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TAX ENFORCEMENT STRATEGY: THE ANTIDOTE TO NON-TAX COMPLIANCE IN NORTH-WEST NIGERIA

[1]Mustapha Abdulrasaq & [2]Abdullahi Adio Babatunde
Department of Accounting and Finance,
School of Business and Governance
Kwara State University, Malete, Nigeria

[2]Corresponding author: m.adio1409@gmail.com

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ABSTRACT

Voluntary SME tax compliance has been of great interest to governments all over the world, given their unimpressive contribution to total tax revenue. This is even more so in Nigeria where the culture of tax compliance among SMEs can be described as poor, requiring innovative enforcement strategies. This study examined the extent to which tax enforcement strategies served as antidote to non-tax compliance in the North-West Nigeria. The study collected quantitative data from 345 randomly and purposively selected SMEs owners duly registered in North-west, Nigeria. The data was subjected to both descriptive and inferential analysis through techniques of central tendency and multiple regressions. Results revealed that three tax enforcement strategies: Use of tax clearance certificate (β=0.024 < 0.003), grant of tax amnesty (β=0.025< 0.020), and imposition of

tax penalty ($\beta = 0.013 < 0.014$) have significant positive influence on degree of tax compliance among SMEs in the North-West Nigeria. Given the significant statistical evidence, this research inferred and concluded that deployment of both punitive (tax penalty) and persuasive measures (tax clearance certificate and tax amnesty) serve as antidote to non-tax compliance among the SMEs in the North-West, Nigeria. The study shows that tax compliance across informal sectors can be enhanced beyond the use of legal means. In essence, governments have the leverage of achieving increase in tax revenue in the informal sector through multiple strategies of motivation and punishment as implicitly emphasized in the theory of tax morale and deterrence theory.

Keywords: Tax clearance certificate, tax penalty, tax amnesty, tax compliance, tax enforcement.

INTRODUCTION

The persistent decline in oil price around the world that has resulted in low revenue has made governments at all levels in Nigeria to turn attention to the non-oil sector as a substitute to grow its revenue through taxation. Tax is a fiscal tool for the stabilization of a nation`s economy as well as a way to redistribute income through the provisions of social infrastructural facilities to the citizens. However, tax revenue can only be increased where there is high level of tax compliance in a country. A high level of non-compliance to tax implies huge loss of revenue for any government (Ayuolu, 2019).

Specifically, the severity of non-tax compliance recorded by Nigeria's Federal Inland Revenue Service (FIRS) indicates that 654 tax cases were audited in 2008 and this resulted to ₦92.2 Billion tax revenue loss in Nigeria (Federal Inland Revenue Service, 2009). At the state government level, governments had also recorded huge amount of loss of tax revenue from tax noncompliance. This is particularly more prominent among Small and Medium Enterprise (SMEs) owners in the non-oil sub-sector. SMEs are recognized by the government of a country as a major source of revenue and a means to accelerate economic growth and development especially in developing nations like Nigeria (Statistical Bulletin, 2012). However, Price Waterhouse Coopers (2008) reported that low tax compliance by SMEs can be

attributed to the belief that the government is not doing anything to encourage them to comply.

Previous empirical studies have focused on socio-economic and psychological factors of tax non-compliance (Braithwaite et al., 2013; Alm, 2012; Torgler, 2007; Kirchler et al., 2008; Hallsworth et al., 2017; Wenzel, 2004; Reckers et al., 1994; Kleven et al., 2011; Kirchler et al., 2003, Cullis et al., 2007). A limited number of previous studies exist which address the three enforcement strategies in a single study like this in Nigeria (Feld & Frey, 2007; Alm & Torgler, 2011; Afeez et al., 2016; Joel, 2020; Muslichah, 2019; Mattiello,2020). Hence, the current study fills this gap by investigating the effect of tax enforcement strategies (Tax clearance certificate, tax amnesty and tax penalty) on tax compliance practices among SMEs in North-West Nigeria.

Findings of this study will be of benefit to policy makers and the body of academic. To policy makers, this research is a guide to understanding which tax policies to be implemented, the programmes to embark on and factors needed to be considered for successful tax process to improve tax compliance among SMEs. This will aid the increase in the internally generated revenue in the country especially when the extent to which revenue is generated in Nigeria seems to be empirically low when compared to other peers in the emerging economies. To avert this abysmal revenue collection in Nigeria, an appropriate tax enforcement strategy is essential especially, in the North-West Nigeria.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Tax scholars (Awodi, 2012; Muhammad, 2017; and Abiodun, 2020) see tax compliance as the process of freely and completely fulfilling all tax obligations as specified by the law, by submitting a tax return within the stipulated period, correctly stating income and deductions, and paying assessed taxes by due date. Tax amnesty, on the other hand, is a conditional opportunity given to the taxpayers to reduce or write off existing tax liabilities including interest and fines to increase tax revenue at a particular point in time (Andreoni, 2018 & Adebayo, 2019). It is a window given to taxpayers to enjoy reduction in tax

penalties as well as other incentives by declaring income not previously reported. Ultimately, this strategy is expected to change subsequent behaviours of taxpayers in terms of compliance rate (Tanzi & Shome, 2018). To be effective, it requires thoroughly developed approaches that integrate the policy makers, tax authorities and taxpayers (Kumar & Pandey, 2018; Cuccia & Niedermeier, 2019).

Tax clearance certificate is described as documentary evidence that a taxpayer has fully paid all his or her tax liabilities for three years preceding the current year of assessment and it is an instrument that allows tax compliant citizens to participate in government businesses (Slemrod, 2019). Tax penalty, as a form tax enforcement strategy, is a monetary fine or charge levied on a defaulting taxpayer as deterrent for further default and to encourage subsequent prompt payment. This definition reflects Ayoade's (2020) description of tax penalty as the amount of money levied on taxpayers for paying taxes after the annual deadline or for late filling of tax return. It is a measure or strategy usually deployed by government to discourage non-compliance behaviour by inducing timely and accurate filling of tax returns. It has been argued in the literature that higher penalty rate through serious enforcement may discourage taxpayers from involving in unethical tax practices (De Juan et al., 2019 and Jametti & Schaltegger, 2020).

This study operationalized tax compliance and three sub-constructs (tax amnesty, tax clearance certificate and tax penalty) of tax enforcement strategy in line with the foregoing reviewed definitions. In essence tax enforcement strategies are those innovative ways deployed by government to increase tax compliance level among citizens. In this study, grant of tax amnesty, use of tax clearance certificate and charge of penalty represent those innovative means described as tax enforcement strategies.

Different factors and strategies, ranging socio-economic factors, psychological factors and enforcement measures/strategy, have been identified in the literatures to have influence on degree of tax compliance among taxpayers across climes. In relation to socio-economic factors, research evidence (Braithwaite, Reinhart, & Braithwaite,2013; Alm, 2012; Torgler, 2007; Kirchler et al., 2008); Hallsworth et al., 2017;Wenzel, 2004; Reckers et al., 1994; Kleven et al., 2011; Kirchler et al., 2003, Cullis et al., 2007) have revealed that income level, education, employment status, social norms, potential

audit, legal framework, tax law framing and institutional uncertainty have influence on tax compliance behaviour.

For example, Alm, (2012) and Torgler, (2007) observed the positive influence of income level on degree of tax compliance, with argument that detailed tax audit that may be carried out on individuals with higher income as well as resulting cost of non-compliance are suggestive of the revealed relationship. Similarly, Braithwaite, Reinhart and Braithwaite, (2013) affirmed positive association between employment status, stability of income and tax compliance. Also, within the context of socio-economic factors, Kirchler et al. (2008) reported the role that education with higher income levels plays in increasing tax compliance. Wenzel (2004) examined how social norms, in terms of how an individual perceives the behaviours of his peers or others, explain variation in tax compliance level. The study reported that the degree of social acceptance or otherwise explains the level of taxpayers' compliance. In addition, Knudsen et al. (2011) empirically showed, through experimental approach, how likelihood of tax audit may uncover tax evasion explain the attitude of taxpayers towards tax compliance.

Our review of literature also revealed findings on the association between psychological factors and tax compliance behaviour. Studies on the relationship between attitude towards tax (Braithwaite et al., 2017); perceived fairness of the tax system (Wenzel, 2002); tax morale (Frey & Torgler, 2007); fear of penalties (Kirchler et al., 2008); otherethical attitudes (Reckers et al., 1994) and role of tax morale and information (Mascagni & Buettner, 2019) are good examples in this line of research. All the independent variables of interests in these reported research is found to be positively associated with tax compliance behaviours.

Studies like that of Feld and Frey, (2007) affirmed the influence of penalties as well as consistent tax audit on tax compliance. They emphasised increased tax compliance because of tax audit and penalties. However, contradicting evidence from Alm and Torgler (2011); Afeez et al. (2016) and Joel (2020) emphasized providing the context of tax penalties and other enforcement strategies. These scholars revealed in their studies that excessive focus on penalties and other punitive measures may have diminishing effect on tax compliance. Thus, a balance must be drawn between punitive and

persuasive measure to realize effectiveness in enforcement strategy. In relation to persuasive measure, Muslichah (2019) assessed the impact of tax amnesty on SMEs in Finland with findings that variation in tax compliance was significantly explained by tax amnesty. Similarly, Mattiello (2020) examined the effect of tax enforcement strategies on the performance of tax collectors in Italy with results of positive influence on tax compliance. Other relevant studies with findings that tax enforcement strategies have positive influence on tax compliance are by Nivakan and Sahari (2018); Gupta and McGee (2021); and Evans et al. (2019). They affirmed the positive influence of tax penalties, and tax clearance certificate on degree of tax compliance among taxpayers in Malaysia and Ghana.

Although a few studies have reported that enforcement strategies may not lead to improvement tax compliance, the potency of enforcement strategy as antidote to tax compliance can still be appreciated given the substantial number of previous studies with such findings and the predictions of deterrence and tax morale theories which form the theoretical basis of this study. These theories predict variation in tax compliance that may be attributed to tax enforcement strategies. As a theory in the field of psychology and criminology, deterrence theory assumes that an individual is rational in making decisions by considering the cost and benefits of any decision situation (Cullen & Gilbert, 1982). In the process of making decisions on a particular situation, assessment of risk of detection and corresponding punishment are carried out to ensure that the benefit outweighs the cost, in this regard punishment. Thus, if the assessment reveals high risk of being punish for a particular action, an individual would prefer not to carry out the act (Nagin, 2013). Therefore, the threat of punishment, such as tax penalty, can deter taxpayer from engaging in tax noncompliant behaviour.

On the other hand, tax morale, a theory in the field of economic and social psychology, provides basis to understand tax compliance behaviour with the assumption that social norms, perceived fairness and trust in government plays positive roles in individual attitudes towards tax system (Feld & Frey, 2007). In specific, social norms in the form of peer pressures, value system in the society in relation to common attitude about compliance to tax obligation go a long way to motivate individual taxpayers to fulfil his or her tax obligations. In similar pattern, the way individuals or groups perceive government as being fair in their dealings and the level of trust the people have

in the government motivates taxpayers to consistently fulfil their tax obligations. Thus, individuals with higher tax morale occasioned by all these factors, are expected to comply with their tax obligations (Roth et al., 2008) and (Gangl et al., 2015). In the context of this study, a well-conceived tax amnesty programme may be perceived by taxpayers as a form of fairness on the part of government and in effect lead to tax compliance among the taxpayers.

In line with previous empirical findings and predictions of deterrence theory and theory of tax morale, this study achieves its objectives through the following null hypotheses:

Null Hypothesis One: There is no significant relationship between tax clearance certificate and tax compliance among SMEs taxpayers in North-West Nigeria.

Null Hypothesis Two: Tax amnesty programme has no significant effect on tax compliance practices among SMEs taxpayers in North-West Nigeria.

Null Hypothesis Three: Tax penalty does not influence tax compliance practices among SMEs taxpayers in North-West Nigeria.

METHODOLOGY

Data was collected among taxpayers who are the owners of SMEs through a cross-section of research approaches. These SMEs owners are located in the North-West of Nigeria with a total population of two thousand, seven hundred and sixty-three (2,763) as reported by the Federal Inland Revenue Service (FIRS website, 2021). Within this population, there were four hundred and sixty (460) SMEs in manufacturing/agro-allied sector; one thousand and forty (1,040) SMEs that focus on buying and selling products, eight hundred and forty-six (846) in the service sector and four hundred and seventeen (417) into more than business engagement from other sectors of the main SMEs sector. Based on this, we administered the study survey instrument to the sample of duly registered taxpayers (SMEs Owners) of three hundred and forty-five (345) owners randomly selected from the population. The survey instrument was structured to collect information on respondent profile as well as on the research variable of interests. More importantly, response format for measurement

questions for the variables was Likert-scale of range between zero to five. For each variable, an average of five measurement questions sourced and adapted from previous study were deployed to collect relevant information used to answer the research question via hypotheses testing. The study analysed data using multiple regression analysis. Essentially, obtained data was subjected to both descriptive and inferential analysis through measure of central tendency and multiple regression analysis. Ordinary Least Square estimation techniques were adopted in the regression analysis to estimate beta of each variable in the adapted model stated in sub-section 3.1. In order to ensure reliable estimated parameter, preliminary tests on the data quality and assumption regression analysis were also carried out through the techniques of Cronbach alpha for reliability test, factor analysis for validity test, skewness and kurtosis for normality test and Variance Inflation Factor for test of multi-collinearity. In order to reduce the total number of variables under study to easily evaluate the data and measure what it intend to measure.

Model Specification

In line with the prediction of deterrence theory and tax moral theory, coupled with previous empirical findings, the A-prior expectation is that of positive relationship between tax compliance and enforcement strategy proxy with tax clearance certificate, tax amnesty and tax penalty. Our study's general objective looks similar with the study of Mutasa (2021) on the determinants of tax compliance in Nigeria. Accordingly, Mutasa's study examined the relationship between tax compliance and tax awareness, education, and tax incentives. On this note, this study adapted Mutasa specified model by removing tax awareness and taxpayers' education with tax penalty, tax clearance certificate, while tax incentive was included in the dimension of tax amnesty.

The model is presented in the first instance as follow:

TCOMP = f(SN, TA, ED and TI)
Where: TCOMP=Tax compliance
SN = Social norms
TA = Tax awareness
ED = Education
TI = Tax incentive

This is expressed in econometric as:

$\mathbf{TCOMP_i = \beta_0+\beta_1 SN_i+\beta_{2TAi}+\beta_3 ED_i+\beta_3 TI_i+\varepsilon_i}$

And adapted as follows:

$\mathbf{TCOMP_i=\beta_0+\beta_1 TCC_i+\beta_2 TA_i+\beta_3 TAP_i+\varepsilon_i}$……3.3

Where:

TCOMP = Tax compliance

TES = Tax enforcement strategies

TCC = Tax clearance certificate

TA = Tax amnesty

TP = Tax penalty

β_0 = Intercept of the model.

β_1 = Coefficient/beta of each independent variable in the model.

$, \beta_1, \beta_2, \beta_3 > 0$

ε_i = Error term

Thus a-priori expectation of the model is a positive relationship between the dependent variable and independent variables,

Results

The results consist of descriptive statistics on the respondents' profile, statistical information on various preliminary tests and regression analysis used to test the hypotheses.

DESCRIPTIVE ANALYSES

Descriptive Analysis on the Response Rate

The results on the response rate reveals that out of 345 questionnaires distributed, 323 respondents returned the instruments representing 97% response rate as show in the Table 1.

Table 1

Analysis of Response Rate

Description	Frequency	Percentage
Distributed questionnaire	345	100
Returned questionnaire	332	96%
Wrongly filled	9	2.71%
Total returned and usable questionnaire	**323**	**97%**

Source: Author`s Computation, 2023

Nine (9) of the returned questionnaires were wrongly filled. Therefore, three hundred and twenty-three (323) questionnaires were the final sample for this study. This response rate was achieved because questionnaires were distributed and collected from the respondents in the selected market day of the week.

Descriptive Statistics of the Respondents

The demographic characteristics of the respondents are summarized in Table 2. This includes the age of the respondents, gender of the respondents, age bracket of the respondents, educational qualification and classification of the respondents' business.

Table 2

Descriptive Result

Variable		Frequency	Percentage
Age	18 – 30 years	60	19
	31 – 35 years	89	28
	36 – 40 years	96	30
	41 – 45 years	46	14
	46 years & above	32	9
	Total	**323**	**100**
Gender	Male	145	45.0
	Female	178	55.0
	Total	**323**	**100**
Qualification	Primary School Certificate	44	14
	Secondary School Certificate	90	29
	NCE/OND	79	24
	HND/B.Sc.	82	25
	M.Sc./MBA/Professional	28	8
	Total	**323**	**100**
Classification of Business	Trading	152	47
	Manufacturing/Agro-Allied	87	30
	Service	65	20
	Others	19	3
	Total	**323**	**100**

Source: Author`s Computation, 2023

The result in Table 2 revealed that 19% of the sample size falls between the ages of 18 and 30, 28% of the respondents fall in the age range of 30-35; 30% fall in the age range of 36 to 40 years; 14% between the ages of 40 and 45 years while 9% of the respondents are 46 years and above. This implies that the respondents are matured enough to take decisions on their own without influence. The result in Table 2 also depicts that 45% of the sample size were male while 65% were females. It could also be seen from the result in Table 2 that 14% of the sample size have primary school certificate; 29% have secondary school certificate; 24% have either OND or NCE certificate; 25% have Bachelor of Science degree, while 8% of the respondents have Master of Science Degree or master's in Business Administration certificate. The result in this Table also reported that 47% of SMEs owners focused on trading activities, that is buying and selling of goods; 30% are into manufactured or agro-allied products; 20% focused on service businesses while 3% deals in other transactions.

Descriptive Statistics of the Research Variables

The responses obtained from the measurement of questions for each variable were analysed descriptively to indicate the extent to which the respondent perceived and agreed with those measurement questions reflecting the characteristics of each variable. Variability statistics for all the variables less than 1.

Table 3

Summary of Descriptive Statistics of the Research Variables

S/N	Variable Type	Variable Name	Number of Measurement Questions	Mean	S.D
1	Dependent	Tax compliance	6items	4.05	0.861
2	Independent	Tax amnesty	5items	4.35	0.788
3	Independent	Tax clearance certificate	6items	3.90	0.792
4	Independent	Tax penalty	5items	3.98	0.568

As reported in Table 3, the average response for each variable are within the range of 3.98 to 4.35 suggesting that all respondents agreed that with characteristics of the variable as reflected through the measurement question.

Preliminary Tests

As earlier stated in the methodology, the reported results of the entire preliminary are presented for discussion in this section.

Reliability and Validity Tests

The study assessed the internal consistency of items used to measure each variable through Cronbach's alpha statistics.

Table 4

Reliability Statistic

Variables	TAI	TA	TP	TCOMP
Cronbach-Alpha	0.851	0.764	0.863	0.821

Source: Author`s Computation, 2023

Accordingly, all measurement questions can be described to have consistently reflected the features of each variable since the reported Cronbach Alpha statistics for all variables in this study are relatively above the threshold of 0.70 as reported in Table 4.

In the assessment of the degree at which all measurement validly measures what they intended to reflect, the obtained responses on all these questions were subjected to factor analysis to show the degree at which each question item correlated with factor (that is research variables).

Table 5

The KMO and Bartlett's Test

Variables	TCOMP	TAI	TA	TP
Kaiser-Meyer-Oklin measure of sampling adequacy	0.656	0.667	0.623	0.807
Bartlett's Test of Sphericity Chi-Square	633.780	518.231	381.696	335.894
P-value	0.002	0.001	0.003	0.004

Source: Author`s Computation, 2023

Based on the reported statistical indicators in Table 5, all questions are highly loaded on the factors suggesting that items of the survey instrument validly measured all the variables.

Normality Distribution Test

Normality distribution test was conducted on the data using skewness and kurtosis. The rule of thumb is that a normality distribution problem arises when the values of skewness and kurtosis fall outside the range of -3 and +3 (Tabachnick & Fidell, 2007). The results in Table 6 show that the data is normally distributed.

Table 6

Normality Distribution

Variables	TCOM	TAI	TA	TP
Skewness	-1.020	-0.925	-1.010	-.112
Kurtosis	1.565	-0.116	0.276	.216

Source: Author`s Computation, 2023

Multi-collinearity Test

Multi-collinearity test was carried out to avoid using two variables that measure the same thing, thereby preventing the problem of multicollinearity. The assumption is that if the value of variance inflation factor is 10 and above, there was problem of multicollinearity and vice-versa.

Table 7

VIF and Tolerance Result

Variables	VIF	Tolerance
TCC	1.442	.693
TA	2. 634	.380
TP	2.821	.354

Source: Author`s Computation, 2023

Based on the result in Table 7, there is absence of multi-collinearity problem in this study because all the predictors have the value that is less than 10.

Hypotheses Testing

The reported regression results in Table 8 were used to test the three null hypotheses raised in this study. The beta coefficient (β=0.024) for the relationship between tax clearance certificate and tax compliance, which is significant (T-Value=9.094; P-Value < 0.05) at 5% informed the rejection of the null hypothesis: There is no significant relationship between tax clearance certificate and tax compliance among taxpayers in the North-western Nigeria.

Table 8

Regression Result

Variables	Coefficients	Std. Error	T-value	Sig.
TCC	0.024	0.003	9.094	0.000
TA	0.025	0.004	5.937	0.000
TP	0.013	0.006	2.284	0.024
Constant	-1.388	0.022	-17.477	0.000
R^2	0.627			
Adjusted R^2	0.591			
F-statistics	72.743			
P-value	(0.000)			

Source: Author`s Computation, 2023

Similar significant statistical relationship between tax amnesty and tax compliance (β=0.025, T-Value=5.937 P-Value < 0.05); tax penalty and tax compliance (β=0.013, T-Value=2.2843, P-Value < 0.05); were reported as findings, leading to the rejection of the two null hypotheses for relationship between tax compliance and tax amnesty; and tax penalty respectively. Overall, with the adjusted R-squared statistics (R^2=0.591), significant (F-statistic =72.743, P-value < 0.05), the regression model can be described to be fitted and thus, indicated that the three enforcement strategies significantly explain variation in tax compliance among taxpayers in North-West Nigeria by 59%. Detailed discussion on these findings is presented in sub-section 4.4.

DISCUSSION OF FINDINGS

The study of A-prior expectation on the relationship between tax enforcement strategy and tax compliance was that tax compliance

could be improved with well-designed enforcement strategies of tax clearance certificate, tax amnesty and tax penalty, and the reported statistical findings in sub-section 4.3 confirm the prediction.

The confirmation of the first A-prior expectation on the influenced tax clearance certificate (TCC) on degree of tax compliance can explained from the points that TCC is an instrument required of Nigerian citizens to assess many public services particularly in the areas of business with government as well other opportunities. By implication, the cost of obtaining tax clearance certificate at an inappropriate time may be higher than when tax payment is voluntarily made. Thus, taxpayers attach more importance to the instrument in reducing compliance cost. Findings from previous empirical studies such as Nivakans and Sahari (2018); Gupta and McGee (2021); and Evans et al. (2019) align with this study and also the prediction of deterrence theory. If taxpayers' assessment reveals the high risk of being punished, individuals would prefer not to be involved in the practice of tax non-compliance. Therefore, the threat of punishment, such as not being able to assess some government services, can deter taxpayer from engaging in tax noncompliant behaviour.

The reported finding of tax amnesty and tax compliance also confirm our A-prior prediction that tax amnesty as persuasive enforcement strategy will increase compliance level among taxpayers in North-West Nigeria. This form of strategy can be argued as increasing the taxpayers' morale in declaring their income and asset to tax assessment since the issue of sanction for non-declaration of their assets is ruled within period of amnesty and in effect subsequent periods. Depending on the implementation of the amnesty, taxpayers may also see the programmes to have tax saving effect and thus motivate them to quickly comply with calls to make payment of tax from time to time. Research findings of Muslichah (2019); Saniya (2015); Violeta and Austeja (2016); Tilahun (2018); Rabiu and Mustafa (2020) corroborate our finding. As such, the prediction of the theory of tax morale that individual with higher tax morale occasioned by factors such tax fairness and trust in government is expected to comply with tax obligation affirms our reported findings. Deterrence theory also lends credence to the study findings because if the taxpayer is penalize for non-compliance it will increase tax compliance.

As revealed that tax penalty goes a long way to improve tax compliance practices among taxpayers, taxpayers would try as much as possible to reduce the cost of non-compliance by making prompt

payment of their tax liabilities from time to time. Individuals that have experienced the financial inconvenience of tax penalties would try as much as possible to avoid such situation and in the aggregate, other taxpayers will also see such as deterrent. The study of Feld and Frey (2007); Nivakan and Sahari (2018); Gupta and McGee (2021); and Evans et al. (2019) also reported similar findings.

Conclusion and Recommendations

In the final analysis, it can be inferred from our discussion that a well-designed tax enforcement strategy (both persuasive and punitive) in the form of the deployment of tax clearance certificate as a means of assessing government patronage, imposition of tax penalty in a way that will not be counter-productive, along with tax amnesty programme can enhance, to a certain degree, tax compliance among taxpayers or serve as antidote to tax non-compliance practices in the North-West Nigeria.

The recommendations of this study are that governments should deploy multiple enforcement strategies that balance both punitive and persuasive measures among taxpayers operating SMEs. Government should embark on comprehensive tax advocacy on the usefulness of TCC, compliance cost implication inherent in tax penalty as well opportunity of tax saving that can be explored in tax amnesty programmes among taxpayers. In essence, government has the leverage of achieving increased tax revenue in the informal sector through multiple strategies of motivation and punishment as implicitly emphasized in the theories of tax morale and deterrence.

LIMITATIONS OF THE STUDY AND SUGGESTION FOR FURTHER STUDIES

Given the scope of this study in terms of its concepts and space, caution is advised in the generalization of its findings to other regions not covered in this study. Similarly, findings should be interpreted in line with the way all the research variables are operationalized and measured. However, all these do not affect the reliability of our conclusion.

In view of these limitations, studies may thus be extended to cover the whole of Nigeria to ascertain whether or not tax enforcement strategies determine the tax compliance level of SMEs in Nigeria

and then, comparisons can be carried out with other countries. Future research may also be considered to cover other variables that are not used to proxy tax enforcement strategies and its effect on tax compliance level of SMEs in Nigeria.

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