THE CHALLENGES OF TAX REVENUE MAXIMIZATION IN NIGERIA THROUGH VOLUNTARY TAX COMPLIANCE: THE ROLE OF SELF-ASSESSMENT

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My quest for a doctoral degree increased in the last five years. At a time, I was interested in research in the area of leadership and was almost ready to kick-start the study. However, the exchanges of mails between Dr. David Le Cornu, President of St. Clements University, and I changed the course of my study. He pointed to the field of taxation to me on account of my having been a tax administrator. Indeed, the research in the area of taxation is more relevant to my day-to-day business activities. For this, I am most grateful to Dr. Le Cornu.

In the course the research I related well with my supervisor, Professor Dr. Yasmine Yusoff. In spite of her crowded schedules, she found time to review the drafts of my research reports and the thesis. Prof. Yusoff made many vital observations, comments and suggestions. And, she did so promptly and thus enable me to maintain the enthusiasm required throughout the processes of the research. For this I am immensely grateful to Prof. Yusoff and also for the expert manner she guided me through the research work.

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ABSTRACT

One of the biggest challenges faced by governments, from early history up to this moment, is how to maximize tax revenue collection, so as to be able to finance the ever growing need for improved infrastructure to sustain economic development.

In an attempt to find solution to the quest for tax revenue maximization, various tax systems were developed. One of such tax system, and which is considered to be the most efficient is voluntary tax compliance. This system, aside from being the most efficient tax system is a demonstration of the willingness of taxpayers to comply with tax rules.

It is important to note that the tool for voluntary tax compliance is the self-assessment tax system. On account of its being globally acclaimed as the most efficient tax system, the self-assessment tax regime was introduced into the Nigerian tax system in the early 1990s.

However, in spite of the introduction and implementations of the self-assessment tax system in Nigeria, the Nigerian tax administration has not been operating optimally. The less than optimal tax collection performance is demonstrated by the low contributed of tax-to-GDP. It is noted that tax-to-GDP ratio is a measure of tax efforts. With the fall of crude oil prices in recent years, the tax revenue base of Nigeria began to shrink, because oil revenue has been the mainstay of Nigeria's economy.

The reduction in the tax revenue base in Nigeria and the consequential fall in tax revenue collection led to the question as to the suitability or otherwise of the self-assessment tax system as an effective tool for voluntary tax compliance. This paradox of the self-assessment tax system being acclaimed globally as the best tax system and its

failure to contribute meaningfully to GDP in Nigeria led to this research work.

At the end of the research, it was found that indeed the self-assessment tax system brings about tax revenue maximization, but that this tax system has to be administered with all of its tenets, to be able to deliver the desired results. The implication therefore is that, in the case of Nigeria, the self-assessment tax system as a tool of voluntary tax compliance was not applied properly. This finding led to recommendations as to how the self-assessment tax system should be operated, especially ensuring the right balance between taxpayer enablement and tax compliance enforcement.

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DEFINITIONS/ABBREVIATIONS

1. C.I.T.N: Chartered Institute of Taxation of Nigeria.

2. D.M.O: Debt Management Office (Nigeria).

3. ECOWAS: Economic Commission of West African States.

4. Federation Account: An Account Into Which Federally Collected Revenue In Nigeria is paid into.

5. F.I.R.S: Federal Inland Revenue Service.

6. GDP: Gross Domestic Product.

7. IGR: Internally Generated Revenue

8. Tax Officials: Tax Administrators Who Work and Are Employed By Tax Authorities

9. Taxpayers' Representatives/Tax Consultants:
   Professionals Employed By Taxpayers/Taxpayer Organizations' To Represent Them Before Tax Authorities

10. WB: The World Bank

1.   GENERAL BACKGROUND

Introduction and Conceptual Framework

Taxation is regarded as perhaps the most effective instrument of fiscal policy to drive investment in any modern economy[1]. It is the only effective instrument for reducing private consumption and investment, and transferring resources to the government for economic development; and from unproductive to productive channels via public investment. In the developing countries, of which Nigeria is one, there is the need to break the vicious circle of low income, low savings and low investment. There is a strong belief that this will be achieved through stepping up public investment[2].To do this government has to raise money through taxation in order to make adequate investment in social and economic infrastructure that will drive the economy. However, a challenge in tax administration is how to collect enough tax revenue (optimal tax revenue) to meet the demands of government for revenue to fulfill its obligations, which in most cases outstrip available tax revenue. The real dilemma for tax administrators is the collection of maximum taxes from taxpayers without the imposition of heavy (financial) burden on them, since they are likely to resist the payment of heavy taxes.

Talking about tax resistance and why tax authorities need to exercise care, history records that taxpayers and the general public have always been sensitive to excessive tax burden .The Holy bible records that Israelites protested the heavy burden of taxes imposed by King Solomon .They protested to Solomon that his father made their yoke heavy and appealed to him to make the yoke lighter[3]. On the other hand, those that exercise authority especially the executive, the spending arm

of government, have always had the tendency to impose heavy taxes to meet their personal welfare and those of the State including wars. Cases of resistance/ revolt against heavy tax burden and wrong use of such taxes are testimonies of this tendency. They include;

In the first century after the death if Christ (AD), the Jewish zealots in Judaea resisted paying poll tax to the Roman Empire[4].It is noted that the Jews were ruled by Roman Emperors and were expected to pay taxes to the Roman Emperors ;

One of the reasons for the grass root revolt in England, in summer 1381, was the decision of the Kings Parliament to impose a flat rate tax of three goats on every adult. The tax was levied in order to replenish the public treasury which was depleted as a result of expensive and unsuccessful war with France[5];

In the 16th century the Hutteries refused to pay taxes because they realized that the proceeds of the taxes would be used for capital punishment and to finance war[6]. Meaning that the people do not like to pay taxes that would be expended on what they did not like;

The National Political Union and the National Union of the Working Classes in the United Kingdom formed Tax Resistance Movements in the 1820 and 1830s[7] as a means of fighting excessive tax burden;

There was a revolt against heavy tax burden in the United States of America during colonial rule by the United Kingdom. This gave rise to the now historical concept of ''no taxation without representation''[8].In the course of the revolt the United States declared itself independent of Britain. One of the issues raised in support was that the then King of Britain imposed taxes on the people without their consent, secured directly or through their representatives[9];

The Conservative Government of British Prime Minister, Margret Thatcher, in March, 1990 introduced a poll tax, a lump-sum tax or fixed tax per person, known as community charge. The Poll tax does not take ability to pay into consideration and places a much higher proportional burden on low-income people that on high-income people[10]. This step was contrary to a major principle of taxation in that it was not progressive[11].The British people did not accept this policy and therefore, the tax was resisted through what is now known as the **Poll Tax Riot**. The riot led to the resignation of Mrs. Thatcher[12].Earlier in history, in 1789, the French made a declaration of the rights of man and citizen. The declaration included that a common contribution being necessary for the support of the public force, and for defraying the other expenses of government, it ought to be divided equally among the members of the community, according to their abilities[13].Therefore, ability to pay is a historical principle in taxation. No wonder a policy that was contrary to this principle resulted in tax resistance in Britain;

The ''Ijemo massacre'' of 1914 and the riot of 1918 were as a result of protests over the imposition of taxes. In the two events in Nigeria over 500 people were killed and train services were disrupted[14];

In 1929 women rioted in Aba, Nigeria, in what is what is known in history as Aba women's riot. The riot, which spread through many parts of the Eastern Region, was triggered by a rumour that the imposition of taxes, which was hitherto restricted to men, would be extended to women and children [15]; and

The imposition of direct taxes for the construction of roads, hospitals and schools led to the Warri, Nigeria, riot of 1927[16].

Based on historical experience and to reduce the temptation of the imposition of heavy tax burden on taxpayers, and perhaps to prevent violent tax resistance, the

power of imposition of taxes in Nigeria is vested in the legislative arm of government rather than the spending arm of government, the executive. This serves as a means of check and balances[17].This is in line with doctrine of the separation of power and it also serves to ensure that tax laws are not harsh as to punish citizens with heavy tax burdens. The principle of separation of powers was advocated by Montesquieu (1784)[18]. He noted that 'the unreasonable severity of the laws obstruct their execution'. This doctrine was enshrined the French declaration of the rights of man and citizen in 1789. Specifically, that every citizen has a right, either by himself or his representative, to a free voice in determining the necessity of public contributions, the appropriation of them, and their amount, mode of assessment, and duration.[19] The purpose of the separation of power is to ensure that the executive arm of government does not foist harsh laws on the people on an attempt to collect heavy taxes .Even with the separation of powers of administration and spending (of tax revenue) from that of the imposition of taxes, tax administrators, in an attempt to be seen to be fair, in the eyes of the taxpayers, and to be able to collect taxes through collaboration with taxpayers, thus reducing the challenges and difficulties of collecting optimal taxes, developed a mechanism of collection of taxes by means of voluntary tax compliance by taxpayers in a collaborative effort with taxpayers.

Voluntary tax compliance is defined by the American Bar Association, 1997, as timely filing and reporting of required tax information, the correct self-assessment of taxes owed and timely payment of those taxes without enforcement action[20]. By this method taxpayers are made to be seen as ''willingly'' paying taxes on their own. Thus, on one hand voluntary tax compliance became a symbol of the willingness of taxpayers to pay taxes and on the other, a demonstration of the fairness of the tax system. Voluntary tax compliance therefore became an of the tax system. Indeed,

most tax administrations view voluntary tax compliance and self-assessment, a tool of voluntary tax compliance, as the best[21], most efficient way of administration of a country's tax system[22]. This is because voluntary tax compliance in addition to being a demonstration of taxpayers' willingness to comply with the tax laws reduces the cost of tax compliance, that is the cost incurred by taxpayers, and the cost of tax administration, incurred by the tax authority. This makes the tax system more efficient.

The implementation strategy and tool for voluntary tax compliance is self-assessment of tax by the taxpayer. Indeed, Voluntary Tax Compliance and Self-Assessment go hand in hand[23]. Self-assessment of tax, under a full self-assessment system, requires that the taxpayer will   calculates his tax liability, completes the tax return form and pays the taxes due on or before the due date for filing tax returns[24].Due dates for filing tax returns and making payments of taxes are set by the tax laws.

The operation of a self-assessment tax system epitomizes the ideal of voluntary tax compliance. However , one of the questions to be resolved by this research is, if voluntary tax compliance through the self-assessment system is the best and most efficient system of tax administration and therefore expected to bring about the realization of optimal tax revenue, why is the contribution of tax-to-gross domestic product (GDP;GDP measures national income and output for a given country),a measure of tax effort[25] and performance low in Nigeria, as in some other developing countries (See appendix 1). This is in spite of the implementation of the self-assessment tax system. And, the nominal improvement in tax revenue collection which did not translate to higher contribution of tax-to-GDP? It is interesting to note that all Anglo-phone African countries have implemented self-assessment tax

system although it may not be effective[26]. This shows that self-assessment tax system is popular. In real terms of performance measurement, tax-to-GDP ratio in Nigeria is low, at 4.5 per cent[27] ,for non-oil taxes, after rebasing the gross domestic product of the country in 2014, as compared to a global average of 15.79 per cent, as indicated by appendix 1.It is even more worrisome when an assessment by United Nations Development Programme (UNDP)is factored into the performance appraisal . The assessment in June 2010,in what it will take to achieve the Millennium Development Goal(MDG) noted that ''half of sub-Sahara African countries still mobilize less than 17 per cent of their GDP in tax revenue, below the minimum of 30 per cent considered by the United Nations (UN) as necessary to achieve the MDG[28], which is below the average of 36 per cent recorded by developing countries[29].Before the rebasing of Nigeria's GDP in 2014,tax-to-GDP ratio was 12 per cent[30]. Some countries have a tax to gross domestic product of as much as forty per cent. This leaves a huge funding and tax gap in the face of dire need for funds for social and economic infrastructural development. Indeed, the Lagos State Government of Nigeria complained that it had to abandon many infrastructural projects due to paucity of funds[31].Perhaps, since voluntary tax compliance through self-assessment of tax is said to be the ultimate of the tax system[32], I believe that it is possible that the low tax revenue collection in Nigeria may be attributable to reluctance to apply the tools of self-assessment or applying them incorrectly and therefore hindering the benefits of voluntary tax compliance. This view is supported by the report of the International Monetary Fund, Fiscal Affairs Department, Technical Assistance Mission to Nigeria in 2010, that the method of tax assessment in place was not in sync with the tenets of self-assessment tax regime[33].

1.1.2 Conceptual Framework

Following from the introduction above, this research adopted the assumption that taxpayers will be willing to pay their taxes promptly and correctly, without enforcement and being reminded to do so. And if the taxpayers fail to comply, that there will be a strict enforcement of the tax laws with respect to the imposition of interest and penalties for late payment of taxes due and filing of tax returns. However, there is also an assumption that taxpayers understand their obligations. The scenario then is that voluntary tax compliance, as a dependent variable, relies on strict enforcement of the tax laws, an independent variable. Here again, the tax laws must make appropriate provisions for sanctions/punishment in case of default and the sanctions must be easy to apply. Thus, voluntary tax compliance can be seen as an enforced or a ''forced'' tax compliance[34] because taxpayers comply since they know that force will be applied against them if otherwise. Beyond the use of 'force', there are other factors that elicit voluntary tax compliance, as noted was before , in this case, tax compliance is facilitated through the use of some other instruments to prepare the taxpayer for self-assessment of tax. They include:

information to the taxpayer as to what is required of the self-assessment tax system[35]. To this extent the tax authority has to ensure that the taxpayer understands that non-tax compliance will be punished adequately. The tax authority also has the obligation to educate the taxpayer on what it takes to comply with the tax laws, in terms of computation of tax liability, completion of tax returns, process of payment of taxes and filing of tax returns. This process is arranged in a manner of ''foot-in-the-door'' phenomenon as the initial compliance with these requests will facilitate subsequent compliance with larger requests[36].The continuum leads to one of the tenets of and a component of self-assessment system, taxpayer education;

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In addition to taxpayer education, there should be active engagement with taxpayers with a view to dealing with issues of culture, beliefs, prejudices, biases, perceptions etc. Some tax administrations describe this as cultural awareness[37]. Taxpayer engagement is necessary because non-compliance with the tax laws may be as a result of esoteric issues not addressed by the tax system. It can also be due to situational causes[38].Also, as Socrates noted, no one person is naturally powerful enough to enforce compliance to rules of justice without cooperation of others[39].This statement makes taxpayers education and engagement vital tools for voluntary tax compliance;

For sanctions to be imposed, promptness and correctness of tax returns and payments must be proved. The fact of proof depends on the accuracy of verification, audit and investigation of taxpayers' records and business transactions. This means that the tax system must have good audit and investigation outfits in order to be efficient and effective. This will also serve as deterrence for non-compliance; and

The taxpayer has to be aware that in the event of inaccuracies in the declaration of taxes payable or lateness in payment of taxes due, sanctions will be applied, without fail, for default in compliance with the tax laws. Sanctions for non-compliance or inaccuracies in tax returns and payment of taxes act as deterrence against future defaults. To this extent, deterrence serves as an important aspect of tax compliance management.

1.1.3   GRAPHICAL REPRESENTATION OF CONCEPTUAL FRAMEWORK

Ideally, voluntary tax compliance, through self-assessment tax system, should bring about optimal tax collection. However, some performance indices such as tax-to-GDP ratio and tax returns filing compliance rate in Nigeria, at 4.5 per cent tax-to-GDP for non-oil taxes and about thirty per cent tax returns filing rate for small and

medium taxpayers[40] suggest low level of voluntary tax compliance. The implication is that the levels of non-compliance with the requirements of the self-assessment tax regime and with the tax laws are high. It is noted that non-compliance with tax laws is a negative behaviour. In this case, this behavior tendency hinders optimal tax collection. A possibility is that sanctions, as provided by the tax laws were not applied strictly to stem the thirty per cent compliance rate of tax returns filing among medium and small taxpayers[41]. One of the ways the negative behavior can be changed is through strict tax enforcement action. The assumption is that people are more likely to comply with tax laws out of fear of the pain of sanction as suggested by Obilade (2007)[42] . Considering this possibility, the following tax compliance behaviour management and control framework has been adopted in establishing relationships between voluntary tax compliance and the fear of sanctions.

TAX COMPLIANCE BEHAVIOUR MANAGEMENT AND CONTROL FRAMEWORK

TABLE 1; COMPLIANCE BEHAVIOUR TENDENCY

A	B	C
TRIGGER	BEHAVIOUR	OUTCOME

E.g. Greed Weak laws	→	Non-compliance	→	Reward

"**A**" is dependent on outcome, **C**

SCENARIOS

1.
A	s rise to →	B	s rise to →	C

      to   to C

2.
A	ecause of the →	A

Outcome, C, e.g. rewarding;

It relies on previous experience.
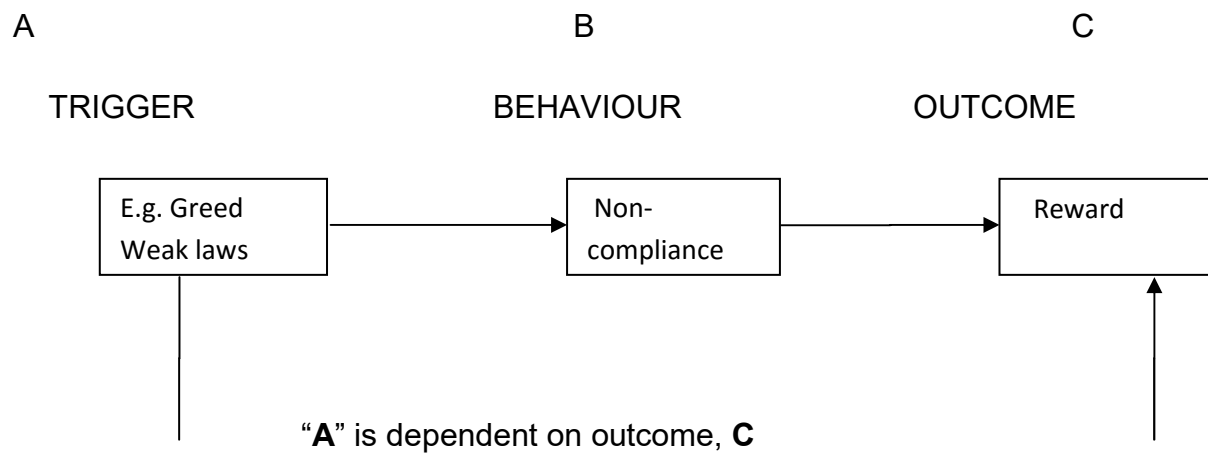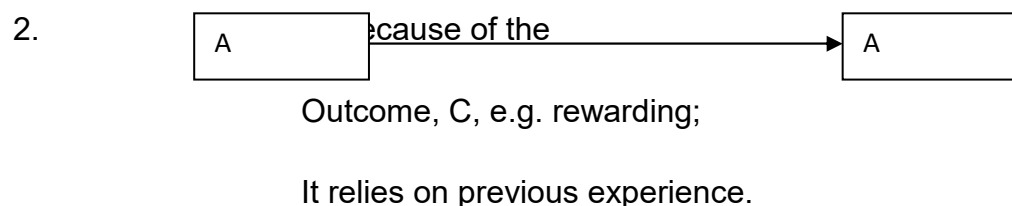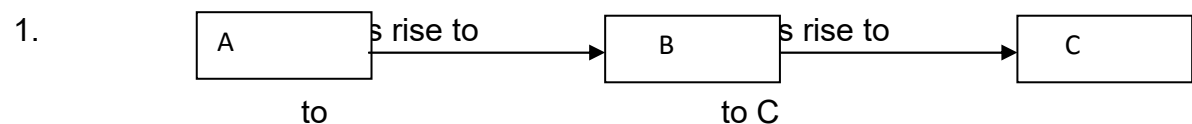
3.   We can control non-compliance behavior, "B" by either eliminating or altering the trigger (action) that gives rise to it.

4.   'B' can be controlled   by making "C" unprofitable or painful (the pain of sanction will form an experience). The expected result is that the unprofitable/unrewarding/painful nature of "C"/outcome e.g. sanction against non-compliance) will alter "A" and make "B" un-necessary.

5.

```
┌─────────┐        ┌─────────┐        ┌─────────┐
│    A    │───────>│    B    │───────>│    C    │
└─────────┘        └─────────┘        └─────────┘
     ▲                  │                  │
     │                  ▼                  │
┌─────────────┐   ┌──────────────┐   ┌──────────┐
│ Perception  │   │ Non-compliance│   │ Sanction │
│ of a weak   │   └──────────────┘   └──────────┘
│ system      │                            │
└─────────────┘                            │
     ▲                                     │
┌─────────────┐                            │
│ Memory of   │                            │
│ punishment  │                            │
└─────────────┘                            │
     ▲                                     │
     └─────────────────────────────────────┘
```

6.

```
┌──────────┐      ┌────────────┐      ┌──────────────┐
│ Fear of  │─────>│ Compliance │─────>│ Commendation │
│ Sanction │      └────────────┘      └──────────────┘
└──────────┘                                 │
                                             ▼
                                   Increased tax revenue
```
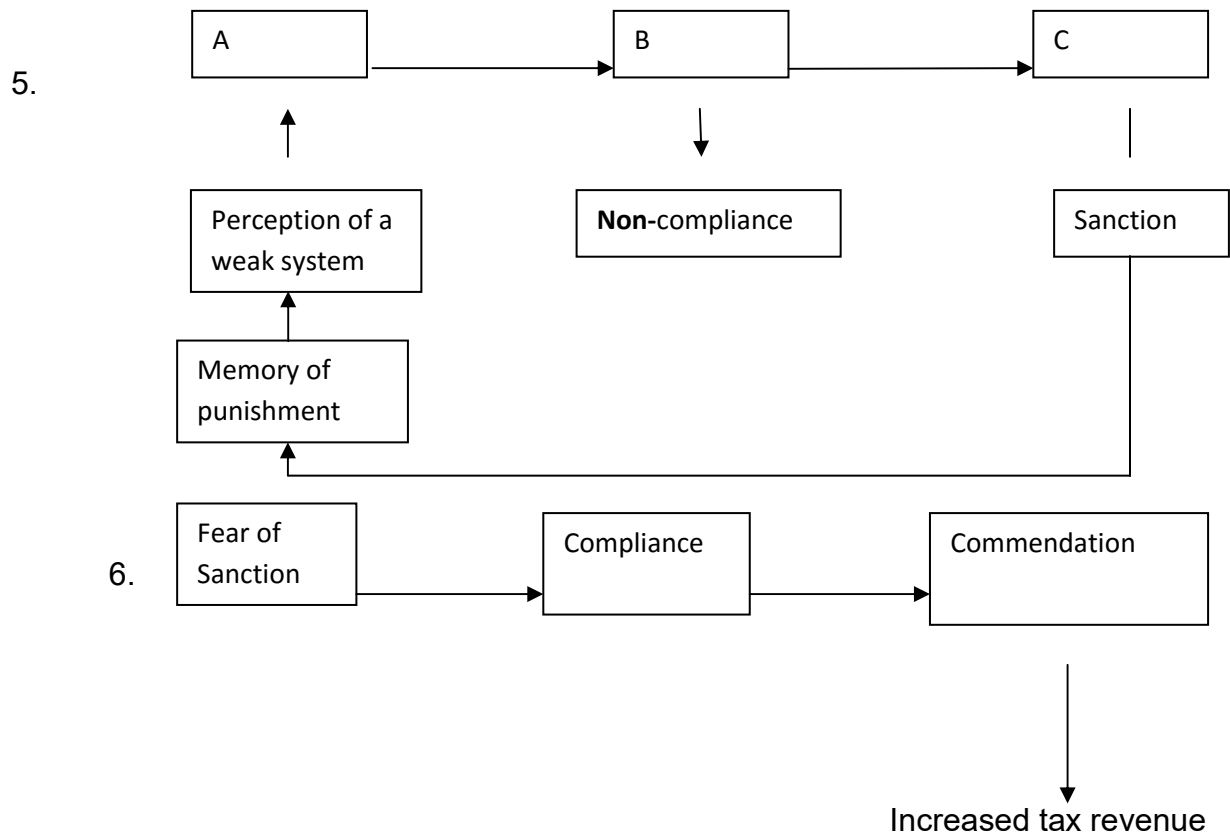
Source: Christian Onyegbule, LLB Research Paper, Tax Compliance Flow Chart, 2014.

1.1.3.1. Analysis of Chart

The table above is based on the assumption as explained here. ''A'' is an instinct that triggers perceived non-compliance behavior tendency, ''B''. ''A'', the instinct, may be caused, in the mind of the taxpayer, by in-adequacies of the tax laws, poor perception of the utilization of tax revenue by government[43], non-enforcement of tax laws, corruption, lack of motivation to pay taxes, culture, beliefs and other esoteric matters. The act of non-compliance ''B'' is dependent/ triggered by ''A''. ''B'' will manifest as non-compliance and will be sustained by the possibility of a benefit being derived by the non-tax compliant taxpayer[44]. ''C'' is the outcome, or benefit of non-compliance. ''C'' may also be a state of satisfaction in the mind. Therefore, the motivation for non-compliance may be the monetary reward derivable

or another satisfaction enjoyed by the taxpayer. That may be why psychologists who study motivation seek to discover the particular desired goals or motives that underlie behaviour[45]. They assume that such underlying motives steer our choices of activities. It should be noted that the benefit or reward ''C'' or any other form of satisfaction enjoyed by the taxpayer, in monetary terms, is a tax revenue loss to the authority. The scenario is that ''A'' triggers ''B'', ''B'' is dependent on ''A''. On the other hand, ''B'' is dependent and triggered by ''A''. The point is that taxes are largely about paying money to government, as and when due[46].Those who fail to pay or fail to pay promptly derive benefits from the utilization of the money that should have been paid to government for provision of social amenities[47], for example. In addition, non-compliant taxpayers erode the fairness of the tax system, as those who do not pay their correct taxes or fail to pay at all shift the burden tax to other taxpayers[48]. Also, those who do not pay their fair share of taxes have unfair competitive economic advantage over businesses that do in terms of lower prices , where prices are shifted, and having higher returns of profit[49].This scenario if left unchecked will make non-compliance with tax laws attractive and may tempt honest taxpayers to become non-compliant.

The way to change the negative behaviour that ends up making non-compliance attractive and rewarding is to make the outcome of non-compliance, ''C'', un-profitable and/or painful through the imposition of sanctions that are higher than profits derivable from non-compliance. To this extent voluntary tax compliance will be driven by fear of the likelihood of strict application of sanctions for default as contained in tax laws[50]. However, the degree of reaction of different taxpayers to compliance induced by fear of strict application of the tax laws will differ. In addition to the fear induced tax compliance option, the reward, ''C'', may be made to be

positive to taxpayers, that is, if the taxpayers derive satisfaction for contributing, through payment of taxes, to the construction of good roads and other social infrastructure. In addition, government can make taxpayers feel good by commending them or even rewarding them for paying taxes. Cliff Richard adopted this method of commendations, compliments and reward to increase the productivity of staff who he supervised by almost two hundred per cent, from an unproductive state he met them.[51]Duhigg (2012), writing in the' power of habit', used the cue-routine-reward loop to explain how habit is formed[52]. The cue-routine-reward loop is similar to the tax compliance tendency flow chart shown above and already discussed. To Duhigg, habit is formed through the process in which the brain converts a sequence of actions into automatic routines. The routine may be tax compliance. The cue in the loop is similar to the trigger in the chart above, while the reward, satisfaction or outcome used in the chart is produced by behaviour as indicated in the chart or routine as in the loop. In the two examples the end result of the cue or trigger is the reward of behavior or routine. Therefore, working on human behaviour/habit will play a role in influencing   tax compliance. As noted by Duhigg, habit, as much as memory and reason, are at the root of how we behave. For this reason many companies are focused on understanding the neurology and psychology of habit, their strengths and weaknesses and why they emerge and how they can be changed[53]. It is advisable therefore for tax authorities to find out the kind of cue or trigger and reward that can fuel particular tax compliance habit/behavior especially positive tax compliance behavior. Where the habit/behavior produces a reward that is negative to tax revenue generation, efforts should be made to disrupt or change it by making it unprofitable, unrewarding and un-satisfactory, as the case may be.

The tax compliance flow-chart, show above, can also be analyzed from a natural science perspective, in consideration of human behavior. To this extent, this study noted that science has observed that experiences change man and that encounters with the environment alters human behavior by modifying the nervous system[54].It was observed that the changes start with the process of learning and end up as memory.[55]The memory determines subsequent actions and therefore behavior. Thus, in what is known as ''instrumental conditioning'', a person can adjust his behavior according to the consequences of that behavior[56].When a behavior is followed by favorable consequences (reinforcing stimuli), it occurs more frequently. On the other hand, if the opposite is the case, that is, when the consequences are unfavorable (punishing stimuli), the such behavior occur less frequently. Applying this natural science result to the tax compliance framework, confirms that if non-compliance with the tax laws are punished, the behavior tendency will be not to continue on the path of non-compliance. To this extent, tax compliance behavior can be controlled by eliminating or reducing conditions, reinforcing stimuli, that are favorable to non-compliance or by stimulating response learning that favors positive tax compliance behavior. As we talk about behavior, it should be linked to attitude. One of the reasons that social psychologists view attitudes as important is that they often affect behavior. Attitude can guide behavior either through a reasoned conscious process or because our attitudes spontaneously come to mind and shape our immediate behavior reactions .Therefore, knowing something about attitude can help us to predict people's overt actions in a wide range of contexts[57]. Thus, we can design a tax compliance management plan to make people develop a positive attitude about taxation. This is because in the course of social learning people acquire new views as they interact or watch the behavior of others. Which means

that the present negative attitude about taxation can be 'un- learned' through a process design that dwells more on positive aspects of taxation and with persons who have encouraged tax compliance-'tax ambassadors' . However, it should be noted that changes in attitude will be easy to achieve only if there are no contrary learning that subvert the change process as an example, bad governance on the part of government or undue publicity of non-tax compliance that was not punished.

1.1.4 Relevant Research Findings

In addition to the postulations in the analysis of tax compliance flow chart, findings from other studies revealed that there are other psychological, economic and social issues that affect compliance. Ern Chen Leo, Margaret Mckerchar and Ann Hansford in their study observed that tax mentality[58], that is, the willingness to pay tax encourages tax compliance, is a factor in tax compliance. However, what leads to tax mentality will need to be proved. In this vein, they suggested that the level of education, especially higher fiscal knowledge plays a role in tax compliance[59]. The reason suggested is that those who have good education and higher fiscal knowledge have tax ethics and are therefore more tax compliant. This opinion however is contrary to another view that professionals (including those vast in fiscal matters) are hard to tax. Indeed it has been stated that the most egregious tax evasion is committed by professional[60].May be what makes professionals more non-tax compliant is because they have so much knowledge on the level of non-compliance with tax laws and are therefore not worried by appeals from officials for prompt filing of tax returns and payment of taxes due. This assumption is similar to the finding by Kees Keizer (2008) that people were more likely to disobey rules when it appeared that others were doing so[61].Since professionals are knowledgeable and have enough information on non-compliance with tax laws, especially through their

clients, they are likely to join in breaking tax rules. Perhaps, in addition to the level of knowledge/education and tax mentality, a more easily positively impactful tax compliance behaviour tendency is satisfaction with government and perception of the fairness of government and the tax system[62].In this regard, factors considered to have positive impact to tax compliance include how properly tax revenue is utilized, how simple the tax system and laws are and how transparent tax processes are. A perception of unfairness and lack of transparency may be   used as a rationalization and justification for non-compliance with tax laws.[63] In view of this, tax compliance behaviour may be controlled to achieve results, that is, government and tax administrators can do things that elicit tax compliance. This is in line with tax compliance behaviour tendency and cue-routine-reward loop discussed above. Going further, the issue of tax morale was highlighted by Leo and Mckerchar. Tax moral, was   explained as the aggregate attitude of a group to comply with tax laws. Tax morale was noted to impacts positively on tax compliance[64]. The point here is that people have a sentiment about responsibility to the society as a matter of patriotism. In this case, tax compliance will result as a sense of civic duty and not because of fear of sanction for non-compliance. Even at this, the sense of civic duty may have resulted from national appeal or propaganda through the constitution or such other mass mobilization public document, as in the case of Nigeria where citizens, according to the constitution, have the constitutional duty to declare income honestly and pay taxes promptly[65] .At the end of the day there must be a motivation for the action of tax compliance; either a reward/satisfaction or fear of sanction. More focus will therefore be made in the area of what motivates positive tax compliance behaviour.

In the course of the research, other issues that came up for consideration included proximate factors that influence people to pay taxes such as personal economic, social, sociological, beliefs, morality, personal behaviour, the influence of culture, etc. The premise is that tax compliance will be executed by human beings. Human circumstances that determine tax compliance decisions were therefore examined. As an example, historical experiences about the manner of imposition of taxes during the colonial era in Africa which may have made people despise payment of taxes[66]. One of such cases as noted by Claude Ake (198) was the monetization of African economies through the imposition of taxes and insistence on payment of such taxes with European currency. This resulted in the spread of wage labor to enable people pay such taxes[67] . There are times when people refuse to comply on account of stand on the legality or otherwise of tax laws. Such people include tax resisters and protesters. According to United States of America (US) Justice Department, tax resisters refuse to pay for conscientious reasons (because the resister does not want to support the government or some of its activities).They do not take the position that the tax laws are themselves illegal or do not apply to them; they are more concerned with not paying for what they oppose than they are motivated by the desire to keep more of their money.[68] On the part of tax protesters, they refuse to pay on constitutional or legal grounds and typically because they claim that the laws are unconstitutional. That is to say that these people do not believe in the laws. Indeed, Black's Law Dictionary defines a tax protester as a person who opposes tax laws and seeks or employs ways, often illegal, to avoid the law's effects; especially a person who refuses to pay on grounds that government has no authority to levy taxes.[69] Another way to look at non-compliance with tax laws is to find out what informs the economic decision of the taxpayer(including corporate) wherein the

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taxpayer does a cost-benefit analysis of non-compliance and fails to pay taxes if the chances of being caught are remote[70] .While doing this type of analysis, An and (1993) noted that people will adopt the best actions to achieve their goals or consistent with their preferences and beliefs [71] .These views are in line with the rational choice theory in that individuals make decisions that are in their highest self-interest [72].Therefore, government should make people to take compliance with tax laws to be in their best interest. On the issue of morality in tax compliance, from a philosophical perspective the consideration is whether people should cheat in income tax declaration even if they will not be caught. And whether people should continue to pay taxes when they know that part of the proceeds will be embezzled and/or used in prosecuting wars that may take the lives of innocent people. Another point on morality falls on government. As noted by Mick Moor (2007), there should be a bargain between the State and citizens. On one hand citizens should pay taxes to government, on the other, government is expected to provide social services[73].Ideally, it is the duty of government to provide social and economic infrastructure for the country. This is one of the justifications why people pay taxes to government. Where government fails on its part, either due to poor governance or lack of resources, and people are left with no other option than to provide such social services by themselves, should government at the same time expect citizens to pay their taxes, after it failed to meet its own part of the bargain ?.There are situations where these infrastructures are provided by corporate organizations under corporate social responsibility. In this scenario, the power, influence and respect for government will be undermined and will begin to dwindle since corporate bodies carried out some of the duties of government. People will begin to question the justification of government to collect taxes. This situation is happening in Nigeria

currently (2015) where people/taxpayers and corporate bodies (under corporate social responsibility- CSR) provide most social services and even security but are still expected to be tax compliant. The intervention by corporate bodies in social and economic infrastructure is worrisome as it gives them the appearance of being alternative government. When this is combined with other failures in governance, the disdain and distrust for government will increase. And, this will encourage a culture of non-compliance with tax laws. This raises questions as to whether government is morally right to collect taxes and on the part of citizens/taxpayers, whether the failure by government will not trigger tax resistance/protests? Therefore, an effective campaign for tax compliance should be preceded by a study and understanding of why people do what they do, that is, in this case, getting a good knowledge of the causes of why they resist payment of taxes. Apart from tax resistance on grounds already discussed, there is even the egoistic consideration of why a person should deny himself of personal comfort to be able to pay taxes[74]. Yet on the extreme some people even question the justification of paying taxes, under coercion by government, when they provide basic social amenities such as pipe borne water, roads, electricity by themselves. On the whole, there is the question of relativity of morality, upon which the payment of taxes is based, since what is acceptable or considered moral in one place may not be acceptable in another. To this extent, the concept of voluntary tax compliance may not be acceptable universally except it is forced on taxpayers, albeit subtly.

In addition to such internal factors arising from personal human elements, as mentioned above, the impact of external factors on tax compliance were examined in the process of this research. The external factors included the state of infrastructural development that affect standard of living, the simplicity of tax laws to the extent of

the ease of interpretation and application, at lower cost to both the taxpayer and tax administrator. The perception about proper utilization of tax revenue; if the proceeds of tax collection are not being properly utilized, as far as the taxpayer is concerned, why it is so and what efforts are/were made to reverse the trend? These issues are likely to have a lot of impact on tax compliance. On the part of the tax system, how transparent are the processes and procedures? In addition, are the tax processes and procedures impediments to tax compliance or are they user-friendly as to elicit voluntary tax compliance? A search light was beamed on how government's actions and inaction in supporting the effectiveness of the tax system affected tax compliance by way of ensuring simple and appropriate tax laws and quick disposition of tax disputes. The analysis of the external factors was extended to multi-national enterprise (MNE) taxpayers to the extent that they are big taxpayers especially in developing countries and the perception about them and their tax compliance status impacts on overall tax compliance and total tax revenue generated by the country.[75] While the overall contribution of MNEs in developing countries may be high, in absolute figures, taxes paid by some of them individually may be less than taxes due. This is because they engage in aggressive tax planning which results in their shifting taxable profits earned in such countries to tax havens, outside the developing countries. This fact and the perception about it discourage tax compliance. In a study carried by Action Aid (2012) it was found out that a small-scale business person operating around the premises of a MNE that has a brewery in Africa, one of the largest breweries in the world, ended up paying more taxes than the MNE because of transfer pricing scheme the MNE engaged in.[76] The study noted that this pattern of harmful tax practice through transfer pricing was common among other MNEs. A more recent study by Action Aid in collaboration with Tax Justice

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Network-Africa (2015), 'The West African Giveaway: Use and Abuse of Corporate Tax Incentives in ECOWAS' alleges that United States $.9.6 billion is lost annually by West Africa[77]. The effect is that this type of revelation will undermine the credibility of the tax system and will discourage tax compliance among local taxpayers.

1.1.5 Behavioral Approach

Another angle to the human behavior/habit approach is the analysis of what motivates people to comply with tax laws other than those discussed above. Why do people do anything at all? Of course, it can be asserted with confidence that all behavior is purposeful and the purpose is to meet needs of individuals. If that is the case the question should be asked what needs are such people trying to meet.[78] To this extent reference is made to what Gross (2014) said about motivation[79]. He described motivation as being concerned with why people act and think the way they do. The why and how of human behavior imply causes and underlying mechanism or processes in human activities. Gross (2014) noted that motivated behavior is goal-oriented, purposeful behavior. In any case, there is no human behavior that is not motivated. This assertion was noted earlier as reward, satisfaction with conduct or fear of sanction. This agrees with Dhigg's cue-routine-reward loop[80] to the extent that the motivation is for the reward to be derived. This position is also consistent with the assumption of the tax compliance behavior tendency flow chart that the benefit derivable from non-compliance is a reason for failure to pay tax as prescribed by the tax law. Another similarity in the assumption is that what we remember is what we already know, and that our use of past experience to deal with new experience is a fundamental feature of the way human mind works[81]. It will be recalled   that tax

compliance behavior tendency chart (page 5) made similar assumption that memory of pain of sanction for non-compliance or reward derivable from non-compliance influence subsequent compliance tax behavior. This important role of memory is consistent with natural science finding, on page 8 above, to the extent that memory determines subsequent action and thereafter behavior.

In delving deeper into the role of self-assessment in the challenges of voluntary tax compliance, the research also took a critical look at various influences people are exposed to in the course of tax compliance. These influences include those of culture, that is, the way people do things. Gross (2014) highlighted individualist and collectivist cultures as major determinants of behavior[82]. He noted that Africa belongs to collectivist culture and are therefore more susceptible to conformity, that is, the group behaves mechanically. One consequence is that if the culture does not ascribe to the payment of taxes to a central authority, that is, government, the people will conform according to the dictates of their culture, in this case, this will translate to negative tax compliance. History of brutal imposition of taxes by colonial masters and the resultant tax resistance[83] will provide enough ground for negative conformity of non-tax compliance against what is considered alien system of tax administration. A system contrary to communal way of doing things including raising funds in cash and kind before the insistence in paying taxes in European currency. On the other hand, the individualist culture of Europe will make the people take individual decisions on tax issues rather than rely on peer influence or culture. In this case, it will be easier to convince the individual to comply with tax laws than would be the case with collectivist culture of the African, with its abhorrence to Western type tax compliance due to colonial experience. The tax-to-GDP ratio, which is a measure of tax compliance and which shows that European

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countries are better in tax compliance, give credence to this assertion (see appendix 2). However, it is reiterated that the history behind certain tendencies should always be taken into consideration. As an example, attitudes, beliefs and motivation to do certain things do not exist in vacuum, nor are they mere accidents. They reflect the history of a people; they are formed by concrete historical experience. Therefore, they cannot be understood if they are dissociated from historical conditions[84] .

An approach to the improvement of the self-assessment tax system and therefore voluntary tax compliance will be to begin to build a friendly taxpayer service with the aim of getting taxpayers' buy-in, input, partnership and ownership of the tax system. As stated in the French declaration of the right of man and citizen, the individual or through his representative has a say on how he should be taxed. In this way they will overcome bitter historical experiences and begin inculcate tax compliance culture. Once tax compliance is embedded in the culture, the collectivist culture of Africa and its mechanical nature will encourage tax compliance, even more than will be the case in an individualistic culture. That is to say that culture can be used as a tool for tax compliance mobilization. To this extent, the features of self-assessment such as promptness of filing tax returns and their correctness have to be built into the ways people do things to the extent of their becoming routine and automatic. Thus culture is used to achieve a behavior pattern of tax compliance. This scenario agrees with John Bargh and Tanya Chartrand (1999), that ''most of a person's everyday life is determined not by their conscious intentions and deliberate choices but by mental process that put into motion features of the environment and that operate outside conscious awareness and guidance''[85]. This takes us back to the issue of memory and how it shapes behavior.

1.1.6 Other Behavioral Issues

Other than specific individual behaviors, Jackson and Milliron (1986) reported that males tended to be more non-compliant than female. In the same vein, that single taxpayers were found to be more intentionally non-compliant than were married taxpayers[86]. These findings are similar to those of OECD (2004) that individual differences such as gender, age, level of education, moral compass, industry personality, circumstances and personal assessment of risk influence compliance behavior.[87] Going further in x-raying other behavioral issues is the matter of perception and its various dimensions in influencing behavior and by implication tax compliance behavior. It has been suggested that people's behavior is based on their perception of reality, and not reality itself. And that the world as it is perceived is the world that is behaviorally important. Meaning that the interpretation of objects/things is to a large extent influenced by their personal characteristics, attitudes, personality, motives, interest, past experiences and expectations[88] .These factors are determined by the environment and therefore there may be a convergence of behavior and similar perception of government, for example, of not utilizing tax revenue properly, as a result of general external attribution This environmentally determined external attribution surely will impact on tax compliance behavior one way or the other.   On the whole, the conceptual framework revolves on the understanding of the factors that drive specific tax compliance behavior. The essence is to guide the selection of appropriate means of changing such behavior. *To this extent it is important to find out what is occurring, who is doing it and why are they doing it?*[89]Then the tax authority should deal with the issues connected with why taxpayers are doing what they are doing.

1.2.   OBJECTIVE OF THE STUDY

As noted in the conceptual framework, taxation is the main and preferred system of raising revenue by government. In the case of Nigeria, it has a long term goal/vision of being ranked among the top twenty economies in the world by the year 2020. The realization of this vision will require heavy capital investment in infrastructure especially, roads and electricity generation, to sustain the size of economy desired. It means   that taxation will be used to provide most of the funds required since it is the cheapest and safest means of funding public investment. However, the facts on ground show that the tax-to-GDP ratio is low, at 12 per cent overall and 4.5 per cent for non-oil taxes. However, as a developing country taxation is expected to contribute at least 30 per cent of GDP[90].

The problem of low contribution of tax-to-GDP is compounded by sharp fall in the price of crude oil , the main source of income for Nigeria's economy, from United States dollars (US \$) 112.75 (one hundred and twelve dollars, seventy-five cents) in December 2013 to US \$ 63.28 (sixty three dollars, twenty-eight cents) in December, 2014[91]. This poses huge funding challenge to Nigeria and this will overstretch tax revenue collection machineries now and in the coming years .It is in the light of finding solution to this that the study was undertaken .In tackling these challenges the objective of the study will be as given below:

 Overall Objectives:

To find out the relationship between increase in tax revenue collection and voluntary tax compliance, through self-assessment system, as is in operation in Nigeria and to proffer solution that will bring about increase in tax revenue.

Specific objectives:

To evaluate the knowledge and understanding of staff of tax authorities of the principles of taxation and tenets of self-assessment tax system.

To determine the extent to which the appropriate features of self-assessment tax system are present and are being applied.

To find out the level of taxpayers' understanding of their obligations under the self-assessment system.

To assess how much taxpayers can be trusted to render tax returns and make payment of taxes as and when due.

To verify the level of support of the self-assessment tax system by the tax environment.

To work towards the overall objectives, the specific action plans and time-frames below will be carried out. Some of the actions to be undertaken will run concurrently and simultaneously.

Evaluation of the knowledge and understanding of tax officials of the principles of taxation and the tenets of self-assessment tax system;

The implementation of self-assessment system that will result in voluntary tax compliance and deliver increased tax revenue will rely on the knowledge and understanding of tax officials of how the system works. Thus, the first step will be to evaluate that tax officials know how it works and know what to do. This is more so because the change of tax administration system from administrative assessment to the self-assessment system. The old system gave a lot of powers to tax officials. The new system is therefore faced by the temptation for tax officials being reluctant to relinquish powers they were already use to. There is therefore the possibility of inertia, in terms of reluctance in acquiring knowledge about the self-assessment system and of not taking the right type of action. These will hamper the effectiveness

of the' new system.' This activity will evaluate the preparation for the acquisition of knowledge about the self-assessment tax system at the point of introduction and steps taken to deepen such knowledge during the regime of self-assessment tax system. And also there will be an evaluation of what was done to empower taxpayers since their knowledge of the new system is important .The literature review, interviews, administration of questionnaires and data analysis/interpretation phases and activities will unveil the information required. A time-frame of six months from August, 2015 to February, 2016 will be used for this specific objective.

Determination of the extent of appropriate features of self-assessment tax system that are present and are being applied;

From available information on self-assessment tax system, as mentioned in the conceptual framework, and as will be discussed in details in the review of literature, the self-assessment tax system has specific features including taxpayer education/service, risk-based tax audit, returns and payment processing and strict sanctions for non-compliance. In the course of the study, especially during interviews, surveys/questionnaires, the extent to which these features are present and are carried will be verified. The reason is that these features have to work in conjunction for the self-assessment tax system to be effective. Verifications will be carried out at multiple ends such as taxpayers; to ensure that they have been made to be familiar with the tax processes and procedures, tax officials; to verify that they restricted themselves to roles expected of them, and tax representatives etc , to corroborate information collected from other sources. The aim of multiple the verification is the confirmation and complimentarily of results. This activity runs from the conceptual framework up to data analysis and interpretation. On its own, it is expected to span a period of six months, September, 2015 to March, 2016.

To find out the level of taxpayers' understanding of their obligations under the self-assessment tax system;

Self-assessment tax system may be described as tax administration through power sharing collaborative efforts between tax officials and taxpayers. One of the things that will make self-assessment work and that should impact on tax compliance generally is taxpayer education. The development of tax processes and procedures, and other tax administration methods are within the roles of the tax administration. Where the taxpayer does not understand what is expected of him, then voluntary tax compliance, through self-assessment, will not occur, and where it does, it may not be accurate and may not produce results desired. Therefore the status of the understanding of the taxpayer of their obligations will be verified from taxpayers themselves. What will be verified specifically is taxpayers' knowledge of their tax obligations and efforts by tax officials to ensure that taxpayers are knowledgeable on self-assessment tax issues. Of course, there will be cultural and behavioral hindrances to tax compliance. These will be isolated and their impact and influence on tax compliance analyzed.

Experience shows that as part of efforts to avoid taxes, taxpayers feign ignorance of their tax obligations. Part of the steps to taken to investigate this claim is to delve into learning and memory aspects of individuals since taxpayer education is done through teaching and the taxpayer is expected to learn and keep what was learnt in memory and to effect tax compliance based on memory of what was learnt. Existing knowledge on these issues will be applied. To this extent the definition of learning by Coon (1983) is material. He noted that learning is a relatively permanent change in behavior due to past experience. Howe (1980) had pointed out that learning is cumulative and that what we learn at any time is influenced by our

previous learning[92]. In this regard, it has to be ascertained if learning on tax obligations were imparted, by tax officials, in a manner that will bring about permanent change in the behavior of taxpayers. Other issues are about memory and retrieval of knowledge. These will be analyzed from taxpayers' perspectives. Good enough Blackemore (1988) linked learning to memory. He said that learning is the acquisition of knowledge while memories, made up of registration or encoding, storage and retrieval, is the storage of that knowledge[93]. In dealing with taxpayers' understanding of his tax obligations it has to be established that tax officials imparted tax knowledge on taxpayers and that there was learning in the process. If the learning wasn't put into memory of taxpayers then tax compliance action will not happen. If this is the case, the reason that tax knowledge was not learnt to bring about change in behavior and was not kept in memory will be investigated. In doing so, the fact that there is a tendency for the memory to forget redundant information[94] will be taken into account. Why tax information will be made redundant information will be analyzed.

In addition to the impartation of tax knowledge-learning-memory angle to taxpayer education, other factors that may impact tax compliance behavior will be ex-rayed for solutions. This includes the investigation and confirmation of the finding by Kees Keizer (2008) that people many disobey rules when it appears that others are doing so[95]. Also, demonstration effects[96] on tax compliance behavior and how to prevent its negative effect will be assessed. The focus here will be to fashion out how to use tax compliance status in a manner that it does not make tax compliant taxpayers to copy the bad example of non-compliant ones. A case in point is how the information released to the news media by Nigeria's Honorable Minister of Finance,

to the effect that seventy per cent of medium and small taxpayers were non-tax compliant, could have been handled.

This activity will be carried out alongside others and will cover the period of six months, September, 2015 to March, 2016.

Assessing how much taxpayers can be trusted to render tax returns and make payment of taxes as and when due:

Voluntary tax compliance through self-assessment relies on the willingness of the taxpayer to render tax returns promptly and accurately and make payments as and when due. It means that a large measure of confidence is reposed on the taxpayer. The essence of this specific objective is to prove if the taxpayer can fulfill this role. The extent of taxpayers' compliance will reveal whether or not the taxpayer can be trusted. As a prelude, it has to be pointed out that the main purpose the taxpayer is in the business is to earn income or profits. However, government has the obligation to impose taxes on incomes and profits, except if such incomes or profits are exempt from taxes. The payment of taxes reduces the amount of incomes or profits taxpayers take home. Taxes reduce the monies available to taxpayers for consumption or re-investment. Therefore, taxpayers will naturally prefer to pay no taxes at all or pay lower taxes on incomes or profits except if it cannot be avoided. This raises the issue of how much taxpayers can be trusted to file tax returns and pay taxes as and when due, in a self-assessment tax regime. A tax return filing rate of thirty (30) per cent for medium and low income taxpayers in Nigeria[97] does not show that taxpayers can be trusted. However the actual returns filing and tax payment compliance will be measured. Low tax compliance may also imply that the tax authority may not have taken appropriate steps that will leave taxpayers with no option than to pay taxes as and when due. In the course of dealing with this specific

objective the extent to which taxpayers cannot be trusted will be evaluated, taking into consideration the fact that some of the tax liabilities that taxpayers are expected to pay voluntarily are huge amounts of money, and taxpayers know how much they will earn by refusing to remit or delaying remittance of tax monies. Other issues that will be evaluated include the extent of demonstration effect[98] of announcement of non-compliance by other taxpayers. In any case, there is a high possibility that the fact that a taxpayer knows that others are not tax compliant will discourage such taxpayer from paying taxes as and when due. There is news all over the place about unpaid salaries in the public sector in Nigeria coupled with reports that government was in the process of investigating allegations of missing 'oil money'[99]. Such reports about corruption and diversion of proceeds of tax revenue collected, for purposes that are questionable, will most likely have negative effect on tax compliance culture. Taxpayers may be tempted to question if government can be trusted to keep tax monies?

On the part of the tax authority it has to be realized that self-assessment tax system relies heavily on post-filing controls such as risk-based audit, collection enforcement measures such as penalties, interests, prosecutions, etc. The action of applying sanctions is expected to elicit change in behavior and voluntary tax compliance in the future. It is for this reason that voluntary tax compliance is sometimes referred to as ''forced compliance'' which is dependent on taxpayer's enablement and post-filing control measures. In this regard, this phase of the study will investigate if compliance enforcement measures were taken in cases of poor tax compliance performance with a view to ''forcing'' a change in behavior on the part of taxpayers. If not why such was the case? It will also be investigated whether risk-based tax audit case selection was adopted. If not, why it was not used since risk-

based audit case selection gives every case the possibility of being selected, in a manner that makes tax audit a transparent process.

This specific objective will be evaluated during the phase of surveys, administration of questionnaires, the interpretation of data gathered, and the study of findings. It will run concurrently with other activities and on its own will take a period of six months, October, 2015 to April, 2016.

Verification of the level of support of the self-assessment tax system by the tax environment;

The tax environment, made up of all stakeholders, whose support will be verified include those of the executive, legislative and judicial arms of government. The tax environment will be extended to include the socio-cultural area. The consideration is that if the tax environment does not give the required support to the self-assessment tax system, taxpayers will not be motivated to willingly comply with the provisions of tax laws. Specific support issues include how long it takes to initiate the right tax policies, and tax laws design and enactments that will facilitate the administration of self-assessment tax system. Prosecution for non-compliance is a vital aspect of the administration of self-assessment. In this regard, appropriate and timely judicial decisions will be required otherwise taxpayers will take undue advantage of delays in quasi-judicial and court decisions to engage in more damaging acts of non-tax compliance. Both of tax administrators and taxpayers will be discouraged to initiate actions for legal remedies if they are so expensive and protracted to secure. Thus, the continuum that elicits the self-assessment will be broken and the tax system will become ineffective. On socio-cultural perspective, it is noted that some cultures and sub-cultures are not friendly to tax compliance either due to historical experience or nature of the culture, whether conformist or

individualistic. Such tendencies impact on the behavior of individuals and to this extent encouraging individuals to be tax compliant or otherwise by means of support given through socio-cultural means.

This tranche of objective of the study will be verified from the stage of review of literature, data collection and analysis, up to the findings of the project. While it will run concurrently with other specific objectives, on its own it will take a period of nine months, October 2015 to July, 2016.

1.3   RESEARCH PROBLEM

1.3.1   Background to problem statement

Taxation is one of the fiscal policy tools employed by government in influencing the direction of growth of the economy. Taxation plays this role in addition to the primary function of revenue generation. As a developing country Nigeria has tried to use tax incentives to attract direct foreign investment. To this extent, it granted many foreign companies tax incentives to invest in Nigeria. The tax incentives are taxes forgone at a point in time in order to expand the economy, with the expectation of collecting more taxes in the future. Unfortunately, the regime of tax incentives has not worked in Nigeria. According to the International Monetary Fund, World Bank and the Organization for Economic Cooperation and Development (OECD) this is due to loss and leakages of tax revenue and the attendant undue advantage it has created against domestic companies[100]. Thus there will now be more reliance on corporate taxes in raising revenue for development if the advice of these multilateral institutions is anything to go by. One of the issues that triggered the selection of the topic is the lack of funds to execute social and economic infrastructural development in Nigeria. This has been dominating discussions in public forums in the country in

the last two years. A major means of generating funds for development is through tax revenue because it is cheaper and the risk involved is lower when compared to other sources such as borrowing. Unfortunately the tax revenue performance of Nigeria is low, at 4.5 per cent of GDP as to 30 per cent tax-to-GDP required of a developing country[101]. However, this poor performance does not take away the importance of taxes; it makes the need for the achievement of effective tax administration more imperative. No wonder the Internal Revenue Service of the United States of America, in making a case for the realization of the importance of taxes stated that "taxes are, what we pay for a civilized society".[102] . The statement continued that taxes pay for the police that keep people safe, the armies that defends the populace and the infrastructure; roads, bridges, dams, seaports, inland ports, airports, railways, electricity, etc that supports the business that generates wealth. And that taxes fund health care maintenance and education; taxes also bind people together in a social contract with government to whom taxes are paid to and which is expected to spend them well.

The above underscores the importance of tax revenue. In the absence of enough tax revenue to enable government to carry out its functions, it may resort to borrowing. However, borrowing is not the best option to finance public expenditure as it has additional cost, such as interest payment and possible penalties, attached to it. In addition to the payment of interest and penalties, there is conditionality attached to loans especially those borrowed from external sources including multi-lateral financial institutions. Some of the conditions may be too severe for the borrowing country and its citizens to bear. For example, the lender may determine how the loan will be utilized. In some cases lenders insist that the funds should be disbursed to companies of the donor country's origin, in which case most of the

benefits go back to the donor's country. This is the reason for the preference for tax revenue as a means of funding the activities of government and other public expenditures. Even when loans are taken to finance some projects or for example to execute wars, taxes will still be required for the repayment of such public debts when they mature. Thus, financing public expenditure through loans may mortgage future policies of government. Therefore, at all times, government needs tax revenue to fund public expenditure.[103] In it in the light of this that the research problem statement below is stated:

1.3.2 Problem Statement

A challenge in Nigeria especially since 2013 is lack of funds for public expenditure. This has affected social and economic infrastructural development and resulted in the abandonment, un-completion or delays in many projects designed to drive the economy to the benefit of about 178.5 million Nigerians (World Bank 2015). The projects include national railway network, highway road network, electricity generating power stations, etc. Things degenerated to the extent that many states are cash strapped. The external burden of the federation as at December 31, 2014, as reported by the Debt Management Office has risen to US.$9,711,449,110.00[104].The concern here is not how heavy the debt burden is but the fact that tax revenue will be used to pay the loans in future. Consequently the development and maintenance of critical infrastructure that will galvanize the economy may not be possible. The situation led to putting in place of a comprehensive financial relief package for States of the Federation[105]. Federal Government bonds have been issued to fourteen banks on behalf of eleven State

Governments as part of the plan to restructure States' commercial loans.[106]On the whole twenty-two State Governments applied for their commercial loans to be converted to Federal Government bonds. In addition, the Federal Government released US$ 2.1 billion (two point one billion dollars) for allocation as bailout fund for Federal and the thirty-six State Governments. This is a testimony of the extent of lack of funds.

The fact that there is paucity of funds for public expenditure is a sign that tax revenue available to government is in-sufficient. The low tax-to-GDP ratio, a measure of tax effort,[107] of 4.5 per cent[108]for non-oil taxes after rebasing of GDP in April 2014 confirms this. The implication is that tax administration has performed poorly, in spite of the introduction of the self-assessment tax system, a tool of voluntary tax compliance; an ideal of many tax systems known to bring about maximization of tax revenue collection[109].This is far below the 30 per cent tax-to-GDP performance expected of developing countries, like Nigeria. The issue then is , why Nigeria's tax revenue system performs relatively poorly and generates in-sufficient taxes in spite of the operation of the self-assessment tax system as provided by the constitution and the tax laws. So far, there have been little or no studies in Nigeria of the phenomenon of self-assessment and voluntary tax compliance except that by IMF Tax Assistance Team, which was purely advisory. In this study, the reason for the relative poor tax revenue performance, in spite of the self-assessment tax system, will be investigated through multiple methodologies of survey/questionnaires, interviews and library research. The correlation between self-assessment/voluntary tax compliance and increased tax revenue collection will be established to determine what went wrong, in terms of the tenets of self-assessment tax system.

1.3.3 RESEARCH QUESTIONS

The self-assessment tax system was introduced into the Nigeria tax system in 1992. Until 1998 it was restricted to taxpayers within the threshold[110]of turnover more than one million Naira (N1,000,000). From the time of its introduction until 2007 there was an incentive bonus of one per cent of tax payable as a means of encouraging compliance even when it was compulsory. Even with the initial incentive, the filing compliance rate for small and medium taxpayers in 2014 was only 30 per cent[111]. With a tax-to-GDP ratio of 4.5 per cent, implying poor performance, the following research questions arise;

Why is it that tax authorities in Nigeria exceed their tax collection targets in some of the fiscal years[112] yet the contribution of tax-to-GDP, a measure of tax effort, remained low at 4.5 per cent ?;

If self-assessment tax system involves sharing of tax administration responsibilities with the taxpayers, why are tax officials reluctant to share such powers with taxpayers, as they appear to have gone ahead to issue government/administrative assessments most of the time?[113],

Granted that self-assessment tax regime assigns part of tax administration duties to taxpayers, for example self-declaration of income. Can taxpayers be trusted to play that role honestly? If not, why are taxpayers not willing to declare the correct amount of income and taxes, and pay them when due?;

On the part of government, why has it not shown enough interest in ensuring the success of the voluntary tax compliance regime? If one of the reasons is political considerations, why does the government place political considerations over and above tax revenue generation and economic survival?;

What are the factors responsible for low tax-to-GDP ratio in Nigeria and why has it not been an issue?

❖ If self-assessment tax system encourages dialogue between the taxpayer and the tax authorities, why are tax authorities reluctant in implementing the self-assessment tax system[114]?

❖ What factors will motivate taxpayers to file tax returns timely and honestly?

❖ If self-assessment tax system is the modern and desired system of tax administration, how come it has not raised tax revenue reasonably, in terms of tax-to-GDP ratio. Are there impediments to effective self-assessment tax administration? If so, what are they?

❖ What factors influence the effectiveness of the self-assessment tax system in terms of good practices?

❖ *What are the determinants of an effective self-assessment tax system in an environment like Nigeria?

❖ In granting tax incentives some revenue is foregone, for example bonus for filing and paying on the basis of self-assessment tax regime, did it and other tax incentives achieve the objective desired?

❖ Why do taxpayers make incorrect declarations of income? Those who make correct declarations, why do they do so?

❖ Is it possible that non-compliance with tax laws and regulations is a demonstration of tax resistance and tax protests? To what extent are these possible and what are the extents of resistance and protests?

❖ In addition to possible non tax-compliance antics, is it possible for cultural and religious backgrounds to influence tax compliance? If so what are the dimensions and extent;

❖ *To what extent has people's perception of government influenced the level of tax compliance?. If it has, what is the proportion attributable to distinctiveness, that is, individualistic consideration as opposed to consensus behavior or that which is common to other people within the environment;

❖ *If the constitution of Nigeria requires that very taxable citizen should declare income honestly to appropriate government agencies and pay taxes as and when due, why is it that this is not being implemented? and

❖ In situations where government fails in its obligations to provide social services and individual taxpayers provide such, should government be morally right to demand payment of taxes, either in part or in full? Do taxpayers resist/protest such situations through non-compliance in their tax obligations? To what extent have such situations contributed to the level of tax compliance?

1.4   HYPOTHESES

1.4.1   Background to Hypotheses

Nigeria has a tax-to-GDP ratio of 4.5 per cent (this was noted in 1.1). With this level of tax-to-GDP ratio, it ranked 179 out of 189 countries in a survey carried out the World Bank in 2015 on tax payment compliance performance in comparative global terms[115]. This is a poor performance for a developing country-in need of funds for public expenditure on social and economic infrastructure .The country currently has a population of 178.5 million people and a GDP of US.$568.5 billion according to World Bank estimates in 2015[116]. This level of GDP makes Nigeria the largest economy in Africa and twenty-six largest in the world after the rebasing of GDP in April, 2014. With a huge population, the seventh largest country in the world[117], and

a large economy currently ranked 21 (World Bank 2015), the implication of the poor tax revenue collection performance is that the country has huge untapped tax potentials. However, although Nigeria has a large economy the per capita income of us.$2950[118] is low, meaning that the total income in relative terms is low.

Over the years Nigeria carried out tax reform initiatives with a view to making its tax administration more efficient and effective. The objectives also included increasing its tax revenue collection so as to provide the funds expected for public expenditure to sustain the level of social and economic infrastructure required to drive the economy to the level desired. A brief on the three of such reforms[119] are given below:

The Task Force on Tax Administration, 1978

This tax reform, the first after the end of civil war in Nigeria in 1970, expectedly had the objectives of increasing tax revenue collection through the introduction of withholding tax regime. An administrative mechanism for the collection of taxes, on designated activities, in advance as a deposit before tax liability is declared. One of the aims of this policy was to block leakages in tax revenue and to get information on the initial taxpayer. The second tax administration initiative introduced by this reform was the imposition of special levy on excess profits of banks. The policy was based on the principle of progressive taxation and since banks were making more profits extra taxes were imposed on them. Thirdly, the reform brought about the imposition of turnover tax of ten per cent on building and construction companies, as a means of bringing these difficult to tax companies into the tax net;

The 1992 Study Group on the Nigerian Tax System and Administration

The main achievements of this reform were the setting up of Revenue Services at the three tiers of government, so as to expand the scope and coverage of tax administration, and the shift of policy from indirect to direct/consumption tax with the introduction of value added tax. Consumption tax was introduced because it is more difficult to evade than direct taxes and, a quicker and easier means of raising revenue;

The 2002 Study Group on the Review of the Nigerian Tax System.

This tax reform process continued till 2004 when the Federal Executives Council set up a Presidential Committee with the mandate to draft tax reform Bills that will give effect to the following policy directions:

-to achieve voluntary tax compliance and a more equitable tax system; a more efficient and effective tax administration, and a simpler tax system;

-to modernize the tax laws by removing archaic and redundant provisions and also eliminating obsolete and non-realistic provisions/penalties;

-to educate taxpayers on their obligations and rights;

-to adequately empower the human resources of the Revenue Service; and

-to increase tax revenue/revenue that accrue to the governments of the federation.

At the end of the day tax reform four laws were enacted and the Revenue Services were granted semi-autonomous status and their staff became better remunerated so as to motivate them to deliver more tax revenue to government. In spite of these tax reforms, tax revenue collection did not improve as desired.

2010 Review of the Self-Assessment Tax System

The self-assessment tax system was introduced in Nigeria in 1992. This will be discussed in details in the review of literature. However, it is important to note that in

2010, the IMF Technical Assistance Mission to Nigeria[120] reviewed the Nigeria tax system and observed that the self-assessment tax system in Nigeria, which was expected to bring about maximization tax revenue collection, was not being operated in accordance with the tenets of self-assessment tax system. Perhaps this contributed to the relative poor performance of tax revenue generation. The observation of the poor implementation of the self-assessment tax system coupled with the fall in tax-to-GDP ratio gave a cause for concern. Another cause for concern is the declining economic fortunes of Nigeria, as a result of the fall in the price of crude oil, considering that petroleum accounts for forty per cent of GDP and eighty per cent of government earnings[121]. The declining economic fortunes when weighed against the relative poor tax collection performance triggered this research and the hypotheses that have been formulated.

1.4.2   Formulation of the Hypotheses

On page 4 of this chapter it was noted that voluntary tax compliance is the ultimate of every tax system because of its optimal revenue generation potential and that self-assessment is the tool of voluntary tax compliance. Therefore the two go hand in hand. The hypotheses have been formulated around this relationship. Every tax administration desires tax revenue maximization; the problem to be solved is how Nigeria will achieve this using self-assessment tax system. It has already been noted above that self-assessment tax system has its tenets. These have been dealt with in the review of literature. There is however an implication that if voluntary tax compliance will be achieved through self-assessment and therefore tax revenue maximization, the self-assessment tax system must be carried out in accordance with its tenets. Going back to the trigger for the research and the selection of the topic of the research, the Global average tax-to-GDP performance is 15.79 per cent

(appendix 1). The tax collection performance level required of a developing country, of which Nigeria is one, is 30.00 per cent[122]. At present Nigeria's tax collection performance is 4.5 per cent of GDP, as against 12.00 per cent before the rebasing of Nigeria's GDP. Following from the need to reverse the above trend and from the literature available in Nigeria and at international arena on tax revenue collection and tax compliance, the hypotheses below have been formulated with a view to finding a solution to lack of funds for public expenditure ;

First hypotheses

Null Hypothesis, H_o

Self-assessment tax system does not bring about tax revenue maximization.

Alternative Hypothesis, H_1

Self-assessment tax system brings about tax revenue maximization.

Second Hypotheses

Null Hypothesis, H_o

Full self-assessment tax regime does not lead to tax revenue maximization.

Alternative Hypothesis, H_1

Full self-assessment tax regime leads to tax revenue maximization.

Third hypotheses

Null Hypothesis, H_o

Transparency of government does not impact on tax revenue maximization.

Alternative Hypothesis, H_1

Transparency of government impacts on tax revenue maximization.

1.4 3   Variables

(a) Hypotheses (1)

The dependent variable for the null hypothesis is tax revenue maximization while the independent variable is self-assessment tax system. In the same way, the dependent variable is self-assessment for the alternative hypothesis while the independent will also be tax revenue generation.

(b) Hypotheses (2)

The dependent variable for the null hypothesis is tax revenue maximization while the independent variable is full self-assessment tax regime. Similarly, the independent variable for the alternative hypothesis is full self-assessment tax regime; on the other hand, the dependent variable is tax revenue maximization.

(c) Hypotheses (3)

The dependent variable for the null hypothesis is tax revenue maximization while the independent variable is transparency of government. On the other hand, the dependent variable for the alternative hypothesis is also tax revenue maximization while the independent variable is still transparency of government.

The reason for the three sets of hypotheses is because the tax revenue collection maximization will depend on the application of the self-assessment tax system, for the first two while the third depends on the transparency of government, a factor that influences self-assessment tax regime. However, there are some other parameters that will be studied, because of their influence on tax compliance, such as the features of self-assessment namely taxpayer education, risk based case selection for audit and strict application of sanctions and prosecution for default of

tax laws, as the case may be. In this case the success of self-assessment tax system will rely on the correct application of this tax regime with all its tenets. It means that all these areas will be covered by the survey so that the conclusions of the research are not faced with hindrances. Transparency of government was made a factor because from available literature it has some influence on taxpayers' behavior and therefore may impact positively on self-assessment of tax. On the whole, tax payment compliance will be a measure of confirmation of the hypotheses. The reason is that the global measure of tax effort is tax-to-GDP ratio, which is derived from tax revenue collection. However, before proceeding to the methodology of this research, some parameters that are material to the hypotheses and therefore will impact on their testing and outcomes, to the extent that they need to be covered in the survey, will be heighted here.

1.4.4 Key Parameters Used In Deriving the Research Methodology

The following parameters were vital in designing the survey, questionnaires, interviews, and in fillings gaps of things not explicitly covered by literature. The investigations expect three possible option of responses; Yes or No or Any other comment. The third option will give responds freedom of choice of response. These are shown on the schedule for questions/enquiries:

(a) Tax return forms to be measured in terms of;

- Timeliness of filing, accuracy of the returns, availability of tax return forms, cost of obtaining tax return forms, simplicity of tax return forms and authentication of declarations on tax return forms.

(b) Payment of taxes to be measured in terms of;

- Timeliness, accuracy, convenience of payment, cost of payment and possibility of imposition of   sanctions without fail.

(c) Tax laws to be measure in terms of;

- The effectiveness, simplicity, whether up-to-date, cost implication of applying tax laws and the ability of tax laws to address current business practices.

(d) Tax incentives will be evaluated from the following perspectives;

Perception of its fairness to taxpayers who are not enjoying it and the extent to which it affects tax-to-GDP ratio on account that it is tax foregone.

(e) Perception about tax officials from taxpayers' point of view will be measured against the following parameters:

- honesty, transparency in handling tax processes in terms of treating every taxpayer equally, willingness to help and assist to taxpayers, adherence to rules and processes and in the manner it is done, the opinion of the taxpayer on the level of knowledge of taxation and tax administration exhibited and the extent of professionalism of the tax official.

(f) Evaluation of taxpayers attributes will be measured in terms of;

- Extent of knowledge of tax obligations, readiness to seek and receive assistance on tax obligations and how to handle them, level of trust the taxpayer attributes to himself, level of trust the taxpayer has on government in terms of spending tax revenue judiciously, level of trust of the taxpayer on the ability of government to provide social and economic infrastructure, the extent

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of understanding of the taxpayer on the state of infrastructure, whether or not

the taxpayer is concerned about alternative use of taxes payable to

government, whether the taxpayer consider government to be transparent, the

extent of confidence the taxpayer has on government, whether or not

taxpayer considers the tax system to be transparent, the opinion of the

taxpayer on the fairness of the tax system, any historical bias about taxation

and whether or not the taxpayer has any hope for the improvement of the tax

system.

1.5   The Research Scope and Methodology

1.5.1   Overview View of Research Scope and Methodology

In this paragraph, the scope and methodology of this research took into

consideration the fact that taxation is largely by the public sector matter since it is the

main source of raising funds for public expenditure. This is more so in developing

countries, of which Nigeria is part, where tax administration leans heavily to the

government sector. This is notwithstanding the evolution of self-assessment tax

regime where the responsibilities of tax administration are shared between tax

officials and taxpayers. In any case, this a recent is a recent development in Nigeria.

The consequence of this scenario is that the characteristics of government impacted

on the choice of scope and methodology of the research. One such effect is that

unlike the business sector, the government sector does not have a business

orientation and therefore accurate information are not kept in a business manner.

The consequence is that there is dearth of information of government transactions.

Where records are maintained, retrieval of such information is faced with the

bureaucratic manner of doing government business with the usual multiple

approvals, careful and slow processes. The effect is that information are not obtained at the time they are required. However, as the researcher, I used my experience as a former tax administrator and my familiarity with the tax profession to get around some of the challenges of collecting data on tax revenue collection.

1.5.2   Scope of Research

1.5.2.1 Background to the Scope of Research

Taxation is a subject that is age long and its historical development is important in the sense that it emanates from tax policy directions of government. However, the scope of this research was limited to a ten year period of which the immediate tax reform years of the Federal Government of Nigeria are part. The effective tax reform years referred to and which was carried out in the Federal Inland Revenue (F.I.R.S), is 2003 to 2007. Therefore, the specific research period is 2005 to 2014. In other to make the study relevant for current economic policies and useful for problem solving, it touched on developments in the tax arena from January to June, 2015. Also, many of the   background information that aided the formulation of hypotheses were derived from earlier years, for example, 1992/1993 tax reform period. The trend and statistical information for the periods outside the ten years research period were included because they were considered to be material in deriving conclusions of the research. Another important reason is that taxation is influenced by human activities especially behavioral issues. In this regard, it was considered good to know the trend of human activities and the role of culture of a people in shaping tax compliance behavior. This was already factored into the conceptual framework on pages for to 15 of this chapter.

1.5.2.2 Choice of Area of Study and Participants

(a)   The FIRS was chosen for this research because it is the main tax collection authority of the Federation. The F.I.R.S is the oldest tax revenue authority in Nigeria and existed since 1943[123] when it was carved out from a West Africa Tax Service. In 2007 it was granted a semi-autonomous status through the Federal Inland Revenue Service (Establishment)Act,2007 with sufficient powers to administer major taxes in Nigeria and to enforce actions against non-compliance . It accounts for more than sixty per cent of all tax revenue collected, both oil and non-oil taxes[124] and therefore contributes the largest share of tax-to-GDP in Nigeria. By implication if tax-to-GDP ratio has to be increased, the F.I.R.S will contribute the largest proportion than the other revenue collection agencies. The Head Quarters of the F.I.R.S. coordinates the activities of the organization through a network of offices spread throughout every State of the Federation. The Offices are arranged along regional and business lines that have a uniform method of operation. Also, the F.I.R.S. is a member of the Joint Tax Board (J.T.B.), a body that harmonizes tax decisions in the country. Indeed, F.I.R.S. has a lot of influence on the J.T.B, through its Chairmanship of the body and the manning of its Secretariat. Therefore, F.I.R.S. is in the best position to provide tax information in the country due to its size of operations, long years of experience in tax administration and relative modernization in terms of record keeping.

(b) In determining taxes to be studied and participants to be selected, the guiding principle depended on how much impact and relationship they have with voluntary tax compliance through self-assessment tax system. It is recalled that self-assessment of tax requires the taxpayer to tax the responsibility for filing of tax returns and payments of taxes due. In which case, only taxes that go through the process of self-assessment were considered. Excise and import duties that may turn

out to be one-off events or transactions and may not require regular rendition of return forms were not included in the study. Also, user 'taxes' and levies that are based on usage were not included. The taxes that are in view include personal income tax (P.I.T), companies income tax, petroleum profits tax, value added tax (V.A.T) of corporate bodies and enterprises that require regular rendition of returns and remittances of taxes collected on agency arrangement, education tax, which is collected along with companies income tax. As a further explanation of why the taxes to be studied were selected, the common thing about them is that they are all administered by the F.I.R.S, in accordance with relevant laws and are largely collected by corporate bodies. The circumstances of VAT and P.I.T are slightly different in that they include individuals; however, the challenges were reduced by the fact that a the bulk of the collections were/are made by agents of the tax authorities, in which case, whatever information that were required were collected from the agents.

(b) On the scope for participants, they were selected from taxpayers, so as to get information on the reasons for their tax compliance behavior; tax officials with a view to getting their assessment of taxpayers' behavior, and tax advisors/tax practitioners so as to fill information gap and provide missing links in responses from taxpayers and tax officials.

1.5.3 Research Design

The research problem informed the research design. That is, lack of sufficient funds for public expenditure on social and economic infrastructure to drive the economy, for the benefit of 178.6 million Nigerians. The problem was compounded by low contribution of tax revenue to GDP especially at a time fall in the

price of crude oil, the main stay of the economy. As a result of the peculiarities of the area of study, combinations of descriptive and casual studies were adopted for the research. The reasons are that, on the one hand, behavioral issues are involved in the sense that people are either complying or not complying with the tax laws based on certain behavioral tendencies. There was the need therefore to understand why that was the case, whether the decisions were based on personal reasons or were influenced by external factors. These behavioral issues were speculated about in the conceptual framework of the study earlier in the chapter. Descriptive research method was used to resolve this. On the other hand, some variables that informed the formulation of the hypotheses were identified in the course of development of the conceptual framework and the literature review. There was the need therefore to establish the relationship that existed between them by means of casual research or correlation approach. That is, to find out whether a change in the independent variable would cause a change in the dependent variable and if possible to know the degree of the relationship. The combination of the two method resulted in a more holistic conclusion.

It was also important to understand the characteristics and attributes of the independent variables that bring about changes in the dependent variables. The reason was to use such understanding to be able to design a tax compliance behavior management system to achieve the desired compliance behavior to achieve the desired goal of tax revenue maximization. In other to achieve the purpose of the study, two sets of data were collected namely data on tax collection figures, so as to establish relationship between variables and the second set of data on attributes of individuals or groups that influenced tax compliance behavior. The second set of data included perception about government.

1.5.4 Selection of Data

In the scope of the research, the researcher pointed to the Federal Inland Revenue Service (F.I.R.S.) as the institution that would provide a large chunk of data that would be required for this study. This was done on the account FIRS's position as the apex tax administration body in Nigeria. It is also because it has the records of taxpayers files selected for this study. More so, the specific research area is self-assessment tax regime and most of the taxpayers and taxes effectively involved in self-assessment are handled by F.I.R.S. It is important to note that the fact of the large underground economy in Nigeria, with the consequence of large noncompliance in the rendition of tax returns, leaves out tax authorities of States whose joint administration of personal income tax is executed largely through tax deduction at source popularly referred to as pay-as-you-earn (P.A.Y.E.).

The sampling technique adopted was **judgmental sampling** for obvious reasons that taxation is a government business and information on it is classified. Therefore, it is not easy to come by them except for people who have the experience to get around the system. In any case, it is only a tax organization that would have accurate data for research in the area of taxation. It is for this reason that the F.I.R.S. was selected to provide the population, taxpayers, to be studied. This method of selection is for the purpose that it guarantees the quality of outcome, time and cost efficiency. In terms of the field work, Lagos was selected as part of the judgmental sampling. The reasons for this decision include that it contributed a large proportion of taxes collected and a substantial portion of the gross domestic product[125]. Majority of corporate bodies that pay taxes reside in Lagos; banks, manufacturing companies, conglomerates, breweries, etc. Indeed, sixty per cent of commercial activities in Nigeria are carried out from Lagos[126]. In consideration of these factors,

Lagos was chosen because it is not only the hub, but a microcosm of business in Nigeria and has greater potential for representative samples. It was therefore considered cost effective to use Lagos since in addition the key taxpayers, tax advisors/consultants selected for the study are based in Lagos. It is important to note that with regard to corporate structures, Lagos headquarters of corporate bodies would still have provided answers to questionnaires or given directives on the nature of response even if the questionnaires were directed to offices outside that city. That is, in the event that sampling technique that did not select Lagos was used.

1.5.4.1   Determination of Sample Size

As noted above the study was carried on the F.I.R.S. because it is the only institution that has relevant and complete data on the taxpayers that were proposed to be studied. Therefore, the population for the study was the number of taxpayers whose tax affairs are administered by F.I.R.S and who are eligible to file self-assessment tax returns directly to the Service. In determining the sample size, probability sampling technique was adopted so as to ensure that the data were representative, to reduce bias and enhance the scientific nature of the study by ensuring that every taxpayer had an equal chance of being selected. However it is reiterated that the scope of selection was narrowed to Lagos for reasons explained in 1.5.4 above. After the selection of the sample, there was a **stratified sampling** with a view to capturing all the attributes of taxpayers as they are known to have peculiar characteristics. To this extent, the stratification of taxpayers was based on three segments namely, large taxpayers, medium taxpayers and small/micro taxpayers. These segments are also the one used by F.I.R.S. for the administration of the files of taxpayers. The samples were distributed equally among the three segments.

1.5.4.2   Participants/Respondents

To ensure holistic data collection and to collect data that are of high quality, participants were drawn from the following classes:

F.I.RS. Headquarters, Abuja; for collection of data on the overall tax revenue collection figures, taxpayers population, tax law review and legislation performance trends, etc. The respondents from F.I.R.S. headquarters did not count on sample size.

F.I.R.S. Tax Controller in Lagos in the three segments of taxpayers identified in the stratified sampling. The reason is that being the 'captains' of the offices they were considered to be in a better position to give correct information on taxpayers' behavior;

Taxpayers in Lagos represented by Finance Managers/ Chief Accountants of participants within each segment; and

Tax Advisors/Consultants of taxpayers selected in each of the segments

1.5.4.3   Sample Size

To maintain the scientific nature of the study, the sample size was derived mathematically by the use of the formula given below:

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

Where n   =   Sample size
N   =   The population being studied

e   =   Limit of error that will be tolerated.

If   N   =   160,000, that is, the taxpayer population in F.I.R.S being studied.

e   =   10%, that is, the error limit chosen arbitrarily by the researcher.

Therefore, n = $\frac{160,000}{1+160,000(0.10)^2}$

= $\frac{160,000}{1+160,000(0.010)}$

$$= \frac{160,000}{160001(0.010)}$$

$$= \frac{1600,000}{1600.01}$$

$$= 100.$$

Therefore, the sample size is 100.

1.5.4.3.1   Stratified Distribution of Sample

The object of this research is how to improve tax compliance as a means of achieving tax revenue maximization. Therefore, the focus of the research was taxpayers since they are the ones that pay the taxes. The implication is that the 100 sample size derived from the taxpayer population of the F.I.R.S. was used exclusively for taxpayers. However, since there was the need for corroboration of data collected from taxpayers and to fill information gap during data analysis, and also to ensure high quality outcome of data analysis, the equivalent of twenty per cent of sample was used for quality control of taxpayers' response. The twenty per cent equivalent of sample size was chosen arbitrarily and was distributed evenly among tax officials selected and taxpayers' representatives, that is, tax advisors or tax consultants to taxpayers within the segments. This translated to twenty participants or respondents. In view of this, the stratified distribution of the sample size and the numbers for quality control were derived as given below:

(a) Distribution of Taxpayers' Sample;

Large Taxpayers: 33

Medium Taxpayers: 33

Small and Micro Taxpayers: 34

100

55

The extra one sample on the medium and small taxpayers' segment was arrived at on toss of coin on three occasions namely- large or small and micro taxpayers, medium or small and micro or medium taxpayers, and medium or large taxpayers.

The questions, survey, interviews and discussions for quality control of data from taxpayers were handled by selected tax officials and the Finance Managers or Equivalent positions in taxpayers' business organization covered by the samples.

(b)   Distribution of Quality Control Numbers: 13

(i)   Tax Officials : 12

(ii)   Tax Advisor or Consultant to taxpayer: 25

As in the case of taxpayers' sample the extra one number on the side of tax officials was derived by a toss of coin.

The taxpayers that participated in responding to the questionnaires were selected randomly from the three segments, using ten as interval for selection from the first taxpayer that appeared on the list of taxpayers. In the case of tax officials, the Tax Controllers of the biggest of four offices in each segment were selected with the extra number determined by toss of coin. The same method was applied for the selection of Tax Advisors or Tax Consultants.

1.5.5 Data Analysis Technique

The hypotheses in paragraph 1.4.2 of this chapter indicated the need for enquiry of into the existence of relationship between independent and dependent variables mentioned in the hypotheses. As an example, one of the null hypotheses stated that there is no relationship between full self-assessment and tax revenue maximization.

The technique for data analysis was chosen so as to determine if there *is correlation* between the two variables. To ensure a synergy in establishing the relationship, the research method was decidedly descriptive, so as to determine some of the behavioral tendencies, association of attributes, and frequencies of certain happenings. Taking these into consideration, the research was consequently quantitative so as to support the analysis required to draw the right conclusions.

In consideration of the above, the chi-squared (X2) test was found the most appropriate   method of testing the relationship between the variables thrown up by the hypotheses, and also, the *'goodness to fit'*. The formula for this operational measure is given below:

X2   = $\underline{(\text{O-E})^2}$

                           E

Where:

O	=	Observed frequency
E	=	Expected frequency
E	=	Row total x Column total
		Grand total (of data)
E		May also be given as

$$\frac{N}{K}$$

Where:

N	=	Sample size (total responses).
K	=	Number of cells.

* The degree of freedom, df, may be computed as given below:*

df   = K-1

Where K   = number of cells.

1.5.5.1 Decision Rule

To be able to take decisions after the test of the hypotheses the decision rule used is as given below;

Ho, the null hypothesis will be rejected if the calculated value of chi-squared X^2 is less than the critical value (as on the chi-squared table), in which case, H1, the alternative hypothesis will be accepted, otherwise it will be rejected. The degree of significance for the test of the hypotheses was 5 per cent. The 5 per cent degree of significance was chosen arbitrarily.

1.5.6 Research Instrument

The research instrument deals with the methods of collection of data for the research. To meet the requirements of the high level of the study and to ensure completeness of data especially regarding a sensitive area of research such as tax revenue collection, multiple methods of data collection were used namely

-survey through questionnaires, interviews, personal discussions and observations;

-library research with the aid of journals, newspapers, books, study of published reports of the Central Bank of Nigeria, Nigeria Bureau of Statistics, Debt Management Office of Nigeria, Federal Inland Revenue Service of Nigeria and the personal records of the researcher on tax administration built up as during his years as a tax administrator; and

-information available on the internet, on local and comparative tax matters.

1.5.6.1 Survey Method

Taxpayer population of F.I.R.S is relatively large and for the reasons stated in data selection technique Lagos was chosen. The survey method of data collection was found to be the most appropriate, in spite of cost, stress and the time it took to

collect all the data required. In any case, taxpayers in the State possess all the characteristics of taxpayers that will be found in other parts of the country. Especially, as they are administered by the same tax authority, a uniformity of practice was assured. Also, the survey method offered the opportunity to study the behavior and characteristics of relatively large population of taxpayer using the sampling research method[127]. The drawbacks of the survey method were compensated for through the multiple data collection methods adopted.

1.5.6.1.1 Questionnaires

An important consideration in deciding the type of questions to be asked in the questionnaire was the fact that there was a primary need to collect data that are quantifiable. This is more so because of the field of study, tax compliance, which has to do with human behavior and characteristics. The need to ensure the statistical nature of data collected was with a view to enabling statistical analysis and for the easy of the determination of the significant of the survey result. In this regard, close-ended questions were found to be more appropriate. This is more so because it reduced the expected initial challenges of collation of the data and their arrangement in formats that would facilitate data analysis and conclusions. On the whole, multiple choice questions were used coupled with check boxes and ranking preferences. No doubt, there was a concern for incompleteness of data by not allowing respondents the freedom of giving additional information capable of enriching the outcome of the research. However, this limitation, of not using open-ended questions, was addressed on account of the multiple research method nature of the survey especially, combining multiple choice questions with face-to-face interviews and discussions. Also, the researcher brought into the study decades (of years) of

experience as a tax administrator. Thus, filling information gaps that might have arisen. It has to be stated that some of the questions were deliberately open-ended for the purpose of getting extra opinion of respondents. On the whole the questions were designed bearing in mind the research questions and the issued raised in the key parameters that impact on the research methodology (in paragraph 1.4.4 above). Finally, the questionnaires were served on the respondents personally to assure delivery and to use the personal contact to elicit response. The delivery method afforded the opportunity of on-the-spot explanation of questions that were not clear to some of the respondents.

1.5.6.1.2 Interview

The interview method that was adopted was face-to-face interview. The individuals selected for this were not taxpayers per se, for the purpose of the study, but were chosen, as highlighted (above) on paragraph 1.5.4.3.1 (b), stratified distribution of samples, on account of the position they occupy and the deep knowledge they possess of tax compliance administration. The data from this source were valuable for validation and complimentarily of raw data from actual respondents.

As in the case of questionnaires, the interviews questions were largely close-ended with, a small measure of open-ended questions. On the conduct of the interview proper, the questions were structured to accord with the close-ended preference in the questionnaire aspect. However, there was the opportunity for questions that arose in the course of the interview. These were discussed as a means of generating additional data on taxpayers' behavior and characteristics with respect to tax compliance. It was also an opportunity to know the perception of these

special respondents of the performance of government on tax administration generally. As much as was possible, efforts were made to reduce or eliminate issues that would have brought bias to the responses received.

1.5.6.2 Library Research

Taxation is a public sector matter in Nigeria as would be expected in all countries. Therefore a research in this area has to fall back , to a large extent, on public sector publications on taxation and tax administration, in terms of data on tax revenue performance, tax policy developments, tax laws, etc. To this extent, libraries and publications of relevant public sector organizations in Nigeria were consulted. Also, books, journals, newspapers, reports and publications on tax related issues, and on human behavior as it affects tax compliance, were extensively read and used in gathering information for this research.

1.5.6.2.1 Profile of Some of the Sources

(i)   Central Bank of Nigeria; for statistics on Nigeria's economy as they relate to tax revenue performance over the years. And the economic factors that impacted on taxation and tax revenue collection one way or the other.

(ii)   National Bureau of Statistics; on data relating to tax revenue collection over the years and the contribution of taxes to gross domestic product.

(iii) Debt Management Office of Nigeria; on the debt profile of the federation for the reason that debts will be paid back with tax revenue and thus putting a burden on tax collection.

(iv)   Federal Inland Revenue Service; on raw tax revenue collection figures and tax processes and procedures, and other relevant information.

(v)   Other documents; the researcher over the years accumulated personal documents on tax administration in the course of service as tax administrator and even at present (2015), as a tax practitioner. The documents were found useful.

1.5.6.2.2 Use of Internet

The internet was found to be a very useful was a useful source of information especially in the review of literature, current research methodologies and good practices in the self-assessment tax regime. It provided easy access to the web sites of multilateral institutions who have reliable information on comparative tax administration matters.

1.6   Review of Subsequent Chapters

The subsequent chapters are the review of relevant literature, chapter two; Data Collection and Presentation, chapter three; Analysis of Data and Test of Hypothesis, chapter four; and Findings and Recommendations, chapter four. The review of these chapters is given below.

1.6.1   Review of Relevant Literature.

The research traced the origin and history of taxation since area of study is taxation. The history included principles of taxation, type of taxation, classifications of taxation, and development connected with the development of tax administration itself. It was noted that there were challenges in tax administration from early history up to the current time. In the course of developments and challenges in tax administration especially tax revenue maximization, the chapter observed that there was a historical tendency for government or whoever exercised the authority to

impose taxes to impose heavy taxes on the people, in this case, taxpayers, in an attempt to raise sufficient funds for public expenditure. It was noted that those bore the heavy burden of the taxes were not convinced about the purpose of the taxes and their proper utilization of the proceeds of collection of such taxes. They therefore resorted to various means of resistance against payment of such taxes. A popular of such resistance, which remains today, is non-compliance with the provisions of relevant tax laws. In an attempt to find a solution to tax resistance, the government, who made the tax laws, and the tax administrators, who implemented the tax laws have sought to make taxation inclusive.

The chapter on literature review records that one of the solutions designed to assuage the ill feelings of taxpayers was the development of the concept of voluntary tax compliance. Through this method government wanted to be seen as involving taxpayers in tax administration processes especially self-determination taxes payable. By paying taxes on their own, albeit voluntarily, government desired the appearance that taxpayers paid their tax liabilities voluntarily. Thus, creating the image of willingness to pay taxes. The chapter noted that theories quickly developed on how voluntary tax compliance was the best means of tax administration, in terms of cost efficiency both on the part of government and the taxpayer. In the course of ensuring the success of the voluntary tax compliance system, a tool for making it operational was said to have been developed, that is, the self-assessment tax system. The chapter pointed out that the new system was an attempt to address the feeling that government was inconsiderate about the heavy tax burden on taxpayers, through the old system, the government assessment tax system, whereby tax assessments were raised by government officials, in the first instance and all at circumstances, even without any consultation with taxpayers.

The literature review dealt in details with the processes and features of the self-assessment tax regime, including the role of stakeholders especially, government as represented by tax officials and taxpayers. One of the features discussed is the rights and obligations of taxpayers. It was also reported that in an effort to make the self-assessment tax system work as an effective tool of voluntary tax compliance, governance principles were developed to guide the system. On the whole, the literature review raised a strong possibility that the self-assessment tax system bring about increase tax revenue collection.

1.6.2 Review of Chapter Three, Data Collection Method(s)

The chapter covered the handling of the following items namely, methods of data collection, descriptive data, quantitative data and chapter conclusion;

(a) On methods of data collection the chapter reported data on the survey of taxpayers obtained through the use of questionnaires administered on taxpayers covered by the sample and in some cases, tax officials and tax advisors/ tax consultants. It noted that questions and questionnaires were categorized according of respondents namely officials of the government agencies used for data collection, the taxpayers, tax officials, taxpayers and tax advisors/tax consultants.

(i) The data/information from government agencies were said to have consisted of raw data and statistics on taxes and relevant economic matters, obtained through discussions and presentations by Officials of the CBN, DMO,NBS, and the F.I.R.S. The officials of these agencies were noted to policy statements of government, political economy, and the need to balance attention of government to various sectors of the economy.

(ii) The chapter exposed raw data collected in quantitative manner from taxpayers. It was noted that care was taken to reduce bias. The data was observed to have included direct responses of what motivated taxpayer to pay taxes, the impediments to effective self-assessment, why taxpayers sometimes make incorrect tax returns and their perception of the performance of government as it affects voluntary tax compliance.

(iii). The chapter also discussed how data from selected tax officials and tax advisors/tax consultants assisted in filling information gap that would have arisen if only taxpayers' responses were collected.

On the whole, the chapter noted that the qualitative nature of data collected enabled the measurement of the frequencies of some attributes of taxpayers and at the same time, some were descriptive enough to indicate the factors that determine or discourage tax compliance tendencies. Newspaper reports and information on the internet were acknowledged to have been helpful in the collection of data and information required for the research.

1.6.3 Review of Chapter Four, Analysis of Data and Test of Hypothesis

In chapter four, the researcher discussed the analysis of data and the test of hypothesis in two segments namely quantitative data analysis and the test of hypothesis. (a) In the case of the analysis of quantitative data, raw data from respondents (taxpayers), were reported to have been arranged in formats that enabled easy determination of the behavioral tendencies/ attributes/ characteristics of taxpayers, as the case may be, in terms of tax compliance, in order of frequencies, percentages of occurrences of some events and other quantitative terms so as to give judgment as to the likelihood of a particular tax compliance

behavior. In the same way, the data and statistics on tax collection performance over the years and relevant economic trends were noted to have been arranged in a manner that made it easy to associate them with taxpayers' behavioral patterns and tax administration systems. In that chapter it was explained that the purpose was the prediction of the likelihood of a trend continuing or being changed under given circumstances. (b) The chapter explained that the hypotheses were later tested so as to determine the relationship of the independent and dependent variables especially whether they were causal, that is , if any change or movement in one variable affected the state of the other variable. In some cases the degree of relationship were measured.

1.6.4   Review of Chapter Five, Findings, Conclusions and Recommendations

In the fifth chapter, the researcher summarized the findings from data analyses and the tests of hypotheses. It was noted that the findings included that full self-assessment brings about tax revenue maximization and that the poor tax revenue performance recorded in Nigeria in the past was due to wrong application of the tenets of the self-assessment tax regime. The researcher concluded that Nigeria can achieve tax revenue maximization if the self-assessment tax regime is implemented strictly with all its features. Relying on the findings of the study the researcher recommended that the self-assessment tax system in operation in Nigeria should be reviewed to ensure that its method of operation accords with best practices.

CHAPTER TWO

REVIEW OF RELEVANT LITERATURE

2. O   INTRODUCTION

This chapter will commence with the definition of tax which is the subject matter of the research. Among the many definitions of tax is that it is an involuntary fee levied on corporations or individuals that is enforced by a level of government in order to finance government activities. This definition is preferred because it noted that tax is compulsory; it is paid to government; it is enforced and is used to finance the activities of governments.[128] Financing the activities of government or public expenditure include expenditure on defense, provision of economic and social infrastructure, etc. A more encompassing way to look at tax is with reference to the dissenting opinion by the United States (US) Supreme Court Judge, Justice Oliver Wendell Holmes, Junior (1927). In the case, Campania General de Tabacos de Filipinas V Collector of Internal Revenue, he said that 'it is true, as indicated in the last cited case, that every exaction of money for an act is a discouragement to the extent of the payment required, but that which in its immediacy is discouragement may be part of an encouragement when seen in its organic connection with the whole. Taxes are what we pay for civilized society, including the chance to ensure'[129].The statement, taxes are what we pay for a civilized society was adopted by the Internal Revenue Service (IRS) of the US and is indeed an inscription on the building housing the head office of the IRS. This shows how taxes touch every aspect of our lives. To further underscore the importance of tax, Paul A. Samuelson and William D. Nordhaus (2010) noted that in taxing, government is in reality deciding how to draw the required resources from the nation's households and businesses for public purposes. The money raised through taxation is the vehicle by

which real resources are transferred from private goods to collective goods[130]. It is also important to state that apart from using taxation to raise money to finance public expenditure, taxation as a tool of fiscal policy is also used in redirecting investment. This is done through the granting of tax incentives, by government, to the preferred sectors of the economy as a means of encouraging investors to invest in such areas. Taxation may also be used for the redistribution of income. This done by taxing the rich more and using the proceeds to provide social amenities for all especially, those enjoyed by the less privileged members of the society. Finally, but not exhaustively, taxation may be used in granting subsidies so as to ensure that prices are maintained at levels affordable to the lower income group[131].

2.1   History and Origin of Tax

The word 'tax' first appeared in the English Language in the 14th century. It was derived from a Latin word tax are, which means to 'assess'[132]. The word assess has continued to be the basis for the imposition of taxes till today. However, before then taxation had developed informally in the course of human activities on earth. As man evolved in history and learnt to plant grains, the issue of landownership or occupation thereof arose. Consequently, it became imperative for landholders and the communities to organize themselves into groups for the purpose of self-defence against predatory animals and roaming bands[133].Every family contributed for the communities and groups to secure self-defence. The contributions may have been in-kind until the cash economy came into being. Later, the communities selected Chiefs to whom they transferred the responsibilities of organizing their affairs. The Chief needed to be remunerated for his services. A kind of tax was therefore imposed on members of the communities so that the Chief would be remunerated for his services and support to the community[134].Thus, the concept of taxation and tax

came into being. From this point in history, man grew in civilization by being organized under a leadership, be they chiefs, landlords, kings, emperors, etc and later governments. Taxes were paid to each of these leaderships of human organizations for the maintenance of the communities in whatever form. It has to be noted here that taxes were paid because of services rendered especially that of defense, during the early history of taxation, although the services were not, and still not, easily measurable and quantifiable or tied to a particular service as in the case of levies and user charges. This distinction is made for reasons of the justification of taxes with regard to tax compliance. As human communities began to grow they became complex. Also, the system of taxation for the maintenance of the communities became complex; and developed into various forms such as charges, tithes, rents. Later, other types of taxes and levies, licenses, custom duties, road taxes, sales tax, luxury tax and income tax[135] evolved.

For the purpose of maximization of taxes collected the administrative means of collecting them became necessary. During the reign of the Pharaohs of Egypt, scribes performed the duties of tax collection. At a time they had to impose taxes on cooking oil and carried out weekly audits of household use of cooking oil, to ensure that cooking oil was not recycled as a means of avoiding paying tax on it. The objective of the audit was to maximize tax collection. Thus assessment and collection which are the basis for modern tax administration originated from the early times of taxation. This point will be material in the appraisal of the effectiveness of tax administration vis-a-vis tax compliance behavior in Nigeria. In the Roman Empire, during the reign of Caesar Augustus, the publicans at a time were responsible for the collection of taxes for the central government, the Roman Empire. Due to allegation of fraud in tax collection, the city authorities were later allowed to

collect taxes directly. It was under this arrangement that Saint Mathew was hired as a tax collector by the local government (authority)[136]. The fact of the historical allegation of fraud in tax collection and its impact on taxpayers' perception of tax officials and its effect on tax compliance is one of the characteristics that will be measured in the course of this research. In pre-modern China, tax on agriculture, or land tax were the most important sources of government revenue[137]. The taxes were imposed by various dynasties of Emperors who ruled China. As early as 1500 BC, the system of revenue generation was tax and tithing. Under this system, people were taxed according to the number of plots of land they had. In which case, some/part of the plots of land were used to pay taxes[138], in a type of the application of the principle of proportionality in the computation of tax payable. Here again tax was paid to government on the basis of an assessment. At a point in the history of tax administration in China, soldiers were used for tax collection, perhaps to ensure enforcement of tax laws/rules.

The history of some religions appears to favor payment of taxes. As an example, from the Christian religious history, the bible in Exodus 30:11-16 reported that The Lord said to Moses, 'when you take a census of the people of Israel, each man is to pay me a price for his life, so that no disaster will come on to him. Every one included in the census must pay the required amount according to the official standard. Everyone must pay this as an offering to me. Every man twenty years or older is to pay me this amount. This tax will be payment for their lives and I will remember to protect them[139]. One of the implications of this record is that tax is levied on account of service provided and is levied on taxable persons. From the perspective of the Moslem religion, the holy Koran approves of the imposition of

taxes, through the payment of Zakat, which is obligatory for every Muslim, as recorded in about twenty-two (22) verses in the holy Koran[140].

2.1.1 Brief History of Taxation in Nigeria

History of taxation in Nigeria reports that, from time immemorial, communities which formed Nigeria of the presented day collected one form of tax or the other for the execution of joint projects such as provision of water (well and brook water) access roads, securities, etc[141]. Specifically, in the Western part of what is now known as Nigeria, the Yorubas had a form of tax, called Ose. This tax was a compulsory community contribution collected when the occasion demanded it. The other type of tax was called 'Isakole', a tax paid for the occupation or use of land. In the northern part of the country, Zakat, for religious purposes, and 'Jangali', collected from cattle rearers, were the forms of taxes administered .Also, in this area, taxes such as 'KudinKasa', for agriculture, and 'ShukaShuka', for plantations, were collected. Other ethnic nationalities in present day Nigeria imposed taxes on citizens of the areas. These taxes were enforced by the local communities. During the colonialisation of Nigeria by Great Britain, the Western type taxation was introduced through the imposition of income tax in the Northern Nigeria in 1917 by Lord Frederick Lugard. The tax was called community tax. The tax was extended to Southern Nigeria through an amended ordinance, the Native Revenue Ordinance, passed by the colonial administration in 1918 with respect to the Western Region and later to the Eastern Region in 1928. There was also another legislation which was enacted in 1927, the Tax (Colony) Ordinance, 1927, which formally imposed tax on all native and non-native adults[142]. In 1939, the word 'person' was introduced into

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the tax ordinance, Tax Ordinance No. 14, 1939, as the taxable person, defined as body corporate or collegiate and company, fraternity, fellowship or society of persons whether corporate or not corporate. In 1940, the earlier native revenue ordinances of 1917, 1918, 1927 and 1939 were consolidated and incorporated into the Direct Taxation (Ordinance), No.14,1940. One of the developments at this time was the introduction of income tax in Nigeria, through the Companies Income Tax Ordinance, 1939. In 1943, as a result of the increase in commercial activities in Nigeria, the Income Tax (Ordinance) No.29, 1943 was enacted[143]. It was at this time that the Federal Board of Inland Revenue was carved out from the West Africa centralized tax administration of the British colonialists[144].

In the course of the development of tax administration in Nigeria during the colonial era 1914 to 1960, there was tax resistance by the people, as noted in paragraph one of this paper, pages 1 to 3.In one such case a riot ensued in 1929 because there was a census of male adults for the purpose of the imposition of taxes, in Oloko near Umuahia in present day Abia State of Nigeria. During the exercise, the population of women and domestic animals were alleged to have been included so as to swell the number of taxable persons. The rumor spread around and the women rioted[145].This incident, with other similar riots in Nigeria will be evaluated, in terms of its historical effect on tax compliance. Another aspect of tax administration in Nigeria during the colonial era was the use of warrant chiefs, appointed by colonial masters, as tax collectors. These chiefs were noted to have been oppressive as they seized peoples' properties indiscriminately and even imprisoned people who opposed them[146]. The life style of the warrant chiefs did not encourage tax compliance as they were noted to be corrupt. The essence of the review and analysis is to find out the extent to which they influenced the tax compliance culture in Nigeria, in the context that in the

conceptual framework, chapter one, the researcher suggested that bad historical experiences in the payment of taxes may impact negatively on tax compliance culture.

2.1.1.1   Overview of Recent Developments in Tax Administration In Nigeria

It is noted once more that the need to raise more tax revenue brought about reviews of the Nigerian tax system, as in other countries as revealed above and discussed later in this chapter. Some of the most recent reviews/reforms of the Nigerian tax system[147] include;

(i)   The 1978 reform through the instrumentality of a Committee called the Task Force on Tax Administration. The recommendations of the Committee that were accepted and implemented are (a) the introduction of withholding tax regime, that is, tax deduction at source, at the time payments are made or invoices are raised, which ever was earlier. Although withholding tax is not a separate tax, it reduced the risk of tax default. Also. It provided for the tax administration information on the initial taxpayer. Thus improving the chances of tax compliance by taxpayers. (b) A special levy of 10 per cent was imposed on the excess profits of banks. The excess profit levy was a kind of progressive tax whose rates were graduated according to threshold, although it was a discriminatory tax against banks and was subsequently repealed. (c) two and a half per cent turnover tax was imposed on building and construction companies. This policy was introduced against the background that, at that time especially, building and construction companies were difficult to tax. Therefore, the turnover tax was imposed as a means of improving tax compliance.

(ii)   In 1993 the government of Nigeria introduced the value added tax (VAT). This decision followed from a recommendation (in 1992) that there should be a policy shift of emphasis from direct to indirect taxes on account that indirect taxes are easier to collect and more difficult to evade.

(iii)   Before then, in 1992, the self-assessment tax system was introduced partially because of it was said to be a more efficient tax system.

(iv)   Another introduction into the Nigerian tax system was the use of tax clearance certificates as a pre-condition for engaging in some activities. The first time it was introduced was in 1977 but it was later expanded to include rent, interest on bank deposits, obtaining contracts from government, those who wished to enjoy certain privileges, and those seeking political offices. The essence of the policy was to increase tax compliance.

(v)   In spite of the tax reform initiatives discussed in (i) to (iv) above, no serious effort was made to review the tax laws other than ad hoc and specific issue based and disjointed amendments[148]. The effect was that the tax laws could not support an effective tax system. This short coming was addressed during the tax reform period of 2003 to 2007. The 2003 to 2007 reform initiative at the federal level in Nigeria resulted in a more comprehensive review of the tax laws and significantly it gave rise to the creation, by law, of a semi-autonomous and empowered governance for the apex tax authority, the Federal Inland Revenue Service. With this reform, taxpayer education and tax compliance enforcement were strengthened by a tax administration law, the Federal Inland Revenue Service (Establishment) Act, 2007. Also, to ensure transparency and professionalism in the discharge of tax administration functions, an attractive salary structure was approved for the Revenue

Service as a means of reducing corruption, motivating the staff, and to enable the Service attract competent staff.

(vi)   Even with the tax reform initiative of 2003 to 2007, there was still a challenge of lack of a taxpayer focused tax administration. Although self-assessment tax regime was in place, it was run in a manner that was not in sync with the tenets of self-assessment[149] tax system. In finding a solution to this, effort was made to implement self-assessment tax regime properly. This was carried out through a project based approach, between March, 2011 and September, 2012. The Project was supervised by the Fiscal Affairs Department, Tax Assistance Mission of the IMF. The researcher, Christian N. Onyegbule, happened to have been the Project Manager of that project. However, it is doubted if the Federal Inland Revenue Service, post the self-assessment period, continued with the implementation of the self-assessment tax system in the right manner and with the full complements of its features. This is one of the remote reasons of this research, and actually prompted by the low tax-to-GDP ratio of Nigeria as noted in the chapter one of this research paper.

2.1.2   Summary of History of Taxation

The history of taxation discussed in this paper revealed that tax from early history is not imposed arbitrarily but was based on some elementary principles including that it should be based on assessment, be enforced by government, is payable to and collected by government (or in whatever name the authority to govern rested). Tax is imposed because of some qualifications such as age, earning of income, ownership or use of property, etc, and is paid on account of services rendered although the tax paid cannot be linked to a specific service- unlike user charges fees and licenses. It is with this background that a review of the

development of taxation and the guiding principles of taxation over the years is made.

2.2 Principles of Taxation

Over the centuries of tax administration, classical economists enunciated principles upon which taxation and tax administration should be based. One of such economists and a notable one for that matter is Adam Smith. Adam Smith (1776) in his book, ''The Wealth of Nations; An Inquiry into the Nature and Causes of The Wealth of Nations'', set out four principles or canons of taxation[150]. The principles are discussed below. Although these principles were propounded in 1776, they are still relevant today and still provide the standard of measure of a good tax system. In the 'Wealth of Nations', Adam Smith propounded the theory that there is an 'invisible hand' that naturally guided economic activities and therefore the intervention by government in the running of the economy was not required except, to maintain copy rights and infrastructure. He noted however, that since it is not possible to have a state of perfect competition to guarantee the operation of the 'invisible hand', government intervenes in the market through taxation, tax policies and legislation on tax laws[151]. The concern of this study is the intervention of government in the area of taxation and therefore tax administration especially, self-assessment tax system. The four canons of taxation propounded by Adam Smith, also known as the main canons of taxation are discussed as below:

(i) **Equity/Equality**: This canon states that every person should pay his fair share of taxes, that is, that the tax burden should be equitable. Equity in this case may be either vertical or horizontal equity. A horizontal equity implies that everybody on the

same level of income should pay the same amount of tax. On the other hand, to ensure vertical equity, those who earn more income should pay more tax.

(ii) **Certainty**: The canon of certainty expects that taxpayers should be aware of the taxes due and the time for payment. Certainty of the amount of taxes payable is a mark of efficiency and transparency of the tax system.

(iii) **Convenience**: A tax should be administered in a manner that the payment is convenient to taxpayers. It is noted that convenience of payment encourages voluntary compliance with tax laws.

(iv) **Economy**: The canon of economy expects that the administrative cost of collection of taxes is lower than the taxes collected. Otherwise tax collection will not be economical since it will not add extra revenue to the coffers of government but will indeed have a negative effect. In present day Nigeria some of the tax authorities are funded on the basis of cost of collection thus demonstrating the essence of the cannon of economy[152].

Apart from the four main canons of taxation propounded by Adam Smith, J.S.Mill and J.B.Say added four other canons namely[153];

(a) **Simplicity**: To J.S.Mill and J.B.Say, a good tax system should be simple and straight forward. The implication is that simplicity will encourage compliance and eliminate the chances of tax officials and practitioners taking advantage of taxpayers. Also, simplicity will reduce the cost of tax compliance because the taxpayer may not need the services of tax professionals to file tax returns. Also, simplicity of the tax system will reduce disputes and therefore the cost of litigation. In this case both the cost of administration and compliance will be reduced.

(b) **Flexibility**: this canon propounds that the tax system and the tax laws should be responsive to realities of the moment. To this extent, archaic tax laws should be reviewed so as to have a good tax system. Specifically, a tax law should be able to deal with current business practices.

(c) **Impartiality**: The expectation is that a tax should not discriminate between taxpayers under similar circumstances. That is, all persons under similar financial circumstances should pay the same amount of tax. To this extent, discriminatory waivers may introduce impartiality and be a hindrance to a good the tax system.

(d) **Fiscal Adequacy**: The yield from a tax should be adequate to cover government's expenditure. This canon is similar to the principle of economy. These days tax performance is measured in terms of its contribution to gross domestic product.

In addition to the eight canons of taxation discussed above, in recent times, scholars and multilateral institutions have continued to propound more theories and principles of taxation with a view to improving tax revenue collection[154]. These theories include the establishment of a self-assessment tax system, promotion of voluntary tax compliance, employment of risk-management in tax administration, organizational structure that is based not on geographical focus but on functional focus, and services and functions based on client segmentation that caters for the needs of different categories of taxpayers. In the quest for a good tax system, that is, that will assist in the development of a fair and efficient tax system, some Economists and Political philosophers propose and emphasize two alternating principles, **the benefits and ability-to-pay principle[155]**. For the benefits principle it has been stated that individuals should be taxed in proportion to the benefit they

derive from government. As an example, those who use government constructed roads should pay for the use of such collective good. Also, some of the justification of value added tax is that people should pay in proportion to the extent of their consumption of socially produced goods, as the extent of consumption of some of the goods limits the amount available for consumption by others. On the ability-to-pay principle, the amount of taxes paid by people should be proportional to their income. Through this system, it will be easy for government to redistribute wealth/income to the benefit of the poorer members of the society, by transferring payments made by the reach to the poor through the provision of services used mainly by the poor.

2.3 Classification of Taxes

The history of taxation discussed above reveals that, as the human society developed, the need arose for increased tax revenue to cater for the needs of the members of the society. The quest for more revenue led to the development of tactics and strategies for tax collection including the introduction of different types of taxes and tax administration collection styles. As a means of improving tax administration machinery and for tax policy reasons, taxes became classified as progressive, retrogressive, proportional, etc, and under a broad classification of direct and indirect taxes[156]. The direct and indirect taxes nearly equate with the benefits and ability-to-pay principles discussed in 2.2 above.

2.3.1 Direct Taxes

Direct taxes are taxes imposed on income or profits, property, capital, etc. The incidence falls directly on the person paying the tax. Direct taxes in Nigeria include personal income tax, tax on the income of companies, tax on capital gains,

petroleum profits tax and stamp duties. The principles of proportionality, progressive, regressive, and ability-to-pay are largely applicable in the administration of direct taxes.

2.3.2 Indirect Taxes

Indirect taxes are taxes on goods and services. They are popularly referred to as consumption taxes. The attraction in the introduction of consumption taxes is that they are difficult to evade since they are collected as the goods or services are consumed. In another description, it could be said to be tax on 'things'. There revenue generation and tax policy achievement effects are on current basis since the taxes are collected as consumptions are made. This is unlike direct taxes where income has to be declared before the taxes are paid.

2.3.3 Comparing Direct Taxes And Indirect Taxes

There is a predominance of the use of indirect taxes in developing countries on account that it is easier to collect as noted in 2.3.2 above. More so, this is due to the technical and administrative complexities of direct taxes[157] for which the developing countries do not have the capacities to deal with. However, a popular governance recommendation is for preference to be given to the use of direct taxes on income and property. The reason given by experts is that they are more visible and therefore a more effective and stimulating way of engaging the public[158].

2.3 Development of Improved Tax Systems

The history of taxation and tax administration, discussed above, revealed that governments over the years have always made efforts to increase the quantum of tax revenue collected. This is with a view to being able to fund economic and social

infrastructure. Governments did so through the introduction of various tax systems and taxes. Such tax systems include the imposition of tax on the basis of either origin or destination principle. The use of origin principle implies that a tax such as value added tax is imposed at the place of production while destination principle requires that it is imposed at the place of consumption. Either of the two systems aims at maximization of tax collection at a current period or the expansion of tax base for future benefits through increased exports.

Another tax system is the worldwide tax system operated by the US currently. Under this system, dividends received from multinational companies, of US origin, are grossed up in the pre-tax income of the company. The grossed up income is subjected to tax although tax credit is granted for taxes paid overseas. There is a view that this system leads to tax avoidance ploys of delays in remitting dividends due from outside the US thus creating challenges of deferred taxes. This tax system is in competition with the territorial tax system which exempts dividends received from abroad from inclusion in the taxable income of the parent company. The territorial tax system is popular in Europe[159]. The competing tax systems are all efforts by various countries to maximize their tax revenue collection. Part of the tax collection maximization strategy is the use of various institutions and individuals to collect taxes. As noted earlier, warrant chiefs were used at a time as tax collectors in Nigeria but they were corrupt and unpopular. Later, they were replaced by Boards made up of resident appointed by the governor, chief and elders in each district, any native authority, which by native law and custom was recognized as the tax collection authority, and any village council or group of persons appointed by the Governors[160].This arrangement was aimed at the maximization of tax collection. It is reiterated that on the part of the revenue authority, the primary goal has been to

collect taxes payable in accordance with the tax laws and in a manner that will sustain taxpayers' confidence[161].This position agrees with the postulation in the conceptual framework of this paper that the revenue authorities aim to carry out tax administration in a manner that demonstrates taxpayers' 'willingness' to comply.

The quest for the optimization of tax revenue collection has necessitated the development of various strategies and systems for tax revenue administration. Initially the system of tax administration was the government assessment tax system as noted in 2.1.2 above. Under this system, in its modern version, the taxpayer was expected to submit tax returns to the tax authority, on due date or statutory date. The tax returns must be made up of audited accounts, tax computation or declaration, and capital allowances computations, as the case may be[162].On receiving the tax returns, a tax official was obligated to issue notices of assessment for tax due and forward same to the taxpayer for payment on due date for payment. Under this system a tax rule evolved, that is, that no tax lien should arise until the revenue makes a demand for it[163]. The tax rule of tax lien complicated tax administration processes in that there has to be a proof that the tax authority did or did not receive tax returns, in case of disputes, as to whether tax returns were filed by taxpayers in the first instance. Another proof that may be required is proof of service of tax assessment notices to taxpayers. Thus, a loop hole was created for exploitation by dishonest taxpayers to deny that they were never serviced notices of tax assessments and they may rely on this to delay or avoid the payment of taxes due. The disputes over the proof of service of notices of tax assessments and on whether tax returns were filed promptly often resulted in litigation. Until the disputes were resolved, the payments of taxes were delayed thus, disrupting the steady stream of tax revenue to government. The disputes in themselves increased the cost of

compliance with the tax laws, on the part of taxpayers, as well as cost of administration of tax laws, on the part of tax administrators. In the face of the disputes, the friendliness and cordial relationship between taxpayers and tax administrators required for the smooth, effective and efficient tax administration was absent under the government assessment tax system. The system was in addition susceptible to corruption through the manipulation of time of filing tax returns and proof of service of notices of tax assessments. The researcher can attest to this on account of personal experience in tax administration.

The inefficiency inherent in the government assessment tax system and the high cost of administration associated with it paved the way for the emergence of a new system, the self-assessment tax system. In reality however, the new tax administration system is a hybrid of self-assessment of tax and the use of government assessment, in situations where additional assessments are required, as may result from a tax audit or if there is the need to issue notices of amended assessments, if mistakes are discovered on assessments made by taxpayers'.

2.4 Voluntary Tax Compliance and Self-Assessment

In the conceptual framework in chapter one of this paper, it was mentioned that while governments historically had the tendency to increase the burden of taxes on the people, taxpayers, the taxpayers themselves were noted to have resisted or protested against such heavy tax burden. The tendency for government to increase the tax burden on the people manifested in Nigeria in 2007. On May 3rd, 2007, the Federal Ministry of Finance announced the increase of value added tax rate from 5 to 10 per cent through a public notice and a gazette was issued in that regard on June 6, 2007. However, as a result of protests from organized labor unions, the rate

was reversed to 5 per cent on June 23rd, 2007. It was also noted in the conceptual framework of this research that, the challenge of the maximization of tax revenue in the face of tax resistance/ protests made tax authorities to develop a system of tax administration that cultivated the support of taxpayers. This ideal tax system relied heavily on a demonstration of the willingness of taxpayers to comply with tax rules as an evidence of consensus between the tax authorities, the representative of government, and the taxpayers. This willingness is otherwise known as voluntary tax compliance. Many tax administrations view voluntary compliance and self-assessment as the best, most efficient way to administer a country's tax system[164]. Also, it is a broadly accepted principle in tax administration that the ultimate goal of any tax administration is to promote voluntary compliance[165]. The American Bar Association (1987) defined voluntary compliance as timely filing and reporting of required tax information, the correct self-assessment of taxes due, and the timely payment of those taxes without enforcement. From this definition, it is clear that self-assessment and voluntary tax compliance go hand in hand. The US tax system is built on self-assessment, but revenue auditors from the Internal Revenue Service (IRS) of the US are both expected to investigate the returns filed by taxpayers. These auditors are feared by taxpayers[166]. In which case, tax compliance is driven by fear of sanctions. Indeed, self-assessment of taxes due is a tool for voluntary tax compliance.

The discussion here gives a hint that a measure of the success of tax administrations is the extent to which taxpayers comply willingly[167]. Therefore, the clarification on the definition of voluntary tax compliance by Andreoni et al. (1998), that is, that voluntary tax compliance includes the degree of compliance with tax law and administration, which can be achieved without the actual application of

enforcement activity[168] is material in the understanding of the concept of voluntary

tax compliance. While the key elements of the self-assessment tax regime will be left

for a more detailed discussion later in this chapter, it is noted that the elements of

self-assessment tax system may be categorized broadly into enablement and

enforcement actions. Enablement actions comprise taxpayer service, taxpayer

education and stakeholders' engagement. On the other hand, enforcement actions

cover activities aimed at making taxpayers comply initially with tax laws, and tax

enforcement actions such as audit/investigation, strict application of penalties and

litigation actions in case of taxpayers' failure to comply. The statement that auditors

of IRS are feared implies that compliance is induced by fear on the part of taxpayers

of the application of sanctions strictly for non-compliance. It is noted that the need for

tax compliance enforcement is to get a change in behavior of taxpayers. However,

there is the need for tax authorities to strike a balance between taxpayer enablement

and tax enforcement[169] rather than rely on harsher enforcement actions. After all, the

self-assessment tax regime is about willingness to pay taxes due. Perhaps, the

definition of voluntary tax compliance given by Simon James and Clinton Alley

(2004), that is, the willingness of individuals and other taxable entities to act in

accordance within the spirit as well as the letters of tax law and administration

without the application of enforcement activity reinforce the need for a balance

between taxpayer enablement and strict enforcement action. Also, in the conceptual

framework of this research, it was noted that taxpayers may have reasons for non-

compliance and also, that poor perception of government may encourage non-

compliance. No wonder Vice President Al Gore and Treasury Secretary, Robert E.

Rubin, stated that, 'we must have an IRS that is on the side of taxpayers, providing

the help they need' but' we know we have a long way to go'[170]. As far as the

researcher is concerned, good taxpayer enablement is a justification for tax compliance enforcement actions. To this extent, tax administrators should ensure that taxpayers understand their tax obligations and should assist them carry out the obligations if the need arises. With an understanding of what voluntary tax compliance means and the fact that self-assessment is a tool of voluntary tax compliance, the paper reviewed the historical background of self-assessment before using the degree of voluntary tax compliance as a measure of the success of self-assessment tax regime.

2.4.1 Historical Background of Self-Assessment Tax Regime

It was earlier stated that the need for the cultivation of taxpayers' willingness to pay taxes, so as to starve off tax resistance/ protest, led to the emergence of voluntary tax compliance system. It was also observed that the government assessment tax system, in some literature referred to as official assessment system[171] or administrative assessment system[172], could not provide evidence of the willingness to pay taxes by the taxpayer. In consideration of these realities, some scholars insist that imposing a tax, in the manner of self-assessment of tax to be paid, can improve governance by fostering fiscal bargaining, engaging citizens in political process, and encouraging government to be responsive, accountable, and efficient. Also, that the quality of governance affects revenue mobilization through its influence on tax compliance[173]. The researcher agrees with these views to the extent that the process of fiscal bargaining is a cultivation of taxpayers' willingness to pay. The researcher also accepts that the potential virtuous circle in which improvement in the tax system may lead to better governance, which in turn facilitates revenue mobilization and better financing of public expenditure[174] thus confirming a

relationship speculated in the conceptual framework of this research that there is a relationship between good governance and tax compliance.

The earliest record of the introduction of the self-assessment tax regime was in the United States of America (US). The introduction of self-assessment was preceded with the 16th amendment of the US constitution in 1913. By this amendment, income tax was imposed on the basis of self-assessment[175]. The requirement was that taxpayers assessed their own tax liabilities and paid the amount due. This tax system was called voluntary compliance. Thus, from inception self-assessment was the tool for voluntary tax compliance and was such an important legal issue that it was enshrined in the constitution of the US. Some other cases of the introduction of self-assessment include;

(i)   Canada in 1917 with the provision that all Canadian taxpayers must complete an annual tax return and calculate their income tax liability;

(ii)   The New Zealand introduced self-assessment tax system in the 1980s;

(iii)   The United Kingdom introduced it in 1996 partially for individuals while full self-assessment became operational for corporations since 1999;

(iv)   Australia also operates full self-assessment[176];

(v)   Nigeria introduced partial self-assessment in 1992 and full self-assessment in 1998 although it operated side-by-side with administrative assessment due to lacuna in the tax law. The fluid nature of the tax law lent itself to selective application by taxpayers and tax officials. In the face of this, the use of the drivers of voluntary tax compliance to ensure an effective self-assessment tax regime was lost. However, this is in spite of the fact that the constitution of the

Federal Republic of Nigeria, the grand norm gave a lee way for smooth implementation of self-assessment. To the extent that it noted that, ''it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and pay tax promptly'';

(vi)   Other African countries such as Ethiopia, Kenya, Botswana, Ghana, Lesotho, Malawi, Rwanda, Tanzania and Zambia operate the self-assessment tax system[177]; and

(vii)   Also, the following countries introduced self-assessment as indicated; Japan (1947), Sri Lanka (1972), Pakistan (1979), Bangladesh (1981), Indonesia (1984),and Ireland(1988)[178].

2.4.2   The Nature of Self-Assessment

In addition to 2.4.1 above many tax jurisdictions now rely on self-assessment as the major means of tax collection; it has become a modern tax administration style. In practical terms, the self-assessment tax regime is a system of tax administration whereby the taxpayer is granted the right, by laws, to compute his own tax liability, pays the taxes due (at the designated bank in the case of Nigeria), and produces evidence of tax paid at the time of filing tax returns, at the tax office, on due date. The implication of self-assessment filing is that filing of tax returns and payment of taxes due are concurrent. On the other hand, the tax authority has responsibility of enablement, and checks taxpayers' books and returns to ensure compliance with tax administration processes[179].In other words, self-assessment tax system is characterized by partnership and shared roles and responsibilities between the taxpayer and the tax authority. The expectation of the self-assessment tax regime is that it will facilitate tax revenue collection to the point of maximizing it,

improve compliance by taxpayers, and speed up the processing of assessments[180]. Also, it is expected to encourage dialogue between taxpayers and government, in the course of the tax processes, and in this way bring about a more effective and accountable governance structure[181]. Following from that fact that self-assessment regime involves dialogue with taxpayers, the tax system has indeed been described as being democratic[182].For the self-assessment tax system to be able to achieve these expectations, the following key elements must be in place for it to operate effectively:

(i)   Good taxpayer services programme to facilitate taxpayers' understanding of their obligations and rights with the tax laws. The taxpayer service should include, without fail, taxpayer education and tax assistance. As part of the taxpayer education and assistance, the following should be provided; self-assessment flyers, compliance charts to assist taxpayers, use of print and electronic media to educate taxpayers, and stakeholders engagement sessions. The rational is that since the taxpayer bears the burden of calculating tax liability and the payment, he should be educated on the requirements of tax laws such as due-dates for filing tax returns and making payments, how to calculate tax liability, how to complete tax return forms, sanctions for failure to pay/file on due dates. Also, the special needs of taxpayers arising from their segments of business should be clarified by the tax office. While the self-assessment processes encourage voluntary tax compliance, it is important to note that the cost incurred by the taxpayer in complying with tax laws counts in determining the success of this tax regime. Therefore, tax authorities should do everything possible to reduce taxpayers compliance costs[183]. To this extent, taxpayer education is crucial since the

size of the information gap in the tax system affects the level of voluntary compliance[184] ;

(i)   A simple tax procedure and processes. These items are important because there simplicity will facilitate understanding by taxpayers, who in any case will be penalized if they fail to comply. Things to be simplified include that tax laws. For example, at all times, there should be vigilance in monitoring how the tax laws are being interpreted and applied by taxpayers and tax professionals. The objective is to ensure that, among others, equity is not distorted. And if this happens, to ensure that the laws are amended so as to restore equity, a vital principle of taxation[185] ;

(iii)   A strong procedure. Such procedures should not be open to discretionary powers of tax officials so that they are not exposed to manipulations;

(iv)   A strong but fair penalty system, imposed without fail when the need arises. It is noted that fairness is promoted through enforcement actions to ensure that those who do not comply are identified and penalized. This will be an encouragement to compliant taxpayers[186]; and

(v)   Effective verification and enforcement[187]. The importance is that the taxpayer should be made to realize that non-compliance will be detected and effectively punished[188].At all times, the taxpayer should not be left in doubt that the tax authority has effective verification and enforcement programme. The audit required for the purpose of self-assessment case selection should be based on risk assessment. The reason is that abinitio the taxpayer was assumed to be honest. Audit case selection therefore can only be based on risk profile. This is more so for the purpose of objectivity and transparency. Thus, every

case has an equal chance of being selected-a fact that keeps taxpayers on guard and that serves as a check against corruption[189]. Also, the strict application of sanctions for non-compliance is such as not to discourage compliant taxpayers or put them at a disadvantage. In addition sanctions serve as deterrence.

A good way to summarize the above and to underscore the importance of the features of self-assessment tax regime is to state the vision of the Internal Revenue Service of the US, that is, ''provide America's taxpayers quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness''.

In terms of the above key elements, the following procedure is in place, as is the case in Nigeria:

(a) The taxpayer bears the burden of accurately calculating his tax liability, pays the tax on due date and files self-assessed tax return on or before the due date;

(b) the tax returns are accepted by tax officials as filed by the taxpayer, subject to simple on-the-spot checks to ensure that the tax returns forms are duly completed. The returns are later subjected to further administrative processing including risk assessment of all the tax returns, and audit where necessary and which will be determined by risk-based case selection;

(c) Where the taxpayer fails to meet his obligations, sanctions are immediately applied. Non-filers are subjected to administrative assessments that are based on information obtained from the taxpayer and other sources and with appropriate penalties and interests.

It is noted that ahead of due date for filing tax returns, taxpayers are reminded about their obligation to file tax returns and pay taxes due. On the whole, the system relies heavily on post-filing controls such as administrative assessment, strict imposition of interest and penalties, risk based audit, multiplicity of deterrent measures, collection enforcement measures and litigation[190] and prosecution especially high net-worth individuals. Also, the discretionary powers hitherto granted tax officials have been reduced so that there will be even handed treatment of tax cases. With the movement away from exclusive administrative assessment tax system, the paradigm shift in the self-assessment tax regime is that having left the taxpayer with the responsibility of calculating his tax burden and filing tax return, the tax authority ensures through enablement and compliance enforcement activities that the right (correct) amount of tax due was calculated and paid, and at the right time otherwise, sanctions will be applied strictly in accordance with the tax laws. There are many processes in the self-assessment tax regime such as taxpayer enablement (that is ensuring that taxpayers understand their obligations under the tax laws), tax returns processing when tax returns are filed, payment, tax debt management, and compliance enforcement actions. This is a continuum of processes and each process is expected to elicit voluntary tax compliance[191]. The adherence to these processes are important for the success of the self-assessment tax regime. It is reiterated that timing are important in this type f tax system because if tax is paid late, it should not be regarded as full compliance, especially as government would have been deprived of the time value of money. In addition, the steady flow of revenue

expected is disrupted, for which government may fill the gap through borrowing, with consequential interest charges.

It has been noted that the self-assessment tax regime is based on key assumptions. These are given below:

(i)   The taxpayer is a stakeholder and a partner in the affairs of public related issues and should be taken as such and given tax information to enable him complete tax returns;

(ii)   The taxpayer is honest and indeed demonstrates this by signing a declaration as to the correctness of the tax returns filed;

(iii)   The taxpayer runs the business and knows the right amount of profits and taxes payable;

(iv)   As a consequence of i to iii above, the taxpayer is in a better position to self-assess; and

(v)   On the part of the tax authority, it should accept tax returns as filed and later subject the returns to risk assessment and audit, as the case may be[192].

2.4.2.1 Tax Simplification as a Pre-Requisite For Self-Assessment

In addition to the nature of self-assessment discussed above, it is important to note that an important aspect of self-assessment and voluntary compliance is the concept of tax simplification. Indeed, tax simplification is a pre-requisite for effective self-assessment tax regime. According to the Office of Tax Simplification, United Kingdom, simplifying the tax system goes a long way in reducing tax compliance burden on businesses and individual taxpayers[193]. The fact that an office was created for tax simplification underscores its importance. Generally, some of the expectations of tax simplification include:

✓   Reducing the cost of taxpayers complying with tax laws;

✓   Improving the ability of tax authorities to administer the tax laws efficiently;

✓   Provide taxpayers with better services;

✓   Ensure that taxpayers are treated fairly and similarly situated[194].

2.4.2.2 Scope for Tax Simplification

Tax simplification may be categorized into simplification of the tax laws and simplification of tax administration. (1) In the case of the simplification of tax laws, the objective is to write the tax laws in simple and modern day language such that taxpayers do not incur extra cost, as much as possible, in complying with tax laws. In situations where the tax law is complex, taxpayers may have to engage the services of professionals in the course of compliance with tax laws. In a situation such as this, the high cost of compliance will be a hindrance to tax compliance. Also, if the tax law is complex, there will be challenges of interpretation of the tax law to the extent that disputes may arise between the taxpayer/his consultant and the tax authority. The dispute will not only be time consuming and will increase the cost of tax compliance and administration. Another aspect of tax law simplification is that the laws must be up to date in addressing current tax issues. By implication, tax law simplification extends to improvement in the regulatory environment in the areas of quality of tax law drafting and realization of the urgency required in the update and amendment of tax laws[195].Considering the crucial role of tax laws in tax compliance and self-assessment, tax law simplification extends to the up scaling of the capacities of tax officials to apply the tax laws in a holistic manner and in accordance with accepted ways of tax laws interpretation and application[196]. This position becomes important as to ensure that tax officials do not apply the tax laws selectively, in the event of conflicts in their provisions, and to ensure transparent and equitable treatment of all

tax cases. Tax law and regulatory environment simplification as justified by the assumption in the conceptual framework that simplicity of tax laws encourage self-assessment and voluntary tax compliance. (2) On the other hand, simplification of tax administration deals with getting (a) the right structure and (b) processes and procedures that will drive the effectiveness of self-assessment. On the issue of structure, it has been suggested that tax organizations should have an ideal governance structure and that tax offices should be made up of four key units namely, taxpayer service, tax returns and payment processing, filing and tax debt enforcement, and tax audit[197]. Similarly, there should be corresponding functions at the headquarters of the tax authority to provide policy monitoring and supervision of the mandatory tax office units[198].

These mandatory units, with appropriate components of taxpayer enablement and compliance enforcement, are expected to deliver the expectations of the features of self-assessment discussed in the nature of self-assessment in 2.4.2 above. It is emphasized that the fact of the separation of policy and supervision, handled at the headquarters of tax administration, from the actual tax operations activities in the tax offices, provided by the four mandatory units in the tax offices, is a means of standardization and guarantee for uniformity of practices in the tax offices, and to reduce discretionary powers, which are open to abuse, and to ensure transparency. On the whole, tax administration simplification aims to engender efficiency and to create a positive image of tax administration, with a view to eliciting voluntary compliance. This position is in line with the assumption in the conceptual framework of this research that perception of efficiency of tax administration and indeed the government influences tax compliance behavior. Other aspects of tax simplification is the organization of tax organizations along the lines of (a) tax types,

that is, grouping similar taxes together for the purpose of administration, (b) functional lines with all functions that are similar grouped together for ease of administration, and (c) taxpayer segmentation, that is, the organization of taxpayers according to size of operations so as to cater for the peculiar needs of every segment. The popular segments are large taxpayers, medium taxpayers, small taxpayers and micro taxpayers[199]. In practice, governance structures may be a hybrid. One other practice in tax simplification is the administration of tax offices as integrated tax offices. In this case, a tax office handles all tax types. The objective is to make tax compliance convenient to taxpayers, that is, providing them with a kind of one stop shop where they can transact all their tax businesses. This system is not only less expensive for tax compliance but facilitates information sharing for tax administration purposes.

2.5 Best Practices in a Self-Assessment Tax Regime

The effort to improve tax administration and therefore the maximization of tax revenue collection brought about the introduction of the self-assessment system. According to Okello 2014) in an IMF Working Paper, WP/14/41, the most cost effective system of collecting tax revenue is that which induces the vast majority of taxpayers to comply with the tax laws voluntarily[200]. Once this happens, the tax authority will concentrate its tax administration efforts on getting taxpayers who failed to comply to fulfill their tax obligations. The researcher agrees with this position and emphasizes that the fact of voluntary tax compliance implies effective implementation of self-assessment. Okello also suggested that the conditions below will encourage taxpayers to comply with their tax obligations:

(a)   The tax authority supports taxpayers efforts to meet their tax obligations by ensuring that taxpayers understand what is expected of them under the law and also to assist them to do so where the need arises;

(b)   The tax administration system is run transparently by being fair, equitable and honest. The taxpayers should perceive the fact of transparency of the tax system; and

(c)   The tax system should install a deterrence mechanism through strict tax compliance measures such as penalties and prosecution for failure to comply.

It is noted that all of the above tax compliance inducement conditions are in line with the key features of self-assessment discussed under the nature of self-assessment in 2.4.2 above. Similarly Loo et al (2005) in their study of the impact of self-assessment on tax compliance behavior, found out that penalties are more effective deterrent measure than frequent tax audit[201]. This is also in line with the requirements stated by Okello (above), in terms of deterrent measures. In Nigeria, penalties take effect from the due date for filing tax returns and not the date of tax audit or discovery of error, to serve as a deterrent. Indeed, penalties are part of the key features of the self-assessment tax regime. A quick review of some of the features of self-assessment tax system as operated by selected countries will add to best practices being discussed[202]. These are listed below:

(i)   Canada: Taxpayers calculate tax liability; sends tax returns to the revenue authority along with payments for any outstanding income tax liability; there is a refund for excess withholding tax, that is, taxes deducted at source; there is a post-assessment verification; there is a post filing audit based on

random/risk profiling; and there is post-tax return filing checks, especially through tax audit;

(ii)   New Zealand: The taxpayer assesses themselves; credit is given for excess withholding tax; and there is taxpayer education through rulings both binding and non-binding;

(iii)   United Kingdom: Individuals calculate their tax liabilities or have the tax authority do so for them; there is taxpayer education which includes wide publicity for rulings to serve as a guide to taxpayers;

(iv)   United States: Taxpayers assess their tax liabilities and pay. There is taxpayer education, with taxpayer advocacy service as one of the media; and there is post-tax return verification action through tax audit; and

(v)   Australia: There is self-assessment filing of tax returns with taxpayers calculating their tax liability.

2.6   Chapter Conclusion

The revelation from the history and origin of taxation is that there has always been an implied understanding that taxes are paid compulsorily for common services rendered by a central authority. Such central authorities came in the forms of community heads/chiefs, emperors, kings, etc. In modern times, central authorities are known as governments. Historically, the central authority imposed taxes but has always had the tendency to increase the tax burden on the people, for reasons of being able to fund public expenditure. An example is the increase of value added tax rate in Nigeria from 5 to 10 per cent, without legislative approval, in June, 2007, only to revert to 5 per cent within the same month after protests by organized labor unions. However, there are many cases of tax resistance/protests against excess tax

burden. These were discussed in chapter one, pages 1 to 3 of this paper. The reasons for the tax protests/resistance ranged from the burden of excess tax to misappropriation/misapplication and wrong/questionable use of tax of tax revenue.

Tax resistance and protests indeed led to the search for a more equitable tax system through the following developments:

(i)   The separation of the powers of the imposition of taxes from the power of the utilization of proceeds of tax collection. As an example, in Nigeria, it is the legislature that is constitutionally authorized to make laws for the imposition of taxes rather than the executive, the spending arm of government. The reasoning is that, legislatures as representatives of the people will be reluctant to enact laws that impose heavy taxes on the people without justification;

(ii)   Taxes are based on assessments; taxes must be fair, equitable and be based on ability to pay;

(iii)   To correct the impression of excess tax burden, the concept of ability to pay was developed. The aim is to create an environment where taxpayers are seen to pay their taxes willingly;

(iv)   In the quest to maximize tax revenue and yet for taxpayers to be seen to be meeting their tax obligations willingly, the concept of voluntary tax compliance was developed. Voluntary tax compliance, in itself operates through the instrumentality of self-assessment. Self-assessment tax regime is an improvement in tax administration systems aimed at addressing the fear of the imposition of excess tax burden. Self-assessment tax system makes tax administration a partnership and collaborative arrangement between the government and the taxpayers. In essence, it is a democratic arrangement

whereby the taxpayer assesses himself and pays taxes due. On the other hand, the government, through the tax authority, ensures that the taxpayer knows how to meet the tax obligations and at the same time install post-filing deterrence measures that ensures that the taxpayer not only complies with tax laws but does so correctly, honestly and promptly.

CHAPTER THREE

DATA COLLECTION AND PRESENTATION

3.1 INTRODUCTION

The subject area of this research, taxation especially tax compliance is one of the most important topics every government focuses on globally. The importance and the reason for the focus on taxation and therefore tax compliance are historical as noted in the review of literature of this research paper, in chapter two. For ease of reference, it is recalled that taxation was reported as the most important source of revenue available to enable governments fund their socio-economic and infrastructural activities. This phenomenon started with the early history of human communities on earth, in the course of their engaging in economic activities and in providing their common needs.

According to Paul A. Samuelson and William D. Nordhaus (2010), in taxing, government is in reality deciding how to draw the required resources from the nation's households and businesses for public purposes[203]. Therefore, data collection and presentation in such all-encompassing and important field, which impacts on the welfare of people, has to be representative, inclusive, complete and accurate so as to be useful in making analysis, conclusions and recommendations that will guide good decision making by government. Indeed, the objective of this research is to add value to decision making processes that will bring about tax revenue maximization through increased tax compliance, with the self assessment tax system as the tool for its achievement. Concerning the research itself, the economic hard times in Nigeria, which is a matter for extensive public discussions, may have contributed in making respondents interested in the topic of the research

and therefore the research itself. Moreover, the engagement in this research is a step towards improving non-oil tax revenue collection. And thus reduce the dependence on crude oil income which is volatile and has recently fallen sharply due to fall in global prices of crude oil.

At the outset, issues connected with the challenges of the collection of data on human behavioral matters are brought to the fore. One of such challenges is the possibility of suspicion by taxpayers of the use to which the data (and information) they may divulge, through interviews and questionnaires in the course of the research, may be put to. Specifically, there may be the suspicion that some of the data may be used for the imposition of heavier taxes on taxpayers. This scenario was expected to result to the likelihood of the supply of wrong and misleading data or even not responding to the questionnaires at all. However, in coming up with the research design, a lot of guarantees and assurances were built into the research processes, as to ensure the integrity of and the use of data that would be collected so as not to jeopardize business interest of respondents. Another challenge was the preservation of the confidentiality of business data and also anonymity of respondents. To this extent, the design of questionnaires and other interview questions took care of such fears by not providing for the names of respondents. Other challenges included a possible and apparent lack of interest in a survey on taxpayers' behavioral issues, coupled with the reluctance to sacrifice business time and the fact of disrupting normal business schedules and routines in an effort to provide data on human behavior in tax related issues. Here again, respondents (taxpayers, taxpayers' representatives/consultants and tax officials) were motivated by assurances that at the end of the day the outcome of the research will be

beneficial to the whole populace and that they would have a personal sense of satisfaction for having contributed to the success of the research.

A research in the field of taxation impacts on the welfare of the (whole) population, that is, about 178.5 million Nigerians, as noted in the problem statement of this research paper. Getting a sample that is representative from this large population is a herculean task. Fortunately, not every member of this population is a taxpayer, in the first place. Even for the real taxpayers, it was only the active ones and those covered by the selection criteria that were studied. Also, the researcher exploited the fact that there is only one prime tax authority in the country, that is, the F.I.R.S, and that can provide data on the taxes being considered, in choosing it to provide the specific area of study. In any case, national tax information, in terms of source, is largely an exclusive preserve of F.I.R.S. This is in addition to other reasons adduced in favor of its choice as discussed in chapter one of this research paper. In addition, considering that the underground economy in Nigeria is up to seventy per cent (see appendix iii), it means that most potential taxpayers are outside the tax net and may not provide any credible and useful data on self-assessment.

The fact of large underground economy is compounded by the reality that some of the businesses are run on a 'moonlight' and peripatetic nature, and may not be available to provide data required. This left the F.I.R.S as the only institution that could be relied upon to provide the most complete and accurate data through its national network of tax offices that have standardized and uniform methods of operation. This choice is in line with Pareto's principle of focusing on the twenty per cent that produce eighty per cent of the results[204]. This method will be far more cost effective than collecting incomplete and inaccurate data that will not add value to data collection and analysis, and the outcome of the research.

On the part of respondents, in terms of type, as explained in chapter one, the choice was judgmental. One of the reasons for this choice was because tax compliance involves financial decision making both on the side of the tax administration and tax compliance activities by taxpayers. Thus the choice of tax officials, who are trained and knowledgeable in financial analyses, taxpayers' finance officers/managers and taxpayers' representatives/consultants. This choice is also justified on the ground that this class of respondents are appropriate in providing responses to many, and carefully worded multifaceted questions designed to provide data that will support and facilitate the analysis of human characteristics that lead to tax compliance behavior. In any case, this class of people are also taxpayers in their own right. And, in seeking for data and invariably those who will provide them, consideration was taken of the fact that this research is largely pioneering and exploratory, and therefore needed to be in-depth in data collection which was expected to be provided by well informed respondents.

The fact of the matter is that taxation is just emerging as an independent subject in Nigeria, from a position of being a small appendage to the study of accounting, law, or on the periphery in the study of economics. It is only now that efforts are being made by the Chartered Institute of Taxation of Nigeria to set up an Academy of Taxation. The Institute has also secured approval for the study of taxation as an independent subject at degree level. This is after a failed effort by F.I.R.S. to endow professorial chairs in taxation in some Nigerian Universities. The implication is that this research is one of few pioneering efforts in the field. Therefore, the data collection and presentation work needed to be in-depth and were indeed in-depth so as to deal with various aspects of taxpayers' behaviors and how they impact on tax compliance. That is to say that, it went beyond the usual peripheral

issues of historical trends in the amendments of tax laws, decisions on tax cases, and technicalities of tax computations, which had been the trend in academic and professional contributions to the development of tax administration in Nigeria. Another important factor that influenced the design of data collection and presentation is that this is also one of pioneering PhD research which deals with human behavior in a sensitive subject area such as taxation. It therefore needed to be multifaceted in terms of designing questions that were capable of facilitating the collection of data on the smallest, as much as possible, characteristics of taxpayers to be able to determine factors that influence tax compliance behaviors. To this extent, it is reiterated that questions were repeated in different manners so as to expand the chances of complementarities of data (and information) and for the validation of some responses. This is in addition to quality control responses provided by Tax Officials and Taxpayers' Representatives/Consultants. It has to be re-emphasized that a good thing about the selection of Tax Officials, Tax Consultants/Taxpayers' Representatives for quality control of data collected from main respondents (the research sample) is that in addition to the key role they play on behalf of taxpayers and government, they are themselves taxpayers and therefore have a vintage position. In which case, they render tax returns and pay taxes to government as well as influencing how other people to so. Therefore, they were expected to use their own tax compliance behavior as taxpayers and their involvement in tax compliance decision making to respond to the questionnaires and interviews, as the case may be.

The conceptual framework postulated a cue-routine-reward loop as a possible way to change and shape tax compliance behavior. Tax Administrators are expected to use this to fashion out a trigger that brings about positive tax compliance behavior.

The reports so far in this research show that the Nigerian tax system has not performed creditably by way of tax payment compliance, as indicated by low contribution of tax to GDP, of only 4.5 per cent after the rebasing of GDP in April, 2014. This is against a benchmark level of 30 per cent for developing countries (see pages 5, 20 and 27 of chapter one of this report). And in terms of filing compliance, only 30 per cent of medium and low income companies filed tax returns, as noted on pages 24 and 27of chapter one. The fact that a recent ranking by the World Bank (2015) placed Nigeria at 179 out of 189 countries surveyed on tax compliance (see page 31 of chapter one) put more pressure on the researcher to dig deeper ,in terms of data capture, to unravel the reasons for the poor tax compliance performance in Nigeria. This current report justified the stretching of the study of tax issues outside the specific research period of 2005-2014, as already noted in the scope of this research on page 37. In any case, the questionnaires were designed to collect data on current tax compliance behaviour and to analyze them for possible solutions rather than just being historical, even if a trend emerges from historical facts presented.

3.2 Method(s) of Data Collection

A major issue in data collection in the field of taxation is that tax compliance behavior plays a key role as the main source of raw data. And data on behavioral issues as they relate to tax compliance are shrouded in secrecy. This is because taxpayers are careful not to jeopardize their tax burden through disclosures they make in the course of interviews or responding to questionnaires. There is also the fact that business information should be guarded and the fact of the quest by the taxpayer to minimize his tax burden compounded the search for data on taxpayers'

behavior. This scenario is not unexpected. After all, Judge Learned Hand in his ruling noted that ''anyone may arrange his affairs so that his taxes shall be as low as possible; he is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase one's taxes. Over and over again the Courts have said that there is nothing sinister in so arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands''[205]. One of the implications of this judgment is that the taxpayer and the tax administration are in a kind of zero-sum-game with the effect that a taxing opportunity lost by the tax official is a gain to the taxpayer and vice versa. In view of this, great care was taken in designing the instruments for data collection in a manner that encouraged disclosure and that were capable of extracting or capturing reliable data required for tax research. It is noted again that there were assurances at every stage of data collection that the confidentiality of disclosures would be not be compromised.

The data collected for this research were from the traditional primary and secondary sources. The primary data were original in character and were collected from respondents selected scientifically and carefully for that purpose, that is, from a sample of the population studied. Data from this primary source fitted into the descriptive nature of the research. On the other hand, data from the secondary sources were collected from institutions of government who statutorily kept them and had arranged them in a statistical manner. This class of data, which are largely quantitative fall under tax revenue collection statistics and they were valuable in trend analysis and test of hypothesis. It is noted however that a combination of the descriptive and the quantitative data were ultimately utilized in the test of hypotheses, in drawing conclusions and making appropriate recommendations.

3.2.1 Descriptive Research Approach

As noted earlier in this chapter, the data required was that on attitudes and characteristics of individuals when faced with the need to take tax compliance decisions. That is to say that data that were required were those on how individuals behave in tax compliance related decisions. The descriptive approach to research was found most appropriate in that the primary data required was about the characteristics of taxpayers or description thereof naturally and in the present. This eventually led to the use of survey method of research, using questionnaires and interviews as instruments, to collect the primary data on attitudes, opinions, personal characteristics and behavior of people. This dove tailed into the determination of variables and later in determining the relationships that exist between the variables which were used in the test of the hypotheses and in arriving at conclusions[206].

3.2.1.1 The Actual Survey Design

According to C.R.Kothari and GauravGarg (2014), surveys are concerned with describing, recording, analyzing and interpreting conditions or relationships that either existed or exist. And concerned with conditions or relationship that exist, opinions that are held and processes that are going on[207].Surveys are also concerned with present events as they influence the future. The fact of the study of present events is important as tax revenue collection is done on current basis and data required was such that will be useful in making meaningful analysis of data in the course of finding a solution to current economic issues especially, down-ward trend of tax revenue. In any case, respondents answered the questionnaires based on the current state of the characteristics being reported. It is for these qualities of survey in providing description of past and present characteristics of taxpayers that recommended its selection as the research method to be used; moreover it afforded

the opportunity of studying the behavior of a large population, such as Nigerian taxpayers, through a sample which provided a snapshot of the population. In this particular case, the target population that was studied is 160,000 active taxpayers (also known in tax parlance as live cases) that by statute are required to file self-assessment tax returns with the F.I.R.S.

Considering that the underground economy in Nigeria constitutes up to seventy per cent of economic activities in the country, it was considered redundant to take a sample from the overall potential taxpayers' population. As noted in chapter one of this report, F.I.R.S. is the prime tax organization in the country and is in the best position to provide credible data on taxpayers' behaviors. This is because it has a network of tax offices that span the whole federation through which it carries out tax administration. Moreover, F.I.R.S. works in active collaboration with other revenue authorities in the country. However, more than seventy per cent of these taxpayer populations are resident in Lagos due to the fact that Lagos is the hub of economic activities in Nigeria. This informed the choice of Lagos as the place where the survey was carried out. In addition, the fact of the uniformity of standard of operations of F.I.R.S. and the application of the same laws under centralized guidance and control, makes the companies in Lagos and the taxpayers therein a type of microcosm of taxpayers in Nigeria. It is also noted that the key taxpayers have network of offices across the country and operate under centralized management with their head offices in Lagos providing direction. The selection of Lagos apart from providing a microcosm of taxpayers served additional purposes of convenience, saving cost and time. In any case, a pilot survey was carried out and it was done outside of Lagos and the report of the pilot survey served the purpose of comparative analysis of taxpayers' characteristics.

The data from the pilot survey were available for use during the stage of articulating the findings and conclusions of the research. The actual sample size of 100 respondents was thus derived, scientifically using the formula n = N/n+N(e)2. The scientific nature of deriving the sample provided an assurance that the sample would be representative enough to enable a generalization to be made based on them. The details of the calculation are on page 44. The sample was distributed among the three taxpayer segments of large taxpayers, medium taxpayers and small/micro taxpayers, equally. The selection from all the segments of taxpayers ensured increased representativeness and thus to capture all the characteristics of taxpayers. Each taxpayer segment thus was allocated thirty-three respondents with the remaining number which was added to the small and micro taxpayer segment being allocated on the basis of toss of coin.

The actual respondents within the taxpayer segments were selected using a random sampling technique of selecting the tenth in sequence of subsequent taxpayers on the taxpayers' master list, until the sample size for the segment was completed. The modalities of arriving at the sample size were discussed in details in the research design in chapter one. It is important to note that the taxpayer segments were determined by size of operation as used by the F.I.R.S in its taxpayer segmentation. It is to the credit of Lagos that all taxpayers' segments are present in that city. The essence of involving all the taxpayers' segments in the study was to collect data that captured the individual and specific characteristics of each taxpayer segment as to ensure representation of all taxpayers. And to determine eventually if size of operation affects tax compliance behaviors and decisions. Recognizing that data were being collected on human behavioral tendencies and on a subject area as taxation, which is shrouded in secrecy as explained earlier in this

chapter, and due to the imperative of validating such data collected, another sample size of twenty five per cent of the sample size which translated to twenty-five respondents, selected arbitrarily but from well informed tax officials and external tax professionals, was dedicated for quality control purposes. The quality control number was also allocated equally, that is twelve per segment with the extra number added to the tax officials' segment after a toss of coin.

It is noted however that, while respondents for quality control purposes were not counted as part of the real sample size for the studies, they are taxpayers in their own right and indeed play important roles in the success or otherwise of tax administration. Therefore, because they also possess all the attributes and characteristics of taxpayers, they were considered capable of providing credible data that would be used to confirm the authenticity of behavioral tendencies reported by the main respondents. Consequently, data for quality purpose were presented side-by-side with those from the main respondents. It has to be noted at this stage that any perceived judgmental decision did not cause any damage to the extraction of data because some of such data were used for comparison, quality control and validation of raw data.

3.2.2 Tools/Instruments of The Field Survey

For the collection of the primary data of this research, multiple tools were used, to ensure completeness of the data captured. The tools were questionnaires, interviews and discussions. The details on how each of the tools was used are given below:

(a) Questionnaires

It has to be noted at the outset that the use of questionnaires has the advantage that in using various media it can be sent to a large number of people/respondents simultaneously, thus saving cost and time. Also, it affords respondents the time to think over the questions before giving answers/responses to them and at their private times. In addition, the fact that questionnaires were anonymous in nature made it possible for respondents to be thoughtful and frank in attending to the questions without fear of retribution, especially in responding to sensitive and difficult questions. These advantages recommended the use of survey method and questionnaires as tools for this research in the first place. In any case, in a social and behavioral science study, the use of survey method through questionnaires was found to be more appropriate to the researcher to the extent that it removed the need to be available during the events or phenomena being studied. In designing the questionnaires, the researcher was mindful that the essence of the survey was to collect data, which when processed, would assist in the achievement of the objectives of the research. Also the researcher drew heavily from issues raised during the stage of literature review, especially those that needed clarifications. Other matters that influenced the designing of the questions included points upon which the conceptual framework was based, public opinions in Nigeria as expressed in public forums, and as reported by the media.

The areas of special focus for the capture of public opinion were tax seminars and stakeholders' engagements, and pronouncements by public officers and various professional bodies on tax administration and compliance issues that impact on the maximization of tax revenue. A critical aspect of the research was the formulation of questions that would be more or less all-embracing and in manners that were

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capable of extracting reliable data that would be useful in data analysis, aiding the articulation of the findings of the research and in drawing conclusions and making appropriate recommendations. The questions when they were eventually framed took into consideration the fact that they needed to be understood by respondents as well as being able to elicit reliable and quick responses. The fact that data were being sought from characteristics, attitudes and likely behavior of human beings and that there was therefore the likelihood of incomplete and wrong disclosures, was another challenge. However, there was an assurance of credible responses on account of the fact that respondents were drawn from group of persons knowledgeable in finance and tax compliance decision making and, while remaining anonymous would also like to maintain their personal reputation. This notwithstanding, one of the ways more assurances of reliability were secured included repeating some of the questions by rephrasing them in different ways for the purpose of achieving completeness, validation and complementarities of responses.

Optional questions were arranged in staggered manners of numbering of subsequent questions so that they did not lend themselves to mechanical answers. For example, if 'agree' was an option for choice and it occurred in subsequent options and in many places, the numbering in subsequent use was such that it was varied in placement with numbering in subsequent and different questions. To ensure that the questions were simple and capable of extracting the desired responses, questionnaires were distributed in a pilot survey ahead of their distribution during actual field survey. The purpose was to appraise if the questions were clear to respondents and to know the likely challenges they would encounter in responding to them. In this way, to simplify and modify the questions as appropriate;

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to improve the management of distribution of questionnaires, and to determine the manner of prompting for timely and accurate responses, as the case may be. Fortunately, the pilot stage was smooth and rewarding in all its ramifications and influenced the formulation of the final questionnaires.

To optimize the capture of data required, some of the questions were close ended (structured or restricted) so that responses would not be unwieldy and thus make collation, presentation and analysis of data cumbersome, if not impossible. However, taking into consideration the fact that close-ended questions may be restrictive in terms of data capturing, a few open-ended questions were included so as to allow respondents the opportunity of giving additional data. Even at that, the extent of 'open-endedness' was restricted so as to avoid a deluge of data or the unwieldiness of presentation of data captured. This was done by limiting responses to open-ended questions but making provisions for 'follow-up' questions where respondents had further scope of choice.

Also, advantage was taken of the fact that face-to-face interview would be conducted, in which case, the opportunity would be utilized to feel any data(information) gap that may have arisen as a result of the generous use of close-ended questions. This also justified the decision to use multiple survey tools in the first instance.

One of the concerns in drawing up the questionnaires was that tax administration has always been the exclusive preserve of government/tax officials, even with the advent of the self-assessment tax regime, with its feature of shared responsibilities between tax officials and taxpayers. In this regard, incisive some questions which may appear to be a performance rating of tax administration may be seen as actual performance rating of government. This scenario was expected or

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suspected to be capable of producing a tendency for cautious response that would not make respondents appear to be antagonistic government. Surely, many taxpayers would like to avoid a possible retribution for rating the performance of government in tax administration poorly. Especially as performance ratings of government impact on opinion polls which are likely to be used during electioneering campaigns. In view of this circumstance, assurances of confidentiality of the responses, with respect to specific answers, were given to respondents. Also, the fact of anonymity of respondents was re-emphasized during clarifications. The re-assurance served as a means of encouraging frank responses to hard questions and sensitive questions.

(a)(i) Distribution of Questionnaires

As a means of facilitating timely responses, the researcher paid visits to respondents' places of work ahead of the distribution of the questionnaires. The purpose was to collect the names and details of relevant persons including telephone lines (both land and mobile), e.mail addresses, and to ascertain physical locations of businesses of respondents. Having the names of the respondents was only for the purposes of direct contacts and for familiarity which was expected to create a conducive atmosphere for the field survey. The visits also provided the opportunity to give prior information to respondents about the research and to solicit for their support and co-operation. It is noted also that one of the objectives of the visit was to enrich the outcome of the research especially as it is one of pioneering efforts in the study of the behavior of taxpayers and its impact on tax compliance. Another reason was that it was not lost on the researcher that the potential respondents were not in business to complete questionnaires and indeed that the time used in completing questionnaires may be an encroachment into the official

business times or even the rest/relaxation time periods for respondents. Therefore, a decision was made to motivate them and to crave their empathy for the researcher and support for the research. This was done by using the opportunity of the visits to re-emphasize the importance of the research especially revenue maximization at a time of fall in crude oil prices. This exercise was carried out verbally in addition to carefully worded letter to respondents on the importance of this research. This step of putting personal touch was aimed at building relationships. In the course of the pre-field survey visits, some of the following information materials, most of which were in Photostat copies, were given to respondents;

(i)   End of season greeting cards with tax information;

(ii)   Paper page holders of RISASON Limited;

(iii)   Photostat copies of Tax Administration(Self-Assessment)Regulation,2012;

(iv)   Photostat copies of tax offences and penalties pamphlet;

(v)   A letter to respondents regarding the importance of the research topic, The Challenges of Tax Revenue Maximization in Nigeria Through Voluntary Tax Compliance: The Role of Self-Assessment; and

 (vi)   Flyers on the self-assessment tax system.

 The questionnaires were paper based and were designed for the use of pen on their completion. They were distributed using multiple channels, such as, e-mails and hand delivery through paid local currier services. Those sent by e-mail were made as attachments but this was in addition to the delivery of hard copies of the questionnaire to the same respondents. The reason for the use of currier services was because, although service through post offices would have been much cheaper, the delays and other inefficiencies associated with the system in Nigeria discouraged it use. On the other hand, the use of hand delivery was meant to send a message of

the seriousness of the project and to use it to elicit their complete and timely responses. One of the deliverables from hand delivery was proof of service. After the initial distribution of the questionnaire, e-mails, sms messages and phone calls were made to confirm receipt of the questionnaires by each of the respondents. This was done in addition to evidence of proof of service. Thereafter, targeted follow-up calls were made to respondents to prompt responses; to make clarifications on any item on the questionnaire, if need be, and to ensure that the right persons were attending to the questionnaires. In the course of introductions and exchange of pleasantries, respondents got to know that the researcher was once a tax administrator and currently a member of the Standard Board of C.I.T.N. This brought a lot of ease and friendliness into the data collection process.

(a)(ii) Return of Completed Questionnaires

It is noted that the questionnaires that were hand delivered were accompanied by envelops self-addressed by the researcher to himself. It was ensured that the questionnaires were completed, as confirmed through e-mail, sms messages or phone calls. Respondents were requested to return them either through e-mail, as attachments/scanned copies, or to drop them at the respondents' offices or places of business, under seal in the envelops provided and addressed to the researcher. Such envelops were self-collected by the researcher or persons designated for that purpose. The selection of Lagos as the place where the research was carried out made the self-collection of questionnaires faster and at reduced cost of collection as would have been otherwise if the researcher was criss-crossing the country to retrieve un-returned questionnaires or even creating challenges of respondents not returning completed questionnaires due to the extra cost they may incur in doing so.

(b)   Interviews

The interview and discussion sessions were held as part of the multiple approaches to the study. Some of the key regular respondents and special respondents (selected for quality control of data) were selected for this purpose. The basis for selecting them was the fact that they were considered by the researcher to be more knowledgeable, than the other respondents, on the subject matter of tax compliance. The aim was to take advantage of the physical presence of the researcher to encourage respondents to attend to the questionnaires, if they had not already done so. And to use the opportunity to give further clarifications to some of the questions on the questionnaires, if it became necessary. It also afforded the researcher the opportunity to get additional data (and information) which the use of only questionnaires could otherwise not have extracted. Moreover, considering the nature of the research, that is, finding solutions to the gross inadequacy of tax revenue collection-which hinders the developmental efforts of government, the interview was also designed to create, in this class of respondents, a feeling and sense of ownership and participation in tax revenue problem solving process. It is reiterated that the broad aim was to this multiple data collection approach was to generate more data for the project.   On the whole, most of the interviews were held after the receipt of completed questionnaires. In which case, they served as another source of additional data and for further validation of data already extracted. This was in addition to the quality control checks responses from the dedicated group which had already been obtained.

It is important to note that this stage of actual face-to-face discussion with respondents brought about more rapport in the research process and ensured that all the issues that were raised in the questionnaire and questions were dealt with. It

is noted that this stage of discussions was more detailed than the initial chat sessions held during the familiarization visits before the questionnaires were distributed. The format of the interview was the use of more or less 'restricted open-ended' questions as topics. The questions/topics were drawn mainly from the general questionnaires since they were meant to be complementary to questions contained on the questionnaire. However, respondents were allowed to conclude their presentations by making suggestions on how to improve voluntary tax compliance through the self-assessment tax regime. On the whole, the interviewer was careful about body language so as not to cause interviewer's bias to influence answers given by respondents. Importantly, it was always born in mind that the essence of the interview was to combine its outcome with that of quality control data as a means of carrying out another level of check, as to assure the complementarities and validity of data collected from respondents.

3.2.2.1 Collation and Sorting of Data

The first step in the collation and sorting of data was to determine the number of questionnaires that were returned. In the process it was discovered that only ninety-five (95) out of hundred (100) questionnaires were returned. The questionnaires returned were all completed. Considering the efforts made to secure full completion and return of questionnaires, an investigation was carried out and it was discovered that it was due to unforeseen circumstances or the fact that such respondents were unavoidably not around to attend to the questionnaires. A break down revealed that thirty-three (33) out of thirty-three of the large taxpayer respondents returned the questionnaires; meaning that all large taxpayer respondents completed and returned the questionnaires. On the part of the medium taxpayers, only thirty-two of the thirty-

three respondents completed and returned the questionnaires. On the other hand, only thirty out of thirty-four of the small and micro taxpayers returned completed questionnaires.

While the fact that ninety-five out of hundred respondents completed and returned questionnaires may be considered as a performance that is ordinarily impressive, it fell short of the hundred per cent performance targeted by the researcher. This is without prejudice to universal notion of low response rate to questionnaires. The high expectation was based on the tremendous efforts put in and cost incurred to elicit responses, in view of the pioneering nature of the research as it relates to Nigeria and especially on account of the state of the economy, in 2015, after the fall of crude oil prices. Fortunately all the twenty special respondents for quality control purpose returned completed questionnaires and remarkably in good time.

 The completed and returned questionnaires, both hard and soft copies, were sorted into two broad categories of main respondents separated into large taxpayers, medium taxpayers and small/micro taxpayers, and special respondents separated into tax officials and tax consultants/taxpayers' representatives. Time was taken out to remove duplicated questionnaires arising from the use of multiple channels of both e-mail and hand delivery. Five bags were created and the questionnaires were put into them as appropriate. After the separation of the questionnaires, there was a physical check for completeness, appropriateness and reliability of each questionnaire. With the benefit of GSM and e-mail, the researcher, using years of experience in tax administration, made clarifications and confirmed the reliability of some of the data. It must be noted that in the data cleaning up process that the cases of errors and incompleteness discovered and corrected were negligible. Subsequently, the data were inputted into templates prepared for that purpose after

the pilot stage of the survey based on experience there from. The researcher personally entered the data into the templates after reconfirming that they were complete and correct.

(a) Custody and Storage of Data

Two branded boxes were created for this purpose, one for processed data and the other for data yet to be processed. However, the initial separation into specific segments, as collated into the five bags mentioned earlier, were maintained. All data were eventually processed by entering them into the relevant templates. After inputting the data and separating them into the appropriate bags of the taxpayers' segments and respondents for quality control purpose, the data bags were stored in the respondents' safe, in hard copies and a soft copy in a memory stick. Focus then shifted to collation of qualitative data, some of which were obtained in the course of the search for primary data.

3.3   DESCRIPTION DATA

3.3.1   PERSONAL DATA OF RESPONDENTS

3.3.1.1   Table 1: Sex Of Respondents

Tax payer Segment	Number of questionnaires distributed	Number of male that respondent	Number of female that respondent	Total Number of Respondents
Large taxpayers	33	20	13	33
Medium taxpayers	33	21	11	32
Small and micro taxpayers	34	18	12	30
Total	100	59	36	95

Source: Field survey of selected taxpayer in Nigeria, 2015

3.1.1.1a   Table 1a: Sex of Respondents for quality Control purposes

Classification of quality control respondent	Sex of quality control respondent		Totals
	Male	Female	
Taxpayers' representative/ consultant	8	4	12
Tax Controllers	11	2	13
Total	19	6	25

Source: Field survey of selected taxpayers in Nigeria, 2015

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3.3.1.2 Table 2: Age Of Respondents

Age	Large Taxpayers	Medium Taxpayers	Small and micro Taxpayers	Totals
Below 30 years	-	1	4	5
31 to 40 years	14	10	11	35
41 to 50 years	17	14	9	40
51 to 60 years	2	7	5	14
61 to 70 years	-	-	1	1
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.2.1.2.1 Table 3: Age Of Respondents For Quality Control Purposes

Age	Tax Controllers	Tax consultants taxpayers' representative	Total
Below 30 years	-	-	
31 to 40 years	2	3	5
41 to 50 years	8	5	13
51 to 60 years	3	3	6
61 to 70 years		1	1
Total	13	12	35

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.3 Table 4: Marital Status of Respondents

Marital Status	Large Taxpayers	Medium Taxpayers	Small/micro Taxpayers	Totals
Single	-	1	4	5
Married	32	31	25	88
Separated/Divorced	1	-	1	2
Other	-	-	-	-
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.3.1 Table 5:   Marital Status For Quality Control Purposes

Marital Status	Tax Controller	Tax Consultants/Taxpayers Representatives	Total
Single	-	1	1
Married	12	11	23
Separated/Divorced	1	-	1
Other	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.4 Table 6:   Occupation of Respondents

Occupation	Large Taxpayers	Medium Taxpayers	Small/micro Taxpayers	Totals
Public Sector	-	-	-	-
Private Sector	33	32	30	95
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.4.1 Table 7: Occupation of Respondents For Quality Control Purposes

Occupation	Tax Controller	Tax Consultants/Taxpayers' Representatives	Total
Public Sector	13	-	13
Private Sector	-	12	12
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.5 Table 8:   Job Experience Of Respondents

Number of years of working experience	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
0-5 years	1	3	8	12
6 to 10 years	3	5	10	18
11 to 15 years	14	15	8	37
Over 15 years	15	9	4	28
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.5.1 Table 9: Job Experience Of Respondents For Quality Control Purposes

Number of years of working experience	Tax Controller	Tax Consultants/Taxpayers' Representatives	Total
Single	-	-	
Married	2	3	5
Separated/Divorced	7	7	14
Other	4	2	6
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.6 Table 10: Level/Cadre of the Respondents In The Organization/Taxpayers' Company

Level/Cadre	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
Top Level management	-	-		-
Middle level management	33	30	28	88
Lower level management	-	2	2	2
Other staff	-	-	-	-
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.3.1 Table 11:Marital Status for Quality Control Purposes

Level/Cadre	Tax Controllers	Tax Consultants/Taxpayers' Representatives	Total
Top Level Management	-	-	0
Middle Level Management	13	10	23
Lower Level Management	-	2	2
Other Staff	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.7 Table 12:   Educational Qualification Of Respondents

Educational Qualification	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
Below Higher National Diploma	-	-	8	8
First Degree/Higher National Diploma	27	29	20	76
Masters Degree/Philosophy	5	3	2	10
Doctor of Philosophy	1	-	-	1
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.7.1 Table 13 Educational Qualifications of Respondents For Quality Control Purposes

Educational Qualification	Tax Controller	Tax Consultants/Taxpayers' Representatives	Total
Below Higher National Diploma	-	-	-
First Degree/Higher National Diploma	8	7	15
Masters Degree/Philosophy	5	4	9
Doctor of Philosophy	-	1	1
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

3.3.18 Table 14:   Professional Qualifications of Respondents

Professional Qualifications	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
Law	1	-	-	1
Accounting	3	9	8	20
Taxation	12	9	19	40
Accounting and Taxation	14	14	3	31
Law and Taxation	3	-	-	3
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

3.3.1.8.1 Table 15 Professional Qualifications of Respondents For Quality Control Purpose

Professional Qualification	Tax Controller	Tax Consultants/Taxpayers' Representatives	Total
Law	-	-	0
Accounting	-	3	3
Taxation	6	3	9
Accounting Taxation	7	5	12
Law and taxation	-	1	1
Others	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

3.3.2 SPECIFIC RESEARCH QUESTIONS

The questions and the responses thereto are reported below:

Questionnaire 1, Table 16: It has been suggested that self-assessment tax system, that is, filing of tax returns and paying taxes due on statutory dates for payment, bring about increase in tax revenue collection respondents were requested to choose one of the options provided.

Options for choice	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
Strongly agree	33	30	28	91
Agree	-	2	2	4
Disagree	-	-	-	-
Strongly disagree	-	-	-	-
No option	-	-	-	-
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 17: Responses For Quality Control Purposes

Options for choice	Response Tax Officers	Tax Consultants/Taxpayers' Representatives	Total
Strongly agree	13	10	23
Agree	-	-	-
Disagree	-	-	-
Strongly disagree	-	-	-
Perhaps	-	2	2
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

Questionnaire 11, Table 18:Over the years the Federal Inland Revenue Service has always exceeded its tax revenue collection target. Why has this not translated to increase in tax-to-GDP ratio? Respondents were requested to choose answers from the options provided.

Options for choice	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
Computation of tax-to-GDP were based on wrong figures	-	1	2	3
The tax collection targets were low	-	1	1	2
Both (a) and (b) above	33	29	25	87
No idea	-	1	2	3
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 19: Responses For Quality Control Purposes

Options for choice	Response Tax Officers	Tax Consultants/Taxpayers' Representatives	Total
Computation of tax-to-GDP were based on wrong figures	7	-	7
The tax collection targets were low	-	-	-
Both (a) and (b) above	6	12	18
No idea	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

Questionnaire 111, Table 20: The self-assessment tax system involves the sharing of tax administration responsibilities between tax officials and taxpayers. Do you think that tax officials are reluctant to share such powers with taxpayers?

Options for choice	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	Totals
Yes	32	28	30	90
No	-	1	-	1
Perhaps	1	3	-	4
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 21:   Responses For Quality Control Purposes

Options for choice	Response Tax Officers	Tax Consultants/Taxpayers Representatives'	Total
Yes	8	12	20
No	-	-	0
No idea	5	-	5
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

Questionnaires IV, Table 22: One of the issues raised by tax officials during discussions in public forums is that taxpayers cannot be trusted to share in tax administration responsibilities. Do you agree with this opinion?

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	
Yes	28	20	28	76
No	2	8	2	12
Perhaps	3	4	-	7
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 23: Responses for Quality Control Purposes

Options for choice	Response Tax Officers	Tax Consultants/Taxpayers' Representatives	Total
Yes	13	9	22
No	-	1	1
Perhaps	-	2	2
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 24: Justification for Response to Question iv

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	
Many taxpayers do not understand tax issues	27	30	30	87
Some taxpayers are not honest	-	-	-	-
Tax administration is the responsibility of government/tax officials	5	1	-	6
It is only natural	1	1	-	2
No idea	-	-	-	-
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 25: Responses for Quality Control Purpose

Options for choice	Response	Tax Consultants/Taxpayers Representatives'	Total
	Tax Officers		
Many taxpayers do not understand tax issues	2	5	7
Some taxpayers are not honest	-	-	-
Tax administration is the responsibility of government/tax officials	11	7	18
It is only natural	-	-	-
No idea	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

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Questionnaire V, Table 26: Granted that the self-assessment tax system assigns part of tax administration duties to taxpayers, for example self-declaration of income, do you think that taxpayers can be trusted to play this role honestly?

Table 26:Response as to Whether or not Taxpayers Can Be Trusted

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	
Yes	14	6	2	22
No	19	26	28	73
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 27: Responses for Quality Control Purposes

Options for choice	Response Tax Officers	Tax Consultants/Taxpayers' Representatives	Total
Yes	-	7	7
No	13	5	18
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 28: Why some respondents think that taxpayers cannot be trusted to make honest self-declaration of income

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	
Many taxpayers are not honest	25	30	30	85
I do not know	8	2	-	10
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 29: Responses For Quality Control Purposes

Options for choice	Response	Tax Consultants/Taxpayers' Representatives	Total
	Tax Officers		
Many taxpayers are not honest	10	7	17
I do not know	3	5	8
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 30: Why some respondents think that taxpayers cannot be trusted to make honest self-declaration of income

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small/Micro Taxpayers	
Taxpayers are stakeholders	14	6	2	22
No reason	-	-	-	-
Total	14	6	2	22

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 31: Responses For Quality Control Purposes

Options for choice	Response		Total
	Tax Officers	Tax Consultants/Taxpayers' Representatives	
Taxpayers are stakeholders	-	5	5
No reason	-	-	-
Total	-	5	5

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 32: Specific response from tax consultants/taxpayers' representatives (during interview) who think taxpayers can be trusted as a follow up to v(a)

Options for Choice	Tax consultant/taxpayers' representative	Total
Taxpayers/our clients declare correct income	7	7
No specific reason	-	-
Total	7	7

Source: Field survey of selected taxpayers in Nigeria, 2015.

Table 33: Specific response from tax officials (during interview) based on their knowledge and discussions with tax payers – as a follow-up to questionnaire v(a)

Options for choice	Tax Consultant/Taxpayers' representative	Total
Government does not assist taxpayers in their business	5	5
No taxpayers do not derive benefits from government as they provide everything by themselves	8	8
Total	13	13

Source: Field survey of selected taxpayers in Nigeria, 2015.

Questionnaire VI, Table 34: The self-assessment tax system encourages dialogue between taxpayers and tax officials (tax authority). It is alleged that the tax authority is not willing to implement the requirement of dialogue. What is your response? Tick one of the options below;

Options for choice	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	Totals
It is a waste of time	-	1	3	4
Some aspects of the tax laws empower tax. Officials to take action as they deem fit	30	24	12	66
Tax administration is historically the preserve of tax officials	3	6	14	23
Tax officials are experts on tax matters and taxpayers are not	-	1	1	2
I can't think of any particular reason	-	-	-	14-
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 35: Responses for Quality Control Purposes

Options for choice	Response		Total
	Tax Officers	Tax Consultants/Taxpayers' Representatives	
It is a waste of time	-	-	-
Some aspects of the tax laws empower tax. Officials to take action as they deem fit	13	12	25
Tax administration is historically the preserve of tax officials	-	-	-
Tax officials are experts on tax matters and taxpayers are not	-	-	-
I can't think of any particular reason	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire VII, Table 36.   Are there other constraints to dialogue between tax officials and taxpayers? Respondents were requested to choose from any of the options below;

Options for choice	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	Totals
Funding	3	7	9	19
State of tax law	4	7	6	17
Funding and state of tax law	26	18	14	58
I cannot think of any other constraints	-	-	-	-
There is no need for dialogue	-	-	1	1
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 37: Responses for Quality Control Purposes

Options for choice	Response		Total
	Tax Officers	Tax Consultants/Taxpayers' Representatives	
Funding	-	-	
State of tax law	-	2	2
Funding and state of tax law	13	10	23
I cannot think of any other constraints	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire VIII, Table 38: Which of the following factors motivate taxpayers to file tax returns timely and honesty? Choose your answer from one of the options below;

Options for choice	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	Totals
Fear of sanction	25	20	26	71
State of infrastructure	5	3	-	8
Good governance	2	3	-	5
Patriotism	-	-	-	-
Regular tax audits	1	6	4	11
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 39: Responses for Quality Control Purposes

Options for choice	Response Tax Officers	Tax Consultants/Taxpayers' Representatives	Total
Fear of sanction	5	5	10
State of infrastructure	4	3	7
Good governance	2	2	4
Patriotism	-	-	-
Regular tax audits	2	2	4
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire IX, Table 40: Do you think that there are impediments to the

implementation of the self-assessment tax system from one of the answers below

Options for choice	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	Totals
Yes	30	25	30	85
No	3	7	-	10
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 41: Responses for Quality Control Purposes

Options for choice	Response	Tax	Total
	Tax Officers	Consultants/Taxpayers' Representatives	
Yes	13	12	25
No	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 42: Follow-up question to "Yes" response to question IX

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Inadequate funding	-	1	1	2
Taxpayers lack of understanding of their tax obligations	7	7	6	20
Fluid nature of tax laws	-	1	1	2
Reluctance to implement the tenants of self-assessment tax system	5	5	4	14
Failure to impose sanctions in cases of default	9	8	6	23
Lack of balance between taxpayer enablement, and tax compliance enforcement	5	5	4	14
Cultural issues	-	-	1	1
Lack of understanding of methods of interpretation of laws	1	1	1	3
Taxpayer resistance		-	1	1
General lack of understanding of the tenets of self-assessment tax system	6	4	5	15
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Responses for Quality Control Purposes For Follow-up Question To "Yes" Response To Question IX

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Inadequate funding	-	-	-
Taxpayers lack of understanding of their tax obligations	2	2	4
Fluid nature of tax laws	1	-	1
Reluctance to implement the tenets of self-assessment tax system	2	3	5
Failure to impose sanctions in cases of default	2	2	4
Lack of balance between taxpayer enablement and tax compliance enforcement	2	2	4
Cultural issues	-		
Lack of understanding of methods of interpretation of laws	1	1	2
Taxpayer resistance	1	-	1
General lack of understanding	2	2	4
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire X, Table 44: What factors do you think will make self-assessment tax system effective in an environment like Nigeria?

Tick five factors from the list below.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Serious tax enforcement	4	4	4	12
Simple and updated tax laws	7	7	6	20
Good taxpayer education	5	5	6	17
Effective and transparent tax audit and investigation	5	5	5	15
Incentives to taxpayers for tax compliance	1	1	1	3
Tax education at all levels	1	1	1	3
Collaboration among tax agencies	4	4	4	12
Speedy disposal of tax cases in Courts	3	2	1	6
Good training for tax officials	2	1	1	4
Adequate funding of tax operations	1	1	1	3
Total	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 45:   Summary Of Ranking Of The Five Determinants Of The Effectiveness Of Self-assessment Tax System.

Factors that make self-assessment tax system effective	Ranking
Simple and updated tax laws	1st
Good taxpayer education	2nd
Effective and transparent tax audit and investigation	3rd
Serious tax enforcement	4th
Collaboration among tax agencies	5th

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XI, Table 46: Bonus for self-assessment filing was expected to elicit compliance with the self-assessment tax regime in your opinion , did it achieve its objectives? Choose from one of the following options;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Yes	25	8	3	36
No	8	24	26	58
No idea	-	-	1	1
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 47:   Responses for Quality Control Purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' representative	Total
Yes	6	3	9
No	7	9	16
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 48: Follow-up to "No" responses to question XI, that is, that self-assessment tax regime has not achieved its objectives.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
There was improper administration of the self-assessment tax system	2	4	10	16
Non/late filers derived more financial benefits from non-filing than the self-assessment bonus	6	20	16	42
Totals	8	24	26	58

Source: Field survey of selected taxpayers in Nigeria,**2015**

Table 49: **Responses for Quality Control Purposes to Xb**

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' representative	Total
There was improper administration of the self-assessment tax system	1	4	5
Non/late filers derived more financial benefits from non-filing than the self-assessment bonus	6	5	11
Total	7	9	16

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XII, Table 50: Why do you think taxpayers make incorrect declarations of income? Choose your answer from one of the option below;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
They do not know the implications of incorrect declarations of income	4	4	5	13
They are sure they will not be caught	4	2	3	9
Even if they are caught, the consequences are not severe	3	4	5	12
It is economically advantageous to make incorrect declaration	22	22	16	60
I do not know	-	-		
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 51: Responses for Quality Control Purposes to Xb

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
They do not know the implications of incorrect declarations of income	2	1	3
They are sure they will not be caught	2	1	3
Even if they are caught, the consequences are not severe	2	2	4
It is economically advantageous to make incorrect declaration	7	6	13
I do not know	-	2	2
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XIII, Table 52: Why do you think taxpayers make correct declarations of income? Choose your answer from one of the option below;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
For fear of serve sanction of incorrect declaration	23	25	25	74
Maybe because of company policy	3	2	-	5
For moral reasons	1	1	-	2
In order to maintain the reputation of their business	3	1	1	5
Because the laws want them to do so	3	3	3	9
Totals	33	52	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 53:   Responses for Quality Control Purposes to Xb

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
For fear of serve sanction of incorrect declaration	10	8	18
Maybe because of company policy	-	1	1
For moral reasons	-	-	-
In order to maintain the reputation of their business	1	1	2
Because the laws want them to do so	2	2	4
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XIV, Table 54: Non-compliance with tax laws and regulations is a demonstration of tax resistance/protest; choose your answer from any of the options below;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Strongly agree	-	-		-
Agree	7	9	10	26
Undecided	-	2		2
Strongly disagree	-	-		-
Disagree	26	21	20	67
Totals	33	52	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 55: Responses for Quality Control Purposes to Xb

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' representative	Total
Strongly agree	-	-	-
Agree	7	6	13
Undecided	-	-	-
Strongly disagree	-	-	-
Disagree	6	6	12
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XV, Table 56: Do you think that religious and cultural backgrounds influence tax compliance behaviors

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Yes	15	14	15	44
No	1	1	-	2
No idea	1	1	-	2
Perhaps	16	16	15	47
Totals	33	52	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 57: Responses for quality Control Purposes to Xb

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Yes	6	6	12
No	-	-	-
No idea	-	1	1
Perhaps	7	5	12
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 58: Follow-up to "Yes"/"Perhaps" responses to question XV, that is the extent attributed

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
To a very large extent	-	-	-	
To a large extent	-	-	3	3
Cannot estimate	12	9	8	29
To a small extent	18	20	19	57
To a very small extent	3	3	-	6
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 59: Responses for Quality Control Purposes Of Follow-up Question To Question Xv

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
To a very large extent	-	-	-
To a large extent	-	-	-
Cannot estimate	1	2	3
To a small extent	11	10	21
To a very small extent	1	-	1
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XVI, Table 60: People's perceptions of government influences the level of tax compliance Respondents, were requested to choose from one of the options below.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Strongly disagree	-	-	-	-
Disagree	-	-	-	-
Undecided	-	2	1	3
Agree	13	12	10	35
Strongly agree	20	18	19	57
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 61: Responses for quality control purpose

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Strongly disagree	-	-	-
Disagree	-	-	-
Undecided	-	-	-
Agree	5	3	8
Strongly agree	8	9	17
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XVII, Table 62: Is the influence of perception of performance of government on tax compliance a matter of individual or group opinion? Choose one of the options below.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Individualistic	3	2	7	12
Group	30	30	23	83
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 63: Responses for quality control purpose

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Individualistic	0	4	4
Group	13	8	21
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XVIII, Table 64: Which of the reasons below accounts for taxpayers' failure to comply with the constitutional provision on self-assessment (section 24 (f)

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
I do not know about this provision of law	2	5	7	14
Tax authorities have not enforced it	30	25	20	75
No choice of reason	-	-	-	-
Tax administrations are not serious	-	-	-	-
Other laws are also being flouted	1	2	3	6
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 65: Responses for quality control purpose

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
I do not know about this provision of law	-	-	
Tax authorities have not enforced it	11	12	23
No choice of reason	1	-	1
Tax administrations are not serious		-	-
Other laws are also being flouted	1	-	1
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XIX, Table 66: In your opinion, which one of the following accounts more for non-compliance with tax laws

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Corruption perception of government officials	20	17	18	55
Bad governance	1	2	-	3
Poor infrastructural facilities	10	12	10	32
Lack of knowledge of tax obligations	1	1	1	3
Incompliance of tax officials	1	-	1	2
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 67: Responses for quality control purpose

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Corruption perception of government officials	5	7	12
Bad governance	1	1	2
Poor infrastructural facilities	5	3	8
Lack of knowledge of tax obligations	2	1	3
Incompliance of tax officials	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XX, Table 68: Political considerations account for why government has not shown interest in ensuring the success of voluntary tax compliance. One of the following options is the reason;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Strongly agree	22	20	25	67
Agree	11	12	5	28
I do not know why	-	-	-	
Disagree	-	-	-	
Strongly disagree	-	-	-	
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria,2015

Table 69: Responses for quality control purpose

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Strongly agree	13	11	24
Agree	-	1	1
I do not know why	-	-	-
Disagree	-	-	-
Strongly disagree	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria,2015.

Questionnaire XXI, Table 70: Tax return forms, in terms of format, cost and availability is not a hindrance to prompt filing of tax return. Respondent was expected to agree or not agree.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Yes	32	30	26	88
No	1	2	4	7
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria,2015

Table 71: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Yes	13	11	24
No	-	1	1
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXII, Table 72: How much knowledge and understanding of the tax system and voluntary tax compliance do you attribute to tax officials? Respondents were requested to choose one of the options below;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Excellent	8	8	10	26
Very good	18	20	20	58
Good	7	4	-	11
Fair	-	-	-	
Poor	-	-	-	
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 73: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Excellent	3	1	4
Very good	10	10	20
Good	-	1	1
Fair	-	-	-
Poor	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIII, Table 74: There is no relationship between tax revenue maximization and voluntary tax compliance through self-assessment tax system. Respondent were requested to choose one option.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Strongly agree	-	-	-	
I agree	-	-	-	
No opinion	-	-	-	
I disagree	1	3	6	10
I strongly disagree	32	29	24	85
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 75: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Strongly agree	-	-	-
I agree	-	-	-
No opinion	-	-	-
I disagree	-	2	2
I strongly disagree	13	10	23
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIV, Table 76: Voluntary tax compliance relies on strict enforcement of tax laws. Respondents were requested to choose from the options below.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
I agree	30	32	28	90
It depends	3	-	2	5
I disagree	-	-	-	-
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 77: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
I agree	13	12	25
It depends	-	-	-
I disagree	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

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Questionnaire XXV, Table 78: How would you rate tax officials you have come across in the course of your compliance with tax laws, in terms of standards of transparency and fairness? Respondents were requested to choose only one option.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Poor	-	-		
Fair	3	10	8	21
Good	30	22	22	74
Very Good	-	-	-	-
Excellent	-	-	-	-
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 79: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Poor	-	-	
Fair	-	-	
Good	13	12	25
Very Good	-	-	-
Excellent	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVI, Table 80: How would you rate the support of stakeholders such as the executive arm of government, legislatures and the judiciary, to the success of voluntary tax compliance? Respondents were requested to select one of the options below;

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Excellent	-	-	-	-
Very Good	-	-	-	-
Good	1	1	6	8
Fair	31	30	24	85
Poor	1	1	-	2
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 81: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Excellent	-	-	-
Very Good	-	-	-
Good	2	-	2
Fair	10	8	18
Poor	1	4	5
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVII, Table 82: Which of the following is the most influential reason that pushes you in taking a tax compliance decision?

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Personal opinion on why I should comply with tax rules	2	2	1	5
What I hear from other people regarding their feelings on tax compliance	28	26	27	81
How convincing the tax people are on why I should pay my taxes	1	2	2	5
My concern that government needs money for development	1	2	-	3
My general sense of patriotism	1	-	-	1
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 82: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Personal opinion on why I should comply with tax rules	2	2	4
What I hear from other people regarding their feelings on tax compliance	11	10	21
How convincing the tax people are on why I should pay my taxes	-	-	-
My concern that government needs money for development	-	-	-
My general sense of patriotism	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVIII, Table 83: Which of the following reasons do you think justifies why many people do not obey tax laws and therefore do not pay their taxes as and when due.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
I do not know	-	-		1
Government has money from sale of crude oil	7	7	5	19
Many people do not know the implications of not obeying the laws	5	3	4	12
Government may not utilise proceeds of, tax revenue judiciously	20	21	19	60
Bad governance	1	1	2	4
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 84: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
I do not know	-	-	-
Government has money from sale of crude oil	-	2	2
Many people do not know the implications of not obeying the laws	4	2	6
Government may not utilise proceeds of, tax revenue judiciously	9	7	16
Bad governance	-	1	1
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIX, Table 85: Which of the following options influences you (the most) in taking tax compliance decisions?

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Personal opinion on why I should comply with tax laws	10	12	2	24
What I hear from other people regarding their feelings on tax compliance	22	20	25	67
How convincing the tax people are on why I should pay my taxes	1	-	1	2
My concern that government needs money for development	-	-	1	1
My general sense of patriotism	-	-	1	1
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 86: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Personal opinion on why I should comply with tax laws	3	1	4
What I hear from other people regarding their feelings on tax compliance	8	7	15
How convincing the tax people are on why I should pay my taxes	1	2	3
My concern that government needs money for development	1	1	2
My general sense of patriotism	-	1	1
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIX, Table 87:   Which of the following factors do you think accounted for the increase in tax revenue collection without corresponding increase in tax-to-GDP ratio? Choose only one option.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Inflation	1	3	5	9
Steady depreciation of the Naira	3	3	3	9
Inflation and steady depreciation of the Naira	29	26	13	68
I do not know what factor was responsible	-	-	5	5
Wrong setting of tax revenue target.	-	-	4	4
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 88: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Inflation	-	1	1
Steady depreciation of the Naira	-	1	1
Inflation and steady depreciation of the Naira	13	8	21
I do not know what factor was responsible	-	-	-
Wrong setting of tax revenue target.	-	2	2
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXX, Table 89: Are you aware that the Federal Ministry of Justice in 2012 gazette the Tax Administration (Self-Assessment) Regulation 2012, for clarification of the procedures for the self-assessment tax regime? Choose only one option from below.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
I am not aware of that regulation at all	-	4	5	9
I am aware but have not seen any copy	9	12	8	29
That is the business of our tax consultants	15	8	5	28
I am aware and I have a copy	7	5	5	17
It is not my business to know	2	3	7	12
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 90: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Totals
I am not aware of that regulation at all	-	-	-
I am aware but have not seen any copy	-	-	-
That is the business of our tax consultants	-	-	-
I am aware and I have a copy	13	12	25
It is not my business to know	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXXI, Table 91: How much knowledge of the Nigeria tax system, especially tax returns filing and tax payment obligations, do you attribute to yourself? Choose only one of the options below

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
I have a poor knowledge about the Nigeria tax system	-		2	2
I have a fair knowledge about the Nigerian tax system	2	13	17	32
I have a good knowledge about the Nigerian tax system	6	14	8	28
I have a very good knowledge about the Nigerian tax system	16	3	3	22
I have an excellent knowledge about the Nigerian tax system	9	2	-	11
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 92: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
I have a poor knowledge about the Nigeria tax system	-	-	-
I have a fair knowledge about the Nigerian tax system	-	-	-
I have a good knowledge about the Nigerian tax system	2	3	5
I have a very good knowledge about the Nigerian tax system	7	7	14
I have an excellent knowledge about the Nigerian tax system	4	2	6
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXXII, Table 93: Which of the options below motivates you to file tax returns and pay your tax?

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Transparency and accountability of government officials	4	4	3	11
Good governance	3	3	4	10
My sense of patriotism	-	-	1	1
Good infrastructural facilities	6	5	4	15
Fear of sanctions.	20	20	18	58
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 94: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants /Taxpayers' Representative	Total
Transparency and accountability of government officials	-	1	1
Good governance	-	-	-
My sense of patriotism	-	-	-
Good infrastructural facilities	4	3	7
Fear of sanctions.	9	8	17
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXXIII, Table 95: How would you rate your understanding of your obligation to the tax system? Choose only one of the options below.

Options for choice	Responses			Totals
	Large Taxpayers	Medium Taxpayers	Small and Micro Taxpayers	
Poor	-	-		
Fair	5	19	26	50
Good	14	10	3	27
Very Good	14	3	1	19
Excellent	-	-	-	-
Totals	33	32	30	95

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 96: Responses for quality control purposes

Option for Choices	Tax Officials	Tax Consultants/ Taxpayers' Representative	Total
Poor	2	1	3
Fair	8	8	16
Good	2	2	4
Very Good	1	1	2
Excellent	-	-	-
Total	13	12	25

Source: Field survey of selected taxpayers in Nigeria, 2015

3.4   QUANTITATIVE DATA

The quantitative data for this research were drawn-largely from secondary sources of data collection including numerical data derived from questionnaires and interviews administered during the surveys. Other sources included library research such as journals, newspapers, published reports of institutions such as the CBN, NBS, DMO, F.I.R.S. and personal records of the researcher. In addition to these sources, data available on websites were used.

Concerning numerical data derived from surveys, they were useful in the test of hypotheses. Some of such numeric data were already presented in paragraph 3.3 of this chapter.

A starting point in the quantitative data presentation is the debt burden of various states of the federation. The reason for this format is that earlier on in this report it was noted that one of the points why this research is important is because there is a financial crises in Nigeria, as a result of insufficiency of tax revenue, to the extent that many states of the federation could not pay the salaries of their staff. It was also earlier noted that tax revenue maximization faces the challenge that debts will be paid from taxes collected. Therefore, the tax authority has to know how much is owed by government before setting a target on the level of tax collection that is appropriate. And considering that the DMO has cautioned the Federal Government against brokering new debt deals, given the approaching debt service threshold. The implication is that there will be more pressure on tax revenue for the financing of the affairs of government. Indeed, the DMO in the recent release noted that as at December 2014, debt-to-revenue ratio had hit 25.2 as against the maximum of 28[208]. The country was therefore advised to put more effort in tax revenue generation so as

to avoid the debt trap. The alarm raised by DMO was re-echoed by the Managing Director, International Monetary Fund, IMF. Speaking on the need for Nigeria to brace up for harder economic times, occasioned by massive fall in crude oil price, she advised against obtaining loans to fund the budget of the federation, since it will hurt the Nigerian economy in the long run. The IMF boss suggested aggressive efforts in tax revenue maximization as a solution[209].

Subsequently, data on the debt burden of the federation, as at December 31, 2014, is presented with the internally generated revenue of states and the Federal Government revenue for five years, 2010-2014.

3.4. Table 97: States and Federal Government's External Debt Stock as at 31st December, 2014

S/NO	States and FGN	Multilateral ($)	Bilateral (AFD) ($)	Bilateral (CHINA EXIM BANK) & Eurobond ($)	Total ($)
1	Abia	33,791,420.92	-	-	33,791,420.92
2	Adamawa	40,275,205.57	6,500,000.00	-	46,775,205.57
3	Akwa Ibom	58,886,640.86	-	-	58,886,640.86
4	Anambra	45,154,626.04	-	-	45,154,626.04
5	Bauchi	87,572,428.68	-	-	87,572,428.68
6	Bayelsa	34,832,195.13	-	-	34,832,195.13
7	Benue	33,074,189.47	-	-	33,074,189.47
8	Borno	23,067,549.16	-	-	23,067,549.16
9	Cross River	131,469,661.94	10,000,000.00	-	141,469,661.94
10	Delta	24,233,639.67	-	-	24,233,639.67
11	Ebonyi	45,410,518.38	-	-	45,410,518.38
12	Edo	123,128,295.53	-	-	123,128,295.53
13	Ekiti	46,452,932.15	-	-	46,452,932.15
14	Enugu	62,428,599.36	6,500,000.00	-	68,928,599.36
15	Gombe	39,545,598.76	-	-	39,545,598.76
16	Imo	52,949,585.74	-	-	52,949,585.74
17	Jigawa	35,717.805.70	-	-	35,717.805.70
18	Kaduna	234,416,052.15	-	-	234,416,052.15
19	Kano	59,796,931.03	-	-	59,796,931.03
20	Kastina	78,925,362.41	-	-	78,925,362.41

21	Kebbi	43,786,053.64	-	-	43,786,053.64
22	Kogi	35,787,836.35	-	-	35,787,836.35
23	Kwara	52,722,198.82	-	-	52,722,198.82
24	Lagos	1,087,209,248.65	82,503,600.00	-	1169,712,848.65
25	Nassarawa	49,942,696.58	-	-	49,942,696.58
26	Niger	38,250,438.25	6,500,000.00	-	44,750,438.25
27	Ogun	109,154,553.08	-	-	109,154,553.08
28	Ondo	52,688,524.40	-	-	52,688,524.40
29	Osun	67,103,294.39	6,500,000.00	-	74,053,294.39
30	Oyo	72,350,590.32	-	-	72,350,590.32
31	Plateau	30,947,579.75	-	-	30,947,579.75
32	Rivers	44,725.095.71	-	-	44,725.095.71
33	Sokoto	44,864,819.46	-	-	44,864,819.46
34	Taraba	22,780,063.89	-	-	22,780,063.89
35	Yobe	31,237,619.25	-	-	31,237,619.25
36	Zamfara	35,547,562.30	-	-	35,547,562.30
37	FCT	36,636,548.58	-	-	36,636,548.58
	Sub-Total	**3,146,863,962.07**	**118,953,600.00**	**-**	**3,265,817,562.07**
38	**FGN**	**3,652,500,496.49**	**-**	**-**	**6,445,631,547.93**
	Total	**6,799,364,458.56**	**118,953,600.00**	**-**	**9,711,449,110.00**

Source: Debt Management Office(Nigeria).

Converted at N197 per US Dollar as at Monday, November 2, 2015, date of sourcing of information= N1,913,154,343,670

Table 98: INTERNALLY GENERATED REVENUE OF STATES FOR FIVE YEARS (2010-2014)

S/N	State	2010	2011	2012	2013	2014	Total for the Period
1	Lagos	149,966,196.47	202,761,061.60	219,202,426,843.89	236,195,308,896.71	276,163,978,675.95	1,084,289,159,292.62
2	Rivers	49,632,280.92	52,711,985,543.27	66,275,698,676.01	87,914,415,268.80	89,112,448,347.58	345,646,828,116.58
3	Delta	26,087,346,526.00	34,750,081,881.93	45,566,897,481.00	50,208,229,986.91	42,819,209,025.24	199,431,764,901.08
4	Edo	10,651,999,356.60	14,764,018,237.44	18,880,055,380.83	18,899,322,710.47	17,023,595,231.62	80,218,990,916.96
5	Enugu	8,821,522,232.00	7,287,161,299.00	12,209,587,683.00	20,203,802,864.00	19,250,345,593.00	67,772,419,671.00
6	Akwalbom	10,133,958,927.00	11,678,520.984.00	13,516,810,150.00	15,398,828,428.00	15,676,502,423.00	66,404,620,912.00
7	Oyo	10,488,362,233.80	8,915,603,182,50	14,598,808,723.10	15,251,369,563.24	16,307,233,700.20	65,561,377,402.84
8	Abia	11,124,643,033.22	11,763,510,585.86	16,751,700,375.58	12,512,103,117.18	12,371,194,895.08	64,523,152,600.92
9	Ogun	7,917,662,341.92	10,838,698,403.20	12,438,765,025.22	13,777,026,969.63	17,497,620,787.52	62,469,773,527.49
10	Cross River	7,870,941,915.00	9,159,651,948.00	12,734,560,333.00	12,002,167,999.57	15,728,850,743.95	57,506,172,939.52
11	Kaduna	11,564,414,063.48	9,781,946,157.96	11,531,795,961.69	10,932,071,462.59	12,782,522,514.51	56,592,750,160.23
12	Kano	6,618,936,565.04	6,618,936,565.04	11,051,971,481.61	17,142,211,079.94	13,661,853,935.85	55,093,909,627.48
13	Kwara	7,295,348,963.22	8,816,657,944.50	11,317,269,584.36	13,838,085,972.51	12,460,517,954.55	53,727,880,419.14
14	Ondo	6,480,372,918.69	8,015,725,373.26	10,153,042,597.01	10,498,697,469.99	11,718,741,502.49	46,866,579,863.44
15	Benue	6,877,690,630.00	11,131,343,534.58	8,436,560,608.98	8,373,720,592.15	8,284,425,160.72	43,103,740,526.43
16	Anambra	7,655,785,733.05	6,148,922,395.00	7,601,585,012.15	8,731,599,912.43	10,454,312,316.18	40,592,205,368.81
17	Bayelsa	4,710,021,000.00	3,655,714,000.00	4,958,806,727.00	10,500,936,262.88	10,958,263,688.00	34,783,741,677.88
18	Ebonyi	2,089,724,366.24	2,298,123,877.20	8,234,317,213.01	10,427,861,231.23	11,032,472,512.00	34,082,499,199.68
19	Imo	5,714,554,547.72	5,806,462,989.22	6,810,221,957.04	7,583,501,933.27	8,115,751,385.95	34,030,492,813.20
20	Plateau	3,398,815,261.07	4,530,622,617.37	6,927,858,653.07	8,486,806,640.08	8,284,425,159.92	31,618,528,331.51
21	Osun	3,376,735,645.43	7,398,572,036.48	5,020,250,633.94	7,284,225,003.77	8,513,274,186.67	31,593,057,506.29
22	Jigawa	1,241,956,756.54	1,482,918,912.88	7,884,900,135.26	9,755,337,731,.73	6,273,310,616.35	26,638,424,152.76
23	Kastina	3,151,689,985.00	4,239,692,674.00	5,029,720,846.00	6,852,511,585.00	6,223,037,599.00	25,496,652,689.00
24	Sokoto	3,888,400,925.16	4,185,153,701.13	4,313,699,006.03	5,509,132,929.43	5,617,763,260.35	23,514,149,822.10
25	Adamawa	4,208,037,782.45	4,11,975,681.93	4,615,407,803.00	4,149,550,775.70	4,994,481,880.78	22,085,453,922.86
26	Bauchi	3,402,848,015.39	4,463,780,451.92	4,064,710,425.23	4,937,242,875.83	4,853,453,184.87	21,722,034,953.24
27	Kebbi	3807358,812.42	4,472,397,621.47	5,424,015,848.65	3,732,343,145.11	3,834,143,641.95	21,270,159,069.60

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28	Niger	3,257,215,894.60	3,791,420,019.57	3,782,827,634.99	4,115,777,679.30	5,737,185,035.88	20,684,426,264.34
29	Kogi	2,217,504,390.25	2,848,556,782.15	3,185,459,549.72	5,020,349,740.18	6,569,928,653.47	19,841,799,115.77
30	Gombe	2,954,868,571.34	3,153,362,788.35	3,717,188,863.22	3,870,998,757.79	5,196,460,381.93	18,892,879,362.63
31	Nasarawa	1,850,541,963.18	4,132,282,812.68	4,132,282,812.68	4,012,291,835.93	4,085,127,585.70	18,212,527,010.17
32	Yobe	5,960,502,339.45	2,385,653,776.94	1,785,221,060.95	3,072,006,109.88	3,073,780,160.87	16,277,163,448.09
33	Taraba	1,284,745,422.40	2,869,031,498.92	3,418,289,991,.33	3,344,006,052.45	3,799,040,873.48	14,715,113,838.58
34	Ekiti	1,554,020,325.64	2,489,797,199.33	3,787,607,515.35	2,339,670,199.77	3,462,341,448.32	13,633,436,680.41
35	Zamfara	2,068,729,575.95	1,714,432,462.63	2,592,935,139.95	3,039,396,601.83	3,149,630,553.96	12,565,124,334.32
36	Borno	2,108,612,985.25	2,282,102,699.76	2,444,613,205.37	2,132,815,258.00	2,760,773,778.99	11,728,917,927.37
	Total	**401,434,433,480.89**	**487,451,880,313.07**	**584,397,870,939.22**	**662,045,725,237.28**	**707,857,998,395.8**	**2,843,187,908,308,366.34**

Source: National Bureau of Statistics/Joint Board and State Boards of Internal Revenue

Table 99: Federal Collected Revenue (N Billion), 2010-2014

Year	Revenue Type		Total Revenue
	Non-Oil Revenue	Oil Revenue	
2010	1883.8	5487.1	7370.9
2011	2295.4	8889.0	11,185.4
2012	2677.8	8117.4	10,795.2
2013	2944.2	6809.4	9753.6
2014	3300.2	6793.8	10,094.6
TOTAL	13101.4	36,096.7	49,198.1

Source: Central Bank of Nigeria, Economic Report, January, 2011, 2012, 2013, 2014 and 2015

Table 100: Components of Monthly Gross Non-Oil Revenue (N Billion) in 2010

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun	Jul.	Aug	Sept	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
Value Added Tax	44.7	48.1	50.0	51.1	49.8	42.2	54.2	44.6	48.5	48.5	39.9	44.7	566.3	30.52
Companies income tax and associated taxes	43.3	49.7	46.2	42.6	46.6	40.1	68.8	63.9	80.5	61.7	51.4	69.5	664.3	35.80
Customs and Exercise Duties	27.7	22.4	45.1	26.6	21.9	20.2	30.0	27.1	26.9	28.0	30.9	28.6	335.4	18.08
Others	20,55	12.8	32.2	51.5	21.5	25.7	13.8	22.5	13.8	22.5	29.2	22.5	289.5	15.60
Total Non-Oil Revenue	136.2	133.0	173.5	171.8	139.8	128.2	166.7	158.1	169.7	160.7	151.4	165.3	1855.5	100

Source: Central Bank of Nigeria, Economic Report January 2011

Table 101:Monthly Gross Federation Account Revenue(N Billion) In 2010

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
						Months								
Oil Revenue	396.9	434.9	415.9	396.9	478.4	413.4	536.2	492.5	473.3	462.4	447.6	538.7	5487.1	74.44
Non-Oil Revenue	165.5	133.0	173.5	171.8	139.8	128.2	166.8	158.1	169.7	160.7	151.4	165.3	1883.8	25.56
Federally Collected Revenue (Gross)	562.4	567.9	589.4	568.7	618.2	541.6	703.0	650.6	643.0	623.1	599.0	704.0	7370.9	100

Source: Central Bank of Nigeria, Economic Report January 2011

Table 102: Components of Monthly Gross Non-Oil Revenue (N Billion) in 2011

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun	Jul.	Aug.	Sept	Oct	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
Value Added Tax	47.5	50.8	49.2	61.6	44.3	53.8	54.7	66.0	57.0	60.7	51.6	52.3	649.5	26.86
An Associate Taxes	32.3	42.1	35.3	39.8	55.5	38.2	65.2	84.7	107.1	79.2	68.6	52.5	700.5	28.97
Customs and Exercise Duties	48.6	31.4	27.7	34.2	31.1	37.6	36.5	40.3	36.1	39.9	35.6	39.5	438.5	18.13
Others	23.0	25.0	26.0	73.1	28.3	43.6	40.4	73.5	37.0	59.3	56.0	144.3	629.5	26.03
Total Non-Oil Revenue	151.4	149.3	138.2	208.7	159.5	173.2	196.8	264.5	237.2	239.1	211.8	288.6	2418.0	100

Source: Central Bank of Nigeria, Economic Report January 2012

Table 103: Monthly Gross Federation Account Revenue (N Billion) In 2011

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
					Months									
Oil Revenue	580.1	617.0	738.5	621.5	576.5	694.4	865.3	865.6	911.9	904.2	778.0	726.0	8889.0	79.48
Non-Oil Revenue	136.8	180.0	164.0	173.1	196.8	153.9	183.3	243.9	237.1	239.1	211.8	176.6	2295.4	20.52
Federally Collected Revenue (Gross)	716.9	797.0	902.5	794.6	773.3	848.3	1048.6	1109.5	1149.0	1143.3	989.8	902.6	11185.4	100.00

Source: Central Bank of Nigeria, Economic Report January 2012

Table 104: Components of Monthly Gross Non-Oil Revenue (N Billion) in 2012

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
Value Added Tax	54.9	53.2	60.6	62.0	59.7	60.1	59.2	53.9	60.4	56.3	64.8	62.7	707.8	25.47
Companies Income Tax and Associated Taxes	66.8	41.6	35.8	49.5	46.8	61.1	187.5	139.6	71.6	51.1	72.7	44.3	868.4	31.25
Customs and Exercise Duties	38.6	30.9	39.0	40.6	35.7	41.3	46.2	39.3	41.5	39.4	39.7	41.9	473.1	17.03
Others	160.0	33.5	91.8	91.7	41.8	24.2	60.4	39.2	69.5	57.2	33.4	26.5	729.2	26.24
Total Non-Oil Revenue	320.3	159.2	227.2	243.8	184.0	186.1	352.3	272.0	243.0	204.0	210.6	175.4	2778.5	100

Source: Central Bank of Nigeria, Economic Report January 2013

Table 105: Monthly Gross Federation Account Revenue (N Billion) In 2012

Revenue Type	Months												Totals	As Percentage 0, Total Non-Oil Revenue %
	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.		
Oil Revenue	901.1	688.5	786.4	730.9	671.1	579.6	632.6	749.1	554.5	606.8	631.0	585.8	8117.4	75.19
Non-Oil Revenue	203.9	173.9	22.72	243.9	184.0	186.7	353.2	272.0	243.0	204.0	210.6	175.4	2677.8	24.81
Federally Collected Revenue (Gross)	1105.0	862.4	1013.6	974.8	855.1	766.3	985.8	1021.1	797.5	810.8	841.6	761.2	10,795.2	100

Source: Central Bank of Nigeria, Economic Report January 2013

Table 106: Components of Monthly Gross Non-Oil Revenue (N Billion) In 2013

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
Value Added Tax	57.5	65.3	62.7	64.2	54.6	74.9	51.2	74.2	69.0	63.9	66.4	91.7	794.6	26.88
Companies Income Tax and Associated Taxes	45.1	62.2	51.0	45.3	48.1	89.7	283.6	103.0	88.4	52.0	52.4	64.7	985.5	33.34
Customs and Exercise Duties	39.6	36.4	34.0	32.0	28.2	37.0	29.1	33.0	35.4	42.5	44.1	42.3	433.6	14.67
Others	39.7	49.5	63.5	44.0	23.6	22.4	70.2	93.5	192.6	55.5	59.9	28.1	742.5	25.12
Total Non-Oil Revenue	181.9	213.4	211.2	185.5	154.5	224.0	434.1	303.7	385.1	213.9	222.8	226.8	2956.2	100

Source: Central Bank of Nigeria, Economic Report January 2014

Table 107: Monthly Gross Federation Account Revenue (N Billion) in 2013

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
							Months							
Oil Revenue	591.4	647.6	595.3	613.4	641.0	559.4	645.7	457.2	519.9	526.4	521.3	490.8	680.94	69.82
Non-Oil Revenue	181.9	213.4	211.2	172.6	154.5	223.9	434.1	303.7	385.4	214.0	222.7	226.8	2944.2	30.18
Federally Collected Revenue (Gross)	773.3	861.1	806.3	786.0	795.5	783.3	1079.8	760.9	905.3	740.3	744.0	717.6	9753.6	100

Source: Central Bank of Nigeria, Economic Report January 2014

Table 108: Components of Monthly Gross Non-Oil Revenue (N Billion) in 2014

| Revenue Type | Months | | | | | | | | | | | | Totals | As Percentage 0f Total Non-Oil Revenue % |
	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.		
Value Added Tax	64.7	82.3	66.8	63.3	65.4	65.4	66.4	65.5	61.5	61.5	67.1	60.6	794.1	24.1
Companies Income Tax and Associated Taxes	57.7	61.6	58.8	59.8	62.1	282.3	216.5	95.1	111.0	75.5	61.9	65.0	1207.3	36.6
Customs and Exercise Duties	43.1	39.7	38.8	34.6	47.2	54.5	51.1	51.8	48.7	51.9	54.8	50.2	566.4	17.12
Others	34.3	24.6	114.5	21.6	31.7	29.9	62.5	68.5	63.4	115.2	130.2	335.5	731.9	22.18
Total Non-Oil Revenue	199.8	208.2	278.9	179.3	206.4	432.1	396.5	280.8	284.6	307.7	314.0	211.3	3299.7	100

Source: Central Bank of Nigeria, Economic Report January 2015

Table 109: Monthly Gross Federation Account Revenue (N Billion) in 2014

Revenue Type	Jan.	Feb.	Mar.	April	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Totals	As Percentage 0, Total Non-Oil Revenue %
Oil Revenue	482.0	637.8	689.1	622.9	570.2	602.5	597.1	578.8	547.2	476.4	521.7	468.1	7793.8	67.31
Non-Oil Revenue	199.8	208.2	278.9	179.3	206.4	432.1	396.5	280.8	284.6	307.7	314.0	211.3	3300.2	32.69
Federally Collected Revenue (Gross)	681.8	846.0	968.0	802.2	776.6	1034.6	993.6	859.6	831.8	784.1	835.7	679.4	10,094.0	100

Source: Central Bank of Nigeria, Economic Report January 2015

Table 110:   Actual Tax Revenue Collection at Federal Level as against Collection
Targets, 2005-2014 (N Billion)

Year	Target	Actual Collection	Remarks
2005	-	-	Not available
2006	1,257.3	1,866.2	Exceeded Target
2007	1,753.3	1,846.9	Exceeded Target
2008	2,274.4	2,972.2	Exceeded Target
2009	1,909.0	2,197.6	Exceeded Target
2010	2,507.3	2,839.6	Exceeded Target
2011	3,550.8	4,628.5	Exceeded Target
2012	3,635.6	5,003.6	Exceeded Target
2013	4,469.0	4,805.7	Exceeded Target
2014	4,086.1	4,714.6	Exceeded Target

Source: Federal Inland Revenue Service Tax Collection Profile

For All Tax Types

Questionnaire I: **Response as to whether self-assessment tax system brings about increase in tax revenue collection**

Table 111 A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Strongly agree	91	96
Agree	4	4
Disagree	-	0
Strongly disagree	-	0
Perhaps	-	0
TOTAL	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 111B: Responses for Quality Control in Percentages

Options	Total Number of Respondents	Percentage % Responses
Strongly agree	23	92
Agree	-	0
Disagree	-	0
Strongly disagree	-	0
Perhaps	2	8
TOTALS	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire II: **Why steady increase in tax revenue collection has not translated to increase in tax-to-GDP ratio**

Table 112 A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
(a)Computations of tax-to-GDP were based on wrong figures	3	3
(b)The tax collection targets were low	2	2
(c)Both (a) and (b) above	87	92
(d)No idea	3	3
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 112 B: Responses for Quality Control in Percentages

Options	Total Number of Respondents	Percentage % Responses
(a)Computations of tax-to-GDP were based on wrong figures	7	28
(b)The tax collection targets were low	-	0
(c)Both (a) and (b) above	18	72
(d)No idea	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire III: Opinion of taxpayers on the unwillingness of tax officials to share tax administration powers with them

Table 113A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes	90	95
No	1	1
Perhaps	4	4
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 113B: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes	90	95
No	1	1
Perhaps	4	4
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 114A: Quality Control Responses Purposes

Options	Total Number of Respondent	Percentage % of Respondents
Yes	20	80
No	-	0
Perhaps	5	20
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire IV: **Quantitative response showing that taxpayers cannot be trusted to share in tax administration functions.**

Table 114A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes, taxpayers cannot be trusted	76	80
No	12	13
Perhaps	7	7
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 114B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Yes, taxpayers cannot be trusted	22	88
No	1	4
Perhaps	2	8
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire IV (b):   Justification for response to question IV

Table 115A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Many taxpayers do not understand tax issues	87	92
Some taxpayers are not honest	-	0
Tax administration is the responsibility of tax officials	6	6
It is only natural	2	2
No idea	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 115B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Many taxpayers do not understand tax issues	7	28
Some taxpayers are not honest	-	0
Tax administration is the responsibility of tax officials	18	72
It is only natural	-	0
No idea	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire V: Whether taxpayers can be trusted to make self-declaration of income honestly.

Table 115A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes	22	23
No	73	77
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 115B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Yes	7	28
No	18	72
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire V (b): **Why some respondents think that taxpayers cannot be trusted to make honest self-declaration of income**

Table 116A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Many taxpayers are not honest	85	89
I do not know	10	11
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire V (b)(i)

Table 116B: Responses for Quality Control in Purposes

Options	Total Number of Respondents	Percentage % Responses
Many taxpayers are not honest	17	68
I do not know	8	32
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire V(c): **Why some respondents think that taxpayers can be trusted to make honest self-declaration of income and taxes**

Table 117A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Taxpayers are stakeholders	22	100
No reason	-	0
Total	22	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 117B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Taxpayers are stakeholders	5	100
No reason	-	0
Total	5	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire V (d): **Specific responses from tax consultants/taxpayers representatives (during interview) who think that taxpayers can be trusted**

Table 118A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Taxpayers/our clients declare correct income	7	100
No specific reason	-	0
Total	7	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire V (e) **Specific responses from tax officials (during interview) based on their knowledge and discussions with taxpayers**

Table 118B: Responses for Quality Control in Purposes

Options	Total Number of Respondents	Percentage % Responses
Government does not assist taxpayers in their businesses	5	38
Taxpayers do not derive benefits from government as they provide as everything by themselves	8	62
Total	13	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire VI: Willingness or otherwise of tax officials to implement the requirement of dialogue in the self-assessment tax system

Table 119A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
It is a waste of time	4	4
Some aspects of law allow tax officials to take action as they deem fit	66	70
Tax administration is historically the preserve of tax officials	23	24
Tax officials are experts on tax matters and taxpayers are not	2	2
I can't think of any particular reason	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 119B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
It is a waste of time	-	0
Some aspects of law allow tax officials to take action as they deem fit	25	100
Tax administration is historically the preserve of tax officials	-	0
Tax officials are experts on tax matters and taxpayers are not	-	0
I can't think of any particular reason	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire VII: **Other constraints to dialogue between tax officials and taxpayers**

Table 120A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Funding	19	20
State of tax laws	17	18
Funding and state of tax laws	58	61
I cannot think of any other constraint	-	0
There is no need for dialogue	1	1
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 120B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Funding	-	0
State of tax laws	2	8
Funding and state of tax laws	23	92
I cannot think of any other constraint	-	0
There is no need for dialogue	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire VIII: **Factors that motivate taxpayers to file tax returns timely and honestly**

Table 121A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Fear of sanctions	71	75
State of infrastructure	8	8
Good governance	5	5
Patriotism	-	0
Regular tax audits	11	12
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 121B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Fear of sanctions	10	40
State of infrastructure	7	28
Good governance	4	16
Patriotism	-	0
Regular tax audits	4	16
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire IX: **If there are impediments to the implementation of the self-assessment tax system**

Table 122A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes	85	89
No	10	11
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 122B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Yes	25	100
No	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire IXa: **Impediments to the implementation of self-assessment tax system**

Table 123A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Inadequate funding	2	2
Taxpayers lack of understanding of their tax obligations	20	21
Fluid nature of tax laws	2	2
Reluctance to implement the tenets of self-assessment tax system	14	15
Failure to impose sanctions in cases of default	23	24
Lack of balance between taxpayer enablement and tax compliance enforcement	14	15
Cultural issues	1	1
Lack of understanding of methods of interpretation of laws	3	3
Taxpayer resistance	1	1
General lack of understanding of tenets of self-assessment tax system	15	16
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 123B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Inadequate funding	-	0
Taxpayers lack of understanding of their tax obligations	4	16
Fluid nature of tax laws	1	4
Reluctance to implement the tenets of self-assessment tax system	5	20
Failure to impose sanctions in cases of default	4	16
Lack of balance between taxpayer enablement and tax compliance enforcement	4	16
Cultural issues	-	0
Lack of understanding of methods of interpretation of laws	2	8
Taxpayer resistance	1	4
General lack of understanding of tenets of self-assessment tax system	4	16
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire X: **Factors that will make the self-assessment tax system effective in the Nigerian environment**

Table 124A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Serious tax enforcement	12	13
Simple and updated tax laws	20	21
Good taxpayer education	17	18
Effective and transparent tax audit and investigation	15	16
Incentive to taxpayers for tax compliance	2	3
Tax education at all levels	2	3
Collaboration among tax agencies	12	13
Speedy disposal of tax cases in courts	6	6
Good training for tax officials	4	4
Adequate funding of tax operations	3	3
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

X(a): Summary of ranking of the five determinants of the effectiveness of self-assessment tax system.

Table 124B: Responses for Quality Control Purposes

Factors that make self-assessment tax system effective	Ranking	Percentage Score
Simple and updated tax laws	1st	
Good taxpayer education	2nd	
Effective and transparent tax audit and investigation	3rd	
Serious tax enforcement	4th	
Collaboration among tax agencies	4th	

Questionnaire XI: **Appraisal as to whether or not bonus for self-assessment filing and payment compliance achieved the desired result**

Table 125A: Responses in Percentages

Options	Total Number of Respondents	Percentage Responses %
Yes	36	38
No	58	61
No Idea	1	1
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 125B: Responses for Quality Control Purposes

Options	Tax Number of Respondents	Percentage Responses %
Yes	9	36
No	16	64
No Idea	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XI (B):Follow-up T 'No' Response To Question XI

Table 126A: Responses in Percentages

Options	Total Number of Respondents	Percentage Responses %
There was improper administration of the self-assessment tax system	16	28
Non/late filers derived more financial benefits from non-filing than the self-assessment bonus	42	72
Total	58	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 126B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage Responses %
There was improper administration of the self-assessment tax system	5	31
Non/late filers derived more financial benefits from non-filing than the self-assessment bonus	11	69
Total	16	100

Source: Field survey of selected taxpayers in Nigeria, 2015.

Questionnaire XII: Why taxpayers make incorrect declarations of income

Table 127A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
They do not know the implications of incorrect declarations of income	13	14
They are sure they will not be caught	9	9
Even if they are caught the consequences are not severe	12	13
It is economically advantageous to make incorrect declarations	60	63
I do not know	1	1
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 127B: Responses for Quality Control Purposes

Options	Total Number of Respondent	Percentage % of Respondents
They do not know the implications of incorrect declarations of income	3	12
They are sure they will not be caught	3	12
Even if they are caught the consequences are not severe	4	16
It is economically advantageous to make incorrect declarations	13	52
I do not know	2	8
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XIII: Why taxpayers make correct declarations of income

Table 128A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
For fear of severe sanction of incorrect declaration	74	78
Maybe because of company policy	5	5
For moral reasons	2	2
In order to maintain the reputation of their businesses	5	5
Because the laws want them to do so	9	10
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 128B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
For fear of severe sanction of incorrect declaration of income	18	72
Maybe because of company policy	1	4
For moral reasons	-	0
In order to maintain the reputation of their businesses	2	8
Because the laws want them to do so	4	16
Totals	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XIV:Whether or not non-compliance with tax laws and regulations is a demonstration of tax resistance/protest

Table 129A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Strongly agree	-	0
Agree	26	27
Undecided	2	2
Strongly disagree	-	0
Disagree	67	71
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 129B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Strongly agree	-	0
Agree	13	52
Undecided	-	0
Strongly disagree	-	0
Disagree	12	48
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XV: **Whether or not religious and cultural backgrounds influence tax compliance behaviour**

Table 130A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes	44	46
No	2	2
No idea	2	2
Perhaps	47	50
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 130B: Responses for Quality Control Purposes

Option	Total Number of Respondents	Percentage % Responses
Yes	12	48
No	-	0
No idea	1	4
Perhaps	12	48
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XV (a):   Follow-up to "Yes"/"Perhaps" responses to question XV

Table 131A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
To a large extent	-	0
To a very large extent	3	3
Cannot estimate	29	31
To a small extent	57	60
To a very small extent	6	6
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 131B: Responses for Quality Control Purposes

Option	Total Number of Respondents	Percentage % Responses
To a large extent	-	0
To a very large extent	-	0
Cannot estimate	3	12
To a small extent	21	84
To a very small extent	1	4
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XVI: **Perception of performance of government influences the level of tax compliance**

Table 132A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Strongly disagree	-	0
Disagree	-	0
Undecided	3	3
Agree	35	37
Strongly agree	57	60
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 132B: Responses for Quality Control Purposes

Option	Total Number of Respondents	Percentage % Responses
Strongly disagree	-	0
Disagree	-	0
Undecided	-	0
Agree	8	32
Strongly agree	17	68
Totals	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XVII: **Appraisal as to whether the influence of the perception of performance of government, on tax compliance, is a matter of individual or group opinion**

Table 133A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Individualistic	12	13
Group	83	87
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 133B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Individualistic	4	16
Group	21	84
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XVIII: Reasons for taxpayers' failure to comply with the constitutional provision on self-assessment

Table 134A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
I do not know about this provision of law	14	15
Tax authorities have not enforced it	75	79
No choice of reason	-	0
Tax administrators are not serious about it	-	0
Other laws are also being flauted	6	6
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 134B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
I do not know about this provision of law	-	0
Tax authorities have not enforced it	23	92
No choice of reason	1	4
Tax administrators are not serious about it	-	0
Other laws are also being flauted	-	4
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XIX: **The most important factor for non-compliance with tax laws**

Table 135A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Corruption perception of government officials	55	58
Bad governance	3	3
Poor infrastructural facilities	32	34
Lack of knowledge of tax obligations	3	3
Incompetence of tax officials	2	2
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 135B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Corruption perception of government officials	12	48
Bad governance	2	8
Poor infrastructural facilities	8	32
Lack of knowledge of tax obligations	3	12
Incompetence of tax officials	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XX: **Political considerations, is the reason why government does not show interest in ensuring the success of voluntary tax compliance**

Table 136A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Strongly agree	67	71
Agree	28	29
I do not know why	-	0
Disagree	-	0
Strongly disagree	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 136B: Responses for Quality Control Purposes

Option	Total Number of Respondents	Percentage % Responses
Strongly agree	24	96
Agree	1	4
I do not know why	-	0
Disagree	-	0
Strongly disagree	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXI: **Tax return forms, in terms of format, cost and availability, is not a hindrance to prompt filing of tax returns**

Table 137A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Yes	88	93
No	7	7
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 137B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Yes	24	96
No	1	4
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXII: How much knowledge and understanding of the tax system and voluntary tax compliance is attributed to tax officials.

Table 138A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Excellent	26	27
Very Good	58	61
Good	11	12
Fair	-	0
Poor	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 138B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Excellent	4	16
Very Good	20	80
Good	1	4
Fair	-	0
Poor	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIII: **Establishing that there is no relationship between tax revenue maximization and voluntary tax compliance through the self-assessment tax system.**

Table 139A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
I strongly agree	-	0
I agree	-	0
No opinion	-	0
I disagree	10	11
I strongly disagree	85	89
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 139B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
I strongly agree	-	0
I agree	-	0
No opinion	-	0
I disagree	2	8
I strongly disagree	23	92
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIV: **Whether or not voluntary tax compliance relies on strict enforcement of tax laws.**

Table 140A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
I agree	90	95
It depends	5	5
I disagree	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 140B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
I agree	25	100
It depends	-	0
I disagree	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXV: **Rating of tax officials in terms of standards of transparency and fairness.**

Table 141A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Poor	-	0
Fair	21	22
Good	74	78
Very Good	-	0
Excellent	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 141B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Poor	-	0
Fair	-	0
Good	25	100
Very Good	-	0
Excellent	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVI: **Support of stakeholders (different arms of government to the success of voluntary tax compliance**

Table 142A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Excellent	-	0
Very Good	-	0
Good	8	8
Fair	85	90
Poor	2	2
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 142B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Excellent	-	0
Very Good	-	0
Good	2	8
Fair	18	72
Poor	5	20
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVI: **Most influential reason in taking a tax compliance decision.**

Table 143A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Personal opinion on why I should comply with tax rules	5	5
What I hear from other people regarding their feelings on tax compliance	81	86
How convincing the tax people are on why I should pay my taxes	5	5
My concern that government needs money for development	3	3
My general sense of patriotism	1	1
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 143B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Personal opinion on why I should comply with tax rules	4	16
What I hear from other people regarding their feelings on tax compliance	21	84
How convincing the tax people are on why I should pay my taxes	-	0
My concern that government needs money for development	-	0
My general sense of patriotism	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVII: **Justification why people do not obey tax laws.**

Table 144A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
I do not know	-	0
Government has money from the sale of crude oil	19	20
Many people do not know the implications of not obeying the tax laws	12	13
Government may not utilise proceeds of tax revenue judiciously	60	63
Bad governance	4	4
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 144B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
I do not know	-	0
Government has money from the sale of crude oil	2	8
Many people do not know the implications of not obeying the tax laws	6	24
Government may not utilise proceeds of tax revenue judiciously	16	64
Bad governance	1	4
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXVIII: **The most influential reason for taking a tax compliance decision**

Table 145A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Personal opinion on why I should comply with tax laws	24	25
What I hear from other people regarding their feeling on tax compliance	67	71
How convincing the tax people are on why I should pay my taxes	2	2
My concern that government needs money for development	1	1
My general sense of patriotism	1	1
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 145B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Personal opinion on why I should comply with tax laws	4	16
What I hear from other people regarding their feeling on tax compliance	15	60
How convincing the tax people are on why I should pay my taxes	3	12
My concern that government needs money for development	2	8
My general sense of patriotism	1	4
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXIX: **The factor that accounted for the increase in tax, revenue collection with corresponding increase in tax-to-GDP ratio.**

Table 146A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Inflation	9	9
Steady depreciation of the Naira	9	10
Inflation and steady depreciation of the Naira	68	72
I do not know what factor was responsible	5	5
Wrong setting of tax revenue target	4	4
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 146B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Inflation	1	4
Steady depreciation of the Naira	1	4
Inflation and steady depreciation of the Naira	21	84
I do not know what factor was responsible	-	0
Wrong setting of tax revenue target	2	8
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXX: **Whether or not taxpayers are aware of the Tax Administration (Self-Assessment) Regulation, 2012.**

Table 147A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
I am not aware of that regulation at all	9	9
I am aware but have not seen any copy	29	31
That is the business of our tax consultants	28	29
I am aware and I have a copy	17	18
It is not my business to know	12	13
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 147B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
I am not aware of that regulation at all	-	0
I am aware but have not seen any copy	-	0
That is the business of our tax consultants	-	0
I am aware and I have a copy	25	100
It is not my business to know	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXXI: Taxpayers knowledge of the Nigeria tax system especially tax returns filing and payment obligations.

Table 148A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
I have a poor knowledge about the Nigerian tax system	2	2
I have a fair knowledge about the Nigerian tax system	32	34
I have a good knowledge about the Nigerian tax system	28	29
I have a very good knowledge about the Nigerian tax system	22	23
I have an excellent knowledge about the Nigerian tax system	11	12
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 148B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
I have a poor knowledge about the Nigerian tax system	-	0
I have a fair knowledge about the Nigerian tax system	-	0
I have a good knowledge about the Nigerian tax system	5	20
I have a very good knowledge about the Nigerian tax system	14	56
I have an excellent knowledge about the Nigerian tax system	6	24
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXXII: Factor that motivates the taxpayer to file tax returns and pay taxes

Table 149A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Transparency and accountability of government officials	11	12
Good governance	10	10
My sense of patriotism	1	1
Good infrastructural facilities	15	16
Fear of sanctions	58	61
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 149B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Transparency and accountability of government officials	1	4
Good governance	-	0
My sense of patriotism	-	0
Good infrastructural facilities	7	28
Fear of sanctions	17	68
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Questionnaire XXXIII: **Rating of taxpayers' understanding of their obligations to the tax system**

Table 150A: Respondent in Percentages

Options	Total Number of Respondent	Percentage % of Respondents
Poor	-	0
Fair	50	53
Good	27	28
Very good	18	19
Excellent	-	0
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 150B: Responses for Quality Control Purposes

Options	Total Number of Respondents	Percentage % Responses
Poor	3	12
Fair	16	64
Good	4	16
Very good	2	8
Excellent	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

3.5   Chapter Conclusion

From my experience in this study, one can conclude that the success of data collection in field survey depends to a large extent on the research design. However, ahead of the research design and the data collection method(s), the researcher should get sufficiently familiar with the subject area of research. The more in-depth the familiarity,the better. In this way, the appropriate tools for data collection will be developed with ease. This research took all these into consideration. Importantly the pilot survey was vital in drawing the architecture of the questionnaires and also in drawing the plans for the handling of respondents.

With sufficient familiarity in the subject area, the questions were such that encouraged respondents to be forthright in the response given to each question. It is reiterated that contacts were made with respondents and associated persons ahead of the distribution of questionnaires. This may have made respondents to develop a personal sense of recognition for being selected to contribute in the determination of human behavioral issues. It may also have made respondents to take the research seriously. This is in addition to the fact that the research deals with a current issue of dire need for quantum increase in tax revenue generation to sustain the economy. Although the pre-questionnaire distribution contacts increased the cost of the research, it could be said to have contributed to the high rate of response and the quality of data collected. Meaning that quality of outcome of data collection should not be sacrificed for low cost of field survey.

Another important element of success in the data collection is the use of multiple data collection methods. The methods combined the use of questionnaires with interviews, telephone discussions, exchange of electronic mails, physical and electronic library research, among others. In this way it was easy to capture as much data as possible, while enhancing the quality and integrity of such data. Also, the multiplicity of data collection methods facilitated the conversion of descriptive data to quantitative data for use in data analysis.

CHAPTER FOUR

ANALYSIS OF DATA AND TEST OF HYPOTHESIS

4.0 INTRODUCTION

This chapter, data analysis and test of hypothesis, is at the heart of this research. The data analysis that was undertaken facilitated the discovery of solutions to the problems that brought about the need for this, that is, steady increase in tax revenue collection without commensurate increase in tax-to-GDP ratio. It also provided the points that formed the basis for the recommendations that were made subsequently, in chapter five. Importantly, the data analysis and interpretation revealed most of the attributes, characteristics, and other behavioral patterns of taxpayers.

In addition to the above, the data analysis provided opportunities specifically for the following:

(a)   Further cleaning of data to avoid errors, incompleteness and duplications of data. This served as a further validation of the same exercise carried out in chapter three;

(b)   Rechecking all the calculations in the quantitative data presented in chapter three;

(c)   Relating responses given to the specific questions asked;

(d)   To make the raw and unwieldy data meaningful and manageable. And to convert the raw data into useful information; and

(e)   To do a quality control validation and comparison, with the use of the data collected for quality control purposes. In cases of grey areas in the interpretation of results from respondents, to seek explanations for such situations. The reason for this line of action was based on the fact that although the quality control persons, or "special respondents'', did not count as part of the sample size for the research, they were themselves taxpayers and therefore possessed the same characteristics as other taxpayers.

4.1.1   The Processes of Data Analysis:

The essence of the data analysis was to establish the relationship between variables. The determination of the correlation was done through the chi-squared (X^2) test. Some of the other outcomes of the data analyses included;

(a)   Determining differences that were statistically significant;

(b)   Deciding if the differences in the relationships between variables were by chance or if they were big enough to be significant;

(c)   Determining the frequencies of occurrences of specific responses;

(d)   Determining deviations of variables from expected frequencies;

(e)   Ranking of some of the outcomes of some responses to guide policy makers and those implementing them to know the areas of focus; and

(f)   Determining ratios and percentages of the frequency of responses so as to know the size and proportions of some variables, in terms of the overall responses.

4.1.2. RELATING RESULTS OF DATA ANALYSIS WITH THE QUESTIONS POSED TO RESPONDENTS

The answers to the questionnaire and the results of the data analyses were compared with the questions the respondents were asked and to various core areas of the conceptual framework of the research. The reason was to know if the answers that they gave were in sync with the questions. Some of these core areas are discussed below. It is reiterated that they influenced the formulation of the questionnaire:

(a)   Research Questions (in Summary);

(i)   Why tax authorities in Nigeria exceeded their annual tax collection targets without making appreciable contribution to gross domestic product;

(ii)   Why tax officials were reluctant to share tax administration responsibilities with taxpayers;

(iii)   Why taxpayers could not be trusted to make honest and correct declarations of income and pay taxes due;

(iv)   The reason why government has not shown enough interest in ensuring the success of the voluntary tax compliance system;

(v)   The factors that motivate taxpayers to file tax returns timely and honestly;

(vi)   The determinants of an effective self-assessment tax system;

(vii)   Why taxpayers are likely to make incorrect declarations of income or otherwise; and

(viii)   The effect of peoples' perception of government on tax compliance behaviors.

(b)   **The Thesis Statement**

The low tax-to-GDP ratio, a measure of tax efforts, confirmed the poor performance of tax collection and therefore the insufficiency of revenue available to government. If that was the case; it was necessary to establish why Nigeria's tax revenue system performed relatively poorly and generated in-sufficient taxes in spite of the operation of the self-assessment tax system, the touted best tax administration system, which is supported by the Constitution of the Federal Republic of Nigeria.

(c)   Relating results of data analysis with known theories, statements and other research findings on the self-assessment tax system.

Some of such theories, statements and research findings are as discussed below:

(i)   A starting point was the evaluation of the overall objectives of the research, that is, to find out the relationship between increase in tax revenue collection and voluntary tax compliance, through the self-assessment tax regime;

(ii)   The cumulative effect of taxpayers' resistance to the desired tax compliance culture;

(iii)   The impact of voluntary tax compliance, using the self-assessment tax system as the tool, on the Nigeria tax system;

(iv)   The conceptual framework formulated a trigger-behavior-outcome or cue-routine-reward control framework as a means of changing tax compliance behavior and

making non-compliance unprofitable. The data analyses revealed how the scenario works;

(v)   The fact that people were likely to comply or not to comply with the tax laws based on their knowledge of what others were doing;

(vi)   The tax compliance effect of perception of lack of transparency and the unfairness of the tax system;

(vii)   The effect of the state of infrastructure on tax compliance;

(viii) The effect of the simplicity of tax laws on tax compliance;

(ix)   How individualistic and collectivist cultures determine tax compliance behavior; and

(x)   Whether or not taxpayers understand their tax obligations.

4.2   QUANTITATIVE DATA ANALYSIS

The analysis of quantitative data started with the some of the personal data of respondents. The details are shown below:

4.2.1. (a)   Sex of Respondents

Of the ninety-five (95) respondents who completed and returned their questionnaires, fifty-nine (59) of them or sixty-two (62) percent of the respondents were male, while thirty-six (36) others or thirty-eight (38) percent were female. See tables 1 and 1a. As compared with the twenty-five (25) quality control respondents, nineteen of them or seventy-six (76) percent were male while six (6) or twenty-four (24) percent were female. Therefore there was a consistency of male domination in tax matters, although it was more pre-dominant at the level of respondents for quality control. The

same pattern reflected in the course of the analyses of other attributes in the personal data.

(b)   **Age of Respondents**

Table 151A: Ages of Respondents

Age	Number within Age Group	As percentage of Total
Below 30 years	5	5
31 to 40 years	35	37
41 to 50 years	40	42
51 to 60 years	14	15
61 to 70 years	1	1
Totals	**95**	**100**

Source: Filed survey of selected taxpayers, 2015

Table 151B: Ages of Respondents for Quality Control Purposes

Age	Number within Age Group	As percentage of Total
Below 30 years	-	0
31 to 40 years	5	20
41 to 50 years	13	52
51 to 60 years	6	24
61 to 70 years	1	4
Totals	25	100

Source: Survey of selected taxpayers, 2015

As shown on table 151A more respondents were within the age group of 41 to 50 years, with forty-two (42) percent of all respondents falling within this age group. It was followed by age group 31 to 40 with thirty-seven percent of respondents. The other age groups did not have any appreciable percentage. The implication is that seventy-nine (79) percent of all the respondents fell within the broader age group of 31 to 50 years.

On the other hand, in the case of respondents for quality control, fifty-two (52) percent, that is, majority of them fell within the age group of 41 to 50 years. When compared with the result on table 151A, there was a consistency of more respondents falling within the age group of 41 to 50 years. At this age range, people were expected to have attained a high level of academic and professional qualifications, and acquired relevant job/business experiences. And therefore respondents in this age group were expected to be in the best position to provide data on taxpayers' attributes and characteristics.

Table 152A; Marital Status of Respondents

Age	Number of Respondents	As percentage of Total
Single	5	5
Married	88	93
Separated/Divorced	2	2
Other	-	0
Totals	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 152B: Marital Status for Quality Control Purposes

Age	Number of Respondents	As percentage of Total
Single	1	4
Married	23	92
Separated/Divorced	1	4
Other	-	0
Totals	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The table above revealed that of the ninety-five (95) respondents, eighty-eight (88) or ninety-three percent were married. In the same manner, twenty-three (23) or ninety-two (92) percent of respondents for quality control were married. In both cases, the proportions of married persons were overwhelming. Also, in both cases, the proportions of married respondents were consistent. Earlier on in this report it was noted that respondents emerged from class of people who were knowledgeable in financial matters and played important roles in tax compliance decisions. The fact that respondents were overwhelmingly married implied that marital status was a key consideration in assigning responsibilities for tax compliance decisions roles. However, this research did not go to the extent of finding out if the sex of respondents affected the type and quality of tax compliance decisions.

(d)   **Table 153A: Job Experiences of Respondents**

Number of years of working Experience	Number of Respondents	As percentage of Total
0-5 years	12	13
6-10 years	18	19
11-15 years	37	39
Over 15 years	28	29
Totals	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 153B Job Experiences of Respondents for Quality Control Purposes

Number of years of working Experience	Number of Respondents	As percentage of Total
0-5 years	-	0
6-10 years	5	20
11-15 years	14	56
Over 15 years	6	24
Totals	25	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

As shown on tables 153a and 153b, respondents within 11 to 15 years working experience accounted more for the number of respondents, that is, thirty-nine (39) per cent of the total number of respondents. It was closely followed by respondents with over 15 years working experience, who accounted for twenty-nine percent of respondents.

The implication is that the respondents within 11years to above 15 years working experience accounted for sixty-eight (68) percent or sixty-five (65) of all the respondents. The import is that majority of those who participated in the survey had the requisite the work experience. This is in consonance with the reason for their selection.

A comparison and quality check of the above position with quality control data showed that a majority of data from this class, that is, fourteen (14) or fifty-six (56) per cent of respondents fell within the 11 to 15 years working experience. When this number or proportion was added to those with over fifteen years working experience, a staggering twenty (20) respondents or eighty (80) per cent of total quality control data was derived. This result is consistent with the findings from the main respondents, that is, respondents that had working experiences that ranged from 11 years to 15 years and above were more in number.

(e)   **Table 154A: Level/Cadre of the Respondents in the Organization**

Level/Cadre	Number of Respondents	As percentage of Total
Top Level Management	-	0
Middle Level Management	91	96
Lower Level Management	4	4
Other Staff	-	0
Totals	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 154B: Level/Cadre of Respondents for Quality Control

Purposes

Level/Cadre	Number of Respondents	As percentage of Total
Top Level Management	-	0
Middle Level Management	23	92
Lower Level Management	2	8
Other Staff	-	0
Totals	25	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Tables 154A and 154B showed that majority of respondents both for the survey and quality control purposes were in the Middle Level Management of the organizations. Specifically, in the case of respondents for the survey, as many as ninety one of them or ninety-six (96) per cent of the total number were in Middle Level Management. On the other hand, twenty-three (23) of the twenty five (25) quality control data, a proportion of ninety-two (92) per cent, were made up of the Middle Management staff of their various organizations.

The above results mean that an overwhelming number of participants in the survey, and by implication those who dealt with tax matters, were Middle Management Staff. This result is interesting because it is Middle Management that is at the heart of operations in all organizations. Therefore, tax affairs are considered serious enough to be handed to Middle Level Management, the link between Top Management and the rest of the organization. Ordinarily, Middle Level Management Staff were expected to be experienced and knowledgeable enough to give representative data on characteristics, behavioral tendencies and attributes of taxpayers. It is then safe to say that Middle Level Management Personnel is in vintage position to influence tax compliance culture.

(d)   **Table 155A; Educational Qualifications of Respondents**

Education Qualification	Number of Respondents	As percentage of Total
Below Higher National Diploma	8	8
First Degree/Higher National Diploma	76	80
Masters Degree/Philosophy	10	11
Doctor of Philosophy	1	1
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 153B: Educational Qualifications of Respondents for Quality Control Purposes

Education Qualification	Number of Respondents	As percentage of Total
Below Higher National Diploma	-	0
First Degree/Higher National Diploma	20	80
Masters Degree/Philosophy	4	16
Doctor of Philosophy	1	4
Totals	25	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 155A indicated that seventy-six (76) respondents out of the ninety-five (95) that completed and returned the questionnaires, that is, eighty (80) percent of respondents, acquired educational qualifications up to first degree/higher national diploma level. This showed that an overwhelming number of respondents had good education. The implication is that they were knowledgeable enough to deal with the issues raised in the questionnaire. Also, as educated people, they knew the standards of services required from tax administrators, and the quality of governance that will elicit tax compliance. In any case, compliance with the self-assessment tax regime requires a good knowledge of the tax laws and the methods of applying them, which a good education easily facilitates. As a corollary, if results from further analysis of data show that taxpayers claim ignorance of their tax obligations, it may not be as much as for lack of education as it is that it was likely to be feigned ignorance. Feigned ignorance as a tax avoidance scheme was postulated by me during the discussion of the objectives of this research, in chapter one of this thesis (on page 23).

The quality control data on table 155B showed that the results followed the same pattern as that of the survey. Here again, eighty (80) percent of respondents acquired educational qualifications up to first degree/higher national diploma level. The implications of this level of education are the same as discussed in the case of data on table 155B.

(f)   **Table 156A: Professional Qualifications of Respondents**

Professional Qualifications	Number of Respondents	As percentage of Total
Law	1	1
Accounting	20	21
Taxation	40	42
Accounting and Taxation	31	33
Law and Taxation	3	3
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 153B: Professional Qualifications of Respondents for Quality Control Purpose

Professional Qualification	Number of Respondents	As percentage of Total
Law	-	0
Accounting	3	12
Taxation	9	36
Accounting and Taxation	12	48
Law and Taxation	1	4
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The data analysis on table 156A revealed that professional qualifications in taxation topped the list of qualifications although it did not produce a majority. Forty-two (42) per cent of respondents had professional qualifications in taxation only. It was closely followed by professional qualifications in both accounting and taxation, with thirty-three per cent of respondents in this group. It is worthy to note that on the whole, all the respondents had one professional qualification or the other. The revelation is that the professional qualifications were in addition to educational qualifications of a minimum of first degree or higher national diploma.

In the analysis of data on table 156B it was discovered that respondents with professional qualifications in both accounting and taxation topped the list from the quality control data. This group had twelve (12) respondents or forty-eight percent of data on this item. Professional qualifications in taxation followed closely with nine (9) respondents or thirty-six (36) percent of the total number of respondents. This was a reversal of the results from table 152A where professional qualifications in taxation topped the list. This was expected because the quality control respondents were drawn from the class of tax officers and tax consultants who naturally were more professional in tax matters and therefore possessed more professional qualifications.

The results from tables 156A and 156B were consistent with those from tables 155A and 155B in producing respondents who were educated and knowledgeable on tax issues. Therefore any claim of lack of knowledge of tax obligations may not be accepted easily.

4.2.2 Table 157: Various Statistics On Revenue Collection And Debt Burden

Revenue/Debt	Period	Reference	Amount (N)
Debt burden of the federation	As at Dec. 31, 2014	Table 97	9,913,154,343,670
Internally Generated Revenue of States	2010-2014	Table 98	2,843,187,908,364
Internally Generated Revenue of States	2014	Table 98	707,857,998,396
Federally Collected Revenue	2010-2014	Table 99	49,198,100,000,000
Federally Collected Revenue	2014	Table 99	10,094,600,000,000
Federally Collected Revenue (Oil)	2014	Table 99	6,794,000,000,000
Federally Collected Revenue (Non-Oil)	2014	Table 99	3,300,000,000,000

Sources: Central Bank of Nigeria, Economic Reports, January 2011 to January 2015,

National Bureau of Statistics, Joint Tax Board, and Debt Management Office.

Table 157 showed a debt burden of approximately N1,913,000,000,000. This debt burden was cumulative and could not be tied to any one year. However, many scenarios of comparisons were made in the course of this analysis, in view of the fact that the debts could be liquidated by making provisions for their repayment through deductions from tax revenue generated. The first scenario of comparison was the computation of the proportion of the debts owed by the States and the Federal Government in relation to the total debt burden. At United States (US) dollars $6,400,000,000 for the Federal Government and US. $3,300,000,000 for States, it meant that in terms of proportions of the debt burden of US $9,700,000,000, sixty-six percent (66) was owed by the Federal Government alone while the States owed thirty-four (34) percent of the debts.

As indicated above, the total debt burden of the Federation as at December, 2014 was N1,913,000,000,000. The share of the States out of this burden was N 646,000,000,000. An implication is that if the States were to liquidate their debt burden in one lump-sum, it would have gulped about ninety-one (91) percent of their internally generated revenue for 2014 (see table 151). In terms of the Federal Government, its share of the debt burden would have required about nineteen (19) percent of 2014 federally collected revenue to liquidate. It is important to note that the percentages of revenue generation required to pay outstanding debts did not take into consideration the fact that domestic debts would also be paid; neither did it include debt service charges and accruing interest payments.

I note that the aim of the analysis above is to give an idea of the debt burden of the Federation and the fact that revenue collection, especially tax, has to be increased substantially to be able to cope with the repayment of debts.

Another import is that the setting of revenue targets should take the country's debt burden into consideration. This conclusion is in line with the postulation in the problem statement of this research. See page 28. Going further, table 151 showed that oil revenue accounted for N6,799,000,000,000 or sixty-seven (67) per cent of revenue collected in 2014. With the fall in crude oil prices in 2015, a trend that has continued in 2016, it means that tax revenue maximization should be taken even more seriously. As shown in the Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) forwarded to the National Assembly by the President of Nigeria, on December 8, 2015, a provision of N1,475,000,000,000 was made for debt service in 2016 draft budget. This provision for debt service was in addition to N 2,220,000,000,000 deficit in 2016 budget. The total budget of the Federal Government for 2016 was in the sum of N 6,077,680,000,000 (Six Trillion, Seventy-Seven Billion, Six Hundred and Eighty Million Naira only). Considering the amounts provided for debt service and the deficit in the budget, the scenario is worrisome enough to warrant the declaration of state of emergency in tax revenue collection.

4.2.3 OTHER QUANTITATIVE DATA WITH RELEVANT TABLES FOR EASE OF REFERENCE

(f) **Table 158A: Questionnaire 1; Response as to whether the self-assessment tax system brings about increase in tax revenue collection**

Options	Number of Respondents	As percentage of Total
Strongly agree	91	96
Agree	4	4
Disagree	-	0
Strongly disagree	-	0
Perhaps	-	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 158B: Responses for Quality Control Purpose

Options	Number of Respondents	As percentage of Total
Strongly agree	23	92
Agree	-	0
Disagree	-	0
Strongly disagree	-	0
Perhaps	2	8
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The result on table 158A showed that an overwhelming number of respondents, that is, ninety-one (91) or ninety-six (96) percent of respondents strongly agreed that the self-assessment tax system brings about increase in tax revenue collection. When this number was added to four (4) others or four percent of respondents who merely agreed, it meant that all respondent actually agreed with the proposition.

The result on table 157A was compared with that on table 158B, it was noted that twenty-three (23) or ninety-two (92) percent of the quality control respondents also agreed that the self-assessment tax system brings about increase in tax revenue collection. Two (2) people or eight (8) percent of respondents were not sure. Although the number was not significant, a further enquire was carried out. The enquiry revealed that those who selected ''perhaps'' as their option did so because they felt that the self-assessment tax regime required proper implementation to be able to bring about increase in tax revenue collection. This revelation will be corroborated with other results of data analysis later in this report.

Lyse Richard (2003) as reported on page four, in the general background, acclaimed self-assessment to be the most efficient way of administration of a country's tax system. The results above are in consonance with this postulation. This is also supported by the observation made by IMF Technical Assistance Mission to Nigeria (2010) that the self-assessment tax regime brings about tax revenue maximization. This observation was reported on page thirty-two of this thesis. It is interesting that a hypothesis was formulated on the basis of this assertion. A test of the hypothesis, done later, will take a conclusive position on the result on data collected on this subject matter.

Table 159A: Questionnaire II; Response as to why steady increase in tax revenue collection has not translated to increase in tax-to-GDP ratio

Options	Number of Respondents	As percentage of Total
(a) Computation of tax-to-GDP were based on wrong figures	3	3
(b) The tax collection targets were low	2	2
Both (a) and (b) above	87	92
No idea	3	3
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 159 B: Responses for quality control **purposes**

Options	Number of Respondents	As percentage of Total
(a) Computation of tax-to-GDP were based on wrong figures	7	28
(b) The tax collection targets were low	-	0
Both (a) and (b) above	18	72
No idea	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

A look at the figures on table 159A showed that eighty-seven (87) of the ninety-five (95) respondents were of the view that the reason for steady increase in tax revenue collection, as shown on table 110, without increase in tax-to-GDP ratio, was because both the computations of tax-to-GDP ratio and tax collection target were based on wrong figures and low tax collection target. This result showed ninety-two (92) percent responses in favor of option "C" on table 159A. Ninety-two percent is substantial and could be regarded as the overwhelming view of respondents and therefore enough to make a generalization.

The results on table 159B when compared with the survey results on table 159 A, also showed that a majority of quality control respondents supported the views expressed with respect to table 159A. In this case, seventy-two (72) percent of results were in favor of option "C". A good number of quality control respondents, that is, twenty-eight (28) percent opted for option "C". An enquiry revealed that this choice was made on the ground that the figures used in the computation of tax-to-GDP may not have included all taxes collected by various revenue collection agencies especially, the Internally Generated Revenue of States of the Federation. It was maintained that if all taxes were included, perhaps tax-to-GDP ratio would have been higher than what was arrived at and published, although marginally.

Table 160A: Questionnaire III; Opinion of taxpayers on the unwillingness of tax officials to share tax administration powers with them.

Options	Number of Respondents	As percentage of Total
Yes	90	95
No	1	1
Perhaps	4	4
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 60B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Yes	20	80
No	-	0
Perhaps	5	20
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

In response to a question apparently suggesting that tax officials appeared to be unwilling to share tax administration powers with taxpayers, ninety (90) respondents or ninety-five (95) percent of all respondents agreed. This number was substantial to make an inference that it represented the opinion of taxpayers. This result although expected was unfortunate because the self-assessment tax system thrives on partnership and collaboration between taxpayers and tax officials. In the review of literature, the self-assessment tax system was described as participatory and democratic. For example, the taxpayer is expected to assess oneself rather than the government assessment tax system where tax officials issued all notices of assessment. If this was the case, the element of willingness to pay tax would have been lost and in its place, delays that resulted from the serving notices of assessment and other associated challenges would be the order of the day.

The results from quality control responses showed the same trend as those from the main survey. As indicated on table 160B, eighty (80) percent of respondents agreed that tax officials were not willing to share tax administration powers with tax officials. Eighty (80) percent is an appreciable proportion to support an opinion. However, a sizeable twenty (20) percent of quality control result opted for "perhaps". In view of the overwhelming ninety-five (95) positive responses in the main survey, an investigation was made as to why up to twenty (20) percent opted for "perhaps" as against four (4) percent that choose this option in the main survey. The "'perhaps" was discovered to have depicted that the unwillingness was dependent on circumstances such as lack of understanding of tax rules on how to deal with tax avoidance schemes.

Table 161A: Questionnaire IV; Quantitative result showing that taxpayers cannot be trusted to share in tax administration functions.

Options	Number of Respondents	As percentage of Total
Yes, taxpayers cannot be trusted	76	80
No, taxpayers can be trusted	12	13
Perhaps	7	7
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 60B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Yes, taxpayers cannot be trusted	22	88
No, taxpayers can be trusted	1	4
Perhaps	2	8
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The results from table 160A and 160B showed that tax officials were reluctant to share tax administration functions with taxpayers; one of the prerequisites for effective and efficient self-assessment system. To be able to determine why that was the case, a follow-up question was asked. As shown on table 161A, seventy-six (76) responses or eighty (80) percent of respondents were of the view that it was because taxpayers could not be trusted. Eighty (80) percent is an overwhelming majority and by implication therefore, taxpayers themselves were of the opinion that taxpayers could not be trusted.

The result above was compared with data obtained for quality control purposes as shown on table 161B. It was revealed that there was also an overwhelming opinion that taxpayers could not be trusted. The proportion in this case was eighty-eight (88); an increase of eight (8) percentage points from what was obtained in the main survey. Respondents that preferred the other options were not significant in number. Only four (4) percent of the quality control respondent choose the "No" option, while eight (8) percent of respondents were not sure whether or not the unwillingness to allow taxpayers share in tax administration powers was because they could not be trusted.

With the validation of the survey on the particular attribute of taxpayers, it is safe to say that the reason for the unwillingness to allow taxpayers powers is because they cannot be trusted. One of the specific objectives of this research is to assess how much taxpayers can be trusted. With eighty (80) percent of respondents noting that taxpayers cannot be trusted, it means that one of the specific objectives of the research has been accomplished.

Table 162A: Justification as to why taxpayers cannot be trusted

Options	Number of Respondents	As percentage of Total
Many taxpayers do not understand tax issues	87	92
Some taxpayers are not honest	-	0
Tax administration is the responsibility of tax officials	6	6
It is only natural	2	2
No idea	-	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 60B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Manu taxpayers do not understand tax issues	7	28
Some taxpayers are not honest	-	0
Tax administration is the responsibility of tax officials	18	72
It is only natural	-	0
No idea	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The results on table 162A are justifications for the overwhelming opinion that taxpayers could not be trusted. The justifications became necessary because there was the need for detailed investigation of the attributes of taxpayers and their behavioral patterns. And to use this knowledge to design positive behavioral change programme for tax compliance to ensure that taxpayers could be trusted. As a corollary the analysis of results on table 162A was done. It showed that as many as eighty-seven (87) respondents, that is, ninety-two (92) percent of the total numbers were of the view that many taxpayers did not understand tax issues. Therefore, they could not be trusted to share in tax administration functions with tax officials. This outcome is interesting since ordinarily lack of trust was not expected to be attributed to lack of understanding of tax issues. A position which the researcher thinks was usually feigned as noted earlier.

In the course of the analysis of data from quality control responses, table 162B, it was discovered that eighteen (18) of the responses, that is, responses from seventy-two (72) of the quality control respondents attributed lack of trust to another issue. They were of the opinion that tax administration was the responsibility of tax officials and by implication taxpayers should not share it with tax officials. This result was contrary to that from table 162A. It was also contrary to a requirement of the self-assessment tax system. Perhaps this demonstrates the fact that tax consultants like to shield taxpayers so that they can represent them. The reasoning is that if tax administration is the exclusive responsibility of tax officials, then there would be no need to enlighten taxpayers on tax issues. In this scenario taxpayers would remain dependant, incidentally, twenty-eight (28) percent of quality control respondents attributed the lack of trust to the fact that many taxpayers did not understand tax issues (28a). While it was

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suspected that most of such responses may have been made by Tax Officials, it still put

taxpayers at a position of dependency, either on Tax Officials or Tax Consultants. This

position does not augur well for the success of the self-assessment system.

Table 163A: Responses as to whether taxpayers can be trusted to make self-declaration of income honestly.

Options	Number of Respondents	As percentage of Total
Yes	22	23
No	73	77
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 163B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Yes	7	28
No	18	72
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Tax administration involves interaction and relationship between the taxpayers and tax officials (tax authority). This is even more so in a self-assessment tax regime where the taxpayer is expected to participate in the tax administration system through, self-rendition of tax returns and payment of taxes, as and when due. Issues that came up during the construction of the conceptual framework and the review of literature on the self-assessment tax system included, whether taxpayers could be trusted to play this role honestly. Results on tables 160A-B to 162A-B brought out various perspectives of trust namely willingness of tax officials to allow taxpayers share in tax administration functions, adequacy of knowledge of tax issues and exclusivity of tax administration functions. As noted in the manner in which the questions were designed; multifaceted, repetitive and rephrased; trust was to be examined from the perspective of honestly. The reason for this was to get as much information as possible and for the purposes of validation of responses.

With the above method of analysis in view, the results on tables 163A and B were studied. Table 163A revealed that only twenty-two (22) respondents, that is, twenty-three (23) percent of the total numbers of respondents were of the opinion that taxpayers could be trusted to make self-declarations of income honestly. This number was in the minority. On the other hand, seventy-three (73) respondents were of the view that taxpayers could not be trusted to make self-declaration of income honestly. The results were in line with those of quality control. In this case, majority, that is, seventy-two (72) percent of quality control respondents noted that, taxpayers could not be trusted to make self-declaration of income honestly.

The results from the survey and those for quality control pointed in the same direction of more than seventy (70) percent of respondents not trusting that taxpayers could make self-declaration of honestly. This position is surely not in the best interest of the success of the self-assessment tax regime.

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Table 164A: Why some (many) respondents think that taxpayers cannot be trusted to make honest self-declaration of income

Options	Number of Respondents	As percentage of Total
Many taxpayers are not honest	85	89
I do not know	10	11
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 164B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Many taxpayers are not honest	17	68
I do not know	8	32
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

As shown on table 164A, as many as eighty-five (85) out of ninety-five (95) respondents, that is, eighty-nine (89) percent of total number of respondents, believed that many taxpayers were not honest. This result is worrisome in view of the objective to maximize tax revenue collection through the self-assessment tax regime. However, it was consistent with the results obtained from table 163A. The other respondents that believed that taxpayers were honest constituted only eleven (11) percent of the total number. This percentage was surely not significant. The requirements for successful self-assessment tax regime include honest declaration of incomes and payment regime of taxes as and when due. If taxpayers were largely perceived to be dishonest, then the tax system will not be effective.

The results from data for comparative analysis revealed that a substantial number of respondents, seventeen (17) out of twenty-five (25) respondents, that is, sixty-eight (68) percent of the total were also of the view that many taxpayers were not honest. Although the proportion in this case was not as high as the results from the main survey, the trend moved in the same direction. However, an important development was that respondents who were not sure if taxpayers were not honest increased substantially from eleven (11) percent, as in the main survey, to thirty-two percent, as recorded in the responses for quality control. The reason may be because this special class of respondents were drawn from a lot more professional group, and therefore did not want to make any generalization or sweeping statements.

Table 165A: A Follow-up As To Why Some Respondents Think That Taxpayers Can Be Trusted

Options	Number of Respondents	As percentage of Total
Taxpayers are stakeholders	22	100
No reason	-	0
Total	22	100

Source: Field survey of selected tax payers in Nigeria, 2015

Table 165 B: Responses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Taxpayers are stakeholders	7	100
No reason	-	0
Total	7	100

Source: Field survey of selected taxpayers in Nigeria, 2015

The Questionnaire v (c) was raised because some respondents were of the view that taxpayers could be trusted to make honest self-declaration of income and taxes. Although they were in the minority, twenty-tow (22) percent, the researcher thought it wise to investigate, ab initio, why they held a contrary opinion. The reason for this was because honest self-declaration of income and payment of tax due is central to successful implementation of the self assessment tax regime. The result on table 165A showed that all the twenty-two (22) respondents who felt that taxpayers could be trusted did so on account of the fact that taxpayers were stakeholders in the economy and shared in the quest for tax revenue maximization. A hundred (100) percent positive responses in this direction was a conclusive evidence of this opinion.

In the same manner, all seven (7) of the quality control responses affirmed that taxpayers could be trusted to make honest self-declaration of income and make prompt payment of taxes. This affirmative response ratio translated to one hundred (100) percent. As was the case in the result of the main survey, the reason given for this overwhelming choice was that taxpayers could be trusted because they were also stakeholders. The implication is that, like the tax administrators and policy makers, taxpayers would also benefit from tax revenue maximization. And consequently have no reason not to be honest in self-declaration of income and payment of tax due.

The opinion expressed by respondents that taxpayers were honest is consistent with the assumptions that formed the basis for the introduction of the self-assumption tax regime. Tax administrators should therefore handle taxpayers' affairs on account of this assumption.

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Table 166A: Questionnaire VI; Willingness or otherwise of tax officials to implement the requirement of dialogue in the self-assessment tax-system.

Option	Number of Respondents	As Percentage of Total
It is a waste of time	4	4
Some aspects of law allow tax officials to take action as they deem fit	66	70
Tax administration is historically the preserve of tax officials	23	24
Tax officials are experts on tax matters and taxpayers are not	2	2
I can't think of any particular reason	-	0
Total	95	100

Source: field survey of selected taxpayers in Nigeria, 2015

Table 166B: Responses for Quality Control Purposes

Option	Number of Respondents	As Percentage of Total
It is a waste of time	-	0
Some aspects of law allow tax officials to take action as they deem fit	25	100
Tax administration is historically the preserve of tax officials	-	0
Tax officials are experts on tax matters and taxpayers are not	-	0
I can't think of any particular reason	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

One of the tenets for a successful self-assessment tax regime is the need for dialogue between tax officials and taxpayers. Most often it is alleged that tax officials were reluctant to allow the dialogue to take place before issuing notices of assessment to tax. The aim of the analyses of results on tables 166A and 166B was to find out whether or not this was the case.

Results on table 166A showed that sixty-six (66) respondents, that is, seventy (70) percent of the total number of respondents, were of the opinion that tax officials were not willing for dialogue with taxpayers. They felt that the reason was because some aspects of the tax laws allowed tax officials to take actions as they deemed fit, without recourse to dialogue with taxpayers. Another twenty-three (23) respondents or twenty-four (24) percent of total number of respondents affirmed the unwillingness of tax officials for dialogue but believed the reason was because tax administration was historically the preserve of tax officials. This opinion is noteworthy. However, seventy (70) percent responses in support of the provisions of tax laws as the reason for unwillingness for dialogue, was significant enough to be accepted as the (main) reason.

On the other hand, all the respondents for quality control purpose agreed that there was unwillingness on the part of tax officials for dialogue with taxpayer. They noted that the reason was because some aspects of the tax laws were actually responsible for the unwillingness on the part of tax officials for dialogue with taxpayers. The implication is that the law, if amended appropriately, could be used to promote dialogue between tax officials and taxpayers for the purpose of effectiveness of the self-assessment tax regime.

Table 167A: Questionnaire VII, Other Constraints to Dialogue between Tax Officials and Taxpayers

Options	Number of Respondents	As percentage of Total
Funding	19	20
State of tax laws	17	18
Funding and state of tax laws	58	61
I cannot think of any other constraint	-	0
There is no need for dialogue	1	1
Total	95	100

Source: Field survey of selected taxpayers in Nigeria, 2015

Table 167B: Responses for Quality control purposes

Options	Number of Respondents	As percentage of Total
Funding	-	0
State of tax laws	2	8
Funding and state of tax laws	23	92
I cannot think of any other constraint	-	0
There is no need for dialogue	-	0
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

In addition to the survey on dialogue, which is one of the pre-requisite for successful tax assessment tax regime, other questions were asked with a view to finding out other constraints to dialogue between tax officials and taxpayers. Surely, a good knowledge about these constraints would be of assistance in designing programmes for improved tax compliance.

With the above background, the results on table 167A were analyzed. It was discovered that fifty-eight (58) respondents or sixty-one (61) of the total number of responses received, indicated that lack of adequate funding and the fluid state of the tax laws were the major constraints to effective dialogue between tax officials and taxpayers. This result served as additional validation of results on tables167A and 167B. Other notable scores were funding alone, twenty (20) percent and state of tax laws, eighteen (18) percent. Sixty-one (61) percent was high enough for a decision to be taken as to another constrain to dialogue.

On the other hand, as much as ninety-two (92) percent of responses for quality control purpose, table 167B, showed that, lack of adequate funding and the fluid state was the other constraint for dialogue between tax officials and taxpayers. This result agreed with those on table 167A. The score of ninety-two (92) percent was overwhelming and thus validated the majority position on table 167A, that is, that lack of adequate funding and the fluid state of the tax laws constituted the major constraint to dialogue. It means then that government should fund dialogue with taxpayers adequately and update the tax laws to support the effectiveness of the self-assessment tax system.

Table 168A: Questionnaire VIII, Factors that motivate taxpayers to file tax returns timely and honestly

Options	Number of Respondents	As Percentage of Total
Fear of sanctions	71	75
State of infrastructure	8	8
Good Governance	5	5
Patriotism	-	0
Regular tax audits	11	12
Total	95	100

Source: field survey of selected taxpayers in Nigeria, 2015

Table 168B: Responses for Quality Control Purpose

Options	Number of Respondents	As Percentage of Total
Fear of sanctions	10	40
State of infrastructure	7	28
Good Governance	4	16
Patriotism	-	0
Regular tax audits	4	16
Total	25	100

Source: Field survey of selected taxpayers in Nigeria, 2015

To run a successful self-assessment tax regime, taxpayers must file their tax returns on due dates; such tax returns must be computed based on honest declarations of income. The aim of the question that brought about the responses on tables 168A and 168B was to find out what would motivate taxpayers to file tax returns in the manner required. The results on table 168A are the outcome of the survey.

The results on table 168A showed that seventy-one (71) out of ninety-five (95) responses indicated that fear of sanctions was the motivating factor for correct income tax declarations and timely filing of tax returns. Other results showed that regular tax audits had twelve (12) percent or eleven (11) respondents, state of infrastructure had eight (8) percent or eight (8) respondents, while good governance had five (5) percent or (five (5) respondents. Seventy-five (75) percent of respondents was well above the mark for majority opinion and was significant.

On the part of quality control responses, ten (10) respondents or forty (40) percent of total number of quality control responses opted for fear of sanctions as the motivating factor, seven (7) of the responses, that is, twenty-eight (28) percent of the total number selected state of infrastructure. Good governance and regular tax audits were at par with sixteen percent of respondents each.

On both tables 168A and 168B the fear of sanctions was the top option as motivating factor. However, while table 168A had seventy-five (75) percent or majority of respondent, table 168B had only forty (40) percent of responses for quality control purposes, without producing a majority opinion. The spread of options between state of infrastructure (twenty-eight percent), good governance (sixteen percent) and regular tax audits (sixteen percent), showed the extent to which the more enlightened taxpayers, that provided the quality control responses, were detailed. On the whole the major

motivating factor for taxpayers to file tax returns timely and honestly was the fear of sanctions.

Table 169A: Questionnaire IX: Indications as to whether there are impediments to the successful implementation of the self-assessment tax system.

Options	Number of Respondents	As percentage of Total
Yes	85	89
No	10	11
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 169B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Yes	25	100
No	-	0
Total	25	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

In addition to the survey on the factors that motivate taxpayers to file tax returns timely and honestly, on enquiry was carried out as to factors that may constitute impediments to the implementation of the self-assessment tax system. As noted in the literature review, page 65, many tax administrations considered the self-assessment tax system as the best and most efficient way to administer a country's tax system. Therefore, this aspect of the survey that dealt with impediments to the smooth running of the system became imperative.

In pursuance of the above, the results on table 169A and 169B were analyzed. The revelation was that eighty-nine (89) percent of the responses or eighty-five respondents were of the opinion that there were impediments to successful implementation of the self-assessment tax system. On the other hand, eleven (11) percent of respondents noted that there were no impediments.

The results on table 169A were compared with those on table 169B. It was revealed that all twenty-five (25) quality control responses, that is, one-hundred (100) percent, supported the view that there were impediments to the successful implementation of the self-assessment tax system. The eighty-nine (89) percent positive responses indicating that there were impediments to successful implementation of self-assessment was far in excess of the mark for majority opinion, and was validated by one hundred (100) percent of quality control responses. Therefore, the conclusion was that there were impediments to the successful implementation of the self-assessment tax regime.

Table 170A**: Questionnaire IXa : Impediments to the implementation of the self-assessment tax system**

Options	Number of Respondents	As percentage of Total
Inadequate funding	2	2
Taxpayers' lack of understanding of their tax obligations	20	21
Fluid nature of tax laws	2	2
Reluctance to implement the tenets of the self-assessment tax system	14	15
Failure to impose sanctions in cases of default	23	24
Lack of balance between taxpayer enablement and tax compliance enforcement	14	15
Cultural issues	1	1
Lack of understanding of methods of interpretation of laws	3	3
Taxpayer resistance	1	1
General lack of understanding of the tenets of the self-assessment tax system	15	16
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 170B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Inadequate funding	-	0
Taxpayers' lack of understanding of their tax obligations	4	16
Fluid nature of tax laws	1	4
Reluctance to implement the tenets of the self-assessment tax system	5	20
Failure to impose sanctions in cases of default	4	16
Lack of balance between taxpayer enablement and tax compliance enforcement	4	16
Cultural issues	-	0
Lack of understanding of methods of interpretation of laws	2	8
Taxpayer resistance	1	4
General lack of understanding of the tenets of the self-assessment tax system	4	16
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Tax revenue maximization is important for the growth of the economy of any country. In this particular case it is tied to voluntary tax compliance through the self-assessment tax regime. For this reason it became necessary to find out all or most of the impediments to the successful implementation of the self-assessment tax system. Table 170A showed the results of the survey as it concerned this particular issue. A snap shot showed that a lot of impediments were involved but no single impediment was overwhelming. The same trend applied in the case of results on Table 170B.

Specifically, table 170A showed that the biggest impediment in the order of percentage contribution was a 'failure to impose sanctions'. The number of respondents who selected this option was twenty-three (23) or twenty-four (24) percent of total number of respondents. It was followed closely by "taxpayers' lack of understanding of their tax obligations", with twenty (20) responses or twenty-one (21) percent of the total number of responses. The option of ''general lack of understanding of the tenets of the self-assessment tax system'' was the third in the order of choice. This option had fifteen (15) of the total number or sixteen percent of all responses. Two other options (a) ''reluctance to implement the tenets of the self-assessment tax system'' and (b) ''lack of balance between taxpayer enablement and tax compliance enforcement'' had equal proportions of fifteen (15) percent. There was no option that did not get the preference of at least one respondent. However, the rest that were not highlighted here were relatively small, ranging from one (1) to three (3) percent of total number of respondents.

Unlike the results of the main survey where failure to impose sanctions led the pack, with twenty-four (24) percent, reluctance to implement the tenets of the self-

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assessment tax system had the biggest proportion of twenty (20) percent. In the case of table 170B a more critical analysis showed the two characteristics were similar. This was in the sense that "failure to impose sanctions in cases of default" was part of "reluctance to implement the tenets of the self-assessment tax system". Indeed, strict imposition of sanctions is part of the tenets of the self-assessment system. The imposition of sanction was expected to elicit tax compliance in the future. The other characteristics that rated fairly closely and equally in terms of selection are given as below:

(a) Taxpayers' lack of understanding of their tax obligation, four (4) responses or sixteen (16) percent;

(b) Failure to impose sanctions in cases of default, four (4) responses or sixteen (16) percent;

(c) Lack of balance between taxpayer enablement and tax compliance enforcement, four (4) responses or sixteen (16) percent; and

(d) General lack of understanding of the tenets of the self-assessment tax system, same score as in 'd' above.

All the characteristics analyzed above were validations of same characteristics in the main survey, as shown on table 170A. Here again the characteristics that did not rate relatively highly and therefore were not highlighted contributed in the proportions of four (4) to eight (8) percent.

Table 171A: Questionnaire X: Factors that will make the self-assessment tax system effective in the Nigerian environment

Options	Number of Respondents	As percentage of Total
Serious tax enforcement	12	13
Simple and updated tax laws	20	21
Good taxpayer education	17	18
Effective and transparent tax audit and investigation	15	16
Incentive to taxpayers for tax compliance	2	3
Tax education at all levels	2	3
Collaboration among tax agencies	12	13
Speedy disposal of tax cases in court	6	6
Good training for tax officials	4	4
Adequate funding of tax operations	3	3
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 171B: Summary of ranking of five determinants of the effectiveness of the self-assessment tax system

Factors that make self-assessment tax system effective	Percentage Score	Ranking
Simple and updated tax laws	20	1st
Good taxpayer education	18	2nd
Effective and transparent tax audit and investigation	16	3rd
Serious tax enforcement	13	4th
Collaboration among tax agencies	13	4th

Source: Field Survey of selected taxpayers in Nigeria, 2015.

As part of efforts to make the self-assessment tax system effective as a means of maximizing tax revenue collection, which indeed led to this research, the survey focused on factors that would make this happen. The first step was to identify the likely characteristics of these factors and to evaluate their impact and importance in the scheme of voluntary tax compliance, of which self-assessment is a tool. The characteristics were derived from the literature review.

Table 171A showed that of the ten (10) characteristics put forward to respondents, twenty (20) responses or twenty-one percent of respondents, selected "simple and updated tax laws" as the factor that would make the self-assessment tax system effective in the Nigerian environment. Although this figure was not high enough to form a majority opinion, it was nevertheless the leading opinion. This opinion was closely followed by "good taxpayer education"; eighteen (18) percent (or seventeen responses), "effective and transparent tax audit and investigation"; sixteen (16) percent (or fifteen responses), "serious tax enforcement" and "collaboration among tax agencies", thirteen (13) percent (or twelve responses) for each of them. No other characteristics had up to ten (10) percent of total number of responses.

What was clear in the distribution of characteristics was that none of them was predominant. The implication is that tax administrators should pay attention to all of them, although with the pro-rating of attention in line with the proportion of importance attributed to each of them.

On table 171B, the factors identified on table 171A as having more weight were ranked, in this case they were categorized as major/five determinants of the effectiveness of the self-assessment tax regime. The fact of simple and updated tax laws topping the list was consistent with analyses on tables 170A and 170B or others before it, for that matter, in that the importance of the tax law was encompassing. The simple and updated nature of tax laws facilitate their application especially for tax enforcement actions.

Table 172A: Questionnaire XI: Appraisal as to whether or not bonus for self-assessment filing and payment compliance achieved the desired result

Options	Number of Respondents	As percentage of Total
Yes	36	38
No	58	61
Not idea	1	1
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 172B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Yes	9	36
No	16	64
Not idea	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

One of the steps taken to motivate taxpayers at the introductory stage of the self-assessment tax regime, in Nigeria, was the payment of one (1) percent bonus for prompt tax returns filing and payment compliance. The entitled taxpayers claimed the bonus as a deduction from taxes due. At this stage, filing of tax returns through self-assessment was not compulsory as the taxpayer had the option of filing tax returns through government assessment mechanism. When eventually tax returns filing and payment of taxes due through self-assessment became mandatory, the provisions in the tax laws that empowered self-assessment bonus were repealed. Many stakeholders protested against this action on the ground that the bonus served as an incentive for compliance with the self-assessment tax system.

This aspect of the survey addressed the issue with a view to appraising whether or not bonus for self-assessment filing and payment compliance achieved the desired result. The results from the survey, as shown on table 172A, revealed that sixty-one (61) percent of respondents, that is, fifty-eight of them, were of the opinion that the self-assessment bonus did not achieve the desired result. On further investigation, it was noted that it did not bring about increased voluntary tax compliance rate. The opinion of sixty-one (61) percent of respondents was a majority view and was substantial. Therefore, it was concluded that the payment of self-assessment bonus did not achieve the desired result. This conclusion was without prejudice to the fact that thirty-eight (38) percent of respondents felt that it achieved the desired result.

On the results on table 172B, the data showed that sixty-four (64) percent of responses, for quality control purposes, that is, a total of sixteen (16) of the twenty-five (25) responses, indicated that the bonus did not achieve the desired motive. This result validated the opinion obtained in the main survey as recorded on table 172A. Similarly, only thirty-six (36) of the responses indicated that the payment of the bonus achieved the desired result. This also validated the results from the main survey as recorded on table 172A.

Table 173 A: Questionnaire XI b: Follow-up to "No" responses as reported on tables 172A and 172B

Options	Number of Respondents	As percentage of Total
There was improper administration of the self-assessment tax system	16	28
Non/late filers derived more financial benefits from non-filing than the self-assessment bonus.	42	72
Total	58	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173 B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
There was improper administration of the self-assessment tax system	5	31
Non/late filers derived more financial benefits from non-filing than the self-assessment bonus.	11	69
Total	16	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Tables 172A and 172B showed that majority opinion of respondents in each case was that payment of one (1) percent bonus, of tax due, to taxpayers for self-assessment returns filing and payment compliance did not achieve the desired result. The result was not surprising given that the Federal Inland Revenue Service had to re-launch the self-assessment tax system as a project in 2011, so many years after its introduction. The researcher decided that any majority opinion from the survey on the issue would be further investigated. The reason was because it was necessary to uncover why the desired results were not achieved. Consequently the majority opinions of "No" on table 172A, fifty-eight responses and on table 172B, sixteen (16) responses were used as sub-sample sizes. The details of the results are on tables 173A and 173B.

A look at table 173A showed that forty-two (42) of the fifty-eight (58) respondents, that is, seventy-two (72) percent, selected the option that said that, "Non/late filers derived more financial benefits from non-filing of tax returns than the self-assessment compliance bonus''. In the same way, eleven (11) of the sixteen (16) responses, that is, sixty-nine (69) per cent of the quality control responses, recorded on table 173B agreed with the results on table 173A. That is, that "Non/late filers derived more financial benefits from non-filing than the self-assessment bonus''. I think this scenario happened because penalties were not imposed on non-filers thus, making non-compliance attractive. In this case, the fear of sanctions which motivates tax compliance as shown on table 168A was absent.

Table 174A: Questionnaire XII: Why taxpayers make incorrect declarations of income

Options	Number of Responses	As percentage of Total
They do not know the implications of incorrect declaration of income	13	14
They are sure they will not be caught	9	9
Even if they are caught, the consequences are not severe	12	13
It is economically advantageous to make incorrect declarations	60	63
I do not know	1	1
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 174 **B: Reponses for Quality Control Purposes**

Options	Number of Responses	As percentage of Total
They do not know the implications of incorrect declaration of income	3	12
They are sure they will not be caught	3	12
Even if they are caught, the consequences are not severe	4	16
It is economically advantageous to make incorrect declarations	13	52
I do not know	2	8
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

One of the allegations made by the administrators against taxpayers was that f making incorrect declarations of income, to the extent that some claimed that taxpayers could not be trusted. On table 164A, as many as eighty-nine (89) percent of taxpayers surveyed were of the view that many taxpayers were not honest when it came to making self-assessment of income. As a follow-up to this opinion, this aspect of the survey was designed with a view to finding out the reasons why taxpayers (some of them) made incorrect declaration of income.

Table 173A is a record of responses from respondents. Sixty (60) of them or sixty-three (63) percent of respondents believed that the reason was because it was economically advantageous to make incorrect declarations. It is recalled that earlier on in the analysis it was noted that it was financially more beneficial to default in self-assessment filing than to claim the incentive bonus. These two opinions therefore validated one another thus, further confirming the results on table 164A.

On the part of the responses for quality control purposes, fifty-two (52) percent of the responses, that is, thirteen out of twenty-five responses indicated that it was economically advantageous to make incorrect declaration. Although fifty-two (52) percent was not large enough to be relied upon to make a conclusion, it validated the same opinion in the main survey, on account of being majority opinion. Other quality control options had proportions of total responses ranging from eight (8) to sixteen (16) percent. They were not large enough to be significant.

Table 175A: Questionnaire XIII: Why taxpayers make correct declarations of income

Options	Number of Respondents	As percentage of Total
For fear of severe sanctions of incorrect declarations	74	78
May be because of company policy	5	5
For moral reasons	2	2
In order to maintain the reputation of their businesses	5	5
Because the laws want them to do so	9	10
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
For fear of severe sanctions of incorrect declarations	18	72
May be because of company policy	1	4
For moral reasons	-	0
In order to maintain the reputation of their businesses	2	8
Because the laws want them to do so	4	16
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Tables 175A and 175B showed the results of enquiry as to why taxpayers make incorrect declarations of income. Notwithstanding the result, the researcher decided to also make enquiries from positive perspectives. In this regard, why taxpayers (or some of them) make correct declarations of income .The results are shown below;

The results on table 175A showed that seventy-four (74) respondents were of the opinion that some taxpayers make correct declarations of income because of fear of severe sanctions of incorrect declaration of income especially where such incorrect declarations was as a result of dishonesty. It is recalled that the results on table 174A, showed that taxpayers were likely to make incorrect declarations of income where they found it economically advantageous to do so. Since taxpayers would make correct declarations of income out of fear of sanction or otherwise make incorrect declarations, it implies that severe sanction serves as deterrence to incorrect declarations of income. The seventy-four respondents that were of this opinion were seventy-eight (78) percent of the total number of respondents. This proportion was far in excess of the mark for majority opinion and therefore was substantial to be the over-riding opinion. For record purposes, it is noted that the other opinions on the other options had proportions of total ranging from five (5) to ten (10) percent. These proportions were considered not to be significant.

On the other hand, the responses for quality control purposes also had "fear of severe sanctions for incorrect declarations of income" as the majority opinion, with eighteen (18) respondents or seventy-two (72) percent of quality control results. Seventy-two (72) percent opinion was significant and was therefore taken as majority opinion. It validated the results of data analysis in the main survey. Other opinions expressed on the other options for quality control ranged from proportions of four (4) to sixteen (16) percent. These were considered not significant enough.

Table 176A: Questionnaire XIV: Opinions as to whether or not non-compliance with tax laws and regulations is a demonstration of tax resistance/protest.

Options	Number of Respondents	As percentage of Total
Strongly agree	-	0
Agree	26	27
Undecided	2	2
Strongly disagree	-	0
Disagree	67	71
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Strongly agree	-	0
Agree	13	52
Undecided	-	0
Strongly disagree	-	0
Disagree	12	48
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

In the conceptual framework and literature review of this research paper, many issues were raised regarding whether or not non-compliance with tax laws and regulations was a demonstration of tax resistance/protest.

Many protests were recorded in history against perceived heavy tax burden. Some of these protests occurred as outright physical protests while some where subtle resistances. As noted by US Justice Department, as reported on page 14, tax resisters refuse to pay for conscientious reasons, not because the tax laws are illegal or do not apply to them but rather they do not want to pay for things (policies) they are opposed to. Consequently, the aim of this portion of the survey was to find out whether non-compliance with tax laws had to do with tax resistance aside from other reasons already discussed.

The results on table 176A showed that seventy-one (71) percent of respondents disagreed that non-compliance with tax laws and regulations was attributable to tax resistance/protest. Seventy-one (71) or sixty-seven (67) out of ninety-five (95) respondents was substantial enough to form a majority opinion especially as the next score following was only twenty-seven (27) percent.

On the part of responses for quality control purposes, fifty-two (52) percent of respondents (thirteen out of twenty-five responses) agreed that non-compliance with tax laws and regulations was a demonstration of tax resistance/protest. This proportion, fifty-two (52) was the majority opinion although it was a slim majority and may not be considered to be over-riding. However, it was a contrast to majority opinion of the main survey as recorded on table 176A. Still contrasting enough, forty-eight (48) percent of twenty-five (25) quality control responses, that is, twelve (12) responses, disagreed that non-compliance with tax laws and regulations was a demonstration of tax resistance/protest. Although forty-eight (48) percent was not a majority opinion it lent credence to the result on table 176A, that is, that non-compliance was not a demonstration of tax protest/resistance.

Table 177A: Questionnaire XV; Opinion as to whether or not religious and cultural backgrounds influence tax compliance behavior

Options	Number of Responses	As percentage of Total
Yes	44	46
No	2	2
No idea	2	2
Perhaps	47	50
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Responses	As percentage of Total
Yes	12	48
No	-	0
No idea	1	4
Perhaps	12	48
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The investigation of cultural and religious backgrounds that influenced tax compliance behavior was based on the fact that all actions are motivated, that is, there must be a reason for every action. This position was discussed in the conceptual framework to this research and was supported by Gross (2014) which related motivation to the causes and underlying reasons or how and why of human behavior. To this extent the results on tables 177A and 177B were analyzed.

On table 177A, forty-six (46) percent of respondent, that is, forty-forty (44) of them agreed that cultural and religious backgrounds influenced tax compliance behavior. Forty-six (46) opinions was not up to a majority opinion. Two other characteristics, that is, "No" and "No idea" opinions were each supported by only two (2) percent of respondents. They were insignificant both combined or singularly. The other option, "perhaps" was supported/accepted by fifty (50) percent of respondents, that is, forty-seven of them. Fifty (50) percent was at the edge of majority but not up to sixty (60) percent considered to be a significant point. Even then, the opinion, "perhaps" did not imply emphatic opinion, as it was conditional. This left us with no dominant opinion from the survey.

The quality control responses were expected to validate results from the survey. In this case, forty-eight (48) percent of the responses or twelve (12) out of twenty-five, gave a "Yes" opinion, that is, that cultural and religious backgrounds influenced tax compliance behavior. This result confirmed what we had in the major survey. Also, twelve (12) responses or forty-eight (48) percent of total quality control responses had "perhaps" responses, that is, that the influence of cultural and religious backgrounds on tax compliance behavior depended on other factors.

With no over-riding opinion on the compliance behavior, it meant that culture and religion were not important issues in tax compliance decisions. In any case, there was further a investigation of this phenomenon in subsequent sections of the survey.

Table 178A: Questionnaire XVI; Follow-up to "Yes"/ "perhaps" responses to question XV

Options	Number of Respondents	As percentage of Total
To a large extent	-	0
To a very large extent	3	3
Cannot estimate	29	31
To a small extent	57	60
To a very small extent	6	6
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 178B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
To a large extent	-	0
To a very large extent	-	0
Cannot estimate	3	12
To a small extent	21	84
To a very small extent	1	4
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The analyses of responses to the question as to whether or not religious and cultural backgrounds influenced tax compliance behavior were inconclusive. As a result, a follow-up investigation was carried out to find out the extent of influence of these characteristics, if any. The results are discussed below.

The results on table 178A showed that the opinions of fifty-seven (57) respondents, that is, sixty percent of all respondents, was that cultural and religious backgrounds influenced tax compliance behavior to a small extent. On the other hand, twenty-nine (29) respondents, that is, thirty-one (31) percent of the sample size noted that they could not estimate the extent of influence. The other options for responses were low; three (3) and six (6) percent, and were therefore considered insignificant. With a clear specific answer and a majority score of sixty (60) percent, the conclusion was that cultural and religious backgrounds influenced tax compliance behavior "to a small extent".

With respect to responses for quality control purposes, as much eighty-four (84) of the responses, that is, twenty-one(21) out of twenty-five (25) respondents also indicated that cultural and religious backgrounds influenced tax compliance behavior to a small extent. This opinion agreed with and therefore validated the result from the main survey.

Table 179A: Questionnaire XVII; Perception of performance of government influences the level of tax compliance

Options	Number of Respondents	As percentage of Total
Strongly agree	-	0
Disagree	-	0
Undecided	3	3
Agree	35	37
Strongly disagree	57	60
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 179B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Strongly agree	-	0
Disagree	-	0
Undecided	-	0
Agree	8	32
Strongly disagree	17	68
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Many literatures on tax compliance give a lot of weight to the impact of the perception of the performance of government on tax compliance. The determination of the extent of the impact informed this aspect of the survey.

Only three (3) of the five options for choices on table 179A were selected by respondents. One of the options ''undecided'' accounted for three (3) percent of the total responses. The option, "agree" was favored by thirty-five respondents, that is, thirty-seven (37) percent of the response for the option; "strongly agree" had fifty-seven (57) of the responses or sixty (60) percent of all responses indicated it as the option. With a sixty (60) percent proportion, the option "strongly agree" had the majority opinion. "Strongly agree" and "agree" are all positive opinions thus, the two were favored by a combined opinion of ninety-two (92) respondents or ninety-seven (97) percent of all responses. Therefore, perception of performance of government influences the level of tax compliance.

On the other hand, eight responses were in favor of "agree" as the option for quality control purposes. This number translated to thirty-two percent of all responses. Going further, seventeen (17) of the twenty-five (25) responses, that is, sixty-eight (68) percent indicated preference for "strongly agree". Sixty-eight (68) percent of responses in favor of an option is significant. Interestingly, it validated the results on table 179A. Also, a combination of the two options, "agree" and "strongly agree" added up to one-hundred (100) percent of all responses. Here again confirming that the perception of the performance of government influences the level of tax compliance.

Table 180A: Questionnaire; Appraisal as to whether the influence of the perception of performance on tax compliance, is a matter of individual or group opinion

Options	Number of Respondents	As percentage of Total
Individualistic	12	13
Group	83	87
Total	95	100

Source**:** Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Individualistic	4	19
Group	21	84
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The results on tables 177A and 177B showed that culture had some influence on tax compliance behavior. On tables 178A and 178B the results showed that the extent of influence on tax compliance was "to a small extent". In the preceding tables it was observed that the perception of the performance of government also had an influence on tax compliance behavior. Gross (2014) as noted in the conceptual framework posited that individualistic and collectivist cultures were the major determinants of behavior. The essence of this paragraph during the analyses was to find out whether the influences were a matter of individualistic or collectivist behaviors.

Table 180A indicated that eighty-seven (87) percent of respondents felt it was a matter for collectivist actions. This percentage implied that eighty-three (83) respondents held this view. The number was large and overwhelming. Therefore the collectivist opinion was accepted. On table 180B, twenty-one (21) of the twenty-five (25) responses, that is, eighty-four (84) percent, were of the opinion that the influence was collectivist. This validated the results on table 180A.

The above results were not surprising because the survey was carried out in Nigeria and Africans are said to have collectivist culture. See page eighteen (18) for further details.

Table 181A: Questionnaire XVIII; Reasons for taxpayers failure to comply with the constitutional provision on self-assessment

Options	Number of Respondents	As percentage of Total
I do not know about this provision of law	14	15
Tax authorities have not enforced it	75	79
No choice of reason	-	0
Tax administrators are not serious about it	-	0
Other laws are also being flauted	6	6
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
I do not know about this provision of law	-	0
Tax authorities have not enforced it	23	92
No choice of reason	1	4
Tax administrators are not serious	-	0
Other laws are also being flauted	1	4
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Section 24(f) of the Constitution of the Federal Republic of Nigeria, requires that'' every citizen should declare his income honestly to appropriate and lawful agencies and pay his tax promptly''. Earlier in this research report it was noted that the tax compliance rate in Nigeria was low and had translated to low-tax-to-GDP ratio. This scenario was in spite of the requirement in the Constitution regarding self-declaration of income and payment of tax. The purpose of this aspect of the survey was to find out why this had been the case.

The results on table 181A showed that fourteen (14) of the respondents, a proportion of fifteen percent of the total, claimed not to know about this provision of the Constitution. Seventy-five (75) respondents or seventy-nine (79) percent of respondents indicated that the reason for non-compliance with the Constitution was because tax authorities were not enforcing it. This was a majority opinion, coming from seventy-nine (79) percent of respondents and was therefore over-riding. The other opinions on the matter were not significant.

On the part of the responses for quality control purpose, ninety-two (92) percent of the responses (twenty-three in number) supported the opinion that the reason for low tax compliance was because the tax authorities had not enforced a provision of the constitution on self-assessment. This position tallied with the majority opinion in the main survey. It was therefore accepted as the reason for non/low compliance with the provision of the Constitution regarding self-assessment tax regime.

Table 182A: Questionnaire XIX; The most important factor for non-compliance with tax laws

Options	Number of Respondents	As percentage of Total
Corruption perception of government officials	55	58
Bad governance	3	3
Poor infrastructural facilities	32	24
Lack of knowledge of tax obligations	3	3
Incompetent of tax of officials	2	2
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Corruption perception of government officials	12	48
Bad governance	2	8
Poor infrastructural facilities	8	32
Lack of knowledge of tax obligations	3	12
Incompetent of tax of officials	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The results of responses to the most important factor for non-compliance with tax laws are on table 182A. The results revealed that corruption perception of government officials had the highest percentage; fifty-eight (58) percent or fifty-five of the respondents had this opinion. The question was the selection of the most important factor. Therefore corruption perception of government officials qualified. However, this proportion was not up to sixty (60) percent and could not then be taken as an over-riding opinion. Poor infrastructural facilities with thirty-four (34) percent of opinions, in this case, the opinion expressed by thirty-two (32) respondents, was the next in importance. Although it did not qualify as the most important factor, note was taken of its appreciably high score.

The results for the validation of the survey followed the same pattern as the main results. Corruption perception of government officials had the highest percentage. Specifically, forty-eight (48) percent of the total responses, obtained from twelve responses. Unlike the results of the survey, it was not up to half of the total number of respondents that selected this option. Corruption perception was still followed closely by "poor infrastructural facilities" which had thirty-two (32) percent. The numbers for the other options were not significant enough.

One implication of the results analyzed above is that in designing tax compliance enhancement programme, attention should be paid to means of dealing with the two dominant options, ''corruption perception of government officials'' and ''poor infrastructural facilities'' However, the level of attention should be pro-rated according to their ranking on the tables.

Table 183A: Questionnaire XX; Political considerations is the reason why government does not show interest in ensuring the success of voluntary tax compliance

Options	Number of Respondents	As percentage of Total
Strongly agree	67	71
Agree	28	29
I do not know why	-	0
Disagree	-	0
Strongly disagree	-	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Strongly agree	24	96
Agree	1	4
I do not know why	-	0
Disagree	-	0
Strongly disagree	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

It has been alleged that one of the reasons why government does not show interest in ensuring the success of voluntary tax compliance is because of political considerations. The aim of this segment of the survey was to find out the extent to which the assertion was true.

Respondents attended to only two out of the five options to choose from. Sixty-seven (67) responses, that is, seventy-one (71) percent of the total number of respondents, "strongly agreed" with the suggestion that government lacked interest in the success of voluntary tax compliance due to political considerations. Seventy-one (71) percent was high enough for an opinion to be formed based on it. In addition, twenty-nine (29) percent of the rest of the respondents, that is, twenty-eight (28) of them agreed to the suggestion. By implication, one-hundred (100) percent of the respondents agreed to the assertion, although to various degrees of agree.

The quality control responses, as shown on table 183B, had similar pattern of responses as recorded for the results of the main survey. In this case, a whopping ninety-six (96) percent strongly agreed with the suggestion, while four percent merely agreed. The results of the two options added up to one-hundred (100) percent.

Based on the results above, the conclusion of the data analyses was that political considerations was the reason why government has not been showing interest in ensuring the success of voluntary tax compliance, and therefore the self-assessment tax scheme.

Table 182A: Questionnaire XXI; Tax returns forms, in terms of format, cost and availability is not a hindrance to prompt filing of tax returns.

Options	Number of Respondents	As percentage of Total
Yes	88	93
No	7	7
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
Yes	24	96
No	1	4
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

As shown on table 184A, eight-eight (88) out of ninety-five (95) respondents, that is, ninety-three (93) percent of the total number of respondents, were of the opinion that tax returns forms did not constitute any hindrance to prompt filing of tax returns. That is to say that both cost and format of the tax returns did not pose constraints. Ninety-three (93) percent opinion was far in excess of the mark for majority opinion and was therefore taken as the overwhelming opinion of respondents on which a generalization was therefore made.

In the same way, table 184B showed that ninety-six (96) percent of responses or twenty-four (24) out of twenty-five respondents indicated that tax returns did not constitute any hindrance to prompt filing of tax returns forms.

The implication of the analyses of the results on tables 184A and 184B is that tax returns forms were not one of the causes of low tax compliance in Nigeria. However, this is not to say that the forms cannot be improved upon, in terms of format and availability.

Table 182A: Questionnaire XXII; How much knowledge and understanding of the tax system and voluntary tax compliance is attributed to tax officials.

Options	Number of Responses	As percentage of Total
Excellent	26	27
Very Good	58	61
Good	11	12
Fair	-	0
Poor	-	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 173B: Reponses for Quality Control Purposes

Options	Number of Responses	As percentage of Total
Excellent	4	16
Very Good	20	80
Good	1	4
Fair	-	0
Poor	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The aim of this part of the survey was to determine if the poor tax compliance culture in Nigeria had anything to do with the understanding and level of knowledge of tax officials, of the tax system and voluntary tax compliance.

Results on table 185A showed that excellent knowledge and understanding of the tax system was attributed to tax officials by twenty-seven (27) percent of respondents. This percentage translated to twenty-six (26) respondents. This was an impressive appraisal. Also, sixty-one (61) percent, that is, fifty-eight (58) respondents rated tax officials as very good, in terms of knowledge and understanding of the tax system. Sixty-one (61) percent was significant to be regarded as the opinion of respondents. The remaining eleven (11) respondents or twelve (12) percent of the total number rated the knowledge and understanding of the tax system by tax officials as good. On the whole, one hundred (100) percent of respondents rated tax officials as good, at least, in terms of knowledge and understanding of the tax system.

In the case of quality control responses sixteen (16) percent considered tax officials as excellent, while eighty (80) percent regarded them as very good. The remaining four (4) percent considered them as good. Therefore in the opinion of the respondents for quality control purposes, one-hundred (100) percent of respondents rated tax officials as good, in the least, in terms of knowledge and understanding of the tax system.

The implication of the above results is that low tax compliance in Nigeria could be attributed to reasons other than lack of knowledge and understanding of the tax system. This is not to say that tax officials do not contribute to poor tax compliance culture but it may be for other reasons.

Table 186A: Questionnaire XXIII; Establishing that there is no relationship between tax revenue maximization and voluntary tax compliance through the self-assessment tax system.

Options	Number of Respondents	As percentage of Total
I strongly agree	-	0
I agree	-	0
No opinion	-	0
I disagree	10	11
I strongly disagree	85	89
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 186B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
I strongly agree	-	0
I agree	-	0
No opinion	-	0
I disagree	2	8
I strongly disagree	23	92
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

One of the main issues in this research is to determine whether or not there is a relationship between tax revenue maximization and voluntary tax compliance, through the self-assessment tax regime. Indeed the relationship was proposed as one of the hypotheses. It means that it will be revisited during discussion of the tests of hypotheses.

The analyses of data collected, as shown on table 186A, revealed that eleven (11) percent of respondents, numbering ten (10) respondents disagreed with the proposition that there was no relationship. On the part of eighty-nine (89) percent of respondents, numbering eighty-five (85) respondents, their opinion was that of ''strongly disagreeing'' with the proposition. No respondent selected the other three options. Therefore, all ninety-five (95) respondents disagreed that there was no relationship between tax revenue maximization and voluntary tax compliance. This initial finding is at the heart of the research.

In the case of results for quality control purposes, eight (8) percent of respondents, that is, two of the responses, did not agree with the proposition. This result validated the one obtained on table 186A. Also, ninety-two (92) percent of respondents in this class, numbering twenty-three (23), strongly disagreed with the suggestion contained in questionnaire XXIII. This result was also in consonance with the one from the main survey and also validated it.

The implication of the analysis above is that there is relationship between tax revenue maximization and voluntary tax compliance, with self-assessment as the tool. The relationships between the variables would be tested later in this chapter, four.

Table 187A: Questionnaire XXIV; Whether Or Not Voluntary Tax Compliance Relies On Strict Enforcement Of Tax Laws.

Options	Number of Respondents	As percentage of Total
I agree	90	95
It depends	5	5
I disagree	-	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 187B: Reponses for Quality Control Purposes

Options	Number of Respondents	As percentage of Total
I agree	-	0
It depends	-	0
I disagree	25	100
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Voluntary tax compliance was defined on page eighty-four (84) as timely filing and reporting of required tax information, the correct self-assessment of taxes owed and timely payment of those taxes without enforcement. However, the tax compliance behavior management and control framework, in the conceptual framework of this report, showed that there has to be a trigger to elicit voluntary tax compliance. Duhigg (2012) likened the tax compliance behavior management to a cue-routine-reward loop. The essence of the postulation was that there had to be a motivation for behavior, in this case tax compliance, such as reward or fear of sanction. Sanction was linked to tax enforcement actions. The aim of this enquiry was to find out whether or not tax enforcement was a motivation for voluntary tax compliance.

The survey results showed that nine-five (95) percent of respondents, or ninety (90) responses, indicated that voluntary tax compliance relied on strict enforcement of tax laws. Ninety-five (95) percent opinion of respondents was overwhelming. The remaining five (5) respondents, that is, five (5) percent of the sample size selected "it depends" as their choice. "It depends" was not a 'disagree' opinion but rather a positive response but subject to some conditions.

Analyses of results on table 187B, quality control responses, revealed that all the responses, that is, one-hundred (100) percent of the quality control, agreed that voluntary tax compliance relied on strict enforcement of tax law. This position validated the results on table 187A, the main survey and is in line with the position adopted by Lyse Ricard (2003), as mentioned on page six of this report, that is, that voluntary tax compliance can be seen as an "enforced" or a "forced" tax compliance because taxpayers comply to avoid sanctions being applied against them.

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Table 188A: Questionnaire XXV; Rating of Tax Officials in Terms of Standards of Transparency and Fairness

Options	Number of Respondents	As Percentage of Total
Poor	-	0
Fair	21	22
Good	74	78
Very Good	-	0
Excellent	_	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 188 B: Responses For Quality Purposes

Options	Number of Respondents	As Percentage of Total
Poor	**-**	**0**
Fair	**-**	**0**
Good	25	100
Very Good	**-**	**0**
Excellent	**_**	**0**
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Data on table 182A showed a high corruption perception of government officials, of which tax officials are part. The essence of this question was to encourage compliance with tax laws. In the question under review, what was being rated were the tax processes in terms of standards of transparency and fairness.

The responses on table 188A indicated that twenty-one (21) respondents, that is, twenty-two (22) percent of total number of respondents, rated the standards of transparency and fairness as ''fair''. Seventy-four (74) other respondents, constituting seventy-eight (78) percent of the total number, rated the processes as ''good''. Seventy-eight (78) percent was well above the mark for majority opinion. Therefore, the processes could be considered ''good'' in spite of the corruption perception. It was possible that there existed some measure of connivance between the taxpayers and tax officials for corruption to thrive.

The results for quality control purposes revealed that of the five options, only one was chosen by this class of respondents, Thus, all twenty-five (25) or one-hundred (100) percent of all responses showed that the standards of transparency and fairness were adjudged ''fair''. Thus, the results of the main survey were validated.

The import of the outcome of the above analyses is that the tax processes were considered to be ''fair'' although government officials, of which the tax officials running them are part, were perceived to be corrupt. With this conclusion, there was the need for further enquiry to determine the characteristic that created the contradictory scenario.

Table 189A: Questionnaire XXVI; Support of Stakeholders to the Success of Voluntary Tax Compliance.

Options	Number of Respondents	As Percentage of Total
Excellent	-	0
Very Good	-	0
Good	8	8
Fair	85	90
Poor	2	2
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 189B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
Excellent	-	0
Very Good	-	0
Good	2	8
Fair	18	72
Poor	5	20
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The analysis of results on table 183A showed that government was not interested in the success of voluntary tax compliance due to political considerations. The opinion was overwhelming with one-hundred (100) percent of respondents supporting it. The question being considered here was a connected one but mentioned Stakeholders as different arms of government. The different arms of government all have roles to play in strict enforcement of tax laws which as shown on table 187A form the bedrock of voluntary tax compliance.

The results on table 189A showed that only eight (8) percent of respondents considered "Stakeholders' (Government) support as good. A sizable majority of respondents, eight-five (85) of the total number or ninety (90) percent of total number of respondents, were of the opinion that stakeholders' support was only ''fair''. This opinion by a very high percentage of respondents was not encouraging. It more or less gave credence to the results obtained from table 187A.

During the analysis of the quality control result, it was discovered that, in this case, two (2) responses or eight (8) percent of the total considered stakeholders' support as ''good''. On the other hand, eighteen (18) results or seventy-two (72) percent of the total considered the support as only ''fair''. This result validated the one obtained from table 189A, where stakeholders' support was also noted as "fair" but with a wider proportion. Interestingly a sizable twenty (20) percent of the quality control results indicated "poor" stakeholders' support.

The analyses above, with the references and comparisons with other related results, showed clearly that the various arms of government have not been giving the support required to make voluntary tax compliance, through self-assessment, successful.

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Table 190A: Questionnaire XXVII; the Most Influential Reason in Taking a Tax Compliance Decision

Options	Number of Respondents	As Percentage of Total
Personal opinion on why I should comply with tax rules	5	5
What I hear from other people regarding their feelings on tax compliance	81	86
How convincing the tax people are on why I should pay my taxes	5	5
My concern that government needs money for development	3	3
My general sense of patriotism	1	1
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 190B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
Personal opinion on why I should comply with tax rules	4	16
What I hear from other people regarding their feelings on tax compliance	21	84
How convincing the tax people are on why I should pay my taxes	-	0
My concern that government needs money for development	-	0
My general sense of patriotism	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

In addition to other questions asked as to why taxpayers take tax compliance decisions, it was necessary to know some of the remote reasons and how influential those reasons were. The outcome of this enquiry will surely go a long way in providing road map for a compliance behaviors management plan. To this extent the results of this part of the survey are analyzed as below.

Four of the options on table 190A had results that accounted for between one (1) percent and five (5) percent of opinions of all respondents. The combined strength of the four was fourteen (14) percent. This was not considered as significant, especially, being a combined pool of opinions. On the other hand, eighty-one (81) respondents, that is, eighty-six (86) percent of the total number of respondents, were of the view that "what they hear from other people regarding their feelings on tax compliance" was the most influential reason in the course of their taking tax compliance decisions. This agreed with the finding of Kees Keizer (2008) that people were more likely to disobey rules when it appeared that others were doing so.

Results from the quality control responses showed that "personal opinion on why people should comply with tax rules" accounted for sixteen (16) percent of all responses. This percentage translated to four (4) responses. On the other hand, twenty-one (21) of the twenty-five (25) responses, that is, eighty-four (84) percent of all responses indicated that "what people hear from other people regarding their feelings on tax compliance" was the most influential factor in the course of taking a tax compliance decision. This result validated the results on table 190A.

Table 191A: Questionnaire XXVIII; Justification As To Why People Do Not Obey Tax Laws

Options	Number of Respondents	As Percentage of Total
I do not know	-	0
Government has money from the sale of crude oil	19	20
Many people do not know the implications of not obeying the tax laws	12	13
Government may not utilise proceeds of tax revenue judiciously	60	63
Bad governance	4	4
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 191B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
I do not know	-	0
Government has money from the sale of crude oil	2	8
Many people do not know the implications of not obeying the tax laws	6	24
Government may not utilise proceeds of tax revenue judiciously	16	64
Bad governance	1	4
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The question, ''justification as to why people do not obey tax laws'' was one of the multifaceted questions aimed at getting more detailed and complete views of some of the attributes and characteristics of taxpayers. It also had the objective of testing the consistency of the opinions expressed in the course of responses to the questionnaire.

In consideration of the above, results on table 191A were analysed. Twenty (20) percent of respondents, specifically nineteen (19) respondents in number, were of the opinion that people did not obey tax laws because they felt that "government made enough money from the sale of crude oil". Twenty (20) percent opinion was relatively large but not significant to form the opinion of respondents. The second set of opinion came from thirteen (13) percent of respondents (twelve in number). Their view was that "many people do not know the implications of not obeying the tax laws". The main opinion on this part of the survey came from sixty (60) respondents or sixty-three (63) percent of the total number of respondents. They were of the view that "people failed to obey tax laws because they believed that government may not utilize the proceeds of such tax revenue properly". Incidentally, "bad governance" had a poor opinion share of four (4) percent.

In the case of the quality control responses, as contained on table 191B, the results showed that the trends witnessed in the main survey were validated. Specifically, sixty-four (64) percent of responses, or sixteen (16) out of twenty-five (25) responses showed that "people failed to obey tax laws because they believed that government may not utilize the proceeds of such tax revenue properly".

Table 192A: Questionnaire XXVIII; The Most Influential Reason For Taking A Tax Compliance Decision.

Options	Number of Respondents	As Percentage of Total
Personal opinion on why I should comply with tax laws	24	25
What I hear from other people regarding their feelings on tax compliance	67	71
How convincing the tax people are on why I should pay my taxes	2	2
My concern that government needs money for development	1	1
My general sense of patriotism	1	1
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 192B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
Personal opinion on why I should comply with tax laws	4	16
What I hear from other people regarding their feelings on tax compliance	15	60
How convincing the tax people are on why I should pay my taxes	3	12
My concern that government needs money for development	2	8
My general sense of patriotism	1	4
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

There was actually no difference between the question on table 192A and the one shown on table 190 A. However, the question for table 192A started with the word "the". The reason for repeating the question was for the purpose of testing the consistency of responses and truthfulness of respondents in providing answers to questions.

The test for consistency and truthfulness was carried out using the majority or over-riding opinion of the survey. In both cases, "what I hear from other people regarding their feelings on tax compliance" was the over-riding opinion. The little difference, though, was that on table 190A, the score was eight-six (86) percent while it was seventy-two (72) percent on table 192A. For the quality control results the same option as in the main survey was dominant but in this case the score was eight-four (84) percent in both cases.

What the above test for consistency and truthfulness proved was that the data collected from respondents were reliable. Thus, the research findings will be useful in proffering solutions to challenges to tax compliance, in this case, the impression created in the minds of people which they easily spread to other people.

Table 193A: Questionnaire XXIX; The factors that accounted for the increase in tax revenue collection without corresponding increase in tax-to-GDP ratio

Options	Number of Respondents	As Percentage of Total
Inflation	9	9
Steady depreciation of the Naira,	9	10
Inflation and steady depreciation of the Naira	68	72
I do not know what factor was responsible	5	5
Wrong setting of tax revenue target	4	4
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 193B: Responses for quality control purposes

Options	Number of Responses	As Percentage of Total
Inflation	1	4
Steady depreciation of the Naira,	1	4
Inflation and steady depreciation of the Naira	21	84
I do not know what factor was responsible	-	0
Wrong setting of tax revenue target	2	8
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Figures reported on page 5, conceptual framework, showed that Nigeria's tax-to-GDP ratio, after rebasing in 2014, was 4.5 percent. This ratio was far below the global average of 15.79 percent and also below the minimum of thirty (30) percent considered by the United Nations (UN) as necessary to achieve the Millennium Development Goal. This state of affairs warranted enquiry into the phenomenon.

As shown on table 193A, sixty-eight (68) respondents, or seventy-two (72) percent of the total number of respondents, noted that the reason for the scenario of increase in tax revenue collection without commensurate increase in tax-to-GDP ratio was because of inflation and steady depreciation of the Naira. Seventy-two (72) percent proportion of opinions was substantial and accepted as majority opinion. The implication is that the target setting did not factor in the inflationary trend and the depreciation of the Naira with the effect that there was under-setting of tax revenue target. The other scores ranged from four (4) percent to ten (10) percent and were inclusive of the option that combined inflation and depreciation of the Naira. They were therefore discountenanced.

On part of the quality control results, there was a validation of the results on table 193A. In this case, eighty-four (84) percent of the responses were in favour of the option, "inflation and steady depreciation of the Naira''. The other results were also discountenanced, leaving the reason for the scenario of achievement of tax revenue target without commensurate increase in tax-to-GDP ratio as inflation and steady depreciation of the Naira.

Table 194A: Questionnaire XXX; Whether or not taxpayers are aware of the Tax Administration (Self-Assessment) Regulations, 2012

Options	Number of Respondents	As Percentage of Total
I am not aware of that regulation at all	9	9
I am aware but have seen any copy	29	31
That is the business of out tax consultants	28	29
I am aware and I have seen a copy	17	18
It is not my business to know	12	13
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 194B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
I am not aware of that regulation at all	-	0
I am aware but have seen any copy	-	0
That is the business of out tax consultants	-	0
I am aware and I have seen a copy	25	100
It is not my business to know	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The self-assessment system was introduced in Nigeria in 1992. Even with an incentive bonus for compliance with the requirements of the self-assessment tax regime, this tax system was not implemented fully. Consequently, in 2011-2012 it was re-launched through a project based approach. One of the deliverables of the project was the Tax Administration (Self-Assessment) Regulation, 2012. The regulation sought to clarify and simplify the processes and procedures for tax administration through self-assessment. Thus part of the questionnaire was designed to appraise respondents' awareness of that regulation.

Thirty-one percent of respondents (twenty-nine in number) claimed that they were aware of the existence of the self-assessment regulation although they had not seen any copy. This was the highest score although it was far below majority, opinion. Twenty-eight (28) other respondents, that is, twenty-nine (29) percent of the total number of respondents noted that the awareness of the existence of the regulation was the business of their tax consultants. This opinion was the second largest but unfortunately negated taxpayers' education requirement in a self-assessment regime. Only eighteen percent of respondents accepted that they were aware of the existence of the regulation and indeed had copies. The other opinions were lower in ranking in terms of proportion. Thus, there was no majority opinion or consensus opinion on the awareness of the existence of the self-assessment regulation.

On the other hand, all the twenty-five quality control respondents indicated that they were aware about the existence of the regulation in question and also had copies. This was not surprising since the results came from high level tax officials and tax consultants. However, the lack of validation of the opinions expressed in the main survey was an indictment on tax officials and consultants for not sensitizing taxpayers on the self-assessment regulation.

Table 195A: Questionnaire XXXI; Appraisal of taxpayers' knowledge of the Nigerian tax system especially tax returns filing and payment obligations.

Options	Number of Respondents	As Percentage of Total
I have a poor knowledge about the Nigerian tax system	2	2
I have a fair knowledge about the Nigerian tax system	32	34
I have a good knowledge about the Nigerian tax system	28	29
I have a very good knowledge about the Nigerian tax system	22	23
I have an excellent knowledge about the Nigerian tax system	12	12
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 195B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
I have a poor knowledge about the Nigerian tax system	-	0
I have a fair knowledge about the Nigerian tax system	-	0
I have a good knowledge about the Nigerian tax system	5	20
I have a very good knowledge about the Nigerian tax system	14	56
I have an excellent knowledge about the Nigerian tax system	6	24
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The self-assessment tax regime can be successful only if taxpayers have a good knowledge of how the system operates especially when and how to file tax returns and tax payment obligations. A good knowledge of the self-assessment tax regime will go a long way in reducing the cost of tax compliance since the taxpayers may not be dependent on tax consultants in filing tax returns and making the payment due.

The results of this specific survey were shown on tables 195A and 194B. Table 194A revealed that two (2) respondents or two (2) percent of the total number of the respondents did not have any knowledge of the Nigerian tax system. Thirty –two (32) others, constituting thirty-four (34) percent of sample size, indicated that they had a fair knowledge of the system. The thirty-four (34) percent opinion was the largest opinion from all the options, although it was far less than a majority view. On the other hand, twenty-nine (29) percent of respondents claimed to have a good knowledge about the Nigerian tax system. The option for very good knowledge had twenty-three (23) percent while excellent knowledge had twelve (12) percent. Taking good knowledge of the tax system as a base line implied that sixty-four (64) percent of respondents fell into the threshold, actually, of good to excellent knowledge of the Nigerian tax system. Meaning that poor tax compliance culture was not really caused by lack of knowledge of the Nigeria tax system.

In the case of results for quality control, twenty (20) percent of responses showed that taxpayers had good knowledge of the Nigerian tax system. Fifty-six (56) percent, that is, majority of respondents indicated very good knowledge, while twenty-four (24) percent claimed excellent knowledge. On the whole therefore one hundred (100) percent of respondents had 'good' to 'excellent' knowledge of the Nigerian tax system thus validating results of the survey.

Table 196A: Questionnaire XXXII; The factor that motivates the taxpayer to file tax returns and pay taxes

Options	Number of Respondents	As Percentage of Total
Transparency and accountability of government officials	11	12
Good governance	10	10
My sense of patriotism	1	1
Good infrastructural facilities	15	16
Fear of sanctions	58	61
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 196B: Responses for quality control purposes

Options	Number of Respondents	As Percentage of Total
Transparency and accountability of government officials	1	4
Good governance	-	0
My sense of patriotism	-	0
Good infrastructural facilities	7	28
Fear of sanctions	17	68
Total	**25**	**100**

Source: Field Survey of selected taxpayers in Nigeria, 2015

This aspect of the survey was important in the sense that it gave a clear idea of a critical factor that would make the self-assessment tax regime more successful, that is, through prompt filing of tax returns and payment of taxes.

As a result of the importance of this aspect of the questionnaire, results of all the options were critically examined. On transparency and accountability of government officials, respondents rated its contributions as twelve (12) percent. Although twelve (12) percent may be considered low, it was thought to be impactful on perception. Good governance was rated ten (10) percent. This score was relevant because of the same impact on perception and therefore other characteristics. The one (1) percent recorded by ''patriotism'' was considered irrelevant. Fifteen (15) respondents or sixteen (16) percent of the sample size considered good infrastructural facilities as the motivating factor. Here again, even if it did not lead to the final decision, it was thought to impact on it. Finally, sixty-one (61) percent of respondents were of the view that "fear of sanction" was the motivating factor. This was validated with other data analysis done earlier.

For the responses for quality control, the opinions were shared between "good infrastructural facilities" and "fear of sanction", with state of infrastructure getting twenty-eight (28) percent of opinions. On the other hand, "fear of sanction" was favoured by sixty-one (61) percent of the results. This result validated that of the main survey, thus, a "fear of sanction" was selected as the factor that motivated the taxpayers to file tax returns and pay taxes promptly.

Table 197A: Questionnaire XXXIII; Rating of taxpayers' understanding of their obligations to the tax system

Options	Number of Respondents	As Percentage of Total
Poor	-	0
Fair	50	53
Good	27	28
Very good	18	19
Excellent	-	0
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

Table 197B: Responses for quality control purposes

Options	Number of Responses	As Percentage of Total
Poor	3	12
Fair	16	64
Good	4	16
Very good	2	8
Excellent	-	0
Total	25	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The essence of the question on the rating of taxpayers' understanding of their obligations to the tax system was to use the results to validate responses to similar questions. One of such was the results to the question on taxpayers' knowledge of the Nigerian tax system. See table 195A.

As indicated on table 197A, fifty (50) respondents, constituting fifty-three (53) percent of the total number of respondents, rated their understanding of their tax obligations as "fair". On table 195A, the proportion that selected the option on fair knowledge of the tax system was thirty-three (33) percent. Although the relative share of results of the two similar questions did not tally, each of the choices maintained the highest "score" on the two tables, 195A and 197A. The implication is that there was consistency in the opinions expressed by respondents. The percentages attributed to the similar characteristics on the two tables were fairly consistent, for "good", it was 29/28; for "very good", 23/19. However, the choice of excellent was a different thing 12/0. The reason may be the reality of the difficulty of rating oneself "excellent" although it was easier to do so in an expressive sentence.

The results on table 197B were not consistent with those on table 197A. However, this exception was discountenanced because the results on table 197A had been validated by those of table 195A, as discussed above.

4.3   Test of Hypothesis

The hypotheses were tested with the use of the chi-square formula. This was already mentioned in the research proposal and in the research design. The chi-square (X^2) formula is given below:

$$X2 \quad = \quad \frac{(O - \epsilon)^2}{\epsilon}$$

Where;

O   =   Observed frequency of data from the survey

ϵ =   Expected frequency of data from the survey

ϵ =   N/K

Where;

N   =   Sample size (in this case, active samples)

K   =   Number of cells.

The degree of freedom (df) for the goodness fit, was computed as given below;

df   =   K-1

Where K   = number of cells

4.3.1. The Decision Rule

H_o, the null hypothesis will be rejected if the calculated value of chi-squares, X^2 was less than the critical value, as shown on the chi-square table, in which case, H_1, the alternative hypothesis will be accepted, otherwise, it will be rejected. The degree of significance for the test of the hypothesis was 5 percent. The 5 percent degree of significance was chosen arbitrarily, as indicated in the research proposal.

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4.3.2 Test of First Hypotheses

(a)   Null Hypothesis, H$_o$: "Self-assessment tax system does not bring about tax revenue maximization".

(b)   Alternative Hypothesis, H1: ''Self-assessment tax system brings about tax revenue maximization''.

Questionnaire 1 was used to test the hypotheses. The question/proposition is reproduced; "it has been suggested that the self-assessment tax system, that is, filing of tax returns and paying taxes due on statutory due dates for payments, brings about increase in tax revenue collection''. The data analysis below was obtained from responses to the questionnaire.

With the formula Expected frequency (ϵ) = sample size (N) divided by Number of cells (K). The expected frequency was derived thus; 95/5, that is, nineteen (19). The table is given below.

Table 198: Frequencies

Options	Observed Frequency	Expected Frequency
Strongly agree	91	19
Agree	4	19
Disagree	0	19
Strongly disagree	0	19
Perhaps	0	19
Total	95	100

Source: Field Survey of selected taxpayers in Nigeria, 2015

The value of chi-square was subsequently calculated based on the table of frequencies and with the formula below.

$$X^2 \quad = \quad \sum \left(\frac{O - \epsilon}{\epsilon} \right)^2$$

Where X^2 =   Chi-square

         O   =   Observed frequency

         ϵ =   Expected frequency

         $\sum$ =   Summation

Details of the computation are on table 199

Table 199: Computation of Chi-square

O	ϵ	$O - \epsilon$	$(O - \epsilon)2$	$\dfrac{(O - \epsilon)2}{\epsilon}$
91	19	72	5184	272.84
4	19	-15	225	11.84
0	19	-19	361	19
0	19	-19	361	19
0	19	-19	361	19
			X2	**341.68**

Source: Field Survey of selected taxpayers in Nigeria, 2015

Therefore X^2 = 341.68

The level of significance was 5 percent as already explained, the degree of freedom (df) for the chi-square served for the test of goodness of fit;

Degree of freedom (df) = K-1

Where,   K   =   Number of cell

          df   =   5-1 = 4

With a level of significance of 5 percent, that is, 0.05 at 4 percent degree of freedom on the table of chi-square the critical value of chi-square obtained is 9.49

4.3.2.1   Explanation/Interpretation of Results

X^2 =   341.68 (calculated value of chi-square)

X^2t =   9.49 (critical value of chi-square)

From the above figures, the calculated value of chi-square, 341.68, is greater than the critical value of chi-square 9.49, (341.68>9.49).

Therefore, the null hypothesis, H_o, is rejected, while the alternative hypothesis, H_1, is accepted.

Consequently, the self-assessment tax system brings about tax revenue maximization.

4.3.3 Test of Second Hypothesis, H_1

Null Hypothesis, H_o

Full self-assessment tax regime does not lead to tax revenue maximization.

Alternative Hypothesis, H_1

Full self-assessment tax system leads to tax revenue maximization.

Questionnaire XIII was used in testing the above hypotheses. One of the reasons for the selection of this questionnaire was because it was similar to questionnaire 1, in many respects, but was placed in reverse order as to test the consistency of opinions. The question/proposition is stated thus; "establishing that there is no relationship

between tax revenue maximization and voluntary tax compliance through the self-assessment tax regime". The analyses of results showed that respondents roundly rejected the preposition.

The hypotheses, were all the same tested with the formula $E = N/\mathrm{K}$ as in the test of hypotheses "one", the expected frequency was derive as nineteen (19)

Table 200: Frequencies.

Options	Observed Frequency	Expected Frequency
I Strongly agree	10	19
I Agree	0	19
No opinion	0	19
I disagree	0	19
I Strongly disagree	85	19
Total	95	95

Source: Field Survey of selected taxpayers in Nigeria, 2015

The Same Formula of Chi- Square as given on page 104 was used for the computation of calculation of chi-square.

Table 201: Computation of Chi-Square

O	ϵ	$O - \epsilon$	$(O - \epsilon)2$	$\dfrac{(O - \epsilon)2}{\epsilon}$
O	19	-19	361	19
O	19	-19	361	19
O	19	-19	361	19
O	19	-19	8`1	9
85	19	66	4356	229.26
			X^2 = 295.26	

Source: Field survey of selected taxpayers in Nigeria, 2015

Therefore, X^2 =295.26

The level of significance was 5 percent as explained in the test before. The degree of freedom (df) for the chi-square was used as a test for goodness of fit.

df =5-1=4

With a level of significance of 5 percent, that is 0.05 at 4 percent degree of freedom on the table of chi-square, the critical value of chi-square was 9.49

4.3.3.1 Explanation Interpretation

X^2 = 295.26 (calculated value of chi-square)

X^2t = 9.49 (critical value of chi-square)

From the above figures, the calculated value of chi-square, 295.26, is greater than the critical value of chi-square, 9.49, (295.26>9.49).

By implication, the null hypothesis, H_0, is rejected while the alternative hypothesis, H1, is accepted.

Therefore, full self-assessment tax regime leads to tax revenue maximization.

4.3.4. Test of Third Hypotheses

Null Hypothesis, H_0

"Transparency of government does not impact on tax revenue maximization".

Alternative Hypothesis, H_1

"Transparency of government impacts on tax revenue maximization.

Questionnaire XVI was used in testing the above hypotheses: the specific question/proposal stated that, "perception of the performance of government influences the level of tax compliance". Issues of transparency are inextricably part of the appraisal of the performance of government. The analysis of the result of the survey showed that ninety-seven (97) percent of respondents were of the view that perception of the performance of government affected the level of tax compliance. The tests of the hypotheses were expected to validate those results. The tables to be used in testing the hypotheses were based on the formula E=N/K, where E is observed frequency, N is sample size (that is, the active ones) and K is the number of cells. The active sample size was 95 while the number of rolls was 5.

Table 202: Frequencies

Options	Observed Frequencies	Expected Frequencies
Strongly disagree	0	19
Disagree	0	19
Undecided	3	19
Agree	35	19
Strongly disagree	57	19
Total	95	95

Source: Field survey of selected taxpayers, 2015

Table 203: Computation Chi-Square

O	ϵ	$O - \epsilon$	$(O - \epsilon)2$	$\dfrac{(O - \epsilon)2}{\epsilon}$
O	19	-19	361	19
O	19	-19	361	19
3	19	-16	256	13.47
35	19	16	256	13.47
57	19	38	1444	76
			X^2 = 140.94	

Source: Field survey of selected taxpayers in Nigeria, 2015

Therefore, = X^2 = 140.94

The level of significance was 5 percent while the degree of freedom (df) for chi-square will be used as a test for goodness fit.

df = K- l

Where K = Number of cells

df= 5-1=4

With the level of significance of 5 percent, that is, 0.05 at 4 percent degree of freedom on the table of chi- square, 9.49 was obtained as the critical value of Chi-Square

4.3.4.1 Explanation/Interpretation

X^2 = 140.94 (calculated value of Chi-square)

X^{2t} = 9.49 (as shown on chi –square table)

Consequently, arising from the above, that is, that chi-square (calculated) 140.94, is greater than the critical value of chi-square, 9.49, (140.94 > 9.49) the null hypothesis, H_o, is rejected while the alternative, hypothesis, Hi is accepted. Therefore, Transparency of government impacts on tax revenue maximization.

4.4   CHAPTER CONCLUSION

This chapter is at the heart of this research project. The survey carried out in chapter three led to the collection of data on the expected characteristics, attributes and behavioural tendencies of taxpayers. The data in themselves would not have made any sense but for the data analyses, which was the main task carried out in this chapter.

Prior to the analyses of the data, there was the exercise of "cleaning up" of such data to ensure that they were complete, meaningful and capable of being relied upon in arriving at results. Fortunately, the data were found to be clean and complete.

The process of data analyses involved the use of ratios and percentages in the determination of the frequencies of occurrences of responses to specific questions. And, with such frequencies to determine the overwhelming opinions of respondents to the propositions made, in which case, to make generalizations.   As noted in chapter three of this report, the questions were not only multifaceted but were in some cases repeated, directly or indirectly, with a view to testing the consistency and validity of responses made by respondents. The reason for this was to ensure that the results

derived from them would not be misleading when used in determining the attributes and behavioral patterns of taxpayers.

At the end of the analyses, the results obtained from the data analyses were remarkable and consistent with the findings of other research projects mentioned in the conceptual framework and the review of literature. Most of them were also in consonance with the expected outcome of the main and specific objectives of the research. It is reiterated that the specific questions on the questionnaire were derived, to a reasonable extent, from the research questions. Fortunately, the responses received from respondents were very useful in finding answers to the research questions. This fact was exciting in view of the anticipated difficulties in determining the behavioral patterns of taxpayers. It is important that the results of the survey were all validated by the quality control results and were therefore reliable.

As noted above, the results of the data analyses were very satisfactory. Following from this, the three hypotheses, Null, H_o, and Alternative, H_1, were tested, with the use of chi-square formula. The tests revealed that the relationships that existed between variables were not by chance. Indeed, the results were significant and all three Null, H_0, hypotheses were rejected. Similarly, all three Alternative hypotheses, H_1 were accepted.

Thus, with the determination of the behavioral tendencies of taxpayers, the test of and the acceptance of the hypotheses drawn from them, findings, conclusions and recommendations that are subject matters of the next chapter would be expected to be a smooth exercise.

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CHAPTER FIVE

5.1   INTRODUCTION

The conceptual framework and the literature review of this research paper showed that taxation has historically been the main source of revenue for financing the cost of administration of governments. The governments referred to include pre-history governments all over the world and the modern day governments. The elements of the costs of the administration of government include costs of external defence, internal security, provision of social and infrastructural facilities; to meet the social and infrastructural demands of the people and the day-to-day general administration of government. The demand for fund by government to meet the social and developmental expectations of citizens/residents, to say the least and as shown by history of taxation, has always outstripped available financial resources. This trend of higher demands for funds, than is available, for the running of the activities of government and the development of the economy led to the development of strategies to enable government in the maximization of tax revenue collection.

It is noted that in the course of efforts to maximize tax revenue collection, government sometimes resorted to the imposition of heavy tax burden on the people. It is recalled that there always were protests and resistances to such imposition of heavy tax burden on taxpayers, as reported in chapter one of this research paper. To starve off such tax resistances and protests, government devised a collaborative system of tax administration by means of voluntary tax compliance, through the self-assessment tax

system. This system is considered to be the most efficient and effective means of maximizing tax revenue collection especially as it has the appearance that tax compliance was achieved willingly.

Voluntary tax compliance, through the self-assessment tax system, which had become important globally, was therefore introduced into the Nigerian tax administration system in the early 1990s. In spite of this system and the apparent yearly increases in tax revenue collection, the contribution of tax-to-GDP, a measure of tax efforts, remained low. Indeed, it has been one of the lowest in the world, as noted in chapter one of this research paper. The inference then is that the optimal tax revenue was not being collected in spite of the introduction of the self-assessment tax system. This scenario has been compounded by the recent global decline in crude oil prices. Incidentally, crude oil revenue has been the main source of funds for Nigeria's economy. The question then arose as to what the challenges of tax revenue maximization, through voluntary tax compliance, were, and the role played by the self-assessment tax system, in providing adequate tax revenue to fund the activities of government. This problem and the paradox gave rise to the need for this research.

As an overview, the starting point of the research was a review of literature on the subject matter for the establishment of the historical facts about taxation. The reason for this is to learn from tax history and to have a good knowledge of the subject matter of voluntary tax compliance, through self-assessment. The knowledge gained would be used to find solutions to the challenges of tax administration in Nigeria. The compass for this exercise was constructed by the articulation of the objectives of the research. A follow-up to this was the listing of various research questions which enabled

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the formulation of the questions that guided the capture of data on the attributes, characteristics and behavioral tendencies of taxpayers.

Later in this chapter(five), the findings and conclusions of the research will be discussed. Before then, a link to the body of the research is provided through the highlight of some of the research questions. The purpose for this is to ensure the appropriateness of the findings in relation to the research questions. The research questions included;

(i)   Finding out whether or not taxpayers could be trusted to fulfill the requirements of voluntary tax compliance by making a self-declarations of income, in a timely and honest manner;

(ii)   Getting to know why the actual tax revenue collection has not contributed appreciably to the GDP, in spite of apparent yearly increases in tax revenue collection figures;

(iii)   Establishing the factors that motivate taxpayers to file tax returns timely and honestly so as to maximize tax revenue collection;

(iv)   Getting to know the determinants of an effective self-assessment tax system;

(v)   Establishing the reasons why some taxpayers make correct declarations of income, and

(vi)   Establishing whether or not there is a relationship between tax revenue maximization and voluntary tax compliance, through the self-assessment tax system.

5.2 Findings of the Research

The research findings were drawn from the data analysis and merely interpreted and emphasized facts raised in the data analysis, done earlier in this research report, before making conclusions based on the findings. The findings are arranged in the order in which the questionnaire and the questions were arranged. It is noted that during the data analysis, responses for quality control purposes were used to validate data collected from the survey. The purpose was to evaluate the correctness and completeness of responses given by the respondents. However, it is reiterated that the quality control responses did not count as part of the samples for the survey.

5.2.1 Personal Data of Respondents

The analyses of the personal data from respondents revealed the following:

5.2.1.1 Sex of Respondents

Sixty-two (62) percent of respondents were male while thirty-eight (38) percent were female. By implication, male respondents were more in number.

5.2.1.2 Age of Respondents

Seventy-nine (79) percent of respondents were within the broad age group of thirty-one (31) to fifty (50) years. However, respondents within the specific age group of forty-one (41) and fifty (50) were more in number. It is noted that at this age range, most people are expected to have attained their highest levels of academic and professional

qualifications, and also to have acquired the required job experiences. In this circumstance therefore, they are expected to be in the best position to influence the course of tax compliance and to provide credible data on the attributes, characteristics and behavioral tendencies of taxpayers.

5.2.1.3 **Marital Status of Respondents**

Ninety-three (93) percent of respondents were found to be married. This is not surprising given that most of the respondents were within the age range of thirty-one (31) to fifty (50); within this age range most people are expected to have been married. The implication is that marital status was a key consideration in the selection of those responsible for taking tax compliance decisions or at least played key roles in tax compliance decisions making processes.

5.2.1.4 **Job Experience**

It was revealed that respondents within the job experience age range of eleven (11) years to fifteen (15) years accounted more for the number of respondents than any other group, in terms of job experience range of respondents. The next range was those with over fifteen (15) years working experience. On the whole, respondents within the job experience range of eleven (11) to over fifteen years (15) years accounted for sixty-eight (68) percent of total number of respondents. By implication, relative longeryears of experience was a factor in the selection of those that played key roles in tax compliance decision making processes. This finding is good for the purpose of the research in that respondents had enough experience on the job to give credible data on the attributes and characteristics of taxpayers.

5.2.1.5 Level/Cadres of Respondents In Hierarchy Of The Organizations They Worked For

The data analyses revealed that as much as ninety-six (96) per cent of respondents were in the Middle Level Management of the organizations they worked. This finding is realistic and interesting in the sense that Middle Level Management is the link between Top Management and the rest of the organization. People within this group have the cognate job experiences and are relatively knowledgeable. And therefore are in a vintage position to influence tax compliance decisions.

5.2.1.6   Academic and Professional Qualifications of Respondents

It was found that eighty (80) percent of respondents had good education since they possessed a minimum of First Degree or High National Diploma in relevant fields. In addition, forty-two (42) percent of the respondents had in addition professional qualifications in taxation while thirty-three (33) percent had professional qualification in accounting. Therefore, respondents were educationally and professionally qualified to understand and respond to the questions asked in the questionnaire.

5.2.2. Tax Revenue Target In Relation To Debt Burden

The position adopted by the researcher in the conceptual framework of this research paper was that the best way to fund socio-economic development was through tax revenue rather than borrowing or any other source of funds. In the course of the data analyses, it was found that paying off the external debt burden of the States of the

federation of Nigeria would gulp ninety-one (91) percent of the IGR for 2014, assuming that the external debts as at December 31, 2014 were to be paid for with the IGR of States in 2014. On the other hand, the Federal Government would require nineteen (19) percent of federally collected revenue to pay off Federal Government's external debt as at December 31, 2014. Therefore, taking debt servicing into consideration, tax revenue target setting should factor in the debt burden of the country, if enough funds are to be available for economic development, after payment of debts.

5.2.3 Relationship That Exists Between Self-Assessment Tax Regime And Increase In Tax Revenue Collection.

The finding with respect to the subject matter is that all the respondents agreed that the self-assessment tax regime brings about tax revenue maximization. A break down showed that ninety-six (96) percent of respondents strongly agreed to this proposition, while four (4) percent merely agreed thus bringing the proportion that agreed to one-hundred (100) percent. This finding is in consonance with the postulation made by Lyse Richard (2005) that the self-assessment tax system is the most efficient way of administration of a country's tax system. The finding also agrees with one of the hypotheses of this research, that is, that the self-assessment system brings about tax revenue maximization.

5.2.3.1 The Reason Why Steady Increase In Tax Revenue Collection Did Not Translate To Increase In Tax-To-GDP Ratio

The finding on the subject matter is that as much of ninety-two (92) percent of respondents were of the view that steady increase in tax revenue collection did not

translate to increase to tax-to-GDP ratio because both the tax-to-GDP ratio and tax revenue collection target were based on wrong figures. Ninety-two (92) percent response is sufficient to make a generalization that the computations were based on wrong figures. This is not surprising in view of the poor and inaccurate record keeping culture in developing countries.

5.2.4 **Taxpayers' Opinion As To Whether Or Not Tax Officials Were Willing To Share Tax Administration Powers With Them**.

The revelation is that tax officials were not willing to share or allow taxpayers to participate in the dispensation of tax administration powers. This opinion was held by as much as ninety-five (95) percent of respondents. The implication is that this tendency denies the self-assessment tax system of vital ingredients of partnership, participatory, collaborative and democratic culture. No wonder then that the increases in tax revenue collection did not translate to increase in the contribution of tax-to-GDP. This can be attributed to the fact that tax collection was not optimal because the collaboration of stakeholders was not secured.

5.2.5 **The Justification for the Reluctance of Tax Officials To Share Tax Administration   Powers With Taxpayers**

The finding from the data analyses is that the reason for the reluctance of tax officials to allow taxpayers to share in tax administration powers is because they believed that taxpayers could not be trusted to make honest and correct declarations of income. This opinion was held by eighty (80) percent of respondents. It is reiterated that all the respondents were taxpayers. With this finding, one of the specific objectives of

the research was achieved, that is, confirming that taxpayers cannot be trusted to render accurate tax returns.

5.2.5.1   Follow-up To The Opinion Of Lack Of Trust As The Justification For The Reluctance Of Tax Officials To Share Tax Administration Powers With Taxpayers

The results revealed that a major reason why taxpayers could not be trusted was attributed to the fact that they do not understand tax administration processes. This opinion was held by ninety percent of respondents. This finding is surprising because the personal data of respondents revealed that respondents were professionally qualified to handle tax administration issues. A hidden part of the reason may have been that the real reason why taxpayers could not be trusted was on account of lack of honesty rather than lack of knowledge of tax administration processes. This is in addition to the fact that the tax laws inadvertently allowed tax officials leeway to take tax administration actions without prior consultation with taxpayers. This is in spite of the requirement for dialogue in the administration of a self-assessment tax system. Thus, the fluid nature of the tax laws encouraged the failure by tax officials to adhere fully to the tenets of the self-assessment system.

5.2.5.2   Other Constraints to Regular Dialogue between Tax Officials And Taxpayers

In addition to the unwillingness of tax officials to have regular dialogue with taxpayers, due to the perception of dishonesty and lack of adequate knowledge of tax issues, insufficiency of funding and the fluid nature of the tax laws were identified as

other constraints. This view was held by sixty-one (61) percent of respondents. It is noted that the fluid nature of the tax laws created situations of multiple interpretations of the laws and therefore hindered the smooth operation of the self-assessment tax system.

5.2.6 **Factors That Motivate Taxpayers to File Tax Returns Timely and Honestly**.

The finding on the leading factor that motivates taxpayers to file tax returns timely and honestly indicated that it was for the fear of sanctions. The implication is that taxpayers do not want sanctions to be imposed on them. This is more so as sanctions place the taxpayer at economic disadvantage, in the sense that the actual tax liability would be recovered in addition to interest charges that are higher than commercial lending rates. The opinion on the fear of sanctions was held by seventy-five (75) percent of respondents. Thus, a generalization could be made based on it thereby; supporting the opinion that fear of sanctions is the leading factor that motivates taxpayers to file tax returns in accordance with the tax laws.

5.2.7 **Impediments to the Successful Implementation ofthe Self-Assessment Tax System.**

The aim of the question on the subject matter was to find out from taxpayers themselves if they felt there were impediments to the successful implementation of the self-assessment system. Eighty-nine (89) percent of respondents were of the view that indeed there are impediments to the successful implementation of the self-assessment tax system. The details about the impediments are given below.

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5.2.7.1   **Impediments to the Successful Implementation of the Self-Assessment System**.

The following were noted by respondents to be the impediments to the successful implementation of the self-assessment system. The list was arranged in the order of importance;

i.   Failure of the tax authorities to impose sanctions promptly in cases of default thus removing the motivation of the fear of sanction. This opinion was held by 24 percent of respondents;

ii. Taxpayers' lack of understanding of their tax obligations. This opinion was held by 21 percent of respondents;

iii. General lack of understanding of the tenets of the self-assessment tax system. This opinion was held by 16 percent of respondents. The lack of understanding involved both the tax officials and taxpayers;

iv. The lack of balance between taxpayers' enablement and tax compliance enforcement. This opinion was held by 15 percent of respondents. In simple terms, tax compliance enforcement should be proportionate to taxpayer education/service in other to achieve a balance; and

v.   The reluctance of tax authorities and the officials to implement the tenets of the self-assessment system. This opinion was held by 15 percent of respondents.

5.2.8 **Factors That Will Make the Self-Assessment Tax System Effective In the Nigerian Environment**

The list below is the ranking of the five determinants for successful self-assessment system, as indicated by respondents. These factors may be referred to as the factors that will make the self-assessment tax system effective in the Nigerian environment:

1st: Simple and updated tax laws;

2nd: Good taxpayer education;

3rd: Effective and transparent tax audit and investigation;

4th: Serious tax enforcement actions; and

4th: Collaboration among tax agencies.

5.2.9 Appraisal as To Whether Or Not the Bonus For Self-Assessment Filing And Payment Compliance Achieved The Desired Result

One of the agitations of some taxpayers over the years has been against the repeal of the provision of the tax law that granted incentive bonus to taxpayers for prompt self-assessment filing and payment compliance. The reason these taxpayers gave was that the bonus served as a motivation for compliance with the self-assessment tax system.

However, findings from the survey revealed a contrary view. Sixty-one (61) percent of respondents were of the view that the payment of the one (1) percent incentive bonus did not achieve the desired result of encouraging tax compliance. The respondents were of the opinion that non-compliance with the demands for self assessment ended up being financially more profitable to taxpayers. This was because there were no strict non-compliance enforcement actions. They noted that taxpayers capitalized on this and traded with tax monies rather than pay taxes as and when due. Consequently, the payment of bonus did not achieve the desired result as those who did not comply had a financial advantage over those who complied.

5.2.10 The Reasons Why Taxpayers Make Incorrect Declarations of Income

The finding as to why taxpayers make incorrect declarations is that they did so because it was economically more advantageous to under declare taxable income. As many as sixty (60) of the ninety-five (95) respondents or sixty-three (63) percent of the total number of respondents held this view. Incidentally, this view is in tandem with the attribution of dishonest tendencies to some of the taxpayers as expressed in paragraph 5.2.5.2.Another revelation of the survey is that the tendency for dishonesty thrived in the absence of the fear of sanctions for default of provisions of the tax laws that result from failure of the tax authority to impose sanctions for the default of tax laws.

5.2.10.1 The Reason Why Some Taxpayers Make Correct Declarations of Income

The finding on the subject matter is that taxpayers were likely to make correct declarations of income because of the fear of severe sanctions of incorrect declarations

of income especially where such incorrect declarations was as a result of dishonesty. It is recalled that in paragraph 5.2.6, the fear of sanctions for non-compliance was revealed as a factor that would motivate taxpayers to file tax returns timely and honestly. The finding in paragraph 5.2.6 lent more credence to this latest finding and to other similar findings.

5.2.11   **Opinion As To Whether Or Not Non-compliance With Tax Laws And Regulations Is A Demonstration Of Tax Resistance/Protest**.

Following from historical trends, it was suggested that non-compliance with tax laws and regulations was a demonstration of tax resistance/protest. However, the results of the survey showed that respondents disagreed with this suggestion. The proportion that disagreed was as much as seventy-one (71) percent. Thus, non-compliance with tax laws and regulations in Nigeria, at the time of this research, was largely not as a result of tax protest/resistance.

5.2.12 **Opinion As To Whether Or Not Religious And Cultural Backgrounds Influenced Tax Compliance Behavior**.

The finding to the above was that cultural and religious backgrounds were not important issues in tax compliance decisions in Nigeria. This conclusion was arrived at based of the fact that although the forty-four (44) percent of respondents that had this opinion were not in the majority, the addition of the forty-seven(47) percent that conditionally agreed, through 'perhaps' responses, would result to an overwhelming opinion. However, the same finding still indicated that they indeed have a small

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impact.After all, the forty-seven(47) percent 'perhaps' responses left room for the impact of religion and culture on tax compliance.

5.2.13 **Affirmation That Taxpayers' Perception of the Performance Of Government Influenced The Level Of Tax Compliance**.

In the conceptual framework and the literature review of this research paper, it was suggested that the perception of the performance of government, as to good governance, may affect the level of taxpayers' compliance with tax laws and regulations. The finding from the data analyses from the survey is that the performance of government indeed influenced the level of tax compliance. This view was held by ninety-seven (97) percent of respondents. This confirms earlier speculations on the effect of the performance of government on tax compliance as that of causal relationship. Along the lines one of the findings of this research is that people may not pay taxes, as and when due, because of the perception that government may not make judicious use of the proceeds of tax revenue collection. In a situation such as this, taxpayers were likely to provide services that would otherwise have been rendered by government. This scenario is likely to worsen non-compliance on account of the poor performance of government.

5.2.14   Appraisal as to Whether Or Not the Influence of Taxpayers' Perception of Performance on Tax Compliance Is A matter Of Individual Or Group Opinion

Gross (2014) posited that group and individualistic cultures were the major determinants of behavior. Africans were noted to have a group type of behavior and were expected to demonstrate this in their tax compliance behavior. Already religion and cultural backgrounds were found to have some (small) impact on tax decision making processes. What was appraised in this particular case was the impact of "group" and "individualistic" behavior patterns on tax compliance behavior. The finding is that the perception of performance on tax compliance is a matter of group behavior in Nigeria. This opinion was held by eighty-seven (87) opinion of respondents. This finding agrees with the postulation of Gross (2014) to the extent that group culture trait is a determinant of behavior, in this case tax compliance behavior as revealed in the survey.

5.2.15   **Reasons For Taxpayers' Failure To Comply With The Constitutional Provision On The Self-Assessment OF Tax.**

There is a provision in the Constitution of the Federal Republic of Nigeria requiring that every citizens should make honest declarations of income and pay tax as and when due, to appropriate agencies of government. In spite of this provision, the tax compliance level in Nigeria has been low, as reported earlier in this research paper. The finding from this particular subject matter is that this was the case. It was noted to be because "the tax authorities have not enforced this provision (section 24f) of the Constitution''. Here again the finding as to "fear of sanctions" as motivation for tax compliance is reiterated. However, in the case of compliance with a requirement of the Constitution, it is in the reversed order in that there is no fear of sanction since the tax

authorities have not implemented the Constitutional requirement of the self-assessment of tax due and payable.

5.2.16 The Most Important Factors For Non-Compliance with Tax Laws

Corruption perception of Government Officials was found to be the most important factor (reason) for non-compliance with tax laws by taxpayers. Up to fifty-eight (58) percent of respondents held this opinion. Although this score did not meet the sixty (60) percent threshold to make a generalization, it was nevertheless the most important factor. This result could be linked to many findings of this research namely lack of enforcement of sanctions in cases of tax default which would have elicited "fear of sanction". The failure to impose sanctions may be attributed to veiled corruption tendencies. Also, poor performance perception of government, or the reality of it, may be as a result of corruption tendencies. In this regard, note is taken of the second most important factor identified in relation to non-compliance with tax laws. That is, the factor of ''poor infrastructural facilities'', which secured twenty-four (24) percent of the opinion of respondents. Poor state of infrastructural facilities may also be as a result of corruption tendencies which may lead to poor job execution.

5.2.17 A Proof That Political Consideration Is The Main Reason Why Government Does Not Show Enough Interest In Ensuring The Success Of Voluntary Tax Compliance.

The finding on the subject matter is that one-hundred (100) percent of respondents agreed with the suggestion that political consideration was the main

reason why government has not been showing enough interest in ensuring the success of voluntary tax compliance scheme. It is recalled that the stimulus for voluntary tax compliance is strict enforcement of sanctions in cases of default of tax laws. However, political consideration may be as a result of the need to secure the support of the electorate, who in any case may be tax defaulters. This practice is, of course, popular with politicians globally especially during years for elections. In this case, tax amnesties, waiver of interests, etc may be granted in other to secure the support of the electorate or a key section of it. This is to the detriment of compliant taxpayers who may become recalcitrant in the future. Political considerations may also arise from corruption tendencies in the course of protecting business associates and financiers of politicians in power.

5.2.18   Tax Returns Forms, In Terms Of Format, Cost, and Availability Is Not a Hindrance to Prompt Filing Of Tax Returns

Ninety-three (93) percent of respondents were of the opinion that tax returns form was not a hindrance to prompt filing of tax returns. That means that respondents and taxpayers were satisfied with the forms, so far, in terms of availability, cost and format. However, there was the indication that this opinion did not imply that the forms cannot be improved upon any further to facilitate seamless filing of tax returns.

5.2.19 Opinion as To How Much Knowledge and Understanding of the Tax System and Voluntary Tax Compliance Was Attributed To Tax Officials

One hundred (100) percent of respondents rated tax officials as good in terms of knowledge and understanding of the tax system and voluntary tax compliance. In fact, the actual scores ranged from good to excellent. The implication is that the poor performance of the Nigeria tax system may be attributed to other reasons other than knowledge and understanding of the tax system by tax officials. Earlier findings had attributed poor performance to corruption perception, political considerations, low enforcement of sanctions, etc. A further implication is that earlier findings are more valid than the attribution of lack of knowledge and understanding as a reason for poor tax administration performance

5.2.20 Establishing That There Is No Relationship Between Tax Revenue Maximization And Voluntary Tax Compliance Through the Self-Assessment Tax System.

The subject matter was drawn from one of the hypotheses of this research. The finding from data analyses from the survey is that one hundred (100) percent of respondents disagreed with the proposition that there is no relationship between tax revenue maximization and voluntary tax compliance. In actual terms, the scores were of the range of disagree (11 percent) and strongly disagree (89 percent).

Fortunately the test of the relevant hypothesis is in consonance with this finding. This confirms the proposition that voluntary tax compliance, through the self-assessment tax system, brings about tax revenue maximization. This finding satisfies one of the objectives of this research.

5.2.21 **Proof As To Whether Or Not Voluntary Tax Compliance Relies On Strict Enforcement of Tax Laws**

The finding on the subject matter is that voluntary tax compliance relies on strict enforcement of tax laws. This opinion was expressed by one hundred (100) percent of respondents. The actual results were ninety-five (95) percent for ''agree'' and five (5) percent for ''strongly agree''. This finding is in consonance with an earlier finding that the fear of sanction motivates the taxpayer to comply with tax laws. The finding is also in line with the requirement of voluntary tax compliance and the self-assessment tax system, that is, that there should be strict enforcement of sanctions for non-compliance so as to elicit voluntary compliance in the future.

5.2.22 **Ratings of Tax Officials, By Respondents, In Terms Of Standards Of Transparency And Fairness**.

Seventy-eight (78) percent of respondents rated tax officials as ''good'', in terms of, standards of transparency and fairness. Twenty-two (22) percent rated them as ''fair''. There were no scores for poor, very good and excellent. While, seventy-eight (78) percent score can lead to a generalization, it is worrisome that no respondent rated the tax officials better/higher, considering the corruption perception of government officials.

This is more so as transparency and fairness are important considerations for taxpayers to comply voluntarily. Of course, fairness is a principle of taxation.

5.2.23   **Ratings of Stakeholders' Support to the Success of Voluntary Tax Compliance**

The stakeholders rated were the members of the executive, the legislative and the judicial arms of government. These stakeholders were rated ''fair'', in terms of support to the tax system, by ninety (90) percent of respondents. The rating scales were for 'poor', 'fair', 'good' and 'excellent'. The rating of stakeholders support as 'fair' is not encouraging, although it is consistent with the perception of political consideration as reason for lack of interest in the success of voluntary tax compliance. The not encouraging stakeholders support is in spite of the need for simple and updated tax laws to encourage voluntary tax compliance and the self-assessment tax system. These requirements need to be accomplished by the three arms of government, contrary to the 'fair' rating in support to the tax system. The implication is that the three arms of government have not worked hard in ensuring the tax laws were simple and up-to-date.

5.2.24 **The Most Influential Reason in Taking a Tax Compliance Decision**

The finding on this question is that "what the taxpayer hears from other people regarding their feelings on tax compliance" is the most influential reason in taking a tax compliance decision. This view was supported by eighty-six (86) percent of respondents. It is important to note that this finding agreed with Kees Keizer (2008) that people were more likely to disobey rules when it appeared that others were doing so. It

is also in consonance with the group cultural trait as expressed in the finding in paragraph 5.2.14. By implication, the low tax compliance level in Nigeria may be attributed to, among others, the fact of what taxpayers hear from others discourage them to disobey tax rules.

5.2.25 Justification Why People Do Not Obey Tax Laws

The question on the subject matter was one of the multifaceted questions aimed at getting more detailed and complete views on some of the attributes and characteristics of taxpayers. The finding is that taxpayers do not obey tax laws because of the perception that government may not utilize the proceeds of tax revenue judiciously. This opinion was held by sixty-three (63) percent of respondents. The closest to this opinion was that government derived money from the sale of crude oil. The fact of the perception that government may not utilize the proceeds of crude oil sales judiciously is consistent with the corruption perception of government. Also, this opinion is consistent with the finding in paragraph 5.2.24, that is, that what people hear from others influences their action. In this case, the negative stories about government may encourage disobedience of tax laws and results in low level of tax compliance.

5.2.26: The Most Influential Reasons in Taking Tax Compliance Decisions

The question on the subject is similar to the one on paragraph 5.2.24. The reason for repeating the question is to test the consistency and truthfulness of responses from respondents. In this particular case, the finding is that the most influential reason why people take tax compliance decision is "what they hear from other people regarding their feelings and views on tax compliance''. This finding is consistent

with that on paragraph 5.2.24. The overwhelming opinion in this paragraph was held by seventy-one (71) percent of respondents; while it was held by eighty-six (86) percent of respondents in the former. Therefore, what taxpayers hear others say about government affects their tax compliance.

5.2.27   **Reasons For the Non-Alignment between the Increase in Tax Revenue Collection and the Low Contribution of Tax Revenue tothe Increase GDP**

The finding on the subject matter is that seventy-two (72) percent of respondents believed that the reason for the non-alignment was due to inflation and steady depreciation of the Naira. In paragraph 5.2.3, similar question was asked and the finding was that the non-alignment was attributable to wrong figures used in the computation of both the GDP and tax revenue targets. My opinion is that the findings are consistent with each other in that the fact of not factoring in the increase in the rate of inflation and the depreciation of the Naira in the relevant computations may have implied the use of wrong figures. However, this is not to say that tax revenue collection performance was good because a contribution of 4.5 percent to GDP was far below the global average of 15.79 percent and the minimum of 30 percent required for developing countries, which includes Nigeria.

5.2.28**A Test of Taxpayers' Awareness of the Existence of Tax**

Administration (Self-Assessment) Regulation,2011.

The finding on taxpayers' awareness of the existence of the Self-Assessment Regulation is that only eighteen (18) percent of respondents were aware of its existence

and had copies of the Regulation. The implication is that taxpayers' were not really aware of the existence of the Regulation on self-assessment, which is a useful guide in the implementation of the self-assessment tax system. This may be related to the poor performance of the Nigerian tax system within the period under review.

5.2.29 **An Appraisal Of Taxpayers' Knowledge Of The Nigerian Tax System Especially Tax Returns Filing And Payment Obligations**.

The finding on the above question is that poor tax compliance culture in Nigeria was not really caused by lack of knowledge of the Nigerian tax system, going by the results below;

i. Fair knowledge; the opinion was held by thirty-four (34) percent of respondent;

ii. Good knowledge; the opinion was held by twenty-nine (29) percent of respondents;

iii. Very good knowledge; the opinion was held by twenty-three (23) percent of respondents; and

iv. Excellent knowledge; the opinion was held by twelve (12) percent of respondents.

The implication from the above ratings is that taxpayers did not really lack knowledge about the Nigerian tax system. This opinion is consistent with the view that lack of knowledge of the Nigerian Tax System by some taxpayers is feigned as a means of tax avoidance so as to have a justification for non-compliance.

5.2.30   **The Main Factors That Motivates the Taxpayer to File Tax Returns and Pay Taxes Due**

In paragraph 5.2.10.1, it was established that taxpayers were motivated to make correct declarations of income due to fear of severe sanctions in cases of default of the tax laws. The question on the subject matter is similar to that on paragraph 5.2.10.1. The finding in this case is that fear of sanction is the motivating factor for taxpayers to file tax returns and pay taxes due promptly. The two finding are consistent. Therefore, a major tool of tax compliance is the fact of tax enforcement for the default of the tax laws and regulations.

5.2.31   **Ratings of Taxpayers' Understanding of Their Tax Obligations to the Nigerian Tax System**

The finding is that majority of respondents rated taxpayers' understanding of their obligations to the tax system as 'fair'. Fifty-three (53) percent of respondents had that view. Although this view was not an overwhelming opinion, being less than sixty (60) percent, it was nevertheless a majority opinion. However, when this rating is combined with the other improved ratings shown below, it implies that taxpayers, within the period under review, could be said to have a good knowledge about their tax obligations. The other scores were;

i.   'Good'; this opinion was held by twenty-eight (28) percent of respondents; and

ii. 'Very good'; this opinion was held by nineteen (19) percent of respondents.

The results are in line with those on paragraph 5.2.29

5.2.32 **The Findings from the Tests of the Hypotheses.**

The findings from the tests of the three hypotheses, both null and alternative are given below:

1(a). Null Hypothesis, H_o: "Self-assessment tax system does not bring about tax revenue maximization".

(b). Alternative Hypothesis, H_1: "Self-assessment tax system brings about tax revenue maximization.

In the test of the hypotheses, the calculated value of chi-square is 341.68 and it is greater that the critical value of chi-square, 9.49. That is, 341.68>9.49. Therefore, the Null Hypothesis, H_o, is rejected and the Alternative Hypothesis, H_1, is accepted with the implication that **"the Self-assessment tax system brings about tax revenue maximization".**

2 (a). Null Hypothesis, Ho: "Full self-assessment tax regime does not lead to tax revenue maximization".

(b). Alternative Hypothesis, H_l: "Full self-assessment tax regime leads to tax revenue maximization".

The results of the tests of the hypotheses showed that the calculated value of chi-square is 295.26. On the other hand; the critical value of chi-square is 9.49. The chi-square calculated is greater than the critical value of chi-square, that is, 295.26>9.49. Therefore the Null Hypothesis, Ho, is rejected while the alternative hypothesis, H_l, is

accepted. Consequently, the conclusion is that **"Full self-assessment tax regime leads to tax revenue maximization".**

3 (a). Null Hypothesis, H_o: "Transparency of government does not impact on tax revenue maximization".

b.   Alternative Hypothesis, H_I: "Transparency of government impacts on tax revenue maximization".

The results of the tests of the hypotheses showed that the calculated value of chi-square is 140.90. On the other hand; the critical value of chi-square is 9.49. The chi-square calculated is greater than the critical value of chi-square, that is, 140.90>9.49. Therefore the Null Hypothesis, H_o, is rejected with the effect that the Alternative Hypothesis, H_I, is accepted. Consequently, **"Transparency of government impacts on tax revenue maximization".**

5.3   Conclusion

The main conclusion from the findings from the survey is that voluntary tax compliance, through the self-assessment tax regime (as the tool), especially when implemented properly, brings about tax revenue maximization. The conclusion is based on the researcher's appraisal of the findings of the research. The conclusion is justified by the test of two hypotheses. Since it has been concluded that the self-assessment tax system brings about tax revenue maximization, it is necessary to know the conditions for successful implementation of the self-assessment tax system. The conditions for proper implementation of the self-assessment tax regime, which may turn around to be the challenges of voluntary tax compliance, include;

i.   **Collaboration In Tax Administration Processes:**

The major plank of the collaboration between the taxpayers and tax officials is the need to ensure that tax officials are willing to share tax administration powers with taxpayers since this is a vital ingredient of effective self-assessment tax system. The fact that the act of unwillingness, revealed by the result of the survey, was based on the feeling that taxpayers could not be trusted is not acceptable as it runs contrary to the tenets of the self-assessment tax system. In any case, some respondent were of the view that taxpayers should be trusted on account of being stakeholders in the tax system.

iii.   Ensuring There Is The Fear of Sanctions:

Taxpayers may take the demands, by tax authorities, for the filing of tax returns and prompt payment of taxes for granted except if there is the certainty that sanctions would be imposed if they failed to comply with the tax laws. The reason for the fear of sanction is that sanctions have the objectives of not only recovering the taxes owed but also to get a compensation for the wrongful use of tax monies, and for the delay in the payment of taxes, in which case the taxpayer suffers a loss for tax default in the first instance. Therefore, the fear of sanction for default in tax compliance has an economic and financial undertone and needs to be present in all tax administration processes. Already, earlier findings in this paragraph confirmed that the fear of sanctions motivate taxpayers to comply with tax laws.

iii.   Removing All Impediments to Effective Self-Assessment Tax System:

The draw back in tax revenue maximization, through voluntary tax compliance, with self-assessment as the tool, is as a result of the impediments to the successful implementation of the self-assessment tax system. The impediments that need to be removed include;

(a)   Failure to impose sanctions in cases of default in tax laws. In this case, the fear of sanctions, which is a key motivating factor for correct and timely filing of tax returns, and payment of taxes as and when due, if absent will be an impediment to successful implementation of the self-assessment tax system. That is to say that failure to impose sanctions for default of tax laws is an impediment to

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successful implementation of the self-assessment tax system. From the findings discussed so far, it is a major impediment to effective self-assessment tax system.

(b)   Taxpayers' lack of understanding of their tax obligations. However, this lack of understanding may be feigned as a tax avoidance method since the facts from the research do not suggest that taxpayers really lack understanding of their tax obligations. The tax officials should be cautious when taxpayers claim ignorance. Indeed there should be a prior taxpayer education so as to be able to deal with issues of lack of understanding of tax obligations ;

(c)   General lack of understanding of the tenets of the self-assessment tax system.and the refusal by tax officials to ensure that the tenets are implemented. The refusal by tax officials to implement the tenets of self-assessment may be due to ulterior motives which may be tainted by personal interest in the use of discretionary powers; and

(d)   Lack of balance between taxpayer enablement (taxpayer service and education) and tax compliance enforcement. In some cases taxpayer enablement is undertaken without appropriate sanctions in cases of default, to the extent that taxpayers may not take the threat of sanctions seriously. In some cases tax enforcement is done without any engagement with the taxpayers thus, the tax administration is run without the friendliness and collaboration required for effective self-assessment tax system.

(iv) **Reducing Corruption Perception of the Tax System:**

The self-assessment tax system will lead to tax revenue maximization as noted in the main conclusion. However, corruption perception in the tax system is high, as revealed by the results of the survey. The corruption perception has to be seriously dealt with. The elements of corruption include;

(a) Incorrect declarations of income which happen, as noted earlier, because it is economically beneficial for the taxpayer to do so. The incorrect declarations thrive in the absence of strict imposition of sanctions, which would have brought about the fear of sanction and its motivating effect. It is reiterated that the failure to impose sanctions promptly may actually be tainted by corruption considerations by tax officials.

(b) The reason for the reluctance of tax officials to deny taxpayers the right of collaboration and participation in the self-assessment tax processes was noted to be because of the perception of dishonesty of taxpayers. Whatever is the case, the taxpayer should be given the benefit of doubt until the case is proven otherwise, in which case sanctions should be applied with the likelihood of motivating compliance in the future. After all, taxpayers are also stakeholders in the tax system and should be made to feel so and be treated as such.

(c) Corruption perception was also observed to affect the level of tax compliance in that the performance of government affects the level of compliance by taxpayers, especially negatively, because of factors that include political considerations and poor infrastructural facilities. It is for the same reasons that both the government and the tax administrators have not shown interest in the enforcement of the

provision of the Constitution of the Federal Republic of Nigeria regarding tax compliance and the self-assessment tax system.

v.   In addition to the conclusions made in (i) to (iv) above, another conclusion of the research that needs close attention, by tax administrators, is that what taxpayers hear what others (including other taxpayers) say about the nature of tax administration in Nigeria influences their tax compliance decisions. Therefore negative stories about tax administration and governance, especially of corruption tendencies, may lead to low level of tax compliance. As an example, the news that the level of tax returns filing by medium and low taxpayers was thirty (30) percent in 2014, as referred to in chapter one of this report, would have the tendency of even further reducing that low tax return filing compliance. This is to say that the tax information management system has not been such that it is positive as to encourage increased tax compliance. That is not to say that non-compliance should not be announced. It is just that successful efforts to counter non-compliance should be given more prominence in announcements, perhaps more so as to influence what people hear. There will be a recommendation on how this can be made positive later in this chapter.

Vi.   While not being exhaustive and surely not the least exclusive, the data analyses and findings from the survey show that the only tool of voluntary tax compliance is the self-assessment tax system, which emerged in the course of the pursuit of efforts to secure a demonstration of taxpayers' willingness to pay taxes. The manner of the emergence of the self-assessment tax system is one of the reasons

for the insistence for adherence to the tenets of the self-assessment tax system in

the course of its implementation.

5.4   Recommendations

5.4.1 Implementation of Full Self-Assessment System

Two of the hypotheses confirmed that the self-assessment tax system brings about tax revenue maximization. Indeed, one of the hypotheses was emphatic on full self-assessment. The import of this is that self-assessment tax system could sometimes be implemented partially, that is, without all the tenets of self-assessment system. An example is the payment of incentive bonus for compliance with self-assessment filing requirements. In the findings from the field survey, impediments to effective implementation of the self-assessment tax system were identified. The conclusion was also that the impediments listed on paragraph 5.3(iii) hindered effective implementation of the self-assessment system to bring about tax revenue maximization. These impediments were created by the failure of the tax authorities to implement full self-assessment tax system. In order to remove the impediments, it is recommended that the self-assessment tax system should get to the stage of full implementation in Nigeria. Consequently, this tax system should be run with all of its tenets such as;

i. Taxpayer service; effective taxpayer education and engagement with taxpayers on their obligations to the tax system and the imposition of sanctions for default of provisions of tax laws on the self-assessment tax system;

ii. Self-assessment of tax; the taxpayer should have the responsibility of correct and timely declaration of income, the calculation of tax liability and the prompt payment of taxes due. The tax returns must be certified by the taxpayer as correct before the tax returns are filed;

iii. Taxpayers returns must be accepted by the tax authority as filed subject to initial verifications;

iv. The tax returns should be subjected to risk based case selection for audit. One of the reasons for the risk based audit is to starve off corruption perception that may arise from human interventions and to ensure efficient utilization of manpower. The point being made is that valuable audit time should be spent on cases that deserve attention. Indeed, the case selection should be computer based as to ensure efficiency, to provide a sign of transparency of the tax system and to reduce discretionary powers through the reduction in human intervention. In this way the audit process will be used to show case the fairness of the tax system and to ensure the effectiveness of the tax administration;

v. Sanctions must be promptly applied where the taxpayer is in default of tax compliance through the late filing of tax returns, late payment of taxes due, in-correct declarations and falsification of tax records, etc. As in the recommendation for case selection for audit, the processes for the imposition of sanctions should be automated such that human interventions and biases are removed. In this way, the fear of sanctions will remain a motivating factor for tax compliance. It is reiterated that fear of sanction had already been identified as a motivating factor for compliance with tax rules. By ensuring the fear of sanctions, voluntary tax compliance will then be achieved without enforcement and thus fulfilling the definition of voluntary tax compliance, of which self-assessment is a tool, as made by the American Bar Association.

vi. Taxpayers should be allowed the right of appeal against actions especially taxes to

be imposed on them by the tax authority. On the part of the tax authority, there should be strict persecution of tax defaulters. Most importantly the requirements of the Constitution of the Federal Republic of Nigeria regarding the duties citizen, tax-wise, which implies compliance with the self-assessment tax regime, should be strictly enforced. This is more so as failure to imposed sanctions in cases of default of tax laws ends up encouraging non-compliance with the tax laws and putting compliant taxpayers at a disadvantage.

On the whole, there should be a balance between taxpayer education/engagement and tax enforcement such that taxpayer education is a justification for strict tax compliance enforcement. In this way, taxpayers will be motivated to adhere strictly to voluntary tax compliance, since there will be no options to strict compliance with tax laws. The fact that ignorance of the law is not an excuse should not be a reason for failure to render tax compliance information to the taxpayers.

5.4.2 Ensuring the Implementation ofAll theDeterminants of Effective Self-Assessment Tax System in the Nigerian Environment

In the course of the analyses of data from the field survey, five issues emerged as the most important determinants for a successful self-assessment tax system in Nigeria. These determinants were ranked in the order of their importance. They are listed below. They are recommended for implementation by tax authorities as justified by the reasons given.

1st: Simple and updated tax laws;

2nd: Good taxpayer education;

3rd Effective and transparent tax audit and investigation;

4th: Serious tax enforcement; and

4th Collaboration amongst various tax authorities.

(a)   Simple and updated tax laws:

The tax law is the basis for the imposition of taxes. Therefore it has to be in the best state to promote effective and efficient tax administration, and to justify the taxes being imposed. In terms of simplicity, the self-assessment tax system encourages the taxpayers to play an active role in tax administration processes. A simple tax law not only makes it easier for the taxpayer to understand and fulfill his tax obligations, the fact of clarity means that the taxpayer may not necessarily engage tax professionals for purposes of interpretation and application of the law, and the rendition of tax returns. Thus, there will be a reduced cost of tax compliance. The simplicity of tax laws implies reduced disputes and litigations on interpretations of the laws. This will result to reduced cost of compliance and administration in addition to maintaining a friendly environment for tax administration. The need for updated tax laws cannot be overemphasized. In the first instance, updated tax laws make provisions for the tax treatment of current business practices and transactions thus, blocking loop holes that might have been exploited for tax avoidance and evasion purposes. Ultimately, updated tax laws make for reduced cost of tax compliance and administration. In any case, a simple and updated tax law is a requirement for effective and efficient self-assessment tax system. In conclusion, the tax laws should be re-written in plain language and updated to take

care of business practices as they occur and also, to deal with the fluid nature of the tax laws which otherwise provide the leeway for apparent misapplication of these laws.

(b)   Good taxpayers education:

Taxpayer education was mentioned as one of the tenets of full self-assessment tax system in paragraph 5.4.1. It emerged again as one of the determinants of successful self-assessment tax system, thus underscoring its importance. In specific terms, as far as this recommendation is concerned, a taxpayer education programme, as part of taxpayer service, should include education on the rights and obligations of the taxpayer such as;

(i)   The right to knowledge and information on every action to be taken by the tax authority, with respect to the tax affairs of the taxpayers;

(ii)   Taxpayer's right of appeal and knowledge of the appeal procedures;

(iii)   Right of knowledge of tax returns filing and payment procedures, and as they are updated;

(iv)   Right to knowledge of tax incentives contained in various tax laws; and

(v)   Right to quality service. This factor increases the confidence of the taxpayer in the fairness of the tax system and may encourage improved tax compliance.

In addition to good taxpayer education, tax education, in itself, should be taught as a subject as part of education at primary and secondary school levels. In this way, the importance of taxation and tax compliance will be understood early in life, and as part of civic education and thus will become part of the culture of Nigeria.

(c) Effective and transparent tax audit and investigation

A transparent tax audit and investigation can only be based on risk based case selection. It will be more effective and will serve the purpose of transparency better if the case selection is computer assisted as noted in the conclusion. This will reduce corruption perception which was highlighted several times in this report as a major cause of non-compliance with tax rules. In addition, it will remove pressure on tax officials and other human bias in case selection. An effective and transparent tax audit and tax investigation leaves no room for the taxpayer to indulge in incorrect declarations of income.

(d) Serious tax enforcement action

The fear of sanctions was noted earlier to be a motivation for tax compliance. It should therefore not be left to the discretionary powers of tax officials since it is one of the pillars upon which voluntary tax compliance rests. Indeed taxpayers comply voluntarily because sanctions will be imposed unfailingly if they failed to comply with the tax laws. In this case, voluntary tax compliance is a 'forced' or 'enforced' compliance. However, serious tax enforcement should be preceded by good taxpayers' education. This will serve as a justification for serious tax enforcement and ensure the collaboration required in a self-assessment tax system.

(e) Collaboration among various tax authorities

One of the seasons for this recommendation is the need to have a good tax data base so as to facilitate verifications of declarations and disclosures made by

taxpayers. Also it serves the purpose of making taxpayers realise that the tax authorities have access to all tax information that is available in the tax system. This will lead to the realization that there is 'no hiding place for taxpayers'; a fact that will elicit more responsible tax compliance behavior. In addition, collaboration amongst tax revenue authorities will bring about a reduction in the cost of tax administration as well as promote efficiency through the synergy it brings.

5.4.3 Government should give more support to tax administration

One of the findings from the field survey is that government support to the success of voluntary tax compliance and therefore the self-assessment tax system was only '' fair''. This score was obtained in a rating scale of 'poor', 'fair', 'good', 'very good', and 'excellent'. If numerical values are assigned to the scores, within a range of 1 for 'poor' and 5 for 'excellent', it means that government support was 2/5. A score of 2/5 or forty (40) percent support to a critical area of the economy as tax administration is not encouraging especially, as taxation is the main source of revenue for government. After all, even the so called funds from the sale of crude oil come largely from taxation of petroleum operations. No wonder the contribution of tax-to-GDP has been low and indeed, one of the lowest in the world.

In a paper by the researcher, at the Annual Technical Tax Conference of The Chartered Institute Of Taxation of Nigeria, 2015, he recommended the declaration of ''a state of emergency in the taxation sector''. The import of this recommendation is the stepping up of the support of government to tax administration. This recommendation is

repeated in this research report. The support should be given by ways of speedy review of tax laws to make them empower the tax administration processes to be efficient and effective. There is also the need for prompt adjudication of tax disputes so as to clarify grey areas in the tax laws and to reduce the cost of tax compliance. In addition, there should be a high level administrative support to tax reforms and modernization of tax administration processes. Above all, the executive arm of government should drive the imbibitions of tax compliance culture by every citizen. After all, government cannot be run efficiently and effectively if there is inadequate funding of its establishments. This level of support will make the self-assessment tax system more effective and efficient and thus bring about tax revenue maximization.

5.**5   Limitations of the Study**

Economic factors are known to determine the state of affairs in which tax administration thrives. And since taxation depends on the dynamics of economic activities, tax compliance behavior will continue to change as economic determinants change. This fact was a major limitation of the study. Although the specific research period was 2005 to 2014, however, in other to make the study relevant for the formulation of economic policies and to be useful for current problem solving purposes, the research overlapped to the period January to December, 2015. Indeed, this period was actually the period of the administration of the survey. Therefore, while most of the taxpayers' characteristics, attributes and behavioral patterns that were reported were current, the statistics on tax collection and related data were historical. Another challenge was that as the dynamics of the global crude oil market changed, economic factors in Nigeria were affected, especially as Nigeria's economy has been dependent on crude oil. Therefore some taxation parameters may have changed with the dynamics of the global economy. This is more so for the fact of the difficulties in determining human behavioral tendencies with precision in different economic circumstances. Even as the report of the research was being written, changes are occurring to economic parameters.

The data and sample size were drawn from only the active taxpayers within the area of jurisdiction of the F.I.R.S. Although F.I.R.S accounted for up to sixty (60) percent of tax revenue collection within the period under review, the determination of sample size of taxpayers from within the jurisdiction of F.I.R.S may have limited the numbers even if the extra (larger) sample and data that would not have added value to the survey

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were removed because of the process of selection. In this way the unwieldiness of data collection and analyses was avoided. The specific area of study in terms of organization was the FIRS taxpayer base and the place of study was Lagos. While the F.I.R.S was more representative for data collection than other tax organizations, in view of its network of tax offices nationwide, coupled with the application of same laws through the same processes and procedures, its choice, which was judgmental, may have excluded fringe taxpayers in some States of the federation. The same scenario applied to Lagos. Although it was (is) a microcosm of businesses in Nigeria, the characteristics of micro taxpayers in some States may not have been adequately captured. This is without prejudice to the fact that the taxpayers that were excluded were likely to be non-tax compliant and may not have added any value to the outcome of the research.

Other elements of limitation of the research included;

I. The fact that the time-framing of the research was of essence, even with changing economic circumstances that may impact on taxpayers' behavior;

II. The survey could have been carried out across the country rather than being limited to Lagos areas. However, there would have been challenges of lack of sufficient funds, inconveniences and constraints of time;

III. The data analysis showed that respondents were well educated and professionally qualified. This may have resulted from the research design. However, there was no way of vouching that if less educated persons were the respondents and taxpayers without professional qualifications, who in any case abound in the micro business segments, outside Lagos, they would have possessed the same characteristics, attributes and behavioral patterns as their

well-educated and professionally qualified counterparts. Thus, while the research

design throw up respondents/taxpayers that enabled easy and quality data

collection; a sizable portion of the micro segment was excluded from the survey.

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APPENDIX I

TOTAL TAX REVENUE, OF SELECTED COUNTRIES, TO GROSS DOMESTIC PRODUCTS FOR YEAR 2012

COUNTRY	%
Algeria	7.7
Angola Benin	.8
Benin	15.4
Burkina Faso	11.5
Cameroon	18.2
Cape Verde	23.0
Chad	4.2
Congo republic	5.9
Cote d. Ivoire	15.3
Congo democratic republic	13.2
Egypt	15.8
Equatorial guinea	1.7
Ethiopia	11.6
Gabon	10.3
Gambia	18.9
Ghana	20.8
Guinea	8.2
Kenya	18.4
Lesotho	42.9
Liberia	13.2
Malawi	20.7
Mai.	15.3
Mauritius	19.0
Morocco	22.3
Mozambique	13.4
Namibia	28.8
Niger	11.0
Nigeria	6.1
Rwanda	14.1
Senegal	19.2
Sierra Leone South	10.5
South Africa	26.9
Sudan	6.3
Swaziland	39.8
Tanzania	12.0
Togo	15.5
Tunisia	14.9
Uganda	12.6
Zambia	16.1
Zimbabwe	49.3

Note: The world average is 15.97%

Source:http://en.wiki2.org/wiki/!ist_oLcountries_revenue_as_percentage_of_GDP

1. TAX REVENUE TRENDS, 1965-2013 FOR OECD COUNTRIES

Table A. Total tax Revenue as % of GDP

	1965	1975	1985	1995	2000	2007	2009	2011	2012	2013
Australia	20.6	25.4	27.7	28.2	30.4	29.6	25.8	26.3	27.3	n.a.
Austria[1]	33.6	36.4	40.5	41.0	42.1	40.5	41.0	41.0	41.7	42.5
Belgium	30.6	38.8	43.5	42.8	43.8	42.4	42.0	42.9	44.0	44.6
Canada	25.2	31.4	31.9	34.9	34.9	32.9	31.4	30.4	30.7	30.6
Chile	-	-	-	18.4	18.8	22.8	17.2	21.2	21.4	20.2
Czech Republic	-	-	-	34.9	32.5	34.3	32.4	33.4	33.8	34.1
Denmark[1]	29.5	37.8	45.4	48.0	48.1	47.7	46.4	46.6	47.2	48.6
Estonia	-	-	-	36.2	30.9	31.1	34.9	31.9	32.1	31.8
Finland	30.0	36.1	39.1	44.5	45.8	41.5	40.9	42.0	42.8	44.0
France[1]	33.6	34.9	41.9	41.9	43.1	42.4	41.3	42.9	44.0	45.0
Germany[2]	31.6	34.3	36.1	36.2	36.3	34.9	36.1	35.7	36.5	36.7
Greece[1]	17.0	18.6	24.4	27.6	33.1	30.9	29.6	32.5	33.7	33.5
Hungary	-	-	-	41.0	38.7	39.6	39.0	36.9	38.5	38.9
Iceland	25.5	29.2	27.4	30.4	36.2	38.7	32.0	34.5	35.3	35.5
Ireland	24.5	27.9	33.7	31.8	30.9	30.4	27.0	26.7	27.3	28.3
Israel[3]	-	-	-	35.2	35.6	34.7	29.8	30.8	29.6	30.5
Italy	24.7	24.5	32.5	38.6	40.6	41.7	41.9	41.1	42.7	42.6
Japan	17.9	20.4	26.7	26.4	26.6	28.5	27.0	28.6	29.5	n.a.

Korea	-	14.2	15.3	19.0	21.5	24.8	23.6	24.0	24.8	24.3
Luxembourg	26.4	31.2	37.5	35.3	37.2	37.2	39.0	37.5	38.5	39.3
Mexico	30.9	-	15.2	14.9	16.5	17.6	17.2	19.5	19.6	19.7[4]
Netherlands	23.6	38.4	39.9	39.0	36.8	36.3	35.4	35.9	36.3	n.a
New Zealand	29.6	28.0	30.6	35.8	32.9	34.5	31.0	31.4	33.0	32.1
Norway	-	39.2	42.6	40.9	42.6	42.9	42.0	42.7	42.3	40.8
Poland	-	-	-	36.1	32.7	34.5	31.3	31.8	32.1	n.a.
Portugal	15.7	18.9	24.1	28.9	30.6	31.3	29.5	32.0	31.2	33.4
Slovak Republic	-	-	-	39.6	33.6	28.8	28.4	28.3	28.1	29.6
Slovenia	-	-	-	38.4	36.6	37.1	36.2	36.3	36.5	36.8
Spain[1]	14.3	18.0	26.8	31.3	33.4	36.4	29.8	31.2	32.1	32.6
Sweden	31.4	38.9	44.8	45.6	49.0	44.9	44.0	42.3	42.3	42.8
Switzerland	16.6	22.5	23.9	25.5	27.6	26.1	27.1	27.0	26.9	27.1
Turkey	10.6	11.9	11.5	16.8	24.2	24.1	24.6	27.8	27.6	29.3
United Kingdom	29.3	33.6	35.6	32.1	34.7	34.1	32.3	33.6	33.0	32.9
United States	23.5	24.6	24.6	26.7	28.4	26.9	23.3	24.0	24.4	25.4
Unweighed average:										
DECD Total	**24.8**	**28.6**	**31.7**	**33.6**	**34.3**	**34.2**	**32.7**	**33.3**	**33.7**	**34.1[6]**

Source: Organization For Economic Development and Co-Operation (OECD)

X² distribution table

	5% or .005	l%or .01	2.5% or 0.25	5% or 0.5	10%or.l	25% or .25
1	7.88	6.63	5.02	*3 . 8 4*	2.71	1.32
2	10.60	9.21	7.38	5.99	4.61	2.77
3	12.86	11.34	9.35	781	6.25	4.11
4	14.86	13.28	11 14	9.49 *	7.78	5.39
5	16.75	15 09	12.83	11.07	9.24	6.63
6	18.55	16.81	14.45	12.59	10.64	7.84
7	20.28	18.48	16.01	14.07	12.02	9.04
8	21.96	20.00	17.53	15.52	13.36	10.22
9	23.50	21.67	19.02	16 92	14.68	11.30
10	25.10	23.21	20.48	18.31	15.99	12.35
11	26.76	24.72	21 92	19.68	17.28	13.70
12	28.30	26.22	23.76	21 03	18.55	14.85
13	29.82	27.69	24.76	22.36	19.81	15.98
14	31 32	29.14	26.12	23.68	21.06	17.12
15	32.80	30.58	27.49	25.00	22.31	18.25
16	34.27	32.00	28.85	*26.30*	23.54	19.37
17	37.16	34.41	30.19	27 50	24. 77	20.49
18	38.58	35.81	31.53	28.87	25.99	21.60
19	40.00	36.19	32.85	30.14	27.20	22.72
20	41.40	37.57	34.17	31.41	28.41	23 83
21	42.80	38.93	35.48	32.67	29.62	24.93
22	44.18	40.29	36.78	33.92	30.81	26.04
23	45 56	41.60	38.08	35.17	32.01	27.14
24	46.93	42.98	39.36	36.42	33.20	28.24
25	48.20	44. 31	40.65	37.65	34.38	29.34
26	45.56	45.66	41.92	38.89	35.56	30.43
27	46.93	46.96	43.19	40.11	36.74	31.53
28	48.29	48.28	44.46	41 34	37.92	32. 62
29	52.34	49.59	45.72	42.56	39.09	33.71
30	53.67	50.89	46.98	*43.77*	40.26	34.80
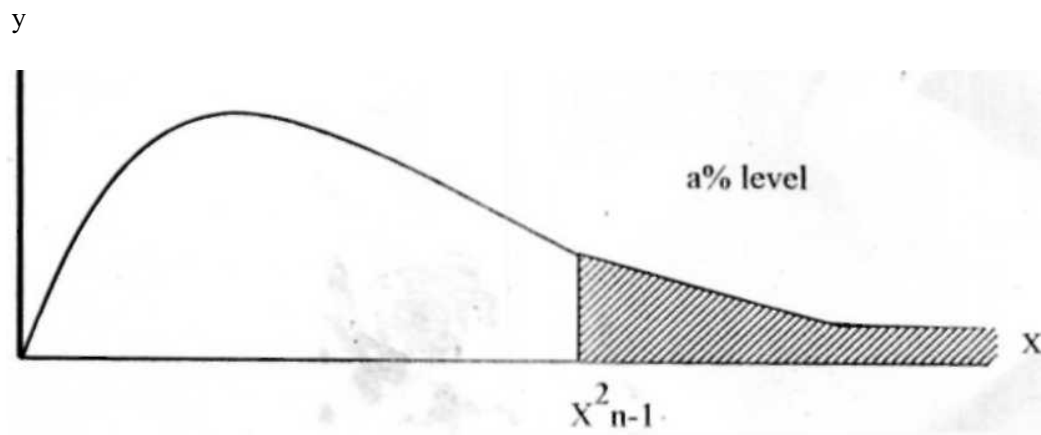
Survey/Questionnaires/Interview Questions

RESEARCH PROJECT FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY (PhD)

TOPIC: The Challenges of Tax Revenue Maximization in Nigeria through Voluntary **Tax Compliance:** The Role of self-Assessment

Dear Sir/Ma,

I am a post graduate student of St Clements University

Over the years citizens and governments in Nigeria have been clamoring for increased tax revenue collection to enable government meet its obligations of improving the welfare of the people. Incidentally tax revenue has not been increasing as appreciably as required even in the face of a growing population. To make matters worse, crude oil on which Nigeria's economy revolves suffered a steady drop in price in more than a year now, thus weakening the tax revenue base of the country.

For government to meet its obligations, it means it has to maximize its tax revenue collection. To achieve this, the tax administration system   has to be more efficient and effective as to improve tax compliance, so as to deliver adequate increase in tax revenue collection. It is for this reason that this research is being carried out. The topic of the research is as indicated above.

There is an assumption that taxpayers will play a key role in tax revenue maximization through voluntary tax compliance, with self-assessment of tax due as the instrument. I am pleased to inform you that you have been selected, through a scientific method to be one of the taxpayers that will assist in finding a solution to the current poor tax compliance behavior.

It will be appreciated if you can support this problem solving research by completing the attached questionnaire. The researcher will be available to make clarifications if need be. Please, use the phone numbers and e-mail address below for that purpose.

I will appreciate it if you can drop the completed questionnaire, sealed in the self-addressed envelope, with the Reception Unit of your place of business. You may also wish to return it through electronic means.

I count on your support and cooperation, in this regard.

Yours faithfully,

C.N.Onyegbule.
08023381200 and 07034155500
chris.onyegbule@hotmail.com
October 15, 2015.

General Questionnaires

Please tick good (   ) in the appropriate boxes for your answer

    A. <u>Personal Data of Respondent</u>

i.   Sex

        Male (   ) female (   )

ii.   Age: Tick the age bracket you belong?

  a)   Below 30 years (   )

  b)   31 to 40 years   (   )

  c)   41 to 50 years   (   )

  d)   51 to 60 years   (   )

  e)   61 t0 70 years   (   )

  f)   Over 70 years   (   )

iii.   Marital Status

        Single (   ) married (   ) Separate/Divorced (   ) other (   )

iv.   Occupation

        Public sector (   ) Private sector (   )

v.   Job experience

        0-5 years (   ) 6-10years (   ) 11-15 years (   ) over 15 years(   )

vi.   Level/Cadre in the organization you belong?

  a)   a)Top Level management   (   )

             b) Middle Level management (   )

             c) Lower Level management (   )

             d)   Other staff   (   )

vii.   Educational Qualification

  a)   Below Higher National Diploma (   )

  b)   First Degree/ Higher National Diploma (   )

  c)   Masters Degree (   )

  d)   Doctor of philosophy (   )

viii. Professional Qualification(s). Please tick the appropriate column below:

  a)   Law   (   )

b)   Accounting   (   )

c)   Taxation   (   )

d)   Others   (   )

B   Specific Questions

   Please, tick in the columns provided

I.   It has been suggested that the self-assessment tax system, that is, filing of tax returns and paying taxes due on statutory dates, brings about increase in tax revenue collection. Do you agree?

Strongly agree ( )

                    Agree   (   )

                    Disagree   (   )

                    Strongly disagree (   )

                    Perhaps   (   )

II.   Over the years the Federal Inland Revenue Service has been exceeding its tax revenue collection target. Why has this not translated to increase in tax-to-GDP ratio?

a)   Computations of tax-to-GDP were based on wrong figures   (   )

b)   The tax collection targets were low   (   )

c)   Both (a) and (b) above   (   )

III.   The self –assessment tax system involves sharing of tax administration responsibilities between tax officials and taxpayers. Do you think tax officials are reluctant to share such powers with taxpayers?

   Yes (   ) No (   )

IV.   One of the issues raised by tax officials during discussions in public fora is that taxpayers cannot be trusted to share in tax administration responsibilities. Do you agree with this opinion

   Yes (   ) No (   ) Perhaps (   )

If your answer to the above is "Yes" please, select a reason from the options below to justify your response.

a) Many taxpayers do not understand tax issues   (   )

b) Some taxpayers are not honest   (   )

c) Tax administration is the responsibility of

the government/tax officials   (   )

d) It is only natural   (   )

e) No idea   (   )

v. Granted that the self-assessment tax system assigns part of tax administration duties to taxpayers, eg self-declaration of income, do you think that taxpayers can be trusted to play this role honestly?

Yes (   ) No (   )

V(a)   If your answer to the above is "No", why do you think taxpayers are not willing to declare the correct amount of income and taxes?

a) Many taxpayers are not honest (   )

b) I do not know   (   )

V (b)   If your answer to the above question is "yes", why do you think taxpayers are willing to declare the correct amount of income and taxes

a) Taxpayers are stakeholders

b) No specific reason

 V(c) Specific response from taxpayers representatives (interview)

a) Our clients declare correct income (   )

b) No specific reason   (   )

V(d) Specific response from tax officials (interview) based on what taxpayers   say to them

a) Government does not assist taxpayers in their businesses( )

b) Taxpayers do not derive benefits from government as they provide everything by themselves(   )

V. The self-assessment tax system encourages dialogue between taxpayers and tax officials (tax authority). It is alleged that the tax authority is not willing to implement the requirement of dialogue? What is your response; tick one of the options below:

a) It is a waste of time ( )

b) Some aspects of the tax laws empower tax officials to take actions as they deem fit ( )

c) Tax administration is historically the preserve of tax officials ( )

d) Tax officials are experts on tax matters and taxpayers are not ( )

e) I can't think of any particular reason ( )

VI. Are there other constraints to dialogue between tax officials and taxpayers? Choose from any of the options below

a) Funding ( )

b) The State of tax laws ( )

c) Funding and the state of tax laws ( )

d) I cannot think of any other constraints ( )

e) There is no need for dialogue ( )

VII. Which of the following factors motivate taxpayers to file tax returns timely and honestly;

a) Fear of sanctions ( )

b) State of infrastructure ( )

c) Good governance ( )

d) Patriotism ( )

e) Regular tax audit ( )

IX Do you think there are impediments to the implementation of the self-assessment tax system? Choose from one of the answers below.

a) Yes ( )

b) No ( )

If "yes" what are they, tick any five

a) Inadequate funding ( )

b) Taxpayers lack understanding of their obligations ( )

c) Fluid nature of tax laws ( )

d) General lack of understanding of the tenets of self-assessment tax system

( )

e) Reluctance to implement the tenets of self-assessment tax system ( )

f) Failure to impose sanctions in cases of default ( )

g) General lack of balance between taxpayers enablement and tax compliance enforcement ( )

h) Cultural issues ( )

i) Lack of understanding of methods of interpretation of laws ( )

j) Taxpayer resistance ( )

X What factors do you think will make the self-assessment tax system effective in an environment like Nigeria? Tick five factors from the list below.

a) Serious tax enforcement ( )

b) Simple and updated tax laws ( )

c) Good taxpayer education ( )

d) Effective and transparent tax audit and investigation ( )

e) Incentives to taxpayer for tax compliance ( )

f) Tax education at all levels ( )

g) Collaboration among tax agencies ( )

h) Speedy disposal of tax cases in Court ( )

i) Good training for tax officials ( )

j) Adequate funding of tax operations ( )

X(a) Rank the above five determinants of effective self-assessment system in descending order of your preference of importance;

	Ranking
a)	1st
b)	2nd
c)	3rd
d)	4th
e)	5th

X1 Bonus for self-assessment filing was expected to elicit compliance with self-assessment tax regime. In your opinion, did it achieve its objectives?

Yes (   ) No (   )

XI(a) If your opinion is "No" to XI above, explain why it failed. Choose from one of the following options;

a) There was improper administration of the self-assessment tax system(   )

b) Non/late filers derived more financial benefits from non-filing than the self-assessment bonus (   )

XII Why do you think taxpayers make incorrect declarations of income? Choose one option

a)   They do not know the implications of incorrect declarations   (   )

b)   They are sure they will not be caught   (   )

c)   Even if they are caught the consequences are not

       Severe(   )

d)   It is economically advantageous to make incorrect declarations (   )

e)   I do not know anything   (   )

XIII Why do some taxpayers make correct declaration of income? please, choose from the options below:

a)   For fear of severe sanctions of incorrect declaration(   )

b)   May be because of company policy (   )

c)   For moral reasons (   )

d)   In order to maintain the reputation of their businesses (   )

e)   The laws want them to do so (   )

XIV   Non –compliance with tax laws and regulations is a demonstration of tax resistance/protest? Do you agree? Choose any option below.

a)   Strongly agree   (   )

b)   Agree   (   )

c)   Undecided   (   )

d)   Strongly disagree (   )

e)   Disagree   (   )

XV   Do you think that religious and cultural backgrounds influence tax compliance?
       Behavior

a)   Yes   (   )

b)   No   (   )

c)   No idea(   )

d)   Perhaps(   )

If your response is "yes"/"perhaps" indicate the extent by choosing one of the options below:

a)   To a very large extent (   )

b)   To a large extent   (   )

c)   Cannot estimate   (   )

d)   To a small extent   (   )

e)   To a very small extent (   )

XVI People's perceptions of government influence the level of tax compliance? Respond by choosing one of the options below;

a)   Strongly disagree (   )

b)   Disagree   (   )

c)   Undecided   (   )

d)   Agree   (   )

e)   Strongly Agree   (   )

XVII   Is the influence of perception of the performance of government on tax compliance a matter of individual or group opinion? Choose any of the following:

a)   Individual (   )

b) Group ( )

XVIII Which of the reasons below account for taxpayers' failure to comply with the constitutional provision on self-assessment (section 24(f)

a) I do not know about this provision ( )

b) Tax authorities have not enforced it ( )

c) No choice of reason ( )

d) Tax administrators are not serious ( )

e) Other laws are also being flouted ( )

XIX In your opinion, which of the following accounts more for non-compliance with tax laws:

a) Corruption perception of government officials ( )

b) Bad governance ( )

c) Poor infrastructural facilities ( )

d) Lack of knowledge of tax obligations ( )

e) Incompetence of tax officials ( )

XX Political considerations account more for why government has not shown interest in ensuring the success of voluntary tax compliance. Choose your answer from one of the following:

a) Strongly agree ( )

b) Agree ( )

c) Do not know why ( )

d) Disagree ( )

e) Strongly disagree ( )

XXI Tax return forms, in terms of format, cost and availability is not a hindrance to prompt filing of tax returns .Do you agree?

a) Yes ( )

b) No ( )

XXII How much knowledge and understanding of the tax system and voluntary tax compliance do you attribute to tax officials? Choose from one of the following options

a)   Excellent (   )

b)   Very good(   )

c)   Good   (   )

d)   Fair   (   )

e)   Poor   (   )

XXIII There is no relationship between tax revenue maximization and voluntary tax compliance through the self-assessment tax system. Please tick one of the following options:

a)   I strongly agree   (   )

b)   I agree   (   )

c)   No opinion   (   )

d)   I disagree   (   )

e)   I strongly disagree   (   )

XXIV   Voluntary tax compliance relies on strict enforcement of tax laws. Do you agree? Choose from one of the suggestions below;

a)   I agree   (   )

b)   It depends (   )

c)   I disagree (   )

XXV   How would you rate tax officials you have come across in the course of your compliance with tax laws, in terms of standards of transparency and fairness. Choose only one of the options below:

a)   Poor   (   )

b)   Fair   (   )

c)   Good   (   )

d)   Very Good   (   )

e)   Excellent   (   )

XXVI   How would you rate the support of stakeholders such as the executive arm of government, legislatures and the judiciary, to the success of voluntary tax compliance? Select your response from one of the options given below;

a)   Excellent   (   )

b)   Very Good   (   )

c)   Good   (   )

d)   Fair   (   )

e)   Poor   (   )

XXVII Which of the following options influences you the most in taking tax compliance decisions?

(a)   Personal opinion on why I should comply with tax laws   (   )

(b)   What I hear from other people regarding their feelings

on tax compliance   (   )

(c)   How convincing the tax people are on why

I should pay my tax   (   )

(c)   My concern that government needs money for development (   )

(d)   My general sense of patriotism   (   )

XXVIII Which of the following factors do you think accounted for the increase in tax revenue collection without corresponding increase in tax-to-GDP ratio. Choose only one option.

(a)   Inflation   (   )

(b)   Steady depreciation of the Naira   (   )

(c)   Inflation and steady depreciation

      Of the Naira   (   )

(d)   I do not know what factor was responsible   (   )

(e)   Wrong setting of tax revenue target   (   )

XXIX   Are you aware that the Federal Ministry of Justice in 2012 gazette the Tax Administration(Self-Assessment)Regulation, 2012 for clarification of the procedures for the self-assessment tax regime.

Indicate if you have a copy of the regulation.

(a)   I am not aware of that regulation at all   (   )

(b)   I am aware but have not seen any copy   (   )

(c)   That is the business of our tax consultant   (   )

(d)   I am aware and I have a copy   (   )

(e)   It is not my business to know   (   )

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