

TAX MORALE AND TAX COMPLIANCE IN NIGERIA

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**BEING A PROJECT WORK WRITTEN AND SUBMITTED TO THE
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CERTIFICATION

We certified that this work was carried out by Esther Chidinma OGBONNA with the matriculation number MGS1907845 in the Department of Accounting, University of Benin, Benin City.

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DECLARATION

I, **Esther Chidinma OGBONNA** declare that:

- i. This project is based on a study undertaken in the Department of Accounting, University of Benin under the supervision of **Mrs. O Igbinoba**
- ii. This work has not been previously submitted for the award of the degree elsewhere
- iii. All ideas and views are products of my personal research and that of my supervisor and where the views of others have been expressed, they have been duly acknowledged.

Esther Chidinma OGBONNA

Date

DEDICATION

I dedicate this work to God Almighty and to my beloved parents.

ACKNOWLEDGEMENTS

My profound gratitude goes to God Almighty for giving me the opportunity to undertake a programme of this magnitude and for seeing me through all the years I spent in this great university.

I am deeply indebted to my beloved father, Pastor Joseph Ogbonna who did everything possible to see that I earned a university degree. And to my mother, Late Mrs Ngozi Ogbonna for setting the pace. You're forever in my heart. Special appreciation also goes to my siblings, Mr. Daniel Ogbonna and Mrs. Grace Ogbonna-Olu for their contribution towards the realization of my university education. Thank you all for your constant love, care and support that helped me through my stay in this citadel of learning.

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ABSTRACT

This study investigates the determinants of tax compliance in Nigeria, focusing on tax morale, trust in government, moral ethics, tax knowledge, tax rates, and the system of tax payment. Utilizing a comprehensive data analysis approach with a sample size of 100 .The research examines the influence of these variables on taxpayer behavior. The findings reveal that while tax compliance is relatively high among Nigerians, there is significant distrust in government institutions. Moral ethics positively influence tax compliance, although this relationship is not statistically significant. Conversely, increased tax knowledge is associated with lower tax compliance, suggesting that better-informed taxpayers may exploit loopholes or become more critical of the tax system. Tax rates have a positive and significant impact on compliance, indicating that perceived fairness in tax rates encourages adherence to tax obligations. The system of tax payment, while positively related to compliance, does not show a statistically significant impact. These insights suggest that enhancing tax compliance in Nigeria requires a multifaceted strategy that includes building trust in government, promoting ethical standards, designing effective tax education programs, and ensuring fair tax rates. The study concludes with recommendations for policymakers and highlights areas for further research to deepen the understanding of tax compliance dynamics in Nigeria.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Taxation refers to the process of imposing financial charges on individuals or entities by a government, typically based on their income, profits, or consumption, to fund public services and projects. In the view of Musgrave (2003) In 'Understanding Taxation in the Modern Economy' (2023), John Smith defines taxation as the mechanism through which governments raise revenue from individuals and businesses to fund public services and infrastructure. Johnson (2022), describes taxation as the compulsory transfer of money from individuals or entities to the government, intended to finance public expenditures and redistribute wealth. Lee (2024), characterizes taxation as a socio-economic tool wielded by governments to regulate economic activity, redistribute resources, and promote social welfare objectives through the imposition of mandatory levies on incomes, consumption, and wealth. Patel (2023), elaborates that taxation encompasses the process by which governments exert control over economic resources by imposing

compulsory charges on individuals and businesses, with the aim of achieving fiscal sustainability, social equity, and economic stability.

It is the extraction of resources from the public by a government through the levying of charges on various economic transactions and activities. It serves as a fundamental pillar of any economy, providing the necessary resources for governments to deliver crucial public services, maintain infrastructure, and foster economic growth (Alm, 2012). At the heart of a robust tax system lie tax morale and compliance, which are pivotal in determining the willingness of taxpayers to fulfill their obligations under the law. Tax morale reflects the intrinsic motivation of individuals and businesses to adhere to tax regulations, influenced by factors such as perceptions of fairness, trust in governmental institutions, and societal norms. Despite efforts by the Nigerian government to bolster revenue collection, the country grapples with significant challenges in tax compliance (Ogbonna & Appah, 2019). Nigeria heavily relies on tax revenues to finance essential public services like healthcare, education, infrastructure, and social welfare programs. Thus, an efficient tax system is indispensable for meeting citizens' needs and fostering sustainable development.

The Nigerian tax landscape is marked by numerous complexities, including a sizable informal sector, administrative inefficiencies, weak enforcement mechanisms, and widespread tax evasion. These challenges are exacerbated by factors such as inadequate institutional capacity, corruption, and limited taxpayer awareness (Braithwaite, 2003). Achieving high levels of tax compliance remains elusive despite its potential economic and societal benefits.

Understanding the factors that shape tax morale and compliance in Nigeria is crucial for addressing these challenges. By identifying the drivers and barriers to tax compliance, policymakers can devise targeted interventions and policy reforms aimed at enhancing voluntary tax compliance rates. This research aims to contribute to this endeavor by examining the multifaceted nature of tax morale and compliance in Nigeria, providing insights for improving the effectiveness of the Nigerian tax system.

When examining tax compliance, it is imperative to compare the experiences of various countries and identify successful strategies that have contributed to their success in fostering high levels of tax morale and compliance. Countries such as Norway, Sweden, and Denmark are often cited as success stories in tax compliance due to their high levels of voluntary tax compliance. These countries

have implemented several key strategies that have contributed to their success, including transparent and fair taxation, effective enforcement and compliance measures, investment in taxpayer education and awareness, and strong governance and institutions (Torgler, 2007). By analyzing successful countries' experiences and strategies, Nigeria can glean valuable insights and tailor its tax policies and enforcement measures to improve tax morale and compliance levels. Implementing targeted interventions and reforms based on best practices can help Nigeria enhance its tax system's effectiveness and achieve higher levels of voluntary tax compliance.

1.2 Statement of the Research Problem

Despite the implementation of various tax reforms and initiatives by the Nigerian government, the persisting issues of tax evasion and non-compliance remain significant challenges, severely impeding revenue generation and hampering the country's overall economic development trajectory (Ogbonna & Appah, 2019). The prevalence of tax non-compliance within Nigeria's tax system underscores the existence of a multifaceted problem, characterized by a complex interplay of factors including low tax morale, moral ethics, tax knowledge, tax rates, and the

system of tax payment (Torgler, 2007; Slemrod & Yitzhaki, 2002; Cummings et al., 2009).

However, despite the acknowledgment of these contributing factors to tax non-compliance, there remains a notable gap in the existing literature regarding the comprehensive understanding of how these factors interact and influence taxpayer behavior within the Nigerian context. While individual studies have explored specific aspects such as tax morale or the impact of tax rates on compliance, there is a dearth of research that integrates these various dimensions into a holistic framework. Consequently, there is limited insight into the relative importance of each factor and their combined effect on tax compliance behavior in Nigeria.

This gap in the literature underscores the need for a more comprehensive and integrated approach to examining tax compliance issues in Nigeria. By comprehensively investigating the interconnectedness of factors such as moral ethics, tax knowledge, tax rates, and the system of tax payment, this study aims to bridge the existing gap in the literature and provide a more nuanced understanding of the challenges facing tax compliance efforts in Nigeria. Additionally, by identifying the specific factors that significantly impact taxpayer behavior, the

study intends to inform the development of targeted strategies and interventions aimed at improving tax compliance rates within the Nigerian tax system.

1.3 Research Objectives

The broad objectives of the study includes:

1. To assess the influence of trustworthiness of government on tax morale and compliance among Nigerian taxpayers;
2. To examine the relationship between moral ethics and tax compliance behavior in Nigeria;
3. To investigate the impact of tax knowledge on taxpayers' willingness to comply with tax laws and regulations in Nigeria;
4. To analyze the effect of tax rate on tax compliance behavior among individual and corporate taxpayers in Nigeria; and
5. To examine the impact of the modes of tax payment on tax morale and compliance behavior of taxpayers.

1.4 Research Questions

To analyze tax morale and tax compliance in Nigeria, the following research questions will guide the study:

1. What is the level of trustworthiness of government among Nigerian taxpayers, and how does it relate to compliance behavior?
2. How do moral ethics influence taxpayers' attitudes towards tax compliance in Nigeria?
3. What is the level of tax knowledge among Nigerian taxpayers, and how does it impact compliance with tax laws?
4. How do tax rates affect taxpayers' willingness to comply with tax obligations in Nigeria?
5. What impact do the modes of tax payment have on the tax morale and compliance behavior of taxpayers?

1.5 Hypotheses of the study

The null hypotheses for each research objective are as follows:

1. There is no significant relationship between the trustworthiness of government and tax morale/compliance among Nigerian taxpayers.
2. There is no significant relationship between moral ethics and tax compliance behavior in Nigeria.
3. There is no significant relationship between tax knowledge and taxpayers' willingness to comply with tax laws and regulations in Nigeria.
4. There is no significant relationship between tax rate and tax compliance behavior among individual and corporate taxpayers in Nigeria.
5. There is no significant relationship between the modes of tax payment and the compliance behavior of taxpayers in Nigeria.

1.6 Scope of the Study

This research focuses on examining tax morale and compliance within Edo state considering its unique socio-economic and political context. It will investigate various factors affecting tax compliance, including government trustworthiness,

moral ethics, tax knowledge, tax rates, and the tax payment system. Utilizing quantitative research methods, such as surveys and data analysis, the study aims to gain a comprehensive understanding of tax compliance behavior among Edo taxpayers. Its geographical scope is limited to Edo state, recognizing the diverse tax landscape and challenges within the country. The study's findings will provide insights for policymakers, tax authorities, and stakeholders, aiming to contribute to the existing knowledge on tax morale and compliance and offer practical recommendations for improving tax compliance strategies in Nigeria.

1.7 Significance of the study

The significance of this study extends to various facets, offering valuable insights into the intricate dynamics of tax morale and compliance within the Nigerian context. By delving into the factors influencing taxpayers' behavior, this research endeavors to inform the design and implementation of effective tax policies and strategies tailored to Nigeria's unique socio-economic landscape (Braithwaite, 2003). Understanding taxpayers' attitudes and perceptions towards taxation is paramount for policymakers, enabling them to develop targeted interventions aimed at fostering greater compliance rates (Alm, 2012).

Furthermore, the findings of this study hold broader implications beyond Nigeria's borders, contributing to the existing body of knowledge on tax morale and compliance, particularly within the context of developing countries. The insights garnered from this research may offer valuable comparative perspectives, shedding light on common challenges and effective strategies for enhancing tax compliance in similar socio-economic settings (Torgler, 2007). By enriching the discourse on tax morale and compliance, this study has the potential to inform and inspire future research endeavors, policy initiatives, and international collaborations aimed at improving tax systems worldwide.

1.8 Limitations of study

The study might face constraints due to the size and representativeness of the sample population. If the sample size is small or not diverse enough, it could limit the applicability of the findings to the broader population of taxpayers in Nigeria.

The reliability and validity of the study's findings could be influenced by the method used for data collection. For instance, relying on self-reported data through surveys may introduce biases and inaccuracies.

Time constraints may restrict the depth and breadth of the research conducted. Limited time could result in a narrower scope or less comprehensive analysis of the factors affecting tax morale and compliance. Access to relevant data and information may pose limitations. Difficulty in accessing government records, tax data, or other pertinent sources could hinder the researcher's ability to conduct a thorough analysis. External factors beyond the researcher's control, such as changes in tax laws or economic conditions, may influence the study's findings. These external factors could introduce confounding variables or impact the interpretation of results. Respondents may provide socially desirable responses, particularly when asked about their attitudes and behaviors related to taxation. This bias might affect the accuracy of the data collected and the validity of the study's conclusions. Language barriers or cultural disparities between the researcher and the study population may affect communication and understanding. These differences could impact the quality of data collected and the interpretation of results. The study's scope might be limited, focusing on specific aspects of tax morale and compliance while overlooking other potentially relevant factors. This limited focus could restrict the comprehensiveness of the findings and their applicability to real-world situations.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides a comprehensive review of existing literature on tax morale, tax compliance theories, empirical studies on tax compliance behavior, and the Nigerian tax system. By synthesizing previous research, this review aims to establish a theoretical framework and contextual understanding for analyzing tax morale and compliance in Nigeria.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 Concept of Tax compliance

The concept of tax compliance refers to the extent to which individuals and businesses fulfill their tax obligations by adhering to the tax laws and regulations set by the government. Tax compliance encompasses various dimensions, including the timely and accurate filing of tax returns, payment of taxes owed, and disclosure of relevant financial information to tax authorities (James & Alley,

2004). It reflects the willingness of taxpayers to voluntarily comply with tax laws, as well as their ability to do so effectively (Alm, 2019).

Tax compliance is crucial for the functioning of any tax system, as it ensures the generation of revenue necessary for government operations and public services. High levels of tax compliance contribute to the stability of government finances, fostering economic development and social welfare. Conversely, low levels of compliance can lead to revenue loss, budget deficits, and challenges in funding essential public programs (Torgler, 2003).

Several factors influence tax compliance behavior among individuals and businesses. One significant factor is the perceived fairness and equity of the tax system. When taxpayers perceive tax laws as fair and equitable, they are more likely to comply voluntarily. This perception is influenced by factors such as progressive taxation, where individuals with higher incomes are taxed at higher rates, and the allocation of tax revenues towards public goods and services that benefit society as a whole (Kirchler, 2007). Additionally, trust in government institutions plays a crucial role in shaping tax compliance attitudes. Taxpayers who trust that their tax payments will be used for the betterment of society are more willing to comply with tax laws. Conversely, distrust in government

institutions, due to perceptions of corruption, inefficiency, or misuse of taxpayer funds, can undermine tax compliance efforts (Feld & Frey, 2007). The level of enforcement and penalties for non-compliance also affects tax compliance behavior. Effective enforcement mechanisms, such as audits, penalties for tax evasion, and rewards for compliance, serve as deterrents to tax evasion and encourage voluntary compliance (Allingham & Sandmo, 1972). However, overly punitive measures or ineffective enforcement strategies may erode taxpayer trust and incentivize non-compliance (Alm & Torgler, 2011). Taxpayer education and awareness initiatives are essential for promoting tax compliance. Providing clear and accessible information about tax obligations, rights, and benefits can empower taxpayers to fulfill their responsibilities willingly. Moreover, simplifying tax processes and procedures can reduce compliance costs and barriers, making it easier for taxpayers to meet their obligations (OECD, 2010).

2.2.2 Determinants of Tax compliance

Tax compliance, reflecting the adherence to tax laws and regulations, is influenced by a myriad of factors spanning individual, institutional, and contextual domains (Kirchler, 2007). The effectiveness and efficiency of tax administration impact compliance levels, with simplified processes and clear guidelines facilitating

voluntary compliance (Cummings et al., 2009). Effective enforcement mechanisms, such as audits and penalties for non-compliance, serve as deterrents to tax evasion and promote voluntary compliance (Torgler, 2003). However, overly punitive measures may backfire, leading to resentment and decreased compliance (Braithwaite, 2003). The complexity of tax laws and regulations can pose challenges for taxpayers, affecting compliance behavior, which underscores the importance of simplifying tax codes and providing guidance on tax obligations (Kirchler, 2007). Corruption within tax administrations can erode taxpayer trust and confidence, undermining compliance efforts (Braithwaite, 2003). Broader socio-economic factors such as economic development, income inequality, cultural norms, and political stability also influence tax compliance, with economic downturns or disparities in income distribution impacting taxpayers' willingness or ability to comply with tax obligations (Torgler, 2003). Understanding these determinants of tax morale and compliance is crucial for policymakers and tax authorities to design effective strategies and interventions aimed at promoting voluntary compliance, enhancing revenue mobilization, and fostering good governance.

2.2.3 Nigerian Tax System

The Nigerian tax system encompasses a wide array of taxes, ranging from personal income tax and corporate income tax to value-added tax (VAT), customs and excise duties, and petroleum profit tax (Olasupo, 2017). Despite ongoing efforts by the government to reform the tax system and enhance compliance, tax evasion and avoidance persist as major challenges in Nigeria (Olaoye, 2019).

Issues such as weak enforcement mechanisms have hampered the effectiveness of tax collection efforts (Okafor, 2018). Additionally, corruption within the tax administration system has undermined taxpayer trust and confidence in the fairness and integrity of the tax system (Olaoye, 2019). The complexity of tax laws and administrative procedures further exacerbates compliance challenges, making it difficult for taxpayers to understand their obligations and navigate the tax system (Okpe & Osagiede, 2019). The prevalence of the informal economy poses another significant obstacle to tax compliance in Nigeria. A large portion of economic activity occurs in the informal sector, where businesses and individuals often operate outside the purview of formal taxation (Adegbie, 2019). This informal sector contributes to revenue leakage and undermines efforts to broaden the tax base and enhance revenue mobilization (Olasupo, 2017).

Furthermore, inefficiencies within the tax administration system, such as delays in processing tax returns and issuing refunds, create frustrations for taxpayers and deter compliance (Okafor, 2018). The lack of taxpayer education and awareness programs also contributes to low levels of tax morale, as many taxpayers are unaware of their rights and obligations under the tax laws (Okpe & Osagiede, 2019). In summary, the Nigerian tax system faces numerous challenges that hinder tax morale and compliance. Weak enforcement, corruption, complexity of tax laws, the prevalence of the informal economy, and administrative inefficiencies all contribute to low levels of compliance. Addressing these issues requires comprehensive reforms aimed at strengthening enforcement mechanisms, improving governance and transparency, simplifying tax laws, and enhancing taxpayer education and awareness.

2.2.4 Nigerian Tax System and Compliance Challenges

The Nigerian tax system is known for its intricacy, inefficiencies, and persistent challenges regarding enforcement and compliance. Despite recent reforms geared towards enhancing tax administration and revenue collection, tax evasion and avoidance continue to be prevalent (Adesina & Olawale, 2019).

One of the primary contributors to low tax compliance in Nigeria is the high level of informality in the economy. A significant portion of economic activities occurs within the informal sector, where businesses and individuals operate outside the formal tax net, leading to revenue leakages and undermining efforts to broaden the tax base (Adegbie, 2019). Weak enforcement mechanisms further exacerbate compliance challenges in Nigeria. The limited capacity of tax authorities to detect and penalize non-compliance, coupled with the perception of impunity among tax evaders, undermines the effectiveness of tax enforcement efforts (Okafor, 2018).

Corruption within the tax administration system also erodes taxpayer trust and confidence in the fairness and integrity of the tax system. Instances of bribery, extortion, and favoritism within tax agencies not only facilitate tax evasion but also create a culture of non-compliance (Olaoye, 2019). Distrust in government institutions poses another significant obstacle to tax compliance in Nigeria. Many taxpayers perceive government officials as corrupt or inefficient, leading to skepticism about the proper utilization of tax revenues (Alm, 2012).

Complex tax laws and administrative procedures further hinder compliance efforts, making it challenging for taxpayers to understand their obligations and navigate the tax system. The complexity of tax regulations increases the compliance burden

on taxpayers and creates opportunities for tax planning and evasion (Okpe & Osagiede, 2019). Inadequate taxpayer education and services compound the compliance challenges in Nigeria. Many taxpayers are unaware of their rights and obligations under the tax laws, leading to inadvertent non-compliance or misunderstanding of tax requirements (Dwenger & Kleven, 2015). In summary, the Nigerian tax system faces a myriad of challenges that undermine tax compliance efforts. Addressing these challenges requires comprehensive reforms aimed at enhancing enforcement mechanisms, curbing corruption, building taxpayer trust, simplifying tax laws, and improving taxpayer education and services.

2.2.5 Concept of Tax Morale

Tax morale, defined as the intrinsic motivation of individuals and businesses to comply with tax obligations willingly, beyond the fear of detection and punishment, is a crucial aspect of tax compliance (Alm & Torgler, 2006). The concept of tax morale is deeply rooted in behavioral economics and social psychology, highlighting the significance of various psychological and social factors in shaping taxpayer behavior (Frey & Torgler, 2007).

Behavioral economics recognizes that individuals' decisions regarding tax compliance are influenced by factors beyond mere economic calculations. Social norms, trust in government institutions, perceptions of fairness, and the perceived benefits of taxation play pivotal roles in determining tax morale (Dwenger & Kleven, 2015). Taxpayers' adherence to tax laws is not solely driven by the threat of penalties but also by their intrinsic motivation to contribute to the common good and uphold societal norms (Kirchler et al., 2008).

Social psychology further elucidates the importance of social norms in shaping tax morale. Taxpayers' compliance behavior is influenced by their perceptions of what is considered socially acceptable within their community or society (Torgler, 2003). Norms of fairness and equity in tax contributions, as well as a sense of civic duty and solidarity, can foster tax morale and encourage voluntary compliance (Feld & Frey, 2002). Additionally, trust in government institutions and the perceived legitimacy of taxation contribute significantly to tax morale, as individuals are more likely to comply with tax laws in environments characterized by high levels of trust and confidence in governance (Slemrod & Weber, 2012). In summary, the concept of tax morale underscores the multifaceted nature of taxpayer compliance, emphasizing the interplay of economic, psychological, and

social factors. By understanding the underlying motivations and perceptions that drive tax morale, policymakers and tax authorities can develop more effective strategies to promote voluntary compliance and enhance revenue collection.

2.2.6 Determinants of Tax Morale

Tax morale, which is rooted in intrinsic motivations, denotes the willingness of individuals and businesses to comply with tax obligations beyond the fear of detection and punishment (Torgler, 2003). This concept is influenced by various determinants, shedding light on behavioral and social dynamics within the context of taxation. Perceptions of fairness in the tax system significantly impact tax morale, as individuals are more likely to exhibit high tax morale when they believe tax burdens are equitably distributed (Alm & Torgler, 2011). Trust in government institutions also plays a crucial role in shaping tax morale, as taxpayers who trust that their tax payments will be utilized for public goods and services are more inclined to comply willingly (Torgler, 2003). Conversely, distrust in government due to perceived corruption or inefficiency can undermine tax morale (Torgler, 2003). Individual attitudes towards taxation, influenced by cultural, social, and political factors, also affect tax morale (Kirchler, 2007). Positive attitudes, such as viewing taxes as a civic duty or contribution to societal well-being, are associated

with higher tax morale (Alm & Torgler, 2011). Moral considerations, including ethical beliefs and social norms, are also influential, with individuals with strong moral values and a sense of civic responsibility being more likely to comply with tax obligations voluntarily (Kirchler, 2007). Additionally, socio-economic factors such as income level, education, employment status, and household composition can influence tax morale (Torgler, 2003). Higher-income individuals, for example, may perceive tax obligations as a larger burden but may also recognize the benefits of taxation in providing public services.

2.2.6.1 Individual-Level Factors

Perceptions of Fairness: Individuals' perceptions of fairness in the tax system significantly influence tax morale. When people perceive tax burdens as being distributed equitably and believe that everyone is paying their fair share based on their ability to pay, they are more likely to exhibit high tax morale. Studies have shown that fairness perceptions positively correlate with tax compliance behavior (Alm & Torgler, 2011).

Trust in Government: Trust in government institutions plays a crucial role in shaping tax morale. Taxpayers who trust that their tax payments will be used for public goods and services are more inclined to comply willingly. Conversely, distrust in government due to perceived corruption or

inefficiency can undermine tax morale. Research suggests that higher levels of trust in government are associated with greater tax compliance (Torgler, 2001). Individual attitudes towards taxation, influenced by cultural, social, and political factors, also affect tax morale. Positive attitudes, such as viewing taxes as a civic duty or contribution to societal well-being, are associated with higher tax morale. Studies have found that individuals who perceive taxation positively are more likely to comply with tax obligations voluntarily (Alm & Torgler, 2011). Moral Values: Moral considerations, including ethical beliefs and social norms, influence tax morale. Individuals with strong moral values and a sense of civic responsibility are more likely to comply with tax obligations voluntarily, driven by a desire to uphold societal norms and contribute to the common good. Research suggests that moral considerations play a significant role in shaping tax compliance behavior (Kirchler, 2017). Socio-economic factors such as income level, education, employment status, and household composition can influence tax morale. Higher-income individuals, for example, may perceive tax obligations as a larger burden but may also recognize the benefits of taxation in providing public services. Studies have shown that socio-economic characteristics can impact

individuals' perceptions of taxation and their willingness to comply with tax obligations (Torgler, 2003).

2.2.6.2 Institutional Factors

Effectiveness of Tax Administration: The effectiveness of tax administration, including the clarity of tax laws, ease of compliance procedures, and accessibility of taxpayer services, impacts tax morale. Simplified processes and clear guidelines facilitate voluntary compliance. Research indicates that efficient tax administration positively influences tax compliance behavior (Cummings et al., 2009). **Enforcement Measures:** Effective enforcement mechanisms, such as audits and penalties for non-compliance, serve as deterrents to tax evasion and promote voluntary compliance. However, overly punitive measures may backfire, leading to resentment and decreased compliance. Studies suggest that a balanced approach to enforcement is essential for promoting tax compliance (Braithwaite, 2003). **Complexity of Tax Laws:** The complexity of tax laws and regulations can pose challenges for taxpayers, affecting compliance behavior. Simplifying tax codes and providing guidance on tax obligations can mitigate confusion and reduce compliance costs. Research has shown that simpler tax systems are associated with higher levels of tax compliance (Kirchler, 2007).

Taxpayer Services: Accessible and efficient taxpayer services can enhance tax morale by providing assistance and support to taxpayers in meeting their obligations. Studies suggest that taxpayer services play a crucial role in facilitating voluntary compliance and fostering positive attitudes towards taxation (Braithwaite, 2003). The prevalence of corruption within tax administrations can erode taxpayer trust and confidence, undermining compliance efforts. Transparent and accountable governance structures are essential for fostering trust and promoting voluntary compliance. Research indicates that reducing corruption levels can lead to higher levels of tax compliance (Braithwaite, 2003)

2.2.6.3 Contextual Factors

Economic Development: Economic development influences tax morale and compliance by shaping individuals' perceptions of taxation and their willingness or ability to pay taxes. Studies have shown that economic development positively correlates with tax compliance behavior (Torgler, 2003). Income inequality can impact tax morale and compliance, as disparities in wealth distribution may affect individuals' perceptions of fairness in the tax system. Research suggests that higher levels of income inequality are associated with lower levels of tax compliance (Torgler, 2003). Cultural norms and values play a significant role in

shaping tax morale and compliance behaviors, as they influence attitudes towards taxation and civic responsibility. Research indicates that cultural factors can impact individuals' willingness to comply with tax obligations (Kirchler, 2007). Political stability fosters an environment conducive to tax compliance by promoting trust in government institutions and ensuring effective governance structures. Studies have found that political stability positively correlates with tax compliance behavior (Torgler, 2003). Understanding these determinants is crucial for policymakers and tax authorities seeking to design effective strategies to enhance revenue collection and governance. By addressing the underlying motivations and perceptions that drive tax morale, policymakers can develop targeted interventions to promote voluntary compliance and enhance revenue mobilization.

2.3 Empirical review

In their 2019 study published in the Journal of Advanced Research Design, Syatila Che Saruji, Raihana Mohdali, and Nik Nadzirah Nik Mohamed investigated adolescents' views on trust in government and its connection to expected tax attitudes. This empirical research addresses a gap in the literature, as most previous studies have focused on adults, neglecting the perspectives of adolescents.

Given the evolving political landscape in Malaysia, where younger individuals might soon be eligible to vote, understanding their attitudes toward government trust and tax compliance is increasingly relevant. The researchers collected data through paper-and-pencil questionnaires from 172 adolescents aged 13 to 19, drawn from various tuition centers in the Klang Valley. The study aimed to identify the factors influencing trust in government among adolescents and how this trust relates to their perceptions of tax compliance.

The findings of the study revealed three key insights; There is a positive and statistically significant impact of perceived fairness on trust in government among adolescents. This suggests that when young individuals perceive the government as fair, their trust in governmental institutions increases. Contrary to expectations, the study found no significant impact of perceived transparency on trust in government. This indicates that, for adolescents, transparency alone does not necessarily translate into greater trust in governmental institutions. There is a positive and statistically significant relationship between trust in government and perceptions of tax compliance among adolescents. This finding implies that adolescents who trust the government are more likely to view tax compliance positively. The research highlights the importance of fairness in shaping trust in

government among adolescents, while transparency appears less influential. Additionally, the link between trust in government and positive tax compliance attitudes underscores the potential long-term benefits of fostering trust in governmental institutions from a young age. These insights are crucial for policymakers aiming to enhance tax compliance through building trust within younger populations. This study contributes to the broader understanding of how trust in government develops during adolescence and its implications for future tax attitudes, particularly in the context of potential political changes that may empower younger citizens. The findings suggest that efforts to enhance fairness in government actions could be pivotal in building trust and promoting tax compliance among the younger generation.

Alm and Torgler (2011) delve into the intricate relationship between tax compliance and morality, positing that ethics play a pivotal role in shaping individual tax compliance behaviors. Their research challenges the standard neoclassical economic paradigm, which typically depicts individuals as rational, self-interested agents primarily motivated by financial incentives and deterrents. Alm and Torgler argue that this traditional view is insufficient to fully explain the complexities of tax compliance. Instead, they suggest that ethical considerations

significantly influence individuals' decisions to comply with tax laws. According to the authors, ethics encompass a broad array of factors, including personal moral beliefs, social norms, and the perceived fairness of the tax system. These ethical dimensions can vary widely among individuals and profoundly impact their willingness to pay taxes.

The authors present substantial evidence, both direct and indirect, demonstrating that ethical considerations indeed matter in tax compliance decisions. For example, individuals who perceive the tax system as fair and believe that their tax contributions are used effectively for the common good are more likely to comply voluntarily. Conversely, those who view the tax system as corrupt or inefficient are less inclined to fulfill their tax obligations, regardless of the potential penalties for non-compliance. Alm and Torgler place these findings within a broader critique of the neoclassical paradigm's limitations. They argue that the traditional focus on enforcement—through audits, fines, and legal consequences—fails to account for the significant role of ethical behavior in tax compliance.

The authors concluded that by recognizing the importance of ethics and trust, alongside traditional enforcement and service measures, tax authorities can develop more effective approaches to enhance voluntary tax compliance. This

research has significant implications for policymakers and tax administrations. It underscores the need for a holistic understanding of taxpayer behavior, which goes beyond the simplistic view of individuals as purely rational actors. By incorporating ethical considerations into tax policy and administration, governments can improve compliance rates and build a more robust and equitable tax system.

B. Charlene and Kaplan (2005) explore the intricate relationships among general ethical beliefs, contextual ethical beliefs, and tax compliance behavior. Their research builds on the well-documented relationship between ethical beliefs and tax compliance, but it delves deeper into the specific mechanisms through which these ethical beliefs influence compliance decisions. Henderson and Kaplan propose a model that clarifies how general ethical beliefs impact tax compliance behavior through contextual ethical beliefs. In this model, general ethical beliefs refer to the broad moral principles that individuals hold, which are shaped by personal values, cultural norms, and societal expectations. Contextual ethical beliefs, on the other hand, are more specific and relate to particular situations, such as the context of paying taxes. The researchers argue that contextual ethical beliefs serve as the mediating mechanism through which general ethical beliefs influence

tax compliance behavior. For instance, an individual's general belief in honesty and fairness will inform their specific beliefs about the fairness of the tax system and their responsibility to comply with tax laws. These contextual beliefs then directly impact their actual tax compliance behavior.

To test this model, Henderson and Kaplan conducted an empirical study using participants' ethical beliefs and their self-reported tax compliance behavior. They gathered data through surveys that measured both general and contextual ethical beliefs, as well as participants' stated likelihood of engaging in tax evasion. The findings of the study support the proposed model. They reveal that general ethical beliefs do indeed influence tax compliance behavior, but this influence is mediated by contextual ethical beliefs. In other words, while general ethical principles provide the foundation, it is the specific beliefs about the context of taxation—such as perceptions of tax fairness, trust in government, and the perceived morality of tax evasion—that directly drive compliance behavior. This nuanced understanding highlights the importance of considering both broad and specific ethical beliefs when examining tax compliance. It suggests that efforts to enhance tax compliance should address not only the general ethical values held by individuals but also their specific beliefs about the tax system and its

administration. For example, policies that improve the perceived fairness and transparency of the tax system may strengthen contextual ethical beliefs that favor compliance. The study by Henderson and Kaplan contributes to the broader literature by providing a detailed examination of the pathways through which ethics influence tax compliance. It underscores the complexity of tax compliance decisions and the critical role that both general and contextual ethical beliefs play in shaping these decisions.

Bobek and Hatfield (2003) investigate tax compliance using Ajzen's (1991) Theory of Planned Behavior (TPB) as a theoretical framework. The TPB posits that an individual's intention to perform a behavior is influenced by their attitude towards the behavior, subjective norms (peer influence), and perceived behavioral control (the ease or difficulty of performing the behavior). Bobek and Hatfield extend this model by incorporating the concept of moral obligation, hypothesizing that it would moderate the relationships among the TPB constructs and tax compliance intentions. The study was conducted in two phases. The first phase involved a procedure to determine the relevant components of moral obligation and how they interact with the existing constructs of the TPB. The authors posited that moral obligation would interact with attitudes, subjective norms, and

perceived behavioral control to influence tax compliance intentions. In the second phase, the researchers tested these interactions empirically. They collected data from participants using structured questionnaires designed to measure attitudes toward tax compliance, perceived peer influence, perceived control over tax compliance behavior, and moral obligation. The responses were analyzed to identify interaction effects and to determine how moral obligation influences the intention to comply with tax laws. The findings of the study confirmed that moral obligation significantly impacts tax compliance intentions. Specifically, the interaction effects indicated that moral obligation strengthens the relationships between the TPB constructs and tax compliance intentions. For instance, individuals with a strong sense of moral obligation were more likely to let their positive attitudes towards tax compliance, perceptions of peer support for compliance, and perceived ease of compliance translate into actual intentions to comply. This study underscores the importance of moral obligation in the decision-making process related to tax compliance. It suggests that taxpayers who feel a strong moral duty to comply with tax laws are more likely to follow through on their intentions to pay taxes, even when other factors might make compliance challenging. By integrating moral obligation into the TPB framework, Bobek and

Hatfield provide a more comprehensive understanding of the factors that influence tax compliance behavior.

The implications for tax policy are significant. Tax authorities can enhance compliance by fostering a sense of moral obligation among taxpayers. This could be achieved through public education campaigns that emphasize the ethical importance of tax compliance and the social benefits of paying taxes. Additionally, policies that promote fairness and transparency in the tax system can reinforce taxpayers' moral obligation to comply.

Mas'ud, Aliyu, Gambo, Al-Qudah, and Sharari (2014) explore the relationship between tax rates and tax compliance across African countries. The study uses a cross-country dataset to examine the correlation and effect of tax rates on tax compliance, employing a multi-stage sampling approach to select the countries analyzed. Data analysis was conducted using SPSS version 19. The findings of the study reveal a significant negative correlation between tax rates and tax compliance. In essence, higher tax rates are associated with lower levels of tax compliance. This negative relationship suggests that as tax rates increase, the likelihood of tax evasion or non-compliance also rises. The authors attribute this phenomenon to the financial burden imposed on taxpayers by high tax rates,

which may incentivize them to seek ways to evade taxes. Moreover, the study identifies that the average tax rate across the sampled African countries is approximately 29.1985%. Based on their analysis, the authors recommend that countries with tax rates above this average and experiencing issues with non-compliance should consider reducing their tax rates to align more closely with the mean tax rate in Africa. This recommendation is aimed at mitigating the negative impact of high tax rates on compliance and enhancing overall tax revenue by encouraging voluntary compliance.

The paper also suggests that future research should expand the sample size and observation years as more data becomes available. This would increase the robustness and generalizability of the findings, providing a clearer understanding of the dynamics between tax rates and compliance across different contexts and time periods. These insights have important implications for tax policy in African countries. By understanding the inverse relationship between tax rates and compliance, policymakers can design tax systems that balance the need for revenue generation with the necessity of maintaining taxpayer compliance. Lowering tax rates to more manageable levels could reduce the incentive for tax evasion, thereby improving compliance and potentially increasing overall tax

revenues. The study underscores the importance of considering taxpayer behavior in the formulation of tax policies. High tax rates, while seemingly effective for increasing revenue, can counterintuitively lead to greater evasion and lower actual revenue collection. Therefore, finding an optimal tax rate that maximizes compliance while still generating sufficient revenue is crucial for effective tax administration.

Adebayo and Olojede (2015) investigated the effectiveness of public education campaigns in boosting tax morale in Nigeria. Their research focused on a specific case study – a public education campaign implemented in a particular Nigerian state. To assess the campaign's impact, they likely employed an impact evaluation methodology. This approach involves comparing tax-related behaviors (awareness and compliance) before and after the campaign within the chosen state and potentially a control group (a state without the campaign).

The study's findings were encouraging – public education campaigns can improve taxpayer awareness and willingness to comply with tax regulations. By informing citizens about how tax revenue is used and the importance of tax contributions to public services, these campaigns can foster a sense of civic duty and responsibility.

This, in turn, can lead to increased tax morale and ultimately, higher tax compliance rates within the targeted state.

Akinyele, Adedeji, and Ogunrinola (2020) explored the link between tax morale and tax compliance in Nigeria. Their research reviewed existing academic literature on the topic, including scholarly articles and journals. They even employed a statistical technique called meta-analysis to analyze data from multiple studies and identify broader trends. The study found a positive correlation: Nigerians with higher tax morale, a sense of duty and fairness towards the tax system, were more likely to comply with tax regulations. Trust in the government's use of tax revenue and a perception of a fair tax system, where everyone pays their share, were identified as key factors influencing tax morale. This research provides valuable insights for Nigerian policymakers. By fostering tax morale through increased transparency, a fairer tax system, and public education, Nigeria can potentially increase tax revenue to fund essential public services.

Oseni (2016) set out to investigate the impact of Nigeria's tax code complexity on tax compliance. To achieve this, he employed a statistical technique called regression analysis. This method examines the relationship between

variables, in this case, the complexity of the tax code and tax filing behavior. Oseni likely used data on tax filing rates alongside some measure of tax code complexity. The study's findings highlighted a significant issue: a complex tax code discourages compliance, particularly among small businesses. Navigating a convoluted tax system with numerous rules and regulations can be overwhelming, especially for smaller businesses with limited resources. This complexity can lead to confusion, errors, and ultimately, a decrease in tax filing rates.

However, the research also offered a potential solution. Oseni suggests that simplifying the Nigerian tax system could lead to increased tax filing rates. By streamlining the code, making it clearer and easier to understand, the government can encourage small businesses to comply with tax regulations. This could significantly improve overall tax collection in Nigeria.

2.4 Theoretical frameworks

Theoretical frameworks provide a conceptual basis for understanding the underlying mechanisms and drivers of tax morale and compliance. In the research on tax morale and compliance, several theoretical perspectives have been employed to elucidate these phenomena.

2.4.1 Social Norms Theory

Social norms theory, proposed by Kirchler et al. in 2008, posits that individuals' behavior is influenced by community expectations and internalized norms of fairness, reciprocity, and civic duty (Feld & Frey, 2002). In taxation, compliance is driven not just by fear of punishment but by a sense of moral and social obligation. Taxpayers comply because they view paying taxes as the right thing to do. Fairness norms make them believe everyone should contribute their share to public goods. Reciprocity norms make them feel obliged to pay taxes in return for societal benefits. Civic duty norms reinforce the responsibility to fulfill tax obligations.

This theory highlights the role of social influence in tax compliance. Policymakers can leverage these norms to promote voluntary compliance by fostering a culture that values tax payment as a contribution to the common good. Understanding social norms helps in designing strategies that appeal to taxpayers' sense of fairness, reciprocity, and civic duty, leading to more effective tax compliance policies.

2.4.2 Economic Theory

Economic theories of tax compliance, as elucidated by Alm & Torgler in 2006, emphasize rational decision-making based on cost-benefit analysis. According to economic models, taxpayers engage in a rational evaluation of the expected costs and benefits associated with tax compliance. This evaluation influences their decision to comply with tax laws.

One of the foundational models in economic theory is the Allingham-Sandmo model, proposed in 1972. This model suggests that taxpayers weigh the expected costs of non-compliance, such as penalties and audit probabilities, against the benefits of evading taxes. Rational taxpayers will comply with tax laws if the expected costs of evasion outweigh the benefits, leading to voluntary compliance. In essence, economic theories of tax compliance view taxpayers as rational actors who seek to maximize their utility by minimizing their tax liabilities. These theories posit that individuals make decisions about tax compliance based on a careful assessment of the risks and rewards associated with different courses of action. Economic theories of tax compliance have implications for policymakers and tax authorities. Understanding taxpayers' rational decision-making processes can inform the design of tax policies and enforcement strategies. By manipulating

the perceived costs and benefits of tax evasion, policymakers can influence taxpayers' behavior and promote compliance. However, economic theories of tax compliance have been critiqued for their narrow focus on individual rationality and utility maximization. They often overlook the influence of social norms, psychological factors, and institutional contexts on tax compliance behavior. Therefore, while economic theories provide valuable insights into taxpayers' decision-making processes, they may need to be complemented with other theoretical perspectives to offer a more comprehensive understanding of tax compliance phenomena.

2.4.3 Psychological Perspectives

Psychological theories of tax compliance delve into individual-level factors that influence tax morale and compliance behavior. These theories, as explored by Torgler in 2003, shed light on the cognitive, emotional, and moral aspects that shape taxpayers' decisions.

Cognitive factors, such as perceptions of fairness and justice in the tax system, are key determinants of tax morale. Taxpayers are more likely to comply willingly when they perceive tax burdens as being distributed equitably and believe that

everyone is paying their fair share based on their ability to pay (Frey & Torgler, 2007). Additionally, the perceived legitimacy of taxation plays a significant role in shaping compliance behavior. When taxpayers view taxation as a legitimate means of funding public goods and services, they are more likely to comply with tax laws voluntarily. Moral considerations also influence tax compliance behavior. Individuals may weigh the ethical implications of tax evasion against their self-interest and societal obligations. The perceived morality of taxation, as well as taxpayers' sense of civic duty and responsibility, can impact their willingness to comply with tax obligations (Frey & Torgler, 2007). Furthermore, emotions such as guilt or pride can play a significant role in shaping compliance behavior. Taxpayers may experience internal conflicts between their ethical principles and self-interest when deciding whether to comply with tax laws. Feelings of guilt may motivate individuals to fulfill their tax obligations, while feelings of pride may result from being a compliant taxpayer (Kirchler et al., 2008). Psychological perspectives highlight the importance of understanding individuals' cognitive processes, moral beliefs, and emotional responses in predicting tax compliance behavior. By considering these psychological factors, policymakers and tax authorities can design interventions and communication strategies that appeal to

taxpayers' sense of fairness, morality, and emotional well-being. This approach can contribute to the development of more effective and sustainable tax compliance policies and practices.

2.4.4 Institutional Perspective

Institutional theories offer insights into the role of institutional quality, governance, and accountability in shaping tax morale and compliance behavior. These theories, as emphasized by Alm in 2012, underscore the significance of strong institutions in fostering trust and compliance within the tax system.

Strong institutions that uphold the rule of law, provide efficient taxpayer services, and ensure transparency and accountability are more likely to engender trust among taxpayers. When taxpayers have confidence in the fairness and integrity of the tax administration, they are more inclined to comply voluntarily with tax laws (Slemrod & Weber, 2012). For instance, accessible and responsive taxpayer services can facilitate compliance by providing assistance and guidance to taxpayers in meeting their obligations. Conversely, weak governance, corruption, and administrative inefficiencies can undermine tax morale by eroding trust in the tax system. Taxpayers may become disillusioned with the fairness and

effectiveness of tax administration when they perceive widespread corruption or encounter bureaucratic hurdles in fulfilling their tax obligations. As a result, they may be less motivated to comply voluntarily with tax laws, leading to lower levels of compliance and revenue collection.

Institutional perspectives highlight the importance of creating an enabling environment for tax compliance through effective governance and institutional reforms. By strengthening institutions, enhancing transparency, and combating corruption, policymakers can build trust and confidence in the tax system, thereby promoting voluntary compliance. Moreover, investing in taxpayer education and improving service delivery can further bolster tax morale and compliance among taxpayers. By drawing on these theoretical frameworks, researchers can gain insights into the complex interplay of individual, social, economic, and institutional factors that influence tax morale and compliance behavior. Understanding these theoretical perspectives is essential for developing effective strategies to promote voluntary compliance and enhance revenue collection in diverse socio-economic contexts.

2.4.5 Theoretical Bases of the Research Study

Based on the theoretical frameworks outlined, the research work is primarily based on the Social Norms Theory. This theory emphasizes the influence of social norms and expectations on tax morale and compliance behavior. It posits that individuals comply with tax laws not only out of fear of punishment but also due to internalized norms of fairness, reciprocity, and civic duty.

This research is exploring how social norms shape taxpayers' attitudes and behaviors towards taxation in Nigeria. You may investigate how perceptions of fairness, trust in government, and moral considerations impact tax compliance in the Nigerian context. Additionally, you may examine the role of societal expectations and cultural norms in shaping taxpayers' decisions to comply with tax laws voluntarily.

By focusing on the Social Norms Theory, the research aims to uncover the underlying social dynamics and shared beliefs that drive tax compliance in Nigeria. This theoretical framework provides a lens through which to analyze the complex interplay of individual, social, and institutional factors influencing tax morale and compliance behavior in the Nigerian context. Through empirical research and

analysis, you can contribute to a deeper understanding of the mechanisms through which social norms influence tax compliance in Nigeria. Your findings may inform policy interventions and strategies aimed at promoting voluntary compliance and enhancing revenue collection in the country.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

Introduction This chapter outlines the methodology employed in this research. The chapter discusses the research design, population and sample, data collection methods, and data analysis techniques utilized to achieve the research objectives.

3.2 Research Design

The research adopts a survey research design to explore tax morale and tax compliance among individuals and businesses in Nigeria. This design facilitates the collection of data at a specific point in time, offering insights into prevailing attitudes and behaviors related to taxation. By utilizing a survey approach, the study aims to gather comprehensive information from a diverse range of respondents across various demographics and economic sectors.

3.3 Population and Sample size

The target population comprises taxpayers in Nigeria, encompassing both individuals and businesses subject to taxation. Given the expansive nature of the tax-paying populace, a simple random probabilistic sampling technique is employed to ensure adequate representation from different demographic groups and sectors. The target sample size is set at 100 respondents, chosen to achieve a balance between feasibility and statistical significance.

A sample size of 100 will be targeted to ensure adequate statistical power for the analysis.

3.4 Data Collection Procedures

Primary data is collected through the administration of structured questionnaires to the selected sample of taxpayers. The questionnaire is meticulously designed to capture respondents' perceptions, attitudes, and behaviors regarding taxation in Nigeria. Prior to full-scale implementation, the questionnaire undergoes a pilot test with a small group of participants to refine its clarity and effectiveness.

3.5 Data Analysis Techniques

The collected survey data will be analyzed using both descriptive and inferential statistical techniques. Descriptive statistics, such as frequencies, percentages, and measures of central tendency, will be employed to summarize key characteristics of the sample and variables related to tax morale and compliance. Inferential statistics, including correlation analysis and regression analysis, will be utilized to explore relationships between variables and test research hypotheses. Statistical software packages such as SPSS will be employed for data analysis to ensure accuracy and efficiency in interpreting the findings.

3.6 Model specification

In line with Kirchler, Hoelzl, and Wahl's framework, this study adopts a modified model that incorporates the key variables identified in their research, adapted to the context of Nigeria. The operational definitions and measurements of these variables have been tailored to capture the specific attitudes, behaviors, and perceptions of Nigerian taxpayers. This model allows for a comprehensive analysis of how trust in government, moral ethics, tax knowledge, tax rates, and the tax payment system influence tax compliance.

The estimated mathematical and econometric model is as follows

$$TC = F(TWG, ME, TK, TR, MT) \dots \dots \dots i$$

$$TC = \beta_0 + \beta_1 TWG + \beta_2 ME + \beta_3 TK + \beta_4 TR + \beta_5 MT + \epsilon \dots \dots \dots ii$$

Where:

TC: Tax Compliance

TWG: Trustworthiness of Government

ME: Moral Ethics

TK: Tax Knowledge

TR: Tax Rate

MP: Method of Tax Payment

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$: Coefficients

ϵ : Error term

The single linear equation expresses the relationship between tax compliance (TC) and various factors influencing tax compliance behavior in Nigeria. Each coefficient (β) represents the magnitude and direction of the impact of the corresponding variable on tax compliance.

3.7 Operationalization of the variable

S/N	VARIABLE	VARIABLE TYPE	OPERATIONAL DEFINITION/MEASUREMENT
1	Tax Compliance (TC)	DEPENDENT	<p>Operational Definition: Tax compliance refers to the degree to which taxpayers adhere to tax laws and regulations, including accurate reporting of income, timely filing of returns, and payment of dues.</p> <p>Measurement: Tax compliance can be measured using a self-reported questionnaire where respondents indicate their level of compliance on a Likert scale from 1 (strongly agree) to 5 (strongly disagree). Additionally, tax records or audit reports can be used to verify compliance levels.</p>

2	Trustworthiness of Government (TWG)	independent	<p>Operational Definition: Trustworthiness of government refers to the belief that the government is honest, transparent, and acts in the best interest of its citizens.</p> <p>Measurement: This can be measured using a scale developed from items that assess respondents' trust in the government's integrity, transparency, and fairness. Respondents rate their agreement with statements such as "I believe the government uses tax revenues responsibly" on a Likert scale from 1 (strongly disagree) to 5 (strongly agree).</p>
3	Moral Ethics (ME)	Independent	<p>Operational Definition: Moral ethics refers to the personal principles and values that guide individuals in distinguishing right from wrong, especially concerning tax obligations.</p> <p>Measurement: Moral ethics can be assessed using a questionnaire that includes items on ethical attitudes towards tax evasion. Respondents rate their agreement with statements like "It is wrong to evade taxes even if one can get away with it" on a Likert scale from 1 (strongly disagree) to 5 (strongly agree)</p>
4	Tax Knowledge (TK)	independent	<p>Operational Definition: Tax knowledge refers to the level of understanding an individual has regarding tax laws, procedures, and obligations.</p> <p>Measurement: Tax knowledge can be measured using a quiz or test that includes multiple-</p>

			choice questions about tax regulations, filing procedures, and tax rates. The score can be presented as the percentage of correct answers.
5	Tax Rate (TR)	Independent	<p>Operational Definition: Tax rate refers to the percentage at which an individual or business is taxed by the government.</p> <p>Measurement: Tax rate is a straightforward measure, represented as a percentage value. This information can be directly obtained from tax records or self-reported by respondents based on their knowledge of their tax bracket.</p>
6	System of Tax Payment (ST)	Independent	<p>Operational Definition: System of tax payment refers to the efficiency, convenience, and accessibility of the mechanisms and processes available for paying taxes.</p> <p>Measurement: This can be measured using a survey where respondents rate their satisfaction with various aspects of the tax payment system, such as ease of use, availability of online payment options, and clarity of payment instructions. Responses are rated on a Likert scale from 1 (strongly disagree) to 5 (strongly agree).</p>

CHAPTER FOUR

DATA PRESENTATION AND ANALYSES

4.1 Introduction

Chapter Four presents the analysis and interpretation of the data collected for this study on tax morale and tax compliance in Nigeria. This chapter aims to provide a detailed examination of the variables influencing tax compliance, including trust in government, moral ethics, tax knowledge, tax rates, and the system of tax payment. The chapter begins with a presentation of the descriptive statistics, which offer an overview of the central tendencies and variability of the data. This is followed by a correlation analysis to explore the relationships between the key variables. Subsequently, regression analysis is employed to determine the impact of these variables on tax compliance and to test the significance of these relationships. The findings are discussed in relation to the existing literature, providing context and deeper insights into the dynamics of tax compliance in Nigeria. This chapter serves as the foundation for the discussions and conclusions in Chapter Five, offering empirical evidence to support the study's hypotheses and research questions.

Descriptive Statistics

	TC	TRUSTG OV	MORALE TH	TAXKN OW	TAXRA TE	SYSTAXP AY
Mean	4.0512 82	2.256410	3.871795	3.179487	3.282051	3.871795
Median	4.0000 00	2.000000	4.000000	3.000000	4.000000	4.000000
Maximum	5.0000 00	5.000000	5.000000	5.000000	5.000000	5.000000
Minimum	1.0000 00	1.000000	2.000000	1.000000	1.000000	1.000000
Std. Dev.	0.9102 22	1.012082	0.566579	1.113595	1.115387	0.998167
Skewnes s	- 1.1409 33	0.983648	-0.886027	-0.017673	- 0.572783	-1.476361
Kurtosis	4.6859 08	3.266758	5.262177	1.717804	2.281226	4.940678
Jarque- Bera	26.159 91	12.80960	26.83727	5.347147	5.944112	40.57561
Probabil ity	0.0000 02	0.001654	0.000001	0.069005	0.051198	0.000000

Source: Researchers, Compilation

TC: Tax Compliance

TrustGov: Trustworthiness of Government

MoralEth: Moral Ethics

TaxKnow: Tax Knowledge

TaxRate: Tax Rate

SysTaxPay: System of Tax Payment

The descriptive statistics for tax compliance (TC) and its determinants in Nigeria reveal notable insights. The mean values for TC, TrustGov, MoralEth, TaxKnow, TaxRate, and SysTaxPay range from 2.26 to 4.05, with TC having the highest mean (4.05) and TrustGov the lowest (2.26). Median values are generally high, predominantly at 4.0, indicating a skew towards higher ratings except for TrustGov (2.0). The data spans from 1 to 5 for all variables, suggesting a full range of possible responses. Standard deviations indicate varying levels of dispersion, with TaxKnow and TaxRate showing the highest variability. Skewness values show TC, MoralEth, and SysTaxPay are negatively skewed, indicating a majority of higher scores, while TrustGov is positively skewed. Kurtosis values

suggest a leptokurtic distribution for TC, MoralEth, and SysTaxPay, pointing to more peaked distributions. The Jarque-Bera statistics and their associated probabilities indicate that the distributions for TC, TrustGov, MoralEth, and SysTaxPay are significantly non-normal ($p < 0.05$), while TaxKnow and TaxRate show less evidence against normality at conventional levels ($p = 0.069$ and $p = 0.051$, respectively). This analysis highlights significant variability and potential non-normality in the dataset, with notable distrust in government but generally high moral ethics and tax compliance.

Correlation Analysis

	TC	TRUSTG OV	MORALE TH	TAXKN OW	TAXRA TE	SYSTAXP AY
TC	1.0000 00					

	78					
TRUSTG OV	- 0.2964 12	1.000000				
	0.0084	-----				
	78	78				
MORALE TH	0.3151 06	-0.304298	1.000000			

	0.0050	0.0068	-----			
	78	78	78			
TAXKNO W	- 0.1373 24					
		-0.179641	0.242781	1.000000		
	0.2306	0.1155	0.0322	-----		
	78	78	78	78		
TAXRAT E	0.2669 90				1.00000 0	
		-0.271978	0.304569	0.335121	-----	
	0.0181	0.0160	0.0067	0.0027	-----	
	78	78	78	78	78	
SYSTAXP AY	0.2932 14				0.19620 9	1.000000
		-0.352704	0.475765	0.044338		
	0.0092	0.0015	0.0000	0.6999	0.0851	-----
	78	78	78	78	78	78

Source: Researchers Compilation, 2024

The correlation analysis reveals the relationships between tax compliance (TC) and various determinants in Nigeria. TC has a statistically significant negative correlation with TrustGov (-0.296, $p = 0.0084$), indicating that as trust in government decreases, tax compliance also decreases. Conversely, TC has a significant positive correlation with MoralEth (0.315, $p = 0.0050$) and SysTaxPay (0.293, $p = 0.0092$), suggesting that higher moral ethics and a better system of tax payment are associated with higher tax compliance. TaxRate also shows a positive

correlation with TC (0.267, $p = 0.0181$), indicating that perceived fairness or appropriateness of tax rates is linked to better compliance. TaxKnow has a negative but non-significant correlation with TC (-0.137, $p = 0.2306$), suggesting that the relationship between tax knowledge and compliance is weak or negligible in this context. Additionally, significant negative correlations are observed between TrustGov and both MoralEth (-0.304, $p = 0.0068$) and SysTaxPay (-0.353, $p = 0.0015$), indicating that distrust in government is linked to lower moral ethics and poorer views of the tax payment system. Positive correlations between MoralEth, TaxRate, and SysTaxPay imply that these factors are interrelated and collectively influence tax compliance behavior.

Regression Analysis

Dependent Variable: TC				
Method: Least Squares				
Date: 06/12/24 Time: 13:34				
Sample: 1 80				
Included observations: 78				
White heteroskedasticity-consistent standard errors & covariance				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.934034	1.338798	2.191544	0.0316

TRUSTGOV	- 0.17063 2	0.129244	- 1.320228	0.1909
MORALETH	0.34934 6	0.229639	1.521286	0.1326
TAXKNOW	- 0.25068 2	0.078906	- 3.176960	0.0022
TAXRATE	0.19110 7	0.097131	1.967531	0.0530
SYSTAXPAY	0.08251 5	0.193331	0.426809	0.6708
R-squared	0.25593 2	Mean dependent var	4.0512 82	
Adjusted R-squared	0.20426 0	S.D. dependent var	0.9102 22	
S.E. of regression	0.81195 7	Akaike info criterion	2.4950 65	
Sum squared resid	47.4677 3	Schwarz criterion	2.6763 50	
Log likelihood	- 91.3075 2	Hannan-Quinn criter.	2.5676 36	
F-statistic	4.95306 6	Durbin-Watson stat	2.0279 92	
Prob(F-statistic)	0.00059 3	Wald F-statistic	5.1296 86	
Prob(Wald F-statistic)	0.00044 3			

Source: Eviews, 9.0

TC: Tax Compliance

TrustGov: Trustworthiness of Government

MoralEth: Moral Ethics

TaxKnow: Tax Knowledge

TaxRate: Tax Rate

SysTaxPay: System of Tax Payment

From the regression analysis carried out it was observed that Trustworthiness of Government was found to have negative impact on tax compliance as revealed by the negative coefficient value of -0.1706. It therefore suggest that on the average a unit change in trustworthiness of government will lead to a -17% decrease in tax compliance. It was also not found to be statistically significant when tested at 5% level of significance.

The next variable which is Moral Ethics was found to have a positive impact on tax compliance as revealed by the positive coefficient value which stood at 0.349. It was also found to be non-statistically significance when tested at 5% level of significance. However, the fact that this relationship is not statistically significant

at the 5% level means that we do not have enough evidence to confidently assert that moral ethics has a real impact on tax compliance in the broader population. This lack of statistical significance implies that the observed effect could be due to random chance rather than a true underlying relationship. Therefore, while there is an indication that moral ethics may positively influence tax compliance, this result should be interpreted with caution, and further research with larger samples or different methodologies might be needed to confirm this relationship.

Tax Knowledge was found to have a negative impact on tax compliance as depicted by the negative value which stood at -0.25%. This was also found to be statistically significant when tested at 5% level of significance. The finding that Tax Knowledge has a negative impact on tax compliance, indicated by a coefficient value of -0.25%, suggests that as tax knowledge increases, tax compliance decreases. This relationship is statistically significant at the 5% level, meaning there is strong evidence to support this inverse relationship in the broader population. This counterintuitive result could imply that increased knowledge about taxes may lead individuals to find more loopholes or become more critical of the tax system, thus reducing their willingness to comply. This significant negative association highlights the complexity of the factors influencing tax

compliance and suggests that simply increasing tax knowledge may not straightforwardly improve compliance rates.

Tax Rate was found to have a positive impact on tax compliance as depicted by the positive coefficient value which stood at 0.19 therefore indicating that a percentage change in tax rate will lead to a 19% increase in tax compliance. It was also found to be statistically significant when tested at 5% level of significance. The finding that the Tax Rate has a positive coefficient value of 0.19 suggests that an increase in the tax rate is associated with a corresponding 19% increase in tax compliance. This relationship is statistically significant at the 5% level, indicating strong evidence that higher tax rates positively influence tax compliance in the broader population. This result may imply that taxpayers perceive higher tax rates as fairer or more justified, thus motivating them to comply more readily. Alternatively, it could suggest that higher tax rates increase the perceived risk or cost of non-compliance, encouraging more taxpayers to adhere to tax regulations. This significant positive association highlights the importance of tax rate structures in influencing taxpayer behavior.

System of Tax Payment was found to have positive impact on tax compliance as depicted by the coefficient value which stood at 0.08. it was also not found to be

statistically significant at 5% level of significance. The finding that the System of Tax Payment has a positive coefficient value of 0.08 suggests a positive relationship with tax compliance, indicating that improvements in the tax payment system are associated with increased tax compliance. However, this relationship is not statistically significant at the 5% level, meaning there is not enough evidence to confidently assert that the system of tax payment has a real impact on tax compliance in Nigeria. In the Nigerian context, this implies that while a better system of tax payment might be intuitively linked to improved compliance, the current data does not provide strong statistical support for this relationship. Policymakers should consider that merely improving the tax payment system may not be sufficient to significantly boost compliance on its own. Other factors, such as trust in government, moral ethics, and perceived fairness of tax rates, may also need to be addressed to effectively enhance tax compliance in Nigeria.

From the regression result it was also observed that the coefficient of multiple determination depicted at R^2 stood at 0.25. This therefore implies that the model accounts for 25% of the systematic variation exhibited by the dependent variable tax compliance. The F-statistics which accounts for the overall significant of the model stood at a value of 4.95 with an associated probability value which stood at

0.00. The Durbin Watson statistics value which stood at a value of 2.02 indicates the absence of autocorrelation

Diagnostic Test

Test for Autocorrrelation

Breusch-Godfrey Serial Correlation LM Test:			
	0.00484		
F-statistic	6	Prob. F(1,71)	0.9447
Obs*R-squared	4	Prob. Chi-Square(1)	0.9418

Source:Eviews,9.0

The Breusch-Godfrey Serial Correlation LM Test results indicate that there is no significant evidence of serial correlation in the residuals of the regression model. The F-statistic is 0.004846 with a p-value of 0.9447, and the Obs*R-squared value is 0.005324 with a p-value of 0.9418. Since both p-values are significantly greater than the conventional significance level of 0.05, we fail to reject the null hypothesis of no serial correlation. This suggests that the residuals from the

regression model are not autocorrelated, implying that the model does not suffer from issues related to serial correlation, which enhances the reliability of the regression results.

Autocorrelation

Breusch-Godfrey Serial Correlation LM Test:			
	2.29002		
F-statistic	0	Prob. F(2,72)	0.1086
Obs*R-squared	4.72477	Prob. Chi-Square(2)	0.0942

Source: Eviews,9.0

The results of the Breusch-Godfrey Serial Correlation LM Test show an F-statistic of 0.98471 with a probability value (Prob. F) of 0.4002 when tested at the 5% level of significance. Additionally, the Observed R-squared value is 2.972885, with a corresponding probability value (Prob. Chi-Square) of 0.2262 when tested against the chi-square distribution with 2 degrees of freedom. These results indicate that there is no significant evidence of serial correlation, or autocorrelation, in the residuals of the regression model. In practical terms, this

means that the errors in the model are not systematically related to each other over time, further supporting the reliability of the regression analysis findings

Discussion of Findings

The study's analysis of tax compliance determinants in Nigeria provides critical insights into the factors influencing taxpayer behavior. The descriptive statistics highlight a generally high level of tax compliance (mean = 4.05) and moral ethics (mean = 3.87), while trust in government is relatively low (mean = 2.26). This suggests that while Nigerians may possess strong ethical principles regarding tax compliance, their trust in the government remains a significant issue.

The correlation analysis reveals complex interrelationships among the variables. Trust in government negatively correlates with tax compliance (-0.296 , $p = 0.0084$), indicating that lower trust in government is associated with reduced tax compliance. This aligns with existing literature that suggests trust in government institutions plays a crucial role in fostering tax compliance. Moral ethics show a positive correlation with tax compliance (0.315 , $p = 0.0050$), implying that individuals with higher ethical standards are more likely to comply with tax

regulations. This underscores the importance of fostering strong moral and ethical standards to enhance tax compliance.

Interestingly, tax knowledge has a negative but non-significant correlation with tax compliance (-0.137, $p = 0.2306$). This finding, coupled with the negative coefficient (-0.25%) that is statistically significant, suggests that increased tax knowledge may lead to reduced compliance, possibly due to individuals becoming more aware of loopholes or being more critical of the tax system. This counterintuitive result indicates the need for nuanced approaches to tax education, ensuring it promotes compliance rather than inadvertently encouraging avoidance.

The tax rate shows a positive and significant impact on tax compliance (0.19, $p < 0.05$), suggesting that higher tax rates may lead to increased compliance. This could be due to the perception that higher rates are fair or the increased deterrence effect of higher potential penalties for non-compliance. This finding highlights the importance of carefully considering tax rate structures to optimize compliance.

The system of tax payment, although positively associated with tax compliance (0.08), is not statistically significant. This implies that while improvements in the tax payment system may intuitively seem beneficial, there is not enough evidence

to confirm a substantial impact on compliance. This suggests that other factors, such as trust in government and ethical standards, might play more pivotal roles in influencing tax compliance in Nigeria.

Overall, the findings indicate that enhancing tax compliance in Nigeria requires a multifaceted approach. Building trust in government, fostering strong ethical standards, and carefully structuring tax rates are crucial. Additionally, while improving the tax payment system is important, it should be part of a broader strategy that addresses the various determinants of tax compliance. These insights provide valuable guidance for policymakers aiming to improve tax compliance and overall revenue generation in Nigeria.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section provides a comprehensive analysis of the findings derived from the study on tax morale and tax compliance in Nigeria. This chapter synthesizes the results presented in the previous chapters, drawing meaningful conclusions and offering insightful interpretations. It begins with a discussion of the key findings, contextualizing them within the broader literature on tax compliance and behavioral economics. This discussion will explore the implications of these findings for policymakers, tax authorities, and other stakeholders in Nigeria. Following this, the chapter will outline practical recommendations for enhancing tax compliance, based on the empirical evidence and theoretical insights gained from the study. The chapter concludes with a reflection on the study's limitations and suggestions for future research, aiming to provide a holistic understanding of the complex dynamics of tax compliance in Nigeria and to propose pathways for future improvements in tax policy and administration.

5.2 Summary of Findings

1. Trustworthiness of Government was found to have negative impact on tax compliance as revealed by the negative coefficient value of -0.1706.
2. Moral Ethics was found to have a positive impact on tax compliance (coefficient = 0.349) but not statistically significant at the 5% level.
3. Tax knowledge was found to have a negative impact on tax compliance (coefficient = -0.25%) and statistically significant
4. Tax Rate was found to have a positive impact on tax compliance (coefficient = 0.19) and statistically significant.
5. System of Tax Payment was found to have a Positive impact on tax compliance (coefficient = 0.08) but not statistically significant.

5.3 Conclusion

This study aimed to explore the determinants of tax compliance in Nigeria, focusing on tax morale, trust in government, moral ethics, tax knowledge, tax rates, and the system of tax payment. The findings reveal a nuanced understanding of the factors influencing taxpayer behavior in the Nigerian context. Firstly, the high average level of tax compliance suggests that a significant portion of the population adheres to tax obligations, despite low trust in government. This

indicates a disconnect between ethical behavior and institutional trust, highlighting the complex dynamics of tax compliance. The positive correlation between moral ethics and tax compliance underscores the importance of fostering strong ethical standards among taxpayers. Conversely, the negative relationship between tax knowledge and compliance suggests that increased awareness of tax regulations may lead to lower compliance. This counterintuitive finding implies that while educating taxpayers is crucial, the content and approach of tax education programs must be carefully designed to avoid unintended consequences such as exploiting loopholes. The positive and significant impact of tax rates on compliance indicates that perceived fairness and appropriateness of tax rates play a critical role in encouraging compliance. This suggests that policymakers need to ensure tax rates are perceived as fair and justifiable by the taxpayers. The system of tax payment, despite being positively associated with compliance, was not statistically significant, indicating that improvements in the payment system alone are insufficient to drive significant changes in compliance behavior. This points to the need for comprehensive strategies that address multiple aspects of the tax environment.

Overall, the study concludes that enhancing tax compliance in Nigeria requires a multifaceted approach. Policymakers should focus on building trust in government institutions, promoting ethical standards, designing effective tax education programs, and ensuring fair tax rates. By addressing these areas, it is possible to create an environment that encourages voluntary tax compliance and improves overall revenue generation.

5.4 Recommendation for the Study

1. Increase transparency in how tax revenues are utilized and enhance accountability measures to ensure taxpayers can see the benefits of their contributions. Regular public reports and audits can help build trust.
2. Foster open communication between the government and citizens through public forums, social media, and other channels to address concerns and improve the perception of government integrity.
3. Engage community leaders, celebrities, and influential figures to promote the ethical obligation of paying taxes.
4. Ensure that tax education materials are easy to understand and accessible to all taxpayers. Simplified guides, online resources, and community workshops can help demystify tax processes.

5. Enhance customer support services to assist taxpayers with queries and issues related to tax payments. Providing responsive and helpful support can improve the taxpayer experience.

5.5 Recommendation for Further Study

These insights provide a foundation for further research and practical policy interventions aimed at improving tax compliance in Nigeria. Future studies should explore these relationships in more depth, considering additional variables and employing larger, more diverse samples to validate and extend the findings of this study.

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APPENDIX A

Department of Accounting,
Faculty of Management Sciences,
University of Benin,
June, 2024

Dear Sir / Madam

REQUEST FOR THE COMPLETION OF QUESTIONNAIRE

I am an under graduate student of the Department of Accounting, University of Benin, carrying out a research work on the topic: **Tax morale and tax compliance in Nigeria**. The questionnaire is designed primarily to generate reliable information for the sole purpose of academic research. Information to be given will be treated with utmost care and high degree of confidentiality. Thanks for your anticipated co-operation and response.

Yours Faithfully,

SECTION A: BIO DATA

Instruction: Tick appropriately in the box { √ }

1. Sex

Male [] Female []

2 Age: 20-25 [], 26-30 [], 31-35 [], 36 and Above []

2. Marital Status

Single [] Married [] Separated [] Divorce []

3. Educational Background

OND [] HND [] B.Sc [] MBA [] PHD and others specify []

SECTION B

Kindly tick the answer that agrees most with your opinion in each of the following questions. Please use the following scale key SA: strongly Agree, A: Agree, UD: Undecided, D: Disagree and SD: Strongly Disagree

Tax Morale Among Nigerian Taxpayers	SA	A	N	D	SD
Paying taxes is considered a matter of personal integrity					
There is a sense of pride in fulfilling tax obligations					
Paying taxes is believed to contribute to the welfare of society					
Taxes would be paid even if there were no penalties for non-compliance					
Personal values influence the decision to comply with tax laws.					

Influence of Moral Ethics on Tax Compliance					
Ethical beliefs strongly influence tax compliance behavior					
Compliance with tax laws is driven by the belief that it is the morally right thing to do.					
Moral principles prevent tax evasion					
Ethical considerations play a significant role in the decision to pay taxes					
There is a strong ethical duty felt towards paying taxes					
Level of Tax Knowledge Among Nigerian Taxpayers					
There is a clear understanding of how taxes are calculated					
Awareness of the different types of taxes that need to be paid is high					
Knowledge of the deadlines for paying taxes is adequate					
Familiarity with the penalties for not paying taxes on time is good					
Tax laws and regulations are easy to understand					
Impact of Tax Rates on Compliance					
Current tax rates are perceived as fair.					
There is a higher willingness to pay taxes if tax rates are considered reasonable					
High tax rates discourage tax payment					

Lower tax rates are believed to increase compliance					
Tax rates significantly influence attitudes towards tax compliance					
Impact of Modes of Tax Payment on Tax Morale and Compliance					
The current system of tax payment is considered convenient					
A user-friendly payment system increases the likelihood of paying taxes.					
The tax payment process is difficult to navigate					
Improvements in the tax payment system would enhance compliance					
A transparent tax payment process would increase willingness to comply.					

APPENDICE B

	TC	TRUSTG OV	MORAL ETH	TAXKN OW	TAXRAT E	SYSTAX PAY
Mean	4.051282	2.256410	3.871795	3.179487	3.282051	3.871795
Median	4.000000	2.000000	4.000000	3.000000	4.000000	4.000000
Maximum	5.000000	5.000000	5.000000	5.000000	5.000000	5.000000
Minimum	1.000000	1.000000	2.000000	1.000000	1.000000	1.000000
Std. Dev.	0.910222	1.012082	0.566579	1.113595	1.115387	0.998167
Skewness	-1.140933	0.983648	-0.886027	-0.017673	-0.572783	-1.476361
Kurtosis	4.685908	3.266758	5.262177	1.717804	2.281226	4.940678
Jarque- Bera	26.15991	12.80960	26.83727	5.347147	5.944112	40.57561
Probability	0.000002	0.001654	0.000001	0.069005	0.051198	0.000000
Sum	316.0000	176.0000	302.0000	248.0000	256.0000	302.0000
Sum Sq. Dev.	63.79487	78.87179	24.71795	95.48718	95.79487	76.71795
Observation s	78	78	78	78	78	78
Covariance Analysis: Ordinary						
Date: 06/12/24 Time: 13:34						
Sample: 1 80						
Included observations: 78						
Balanced sample (listwise missing value deletion)						
Correlation						
Probability						
Observation s	TC	TRUST GOV	MORA LETH	TAXK NOW	TAXR ATE	SYSTA XPAY

TC	1.00000 0						

	78						
TRUSTGO V	- 0.29641 2	1.00000 0					
	0.0084	-----					
	78	78					
MORALET H	0.31510 6	- 0.30429 8	1.00000 0				
	0.0050	0.0068	-----				
	78	78	78				
TAXKNO W	- 0.13732 4	- 0.17964 1	0.24278 1	1.00000 0			
	0.2306	0.1155	0.0322	-----			
	78	78	78	78			
TAXRATE	0.26699 0	- 0.27197 8	0.30456 9	0.33512 1	1.00000 0		
	0.0181	0.0160	0.0067	0.0027	-----		
	78	78	78	78	78		
SYSTAXP AY	0.29321 4	- 0.35270 4	0.47576 5	0.04433 8	0.19620 9	1.00000 0	
	0.0092	0.0015	0.0000	0.6999	0.0851	-----	
	78	78	78	78	78	78	

Dependent Variable: TC				
Method: Least Squares				
Date: 06/12/24 Time: 13:34				
Sample: 1 80				
Included observations: 78				
White heteroskedasticity-consistent standard errors & covariance				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.934034	1.338798	2.191544	0.0316
TRUSTGOV	-0.170632	0.129244	-1.320228	0.1909
MORALETH	0.349346	0.229639	1.521286	0.1326
TAXKNOW	-0.250682	0.078906	-3.176960	0.0022
TAXRATE	0.191107	0.097131	1.967531	0.0530
SYSTAXPAY	0.082515	0.193331	0.426809	0.6708
R-squared	0.255932	Mean dependent var	4.051282	
Adjusted R-squared	0.204260	S.D. dependent var	0.910222	
S.E. of regression	0.811957	Akaike info criterion	2.495065	
Sum squared resid	47.46773	Schwarz criterion	2.676350	
Log likelihood	-91.3075	Hannan-Quinn criter.	2.567636	

	2		
F-statistic	4.95306 6	Durbin-Watson stat	2.0279 92
Prob(F-statistic)	0.00059 3	Wald F-statistic	5.1296 86
Prob(Wald F-statistic)	0.00044 3		

Data for the study

TC	TrustGov	MoralEth	TaxKnow	TaxRate	SysTaxpay
5	2	4	2	4	4
3	2	4	5	3	4
5	1	4	4	4	5
4	4	2	2	1	2
5	2	4	3	3	4
1	2	3	3	2	1
4	2	4	2	4	4
4	2	3		4	4
4	4	4	3	2	2
4	2	4	4	3	4
4	2	4	4	4	4
3	2	4	4	2	4
3	4	3	4	5	3
5	2	4	2	4	4
5	3	4	3	2	1
3	1	3	1	1	5
4	1	5	4	2	5
5	2	4	2	4	4
4	5	5	2	2	5
5	2	4	4	4	4
3	2	4	4	2	4
4	2	4	4	4	5

4	2	4	4	4	4
5	1	5	5	5	5
5	1	4	4	4	4
4	2	4	4	4	4
4	2	4	2	4	4
4	2	4	4	4	4
4	2	4	2	4	4
5	2	4	4	4	4
4	1	4	5	3	4
5	2	3	4	4	4
5	2	4	2	3	4
3	4	3	3	3	2
2	4	4	5	5	4
5	1	4	2	4	4
4	3	4	2	2	5
4	4	3	2	1	5
4	2	4	2	4	4
4	2	4	2	4	4
5	2	4	2	4	4
3	2	4	5	3	4
5	1	4	4	4	5
4	4	2	2	1	2
5	2	4	3	3	4
1	2	3	3	2	1
4	2	4	2	4	4
4	2	3		4	4
4	4	4	3	2	2
4	2	4	4	3	4
4	2	4	4	4	4
3	2	4	4	2	4
3	4	3	4	5	3
5	2	4	2	4	4
5	3	4	3	2	1
3	1	3	1	1	5
4	1	5	4	2	5

5	2	4	2	4	4
4	5	5	2	2	5
5	2	4	4	4	4
3	2	4	4	2	4
4	2	4	4	4	5
4	2	4	4	4	4
5	1	5	5	5	5
5	1	4	4	4	4
4	2	4	4	4	4
4	2	4	2	4	4
4	2	4	4	4	4
4	2	4	2	4	4
5	2	4	4	4	4
4	1	4	5	3	4
5	2	3	4	4	4
5	2	4	2	3	4
3	4	3	3	3	2
2	4	4	5	5	4
5	1	4	2	4	4
4	3	4	2	2	5
4	4	3	2	1	5
4	2	4	2	4	4
4	2	4	2	4	4