Chapter Sixteen

Taxpayers' Attitudes and Perception and Its Effect on Tax Compliance: The Psycho-Social and Legal Perspectives

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Abstract

Taxation is an all-pervasive exercise, as its effect is felt by everyone in the society, because if an individual escapes direct taxation, he is unlikely to escape the indirect taxes, which is usually tied to consumption. It is however on record that Nigeria's tax compliance record is abysmal. The tax compliance rate is very low at 6 percent of tax to gross domestic product (GDP). The chapter investigates legal and other reasons for this abysmally low compliance rate in Nigeria using doctrinal method. The chapter finds that while there is plethora of law bordering on the levying of different taxes and the attached penalties for non-compliance, tax resistance such as tax avoidance and evasion continued unabated. The chapter further explores the literature for socio-cultural and psychological reasons, as well as legal reasons aiding tax resistance. The chapter therefore concludes that there is the need for the government to be accountable, prudent in spending and improve the perception of the tax authorities and the government in the eye of the populace. In addition, irrespective of the various tax laws and myriad penalties, the issue of tax avoidance and outright evasion will continue unabated unless the psychological and socio-cultural reasons for tax resistance are adequately addressed.

Keywords: ***Taxpayers, Attitudes, Perception Tax Compliance & Psycho-Social Factors.***

I. INTRODUCTION

Every government needs funds to meet its expenditure and such revenue could be generated from many sources. However, taxation is a major and stable means of generating the required revenue for public finance. The aphorism of Steinmo is apt here: where he stated that 'Governments need money. Modern governments need lots of money. How they get this money and whom they take it from are two of the most difficult political issues faced in any modern political economy'. The need for fund becomes more complicated with the running of a federal system and a very expensive presidential system of government. This is further accentuated by the wasteful manner in which the government at each level is being run and the attendant corrupt practices. Nigeria however has a low tax compliance rate of about 6 percent of tax to GDP from 2019 till date.[1] The tax-to-GDP ratio statistics is more alluding when compared to other African countries such as South Africa- 25.2 percent, Tunisia- 32.5 percent, Mali-18.1 percent and Ghana-13.4 percent in 2020.[2]

Various laws were enacted to ensure tax compliance in Nigeria. These laws include, for instance the Constitution of the Federal Republic of Nigeria, (CFRN) 1999[3] which defines tax crimes and allocates taxing powers between the federating states and federal government, provides for the investigation and prosecution of persons living above their lawful income.[4] There are also other Nigerian statutes such as the Economic and Financial Crimes Commission (Establishment) (EFCC) Act,[5] the Miscellaneous Offence Act.[6] Similarly, there are tax laws such as Personal Income Tax Act,[7] Companies Income Tax Act,[8] Value Added Tax (VAT) Act,[9] and Petroleum Profit Tax Act,[10] the Code of Conduct Bureau and Tribunal Act,[11] Independent Corrupt Practices and Other Related Offences Act,[12] and Money Laundering Act, among others.[13] Despite this plethora of laws and myriad penalties, the issue of tax avoidance and outright evasion persists. This chapter therefore discusses the legal as well as the psychological and socio-cultural reasons for tax resistance and makes appropriate recommendations.

II. CONCEPTUAL CLARIFICATIONS

Attitude is defined as a mental or neural state of readiness, organized through experience, exerting a directive or dynamic influence on the individual's response to all objects and situations to which it is related. A simpler definition of attitude is a mindset or

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1 OECD "Revenue Statistics in Africa 2022" 2022 https://www.oecd.org/tax/tax-policy/revenue-statistics-africa-tunisia.pdf (last accessed: 2022-11-28).
2 Ibid, OECD 1.
3 Chapter C20 LFN 2004.
4 Ss. 15(5); 24(f); 44(2)(a); 59(1)(b); 140(1); 162(1), 163, 165, 173, &185(1), 210(4), 251(1)(b),; Items 25, 58 & 59 of Part I of the 2nd Schedule to the CFRN; Items 7,8,9 & 10 of Part II of the 2nd Schedule to the CFRN, 1999; Items 6(1) &11 of the 5th Schedule to the CFRN, 1999.
5 Ss. 46 of EFCC Act 13 2007.
6 S. 2(b) Miscellaneous Offences Act Cap M17 LFN 2004.
7 Ss. 1-106, Chapter P8 LFN 2004.
8 Chapter C21 LFN 2004, sections 1-103.
9 Ss. 1-37 Chapter V1 LFN 2004.
10 Chapter P13 LFN 2004.
11 Ss. 1-26 Chapter C15 LFN 2004.
12 Ss. 12, 13, 26(2) & 45 Independent Corrupt Practices and Other Related Offences Act 5 2000.
13 Act 14 of 2022, Sections 1-31.

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attitudes – while some may refer to 'paying or evading taxes', [19] others refer to the system',[20] attitudes towards 'tax authorities', [21] or even 'tax evaders'. [22]

Perception is closely related to attitudes. Perception is the process by which organisms interpret and organize sensation to produce a meaningful experience of the world.[23] In other words, a person confronted with a situation or stimuli interprets the stimuli into something meaningful based on his/her prior experiences. However, what the individual interprets or perceives may be substantially different from reality. Similarly, social perception is how an individual "sees" others and how others perceive an individual. This is accomplished through various means such as classifying an individual based on a single characteristic (halo effect); evaluating a person's characteristics by comparison to others (contrast effect); perceiving others in ways that really reflect a perceiver's own attitudes and beliefs (projection); judging someone on the basis of one's perception of the group to which that person belongs (stereotyping); causing a person to act erroneously based on another person's perception (Pygmalion or Rosenthal effect); or controlling another person's perception of oneself (impression management).

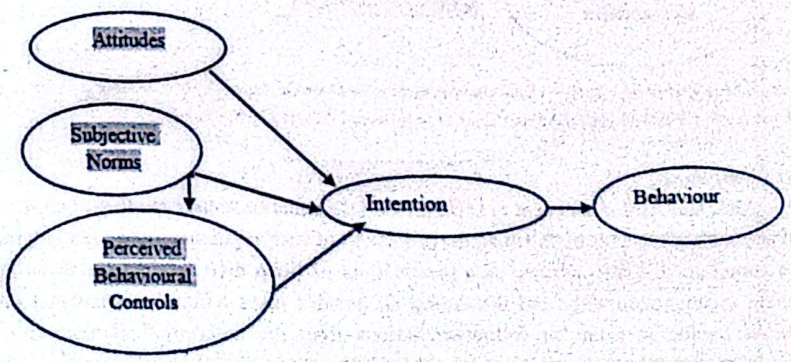
Tax avoidance is an activity that a person or a business may undertake to reduce their tax in a way that runs counter to the spirit and the purpose of the law, without being strictly illegal.[24] Tax evasion, on the other hand, usually refers to efforts by individuals, corporations, trusts and other entities to evade taxes by illegal means. Tax evasion is illegal underpayment of tax by concealing or misrepresenting the nature of a transaction. Tax avoidance admits the transaction but the transactions are arranged in such a way that the tax payable is lower. Thus, both evasion and avoidance can be viewed as forms of tax non-compliance, as they describe a range of activities that are unfavourable to a state's tax system.

This erosion of the tax base has detrimental fiscal effects and there are at least four reasons for concern. First, revenue losses from non-compliance are critical in the context of substantial budget deficit.[25] Second, tax evasion may have harmful effects on economic efficiency in general,[26] and income distribution in particular, because the effective tax rates

19 Alm, J., and Torgler, B. (2006) "Culture Differences and Tax Morale in the United States and in Europe" *Journal of Economic Psychology*, 27(2), 224-43.
20 Schmölders, op cit.
21 Braithwaite, B. (2009) *Taxing Democracy: Understanding Tax Avoidance and Tax Evasion* (Aldershot, United Kingdom).
22 Kirchler, E. (2007) *The Economic Psychology of Tax Behaviour* (Cambridge University Press, Cambridge, England.
23 Lindsay, P.H. and Norman, D.A. (1977) *Information Processing: An Introduction to Psychology* (Academic Press).
24 Animashaun O and Chitimira H (2021) 'The Reliance on Lifestyle Audits for Public Officials to Curb Corruption and Tax Evasion in Nigeria' *Potchefstroom Electronic Law Journal* (24) 1-17; Chitimira, H and Animashaun, O. (2021) 'Combating Legal Uncertainty in the Nigerian Tax Avoidance Laws'. *Acta Universitatis Danubius Economica*, 17 (2) 67-83.
25 Tanzi, V. (2000) Taxation in Latin America in the Last Decade (Working Paper No. 76 -Stanford University) https://kingcenter.stanford.edu/sites/g/files/sbiybj16611/files/media/file/76wp_0.pdf (last accessed: 2022: 12 :19).
26 Ibid.

faced by individuals and firms may differ due to different opportunities for evasion.[27] Third, underground economic activities are often the other face of tax evasion, and the expansion of these may affect implementation and outcomes of economic policies.[28] Finally, evasion and citizens' disrespect for the tax laws may go together with disrespect for other laws and contribute to undermining the legitimacy of government.[29] Consequently, tax evasion can have unintended negative effects on a society, undermining the purpose and outcomes of the formal tax system.

Figure 2: *Inter-Relationship between Attitudes, Perception and Behaviour*



Sources: *Modified by the Authors from the discussions in Ann Bainbridge Frymier and Marjorie Keeshan Nadler (2017) "The Relationship between Attitudes and Behaviors from Persuasion: Integrating Theory, Research, and Practice" 4th Edition (Kendall Hunt Publishing) & Oyesola Animashaun and Michael Aremo (2009) "Organizational Theory and the Practice of Management" (Hybrid Publishing).*

Figure 3: *Inter-Relationship between Attitudes, Perception and Tax Compliance*

27 Hindriks, J.; A. Muthoo and M. Keen, (1999) "Corruption, Extortion and Evasion" *Journal of Public Economics* 74, 395-430
28 Tanzi 2000, op cit.
29 Ibid.

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Fiscal exchange: suggests that the presence of government expenditure may motivate compliance. The proposition is well rooted in economics and political science.[36] For instance, compliance increases with (the perceptions of) the availability of public goods and services.[37] Thus, governments can increase compliance by providing goods that citizens prefer in a more efficient and accessible manner, or by more effectively emphasizing that taxes are necessary for the receipt of government services. Accordingly, the main concern of taxpayers is what they get directly in return for their tax payments in the form of public services (quid pro quo). In this perspective, taxation and the provision of public goods and services are interpreted as a contractual relationship between taxpayers and the government.

Social influences: it is reasonable to assume that human behaviour in the area of taxation is influenced by social interactions much in the same way as other forms of behaviour.[38] Compliance behaviour and attitudes towards the tax system may therefore be affected by the behaviour of an individual's reference group such as relatives, neighbours and friends. Therefore, if a taxpayer knows many people in his reference groups who evade taxes, his/her commitment to comply will be weaker. On the other hand, social relationships may help deter individuals from engaging in evasion in anticipation of the social sanctions imposed once discovered and revealed publicly.[39] Theoretical research on herd behaviour in economic situations [40] also indicates that social influences may affect compliance, in particular by affecting the perceived probability of detection

Comparative treatment: equity theory suggests that individuals are more likely to comply with rules if they perceive the system that determines those rules to be impartial.[41] Where there are perceived inequities, individuals will adjust their inputs to the exchange until fairness is restored. Based on equity theory, addressing inequities in the exchange relationship between government and taxpayers would result in improved compliance. If the state treats certain groups preferentially, this may colour the citizen's relationship with the state and the group receiving favours.

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36 Moore, M (2004) "Revenues, State Formation and the Quality of Governance In Developing Countries" *International Political Science Review* 25(3): 297-319; Moore M. (1998) "Death without Taxes: Democracy, State Capacity, and Aid Dependence in the Fourth World", in M. Robinson and G. White (eds), *The Democratic Developmental State: Political and Institutional Design* (Oxford: Oxford University Press).

37 Alm et al. (1992) op cit.

38 Fjeldstad, Q-H & Therkildsen, M (2008) Mass Taxation and State-Society Relations in East Africa In Deborah Braütigam, Odd-Helge Fjeldstad & Mick Moore (eds.) *Taxation and State Building in Developing Countries* (Cambridge: Cambridge University Press) 114 – 134; Snavely, K. (1990) "Governmental Policies to Reduce Tax Evasion: Coerced Behavior Versus Services and Values Development" *Policy Sciences* 23: 57-72

39 Ibid.

40 Ibid.

41 Fjeldstad, O-H, Schulz-Herzenberg, C and Sjursen, I.H. (2011) *People's Views of Taxation in Africa: A Review of Research on Determinants of Tax Compliance* ICTD Working Paper 8 (Institute of Development Studies: Geneva); McKherchar, M. and Evans, C. (2009) "Sustaining Growth in Developing Economies Through Improved Taxpayer Compliance: Challenges for Policy Makers and Revenue Authorities", eJournal *of Tax Research* 7: 171-201@176.

***Political legitimacy*:** the consensus in the literature is that if the taxpayers perceive that the political institutions enjoy legitimacy derived from their endorsement, it leads to high tax compliance.[42] Legitimacy encourages the taxpayers to follow tax laws, rules and regulations voluntarily out of obligation. Legitimacy could be described as belief or trust in the authorities, institutions, and social arrangements to be appropriate, proper, just and work for the common good. According to the political legitimacy theory, tax compliance is positively related to perceptions about the tax authorities' trustworthiness and that the proceeds will be utilized for the provision of public goods.[43]

IV. TAX COMPLIANCE DETERMINANTS

Tax compliance determinants are depicted in figure 5 below and as follows:

- **Economic factors** (tax rates, tax audits and perceptions of government spending)
- **Institutional factors** (the role of the tax authority, simplicity of the tax returns and administration and probability of detection)
- **Social factors** (ethics and attitude, perceptions of equity and fairness, political affiliation and changes on current government policy, referent groups)
- **Individual factors** (personal financial constraints, awareness of offences and penalties)
- **Other factors** (age, income, level, culture, education, gender)

1. ***Economic factors:*** refer to actions which are associated with the costs and benefits of performing the actions.[44] This model assumed that taxpayers are rational economic evaders who likely would assess the costs and/or benefits (tax savings of evasion).[45] They would attempt to minimize their tax liability, for example, by intentionally under reporting their income and would enjoy tax savings if they were not detected by the tax authorities. On the other hand, they would be willing to pay more, including a penalty, if they were caught.[46] Issues related to economic factors are treated hereunder:

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42 Ross, M.L. (2004) "Does Taxation Lead to Representation?" *British Journal of Political Science* 34(2) 229 – 249.

43 Kirchler, E., Hoelzl, E., and Wahl, I. (2008) "Enforced versus Voluntary Compliance: The "Slippery Slope" Framework" *Journal of Economic Psychology*, 29, 210-55; Kirchler, E., Maciejovsky, B., and Schneider, F. (2003). Everyday Representation of Tax Avoidance, Tax Evasion and Tax Flight: Do Legal Differences Matter? *Journal of Economic Psychology*, 24, 535-53; Kirchler, E., Muehlbacher, S., Hoelzl, E., and Webley, P. (2009) "Effort and Aspirations in Tax Evasion: Experimental Evidence" *Applied Psychology: An International Review*, 58 (3), 488–507.

44 Loo, E. C. (2006) "Tax Knowledge, Tax Structure, and Compliance: A Report on a Quasi-Experiment" *New Zealand Journal of Taxation Law and Policy*, 12, 117-140.

45 See Song, Y.D., and Yarbrough, T.E. (1978) "Tax Ethics and Taxpayer Attitudes: A Survey" *Public Administration Review*, 38(5), 442-452; Allingham, M.G., and Sandmo, A. (1972) "Income Tax Evasion: A Theoretical Analysis" *Journal of Public Economics*, 1(3-4), 323-38.

46 Ibid.

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Probability of detection: Allingham and Sandmo[55] claimed that taxpayers will always declare their income correctly if the probability of detection is high. Probability of detection plays a significant role in reporting behaviour as taxpayers will declare everything if they perceive that they will be one of the auditees in that particular year. The Slemrod et. al.[56] result found that prior audit experience and continuous contact with the tax authority influenced and increase compliance among taxpayers.

3. ***Social factors:*** This relates to taxpayers' willingness to comply with tax laws in response to the behaviour of others and their social environment (i.e. the government, friends and family members). Kirchler[57] suggested that social factors should be viewed by incorporating the psychology of the taxpayers, which include the followings- ethics and attitudes toward tax compliance, perceptions of equity and fairness, changes to current government policy and referent groups.

Ethics and attitudes toward tax compliance: In a tax system which is based largely on voluntary compliance, the taxpayers' standard of ethics is 'extremely important'.[58] Song and Yarbrough[59] conducted a survey study in the United States to investigate the tax ethics of taxpayers by posing the following questions: first, what was the level of the taxpayers' ethics? Second, what are the factors impacting tax ethics? The remarkable aspect of the operation of the tax system in Nigeria (that it is largely based on self-assessment and voluntary compliance), is that the willingness to comply with tax laws is determined by ethics, legal environment and other situational factors.

Perceptions of equity or fairness: As earlier mentioned by Smith,[60] one of the main principles of the taxation system design is equity or fairness, which can be perceived in a two-dimensional views – horizontal equity (people with the same income or wealth brackets should pay the same amount of taxes) and vertical equity (taxes paid increase with the amount of the tax base). The driving principle behind vertical equity is the notion that those who are abler to pay taxes should contribute more than those who are not. There are three areas of fairness from the taxpayers' point of view:

i) distributive justice (viewed as the exchange of resources i.e. benefit and cost);
ii) procedural justice (viewed as the process of resource distribution) and

55 Allingham and Sandmo, op. cit 323-38.
56 Slemrod, J., Blumenthal, M., and Christian, C. (2001) "Taxpayer response to an increased probability of audit: evidence from a control experiment in Minnesota" *Journal of Public Economics*, 79, 455-483.
57 Kirchler, E. (2007) "The Economic Psychology of Tax Behaviour" (Cambridge: Cambridge University Press).
58 Song, Y.D., and Yarbrough, T.E. (1978) "Tax Ethics and Taxpayer Attitudes: A Survey" *Public Administration Review*, 38(5), 442.
59 Ibid, 442-452.
60 Smith A. (1776)

iii) retributive justice (viewed as the appropriateness of sanctions when norm-breaking occurs).

In distributive justice, an individual is concerned about the fairness of their actions, and wants to be treated in relation to his merits, efforts and needs.[61] A taxpayer who feels that his tax burden is higher than other persons within the same income group will probably lower his tax compliance to the group's level. Taxpayers also want a fair treatment of their group relative to other income groups. If a specific group perceives that their tax liability is higher than other groups, then tax evasion might be high among the group members. At a society-wide level, tax compliance is less likely if the perception is held that the tax system is unfair; wide scale tax evasion is likely to occur.[62] In contrast, if the society perceives that the tax system is equitable and fair, voluntary compliance is expected to increase.

With regard to procedural justice, the main elements for perceived fairness are neutrality of procedures used, trustworthiness of the tax authorities, and the polite, dignified, and respectful treatment of taxpayers as individuals or groups.[63] Taxpayers expect that tax authorities will provide sufficient information about the tax law and regulations so that they can complete their tax return as accurately as possible. It is argued therefore that increased information about tax law and regulations can increase fairness perception and compliance. Retributive justice, under this sub-heading, unreasonable and intrusive audits and unfair penalties lead to stressful and dissatisfied taxpayers.[64] Unfavorable retributive justice perceptions could lead to non-compliant behaviour and consequently increase tax evasion and inflate the tax gap.

Changes to current government policies: Political stability and the ruling party in a country might play a significant role in determining tax compliance behaviour. Changes of current government policies might also impact tax compliance behaviour. For example, certain persons may not be favourably disposed to the increase in tariffs during the COVID-19 pandemic in Nigeria.

Referents groups (family and friends): Ajzen[65] and Ajzen and Fishbein[66] theorised that referent groups play a significant role in determining people's intentions and behaviour, that is, a person's behaviour is influenced in most part by other persons' behaviour.

61. Kirchler, Hoelzl and Wahl, op cit. 210-55
62 Allingham and Sandmo (1972) op cit.
63 Animashaun and Chitimira (2020) op cit.
64 Adaramola, F. (2008) *Basic Jurisprudence* (LexisNexis).
65 Ajzen, I. (1991) "Theory of Planned Behaviour" *Organizational Behavior and Human Decision Processes*, 50, 179-211.
66 Ajzen, I., and Fishbein, M. (1980) Understanding Attitudes and Predicting Social Behaviour (Englewood Cliffs, New Jersey: Prentice Hall)

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4. ***Individual factors:*** Decisions either to evade or not to evade taxes are heavily reliant on taxpayers' personal judgment.[67] Influences, such as that of peers might also affect the decision, but the final decision is made by the individual. Personal circumstantial factors like personal financial constraints and awareness of penalties and offences are therefore likely to have a significant impact on taxpayer compliance behaviour.

Personal financial constraints: Personal financial constraints are believed to have an impact on tax evasion as financial distress faced by an individual may encourage him to prioritize what has to be paid first as basic survival needs (foods, clothing, housing etc.) or where immediate demand on limited income is enforced (i.e. perceived threat of action from money lenders etc.) rather than tax liabilities. People who face personal financial problems are likely to be more prone to evade tax when compared to people in less financial distress. [68]

Awareness of Offences and Penalties/ Knowledge of the Tax Law: A theoretical economic model introduced by Allingham and Sandmo,[69] indicated that penalties as well as audit probability have an impact on tax compliance. The higher the penalty and the potential audit probability the greater the greater the discouragement for potential tax evasion. Nevertheless, an experimental approach for a tax compliance study might show a smaller effect or influence than for direct observation.[70] In summary, since previous studies indicate that penalty rates impact upon tax compliance behaviour, the awareness of offences was presumed to have a significant influence as well. Further, a deep knowledge of tax law by professionals such as lawyers and accountants could be used to plan tax for clients to pay lesser tax. This type of tax planning is termed tax avoidance.

5. ***Other factors***: Other factors include age, gender, general level of education and income level.

Age: Demographic factors such as age have long been studied by researchers; however, the findings from different studies remain inconclusive. Some authors posit a negative association -i.e. older people are less compliant. Others argued that age was positively

[67] Barrand, P., Harrison, G., and Ross, S. (2004) "Integrating Tax and Social Security Contribution Collection within a Unified Revenue Administration: The Experience of Central and Eastern European Countries" IMF working paper, December. Retrieved 12 September 2022, from http://info.worldbank.org/etools/docs/library/23829/IMF_UnifiedCollection.pdf.

[68] Mohani, A and Sheehan, P. (2003) "Estimating the Extent of Income Tax Non-Compliance in Malaysia and Australia: Using the Gap Approach (Part I)" *Tax Nasional* 4th quarter. 22- 34; Mohani, A. (2001) *Personal Income Tax Non-Compliance in Malaysia* (PhD Thesis, Victoria University: Melbourne, Australia); Mohani, A., and Sheehan, P. (2004) "Estimating the Extent of Income Tax Noncompliance in Malaysia and Australia Using the Gap Approach (Part II)" *Tax Nasional*, 1st quarter 20- 24.

[69] Allingham, M.G., and Sandmo, A. (1972) "Income Tax Evasion: A Theoretical Analysis" *Journal of Public Economics*, 1(3-4), 323-38.

[70] Alm, J., Jackson, B., and McKee, M. (1992) "Deterrence and Beyond: Toward a Kinder, Gentler IRS" in J. Slemrod (Ed.), *Why People Pay Taxes: Tax Compliance and Enforcement* (Vol. 1) (University of Michigan Press, Ann Arbor) 311-329.

related with compliance. However, there have been a significant number of studies that have found no relationship.

Income level: Income level has a mixed and unclear impact on compliance, For example, progressive tax rates might encourage high income groups to evade or avoid tax rather than lower income groups because their (high income groups) tax rates and taxable income are high, thus making the tax liabilities much higher than those in the lower income group.[71] According to Chan et. al.,[72] non-compliance opportunities based on income level can be affected directly and indirectly through attitudes and perceptions

Culture: Taxpayers' compliance is influenced by cultures, including religious belief but there seems to be no significant relationship between religious beliefs and tax compliance in Nigeria, that is, the predominant religious beliefs of the populace which is Christianity and Islam have no bearing on the failure of the faithful believers of these two religions to comply with tax laws.[73]

Education: Chan et. al.[74] suggested that those with a higher education level are more likely to have a higher level of moral development and higher level attitudes toward compliance and thus will tend to comply more. In summary, greater education potentially increases compliance, as educated taxpayers may be more aware of their responsibility as well as the sanctions to be imposed if they were not compliant with tax laws, although other authors found a negative association between education and compliance.

Gender: The impact of gender on tax compliance is inconsistent. A greater longitudinal emphasis could be undertaken to examine the impact of gender as well other important variables on changes in tax evasion levels.

V. CONCLUSION

Taxation remains a major and stable means of generating the required revenue for public finance in Nigeria, especially since the price of crude oil, which is the main source of revenue for Nigerian Governments is currently unstable and subject to wide fluctuations. The chapter probed the Nigeria's extremely low tax compliance figure which is reputed to

[71] Deyganto, K.O. (2018) "Determinants of Tax Compliance Attitude with Taxation: Evidence from Category "A" Taxpayers in Gedeo Zone, SNNPRS, Ethiopia" *Research Journal of Finance and Accounting* 9(17) 32-45.

[72] Chan, C.W., Troutman, C.T., and O'Bryan, D. (2000) "An Expanded Model of Taxpayer Compliance: Empirical Evidence from United States and Hong Kong" *Journal of International Accounting, Auditing and Taxation* 9(2), 83 –103.

[73] Animashaun, O.O. (2016) "A Legal Analysis of the Extent and Limit of the Nigerian State Powers of Taxation" (PhD Thesis, University of Ilorin).

[74] Chan, C.W., Troutman, C.T., and O'Bryan, D. (2000) "An Expanded Model of Taxpayer Compliance: Empirical Evidence from United States and Hong Kong" *Journal of International Accounting, Auditing and Taxation*, 9 (2), 83 –103.

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be the lowest in the world. Nigeria has a low tax compliance rate of about 6 percent of tax to GDP from 2019 till date.[75] The chapter analyzed the reasons for the low tax compliance in Nigeria and found that despite the various tax laws enacted by the different governments, the tax compliance is still abysmal. The chapter thereafter observed that apart from the legal framework which seems adequate, the essential psycho-social and cultural factors, which promote tax compliance is essentially lacking in Nigeria. The chapter therefore concludes that there is the need for the government to be prudent in spending, be accountable to the taxpayers, provide essential infrastructure and improve their perception in the eye of the populace. Irrespective of the overabundance of tax laws and myriad penalties, the issue of tax avoidance and outright evasion will continue unabated unless the psychological and socio-cultural reasons for tax resistance are adequately addressed. Further, there is the need for the tax authorities to study the psychological and socio-cultural make-up of the taxpayers as well the legal framework in order to reap a bountiful tax harvest.

[75] OECD "Revenue Statistics in Africa 2022" 2022 https://www.oecd.org/tax/tax-policy/revenue-statistics-africa-tunisia.pdf (last accessed: 2022-11-28).

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