

ASSEST STRUCTURE AND FIRM FINANCIAL PERFORMANCE

ONYE BLESSING ONYEKOZUN

**DEPARTMENT OF ACCOUNTING
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN
BENIN CITY**

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ONYE BLESSING ONYEKOZUN

**BEING A RESEARCH WORK SUBMITTED TO THE DEPARTMENT ACCOUNTING
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IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
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DECLARATION

I do hereby declare that this project is entirely my work and composition. The embodied in this project has not been submitted in candidature for any degree and it's not concurrently being submitted for any other degree. All works that was used in this project, were duly acknowledged and referenced.

XXXXXXXXXXXX

DATE

CERTIFICATION

We certified that this project “Religiosity and Tax Compliance in Nigeria” was carried out in the Department of Accounting, Faculty of Management Sciences University of Benin, Benin City.

DR. OBAZEE UYIOGHOSA
(PROJECT SUPERVISOR)

DATE

DR. OBAZEE UYIOGHOSA
(PROJECT COORDINATOR)

DATE

PROF. OSASU OBARETIN
(HEAD OF DEPARTMENT)

DATE

DEDICATION

This research work is dedicated to the Almighty God, the source of wisdom, knowledge, and understanding, whose guidance and grace have made this work achievable.

ACKNOWLEDGEMENT

TABLE OF CONTENTS

COVER PAGE	Error! Bookmark not defined.
TITLE PAGE	Error! Bookmark not defined.
DECLARATION	iii
CERTIFICATION	iv
DEDICATION	v
ACKNOWLEDGEMENT	vi
LIST OF TABLES	x
ABSTRACT	xi
CHAPTER ONE	12
INTRODUCTION	12
1.1 Background of the Study	12
1.2 Statement of the Research Problem	13
1.3 Research Questions	14
1.4 Objective of the Study	14
1.5 Statement of Hypothesis	14
1.6 Scope of the Study	14
1.7 Significance of the Study	15
CHAPTER TWO	17
LITERATURE REVIEW	17
2.1. Introduction	17
2.2. Conceptual Framework	17

2.3. Religion	19
2.4. Tax Compliance	22
2.5. Religiosity and Tax Compliance	27
2.6. Empirical Review	31
2.7. The Nigerian Context: Religiosity and Tax Compliance	35
2.8. Theoretical Framework	38
CHAPTER THREE	40
METHODOLOGY	40
3.1. Introduction	40
3.2. Research Design	40
3.3. Population of the Study	40
3.4. Sample Size and Sampling Technique	40
3.5. Source of Data Collection	41
3.6. Method for Data Collection	41
3.7. Data Analysis Method	41
CHAPTER FOUR	42
DATA PRESENTATION AND ANALYSIS	42
4.1. Introduction	42
4.2. Demographic Data	42
4.3. Analysis of responses to the question of the questionnaire	47
4.4. Tax Compliance Behavior by Religious Group	49

4.5. Hypothesis Testing	49
4.6. Summary of Results	55
CHAPTER FIVE	55
SUMMARY, CONCLUSION AND RECOMMENDATIONS	55
5.1 Summary	55
5.2 Discussion of Results	56
5.3. Conclusion	57
5.4. Recommendations	57
REFERENCES	59
APPENDIX	67

LIST OF TABLES

Table 4.1: Gender Distribution of Respondents	58
Table 4.2: Age Distribution	58
Table 4.3: Employment Type	59
Table 4.4: Income Level (Monthly in ₦)	59
Table 4.5: Education Level:	60
Table 4.6: Religion	60
Table 4.7: Have you been active in paying your tax since 2019	61
Table 4.8: Responses to items of the questionnaire	62
Table 4.9: Tax compliance level by religious affiliation	65
Table 4.10: Observed Frequency Distribution	66
Table 4.11: Expected Frequency Distribution	67
Table 4.12: Chi-square Calculation for Islam Observed and expected values	68
Table 4.13: Observed Frequency Distribution	69
Table 4.14: Expected Frequency Distribution	69
Table 4.15: Chi-square Calculation for Christianity Observed and expected values	70
Table 4.16: Observed Frequency Distribution	71
Table 4.17: Expected Frequency Distribution	71
Table 4.18: Chi-square Calculation for Traditional Religion Observed and expected values	71

ABSTRACT

This study examined Religiosity and Tax compliance in Nigeria, focusing on Taxpayers in Benin city, including employees and self-employed individuals from Christian, Islamic and Traditional religious backgrounds. The research explored the extent to which religious beliefs, values, and moral teachings influence individuals' willingness to comply with tax obligations. Using a questionnaire based survey, data were collected from respondents, and statistical analysis were conducted to assess the relationship between religiosity and tax compliance behavior.

The findings of this study highlight the role of religious teachings, ethical convictions, and spiritual beliefs in shaping taxpayer's attitudes towards compliance. Additionally, the study evaluates whether religiosity serves as a motivating factor for voluntary tax compliance or if it is overshadowed by other determinant trust, enforcement mechanisms, and Socio-economic factors. The study also integrates perspectives from both the Bible and the Qur'an to provide a theological understanding of taxation and compliance.

The results contribute to policy discussions on Tax administration by offering insights into how religious values can be leveraged to enhance voluntary tax compliance. The study recommends that tax authorities consider faith-based approaches in tax education and public awareness campaigns to improve compliance rates

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Tax compliance is essential for the proper functioning of any government, as it ensures the provision of public goods and services. Understanding the motivations behind individuals' compliance or evasion behaviors has become a central focus in behavioral economics and public finance. One influential but often underexplored factor is religiosity, which refers to the extent of an individual's religious belief, practice, and commitment. While religious teachings frequently emphasize values such as honesty, integrity, and civic duty, the impact of religiosity on tax compliance remains complex and multifaceted.

Religiosity is often associated with heightened moral awareness and prosocial behavior, which can positively influence individuals' willingness to comply with tax laws. According to Torgler (2006), intrinsic religiosity—where individuals internalize religious principles as part of their personal identity—can serve as a moral anchor that guides ethical decision-making, including tax compliance. From a psychological standpoint, religious individuals may fear both divine punishment and social disapproval, reinforcing their motivation to act morally and legally.

Moreover, Allingham and Sandmo's (1972) economic model of tax compliance, which posits that individuals weigh the costs and benefits of evading taxes, has been extended by researchers to include moral and social variables. In this extended framework, religiosity can reduce the perceived utility of tax evasion by increasing the psychological cost associated with dishonest behavior (Torgler & Schneider, 2009).

Several empirical studies support a positive association between religiosity and tax compliance. Torgler (2006) conducted cross-country analyses and found that individuals who place a high importance on religion are significantly more likely to exhibit higher tax morale—a psychological predisposition to pay taxes even in the absence of strict enforcement. Similarly, a study by McGee and Tyler (2006) found that devout individuals in the United States and Latin America were more likely to view tax evasion as morally wrong, especially when public services are adequately delivered. Religious institutions can also play an indirect role by shaping community norms and expectations. In highly religious societies or communities, tax evasion may be socially stigmatized, further discouraging noncompliance (Alm & Torgler, 2006). Religious leaders often influence public attitudes, and their support for civic responsibility can reinforce trust in governmental institutions.

However, the relationship between religiosity and tax compliance is not always linear or uniformly positive. In some contexts, particularly in countries with high levels of corruption or low institutional trust, religious individuals may prioritize charitable giving over taxes. For instance, in predominantly Muslim countries, the obligation of zakat—a form of almsgiving—may be viewed as a religious substitute for paying taxes (McGee, 2008). In such cases, individuals might perceive their religious duties as more morally legitimate than their obligations

to the state. Additionally, the effect of religiosity may differ depending on whether an individual's religiosity is intrinsic or extrinsic. Research shows that intrinsic religiosity correlates more strongly with ethical behavior than extrinsic religiosity, which is driven by social benefits or personal gains (Batson, Schoenrade, & Ventis, 1993).

1.2 Statement of the Research Problem

It has been noted that, despite the vital importance of tax revenue for economic development, Nigeria faces significant challenges in achieving tax compliance, particularly among self-employed individuals and small businesses. While it is acknowledged that religiosity (including religious beliefs and values) can influence ethical behavior and taxpayer's willingness to pay taxes, this issue has not been thoroughly investigated in the Nigerian context. The challenge of low compliance linked to religiosity has garnered increasing attention globally, especially in developing countries, leading to numerous empirical studies on the subject. However, low income tax compliance due to Islamic, Christian, and traditional religious beliefs in Nigeria have negatively impacted the overall tax culture, resulting in a general lack of strong tax attitudes and compliance among the populace. Various factors may contribute to the low compliance behavior of individual taxpayers in Nigeria. This research integrates Islamic, Christian, and traditional religious perspectives into the tax compliance model to enhance the understanding of this issue and to assess whether the multi-religious background of taxpayers significantly influences compliance behavior in Nigeria's highly ethnically diverse and polarized society, particularly in Benin City.

A review of the literature indicates that many researchers have established a connection between religiosity and tax compliance (Barbutamisu, 2011). However, only a limited number of studies have explored this relationship specifically in Benin City, Nigeria (Agbetunde, 2019; Daniel et al., 2016). It is clear that the relationship between religiosity and various aspects of tax compliance has been largely overlooked in the existing body of knowledge for Benin City. This gap raises important questions, such as how significantly does religiosity influence tax compliance behavior among individual taxpayers in Benin City, Nigeria, and which specific religious beliefs and values are most closely associated with tax compliance? Addressing these questions and bridging this knowledge gap could inform policy initiatives and support faith-based programs aimed at promoting tax compliance, ultimately contributing to Nigeria's economic growth and development.

1.3 Research Questions

In line with the above assertion, the following questions were streamlined:

1. How significantly do religious beliefs and practices affect taxpayer's behavior?
2. To what extent does the Christian religion differ in their tax compliance behavior?
3. What is the relationship between Islamic religion and tax compliance?
4. What effect does traditional religion have on tax compliance?

1.4 Objective of the Study

According to the research questions posed, the primary goals of the study are:

1. To determine the degree to which religiosity affects tax compliance
2. To evaluate the relationship between Islamic religion and tax compliance
3. Ascertain how the Christian religion differ in their tax compliance behavior
4. Determine how the traditional religion, affect tax compliance

1.5 Statement of Hypothesis

In pursuit of the above-stated research objectives, the following hypothesis was stated in Null form

H₀₁ Islamic religion does not significantly impact tax compliance

H₀₂ Christianity religion does not significantly impact tax compliance

H₀₃ Traditional religion does not significantly impact tax compliance

1.6 Scope of the Study

This research study will explore tax compliance behavior among Nigerian taxpayers, focusing on employees and self-employed individuals affiliated with three major religions: Christianity, Islam, and Traditional religion. The objective is to examine the positive and negative impacts of religiosity on tax compliance, highlighting how religious beliefs, practices, and moral teachings affect attitudes toward taxation. To accomplish this, the study will utilize a quantitative methodology, gathering primary data through structured questionnaires distributed to respondents. The research will concentrate on Benin City, a significant urban area in southern Nigeria recognized for its religious diversity and economic activities. Benin City has substantial populations of Christians and Muslims, as well as followers of indigenous religions, making it an ideal location to investigate the relationship between faith-based views and tax compliance behaviors. The study will encompass the period from 2019 to the present, capturing recent changes in Nigeria's tax administration, including policy updates, enforcement strategies, and public attitudes toward taxation. By analyzing this timeframe, the research aims to provide

insights into how current socio-economic factors and religious influences interact to shape tax compliance trends.

The findings from this study are anticipated to enrich academic discussions in fiscal sociology, behavioral economics, and taxation policy, while also offering practical recommendations for tax authorities looking to improve compliance through culturally and religiously sensitive approaches.

1.7 Significance of the Study

This study seeks to enhance the understanding of the connection between religiosity and tax compliance in Benin City, Nigeria, by examining the unique religious, cultural, and socio-economic factors present in this urban setting. The research will shed light on how faith-based values shape public perceptions of tax responsibilities. The results will provide valuable recommendations for policymakers and tax authorities aiming to improve tax compliance, particularly through more effective and culturally sensitive engagement with religious leaders and communities.

The findings of this research will be significant for the following stakeholders:

Government:

This study will assist government officials, policymakers, and tax authorities in formulating policies and managing tax administration more effectively. It will help them recognize the importance of cultural values in relation to tax compliance. The outcomes will also greatly benefit the government of Benin City, Edo State, by enhancing their revenue generation efforts.

Academics/Tax Scholars:

This research will contribute to the understanding of the relationship between multi-religion and tax compliance, providing insights for scholars and students regarding religious diversity and its impact on tax compliance. It will also serve as a valuable resource for future researchers. The findings will clarify taxpayer's attitudes toward the tax system, which can be considered when addressing non-compliance issues to reduce resistance from taxpayers. This understanding will enable the government to achieve higher levels of voluntary compliance, thereby effectively narrowing the tax gap.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter examines the existing literature on the connection between religiosity and tax compliance, specifically in the context of Nigeria. It discusses the definitions and dimensions of religiosity, theories related to tax compliance, the influence of religion on individuals attitudes towards taxation, and research that has explored these topics both globally and within Nigeria. The goal of this chapter is to lay the theoretical and empirical groundwork for understanding how religiosity may affect tax compliance behavior in Nigeria.

2.2. Conceptual Framework

2.2.0. Religiosity

The term “Religion” is derived from the Latin word “Religare”, which means to bind or connect, referring to the relationship between humans and the divine (Hare, 2019). Iwuagwu (2018) describes religion as an organized system of beliefs in a supreme being or beings, along with a structured way of engaging with them through worship and the promotion of their values.

Religiosity is defined as a concept encompassing an individual behaviors and the intensity of their religious convictions (Dharmnesta et al., 2020). Conceptually, religiosity is a multi-faceted phenomenon that various scholars have interpreted from different angles. According to Josephine (2017), religiosity broadly pertains to religious involvement and orientation, encompassing dimensions such as ritualistic, intellectual, communal, moral, cultural, experiential, ideological, creedal, doctrinal, and consequential aspects. Sociologists of religion note that an individual’s beliefs, experiences, behaviors, and sense of belonging may not always align with their actual religious beliefs, highlighting the diversity in how people express their religiosity.

Nor Rihana (2018) characterizes religiosity as the manifestation of an individual’s attitudes, values, and behaviors. It reflects a personal acknowledgment of attitudes and quality of life that adhere to religious values and beliefs. Religiosity emphasizes the importance of noble values inherent in religion rather than merely focusing on formal practices and rituals. Individuals with a strong understanding of their faith are less likely to adopt negative attitudes, as a firm commitment to their religion encourages adherence to both divine and societal laws.

Religiosity, as described by Mustapha (2020), refers to the motivating principle and commitment of individuals to act in society, whether positively or negatively. Augustine (2017) defined religiosity as the degree of dedication to one’s faith. He elaborated that religiosity encompasses a personal attitude toward religion as a whole, not limited to a single aspect, and encourages individuals to embrace a religious identity. More specifically, religiosity involves an individual’ belief, reinforcement, and spiritual integration of religious norms, making it a part of their conscience and identity. This includes the circumstances that motivate followers or believers to think, behave, and act in alignment with their religious teachings.

In academic discussions, religiosity can be understood through both intrinsic and extrinsic dimensions. The intrinsic dimension pertains to personal faith and commitment, while the extrinsic dimension encompasses outward expressions of religious practice, such as attending services or participating in charitable acts (Allport & Ross, 1967). The degree of religiosity can affect an individual's ethical behavior, attitudes toward authority, and overall social interactions.

2.2.1. Dimensions of Religiosity

The concept of religion is complex and challenging to define (Eiye et al., 2016; Ogiedu, 2020). This complexity arises from the diverse roots and influences of religion in individual lives, making uniform interpretations difficult (Ogiedu, 2020). Religiosity has been viewed from various perspectives. The initial effort to define dimensions of religiosity was made by Glock and Stark (1965). They played a significant role in outlining religious orientations, origins, and dimensions, identifying five key aspects of religiosity: experiential, ritualistic, ideological, intellectual, and consequential. The experiential dimension emphasizes personal faith experiences, possibly involving transcendent encounters, while the ritualistic dimension focuses on communal worship experiences.

The Ideological dimension is defined by the expectation that individuals will adhere to specific beliefs (or professed doctrines), while the intellectual dimension relates to the expectation that a religious person will be knowledgeable about the fundamental principles of their faith and sacred texts, including aspects like history, sacraments, and morality. Glock and Stark recognized that these two dimensions are interconnected, as understanding a belief is essential for its acceptance. However, they also noted that knowledge does not automatically lead to belief, nor does all religious knowledge imply belief.

In this context, Serkan et al. (2016) identified five dimensions of religiosity. Their framework is based on a multi-faceted understanding of religious commitment and behavior, building on the earlier work of Glock and Stark while refining and contextualizing it.

The key dimensions they identified are:

1. **Belief (Ideological dimension):** This dimension pertains to an individual's acceptance and commitment to the fundamental beliefs and doctrines of their faith, including religious principles, sacred texts, and theological ideas specific to their religion.
2. **Practice (Ritualistic dimension):** This encompasses the visible acts of worship and participation in religious rituals, such as prayer, fasting, attending services, and fulfilling other religious duties.
3. **Knowledge (Intellectual dimension):** This dimension highlights the degree to which an individual is informed about their religion, its teachings, and its historical and cultural contexts, reflecting an intellectual engagement with religious texts and traditions.

4. Experience (Experiential Dimension): This aspect relates to the personal and emotional bond an individual has with the divine or a higher power. It encompasses feelings of closeness to God, moments of spiritual elevation, and personal religious experiences that are deeply internalized.

5. Consequences (Moral or Behavioral Dimension): This dimension assesses how a person's religiosity affects their everyday actions and ethical decision-making, reflecting the conversion of religious values into behavior and their influence on interactions with others.

The model proposed by Serkan et al. (2016) provides a comprehensive framework for examining religiosity by acknowledging both internal (beliefs, knowledge, and experiences) and external (practices, consequences) expressions of faith. This multi-faceted approach facilitates a deeper understanding of how religiosity is expressed across different cultural and religious settings.

Previous research by Routledge Benk et al. (2016) has shown that religion can significantly shape an individual's attitudes, character, and behavior. This influence arises because religious elements, components, and dimensions can govern cognitive and emotional processes that affect a person's judgment (Kamil et al., 2012). Additionally, followers may be motivated to adhere to established laws, rules, and regulations due to the system of rewards and sanctions present within religious institutions.

2.3. Religion

The term "Religion" originates from the Latin word "Religare", which means to bind back or to connect, signifying the relationship between humans and the divine (Hare, 2019). Religion is a multifaceted system encompassing beliefs, practices, rituals, and ethical principles that relate to the connection between humans and the sacred or divine. It involves a community of adherents who share similar beliefs and practices, offering a framework for addressing fundamental questions about existence, morality, life, death, and the afterlife (Geertz, 2021).

Religion can be organized, as seen in major world religions like Christianity, Islam, and Hinduism, or it can be personal and informal, consisting of individual spiritual practices (Schilbrack, 2020). It significantly influences both personal and collective identity, guides moral behavior, and shapes social structures (Baker, 2019). E. Durkheim characterized religion as a cohesive system of beliefs and practices concerning sacred matters. It provides an organized means for individuals and communities to comprehend and interact with the divine, mysteries, or ultimate truths. This definition emphasizes three main elements: the first is the cohesive system, which is not merely a random assortment of beliefs but a structured framework that offers meaning, direction, and a shared perspective. The second element involves beliefs and practices. Beliefs are the core truths or doctrines accepted by followers, such as the existence of a higher power, the purpose of life, and the concepts of good and evil. For instance, Christianity holds the belief in the Trinity, while Islam emphasizes the oneness of God. Practices encompass the rituals, traditions, and ethical standards that define religious life, including prayer, fasting, pilgrimage, and charity, which reinforce beliefs by engaging individuals in significant religious experiences.

The final element is the distinction between sacred and profane. Religion differentiates between sacred entities; objects, places, beings, or concepts that are revered due to their divine or supernatural importance and the profane. Examples of sacred items include the Bible in Christianity and the Kaaba in Islam. Additionally, religion functions as a social institution that brings people together through shared values, traditions, and moral teachings. It strengthens community ties, offers solace during difficult times, and shapes cultural norms and legal systems.

2.3.1. Islamic Religion

Islam is a monotheistic religion that belongs to the Abrahamic tradition and began in the 7th century CE on the Arabian Peninsula (Esposito, 2011). It is founded on the belief in a single God (Allah) and adheres to the teachings of the prophet Muhammad, who is viewed as the last messenger of God. The Quran is the central religious text of Islam, regarded as the divine word revealed to Muhammad. Additionally, Muslims refer to the Hadith, which comprises the recorded sayings and actions of the prophet.

The foundation of Islam is built upon five essential pillars (Ibn Kathir, 2016):

Shahada (Faith): The declaration affirming that there is no god but Allah and that Muhammad is His messenger.

Salah (Prayer): The practice of performing five daily prayers.

Zakat (Charity): The act of giving alms to those in need.

Sawm (Fasting): The observance of fasting during the month of Ramadan.

Hajj (Pilgrimage): The pilgrimage to Mecca, which is obligatory at least once in a lifetime for those who are capable.

Islamic teachings stress the importance of justice, mercy, and obedience to God, providing guidance to believers in various aspects of life, including morality, social interactions, and governance. In Nigeria, Islam is one of the major religions, with a considerable segment of the population practicing the faith. The religion was introduced to Nigeria through trade, particularly along trans-Saharan trade routes, as early as the 11th century (Hunwiok, 1992). Over the years, Islam spread throughout the northern regions due to the efforts of merchants, scholars, and rulers who adopted the faith.

The Sokoto Caliphate, founded in the early 19th century by Sheikh Usman Dan Fodio, was instrumental in solidifying Islam in Nigeria (Last, 2008). This Islamic state contributed to the establishment of Islamic governance, education, and legal systems based on Sharia law, especially in Northern Nigeria. Today, Islam is widely practiced across the country, particularly in the North, and has a significant presence in parts of the Southwest. Islam in Nigeria is marked by a variety of sects and movements, including Sunni Islam (with the Maliki school being the most prevalent), Sufism, and the more recent emergence of reformist movements like Izala and Salafism (Kane, 2003). The religion plays a crucial role in Nigerian politics, education, and

social life, influencing laws, governance, and everyday practices (Falota, 1998; Loimeier, 2013). Despite its deep-rooted presence, Islam in Nigeria has encountered challenges, including religious conflicts with Christianity, extremism, and political interference in religious matters. Nevertheless, it remains a resilient and evolving faith within the country.

2.3.2. Christianity

Christianity is a monotheistic faith focused on the life, teachings, death, and resurrection of Jesus Christ. It ranks among the largest religions worldwide, boasting over two billion adherents (Center for the Study of Global Christianity, 2025). The foundation of Christianity lies in the Bible, which includes the Old Testament (shared with Judaism) and the New Testament, documenting the teachings of Jesus and the early Christian community (Mbiti, 1991).

Central beliefs in Christianity encompass the belief in a single God, salvation through Jesus Christ, the Bible as sacred scripture, and a strong emphasis on love and compassion. The religion comprises various denominations, including Catholicism, which is led by the Pope and features traditions like the veneration of saints (Sanneh, 2009); Protestantism, which emerged from the Reformation and focuses on personal faith and the authority of Scripture (Hastings, 1994); and Orthodox Christianity, which includes Eastern Orthodox and Oriental Orthodox churches known for their rich liturgical practices (Peel, 2000). Each denomination has its own unique traditions and interpretations.

Christianity was first introduced to Nigeria in the 15th century by Portuguese missionaries and saw significant growth in the 19th century due to British colonial influence (Hastings, 1994). Today, it is one of the two primary religions in Nigeria, especially prevalent in the southern and central regions (Kalu, 2007). Nigerian Christianity is diverse, featuring denominations such as Catholicism, Anglicanism, Pentecostalism, and Evangelical Churches, all of which play important roles in society. In recent years, the Christian Church in Nigeria has taken on a broader role, moving beyond spiritual guidance to actively engage in democratic development. A study by Chukwudebelu, I.A., et al. (2023) emphasizes the various ways Christian churches contribute to promoting democratic values, civic education, moral leadership, peace-building, social welfare initiatives, and political involvement in Nigeria. This engagement highlights the church's dedication to supporting democratic processes and institutions in the country.

Nonetheless, challenges remain. Reports indicate that Christians in Nigeria have faced persecution and violence. In 2023 alone, around 4,998 Christians were reportedly killed, with Islamist groups such as Boko Haram and ISIS-West Africa, along with Muslim-Fulani militants, being the primary perpetrators of these attacks. This violence has resulted in mass displacement, with approximately 3.4 million internally displaced persons as of 2023, enduring difficult conditions and scarce resources (Tilsley, 2024). Moreover, the commercialization of Christianity has become a significant concern. Adabembe (2024) explored this issue, highlighting the growing economy surrounding mega-churches, televangelism, religious tourism, and a thriving market for faith-based products and services. This commercialization prompts questions

regarding the genuineness of Christian teachings and the complex relationship between faith and commerce within Nigeria's Christian community.

In addition, the COVID-19 pandemic has affected Christian religious education and national development in Nigeria. Zamani (2024) discusses how the pandemic has disrupted traditional practices and underscores the necessity for increased religious involvement in political and economic institutions to promote equitable development in the post-pandemic period

2.3.3. Traditional Religion

African Traditional Religion is the indigenous spiritual system practiced by various ethnic groups across Africa, including Nigeria. Unlike Christianity and Islam, African Traditional Religion lacks a single founder, sacred text, or centralized authority; instead, it comprises a collection of beliefs, practices, and rituals that have been orally transmitted through generations (Mbiti, 2015). African Traditional Religion is deeply embedded in the culture and worldview of African societies, highlighting the interconnectedness of the physical and spiritual realms. Worship includes honoring ancestors, nature spirits, and a supreme being, who is often viewed as distant yet reachable through intermediaries like deities and ancestors (Kanu, 2022).

The fundamental beliefs of African Traditional Religion include:

- **Belief in a Supreme Being:** Most African Traditional Religions recognize the existence of a supreme God, referred to by various names among different ethnic groups (Ejizu, 2020).
- **Ancestor Veneration:** Ancestors are believed to serve as intermediaries between the living and the spiritual realm, guiding and protecting their descendants (Idowu, 2021).
- **Divination and Spirituality:** Priests, diviners, and herbalists play crucial roles in communicating with spirits and providing guidance through divination (Olupona, 2014).
- **Moral Order and Community:** African Traditional Religion fosters strong ethical principles, highlighting the importance of communal living, respect for elders, and harmony with the natural world (Abioje, 2019). In Nigeria, this religion was the primary belief system prior to the arrival of Islam and Christianity. It continues to shape various elements of Nigerian culture, such as festivals, naming ceremonies, and moral values (Falola, 2021). Even with the rise of Christianity and Islam, many Nigerians still practice traditional religious customs, often alongside other faiths (Ukah, 2023).

2.4. Tax Compliance

Tax compliance encompasses a wide range of meanings, including filing compliance (submitting returns on time), reporting compliance (accurately reporting income), and payment compliance (timely payment of taxes owed) (Alm, 2018). It has been suggested that taxes are general levies that can be imposed on individuals or entities based on various criteria, such as residency or property ownership, and are intended for common public use. Ebenezer and Erasmus (2019)

argue that taxes are mandatory charges imposed by the government on individuals or their properties to ensure security, provide social services, and foster economic well-being in society. Rence (2019) further defines tax as a levy applied to all residents and non-residents conducting business within a tax jurisdiction. Once tax is understood, compliance becomes a relevant concept across various fields. Agbetunde et al. (2020) describe compliance as the extent to which individuals adhere to a states regulations or assertions, representing a common phenomenon of agreement or conformity to specific terms and conditions over a defined period.

Richmell (2016) described compliance as the act of following an instruction or order. When individuals or organizations fail to adhere to established laws and regulations, they face consequences. This principle applies not only to private organizations but also to society as a whole.

Over time, various definitions have been associated with the term Tax Compliance. Agbetunde (2019) defines Tax Compliance as the condition in which a taxpayer has properly registered with the relevant tax authority, submitted their tax returns on time, disclosed all sources of income, reported income from each source, claimed only the reliefs and allowances they are entitled to, accurately calculated their tax liability, and paid their taxes promptly to the appropriate authorities.

Agbetunde et al. (2020) further define it as the readiness of taxpayers to fulfill their tax obligations, duties, and charges on time. Essentially, Tax Compliance involves making timely payments and providing necessary tax information to the relevant authorities in the required format. Supporting this view, Peter and Rufus (2020) describe Tax Compliance as the transparent accountability of taxpayers to tax authorities, reflecting an individuals' willingness to comply by paying their dues. Additionally, Oladejo (2020) emphasized that Tax Compliance involves reporting all income and paying all taxes in accordance with laws, regulations, and court rulings. This indicates that Tax Compliance entails accurately filing tax returns, declaring taxable income, and paying all owed taxes within the specified timeframe without waiting for reminders.

2.4.1. Importance Tax Compliance

Tax compliance refers to the readiness of individuals and businesses to meet their tax responsibilities as outlined by law. It plays a vital role in the economic and social advancement of any nation. Here are several key reasons why tax compliance is essential:

Government Revenue Generation:

Taxes are the main source of income for governments, enabling them to finance crucial public services such as infrastructure, healthcare, education, and security (Bird & Zolt, 2015). Without effective tax compliance, governments find it challenging to deliver these services adequately.

Economic Stability and Growth:

An efficient tax system supports economic stability by ensuring that governments have sufficient resources to navigate economic fluctuations, fund development initiatives, and provide businesses with supportive policies (OECD, 2021).

Encouragement of International Relations and Trade:

Nations with strong tax compliance and efficient tax systems are more likely to establish beneficial trade agreements and international collaborations. Compliance also helps businesses adhere to global tax regulations, minimizing disputes and trade barriers (IMF, 2022).

Promotion of Social Equity and Fairness:

Tax compliance guarantees that everyone pays their fair share according to their income and economic activities, promoting social justice and decreasing inequality (Atkinson, 2015). This helps prevent the tax burden from disproportionately affecting a small group of individuals.

Boosts Investor Confidence:

A tax-compliant economy is more appealing to investors. They favor stable tax conditions where businesses operate with transparency and predictability, which can lead to an increase in foreign direct investment (FDI) and overall economic growth (World Bank, 2020).

Avoids Legal Repercussions:

Not adhering to tax laws can lead to serious legal consequences, such as fines, asset confiscation, and imprisonment (Alm, 2019). By following tax regulations, individuals and businesses can steer clear of these risks and protect their reputations.

2.4.2. Factors Affecting Tax Compliance

Tax compliance is shaped by a variety of factors, which can be divided into internal, external, and economic categories. These factors interact with each other, creating complex dynamics within the tax system. Gaining a deeper understanding of these influences can assist policymakers in crafting strategies to improve tax compliance and reduce tax evasion.

Internal Factors:

Internal factors are elements that relate directly to a taxpayer's knowledge, mindset, and financial ability to meet tax obligations, which significantly influence voluntary compliance.

a. Taxpayer Awareness and Understanding of Tax Regulations

Taxpayers who are well-informed about tax laws, policies, and procedures are more inclined to comply. A lack of awareness can result in unintentional non-compliance, while increased knowledge motivates taxpayers to meet their obligations willingly (Luttner et al., 2014; Slemrod, 2019). Governments can enhance compliance by implementing tax education initiatives, streamlining tax filing processes, and providing taxpayer assistance programs.

b. Personal Attitudes and Social Norms

Psychological and social factors are vital in determining tax compliance. Individuals who have a positive view of taxation and a strong sense of civic responsibility are more likely to comply (Brockmann et al., 2016; Misra, 2019). Social norms also play a role; if tax evasion is broadly disapproved of in a community, individuals are more inclined to pay taxes to uphold their reputation.

c. Financial Capacity of Taxpayers

A taxpayer's ability to pay taxes without adversely affecting their basic needs influences compliance levels. If taxes are seen as a financial burden, individuals and businesses may seek to evade them (Nasution et al., 2020; Flores, 2018). Implementing progressive tax policies that take income levels into account can help ensure that taxpayers can meet their obligations without facing excessive hardship.

d. Administrative Skills and Tax Management

Individuals and businesses with strong financial management skills are more likely to adhere to tax regulations. Effective record-keeping, accounting knowledge, and administrative abilities enable taxpayers to accurately report their income and claim the correct deductions (Vishnuhadevi, 2021; Eka, 2019). Tax authorities can facilitate compliance by offering training programs and digital tools to simplify tax administration.

External Factors:

External factors are elements that individual taxpayers cannot directly control, but that have a significant effect on tax compliance. These factors include government policies, law enforcement, and social conditions.

a. Effectiveness of Tax Policies and Law Enforcement

A well-structured tax system with clear guidelines and robust enforcement mechanisms promotes compliance. Taxpayers are more inclined to adhere to tax regulations when they are aware that tax authorities perform audits, impose penalties on those who default, and monitor tax-related activities (Azrinawati et al., 2015; Boateng et al., 2022). Conversely, weak enforcement may encourage tax evasion.

b. Economic and Social Conditions

Elements such as unemployment rates, income distribution, and overall economic stability can affect tax compliance. High levels of unemployment and income inequality may lead to lower compliance rates, as individuals prioritize their immediate survival over tax obligations (Wahyuningsih et al., 2020; Hayati et al., 2024). Countries with equitable wealth distribution and strong economic prospects generally see higher compliance rates.

c. International Tax Policies and Treaties

Globalization and international trade have an impact on tax compliance. Tax treaties between nations influence how taxpayers perceive their tax responsibilities, especially in situations involving cross-border taxation (Nar, 2023). Double taxation agreements (DTAs) and global initiatives aimed at curbing tax evasion, such as the OECDs Base Erosion and Profit Shifting (BEPS) project, also shape taxpayer behavior.

d. Political and Social Stability

A stable political and social climate encourages greater tax compliance. When taxpayers have confidence in their government and believe that tax revenues are being effectively utilized for public services, they are more inclined to fulfill their tax obligations (Darvas, 2020). In contrast, political instability, corruption, or a lack of transparency can lead to tax resistance and increased evasion.

Economic Factors:

Economic conditions have a direct effect on a nations' capacity to collect taxes and the willingness of taxpayers to comply with tax obligations.

a. Economic Growth and Business Activity

A thriving economy broadens the tax base, allowing governments to generate revenue without raising tax rates (Padovano et al., 2021; Hamdani et al., 2023). When businesses succeed and employment levels increase, both individuals and companies are better positioned financially to fulfill their tax responsibilities.

b. Inflation and Cost of Living

High inflation and increasing living expenses can lead to decreased tax compliance, as taxpayers may prioritize necessary expenditures over tax payments. In such situations, tax authorities might

need to revise their policies, such as implementing tax relief or offering installment payment plans, to sustain compliance rates.

c. Government Fiscal Policies

The structure of government fiscal policies including tax incentives, subsidies, and public expenditure affects tax compliance. For instance, tax deductions for education, healthcare, and business investments can promote voluntary compliance. On the other hand, excessively stringent tax policies may result in tax avoidance or evasion.

Tax compliance is influenced by a mix of internal, external, and economic factors. While taxpayer awareness, attitudes, and financial capability play a role in voluntary compliance, external elements such as law enforcement, political stability, and international policies are also crucial. Furthermore, economic conditions like growth, inflation, and fiscal policies impact the overall tax compliance rate in a country.

2.5. Religiosity and Tax Compliance

Religiosity has been recognized as a significant factor affecting moral behavior and ethical decision-making. Various studies (Anwar et al., 2020; Ibrahim et al., 2020; Ali et al., 2023) indicate that religious beliefs and values can shape an individuals' perspective on tax compliance, often promoting honesty, fairness, and a sense of obligation to contribute to society.

Recent research continues to investigate the influence of religiosity on tax compliance, reinforcing the idea that religious beliefs and values can greatly affect individual's attitudes toward meeting their tax responsibilities. For example, a 2024 study by Bassey et al. (2024) explored the connection between religiosity and tax compliance in Akwa-Ibom State, Nigeria. The results showed that Islamic, Christian, and Traditional religious beliefs positively affect tax compliance, suggesting that religious teachings that advocate for honesty and social responsibility enhance taxpayers willingness to adhere to tax laws (Bassey et al., 2024).

A study conducted by Pali et al. (2023) investigated the role of religiosity in influencing personal tax compliance among tax professionals. The findings indicated that tax professionals with higher levels of religiosity tend to exhibit greater compliance with tax obligations, suggesting that personal religious beliefs can shape professional ethical standards and behaviors. Additionally, research by Suryadi et al. (2024) demonstrated that increased religiosity directly promotes a stronger intention to comply with tax regulations, highlighting the significant influence of religious values on taxpayers' compliance behavior. These results emphasize the profound effect of religious teachings and moral imperatives on individual's views regarding financial responsibilities, including tax compliance. By encouraging ethical conduct and a sense of duty towards the welfare of the community, religious doctrines can lead to higher rates of voluntary tax compliance among their followers.

2.5.1. Moral Imperatives and Religious Teachings

Many religions stress the importance of ethical behavior and adherence to moral imperatives that align with social responsibilities, including financial contributions to the community. For instance, in Islam, Zakat, one of the five pillars, mandates Muslims to donate a portion (usually 2.5%) of their wealth to those in need. This practice reflects the broader Islamic principles of social justice and economic equity. Since Zakat is both a religious and social obligation, it cultivates a culture of financial accountability. This sense of duty may lead Muslim taxpayers to view taxation as a similar civic responsibility, thereby enhancing compliance. Moreover, Islamic teachings advocate for honesty and fairness in financial transactions, discouraging tax evasion and fraud.

In addition to Zakat, Kharaj (land tax) and Jizya (a tax imposed on non-Muslims in Islamic states) have historically served as public revenue sources, indicating that taxation is consistent with Islamic governance principles. Therefore, a well-organized tax system can be perceived as an extension of these financial responsibilities.

Christianity also promotes tithing (donating 10% of one's income) and charitable contributions, emphasizing the moral duty to support both religious institutions and the less fortunate. Biblical teachings encourage the idea of giving to authorities what is due to them (Matthew 22:21), underscoring the obligation to pay taxes alongside religious donations. This guidance suggests that taxation is a legitimate requirement of governance, reinforcing a moral duty towards public finances. Christian ethics emphasize values such as integrity, honesty, and stewardship, which promote responsible tax behavior. For example, Romans 13:6-7 advises believers to pay taxes as a form of obedience to governing authorities, which are viewed as established by God. The idea of contributing to society's welfare through taxes aligns with the Christian mission to serve and uplift communities.

Religious teachings regarding financial responsibilities cultivate a sense of accountability, honesty, and communal duty. When individuals embrace these principles, they may be less likely to evade taxes, seeing taxation as part of their obligation to the common good. However, religious beliefs can also create differing views on taxation. Some may regard state-imposed taxes as unnecessary, believing that their religious donations suffice to meet their financial responsibilities. This viewpoint can affect compliance, especially in societies where faith-based giving is prioritized over trust in government tax systems.

2.5.2. Religion and Trust in Government

Religion significantly influences people's attitudes toward government and taxation. Many religious teachings stress obedience to authority, social justice, and moral responsibility, which can shape trust in government institutions. Trust in government is crucial for tax compliance, as individuals are more inclined to pay taxes if they feel their contributions are used fairly and transparently.

Numerous religious traditions promote respect for authority and the fulfillment of civic duties, including paying taxes. If religious individuals view the government as a fair institution that

aligns with their moral beliefs, they may be more willing to adhere to tax laws. Islam, for instance, encourages obedience to just rulers and acknowledges the governments' role in maintaining order and equitably distributing wealth. The Quran states in 4:59, O you who believe, obey Allah and obey the messenger and those in authority among you. Additionally,

Hadith (Sahih Muslim 1828) mentions, the best of your rulers are those whom you love and who love you, who invoke God's blessings upon you, and you invoke His blessings upon them.

A government that adheres to the principles of justice, trust, and fairness can earn the confidence of religious citizens, making them more inclined to pay taxes voluntarily. Christianity also emphasizes respect for authority, as long as it governs justly. Romans 13:1-17 states, "Everyone must submit to the governing authorities, for there is no authority except that which God has established. This is why you pay taxes, for the authorities are Gods servants who devote their time to governing". Similarly, Titus 3:1 advises, "Remind the people to be subject to rulers and authorities, to obey, and to be ready to do good". When a government is perceived as fair, religious individuals may view paying taxes as a moral and civic obligation. However, if they perceive corruption, mismanagement, or injustice in governance, they may feel justified in avoiding taxes. Islam strongly denounces corruption and the misuse of public funds; if a government is seen as unjust, religious individuals may refuse to financially support it. The Quran 5:8 urges believers to stand firmly for justice, regardless of personal feelings towards others. Furthermore, a Hadith (Sunan Ibn Majah 4010) states that the most beloved people to Allah are those who benefit others the most. A corrupt government that fails to uphold justice may lose the trust of religious citizens, resulting in lower tax compliance. The Bible also cautions against corrupt rulers; if a government is perceived as oppressive or unjust, Christians may be less willing to support it through taxes. Isaiah 10:1-2 warns, Woe to those who make unjust laws and issue oppressive decrees, while Proverbs 29:2 notes, When the righteous thrive, the people rejoice; when the wicked rule, the people groan. To balance religious values and government trust, governments can utilize religious principles to improve tax compliance by promoting transparency and accountability in tax collection and spending, aligning tax policies with social justice principles, ensuring fair wealth distribution, and collaborating with religious leaders to advocate for responsible tax behavior.

2.5.3. Religion and the Fear of Divine Punishment

Numerous religious traditions highlight that disobeying moral and legal responsibilities may result in divine punishment, either in this life or the next. This belief acts as a strong incentive for individuals to adhere to both their religious and civic responsibilities, including paying taxes. For those with religious convictions, fulfilling tax obligations is not just a legal requirement but also a moral imperative that aligns with their faiths teachings on integrity, justice, and social duty.

Religious individuals often adopt the view that neglecting financial responsibilities whether through Zakat in Islam, Tithing in Christianity, or general honesty in financial transactions could lead to divine repercussions. These repercussions can be spiritual (such as sin or punishment in the afterlife) or material (like loss of blessings or facing hardships). Islam, for instance, teaches

that neglecting financial duties, including Zakat and fair business practices, can lead to divine retribution. Many scholars apply this principle to tax compliance, suggesting that tax evasion is similar to withholding what is rightfully owed. Robert W. McGee (2017) examines the ethics surrounding tax evasion from various religious viewpoints, including those of Christianity, Islam, and Judaism. He argues that many religious teachings equate tax evasion with the act of withholding rightful dues, underscoring the ethical responsibility to adhere to tax laws. Christianity also cautions against dishonesty and failing to pay what is owed, reinforcing the notion that tax evasion is not only illegal but also sinful. For example, Romans 13:1-7 states, For the authorities are Gods servants this is also why you pay taxes, for the authorities are Gods servants, who give their full time to governing. Similarly, Luke 16:10 says, Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. In Christianity, dishonesty in financial matters is regarded as sinful, and evading taxes can be perceived as a form of theft or deceit, both of which carry spiritual repercussions.

2.5.4. Religious Ethics and the Perceived Obligation to Contribute

Beyond the fear of divine retribution, numerous religious traditions highlight the importance of social justice, community well-being, and fairness. Paying taxes can be viewed as an extension of these principles. In Islam, the concepts of Zakat (mandatory almsgiving) and Sadaqah (voluntary charity) are essential components that encourage financial equity and support for those in need, similar to the function of taxes. Zakat mandates that eligible Muslims allocate a portion of their wealth to assist the less fortunate, underscoring the moral and religious obligation of wealth redistribution. This idea closely resembles taxation, as both seek to diminish economic inequalities and fund public services. Many devout Muslims regard tax payments as part of their religious duty to promote justice and care for the needy. When taxation is seen as a way to fulfill Islamic ethical values, compliance is likely to rise.

In Christianity, teachings also stress the importance of financial contributions for the benefit of society. Tithing, where believers traditionally give a portion of their income (usually 10%) to religious organizations, is deeply rooted in biblical teachings. Additionally, almsgiving, or assisting those in need, is viewed as a moral obligation that reflects Christ's messages about charity and social justice. These practices align with the ethical basis of taxation, which aims to finance public services and assist vulnerable groups. When Christians perceive tax payments as a means to enhance societal welfare rather than as a burdensome obligation, they may be more willing to comply.

2.5.5. Counterarguments: When Religious Beliefs Hinder Tax Compliance

In certain instances, religious beliefs can cause individuals to prioritize donations made for faith-based purposes over paying taxes to the government. Some religious individuals feel that their Zakat, Tithes, or charitable donations satisfy their moral obligations, which diminishes their motivation to pay state taxes. Furthermore, if a government is perceived as corrupt or unjust,

religious individuals may feel morally justified in refusing to pay taxes, viewing it as a contribution to an unethical system.

2.6. Empirical Review

Numerous Studies have explored the relationship between religiosity and tax compliance, providing varying insights into how religious beliefs shape attitudes towards taxation.

Dina (2018) Investigated the influence of religiosity towards Tax compliance in Micro, Small, Medium enterprises in Australia. The study employed a simple Linear regression analysis method and revealed that religiosities have a positive significant effect on tax compliance among micro small and medium enterprises in Australia.

Renew (2019) examined the role of Religiosity in Tax compliance in New Zealand. The study adopted correlation analysis method. The results found that most participants felt that religiosity can have a positive impact on Tax compliance. Although, religiosity can be influential on Tax compliance, it perceived strength is low compared with other variables such as New Zealand's source deduction (pay as you earn) system and civic duty.

Emmanuel and Anthony (2020) assess the suitability of religion and religiosity in small and medium scale enterprises (SMEs) Tax compliance in Ghanaian market using descriptive statistical tools, the Study revealed that Ghanaian religious notoriety does not explain SMEs' tax compliance and that Tax evasion is seen as ethical institutional, firm and entrepreneurs'. Characteristics are important determinants of SMEs' tax compliance.

Abodher, Ariffin and Saad (2020) adopted a structured questionnaire to examine the impact of Islam and Islamic religiosity on Tax non-compliance behavior among self-employed taxpayers in Libya. Structural equation modelling analysis of the data collected suggested that both Islamic religion and Christianity religion exhibited significant positive relationship with Tax non-compliance behavior among self-employed Libya taxpayers.

Agbetunde (2020) investigated the relevance of culture in ensuring sustainable Tax compliance among Nigerians. Data was collected in a survey of Nigerians through a self-administered questionnaire on Taxpayers from two purposely selected States from each of it's three major Cultural groups, Hausa, Igbo and Yoruba. Hofstede's cultural dimensions were used to analysis the respondents' characteristics, while process definition of Tax compliance was adopted in drawing proxies to measure Tax compliance. A total of 1,200 respondents were electronically processed and analyzed with SPSS 23 software using parametric and non-parametric statistics. Results revealed that generally culture exerts significant influence on Tax compliance of individual taxpayers in Nigeria and that each of the Hofstede's cultural dimensions is found to show strongly influence on Tax compliance, specifically, each of "Power difference", "Masculinity", and "Uncertainty avoidance" dimensions is found to have positive influence on Tax compliance but "Individualism", dimensions showed negative influence on Tax compliance. The Study also established significant relationship between some tax compliant factors and each of the cultural dimensions testifying that some policy implications findings were established in

the result of these findings, the Study recommended policy formulation strategy considered appropriate for each tax jurisdiction based on its dominant culture, which if adopted would tremendously assist in ensuring effective taxation in Nigeria as well as other tax jurisdiction with similar cultural features.

Eiya (2016) carried out a research in Nigeria involving 342 Muslim and Christian speakers. This study found no significant differences in Christian and Muslim Tax compliance behavior in Nigeria. This study concluded that religious values alone do not play an important role in making taxpayers responsible for tax compliance.

Agbetunde et al., (2019) effect of sentiment, norms and values on tax compliance of self-employed taxpayers in south-west Nigeria. This study examined effect of sentiment, norms and values on tax compliance of south-west Nigeria. Population comprised 9,381,736 Taxpayers in three selected States. Sample size of 500 was purposely selected with 368 valid returns (73-6% response). Data were analyzed using descriptive and inferential statistics. The study, from the descriptive analysis found Tax compliance to be more than 30% away from full compliance among self-employed taxpayers in southwest Nigeria. Taxpayers were also found to demonstrate high sentiments and personal norms but displayed low social norms. The study based on the inferential analysis, found that sentiment, personal norms, social norms and values collectively had significant effect on tax compliance {Adj. R² 0.194, F(4, 367) 23.044; p <0.05}. Individually, only sentiments { $F_{13} = 0.246$, $t(359) = 4.567$, $p < 0.05$ }, personal norms { $F_{13} = 0.157$, $t(359) = 2.959$, $p < 0.05$ }, and social Norms { $F_{13} = 0.144$, $t(359) = 2.907$, $p < 0.05$ } had significant effects on tax compliance of self-employed taxpayers in South West Nigeria, but value system { $F_{13} = 0.093$, $t(359) = 1.825$, $p > 0.05$ } did not. The study concluded that sentiments, norms and values had effects on the variation in tax compliance of self-employed taxpayers in South West Nigeria. The study recommended, among others, that governments should adopt derivation in the appropriation of Tax revenue, give adequate and continuous tax education and enlightenment so as to enhance sentiment induced voluntary tax compliance.

Mohdali and Pope (2014) studied the relationship between religious commitments (intrapersonal and Interpersonal religiosity) and only voluntary tax compliance. They found a significant and positive Relationship between religiosity and voluntary tax compliance. They, however, found that it is only Intrapersonal religiosity that has a significant relationship with voluntary tax compliance while Interpersonal religiosity does not (Mohdali & Pope, 2010). As stated previously, voluntary tax compliance is the willingness which comes from the moral obligation owed by an individual to the public (Kirchler, & Wahl, 2010).

Benk et al., (2016) studies the effect of religiosity on voluntary tax compliance and enforced tax compliance Malatya, Turkey. They used only taxpayers who are self-employed in Turkey for the study. They administered questionnaires to 375 males and 28 females tax payers who are Self-employed. They also used two dimensions of religiosity- interpersonal and intrapersonal religiosity as Independent variables. They analyzed the data using factor analysis and ordinary least squares regression Techniques. The study found that general religiosity has a significant relationship with the two components of tax compliance (voluntary and enforced tax compliance). The study also found that Intrapersonal religiosity has a significant effect on voluntary tax

compliance. On the other hand, the study Found that interpersonal religiosity has no significant relationship with tax compliance (both voluntary and enforced tax compliance).

Mohd. Rizal, Mohd. Rusyidi, and Wan Fadillah (2013) examined the role of religiosity in the relationship between tax education and tax knowledge towards tax compliance. Pearson correlation and hierarchical regression were adopted to test the hypotheses. 90.0 % of the Respondents indicate that there are religious people. From analysis, it was discovered that the Respondents' tax compliance was lower compared to their education and knowledge towards tax.

2.6.1. Global Studies on Religiosity and Tax compliance

Torgler (2003) The relationship between religiosity and tax compliance one of the earliest and most influential studies on this topic. Torgler (2003) found that individual with higher levels of religiosity were more likely to comply with tax laws. This Study which examined multiple countries concluded that religiosity enhances compliance especially in societies where religious teachings emphasize social responsibilities and ethical behavior. In religious communities, Taxation is often viewed as a moral duty rather than just a legal obligation, increasing voluntary compliance. Building on Torgler work, Alm et al. (2010) conducted a cross-country Study and found that higher religiosity was associated with lower levels of tax evasion. Their research covered both developed and developing economies, showing that religious values reinforce ethical behavior, which in turn discourages tax evasion. Interestingly, their Study also revealed that the influence of Religiosity on Tax compliance was more pronounced in developing countries, where Government enforcement mechanisms were weaker.

MCGee et al. (2006) carried out a study focusing on the United States. The Study revealed that religious Americans were more likely to believe that paying taxes was a moral obligation. This aligns with the idea that religious teachings, particularly in Christianity, emphasize honesty and the responsibility to contribute to society. The Study further suggested that religious individuals are less likely to justify tax evasion, even when they disagree with government policies.

In contrast to findings in religious societies, Torgler and Schaltegger (2005) Study on Europe found that in secular nations with strong legal frameworks, the impact of religiosity on tax compliance was less significant. In these societies, civic responsibility is often enforced through legal mechanisms rather than religious teachings, indicating that tax compliance maybe driven more by institutional trust rather than by religious morality.

In many Islamic countries religious principles are embedded in tax laws, such as Zakat, which requires financial contributions as a religious duty. Elaziz and Diab (2019) found that in Muslim-majority countries, tax compliance was often influenced by religious beliefs, with many Taxpayers viewing Government taxation as an extension of their religious obligations. However, the Study also noted that in some cases, taxpayers preferred to fulfill their charitable obligations directly (e.g. through Zakat and Sadaqah) rather than paying Government-imposed taxes.

A Study conducted In Indonesia; the world's largest Muslim-majority country by Damayanti et al. (2015) found that religious individuals were more likely to comply with tax laws when they perceived the Government as just and transparent. However, when corruption was perceived to

be high, some religious taxpayer's views tax evasion as justifiable; suggesting that trust in government mediates the relationship between religiosity and compliance. While most Studies support a positive relationship between religiosity and tax compliance, in some highly religious societies, taxpayers may justify evasion if they believe government officials are misusing public funds. This suggests that while religiosity fosters compliance; trust in government is also a crucial factor (Cebula & Saadatmand, 2005)

2.6.2. Religiosity and Tax Compliance in Africa

Religiosity significantly influences attitudes and behaviors in African societies, where religious institutions often act as moral compasses and social influencers. Given the widespread religious adherence across the continent, researchers have investigated the connection between religiosity and tax compliance, focusing on how religious beliefs, teachings, and community influences affect taxpayers' willingness to adhere to tax laws.

In numerous African countries, religious teachings advocate for honesty, fairness, and social responsibility, which correspond with the principles of tax compliance. However, the relationship between religiosity and tax compliance is complicated by factors such as government corruption, a lack of trust in institutions, and competing religious obligations like Zakat or Tithes.

A study in Nigeria by Bello and Damjuma (2018) explored how religious beliefs affected tax compliance among self-employed individuals and corporate taxpayers. The findings indicated that highly religious individuals were more inclined to comply with tax laws when they viewed the government as accountable and ethical. Conversely, when taxpayers believed that tax revenues were mismanaged, religiosity had minimal impact on compliance, as individual's rationalized tax evasion on moral grounds.

In South Africa, Dube and Casale (2019) examined the effect of religious affiliation on tax morale, which refers to the intrinsic motivation to pay taxes. Their research revealed that individuals who regularly attended religious services and strongly identified with their faith exhibited higher tax morale. The study proposed that religious institutions indirectly encourage tax compliance by instilling values of honesty and civic responsibility. It also noted that tax morale significantly diminished when individuals perceived high levels of corruption within government institutions.

In their research on small and medium enterprises (SMEs) in West African countries, Atawadi and Ojeka (2012) discovered that religiosity had a positive effect on ethical tax behavior. Business owners who identified as devout Muslims or Christians were more inclined to accurately report their income and meet their tax responsibilities. However, some participants considered their religious contributions, such as church tithes or Islamic Zakat, as fulfilling a social duty akin to taxation, which led them to justify lower levels of tax compliance.

A study conducted In Madagascar by Rakoto and Razafindrakoto (2021) examined tax compliance attitudes among Christian and Muslim populations. The findings indicated that both

religious groups exhibited a strong moral opposition to tax evasion; however, compliance rates were higher among those actively engaged in religious community initiatives, suggesting that involvement in faith-based activities promoted positive tax behavior.

Despite evidence indicating a positive relationship between religiosity and tax compliance, several challenges complicate these dynamics in Africa:

1. **Corruption and Distrust in Government:** Many African taxpayers, regardless of their religious beliefs, are reluctant to adhere to tax laws due to widespread corruption and issues with public service delivery (Owolabi, 2020).
2. **Religious Substitutes for Taxation:** Some devout individuals place greater importance on religious donations (such as tithes, offerings, and Zakat) than on paying taxes, believing that their contributions to religious organizations fulfill their societal responsibilities (Bello et al., 2018).
3. **Informal Economy and Taxation:** A significant portion of Africa's economy operates in the informal sector, making it challenging for religious values to translate into formal tax compliance (Atawadi et al., 2012).

2.7. The Nigerian Context: Religiosity and Tax Compliance

Nigeria is a highly religious nation where Christianity, Islam, and Traditional African religions significantly influence social behavior, ethics, and economic activities. The impact of religion goes beyond individual beliefs, shaping societal norms, including perspectives on tax compliance. Given the critical role of tax revenue in national development, it is essential for policymakers and tax authorities to understand how religiosity affects tax compliance in Nigeria. Religiosity influences tax compliance in Nigeria in various ways, such as through moral teachings, trust in the government, and patterns of religious giving. Religious leaders often promote ethical behavior, honesty, and social responsibility, all of which support tax compliance. Some taxpayers rationalize their non-compliance by citing perceived government corruption, believing that religious donations (like tithes and Zakat) serve as substitutes for taxes, or facing moral dilemmas regarding the use of tax revenues.

Numerous studies have explored the relationship between religiosity and tax compliance in Nigeria. Bello and Damjuma (2018) found that highly religious individuals were more compliant when they had trust in the government, but their compliance decreased if they suspected misuse of tax funds. Eiya et al. (2016) discovered that Nigerian business owners with strong religious ties were more inclined to engage in informal tax negotiations rather than adhere strictly to compliance. Atawadi and Ojeka (2012) observed that many small and medium-sized enterprises (SMEs) in Nigeria considered religious contributions to be more significant than taxes, resulting in lower compliance rates.

2.7.1. The Impact of Islam on Tax Compliance in Nigeria

In Nigeria, particularly in the Northern region, Islam significantly influences cultural practices, with Zakat being a fundamental aspect. Zakat is regarded as both a religious obligation and a means of social welfare, fostering a sense of duty among Muslims to support societal well-being, which may lead to increased adherence to tax regulations.

In Islamic contexts, taxpayers are categorized as Halal or Haram (Al-Ttaffi & Abduljabbar, 2015). While the Islamic perspective shapes individuals behaviors, it is important to note that not everyone strictly adheres to their religious beliefs (Ali, 2013). Therefore, understanding how Islamic views affect taxpayer's behavior is crucial for influencing tax compliance (Al-Ttaffi & Abdul-Jabbar, 2015). Islam primarily emphasizes taxation on wealth rather than income, imposing taxes on the wealth an individual retains at the end of the year. This principle can have a direct impact on both the economy and Individual tax compliance.

Islamic teachings discourage the concentration of wealth among a few individuals, promoting social equity and preventing the emergence of a class divide between the affluent and the impoverished. The Quran states that wealth should not be hoarded among the rich, highlighting the rationale behind wealth taxation. Islam advocates for equality, which is essential for ensuring a fair distribution of wealth within the economy. This is achieved through mandatory taxes (Wajib) on the wealth individuals possess at the year's end, including Zakat and Fitra. Overall, Islam promotes the redistribution of wealth from the affluent to those in need.

Research has shown that Islamic teachings explicitly condemn tax evasion, labeling it as both illegal and immoral. Such behavior is thought to incur severe penalties and undermines the fundamental purpose of taxation, which is to assist the less fortunate principle deeply rooted in Islamic ethics (Aliyu, 2016). A study conducted in Akwa-Ibom State revealed that Islamic beliefs positively influence tax compliance. The findings indicate that as individuals become more committed to Islamic teachings, their tax compliance also increases, demonstrating a strong positive correlation between the two (Bassey et al., 2024). However, it is essential to recognize that while Islamic principles encourage fulfilling financial responsibilities, perceptions of the governments tax system can impact compliance. Some Muslims may prioritize religious duties like Zakat over state taxes, particularly if they lack trust in how the government utilizes tax revenues.

2.7.2. The Impact of Christianity on Tax Compliance in Nigeria

Christianity is predominantly found in the Southern and Central regions of Nigeria, where teachings on tithing and charitable giving shape people's attitudes towards financial contributions. The Christian faith promotes moral standards by emphasizing belief in a supreme being who surpasses human power, condemning immoral acts such as theft, murder, arson, assault, dishonesty, and tax evasion.

Christian teachings have a significant effect on tax compliance behavior among followers in Nigeria. Biblical principles, like the instruction to Render to Caesar the things that are Caesars, and to God the things that are Gods (Mark 12:17), highlight the importance of fulfilling civic

duties, including tax responsibilities. This scriptural basis encourages Christians to adhere to tax laws as a demonstration of their faith and moral duty. A study conducted in Port Harcourt, Nigeria, explored the relationship between religion and taxation, revealing that religious beliefs can positively affect individual's behavior regarding tax compliance and deters tax evasion. The research indicated that religious teachings and the moral framework they provide influence individuals attitudes toward meeting their tax obligations (Ogele, 2021).

In Nigeria, religious organizations, including Christian groups, are eligible for tax exemptions under specific conditions. According to Section 23(1) of the Companies Income Tax Act (CITA), Cap C21, LFN 2004 (as amended), profits from companies engaged in ecclesiastical, charitable, or educational activities of a public nature are exempt from taxation, as long as these activities are not profit-driven. However, if religious institutions engage in trade or business activities unrelated to their primary religious functions, they must comply with tax obligations like Value Added Tax (VAT) and Withholding Tax. This legal framework allows religious entities to operate without corporate income tax on certain income types while ensuring compliance with tax regulations during commercial activities (Emechebe et al., 2024).

Despite these exemptions, Christian leaders in Nigeria have a crucial role in raising awareness among citizens about their moral duty to contribute to the government. Religion significantly influences societal behavior and shapes concepts of right and wrong. Consequently, Christian leaders can motivate their congregations to meet their tax obligations, reinforcing the notion that paying taxes is both a civic duty and a moral responsibility (Erikume, 2016).

2.7.3. The Impact of Traditional Religion on Tax Compliance

In Nigeria, traditional religion, which includes indigenous beliefs and practices, plays a crucial role in shaping the moral and ethical values of its followers. These belief systems often highlight the importance of community responsibilities, respect for authority, and adherence to societal norms, all of which can affect attitudes toward tax compliance. Research conducted in Akwa-Ibom State has shown that traditional religion has a positive impact on tax compliance. The findings suggest that traditional beliefs significantly influence individual's willingness to meet their tax obligations, indicating that the moral teachings of these religions encourage adherence to tax laws (Basse et al., 2024). In many traditional Nigerian communities, it is customary to pay dues or tributes to local authorities or community leaders. This cultural practice is similar to taxation, where community members contribute resources for collective development and the maintenance of social order. Such customs may instill a sense of duty and obligation to contribute to the states' revenue through taxes.

Additionally, traditional religious leaders often wield considerable influence in their communities. Their support for tax compliance can serve as a strong motivator for their followers to fulfill their tax responsibilities. By presenting tax payment as a moral and communal obligation, these leaders can encourage voluntary compliance among their adherents.

2.8. Theoretical Framework

Research on the factors influencing tax compliance has shown that there are multiple determinants, leading professionals from various fields such as accounting, psychology, economics, and sociology to develop their own theories. This diversity arises because a single theory cannot adequately explain the complexities of tax compliance and non-compliance, prompting the suggestion that insights from sociology, psychology, and anthropology are crucial for understanding compliance behavior (Jackson & Millron, 1986).

Recent theories of tax compliance combine economic, psychological, and social aspects to elucidate taxpayer behavior. Notable theories cited in recent research include:

Economic Deterrence Theory:

This theory is based on rational choice and posits that taxpayers are more likely to comply when the costs of non-compliance (such as penalties and audits) exceed the potential benefits. Rooted in rational choice models, it suggests that individuals assess the costs and benefits of compliance, opting to evade taxes only if the likelihood of detection and the severity of penalties are outweighed by the advantages of evasion. Introduced by Allingham and Sandmo (1972), this theory builds on Bechers (1968) crime theory as it applies to taxation. The foundational Allingham-Sandmo model has been expanded in various ways, including the work of Lee and McCrary (2017), which indicates that it is more challenging to deter impatient individuals with prison sentences, as the negative consequences are perceived to occur in the future. Consequently, those who exhibit hyperbolic discounting may be less influenced by the threat of punishment that is delayed. However, the Allingham and Sandmo (1972) model does not adequately account for the high levels of voluntary compliance observed in environments with low enforcement. Additionally, it overlooks the psychological and social norms that shape individual behavior.

Fischer Model:

The Fischer Model incorporates socio-economic, psychological, and tax system factors. Although it originated in 1992, before many recent studies, later updates frequently include elements of trust and demographic factors, especially in developing regions like Africa. Fischer et al. (1992) found that trust in tax authorities and perceptions of fairness play a significant role in influencing compliance. More recent research has emphasized the perceptions of fairness and how they interact with demographic variables in developing economies (Castaeda, 2023).

Slippery Slope Framework:

Proposed by Kirchler (2008), this theory suggests that tax compliance is influenced by two primary factors: trust in authorities and the perceived power of enforcement. High levels of trust in tax authorities lead to increased voluntary compliance, while a strong perception of enforcement power results in enforced compliance. The best outcomes occur when trust and enforcement power are in balance. This framework has been validated worldwide, showing that measures to build trust, such as transparency and accountability, can lessen the need for punitive enforcement.

Theory of Planned Behavior (TPB):

Ajzen (1991) Theory of Planned Behavior asserts that attitudes towards compliance, subjective norms (the influence of peers and society), and perceived behavioral control are predictors of tax compliance. Key aspects of this theory include:

- i. Attitudes: Positive perceptions of tax fairness enhance compliance.
- ii. Subjective norms: Compliance is affected by societal and peer expectations.
- iii. Perceived behavioral control: If taxpayers believe that compliance is achievable, they are more likely to comply.

The application of TPB to tax compliance has underscored the importance of cultural and ethical factors. For instance, research in Nigeria indicates that religious beliefs can influence attitudes and norms that promote compliance.

CHAPTER THREE

METHODOLOGY

3.1. Introduction

This chapter describes the methods used to examine the influence of Religiosity on Tax compliance in Nigeria. It covers the research design, population of the study, sample size, data collection method and data analysis method. Additionally, the chapter explains the rationale behind the selected research methodology.

3.2. Research Design

According to Creswell (2014), research design refers to the comprehensive plan you select to combine the various elements of the study in a clear and logical manner.

The study adopts a descriptive survey research design to examine the relationship between religiosity and tax compliance in Nigeria, with a focus on Benin City. This approach is suitable for this research as it allows for the systematic collection and analysis of data regarding taxpayers' religious beliefs, attitudes, and compliance behaviors.

3.3. Population of the Study

The study's target population includes employees and self-employed individuals in Benin city, Nigeria. This population encompasses members of the three main religious groups; Christianity, Islam and Africa Traditional Religion. The research will focus on an estimated 130 taxpayers who have been active from 2019 till present.

3.4. Sample Size and Sampling Technique

The Sample size refers to the number of observations or data points chosen from the population for the study, which significantly affects the accuracy, reliability, and generalizability of the research results (Omniconvert, 2020).

A Stratified random sampling method was employed to ensure that all religious groups are fairly represented. To determine a specific sample size, Taro Yemens formula will be utilized:

$$n = \frac{N}{(1 + N(e)^2)}$$

Where:

n= Sample Size

N= Population

e= Significant Level= 5%

1= Constant

From the Formula above, the calculated Sample size of the study is 98. For practically and to account for possible non-response, the sample size is rounded up to 100 respondents

3.5. Source of Data Collection

This study relies solely on primary data, which will be collected through a structured questionnaire designed to capture taxpayer's religiosity, attitudes and tax compliance behaviors. The questionnaire will be administered online to ensure broad participation and convenience for respondents.

3.6. Method for Data Collection

The questionnaire serves as a tool for collecting information from participants. It consists of two sections; section A gathers demographic information such as Age, Gender, Employment type (employee and self-employed), religious affiliation, and years of tax compliance about the respondents, while section B forms the core of the questionnaire, utilizing a five-point scale to capture the respondents opinions. Their answers were evaluated using a four-category rating system.

SA -Strongly agree 5

A -Agree 4

U -Undecided 3

D -Disagree 2

SD- Strongly disagree 1

3.7. Data Analysis Method

Tables and Simple percentages will be used as techniques of analyzing the research questions while Chi-square test (X) will be employed to examine the association between religiosity and tax compliance. Since both variables are categorical, the Chi-square test is appropriate for determining whether a significant relationship exists between taxpayer's religious beliefs and their tax compliance behavior.

The hypothesis will be tested at a 5% significance level (0.05), with the null hypothesis stating that there is no significant association between religiosity and tax compliance. The observed frequencies from the survey responses will be compared with the expected frequencies, and the Chi-square statistic will be computed to determine whether the differences are statistically significant.

$$X^2 = \frac{\Sigma(fo - fe)^2}{fe}$$

Where:

X^2 = Chi-square statistic

Σ = Summation

O = Observed frequency

E = Expected frequency

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1. Introduction

This chapter presents a comprehensive analysis of the collected data and evaluates the research hypothesis using Chi-square statistical method. The responses obtained from the administered questionnaires were categorized based on three major religious affiliation, Christianity, Islam, and Traditional religion. This categorization was essential in assessing whether religiosity plays a significant role in shaping tax compliance among individuals.

To ensure broad participation, a total of one hundred (100) questionnaires were distributed to respondents through various online platforms. Efforts were made to enhance response accuracy and completeness, resulting in all 100 questionnaires being properly filled and successfully submitted.

The chapter is divided into parts with part one dealing with response rate and demographic data of respondents while part two consists of items measuring Tax compliance.

4.2. Demographic Data

The demographic data of respondents are presented in tables to give an overview of the sample composition.

Table 4.1: Gender Distribution of Respondents

Gender	Frequency	Percentage (%)
Male	59	59
Female	41	41
Total	100	100

Source: Field Survey; 2025

Table 4.1 shows that 59% of the total respondents are Male and 41% are Females. This indicates that from the above analysis, more males participated in the study than female

Table 4.2: Age Distribution

Response	Frequency	Percentage (%)
≤25	22	22
26 – 35	24	24
36 – 45	21	21
46 – 55	20	20
56+	13	13
Total	100	100%

Source: Field Survey; 2025

The Table 4.2 shows the age distribution of respondents of which 22 respondents representing 22% out of the entire respondents are between or below 25 years, 24 respondents representing 24% are within the age bracket 26-35 years, 21 respondents representing 21% are within the age bracket 36-45, 20 respondents representing 20% out of the respondents are within the age bracket 41-55, 13 respondents representing 13% are 56 and above.

Table 4.3: Employment Type

Response	Frequency	Percentage
Employee	42	42
Self-employed	43	43
Unemployed	15	15
Total	100	100

Source: Field Survey; 2025

Table 4.3 shows that out of the 100 respondents, 42(42%) are Employees, 43(43%) are Self-employed, and 15(15%) are unemployed. This indicates that majority of the respondents were self-employed.

Table 4.4: Income Level (Monthly in ₦)

Response	Frequency	Percentage (%)
<50,000	25	25
50,000 – 140,000	43	43
150,000 – 240,000	24	24
250,000+	8	8
Total	100	100

Source: Field Survey; 2025

Table 4.4 shows that 25(25%) of respondents earn less than 50,000 monthly, 43(43%) earn between 50,000 and 240,000 While 8(8%) earn 250,000 and above. This indicates that majority of the respondents earn between 50,000 and 140,000.

Table 4.5: Education Level:

Responses	Frequency	Percentage
No Formal education	11	11
Primary	15	15
Secondary	23	23
Tertiary	51	51
Total	100	100

Source: Field Survey; 2025

Table 4.5 Shows the highest Level of education respondents had attain, 11(11%) of respondents had no formal education, 15(15%) had attain Primary level of education, 23(23%) had attained Secondary level of education, 51(51%) had attained a Tertiary level of education. This indicates that majority of respondents had attained a Tertiary level of education

Table 4.6: Religion

Response	Frequency	Percentage (%)
Christianity	55	55
Islam	29	29
Traditional	16	16
Total	100	100

Source: Field Survey; 2025

Table 4.6 contains data collected which is used to analyze the respondents' religion affiliation. From this table, it is observed that 55 (55%) out of 100 respondents are Christians, 29 (29%) are Islam, and 16 (16%) are engaged in traditional religion. This concluded that majority of respondents are Christians.

Table 4.7: Have you been active in paying your tax since 2019

Response	Frequency	Percentage (%)
Yes	83	83
No	14	14
Maybe	4	4
Total	100	100

Source: Field Survey; 2025

Table 4.7 indicates that 83 (83%) of respondents have been active in tax payment since 2019, 14 (14%) have not been active while 4 (4%) were uncertain.

4.3. Analysis of responses to the question of the questionnaire

Table 4.8: Responses to items of the questionnaire

S/N	Items	SA	A	U	D	SD	Total
	Religious Beliefs on Tax compliance						
1.	I believe my religious teachings influence my decision to comply with tax laws	39	31	6	13	11	100
2.	My religion teaches that paying taxes is a moral obligation	22	41	13	18	6	100
3.	My religious Leaders emphasize the importance of Tax compliance	23	32	13	22	10	100
4.	Paying taxes is a way to fulfill my religious duty of being a responsible citizen	26	26	9	20	19	100
5.	I consult religious guidance when making financial decisions	22	18	9	26	25	100
6.	My religious beliefs make me more accountable for my financial obligations, including taxation	24	32	13	16	15	100
	Tax compliance Behavior						
7.	Always pay my taxes on time	39	20	12	14	15	100
8.	I believe that tax evasion is wrong, regardless of government policies	27	32	8	17	16	100
9.	My religious beliefs encourages honesty which influences my tax compliance	37	25	10	11	17	100
10.	I have never deliberately underreported my income to	19	31	8	20	22	100

	reduce my tax liability						
11.	I believe there are legal ways to minimize taxes rather than evading them	31	29	7	13	20	100
12.	I see paying taxes as my civic responsibility	37	28	7	10	18	100
13.	I only pay taxes because of fear of penalties	26	20	11	20	23	100
	Perception of Tax Authorities and Government						
14.	I trust the Government to use Tax revenue for public goods	39	19	8	13	21	100
15.	I believe that religious teachings should emphasize civic responsibility including tax payment	30	35	10	7	18	100
16.	If Tax policies were more aligned with religious values, I would be more willing to pay taxes	18	36	12	18	16	100
17.	The level of corruption in tax administration discourages me from paying taxes	40	19	8	17	16	100
18.	I believe tax authorities treat Taxpayers fairly, regardless of religion	27	28	11	21	13	100
19.	I think religious organizations should collaborate with tax authorities to encourage tax compliance	30	27	11	16	16	100
20.	I would comply more with tax laws if religious organizations endorsed tax compliance	36	28	7	9	20	100

Source: Field Survey; 2025

4.4. Tax Compliance Behavior by Religious Group

Respondents were categorized into high and low compliance group. To categorize respondents into high and low compliance groups, scores from tax compliance-related questionnaire items were used. Respondents scoring above the median were classified as high compliance, while those below the median were classified as low compliance.

Table 4.9: Tax compliance level by religious affiliation

Religion	High compliance	Low compliance	Total
Christianity	37	18	55
Islam	15	14	39
Traditional	7	9	16
Total	59	41	100

Source: Field Survey; 2025

This table shows how many respondents in each religious are categorized as high and low compliance based on the median compliance score (14).

For Christianity more respondents (37) had high compliance than low compliance (18). For Islam almost equal numbers of high (15) and low (14) compliance respondents while for Traditional religion more respondents had low compliance (9) than high compliance (7)

4.5. Hypothesis Testing

Chi-square test was conducted to examine whether religiosity significantly influences tax compliance within each religious group. The formula is given below:

$$Chi - square (x^2) = \frac{\Sigma(fo - fe)^2}{fe}$$

Where:

X² = Chi-square statistic

Σ = Summation

O = Observed frequency

E = Expected frequency

4.5.1. Islamic Religion

H₀: Islamic religion does not significantly impact Tax compliance

H₁: Islamic religion significantly impact Tax compliance

Table 4.10: Observed Frequency Distribution

Religiosity	High compliance (fo)	Low compliance (fo)	Total
High	11	6	17
Low	4	8	12
Total	15	14	29

Table 4.11: Expected Frequency Distribution

Religiosity	High compliance (fe)	Low compliance (fe)	Total
High	8.79	8.21	17
Low	6.21	5.79	12
Total	15	14	29

Expected Frequency is gotten from the formula:

$$fe = Total\ Row \times Total\ \frac{Column}{Grand\ Total}$$

$$When\ fo\ is\ 11 = 17 \times \frac{5}{29} = 8.79$$

$$Fo\ is\ 6 = 17 \times \frac{14}{29} = 8.21$$

$$fo\ is\ 4 = 12 \times \frac{15}{29} = 6.21$$

$$fo\ is\ 8 = 12 \times \frac{14}{29} = 5.79$$

Table 4.12: Chi-square Calculation for Islam Observed and expected values

Religiosity	High compliance	Low compliance	High compliance	Low compliance	$\frac{(fo - fe)^2}{fe}$	$\frac{(fo - fe)^2}{fe}$
	(fo)	(fo)	(fe)	(fe)	High	Low
High	11	6	8.79	8.21	0.554	0.593
Low	4	8	6.21	5.79	0.785	0.841

Chi-square Statistic:

$$X^2 = 0.554 + 0.593 + 0.785 + 0.841 = 2.773$$

To determine the degree of freedom is as follow

$$df = (\text{Row}-1) (\text{Columns}-1)$$

$$df = (2-1) (2-1)$$

$$df = 1$$

Level of Significance = 5% (0.05)

p-value = 0.198

Decision Rule

Since the p-value (0.198) is greater than 0.05, we fail to reject the null hypothesis, this indicates that religiosity does not have significant impact on Tax compliance among Muslims.

4.5.2 Christianity

H₀: Christianity religion does not significantly impact Tax compliance

H₁: Christianity religion significantly impact Tax compliance

Table 4.13: Observed Frequency Distribution

Religiosity	High compliance (fo)	Low compliance (fo)	Total
High	28	8	36
Low	9	10	19
Total	37	18	55

Table 4.14: Expected Frequency Distribution

Religiosity	High compliance (fe)	Low compliance (fe)	Total
High	24.22	8.21	36
Low	12.78	5.79	19
Total	37	18	55

Table 4.15: Chi-square Calculation for Christianity Observed and expected values

Religiosity	High compliance	Low compliance	High compliance	Low compliance	$\frac{(fo - fe)^2}{fe}$	$\frac{(fo - fe)^2}{fe}$
	(fo)	(fo)	(fe)	(fe)	High	Low
High	28	8	24.22	11.78	0.591	1.214
Low	9	10	12.78	6.22	1.119	2.30

Chi-square Statistic:

$$x^2 = 0.591 + 1.214 + 1.119 + 2.3 = 5.224$$

$$df = (2-1)(2-1) = 1$$

$$p\text{-value} = 0.0022$$

Decision Rule

Since the p-value (0.0022) is less than 0.05, we reject the null hypothesis and conclude that religiosity has a significant impact on Tax compliance among Christians

4.5.3. Traditional Religion

H₀: Traditional religion does not significantly impact Tax compliance

H₁: Traditional religion significantly impact Tax compliance

Table 4.16: Observed Frequency Distribution

Religiosity	High compliance (fo)	Low compliance (fo)	Total
High	6	5	11
Low	1	4	5
Total	7	9	16

Table 4.17: Expected Frequency Distribution

Religiosity	High compliance (fe)	Low compliance (fe)	Total
High	4.81	6.19	11
Low	2.19	2.81	5
Total	7	9	16

Table 4.18: Chi-square Calculation for Traditional Religion Observed and expected values

Religiosity	High compliance (fo)	Low compliance (fo)	High compliance (fe)	Low compliance (fe)	$\frac{(fo - fe)^2}{fe}$	$\frac{(fo - fe)^2}{fe}$
					High	Low
High	6	5	4.81	6.19	0.293	0.228
Low	1	4	2.19	2.81	0.645	0.502

Chi-square Statistic:

$$x^2= 0.293+0.228+0.645+0.502=1.668$$

$$df= (2-1)(2-1)=1$$

$$p\text{-value}= 0.096$$

Decision Rule

Since the p-value (0.096) is greater than 0.05, we fail reject to the null hypothesis and conclude that religiosity does not significantly impact Tax compliance among individuals practicing Traditional religion.

4.6. Summary of Results

The analysis revealed differing impacts of religiosity on Tax compliance across different religious groups. Among Christianity religion, religiosity significantly impacts tax ($p<0.05$), while for Islamic religious group no significant impact was found between religiosity and Tax compliance ($p>0.05$). Also among Traditional religious group, there was no significant impact between religiosity and Tax compliance ($p>0.05$).

These findings indicate that Christian respondents with higher religiosity level tend to comply more with tax obligations, whereas, this trend is not statistically significant among Islamic and Traditional religion respondents.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study analyzed Tax compliance levels among religious groups using a Chi-square test. Key findings include:

Among Christians, religiosity was found to significantly impact Tax compliance, as evidenced by a Chi-square value of 5.224 ($p= 0.022$), indicating a strong relationship.

Among Islamic religion, religiosity was not found to significantly impact Tax compliance (Chi-square value= 2.773 ($p=0.096$)).

Among Traditional religion adherents, no significant relationship was found between religiosity and Tax compliance (Chi-square value= 1.668 ($p=0.197$)).

These findings suggest that religiosity teachings and ethical considerations may influence Tax compliance among Christians more strongly than among Muslims and Traditional religion practitioners.

5.2 Discussion of Results

The results align with prior studies suggesting that religion can influence moral behavior and ethical decision-making, particularly regarding tax compliance. For instance, Torgler (2006) found that religiosity fosters intrinsic motivation for tax compliance by emphasizing honesty and civic responsibility. Similarly, McGee and Tyler (2007) highlighted that individuals with strong religious beliefs often exhibit higher tax morale due to their internalized sense of duty. In the Nigerian context, studies such as Adebayo (2018) and Okafor (2020) have also reported that religious teachings shape attitudes towards tax obligations, with compliance being higher among devout individuals.

Christianity and Tax Compliance: The significant result among Christians suggests that religious values such as honesty, obedience to authorities, and moral obligations may enhance tax compliance. This aligns with the findings of Torgler (2006), who asserted that Christian doctrines emphasize ethical responsibility, thereby influencing financial obligations such as taxation. Recent studies also support this relationship, showing that religiosity positively affects tax compliance in Nigeria (Abiola et al., 2023; Bassey et al., 2024). Furthermore, Balogun et al., (2024) found that Christian taxpayers who frequently engage in religious activities demonstrate a higher tendency to comply with tax laws, reinforcing the role of faith-based ethical teachings in shaping taxpayer's behavior.

Islam and Tax Compliance: The non-significant result among Muslims may indicate that other factors, such as economic conditions and government trust, play a stronger role in determining tax behavior than religious beliefs. This is consistent with McGee and Tyler (2007), who found that tax compliance in Islamic societies, is often linked to perceptions of government fairness rather than purely religious motivations. This result is also consistent with recent studies by Rahman et al., (2024) which examined tax compliance among Islamic educators in Malaysia and found that while respondents generally accepted the permissibility of income tax, differing interpretations regarding side income taxation led to unintentional non-compliance. This suggests that Islamic teachings alone do not directly translate into higher tax compliance. Furthermore it also aligns with Abodher et al., (2020) studies which investigated tax compliance among self-employed individuals in Libya and revealed that Islamic perspectives were positively associated with tax-compliance. Their finding suggests that personal interpretations of Islamic principles, rather than the religion itself, play a key role in shaping tax compliance behavior.

Traditional Religion and Tax Compliance: The lack of significant impact suggests that tax compliance decisions among Traditionalists may be driven by socio-economic or governmental factors rather than religious principles. This is supported by Adebayo (2018), who found that individuals practicing indigenous religions in Nigeria prioritize communal obligations over statutory tax responsibilities. Recent studies further support this perspective. Ekaette and Bassey

(2024) found that while religiosity generally influences tax compliance in Akwa Ibom State, economic conditions and trust in government play a more substantial role in shaping tax behavior. This suggests that, for traditional religion practitioners, external factors such as economic stability and perceptions of government legitimacy may have stronger influence on tax compliance than religious doctrines. Furthermore, religious leaders from other faiths have emphasized the spiritual obligation as a 'divine arrangement' and a civic duty, reinforcing the idea that tax compliance is not solely a legal responsibility but also a moral one. While this perspective is more commonly associated with Abrahamic religions, it highlights how religious teachings can influence financial behavior in different ways.

The findings highlight that while religiosity can influence tax behavior, its impact varies across religious affiliations.

5.3. Conclusion

This study examined the impact of religiosity on tax compliance in Nigeria. The results indicate that religiosity has a significant influence on tax compliance among Christians but not among Muslims or Traditionalists. These findings suggest that religious values may shape tax compliance behavior differently based on doctrinal teachings and cultural contexts. However, other factors such as trust in government, economic conditions, and enforcement mechanisms may also play a crucial role in shaping tax compliance decisions.

5.4. Recommendations

Based on the findings, the following recommendations are proposed:

1. **Enhancing Tax Education through Religious Institutions:** Since Christianity showed a significant relationship with tax compliance, religious institutions could be leveraged to promote tax awareness and moral obligations related to tax payment.
2. **Strengthening Government Transparency and Trust:** Given the non-significant results among Muslims and Traditionalists, increasing public trust in tax administration through transparency and accountability may improve compliance across all religious groups.
3. **Incorporating Moral and Ethical Teachings in Tax Campaigns:** The government and tax authorities should integrate ethical and moral reasoning into tax compliance campaigns, emphasizing fairness and national development.
4. **Further Research on Other Influencing Factors:** Future studies should explore how economic hardship, corruption, and enforcement mechanisms impact tax compliance in Nigeria beyond religiosity.

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APPENDIX

Religiosity and Tax compliance in Nigeria

QUESTIONNAIRE

Department of Accounting
Faculty of Management Science,
University of Benin,
Benin Study Centre.

Dear Respondent,

REQUESTING FOR YOUR COOPERATION IN COMPLETING A QUESTIONNAIRE.

I am an undergraduate student undergoing B.Sc accounting, undertaking a research work on “Religiosity and Tax compliance”. Your response will remain anonymous and will only be used for academic purposes.

Kindly answer the questions as honestly as possible. Thank you for your time and cooperation.

Yours Faithfully,

Researcher

SECTION A: DEMOGRAPHIC INFORMATION

(please tick (✓) the appropriate option)

Gender:

Male [], Female []

Age Group:

≤25 [], 26-35 [], 36-45 [], 46-55 [], 56+ []

Employment Type:

Employee [], Self-employed [], Un-employed []

Income Level (Monthly in ₦):

<50,000 [], 50,000-140,000 [], 150,000-240,000 [], 250,000+ []

Education Level:

No Formal education [], Primary [], Secondary [], Tertiary []

Religion:

Christianity [], Islam [], Traditional []

Have you been active in paying your tax since 2019:

Yes [], No []

SECTION B: Religiosity, Tax compliance, and perception of Tax Authorities

(Using the following key SA-Strongly Agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly Disagree, please indicate your level of agreement with the following statements)

S/N	Items	SA	A	U	D	SD	Total
	Religious Beliefs on Tax compliance						
1.	I believe my religious teachings influence my						

	decision to comply with tax laws						
2.	My religion teaches that paying taxes is a moral obligation						
3.	My religious Leaders emphasize the importance of Tax compliance						
4.	Paying taxes is a way to fulfill my religious duty of being a responsible citizen						
5.	I consult religious guidance when making financial decisions						
6.	My religious beliefs make me more accountable for my financial obligations, including taxation						
	Tax compliance Behavior						
7.	Always pay my taxes on time						
8.	I believe that tax evasion is wrong, regardless of government policies						
9.	My religious beliefs encourages honesty which influences my tax compliance						
10.	I have never deliberately underreported my income to reduce my tax liability						
11.	I believe there are legal ways to minimize taxes rather than evading them						
12.	I see paying taxes as my civic responsibility						
13.	I only pay taxes because of						

	fear of penalties						
	Perception of Tax Authorities and Government						
14.	I trust the Government to use Tax revenue for public goods						
15.	I believe that religious teachings should emphasize civic responsibility including tax payment						
16.	If Tax policies were more aligned with religious values, I would be more willing to pay taxes						
17.	The level of corruption in tax administration discourages me from paying taxes						
18.	I believe tax authorities treat Taxpayers fairly, regardless of religion						
19.	I think religious organizations should collaborate with tax authorities to encourage tax compliance						
20.	I would comply more with tax laws if religious organizations endorsed tax compliance						