EFFECT OF RURAL POVERTY ON TAX COMPLIANCE IN OGBESE COMMUNITY IN OVIA NORTH EAST LOCAL GOVERNMENT AREA OF EDO STATE

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FACULTY OF SOCIAL SCIENCES

UNIVERSITY OF BENIN

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BEING A PROJECT WORK PRESENTED TO THE DEPARTMENT OF PUBLIC ADMINISTRATION, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF BENIN, BENIN CITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELORS OF SCIENCE IN PUBLIC ADMINISTRATION

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CERTIFICATION

We, the undersigned certify that this project titled "Effect of Rural Poverty on Tax Compliance in Ogbese Community in Ovia North East Local Government Area of Edo State" was carried out by USIOBAIFO OGHOSASERE with matriculation number SSC2105876 of the Department of Public Administration in partial fulfilment of the requirements for the award of Bachelor of Science (B.Sc.) in Public Administration, University of Benin.

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DATE	**DATE**

DEDICATION

This work is dedicated to God almighty the Beginning and the End. This work is also dedicated to my wonderful parents Mr. and Mrs. Usiobaifo.

ACKNOWLEDGEMENTS

All thanks goes to my Heavenly Father and creator, for making this work a success. I am forever indebted to God for his faithfulness. I am profoundly indebted to my project supervisor, Dr. Vera U. Chianu whose invaluable insights, corrections and constructive criticism has contributed greatly and aided the success of this project work.

I wish to express my profound gratitude my parents Mr. and Mrs. Usiobaifo for their unfailing support materially, mentally and spiritually. Thank you mom and dad for always been there for me. May God continue to bless you people and grant you good health and long life, Amen!

My sincere appreciation goes to my lovely siblings, Kelvin, Faith, and Grace for their care, support and prayers throughout my stay in this great institutions. I want to specially thank them for always being there for me.

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ABSTRACT

The study investigated the effect of rural poverty on tax compliance in Ogbese community in Ovia North East Local Government Area of Edo State. To achieve the purpose of the study, four (4) research questions were raised and answered. To achieve the purpose of the study, four (4) research questions were raised and answered. The sample size for the study was made up of 100 respondents. The data collected was analyzed using frequency count and simple percentage. The study revealed that rural poverty, low household income, and unemployment significantly hinder tax compliance among residents in Ogbese community. It was concluded that economic hardship reduces individuals' ability and willingness to meet their tax obligations. The study recommended among others that government agencies should implement regular tax education campaigns in rural communities to improve residents' understanding of tax obligations, benefits, and procedures. This can include workshops, community meetings, and use of local media.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Taxation remains a fundamental pillar of sustainable national development, yet tax compliance continues to be a significant challenge in Nigeria’s rural communities. Yaru and Ohiaka (2022) asserted that the persistence of rural poverty deeply influences the willingness and ability of residents to meet tax obligations. Rural dwellers often face severe income insecurity, poor infrastructure, and minimal access to basic services, which reduce their perceived benefit from tax payments. Additionally, inadequate tax education and distrust in government institutions contribute to low compliance. These factors create a situation where rural populations see taxes as punitive rather than participatory tools for development. In most cases, tax administrators face difficulty reaching these communities due to geographical barriers and logistical constraints. Thus, rural poverty remains a key variable when assessing low tax remittance in Nigeria's hinterlands (Usman & Idoko, 2021).

Rural poverty in Nigeria is marked by high unemployment, limited access to education, and low agricultural productivity, all of which have direct implications for tax compliance. Ogiedu (2020) asserted that individuals battling extreme poverty view tax payment as a financial burden, especially when faced with pressing needs such as food, shelter, and healthcare. Most rural households operate in informal sectors where income is not stable, making it difficult to calculate and remit taxes accurately. The absence of formal employment and wage structures further complicates tax assessment. These socio-economic challenges are compounded by limited governmental presence in rural areas, which leads to a disconnect between taxation and service delivery. The sense of exclusion and marginalisation fosters resistance to tax compliance, as citizens perceive no tangible benefits from their contributions.

Tax compliance transcends legal responsibility; it is shaped by behavioural, economic, and institutional dynamics, which are heavily influenced by poverty. Etale and Tueridei (2020) asserted that rural dwellers' willingness to pay taxes is often based on their trust in government and perceived fairness of the tax system. In areas plagued by poor roads, lack of schools, and inadequate health facilities, taxpayers are less motivated to comply. Furthermore, many rural inhabitants lack awareness of tax regulations, exemptions, and procedures due to low literacy rates. This lack of understanding fuels suspicion and the belief that tax collection is a form of extortion. Tax literacy is therefore crucial in enhancing compliance in poor communities. Without educational outreach and local sensitisation, residents may continue to resist or avoid taxes.

The informal nature of rural economies poses a unique barrier to tax compliance, as most transactions go undocumented and untaxed. Sessu (2019) asserted that subsistence farmers and petty traders rarely keep records or operate within regulated markets, making it difficult for tax authorities to enforce compliance. The predominance of cash-based trade, absence of formal bank accounts, and minimal exposure to digital technology further isolate these individuals from the national tax system. Tax administrators often resort to irregular enforcement measures, which can be arbitrary and counterproductive. In many cases, the fear of harassment by tax officers discourages engagement with the system altogether. The lack of reliable income data also impedes accurate assessment, leading to unfair taxation and further resistance (Emmanuel & Audu, 2023).

Although the Nigerian government has initiated several tax reforms aimed at increasing revenue collection, their impact on rural populations remains limited. Orumwense and Aiwoho (2021) asserted that programmes like the Voluntary Assets and Income Declaration Scheme (VAIDS) were designed with formal sector earners in mind, ignoring the realities of informal rural economies. Incentives such as tax holidays or amnesties mean little to individuals whose earnings fluctuate or fall below taxable thresholds. Moreover, local government bodies tasked with grassroots tax collection often lack the capacity and resources to enforce policies effectively. These inefficiencies result in overlapping levies, multiple unregulated charges, and inconsistent enforcement, which diminish public trust. Ultimately, the absence of rural-specific tax policies alienates impoverished communities, discouraging tax participation.

The challenge of assessing the effect of rural poverty on tax compliance is also methodological, particularly due to the difficulty in obtaining accurate data. Iwuagwu

(2018) asserted that conventional income-based surveys often fail in rural settings due to fluctuating earnings, subsistence lifestyles, and distrust of external researchers. Rural respondents may underreport income out of fear of higher taxes or governmental intrusion. Moreover, enumerators often face language barriers, poor road networks, and a lack of local support when conducting tax-related surveys. This results in unreliable data that can misinform policy decisions. To properly understand rural compliance behaviours, it is necessary to complement quantitative data with qualitative interviews and field observations. Such mixed methods are essential in painting a holistic picture of the interplay between poverty and tax attitudes.

1.2 Statement of the Problem

Despite the central role of taxation in driving national and rural development, rural poverty continues to pose a serious challenge to tax compliance in Nigeria. Preliminary observations indicate that residents in impoverished rural communities often lack the financial capacity to meet tax obligations, leading to widespread non-compliance and reduced government revenue (Agbetunde et al., 2020). Many rural dwellers prioritise survival needs over civic responsibilities due to low and unstable incomes, especially among smallholder farmers, petty traders, and artisans. This situation is worsened by the limited presence of tax officials in rural areas, poor awareness of tax requirements, and minimal trust in the government to deliver public services in return for tax contributions. Additionally, weak institutional frameworks, corruption, and inadequate infrastructure for tax enforcement have made rural tax collection inefficient and largely ineffective (Okon, 2023).

Moreover, the perceived irrelevance and unfairness of tax policies to rural realities have further discouraged voluntary compliance. Most tax frameworks are designed without consideration of the income instability and informal nature of rural economic activities, making compliance both burdensome and impractical for rural populations. In areas where poverty is endemic, citizens often see little benefit in paying taxes when basic infrastructure such as roads, schools, and healthcare centres are either unavailable or in poor condition. This perception reinforces the belief that taxation is more punitive than developmental. The researcher is worried by these phenomenon and so wishes to investigate the effect of rural poverty on tax compliance: A case study of Ogbese community in Ovia North East Local Government Area of Edo State.

1.3 Research Objectives

The main objective of the study is to investigate the effect of rural poverty on tax compliance in Ogbese community in Ovia North East Local Government Area of Edo State. However, the specific objectives of the study are:

1. To ascertain the level of tax compliance among residents in Ogbese community in Ovia North East Local Government Area.
2. To examine the effect of rural poverty on tax compliance among residents in Ogbese community in Ovia North East Local Government Area.

3. To identify the challenges faced by rural residents in meeting their tax responsibilities in Ogbese community.
4. To highlight policy measures that could enhance tax compliance among rural dwellers in Ogbese Community in Ovia North East Local Government Area.

1.4 Research Questions

The following questions were raised to guide the study:

1. What is the level of tax compliance among residents in Ogbese community in Ovia North East Local Government Area?
2. What is the effect of rural poverty on tax compliance among residents in Ogbese community in Ovia North East Local Government Area?
3. What challenges impede rural residents from meeting their tax responsibilities in Ogbese community?
4. What policy measures could improve tax compliance among rural dwellers in Ogbese Community in Ovia North East Local Government Area?

1.5 Scope of the Study

The scope of this study focuses on the effect of rural poverty on tax compliance in Ogbese Community, situated in Ovia North East Local Government Area of Edo State. The research specifically investigates the level of tax compliance among the residents, examining how rural poverty influences their ability and willingness to fulfil tax obligations. In addition, the study seeks to identify the key challenges rural dwellers face in meeting their tax responsibilities and explores policy measures that could enhance tax compliance within the community. The scope is limited to Ogbese Community, with data gathered from local taxpayers, community members, and relevant authorities involved in tax administration in the area.

1.6 Significance of the Study

The findings of this study are expected to be of immense benefit to government authorities, especially tax administrators at the local and state levels. It will also help policymakers to design more inclusive and realistic tax policies that take into account the economic limitations of rural dwellers.

For academic researchers and scholars, the study will adds to the existing body of knowledge on tax compliance and rural poverty in Nigeria. It will provides empirical insights into how poverty conditions in rural communities impact the willingness and capacity of citizens to meet their tax obligations. This will serve as a useful reference for future research.

The study will also be significant to non-governmental organisations and development agencies working in rural areas. It will offer understanding into the economic challenges that affect tax compliance and will assist them in designing support programmes and advocacy campaigns aimed at improving financial literacy, economic empowerment, and civic responsibility among rural residents.

For community leaders and residents of Ogbese, the study will help highlight their tax-related challenges and can empower them to engage with government authorities for more responsive tax administration and community development. It encourages dialogue that could lead to collaborative approaches in addressing both poverty and low tax compliance in rural areas.

The study will be of significance to the general public and media by drawing attention to the often-overlooked link between poverty and tax behaviour in rural communities. It will promotes public awareness on the importance of inclusive governance and the role of taxation in fostering development, thereby encouraging a more participatory and informed citizenry.

1.7 Definition of Terms

The following terms were defined in the study:

Rural Poverty: Rural poverty refers to the condition of deprivation experienced by individuals and households living in rural areas, characterised by limited access to income, education, healthcare, and basic social amenities. It often results in low living standards and economic vulnerability that can hinder active civic participation, including tax compliance.

Tax Compliance: Tax compliance is the degree to which a taxpayer meets their tax obligations as required by law, including accurate reporting of income, timely filing of returns, and full payment of taxes. It reflects the willingness and ability of individuals or businesses to adhere to tax regulations without coercion.

Taxpayer: A taxpayer is any individual or entity that is obligated by law to pay taxes to the government. In the context of this study, taxpayers are residents of the Ogbese community who are expected to contribute to local and state revenue through statutory levies and taxes.

Ovia North East Local Government Area: A sub-administrative region within Edo State, Nigeria, which has legal and administrative authority over several communities (including Ogbese). It is responsible for local governance functions, including tax collection, provision of services, infrastructure, and enforcement of local by-laws.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter dealt with the review of literature on effect of rural poverty on tax compliance. The chapter critically examines the concept of rural poverty and tax compliance. It further delve into effect of rural poverty on tax compliance and the challenges faced by rural residents in meeting their tax responsibilities. The chapter was concluded with an examination on policy measures that could enhance tax compliance among rural dwellers.

2.1 Overview of Rural Poverty

Rural poverty is a condition in which individuals and households in rural areas face deprivation in income, opportunities, and access to basic services. Zawadi (2023) asserted that the problem of rural poverty is deeply entrenched in Nigeria, where rural communities remain marginalised in terms of infrastructure and development initiatives. Most rural dwellers depend on subsistence farming, which leaves them vulnerable to poor harvests, price instability, and climate change. Inadequate schools, healthcare facilities, and roads further worsen their living conditions and limit their chances of escaping poverty. In many cases, poverty in rural areas is perpetuated by weak access to credit facilities and productive assets. This makes it difficult for them to engage in profitable ventures that could improve their standard of living. The result is a widening gap between rural and urban development in Nigeria (Umaru, 2021).

Rural poverty is best understood as a multidimensional problem that goes beyond income to include social and environmental deprivation. Okafor (2022) noted that in Nigeria, rural populations often face challenges such as poor educational access, low healthcare quality, and a lack of modern amenities. Economic hardship is only one dimension; social exclusion and environmental degradation also reinforce the cycle of poverty. For instance, desertification and flooding undermine agricultural productivity, which is the main source of livelihood for most rural households. Poor roads and lack of markets limit farmers' ability to sell their produce, keeping incomes low. Children raised in such environments are often deprived of quality education, perpetuating the cycle of poverty into the next generation (Adamu, 2023).

The causes of rural poverty in Nigeria are rooted in historical, structural, and political challenges. Ezeji and Ogodo (2021) explained that colonial agricultural policies created a heavy reliance on cash crops, leaving rural areas dependent on farming with little structural support. In modern times, rural development has often been neglected in national budgets, with urban centres receiving greater attention. Corruption and mismanagement of resources also divert funds meant for rural projects, leaving communities underdeveloped. Furthermore, rural households lack access to formal employment opportunities, making them dependent on seasonal farming and informal activities. These systemic issues ensure that poverty is not only persistent but also self-reinforcing. Without intentional and inclusive policies that prioritise rural development, these areas will continue to lag behind economically, socially, and politically, trapping generations in deprivation (Bamidele, 2023).

The consequences of rural poverty are far-reaching and affect individuals, communities, and the nation at large. Idigun (2020) highlighted that malnutrition is widespread in rural households due to limited access to balanced diets, affecting children most severely. Poor educational opportunities result in high illiteracy rates, leaving many unable to compete in the modern economy. In addition, the absence of quality healthcare in rural areas leads to high mortality rates from preventable diseases. Youth migration is another serious consequence, as young people leave villages for urban centres in search of jobs, draining rural areas of vital manpower. This brain drain weakens local economies and slows community development. Beyond individuals, rural poverty also undermines national productivity, as agriculture and other rural activities remain below potential output (Komonibo, 2021).

The persistence of rural poverty is further linked to the inability of households to adapt to modern economic realities. Oluwole (2022) observed that many rural farmers still depend on traditional farming methods, which are vulnerable to climate shocks and yield low productivity. Access to modern technologies, improved seedlings, and extension services is often limited, making it hard to scale production. Women in rural areas face additional constraints due to gender inequality, as they are often excluded from land ownership and credit schemes. This marginalisation reduces household income potential and entrenches gendered poverty. Moreover, poor infrastructure such as electricity and water supply hampers the growth of small-scale rural industries. As long as these structural challenges remain, rural communities will continue to face deepening cycles of poverty (Chukwu,a, 2023).

Addressing rural poverty requires a comprehensive, multi-pronged strategy that targets economic, social, and environmental challenges simultaneously. Yakubu (2023) stated that investment in rural infrastructure such as schools, hospitals, and roads is essential to improve the quality of life. Expanding access to credit facilities and vocational training will empower rural dwellers to participate productively in the economy. Agricultural modernisation through mechanisation, irrigation, and market linkages can also raise rural incomes and reduce vulnerability. In addition, inclusive policies must specifically target women and youth to ensure equitable opportunities. Collaborative efforts between government, private sector, and non-governmental organisations can help sustain development interventions. If implemented effectively, such strategies can significantly reduce rural poverty and promote balanced national growth (Edafe, 2021).

2.1.1 Concept of Tax Compliance

Tax compliance broadly refers to the willingness and ability of taxpayers to obey tax laws and fulfil their tax obligations. Haruna and Okobo (2023) asserted that compliance entails not only timely filing of tax returns but also the accurate reporting of income, expenses, and financial transactions in accordance with existing legal provisions. It is essentially the demonstration of taxpayers' readiness to play their part in contributing to national revenue generation. Tax compliance is not merely about paying taxes but doing so correctly, within stipulated deadlines, and in line with government regulations. Countries like Nigeria depend heavily on compliance to sustain revenue, fund public infrastructure, and enhance economic growth. Thus, compliance becomes a mirror through which the efficiency of tax administration and citizens' responsiveness to government are measured. In this sense, tax compliance signifies both fiscal responsibility and civic engagement (Bikoro & Asike, 2021).

Tax compliance is both a legal duty and a moral responsibility of citizens within a state. Makuola (2022) explained that compliance goes beyond the act of paying taxes to encompass voluntary adherence to tax policies, laws, and regulations, even in the absence of strict enforcement. Citizens are expected to recognise the broader purpose of taxation, which funds essential services such as education, healthcare, and security. The importance of compliance extends beyond government revenue as it underpins social contracts between the state and its people. When citizens comply, they contribute to trust-building and accountability in governance. Non-compliance, however, weakens public finance and frustrates development objectives. By willingly discharging tax obligations, individuals support the vision of sustainable development and national stability. Therefore, tax compliance should be viewed not only through the lens of legal compulsion but also as a civic responsibility anchored on patriotism (Ikoko, 2021).

From an administrative perspective, tax compliance refers to the extent to which taxpayers follow tax requirements without evasion, avoidance, or unnecessary delays. Gambo (2021) maintained that the concept underscores the alignment of taxpayers' behaviour with the expectations of the regulatory framework established by the state. Governments define compliance in practical terms such as filing tax returns correctly, paying assessed taxes within stipulated periods, and maintaining accurate financial records. Modern administrations also employ digital systems, online filing platforms, and auditing mechanisms to promote easier compliance. However, even with improved systems, the challenge remains in ensuring taxpayers' willingness to engage honestly with the process. In Nigeria, deliberate tax reforms, taxpayer education, and enforcement are critical for strengthening compliance. Thus, from an administrative standpoint, compliance is not merely voluntary conduct but a structured system through which taxpayers and government interact effectively for mutual benefit (Okonkwo, 2023).

Tax compliance also has a behavioural dimension, as it is shaped by taxpayers' perceptions, attitudes, and beliefs towards the tax system. Yerima and Akija (2020) observed that taxpayers' willingness to comply is strongly influenced by their trust in government institutions and the perceived fairness of the tax regime. When citizens believe their contributions are judiciously managed, compliance levels increase significantly. Conversely, when corruption or mismanagement is perceived, compliance levels may drop as taxpayers seek to avoid obligations. This behavioural perspective emphasises that compliance cannot be secured solely through enforcement mechanisms but must also be cultivated by building trust and transparency. Governments must, therefore, not only design fair policies but also demonstrate accountability in spending. Compliance in this sense is a psychological response to both incentives and disincentives created by governance structures, reflecting the dynamic interplay between citizens' attitudes and state actions (Qudus, 2023).

Furthermore, tax compliance may be defined in terms of voluntary and enforced compliance, which differ in their underlying motivations. Balogun (2022) noted that voluntary compliance occurs when taxpayers willingly fulfil their obligations without coercion, while enforced compliance happens through audits, penalties, and legal sanctions. Voluntary compliance is desirable as it reduces administrative costs and fosters a cooperative relationship between taxpayers and the government. However, in settings where voluntary compliance is low, enforcement becomes necessary to safeguard revenue. Striking a balance between voluntary and enforced compliance highlights the strength of tax administration and the credibility of government institutions. An overreliance on enforcement may lead to resentment and higher levels of evasion, while strong voluntary compliance indicates legitimacy of tax systems. Ultimately, the coexistence of both forms ensures that revenue targets are met while maintaining fairness and sustainability within the fiscal framework (Nwosu, 2020).

Tax compliance embodies the idea of sustainable fiscal responsibility within any economy. Tunji (2023) argued that when taxpayers comply faithfully, governments secure steady revenue streams essential for financing developmental goals, reducing borrowing, and stabilising the economy. Compliance also reduces the pressure on government to depend excessively on external debt, which often comes with unfavourable conditions. Furthermore, compliance boosts domestic resource mobilisation and enhances national financial independence. However, this fiscal responsibility requires that governments reciprocate by ensuring accountability, transparency, and visible improvements in citizens' welfare. Without such reciprocity, compliance levels may decline, weakening the fiscal system. In this way, compliance is not a one-sided duty but a mutual relationship of trust between taxpayers and government. Ultimately, tax compliance is vital for national development, institutional trust-building, and the achievement of long-term socio-economic stability (Kolawole, 2021).

2.1.2 Effect of Rural Poverty on Tax Compliance

Rural poverty significantly influences tax compliance because individuals with low income often prioritise survival over civic obligations. Dotun (2023) asserted that when citizens are trapped in poverty, their ability to meet tax demands is diminished, as most of their meagre resources are channelled towards food, shelter, and other essentials.

In rural Nigeria, many households live on subsistence farming or petty trading, which yields unstable income streams that rarely accommodate taxation. This economic hardship makes compliance appear unrealistic and often fuels resentment towards government tax officials. When income is irregular and barely sufficient for daily living, citizens are more likely to evade taxes or resist enforcement efforts. Consequently, rural poverty fuels a cycle of exclusion, non-compliance, and reduced government revenue, thereby undermining developmental goals in rural communities (Zubair, 2021).

The effect of rural poverty on tax compliance also lies in the lack of awareness and education about tax obligations. Uchenna (2021) argued that many rural dwellers remain uninformed about their responsibilities due to literacy challenges, poor communication channels, and inadequate tax education programmes. Poverty restricts access to quality schooling and limits opportunities to acquire the knowledge needed to appreciate taxation as a civic duty. In rural areas, where educational attainment is generally low, many people struggle to read or interpret tax guidelines, which makes compliance less likely. Furthermore, tax authorities often fail to implement robust enlightenment campaigns in rural communities, leaving residents disconnected from national tax systems. As such, ignorance—reinforced by poverty—continues to undermine efforts to build a culture of compliance and trust in taxation (Ititigbe, 2022).

Moreover, rural poverty fosters widespread mistrust in government tax systems, further reducing compliance. Aramu and Omila (2022) emphasised that rural citizens who experience poverty often see little or no evidence that their taxes improve local living standards. Many rural communities lack essential infrastructure such as good roads, potable water, schools, and healthcare facilities, which makes residents question the rationale for paying taxes. Poverty makes people more sensitive to government inefficiencies, as they struggle daily with unmet needs while public officials are perceived to misuse revenues. This perception discourages voluntary compliance, as citizens feel exploited by tax collectors without receiving tangible benefits. In turn, this lack of confidence in government undermines efforts to strengthen fiscal discipline and ultimately deepens the culture of tax evasion among rural populations (Ichippi, 2023).

Rural poverty encourages the expansion of informal economic activities, many of which remain outside the taxable system. Bosun (2023) maintained that poverty drives individuals into small-scale subsistence businesses such as roadside trading, local food vending, and craftwork, all of which operate beyond formal registration and tax monitoring structures. Since these businesses are largely unrecorded, authorities find it extremely difficult to track and enforce taxation. This scenario creates loopholes that not only reduce government tax revenue but also encourage a culture of informal survivalism. Poverty-driven informal economies therefore serve as both a coping mechanism for struggling households and an obstacle for tax authorities seeking wider compliance. The longer these informal systems thrive unchecked, the more difficult it becomes for the government to integrate them into the formal taxable economy (Nnamdi, 2021).

Rural poverty weakens government capacity to enforce tax laws, since authorities often refrain from imposing strict measures on impoverished citizens. Bamigboye (2020) noted that tax enforcement officers sometimes adopt a lenient stance, recognising that poverty leaves households with little disposable income to remit. While this leniency may appear humane, it inadvertently encourages a perception that tax payment is optional, particularly in rural areas where poverty is widespread. Over time, this weakens compliance culture and fosters a cycle of selective enforcement. Furthermore, poverty-driven rural–urban migration complicates tax systems, as displaced citizens often join informal economies in cities, which also escape formal taxation. This perpetuates inefficiencies and loss of potential revenue. Thus, rural poverty not only suppresses compliance directly but also destabilises the long-term sustainability of national tax systems (Tijani, 2022).

2.1.3 Challenges Faced by Rural Residents in Meeting their Tax Responsibilities

Rural communities often face significant challenges in meeting their tax responsibilities due to widespread poverty. Wamako (2023) asserted that the majority of rural residents in Nigeria live below the poverty line, which makes it difficult for them to prioritise tax payments over basic needs such as food, healthcare, and shelter. In such circumstances, paying taxes becomes less important than survival. Since most rural dwellers depend on subsistence farming and small-scale trading, their income levels are generally unstable and low, making it hard to meet tax obligations. In addition, the lack of government support and the absence of tangible developmental projects discourage compliance, as residents feel their money is misused. Poverty, therefore, not only limits tax capacity but also erodes trust in governance, thereby creating a cycle of non-compliance that weakens revenue mobilisation (Maduku, 2021).

Another challenge rural residents encounter is the low level of tax literacy. Kumuyi (2022) emphasised that a vast proportion of rural dwellers are not adequately informed about tax laws, regulations, and procedures, which hinders their willingness and ability to comply. Limited access to formal education in rural communities contributes to this problem, as many cannot read or understand official documents. The lack of structured enlightenment campaigns by tax authorities also means residents are left with misconceptions, such as believing that taxation is a burden reserved only for wealthy individuals or urban workers. In addition, illiteracy creates opportunities for fraud and exploitation by unauthorised tax collectors who take advantage of people's ignorance. Effective awareness strategies are therefore critical in increasing compliance among rural dwellers, yet this remains a neglected area in Nigeria's fiscal administration (Chidalu, 2020).

Geographical isolation also poses a major barrier to tax compliance among rural populations. Hadiza (2021) noted that many rural settlements are located far from tax offices, banks, or designated collection points, making compliance physically difficult. Poor road infrastructure and limited transportation increase the cost and time required for rural residents to remit taxes. In some cases, a trip to the nearest collection centre may consume almost an entire day's income, discouraging regular compliance. The absence of mobile tax officers in these areas further complicates matters, as rural dwellers are left with no convenient options for payment. This often leads to reliance on informal or corrupt middlemen, creating loopholes for exploitation. Thus, geographical remoteness continues to hinder efficient tax collection, leaving rural dwellers marginalised in the national tax system (Tegbe & Ogunleye, 2022).

Cultural attitudes and mistrust of government also hinder tax compliance in rural settings. Danladi (2020) highlighted that many rural residents perceive taxation as exploitative, particularly when they cannot see tangible development projects in their communities. Decades of government neglect in infrastructure, healthcare, and education have fostered scepticism about the fairness of taxation. Instead of viewing tax payment as a civic responsibility, many consider it an unnecessary burden that benefits corrupt officials. In some rural traditions, collective or religious contributions are prioritised over government taxes, as they are perceived to directly benefit the community. This cultural mindset fosters resistance to tax compliance and reinforces apathy towards government demands. Without visible evidence of developmental returns, mistrust and cultural values combine to reduce rural residents' motivation to fulfil their tax obligations (Chianu, 2021).

Another significant challenge is the prevalence of informal economic activities in rural areas. Yakubu (2022) argued that most rural dwellers earn their income through small-scale farming, petty trading, and other informal ventures, which are difficult to regulate for tax purposes. Such activities are often seasonal, irregular, and unrecorded, making it hard for tax authorities to track earnings. The absence of business registration in rural economies makes income invisible in official systems, giving room for non-compliance. Furthermore, informal operators often perceive themselves as exempt from taxation, believing only formal businesses are obliged to pay. This perception undermines government efforts to widen the tax base. Consequently, the burden of taxation rests heavily on those in formal employment, creating inequality between rural informal workers and urban taxpayers. This persistent informality complicates tax administration in Nigeria’s rural communities (Okon, 2023).

Weak institutional frameworks exacerbate the difficulties faced by rural residents in fulfilling their tax responsibilities. Fatuyi (2021) pointed out that inadequate staffing, poor technology adoption, and corruption within tax agencies undermine efficiency in rural tax collection. Limited government presence in remote areas means rural dwellers rarely encounter legitimate tax officers, leading to weak enforcement. When officials are available, bureaucratic delays and exploitation discourage compliance, as citizens often feel harassed rather than served. The absence of digital platforms for simple payment systems also excludes rural communities from easier compliance opportunities available in urban centres. Weak monitoring and accountability structures further embolden tax evasion, since many rural residents believe there are no consequences for avoidance. Unless these institutional weaknesses are addressed through reforms and technologydriven solutions, rural tax compliance will continue to face significant setbacks (Nwifiru, 2022).

2.1.4 Measures to Enhance Tax Compliance among Rural Dwellers

One significant policy measure that can enhance tax compliance among rural dwellers is the simplification of tax systems. Garba (2023) asserted that many rural residents, particularly those involved in small-scale farming, trading, and artisanal activities, struggle with complicated tax regulations that discourage participation. A simplified structure would make it easier for them to calculate and remit taxes, thereby promoting inclusivity. For instance, flat-rate taxes tailored to low-income categories or mobile-based payment options can encourage voluntary compliance. By making tax systems less intimidating and reducing the need for intermediaries, governments also minimise opportunities for corruption and evasion. Moreover, simplified processes would build rural dwellers' confidence in the system, as they would not feel burdened by excessive bureaucracy. Ultimately, a user-friendly approach to taxation can foster transparency, inclusiveness, and higher compliance levels among rural populations (Salakor, 2022).

Improving tax education and awareness among rural dwellers is another essential measure to enhance compliance. Wamite (2022) emphasised that many rural residents are unaware of their civic responsibilities and the benefits of taxation, which results in resistance and neglect. Tax awareness campaigns, using media like community radio, town hall meetings, and local languages, can make taxation less abstract and more relatable. These initiatives should stress how tax revenues fund schools, roads, health facilities, and agricultural programmes within rural areas. Such knowledge can dispel the perception of taxation as exploitative and instead frame it as a collective contribution to development. Additionally, training tax officers to adopt community-friendly communication methods will increase effectiveness. When taxpayers understand both the process and purpose of taxation, they are more likely to comply willingly and consistently, thereby strengthening national revenue systems (Babalola, 2023).

Building trust through transparent use of tax revenues is a critical policy measure for rural compliance. Udoma and Obodo (2021) argued that rural dwellers often view taxation with suspicion because they believe funds are mismanaged or embezzled. Governments can address this by introducing accountability mechanisms, such as publishing annual reports or showcasing projects funded through tax contributions. Rural communities are more inclined to pay when they see tangible benefits, like boreholes, farm access roads, and primary healthcare centres, directly resulting from their contributions. Demonstrating results not only fosters trust but also nurtures a sense of partnership between citizens and government. Transparency also discourages corruption by ensuring tax officials are held accountable for funds collected. Over time, consistent and visible reinvestment of tax revenues in local communities helps transform compliance into a shared civic duty and responsibility (Tamuno, 2020).

Deploying digital technologies in tax administration is another key strategy to encourage rural compliance. Babatunde and Emami (2023) posited that the widespread adoption of mobile phones in Nigeria provides an opportunity to use digital platforms such as USSD codes, mobile money, and tax apps for simplified remittances. These systems reduce reliance on intermediaries, minimise bureaucratic bottlenecks, and cut down opportunities for corrupt practices. Rural dwellers can easily remit taxes using simple phones, without the need to travel long distances to revenue offices. Digital records also help citizens keep track of their payments, reducing disputes or instances of double taxation. Furthermore, such innovations can be integrated into existing financial systems, ensuring inclusivity even in remote areas. By modernising the process through digitalisation, governments can promote convenience, accountability, and efficiency in tax administration (Lawal & Buoboye, 2022).

Collaborating with traditional and community leaders provides another effective policy measure to enhance rural tax compliance. Shittu (2020) maintained that in many Nigerian villages, community leaders hold strong influence over residents' attitudes and behaviours. Governments can leverage this influence by involving such leaders in tax awareness campaigns, payment mobilisation, and the supervision of revenue usage. When leaders endorse tax compliance, rural dwellers are more likely to perceive it as legitimate and beneficial. Additionally, leaders can help in dispelling myths and addressing resistance from community members who view taxation as a burden. This collaboration not only strengthens trust but also builds community ownership of the taxation process. By recognising the authority of local leaders, governments can bridge the gap between formal tax institutions and rural populations, making compliance more effective (Dirisu, 2023).

Offering incentives and linking social benefits to tax compliance can also improve participation among rural dwellers. Salami and Ekeje (2021) asserted that rural residents are more likely to comply when they perceive direct and tangible rewards from their payments. For example, compliance could be tied to eligibility for agricultural subsidies, micro-credit schemes, or cooperative development programmes. Such incentives convert taxation from a burden into an empowering opportunity. Additionally, providing visible infrastructure and services like rural electrification, good roads, and primary schools reinforces the perception of fairness. When rural communities experience improvements tied to tax contributions, compliance becomes both a duty and an investment in their welfare. Incentive-based measures therefore enhance not only compliance but also strengthen government–citizen relationships in rural contexts (Dawene, 2022).

2.2 Theoretical Framework

The study is hinged on Economic Deterrence Theory propounded by Allingham and Sandmo in 1972. The theory remains a foundational concept in the study of tax compliance, drawing from rational choice principles. The theory is based on the notion that taxpayers act as rational decision-makers who weigh the possible benefits of evading taxes against the risks of being caught and penalised. This means that an individual's decision to comply or evade depends on the perceived probability of detection and the severity of punishment. In essence, taxpayers are more likely to comply when they believe that tax authorities have strong enforcement mechanisms in place, including routine audits, stiff fines, and legal prosecution. This approach highlights the central role of deterrence in ensuring compliance within tax systems. Governments across the world, including developing nations, often rely heavily on this model by emphasising surveillance, enforcement, and penalties to discourage evasion and strengthen revenue collection.

At the heart of the Economic Deterrence Theory is the idea that individuals behave logically when faced with tax obligations, choosing the option that maximizes their welfare. The theory contend that compliance improves when the expected costs of evasion, such as heavy fines, imprisonment, or reputational damage, outweigh the financial gains. For instance, a rural trader may consider evading taxes, but if they fear an audit or severe penalty, compliance becomes the safer option. The theory, therefore, frames tax compliance as a calculated risk management decision. However, critics argue that this rationalist view assumes all individuals are fully informed and logical, overlooking the influence of emotions, ignorance, or socio-cultural values, which often affect taxpayers' decisions, especially in disadvantaged communities or rural environments.

The application of the Economic Deterrence Theory in rural poverty settings highlights both its relevance and its limitations. Rural taxpayers, often dependent on small-scale farming or informal trade, operate within informal economies where transactions are not properly documented, making enforcement and detection extremely difficult. This weakens the deterrence effect because individuals know that the risk of being caught is low. Poverty also intensifies non-compliance, as many rural dwellers prioritise survival and immediate needs over meeting tax obligations. Even if authorities threaten penalties, the necessity of food, shelter, and basic survival often outweighs compliance. In addition, tax authorities in rural areas face challenges such as poor infrastructure, inadequate personnel, and limited institutional reach, which further reduce enforcement capacity.

The theory is relevant to the study as it help provides a compelling explanation of tax compliance by focusing on the costs and benefits of evasion. It argues that taxpayers comply when they fear detection and punishment, and it remains a cornerstone of tax policy globally. However, its assumptions of rationality and its reliance on enforcement limit its effectiveness in contexts marked by rural poverty. In such settings, weak institutions, informal economies, and poverty-related pressures reduce the strength of deterrence mechanisms. Although the theory underscores the importance of penalties and surveillance, its narrow focus ignores factors like trust, fairness, and socio-economic realities that shape compliance.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter examined the methodology adopted in carrying out the study. The following were examined; research design, population of study, sample size and sampling technique, sources of the data, validation of the instrument, instrument for data collection and techniques for data analysis.

3.1 Research Design

This study adopted a descriptive survey design. The descriptive survey was a quantitative research method that sought to provide a detailed understanding of a specific population or phenomenon by systematically collecting information on their present conditions, behaviours, or attitudes. This design was considered suitable because it enabled an in-depth investigation of the impact of rural poverty on tax compliance in Ogbese community, Ovia North East Local Government Area of Edo State.

3.2 Population of the Study

The population of this study comprised residents of Ogbese community in Ovia North East Local Government Area of Edo State. According to the National Population Census (NPC, 2025), the community had an estimated population of 59,218 people.

3.3 Sample Size and Sampling Technique

A sample of one hundred (100) respondents was selected from four quarters within Ogbese community. Twenty-five (25) respondents were chosen from each quarter, giving a total of 100 participants. The respondents were selected using simple random sampling to ensure fairness in representation and reduce the possibility of bias.

3.4 Sources of Data

Both primary and secondary data were utilised for this research. Primary data were collected through questionnaires designed to gather first-hand information on the effect of rural poverty on tax compliance. Secondary data were obtained from books, journals, conference papers, newspapers, and credible online sources. While primary data directly addressed the study objectives, secondary data provided background context, supported the interpretation of results, and strengthened the findings by referencing existing literature.

3.5 Validation of the Instrument

The questionnaire was submitted to the project supervisor for content validation. Feedback and recommendations from the supervisor were incorporated to improve the instrument before it was distributed to respondents.

3.6 Instrument for Data Collection

The study employed a structured questionnaire designed by the researcher as the primary instrument for data collection. The questionnaire was organized into four sections: A, B, C, and D. Section A addressed the level of tax compliance among residents in Ogbese community in Ovia North East Local Government Area. Section B examined the effect of rural poverty on tax compliance among residents in Ogbese community in Ovia North East Local Government Area. Section C identified the challenges faced by rural residents in meeting their tax responsibilities in Ogbese community, while Section D highlighted policy measures that could enhance tax compliance among rural dwellers in Ogbese community in Ovia North East Local Government Area.

3.7 Techniques of Data Analysis

The data analysis technique encompassed the methods and tools that were used to process and interpret the information gathered during the study. For this research, the Statistical Package for Social Sciences (SPSS) was used as the primary tool for data analysis. Simple descriptive statistics, such as frequency counts and percentages, were utilized to compute and present the findings. These methods facilitated a clear and understandable summary of the data's characteristics.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter dealt with the presentation and analysis of the responses to questionnaire by the respondents. The responses are presented using a frequency table distribution, simple percentage and detailed analysis was made accordingly. The data were primarily sourced from the administered questionnaires. A total of one hundred (100) questionnaires were administered to 100 respondents. The 100 questionnaires were returned completely filled. The analysis of data was based on the one hundred (100) questionnaires recovered.

4.1 Analysis of Respondents Demographic Data

This section starts with the demographic data of respondents which include gender, age, marital status, qualification, occupation and monthly income which are all aimed to give a concise understanding on the effect of rural poverty on tax compliance in Ogbese community in Ovia North East Local Government Area of Edo State.

Table 1: Distribution of Respondents by Gender

Gender	**Frequency**	**Percentage**
Male	39	39%
Female	61	61%
Total	**100**	**100%**

Source: Field Work, 2025

Table 1 shows the distribution of respondents according to gender. As shown in the table above, male respondents are 39 which constitutes 39% while female respondents are 61 representing 61%. This indicates that majority of the respondents were females.

Table 2: Distribution of Respondents by Age

Age Range	Respondents	Percentages
18-25	17	17%
26-35	51	51%
36-45	21	21%
46 years and above	11	11%
Total	**100**	**100%**

Source: Field Work, 2025

Table 2 shows that 17% of the respondents fall within the 18-25 age range, representing the youngest group in the study. The largest proportion, 51%, is in the 26-35 age range. The 36-45 age group accounts for 21%, while those aged 46 years and above make up the smallest category at 11%. This distribution highlights a predominantly youthful sample, with a significant concentration in the 26-35 age bracket.

Table 3: Distribution of Respondents by Marital Status

Marital Status	Respondents	Percentages
Single	73	73%
Married	24	24%
Divorce	3	3%
Total	**100**	**100%**

Source: Field Work, 2025

Table 4 above shows the marital status of respondents, with 73% being single, 24% married, and 3% divorced. This indicates that the majority of respondents are single, while a smaller proportion are married or divorced.

Table 4: Distribution of Respondents by Qualifications

Qualifications	Respondents	Percentages
Primary Education	13	13%
SSCE	36	36%
OND	38	38%
HND/B.Sc.	11	11%
M.Sc. and above	2	2%
Total	**100**	**100%**

Source: Field Work, 2025

Table 4 presents the distribution of respondents according to their educational qualifications. Respondents with primary education constituted 13% of the sample, indicating a small portion with only basic education. Those with SSCE made up 36%, while the largest group, representing 38%, held OND qualifications. Respondents with HND or B.Sc. degrees accounted for 11%, and only 2% possessed M.Sc. or higher qualifications. This distribution suggests that the majority of respondents had attained at least a secondary or post-secondary level of education.

Table 5: Distribution of Respondents by Occupation

Occupation	Respondents	Percentages
Farming	44	44%
Trading	34	34%
Artisan	13	13%
Civil servant	9	9%
Total	**100**	**100%**

Source: Field Work, 2025

The table presents the distribution of respondents according to their occupation. Farming accounts for the largest proportion at 44%, followed by trading at 34%. Artisans make up 13% of the respondents, while civil servants represent the smallest group at 9%. This distribution indicates that the majority of the respondents are engaged in primary and informal sector activities, with fewer involved in formal government

Table 6: Distribution of Respondents by Monthly Income

Monthly Income	Respondents	Percentages
Less than ₦20,000	4	4%
₦20,000-40,000	18	18%
₦41,000-60,000	53	53%
₦61,000-80,000	14	14%
Above 80,000	11	11%
Total	**100**	**100%**

Source: Field Work, 2025

The table shows the distribution of respondents based on their monthly income. A small proportion, 4%, earn less than ₦20,000, while 18% earn between ₦20,000 and ₦40,000. The majority of respondents, 53%, have a monthly income of ₦41,000–₦60,000. Those earning ₦61,000–₦80,000 constitute 14%, and only 11% earn above ₦80,000. Overall, this indicates that most respondents fall within the moderate income bracket, with relatively few earning very low or high incomes.

4.2 Analysis of Findings

Objective One: To Ascertain the Level of Tax Compliance Among Residents in Ogbese community in Ovia North East Local Government Area

Table 7: Distribution of Responses on Level of Tax Compliance Among Residents in Ogbese community in Ovia North East Local Government Area

S/N	Items	Total No of respondents	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	I pay my taxes promptly whenever they are due	100	52 (52%)	33 (33%)	9 (9%)	6 (6%)
2.	I clearly understand the importance of paying taxes as a resident of the community	100	47 (47%)	38 (38%)	11 (11%)	4 (4%)
3.	I have adequate knowledge about the procedures of tax payment	100	27 (27%)	59 (59%)	6 (6%)	8 (8%)
4.	I believe that most residents in the community comply with tax regulations	100	61 (61%)	28 (28%)	6 (6%)	5 (5%)
5.	I always keep records of my income or business transactions for tax purposes	100	44 (44%)	31 (31%)	11 (11%)	14 (14%)

Source: Field Work, 2025

Table 7 presents the distribution of responses on the level of tax compliance among residents in Ogbese community in Ovia North East Local Government Area. Regarding item 1, a majority of respondents (52%) strongly agreed and 33% agreed that they pay their taxes promptly whenever they are due, while only 9% disagreed and 6% strongly disagreed, showing that 85% of residents comply with timely tax payment. In item 2, 47% strongly agreed and 38% agreed that they clearly understand the importance of paying taxes as community residents, whereas 11% disagreed and 4% strongly disagreed, indicating that 85% of respondents acknowledged the significance of tax compliance. For item 3, only 27% strongly agreed, but a substantial 59% agreed that they have adequate knowledge about tax payment procedures, while 6% disagreed and 8% strongly disagreed, suggesting that 86% of residents possess some level of knowledge about tax processes. Item 4, which assessed residents' perception of others' compliance, received the highest level of approval, with 61% strongly agreeing and 28% agreeing that most residents comply with tax regulations, while 6% disagreed and 5% strongly disagreed, indicating that 89% of respondents perceived high community-wide compliance. Lastly, item 5 showed that 44% strongly agreed and 31% agreed that they keep proper records of income or business transactions for tax purposes, while 11% disagreed and 14% strongly disagreed, reflecting that 75% of residents maintain records, though with comparatively higher skepticism. Overall, the findings indicate a generally high level of tax compliance in Ogbese community, particularly in prompt payment and awareness of its importance, while record-keeping shows slightly less adherence.

Objective Two: To Examine the Effect of Rural Poverty on Tax Compliance among Residents in Ogbese community in Ovia North East Local Government Area

Table 8: Distribution of Responses on Effect of Rural Poverty on Tax Compliance among Residents in Ogbese community in Ovia North East Local Government Area

S/N	Items	Total No of respondents	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	My household income is too low to meet both basic needs and tax obligations.	100	62 (62%)	26 (26%)	8 (8%)	4 (4%)
2.	Poverty makes it difficult for me to prioritise tax payment	100	59 (59%)	31 (31%)	3 (3%)	7 (7%)
3.	I sometimes delay tax payment due to financial hardship	100	48 (48%)	37 (37%)	9 (9%)	6 (6%)
4.	Many unemployed residents in the community cannot afford to pay taxes regularly	100	53 (53%)	36 (36%)	3 (3%)	8 (8%)
5.	Poverty has a significant influence on the overall level of tax compliance in the community	100	46 (46%)	29 (29%)	13 (13%)	12 (12%)

Source: Field Work, 2025

Table 8 presents the distribution of responses on the effect of rural poverty on tax compliance among residents in Ogbese community in Ovia North East Local Government Area. For item 1, a majority of respondents (62%) strongly agreed and 26% agreed that their household income is too low to meet both basic needs and tax obligations, while only 8% disagreed and 4% strongly disagreed, showing that 88% of residents experience income constraints that affect their ability to pay taxes. In item 2, 59% strongly agreed and 31% agreed that poverty makes it difficult to prioritise tax payment, with just 3% disagreeing and 7% strongly disagreeing, indicating that 90% of respondents perceive poverty as a barrier to timely tax compliance. Item 3 revealed that 48% strongly agreed and 37% agreed that they sometimes delay tax payment due to financial hardship, whereas 9% disagreed and 6% strongly disagreed, suggesting that 85% of residents experience occasional delays in tax payment because of economic difficulties. Regarding item 4, 53% strongly agreed and 36% agreed that many unemployed residents cannot afford to pay taxes regularly, while only 3% disagreed and 8% strongly disagreed, showing that 89% of respondents recognise unemployment as a key factor limiting tax compliance. Lastly, item 5 indicated that 46% strongly agreed and 29% agreed that poverty has a significant influence on overall tax compliance, with 13% disagreeing and 12% strongly disagreeing, reflecting that 75% of residents acknowledge the broader impact of poverty on tax behaviour. Overall, the findings suggest that rural poverty, low household income, and unemployment significantly hinder tax compliance among residents in Ogbese community, with a strong consensus on the role of economic hardship in delaying or limiting tax payments.

Objective Three: To Identify the Challenges Faced by Rural Residents in Meeting their Tax Responsibilities in Ogbese community

Table 9: Distribution of Responses on Challenges Faced by Rural Residents in Meeting their Tax Responsibilities in Ogbese community

S/N	Items	Total No of respondents	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Lack of proper awareness of tax laws is a challenge for residents in this community	100	47 (47%)	38 (38%)	8 (8%)	7 (7%)
2.	Difficulty in accessing tax officials or offices discourages timely tax payment	100	69 (69%)	22 (22%)	3 (3%)	6 (6%)
3.	Corruption and dishonesty among tax collectors affect residents' willingness to comply	100	44 (44%)	29 (29%)	11 (11%)	16 (16%)
4.	The perception that government misuses tax revenue discourages compliance	100	71 (71%)	21 (21%)	5 (5%)	3 (3%)
5.	The absence of flexible tax payment options is a challenge for rural dwellers	100	57 (57%)	29 (29%)	6 (6%)	8 (8%)

Source: Field Work, 2025

Table 9 presents the distribution of responses on the challenges faced by rural residents in meeting their tax responsibilities in Ogbese community. For item 1, 47% of respondents strongly agreed and 38% agreed that lack of proper awareness of tax laws is a challenge, while only 8% disagreed and 7% strongly disagreed, showing that 85% of residents acknowledge limited knowledge of tax regulations as a barrier to compliance. In item 2, difficulty in accessing tax officials or offices was highlighted as a major obstacle, with 69% strongly agreeing and 22% agreeing, and only 3% disagreeing and 6% strongly disagreeing, indicating that 91% of residents find poor accessibility discouraging timely tax payment. Item 3 revealed that corruption and dishonesty among tax collectors affect compliance, with 44% strongly agreeing and 29% agreeing, whereas 11% disagreed and 16% strongly disagreed, suggesting that 73% of residents perceive unethical practices by tax officials as a deterrent. Regarding item 4, the perception that government misuses tax revenue received the highest level of consensus, as 71% strongly agreed and 21% agreed, with just 5% disagreeing and 3% strongly disagreeing, showing that 92% of residents are discouraged from compliance due to concerns over revenue mismanagement. Lastly, item 5 indicated that the absence of flexible tax payment options is a challenge, with 57% strongly agreeing and 29% agreeing, while 6% disagreed and 8% strongly disagreed, reflecting that 86% of residents consider limited payment options a barrier. Overall, the findings demonstrate that lack of awareness, accessibility issues, perceived corruption, misuse of tax funds, and rigid payment systems are significant challenges affecting tax compliance among rural residents in Ogbese community.

Objective Four: To Highlight Policy Measures that Could Enhance Tax Compliance Among Rural Dwellers in Ogbese Community in Ovia North East Local Government Area

Table 10: Distribution of Responses on Policy Measures to Enhance Tax Compliance Among Rural Dwellers in Ogbese Community in Ovia North East Local Government Area

S/N	Items	Total No of respondents	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Creating awareness campaigns will help improve tax compliance among residents	100	73 (73%)	22 (22%)	3 (3%)	2 (2%)
2.	Introducing tax relief or incentives for low-income earners will enhance compliance	100	66 (66%)	24 (24%)	6 (6%)	4 (4%)
3.	Simplifying the tax payment process will encourage more residents to pay taxes	100	71 (71%)	22 (22%)	4 (4%)	3 (3%)
4.	Building trust through transparent use of tax revenue will improve compliance	100	54 (54%)	36 (36%)	4 (4%)	6 (6%)
5.	Establishing mobile tax collection centres will make tax payment easier in rural areas	100	78 (78%)	16 (16%)	4 (4%)	2 (2%)

Source: Field Work, 2025

Table 10 presents the distribution of responses on policy measures to enhance tax compliance among rural dwellers in Ogbese community in Ovia North East Local

Government Area. For item 1, a majority of respondents (73%) strongly agreed and 22% agreed that creating awareness campaigns will improve tax compliance, while only 3% disagreed and 2% strongly disagreed, showing that 95% of residents support awareness initiatives as a key strategy. In item 2, 66% strongly agreed and 24% agreed that introducing tax relief or incentives for low-income earners will enhance compliance, with 6% disagreeing and 4% strongly disagreeing, indicating that 90% of residents favour fiscal incentives to encourage tax payment. Item 3 revealed that simplifying the tax payment process will encourage more residents to comply, with 71% strongly agreeing and 22% agreeing, whereas 4% disagreed and 3% strongly disagreed, suggesting that 93% of respondents value procedural simplification as a compliance measure. Regarding item 4, 54% strongly agreed and 36% agreed that building trust through transparent use of tax revenue will improve compliance, while 4% disagreed and 6% strongly disagreed, reflecting that 90% of residents recognise transparency as crucial for encouraging tax adherence. Lastly, item 5 indicated that establishing mobile tax collection centres will make tax payment easier in rural areas, with 78% strongly agreeing and 16% agreeing, while 4% disagreed and 2% strongly disagreed, showing that 94% of residents support mobile collection centres as an effective measure. Overall, the findings highlight strong consensus among residents on the importance of awareness, incentives, simplified procedures, transparency, and improved accessibility as key policy measures to enhance tax compliance in rural communities.

4.3 Discussion of Findings

Findings from the study revealed that there is high level of tax compliance among residents in Ogbese community in Ovia North East Local Government Area of Edo State. This finding may be attributed to increased awareness of the importance of taxation and improved trust in government institutions among residents of the Ogbese community. Many individuals have come to understand that tax compliance contributes to community development and the provision of essential public services such as roads, healthcare, and education. Additionally, the efforts of local authorities in sensitising residents, simplifying tax payment processes, and enforcing compliance laws have likely encouraged greater adherence to tax obligations. Social influence and community monitoring may also play a role, as individuals are more inclined to comply when they observe others doing so. Consequently, these combined factors contribute to the high level of tax compliance observed among residents in Ogbese, Ovia North East Local Government Area of Edo State. This finding is in agreement with Nwosu (2020) who found out that there is high level of tax compliance among rural residents.

Findings from the study shows that rural poverty, low household income, and unemployment significantly hinder tax compliance among residents in Ogbese community, with a strong consensus on the role of economic hardship in delaying or limiting tax payments. This finding can be explained by the fact that economic hardship reduces individuals' ability and willingness to meet their tax obligations. In rural areas like Ogbese, limited income opportunities and high unemployment rates often mean that households prioritise basic survival needs such as food, shelter, and healthcare over tax payments. When income levels are low, taxation is perceived as an additional financial burden rather than a civic duty. Moreover, the lack of visible government support and infrastructural development may weaken taxpayers' motivation to comply, as they see little return for their contributions. Consequently, poverty and unemployment create a cycle of non-compliance, where economic challenges directly undermine residents' capacity and readiness to pay taxes as expected. In support of the finding, Dotun (2023) asserted that when citizens are trapped in poverty, their ability to meet tax demands is diminished, as most of their meagre resources are channelled towards food, shelter, and other essentials.

Findings from the study indicated that the challenges faced by rural residents in meeting their tax responsibilities in Ogbese community include lack of awareness, accessibility issues, perceived corruption, misuse of tax funds, and rigid payment systems. This finding can be attributed to the structural and administrative barriers that often characterise rural tax systems. Many residents in Ogbese community may lack adequate information about tax procedures, deadlines, and benefits due to poor awareness campaigns and limited literacy levels. Accessibility challenges, such as long distances to tax offices or inadequate digital payment options, further discourage timely compliance. Additionally, perceived corruption and misuse of tax funds reduce public trust, leading taxpayers to believe their contributions are not used for community development. The rigidity of payment systems, with few flexible options for low-income earners, also compounds the problem. Together, these factors create a discouraging environment that makes it difficult for rural residents to effectively fulfil their tax obligations. This finding is in alignment with Wamako (2023) asserted that the majority of rural residents in Nigeria live below the poverty line, which makes it difficult for them to prioritise tax payments over basic needs such as food, healthcare, and shelter. Similarly, Kumuyi (2022) emphasised that a vast proportion of rural dwellers are not adequately informed about tax laws, regulations, and procedures, which hinders their willingness and ability to comply.

Findings from the study revealed that some of the policy measures that could enhance tax compliance among rural dwellers in Ogbese Community in Ovia North East Local Government Area include importance of awareness, incentives, simplified procedures, transparency, and improved accessibility. This finding can be explained by the fact that effective tax compliance among rural dwellers depends largely on clear communication, fairness, and convenience in the tax system. Awareness programmes help educate residents on the benefits of paying taxes and how these contributions support community development. Providing incentives such as tax rebates or public recognition can encourage voluntary compliance by rewarding consistent taxpayers. Simplified procedures make the payment process less burdensome, especially for individuals with limited literacy or access to technology. Transparency in the use of tax revenue builds public trust and reduces scepticism about government accountability. Lastly, improving accessibility through mobile payment options or local collection centres ensures convenience, collectively fostering a more compliant and cooperative tax culture in Ogbese community. In line with the finding, Garba (2023) asserted that one significant policy measure that can enhance tax compliance among rural dwellers is the simplification of tax systems. In same vein, Udoma and Obodo (2021) found out that building trust through transparent use of tax revenues is a critical policy measure for rural compliance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section presents a summary of the study, the conclusions derived, the findings obtained, and the recommendations provided.

5.2 Summary

The study investigated the effect of rural poverty on tax compliance in Ogbese community in Ovia North East Local Government Area of Edo State. To achieve the purpose of the study, four (4) research questions were raised and answered. The sample size for the study was made up of 100 respondents. The researcher used descriptive survey research design in building up this project work. An analysis of data was done using the statistical package for social sciences (SPSS). Simple descriptive statistics such as frequency count and simple percentage were used in presenting the findings of the research.

The study revealed that there is high level of tax compliance among residents in Ogbese community in Ovia North East Local Government Area of Edo State. This finding may be attributed to increased awareness of the importance of taxation and improved trust in government institutions among residents of the Ogbese community. Many individuals have come to understand that tax compliance contributes to community development and the provision of essential public services such as roads, healthcare, and education. Additionally, the efforts of local authorities in sensitising residents, simplifying tax payment processes, and enforcing compliance laws have likely encouraged greater adherence to tax obligations. Social influence and community monitoring may also play a role, as individuals are more inclined to comply when they observe others doing so. Consequently, these combined factors contribute to the high level of tax compliance observed among residents in Ogbese, Ovia North East Local Government Area of Edo State.

The study also revealed that rural poverty, low household income, and unemployment significantly hinder tax compliance among residents in Ogbese community, with a strong consensus on the role of economic hardship in delaying or limiting tax payments. This finding can be explained by the fact that economic hardship reduces individuals' ability and willingness to meet their tax obligations. In rural areas like Ogbese, limited income opportunities and high unemployment rates often mean that households prioritise basic survival needs such as food, shelter, and healthcare over tax payments. When income levels are low, taxation is perceived as an additional financial burden rather than a civic duty. Moreover, the lack of visible government support and infrastructural development may weaken taxpayers' motivation to comply, as they see little return for their contributions. Consequently, poverty and unemployment create a cycle of non-compliance, where economic challenges directly undermine residents' capacity and readiness to pay taxes as expected.

It was further seen from the study that the challenges faced by rural residents in meeting their tax responsibilities in Ogbese community include lack of awareness, accessibility issues, perceived corruption, misuse of tax funds, and rigid payment systems. This finding can be attributed to the structural and administrative barriers that often characterise rural tax systems. Many residents in Ogbese community may lack adequate information about tax procedures, deadlines, and benefits due to poor awareness campaigns and limited literacy levels. Accessibility challenges, such as long distances to tax offices or inadequate digital payment options, further discourage timely compliance. Additionally, perceived corruption and misuse of tax funds reduce public trust, leading taxpayers to believe their contributions are not used for community development. The rigidity of payment systems, with few flexible options for low-income earners, also compounds the problem. Together, these factors create a discouraging environment that makes it difficult for rural residents to effectively fulfil their tax obligations.

The study also shows that some of the policy measures that could enhance tax compliance among rural dwellers in Ogbese Community in Ovia North East Local Government Area include importance of awareness, incentives, simplified procedures, transparency, and improved accessibility. This finding can be explained by the fact that effective tax compliance among rural dwellers depends largely on clear communication, fairness, and convenience in the tax system. Awareness programmes help educate residents on the benefits of paying taxes and how these contributions support community development. Providing incentives such as tax rebates or public recognition can encourage voluntary compliance by rewarding consistent taxpayers. Simplified procedures make the payment process less burdensome, especially for individuals with limited literacy or access to technology. Transparency in the use of tax revenue builds public trust and reduces scepticism about government accountability. Lastly, improving accessibility through mobile payment options or local collection centres ensures convenience, collectively fostering a more compliant and cooperative tax culture in Ogbese community.

5.3 Conclusion

The study investigated the effect of rural poverty on tax compliance in Ogbese community, Ovia North East Local Government Area of Edo State. Based on the findings derived from the research objectives, it was concluded that tax compliance among residents is high. The study revealed that residents with limited financial resources often struggle to meet their tax obligations, leading to partial or non-compliance. Additionally, the findings indicated that poverty-related factors such as low income, lack of financial literacy, and limited access to economic opportunities significantly hinder residents' ability and willingness to comply with tax regulations. Therefore, rural poverty was identified as a key determinant of tax compliance in the community.

Furthermore, the study concluded that challenges such as inadequate awareness of tax regulations, limited government support, and bureaucratic hurdles exacerbate the difficulties rural residents face in fulfilling their tax responsibilities. These challenges, combined with the economic constraints posed by rural poverty, contribute to a cycle of low compliance that undermines local revenue generation and public service delivery. The study also highlighted that addressing these challenges requires a multifaceted approach, including improving residents' economic capacity and enhancing policy measures targeted at rural dwellers. Overall, the research underscores that rural poverty is not only a socioeconomic concern but also a critical factor affecting tax compliance, necessitating strategic interventions to foster a more compliant and fiscally responsible rural community.

5.4 Recommendations

Based on the findings and conclusion drawn, the following recommendations were put forward:

1. Government agencies should implement regular tax education campaigns in rural communities to improve residents' understanding of tax obligations, benefits, and procedures. This can include workshops, community meetings, and use of local media.

2. Government and development agencies should introduce economic empowerment schemes, such as microfinance programmes, skill acquisition centres, and agricultural support initiatives, to enhance residents' income-generating capacity, thereby enabling them to fulfil their tax obligations more effectively.

3. Tax authorities should streamline tax collection processes, reduce bureaucratic impediments, and provide convenient payment methods, including mobile and digital platforms, to facilitate easier compliance for rural dwellers.

4. The implementation of incentive schemes, such as tax rebates, recognition awards, or community development projects financed through tax contributions, could serve to motivate rural residents to comply with tax regulations.

5. Local government authorities should provide sustained guidance, monitoring, and assistance to rural residents regarding tax compliance, including addressing grievances and ensuring transparency in the collection and utilisation of tax revenues.

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DEPARTMENT OF PUBLIC ADMINISTRATION

FACULTY OF SOCIAL SCIENCES

UNIVERSITY OF BENIN, BENIN CITY

QUESTIONNAIRE

Dear Respondent,

The questionnaire is for the purpose of investigating the "**Effect of Rural Poverty on Tax Compliance in Ogbese Community in Ovia North East Local Government Area of Edo State**". Kindly fill it as appropriate. Your information will be treated confidentially. Thank you for your time.

USIOBAIFO OGHOSASERE

DEMOGRAPHIC DATA

Please tick the option you consider appropriate and fill in blank spaces

Gender: Male ( ) Female ( )

Age: 18-25yrs ( ) 26-35yrs ( ) 36-45yrs ( ) 46 years and above ( )

Marital Status: Single ( ) Married ( ) Widowed ( ) Divorced ( )

Qualification: No Formal Education ( ) Primary Education ( ) SSCE ( ) Diploma/OND ( ) BSC/HND ( ) Master's Degree and above ( )

Occupation: Farming ( ) Trading ( ) Artisan ( ) Civil Servant ( )

Monthly Income: Less than ₦20,000 ( ) ₦20,000-40,000 ( ) ₦41,000-60,000 ( ) ₦61,000-80,000 ( ) Above 80,000 ( )

SECTION A: LEVEL OF TAX COMPLIANCE AMONG RESIDENTS

S/N	Items	SA	A	D	SD
1.	I pay my taxes promptly whenever they are due				
2.	I clearly understand the importance of paying taxes as a resident of the community				
3.	I have adequate knowledge about the procedures of tax payment				
4.	I believe that most residents in the community comply with tax regulations				
5.	I always keep records of my income or business transactions for tax purposes				

SECTION B: EFFECT OF RURAL POVERTY ON TAX COMPLIANCE

S/N	Items	SA	A	D	SD
6.	My household income is too low to meet both basic needs and tax obligations.				
7.	Poverty makes it difficult for me to prioritise tax payment				
8.	I sometimes delay tax payment due to financial hardship				
9.	Many unemployed residents in the community cannot afford to pay taxes regularly				
10.	Poverty has a significant influence on the overall level of tax compliance in the community				

SECTION C: CHALLENGES FACED BY RURAL RESIDENTS IN MEETING TAX RESPONSIBILITIES

S/N	Items	SA	A	D	SD
11.	Lack of proper awareness of tax laws is a challenge for residents in this community				
12.	Difficulty in accessing tax officials or offices discourages timely tax payment				
13.	Corruption and dishonesty among tax collectors affect residents' willingness to comply				
14.	The perception that government misuses tax revenue discourages compliance				
15.	The absence of flexible tax payment options is a challenge for rural dwellers				

SECTION D: POLICY MEASURES THAT COULD ENHANCE TAX COMPLIANCE

S/N	Items	SA	A	D	SD
16.	Creating awareness campaigns will help improve tax compliance among residents				
17.	Introducing tax relief or incentives for low-income earners will enhance compliance				
18.	Simplifying the tax payment process will encourage more residents to pay taxes				
19.	Building trust through transparent use of tax revenue will improve compliance				
20.	Establishing mobile tax collection centres will make tax payment easier in rural areas				