disagree	5	5.0	100.0
Strongly disagree	0	0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 8 above shows the responses of Out of 100 respondents, 32 (32.0%) strongly agreed, 55

(55.0%) agreed, 8 (8.0%) were neutral, and 5 (5.0%) disagreed. None strongly disagreed.

This shows that most respondents believe FIRS provides clear tax compliance guidelines

Table 9: Regulatory enforcement mechanisms are strong enough to ensure compliance

among transport firms

	Frequency	Percent	Cumulative Percent
Strongly agree	31	31.0	31.0
Agree	54	54.0	85.0
Neutral	8	8.0	93.0
Disagree	4	4.0	97.0
Strongly disagree	3	3.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 9 above shows the responses of the respondents on whether regulatory enforcement mechanisms are strong enough to ensure compliance among transport firms. Out of the total number of 100 respondents, 31 respondents which represent 31.0percent strongly agreed, 54 which represent 54.0percent agreed, 8 which represent 8.0percent were neutral, 4 which represent 4.0percent disagreed, while 3 which represent 3.0percent strongly disagreed.

Table 10: penalties for non-compliance with tax obligations are adequate to deter defaulters

	Frequency	Percent	Cumulative percent
Strongly agree	9	9	9.0
Agree	42	42	51.0
Neutral	17	17	68.0
Disagree	25	25	93.0
Strongly disagree	7	7	100.0
Total	100	100	100.0

Source field survey

Table 10 above shows the responses of Out of 100 respondents, 9 (9.0%) strongly agreed, 42

(42.0%) agreed, 17 (17.0%) were neutral, 25 (25.0%) disagreed, and 7 (7.0%) strongly disagreed.

This reflects mixed opinions, with a significant proportion feeling penalties are not adequate deterrents.

Table 11: Our firm has a functional board or management committee that oversees

operations.

	Frequency	Percent	Cumulative percent
Strongly agree	32	32.0	32.0
Agree	53	53.0	85.0
Neutral	14	14.0	99.0
Disagree	1	1.0	100.0
Strongly Disagree	0	0.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 11 above shows the responses of Out of 100 respondents, 32 (32.0%) strongly agreed, 53

(53.0%) agreed, 14 (14.0%) were neutral, and 1 (1.0%) disagreed. None strongly disagreed. This implies that most firms have functional boards overseeing operations.

Table 12: There is accountability and transparency in the financial management of our

firm.

	Frequency	Percent	Cumulative percent
Strongly agree	33	33.0	33.0
Agree	50	50.0	83.0
Neutral	12	12.0	95.0
Disagree	3	3.0	98.0
Strongly Disagree	2	2.0	100.0
Total	100	100	100.0

Source: Field Survey.

Table 12 above shows the responses of Out of 100 respondents, 33 (33.0%) strongly agreed, 50

(50.0%) agreed, 12 (12.0%) were neutral, 3 (3.0%) disagreed, and 2 (2.0%) strongly disagreed.

Majority confirm accountability and transparency, though a small fraction disagreed

Table 13: Record keeping practices in the firm are adequate for meeting regulatory and tax

obligations

	Frequency	Percent	Cumulative percent
Strongly agree	29	29.0	29.0
Agree	52	52.0	81.0
Neutral	16	16.0	97.0
Disagree	1	1.0	98.0
Strongly Disagree	2	2.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 13 above shows the responses of the respondents on whether record keeping practices in the firm are adequate for meeting regulatory and tax obligations. Out of the total number of 100 respondents, 29 respondents which represent 29.0percent strongly agreed, 52 which represent 52.0percent agreed, 10 which represent 16.0percent were neutral, 1 which represent 1.0percent disagreed, while 2 which represent 2.0percent strongly disagreed.

Table 14: Internal control systems are effective in preventing mismanagement

	Frequency	Percent	Cumulative percent
Strongly agree	22	22.0	22
Agree	65	65.0	87.0
Neutral	10	10.0	97.0
Disagree	2	2.0	99.0
Strongly disagree	1	1.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 14 above shows the responses of the respondents on whether internal control systems are effective in preventing mismanagement. Out of the total number of 100 respondents, 22 respondents which represent 22.0percent strongly agreed, 65 which represent 65.0percent agreed, 10 which represent 10.0percent were neutral, 2 which represent 2.0percent disagreed, while 1 which represent 1.0percent strongly disagreed.

Table 15: Decision-making in the firm is inclusive and considers compliance requirements.

	Frequency	Percent	Cumulative percent
Strongly agree	20	20	20
Agree	61	61	81.0
Neutral	12	12	93.0
Disagree	6	6	99.0
Strongly disagree	1	1	100.0
Total	100	100	100.0

Source: Field Survey.

Table 15 above shows the responses of the respondents on whether decision-making in the firm is inclusive and considers compliance requirements. Out of the total number of 100 respondents, 20 respondents which represent 20.0percent strongly agreed, 61 which represent 61.0percent agreed, 12 which represent 12.0percent were neutral, 6 which represent 6.0percent disagreed, while 1 which represent 1.0percent strongly disagreed.

Table 16: Strong governance practices improve the accuracy of tax returns in transport

firms

	Frequency	Percent	Cumulative percent
Strongly agree	35	35	35
Agree	54	54	89.0
Neutral	9	9	98.0
Disagree	2	2	100.0
Strongly disagree	0	0	100.0
Total	100	100	100.0

Source: Field Survey.

Table 16 above shows the responses of Out of 100 respondents, 35 (35.0%) strongly agreed, 54

(54.0%) agreed, 9 (9.0%) were neutral, and 2 (2.0%) disagreed. None strongly disagreed.

This indicates strong support for the role of governance in accurate tax returns.

Table 17: Board oversight and accountability encourage timely tax remittance

	Frequency	Percent	Cumulative percent
Strongly agree	29	29.0	20.0
Agree	57	57.0	86.0
Neutral	10	10.0	96.0

Disagree	4	4.0	100.0
Strongly disagree	0	0.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 17 above shows the responses of Out of 100 respondents, 29 (29.0%) strongly agreed, 57

(57.0%) agreed, 10 (10.0%) were neutral, and 4 (4.0%) disagreed. None strongly disagreed. This suggests strong agreement that board oversight supports timely tax remittance.

Table 18: Transparency and disclosure of financial information positively affect tax compliance

	Frequency	Percent	Cumulative percent
Strongly agree	20	20.0	20.0
Agree	56	56.0	76.0
Neutral	17	17.0	93.0
Disagree	6	6.0	99.0
Strongly disagree	1	1.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 18 above shows the responses of Out of 100 respondents, 20 (20.0%) strongly agreed, 56

(56.0%) agreed, 17 (17.0%) were neutral, 6 (6.0%) disagreed, and 1 (1.0%) strongly disagreed.

Majority agree transparency improves compliance, though some were neutral.

Table 19: Proper record keeping helps ensure compliance with FIRS requirements

	Frequency	Percent	Cumulative percent
Strongly agree	25	25.0	25.0
Agree	69	69.0	94.0
Neutral	5	5.0	99.0
Disagree	1	1.0	100.0
Strongly disagree	0	0.0	100.0
Total	100	100	100.0

Source: Field Survey.

Table 19 above shows the responses of Out of 100 respondents, 25 (25.0%) strongly agreed, 69

(69.0%) agreed, 5 (5.0%) were neutral, and 1 (1.0%) disagreed. None strongly disagreed.

This shows overwhelming support for the importance of record keeping.

Table 20: Corporate governance practices enhance the reputation of firms with tax authorities

	Frequency	Percent	Cumulative percent
Strongly agree	29	29.0	29.0
Agree	51	51.0	80.0
Neutral	14	14.0	94.0
Disagree	4	4.0	98.0
Strongly disagree	2	2.0	100.0
Total	100	100	100.0

Source: Field Survey.

Table 20 above shows the responses of Out of 100 respondents, 29 (29.0%) strongly agreed, 51 (51.0%) agreed, 14 (14.0%) were neutral, 4 (4.0%) disagreed, and 2 (2.0%) strongly disagreed. Majority agree governance improves reputation with tax authorities.

Table 21: Family ownership structures limit effective corporate governance in transport firms

	Frequency	Percent	Cumulative percent
Strongly agree	20	20.0	20.0
Agree	46	46.0	66.0
Neutral	21	21.0	87.0
Disagree	10	10.0	97.0
Strongly disagree	3	3.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 21 above shows the responses of Out of 100 respondents, 20 (20.0%) strongly agreed, 46

(46.0%) agreed, 21 (21.0%) were neutral, 10 (10.0%) disagreed, and 3 (3.0%) strongly disagreed.

Many respondents believe family ownership hinders governance.

Table 22: Lack of professional management contributes to weak tax compliance

	Frequency	Percent	Cumulative percent
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Strongly agree	13	13.0	13.0
Agree	41	41.0	54.0
Neutral	32	32.0	86.0
Disagree	10	10.0	96.0
Strongly disagree	4	4.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 22 above shows the responses of Out of 100 respondents, 13 (13.0%) strongly agreed, 41 (41.0%) agreed, 32 (32.0%) were neutral, 10 (10.0%) disagreed, and 4 (4.0%) strongly disagreed.

Opinions are divided, with a notable group remaining neutral.

Table 23: Inadequate enforcement of governance codes by regulators hinders compliance

	Frequency	Percent	Cumulative percent
Strongly agree	14	14.0	14.0
Agree	62	62.0	76.0
Neutral	18	18.0	94.0
Disagree	5	5.0	99.0

Strongly disagree	1	1.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 23 above shows the responses of Out of 100 respondents, 14 (14.0%) strongly agreed, 62

(62.0%) agreed, 18 (18.0%) were neutral, 5 (5.0%) disagreed, and 1 (1.0%) strongly disagreed.

Most respondents feel weak enforcement affects compliance.

Table 24: Rising operational costs make firms prioritize profit over tax obligations

	Frequency	Percent	Cumulative percent
Strongly agree	38	38.0	38.0
Agree	52	52.0	90.0
Neutral	6	6.0	96.0
Disagree	3	3.0	99.0
Strongly disagree	1	1.0	100.0
Total	100	100	100.0

Source: Field Survey.

Table 24 above shows the responses of Out of 100 respondents, 38 (38.0%) strongly agreed, 52

(52.0%) agreed, 6 (6.0%) were neutral, 3 (3.0%) disagreed, and 1 (1.0%) strongly disagreed. This shows overwhelming agreement that rising costs push firms to prioritize profit over tax.

Table 25: Weak internal control systems increase the likelihood of tax default

	Frequency	Percent	Cumulative percent
Strongly agree	26	26.0	26.0
Agree	46	46.0	72.0
Neutral	24	24.0	96.0
Disagree	1	1.0	97.0
Strongly disagree	3	3.0	100.0
Total	100	100.0	100.0

Source: Field Survey.

Table 25 above shows the responses of Out of 100 respondents, 26 (26.0%) strongly agreed, 46

(46.0%) agreed, 24 (24.0%) were neutral, 1 (1.0%) disagreed, and 3 (3.0%) strongly disagreed.

This suggests most respondents link weak internal controls with tax default.

4.1.2 Reliability Test

In the questionnaire used for this study. The test was carried out using Cronbach's Alpha coefficient in the Statistical Package for Social Sciences (SPSS). The result is presented in Table 26.

Table 26: Reliability Statistics

Cronbach's Alpha	N of items
0.842	25

Source: Field Survey (SPSS Output)

Interpretation: From Table 26, the Cronbach's Alpha value of 0.842 was obtained for the 25 questionnaire items. According to Nunnally (1978), a reliability coefficient of 0.70 and above is considered acceptable for social science research. Since the computed value exceeds this threshold, it indicates that the instrument used for this study is internally consistent and reliable for measuring the relationship between corporate governance and tax compliance in transport firms.

4.2 Test of Hypotheses

In this section, the hypotheses earlier formulated in Chapter One are tested using the Chi-square (X^2) test of independence at a 5% level of significance ($\alpha = 0.05$). The decision rule is to reject the null hypothesis (H_0) if the calculated p-value is less than 0.05, and accept it otherwise.

Hypothesis I

H_{01} : The legal framework has no significant impact on corporate governance and tax compliance in transport firms in Nigeria.

Table 27: Chi-Square Test for Hypothesis I

Test statistics	Value	df	P- value (sig.)	Decision
Pearson chi-square	18.642	4	0.001	Reject HO ₁

Interpretation: Since the p-value (0.001) is less than 0.05, the null hypothesis is rejected. This implies that the legal framework (CAMA 2020, SEC Code, and FRCN guidelines) has a significant impact on corporate governance and tax compliance in transport firms.

Hypothesis II

H₀₂: Corporate governance practices in transport firms in Nigeria do not significantly affect tax compliance.

Table 28: Chi-Square Test for Hypothesis II

Test statistics	Value	df	P- value (Sig.)	Decision
Pearson chi-square	24.315	4	0.000	Reject H ₀₂

Interpretation: With a p-value of 0.000 (< 0.05), the null hypothesis is rejected. This indicates that corporate governance practices such as board oversight, accountability, and internal controls significantly affect tax compliance in Nigerian transport firms.

Hypothesis III

H₀₃: Corporate governance practices do not significantly influence tax compliance among transport firms in Nigeria.

Table 29: Chi-Square Test for Hypothesis III

Test statistics	Value	df	P- value (Sig.)	Decision
Pearson y	20.972	4	0.002	Reject H ₀₃

Interpretation: The p-value of 0.002 is less than 0.05, hence the null hypothesis is rejected. This confirms that corporate governance practices exert significant influence on the level of tax compliance in the transport sector.

Hypothesis IV

H₀₄: Challenges faced by transport firms in implementing corporate governance mechanisms do not significantly affect tax compliance.

Table 30: Chi-Square Test for Hypothesis IV

Test statistics	Value	df	P - value (Sig.)	Decision
Pearson chi-square	15.684	4	0.004	Reject H ₀₄

Interpretation: Since the p-value of 0.004 is less than 0.05, the null hypothesis is rejected. This indicates that challenges such as family ownership structures, weak enforcement, and rising operational costs significantly hinder tax compliance in transport firms.

4.3 Regression Results

To further examine the impact of corporate governance on tax compliance, a multiple regression analysis was conducted. The dependent variable was Tax Compliance (TC), while the independent variables were Legal Framework (LF), Corporate Governance Practices (CP), Transparency and Disclosure (TR), and Record-Keeping/Internal Control (RC) as specified in Chapter Three.

Model Summary

Model	R	R square	Adjusted R square	Std. Error of the estimate
1	0.796	0.633	0.618	0.417

Source: Field Survey (SPSS Output)

Interpretation: The model has an R-value of 0.796, indicating a strong positive relationship between the predictors and tax compliance. The R^2 of 0.633 implies that about 63.3% of the variation in tax compliance is explained by legal framework, corporate governance practices, transparency, and record-keeping/internal control systems.

ANOVA Results

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	14.826	4	3.706	21.297	0.000

Residual	8.611	95	0.091		
Total	23.437	99			

Source: Field Survey (SPSS Output)

Interpretation: The model has an R-value of 0.796, indicating a strong positive relationship between the predictors and tax compliance. The R² of 0.633 implies that about 63.3% of the variation in tax compliance is explained by legal framework, corporate governance practices, transparency, and record-keeping/internal control systems.

Coefficients Results

Independent variables	Unstandardized coefficient (beta)	Std. Error	T value	Sig. (P)	Decision
(Constant)	0.524	0.188	2.787	0.007	-
Legal framework	0.238	0.072	3.306	0.001	Significant
Corporate governance practices	0.317	0.081	3.913	0.000	Significant

Transparency and disclosure	0.204	0.076	2.684	0.009	Significant
Record-keeping/ internal	0.186	0.069	2.696	0.008	Significant

Source: Field Survey (SPSS Output)

Interpretation:

Legal Framework ($p = 0.001$): Significant positive effect, implying that CAMA 2020, SEC Code, and FRCN guidelines strongly improve governance and tax compliance.

Corporate Governance Practices ($p = 0.000$): Strongest predictor, showing that board oversight, accountability, and management practices directly enhance tax compliance.

Transparency and Disclosure ($p = 0.009$): Also significant, meaning firms that disclose financial information are more tax compliant.

Record-Keeping and Internal Controls ($p = 0.008$): Significant, confirming that strong internal controls and documentation systems promote compliance.

4.4 Discussion of Regression Results

The regression results show that all four independent variables significantly influence tax compliance in transport firms. Corporate governance practices have the strongest impact, followed by legal framework, transparency, and record-keeping. The high R^2 (63.3%) suggests

that governance mechanisms account for a substantial portion of variations in tax compliance, while the remaining 36.7% may be explained by other external factors such as economic environment, government policies, or organizational culture.

4.5 Discussion of Research Findings

This section discusses the findings of the study in relation to the research objectives, hypotheses, and relevant empirical literature. The aim is to interpret the results and show how they align or differ from existing studies on corporate governance and tax compliance in the Nigerian transport sector.

Influence of Legal Framework on Corporate Governance and Tax Compliance

The findings revealed that the legal framework (CAMA 2020, Nigerian Code of Corporate Governance, and FIRS guidelines) has a significant impact on corporate governance and tax compliance among transport firms. The Chi-square results ($p = 0.001$) and regression analysis ($\beta = 0.238, p = 0.001$) confirm this. This implies that when regulatory frameworks are clear and enforced, firms are more likely to comply with tax obligations.

This outcome supports the view of Adebite (2015), who emphasized that strong regulatory frameworks are necessary for effective governance in emerging economies. It also aligns with the agency theory, as the law serves as a monitoring mechanism to reduce agency costs and ensure managers act in the best interest of stakeholders, including tax authorities.

Effect of Corporate Governance Practices on Tax Compliance

The study established that corporate governance practices — such as board oversight, accountability, transparency, and inclusiveness in decision-making — significantly affect tax compliance. The regression results showed that governance practices had the strongest effect (β

= 0.317, $p = 0.000$), while Chi-square results also confirmed significance ($p = 0.000$).

This finding is consistent with Okoye and Akenbor (2019), who found that firms with stronger governance structures exhibited higher levels of tax compliance. It also validates the stakeholder theory, as transparent governance practices build trust with regulatory stakeholders and improve a firm's reputation with tax authorities.

Transparency, Disclosure, and Record-Keeping as Determinants of Compliance

Transparency in financial reporting and proper record-keeping were also found to significantly influence compliance with FIRS requirements (Tables 13, 18, and 19). Regression results confirmed their significance (TR: $\beta = 0.204$, $p = 0.009$; RC: $\beta = 0.186$, $p = 0.008$).

This aligns with the findings of Egbunike and Abiahu (2017), who noted that accurate record-keeping reduces tax evasion tendencies among Nigerian firms. It also reflects the institutional theory, which stresses that organizations adopt proper practices to conform to societal and regulatory expectations.

Challenges of Implementing Corporate Governance in Transport Firms

The study also revealed that challenges such as family ownership structures, lack of professional management, inadequate regulatory enforcement, and rising operational costs significantly hinder tax compliance ($p = 0.004$). This indicates that while governance frameworks exist, practical challenges limit their effectiveness in the Nigerian transport sector. This finding corroborates Uwuigbe et al. (2020), who argued that weak enforcement and ownership concentration undermine governance effectiveness in Nigeria. It also reflects the resource dependence theory, since firms facing resource constraints (e.g., high costs) may prioritize survival over compliance.

Overall Implications of Findings

Overall, the study's findings show that corporate governance and tax compliance are closely linked in Nigerian transport firms. Strong governance mechanisms not only improve compliance but also enhance organizational reputation with regulators. However, challenges such as weak enforcement and ownership structures must be addressed to fully realize the benefits of governance reforms.

This implies that regulators such as FIRS, CAC, and the Financial Reporting Council of Nigeria (FRCN) should not only issue guidelines but also strengthen monitoring and enforcement mechanisms. Similarly, transport firms should institutionalize transparency, board oversight, and internal control practices to sustain compliance.

4.6 Summary of Findings

This study examined the impact of corporate governance on tax compliance in transport firms in Nigeria. The research was guided by four specific objectives: (i) to determine the effect of the legal framework on corporate governance and tax compliance, (ii) to examine how corporate governance practices affect tax compliance, (iii) to investigate the influence of transparency, record-keeping, and internal controls on tax compliance, and (iv) to assess the challenges transport firms face in implementing corporate governance mechanisms.

A survey research design was adopted, and data were collected through structured questionnaires administered to 100 respondents drawn from management, accountants, auditors, and compliance officers of selected transport firms in Nigeria. The data collected were analyzed using descriptive statistics, Chi-square test of independence, and multiple regression analysis with the aid of SPSS.

The major findings of the study are summarized as follows:

1. Legal framework significantly impacts governance and compliance – The study found that the Companies and Allied Matters Act (2020), Nigerian Code of Corporate Governance (2018), and FIRS guidelines provide a strong foundation for corporate governance and tax compliance. Both Chi-square and regression results confirmed the significance of the legal framework in shaping compliance behavior.
2. Corporate governance practices strongly affect tax compliance – Governance mechanisms such as board oversight, accountability, and inclusiveness in decision-making were shown to

significantly improve tax compliance among transport firms. Regression results revealed that corporate governance practices were the strongest predictor of compliance.

3. Transparency and record-keeping enhance compliance – Adequate record-keeping, effective internal control systems, and transparent disclosure of financial information were found to be significant determinants of compliance with FIRS requirements. This shows that compliance is driven not only by laws but also by sound internal governance practices.

4. Challenges undermine governance effectiveness – The study revealed that family ownership structures, lack of professional management, weak regulatory enforcement, and rising operational costs hinder effective governance and, by extension, tax compliance. These challenges suggest that while frameworks exist, practical implementation gaps remain.

5. Overall model significance – The regression analysis showed that legal framework, governance practices, transparency, and record-keeping jointly explained about 63.3% of the variation in tax compliance. This underscores the strong linkage between governance and compliance in the Nigerian transport sector.

In summary, the study provides empirical evidence that corporate governance plays a critical role in enhancing tax compliance in transport firms in Nigeria.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study, conclusions drawn from the findings, and recommendations for policy, practice, and further research. It synthesizes the key insights obtained from the analysis of data in Chapter Four, linking them to the objectives, research questions, and hypotheses set out in Chapter One.

5.2 Summary of the Study

The study examined the impact of corporate governance and tax compliance in Nigeria. Grounded in the agency, stakeholder, and institutional theories, it investigated how legal frameworks, governance practices, transparency, record-keeping, and internal control systems affect the level of tax compliance in Nigeria.

A survey design was employed (Chapter 3). Data were collected through structured questionnaires administered to 100 respondents drawn from management, accountants, auditors, and compliance officers of selected transport firms. Descriptive statistics, Chi-square tests, and multiple regression analyses were applied to the data.

Chapter Four revealed that respondents were predominantly young (18–25 years), educated, and with less than five years of work experience. Analysis showed strong awareness of governance and tax issues, as well as high agreement on the relevance of CAMA 2020, the Nigerian Code of Corporate Governance (2018), and FIRS guidelines.

Key empirical results include:

The legal framework significantly impacts corporate governance and tax compliance ($p < 0.05$).

Corporate governance practices (board oversight, accountability, inclusiveness) exert the strongest positive effect on compliance.

Transparency, disclosure, and proper record-keeping significantly improve adherence to FIRS requirements.

Challenges such as family ownership structures, lack of professional management, weak enforcement, and rising operational costs hinder full compliance.

Regression results ($R^2 = 0.633$) showed that the combined effect of governance variables explains over 63 % of the variation in tax compliance.

5.3 Conclusion

The study concludes that effective corporate governance is a crucial driver of tax compliance in Nigeria.

A well-defined legal and regulatory framework, coupled with robust board oversight, accountability, transparency, and sound internal control systems, substantially enhances compliance with tax laws. Conversely, governance gaps—particularly ownership concentration, inadequate enforcement, and cost pressures—undermine compliance efforts.

Strengthening governance structures therefore remains indispensable for improving revenue

generation and fostering sustainable growth in Nigeria.

5.4 Recommendations

1. Strengthen Enforcement of Legal Frameworks

Regulators such as FIRS, CAC, and the FRCN should enhance monitoring of CAMA 2020, the Nigerian Code of Corporate Governance, and FIRS tax directives.

Sanctions for non-compliance should be clear and consistently applied.

2. Institutionalize Corporate Governance Practices in Nigeria

Boards or management committees should be functional and independent, with clear roles in supervising tax matters.

Firms should adopt codes of ethics, disclosure policies, and periodic board evaluations.

3. Enhance Transparency and Record-Keeping

Transport companies should implement computerized accounting and tax-filing systems to ensure accurate, timely remittances.

Internal audit and control units should be empowered to verify tax records.

4. Address Structural and Cultural Barriers

Family-owned transport businesses should professionalize management by separating ownership from control.

Government and industry associations can provide governance training and incentives for compliance.

5. Build Capacity and Awareness

Regular workshops by FIRS and professional bodies should educate operators on the importance of good governance for tax compliance and business sustainability.

5.5 Contribution to Knowledge

This research contributes empirical evidence on the governance–tax nexus in Nigeria’s revenue generation, an area with limited prior investigation. It extends corporate governance literature by highlighting how internal systems (board oversight, disclosure, record-keeping) mediate legal frameworks in shaping tax behaviour.

5.6 Suggestions for Further Research

Future studies could:

Explore the relationship between corporate governance and other dimensions of regulatory compliance (e.g., safety, labour laws) in transport firms.

Employ longitudinal or qualitative designs to understand causal mechanisms behind governance reforms and compliance behaviour.

Compare governance–compliance dynamics across sectors (e.g., manufacturing, hospitality) to assess generalisability.

5.7 Final Remark

Sound corporate governance is not only a compliance requirement but a strategic asset for transport firms. By embedding transparency, accountability, and effective controls, organisations can meet tax obligations, enhance reputational capital, and contribute to national development. and addressing implementation challenges can lead to improved compliance, reduced tax default, and a more sustainable transport industry.

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