



ANALYSIS OF FACTORS INFLUENCING TAX COMPLIANCE IN KWARA STATE

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Abstract

Low level of tax compliance has been a matter of serious concern in many economies like Nigeria, because tax revenue is tied to government performance. This study examined the factors influencing tax compliance in Kwara State. Specifically, the study investigated the effects of tax audit, tax fund management and tax payers' confidence in the tax operational system on tax compliance in the State. The study adopted cross-sectional research survey design and stratified sampling technique was used in selecting 400 respondents. Data were obtained from primary source through a 5-point Likert scale questionnaire and were analyzed using Ordinary Least Squares (OLS) regression method. The study revealed that the Use of Taxpayers Fund (UTF), effectiveness of Tax Operational System (TOS) and Tax Audit and Penalties (TAP) had significant effect on tax compliance with co-efficient of 0.571, 0.224 and 0.20 at 5% level of significance respectively on tax compliance. Based on these findings, the study concluded that these factors had significant effects on tax compliance in Kwara State. It was therefore recommended that Kwara State Government should ensure that tax funds are deployed towards developmental projects and it should intensify efforts to educate people more on tax legislations with a view to eliciting more compliance and economic growth in the state.

Keywords: Tax Compliance, Tax Morale, Tax Audit, Tax Payer's Confidence

1. Introduction

Taxation is an age-long practice which could be traced to the days of early civilization. Tax refers to a general concept for devices used by the government to extract funds from the citizen and organizations with the use of law. According to Nightingale (2001), a tax is a compulsory contribution imposed by the government, and while taxpayers may receive nothing identifiable in return for their contribution, they nevertheless have the benefit of living in a relatively educated, healthy and safe society. In other words, a tax is an imposed levy by the government against the income, profits, property, wealth and consumption of individuals and corporate organizations to enable the government to obtain the required revenue to provide basic amenities, security and well-being of the citizens.

Stephen (2015); Fagbemi and Abogun (2013); and Kennedy and John (2013), stated that there is an established link between government tax revenue and economic development. A country



with a low tax revenue profile will be lacking necessary funds needed for economic development and transformation. Therefore, all responsible corporate citizens would seek to ensure compliance with tax laws. Most developmental projects in developed countries are been attributed to proper utilization of tax revenue. The nation will remain underdeveloped, if it lacks financial resources to provide basic infrastructure.

The size of a country's revenues generation will be determined by the extent of tax compliance of that country. The greater the level of tax compliance, the greater the country's ability to raise funds from taxes. Citizens are expected to see tax as a social responsibility and the means of assisting their nation while the Chartered Institute of Taxation of Nigeria's (CITN) findings of 2010 on taxpayers' behaviour is contrary to the above view. According to CITN (2010), administration of income tax in Nigeria as in some other developing countries is characterized by low compliance level and despite Nigeria's human and natural endowment as well as economic potentiality, the country has continued to record one of the lowest tax compliance level in Africa.

Governments have embarked on many campaigns and strategies in an attempt to achieve the accurate compliance. These strategies include the use of tax audits and penalty, among others. However, the expected tax return is yet to be achieved. In Kwara State, the State Government has commenced the tax awareness programme on the state mass media outlet since last two years with little success to record for it as claimed by the Secretary to the State Government. Shop owners in kwara state registered their own grievances on personal income tax in Royal Time Newspapers on 10th of January 2017.

However, drawing from the Expectancy Theory of Motivation, Bariyima and James (2014) identified some attractive rewards to the taxpayers which are capable of satisfying taxpayers' unsatisfied needs and motivate adequate compliance to tax such as roads, electricity, water, security, etc.

The state's tax administration was making efforts to control the poor compliance situation. Some business enterprises were sealed off on the tax evasion counts, while large numbers were believed to have their escaping route through the tax officials and tax avoidance. The Kwara State Government resulted into handing over the State Internal Revenue Service Board to some tax professionals /tax officials to attain optimal tax compliance. It seems the problem includes low confidence in government and tax system as a result of poor delivery of expected and promised service of the government.

World Bank (2016), rated Nigeria 187th out of 189 countries based on tax compliance hours. Nigeria is just ahead Brazil and Bolivia in the world on tax compliance basis. Also, Nigeria was ranked as 181st out of 189 in overall paying taxes ranking which comprises of tax rate, payment system, tax administrative efficiency and time to comply with the measurement of all the countries. It is evident that non compliance to tax is not a minor practice in Nigeria and in Kwara State to be specific.

Looking into the scenario above, one will observe that inefficient tax administration is deemed to be part of what leads to non compliance, while a host of others is definitely involved in this



low revenue generation syndrome. This study examined tax compliance in Kwara State, Nigeria.

Low tax compliance is a matter of serious concern in many developing countries because it limits the capacity of government to raise revenue for developmental purposes (Torgler, 2003). Most researchers on tax compliance including, Torgler (2003) and Murphy and Harris (2007) focused their attention on the Western World and some Asian countries except that of Fakile (2012), who worked on analysis of tax moral and compliance. Bariyima and James (2014), studied the effects of motivation on tax compliance and Stephen (2015), examined the effects of economic growth on tax compliance. Also Fagbemi and Abogun (2013) worked on the factors influencing tax compliance. All these studies agreed that relationship between government and taxpayers influence tax compliance.

However, the gap from the above studies is the fact that none of the work look into the effect of Tax audit and Penalties, Government uses of tax funds and confidence in tax system all together as proxy for tax morale or motivation behind the tax payers compliance behaviour. Where the relationship between the taxpayers and the government is accepted by all the afore-mentioned authors to include any performance or responsibilities of government in relations to tax funds generations and uses of it. Based on this, the following objective became pertinent, without prejudice to the work of Alm and Tonglar (2006), Alm (2013), Fakile (2012), Fagbemi and Abogun (2013), Bariyima and James (2014) and Am and Yusuf (2009), this study evaluates the factors influencing the taxpayer's compliance attitudes in Kwara State. The specific objectives are to examine the effect of tax audit and penalties on the taxpayers' compliance decision, to ascertain the effect of the use of tax fund on tax compliance behaviour, and to evaluate the effect of taxpayers' confidence in tax operational system.

2. Literature Review

Conceptual Issues of Literature

There are some factors that might influence the taxpayer's behaviour, the roles of individuals in the society and accepted norms of behaviour have also shown to have a strong influence (Wenzel, 2001). Individuals are not simply independent selfish utility maximisers, but they also interact with other human beings in ways which depend on different attitudes, beliefs, norms and rules. It also means that as taxpayers they can normally be expected to act as responsible citizens, that is, in normal circumstances, they should conform to reasonable obligations of the tax system without the need for strict application of enforcement activity.

According to Bariyima and James (2014), tax compliance is the act of subjecting oneself to the demands of the tax laws either voluntarily, by persuasion, inducement or compulsion. "Voluntary tax compliance" occurs when a tax payer willingly submits himself as best as he can to the requirements of the tax laws. "Enforced tax compliance", on the other hand, is when he is compelled or coerced to do same. Thus, not all non-compliance were due to evasion some are tax avoidance which is legal. As Bariyima and James (2014) had noted, it is quite conceivable that non-compliance might be driven by simple incapacity to comply or even ignorance of what to do. Compliance has been a great problem in the Nigerian tax system as a result of the large scale of Nigeria's informal sector. The administrative burden of applying the tax provisions had equally been very cumbersome for some of these entities.



For over 40 years ago, the benchmark economic model of tax non compliance behaviour has been addressed in the Allingham and Sandmo's (1972) Model, in which self-interested taxpayers choose how much income to report to the tax authority by trading off the benefits of evasion (lower tax payments) against the costs of evasion (the possibility of being caught and punished). The key policy parameters affecting tax evasion are the tax rate, the detection probability, and the penalty imposed, conditional on the evasion being detected. (Fagbemi & Abogun, 2013).

Furthermore, the definition of tax compliance frequently used in the literature might be considered to be too simplistic. The most common approach previously has been to conceptualize compliance in terms of "tax gap", that is, the difference between the actual revenue collected and the amount that would be collected if there were 100 per cent compliance. However, the basic concept of "tax-gap" for non-compliance seems to be far too simplistic for practical policy purposes.

According to Roth, John and Witte (1989), compliance with reporting requirement means that the taxpayer files all required tax returns at the proper time and that the returns accurately report tax liability in accordance with the Internal Revenue code, regulation and court decisions applicable at the time the return is filed. Therefore, successful tax administration requires taxpayers cooperation in the operation of a tax rather than be forced. This clearly states the line between tax compliance and noncompliance; yet, tax compliance requires adequate record keeping and actions or concepts that leads to voluntary and adequate compliance with tax policies.

Consequently, a taxpayer can fail to comply either because he has made an honest mistake while filling his tax form, or because he wanted to evade his tax liabilities from the beginning. Whether the taxpayer made an honest mistake or intentional omission, the result is the same. For this reason, non-compliance includes situations where individuals underpay or overpay their taxes usually called underreporting or over-reporting.

Concept of Tax Morale

Tax morale is defined as the intrinsic motivation to pay taxes, although many researchers including Frey (2003) and Torgler (2002) stressed its relevance to achievement of high observed level of compliance.

There are three key factors that are important in understanding tax morale, they are: moral rules and sentiments; fairness; and the relationship between taxpayer and government (Erzo, Luttmmer & Monica, 2014). These three key elements are important determinants in the empirical part of this study. Morale rules and sentiments focus on social norms and analyses the four sentiments – guilt, shame, duty and fairness.

Tax moral as perceived by Bariyima and James (2014), Kennedy and John (2014) Mark (2014), Fagbemi and Abogun (2013), among others, as a subject of government management tax funds and tax administration competency. Where the false declaration will generate anxiety, guilt, or if caught, shame and thus a prejudice to the taxpayer's self-image. It is assumed that a taxpayer feels these moral costs which act as a restriction on non-compliance. On the other hand, if a taxpayer feels or believes that the tax system is unfair, that is, having a high tax burden, moral



cost to behave honestly will decrease and tax evasion can be seen as a sort of resistance against the tax system (Fakile, 2012).

Tax morale is often used in reference to these types of influences on tax compliance. Tax moral can be defined broadly as an umbrella term capturing non-pecuniary motivations for tax compliance as well as factors that fall outside the standard expected utility framework. For example, individuals may have some intrinsic motivation to pay taxes or feel “guilt” or “shame” for failure to comply. They may comply due to reciprocal motivations: the willingness to pay taxes in exchange for benefits that the state provides to them or to others even though their pecuniary payoff would be higher if they didn’t pay taxes.

Tax compliance is not just a function of opportunity, tax rates, probability of detection and so on but of each individual’s willingness to comply shaped by tax morale. This means that if tax morale is favorable, tax compliance will be relatively high. On the other hand, tax moral will emanate from government discharge of duty which in most cases a subject of available resources.

Social Capital Theory

According to Alm (2013), there is abundant evidence that individuals are influenced by the social context they are into and the process by which decisions are made and that they are motivated not simply by self-interest but also by group notions like social norms; Social capital, social customers, social networks, fairness, trust, reciprocity, intrinsic motivation, tax morals as well as by individual notions of guilt, shame, morality, or altruism.” He called this a social interaction theory as agreed by Essian (2005).

Working on the psychology of taxation, Kirchler (2007) called this process a social norm of tax compliance. A social norm therefore represents a pattern of behavior that is judged in a similar way by others and that is sustained in part by social approval or disapproval. If others behaved according to some socially accepted mode, then the individual will behave appropriately; if others do not so behave then the individual will resent in kind (Alm, 2013).

This theory suggests that if the government comply with social norms and attaching specific goals to specific taxes and employ Management By Objectives (MBO) principles in formulating tax policies then people will comply with the social norms of paying their taxes. Again, the truthfulness of the governors to the governed in areas of fair electioneering, asset declaration shunning primitive capital accumulation and neo-colonialism will set a good model for confidence reliance, a catalyst for tax compliance. This theory can be linked to the axioms that this country belongs to all of us, play yours and I will do mine.

Expectancy Theory of Motivation

Social-political theory of taxation does not promise any benefit to the taxpayer. According to (Appah & Oyadonghan, 2011), it necessitated tax payment as a civil duty or responsibility without expecting a commensurate benefit or non from the government quid-pro-quo.

However, taxpayers have a fiduciary relationship with the government. This benefit received theory proposes that while the citizens pay tax, government is to in turn provide certain social goods and services to the tax payers. Bhartia (2004) said, this theory overlooks the use of tax policy for economic growth and stabilization of a nation. Individuals see payment of tax as a



means of contributing their quota to the cost of providing social goods by government (Appah & Oyadonghan, 2011).

The expectancy theory of motivation argues that the strength of tendency to act depends on the strength of an expectation that an act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Tamunomiebi and Zeb-Obipi, 2009). The social capital theory states that masses should not expect a direct favour on tax paid while the government is responsible for provision of societal needs. The failure of one will definitely lead to reductions of the other's performance i.e. should government fails in their responsibilities, taxpayers will not comply.

Empirical Review

Alm and Tonglar (2006), conducted a world values survey data on wide range of countries over several years with a test on the role of culture on tax compliance, the result shows a significantly higher tax moral in the United States than in Spain. In addition to this, some have similar results which indicate that the US, Austria and Switzerland are the countries with high moral for tax compliance. Alm (2013), conducted a study in US to answer the question of what accounts for these great compliance. In an empirical study with experimental design, analyzed the results with correlation and regression. He discovered that Group motivation has a direct effect on tax compliance methods. (Alm, Clark and Label, 2012) in another study in UK making use of secondary data on tax filling compliance, the study analyzed the panel data collected with correlation and revealed that social capital factors such as heterogeneity in household incomes and religion on tax filling and discovered that not filling increases with heterogeneity by race and decrease by religion and other enforcement variables.

Also, Alm and Yusuf (2009) attempted to know the effect of non compliance by some segment of the society, their study was conducted in United Kingdom using spatial dependence with secondary data, state lead time series with cross sectional data. The result showed that an increase in tax evasion in one state led to a positive increase in tax evasion in a neighbouring state with a response of 10% to 20.4% effect on other states. Fakile (2012) conducted a study on analysis of tax morale and tax compliance in Nigeria, making use of primary data and the findings were of affirmatives that social norms, attitude towards government, tax evasion and tax avoidance had significant effect on tax morale. He stated further that taxpayers may follow laws they know or trust to produce good results. But laws are not only chosen according to past experiences; they are also influenced by the attributions taxpayers give to them (for example, fairness and efficiency).

Fagbemi and Abogun (2013) worked on factors influencing voluntary tax compliance among Small and Medium Enterprises (SMEs) in Ilorin metropolis with primary data from the computation using the Pearson moment correlation and multiple linear regressions, it was deduced that tax morale and trust in government had a positive impact on voluntary tax compliance among SMEs in Ilorin metropolis. Bariyima and James (2014) studied the effect of motivation on tax compliance in Bayelsa State, with public participation in the process of tax policy formulation; formulation of goal-oriented tax policies and the satisfactory use of tax revenue as motivational variables. The study made use of primary data and tested with Pearson



correlations where the result showed that the motivational factors had strong effect on tax compliance.

3. Methodology

Model Specification

Fagbemi and Abogun (2013), developed a model for factors influencing tax compliance where tax morale, trust in government and cultural norms are the independent variables that determine the tax compliance behaviour.

$$COM = \beta_0 + \beta_1TM + \beta_2TG + \beta_3CN + \varepsilon \dots\dots\dots 1$$

- COM= Compliance
- TM= Tax Moral
- TG= Trust in Government
- CN=Cultural Norms.

This model was adopted and re-modified, due to the facts that two of the variables in it were substituted in this study. Cultural norms was not considered as a variable in this work as it was proved not to have significant relationship with tax compliance in some previous work on tax compliance. It was therefore replaced with the Government Uses of Tax funds. Also tax morale was substituted with Tax Audit and Penalties being the main variable that spring up intrinsic morale of the tax payer and prominent determinant of taxpayer’s compliance behaviour.

The relationship among the variables of this study as can be inferred from the literature and theories is guided by this generalized linear model:

$$Y = f(X) \dots\dots\dots 2$$

Where X is for the regressors and Y for the regressand, the regressand is tax compliance (VTC)

$$VTC = \alpha_0 + \beta_1TAP + \beta_2UTF + \beta_3TOS + \varepsilon \dots\dots\dots 3$$

- Where:
- VTC = Voluntary Tax Compliance
- TAP = Tax Audit and Penalties
- UTF = Uses of Tax Fund
- TOS = Tax Operational System
- ε = the error term.

The *a priori* expectation of the linear model is: $\beta_{TAP} / \beta_{Tax} > 0$; $\beta_{UTF} / \beta_{Tax} > 0$.

Research Design

Research design is a procedure or process that guides the researcher in providing answers to research questions and meeting desired objectives. This study made use of cross-sectional survey design. This is because of the fact that respondents were large in number and of different groups.



Sample Size and Sampling Techniques

In view of the researcher’s inability to reach out to the entire population, and in order to gain the advantage of an in-depth study and effective coverage, samples were drawn using random sampling from the aforementioned selected four organizations and Yamane’s (1986) sampling formular was used to determine a sample of 392 from a population of 20,000

To enable each of the organizations to have fair and equal representation in the sample, approximating the sample size of 392 to 400 was considered necessary. Using a population of approximately 20,000 Kwara residents with an error limit of 5%, a sample size of approximately 400 is considered adequate as stated above. These are respondents are drawn from a sample size of four organizations in the public, private and informal sectors.

The four organizations were Kwara State Bureau of Land and Housing, Diamond Bank Nigeria Plc, Artisans and Crafts Practitioners and Mandate Marketers. Furthermore, a total number of 100 (one hundred) questionnaires were administered to each of the four chosen organizations. The choice to administer 100 questionnaires each in the four selected organizations is to have fair representations of each class i.e. state government staff, private establishment staff, self employed and informal sectors by having equal number of respondents in the study.

Methods of Data Analysis

The dependent variable in this study was represented by tax compliance while the independent variable was represented by determinant factors such as effects of Audit and penalties, trust of taxpayers in the government use of funds and trust in government tax policies

Ordinary Least Square Regression Analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. The statistical package for social sciences (SPSS) was employed in the different analyses conducted.

4. Result

Correlation and Regression / Results

Table 1: Correlations

		VTC	UTF	TOS	TAP
VTC	Pearson Correlation	1	.478**	.352**	.282**
	Sig. (2-tailed)		.000	.000	.000
UTF	Pearson Correlation	.478**	1	.385**	.352**
	Sig. (2-tailed)	.000		.000	.000
TOS	Pearson Correlation	.352**	.385**	1	.784**
	Sig. (2-tailed)	.000	.000		.000
TAP	Pearson Correlation	.282**	.352**	.784**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	388	388	388	388

***Correlation is significant at the 0.01 level (2-tailed).*

Source: Author’s Computation, (2019)

The result of the regression analysis is presented in this segment of the study. This study has one outcome (dependent) variable and multiple predictors. We therefore regressed the



dependent variable, tax compliance on all of the predictor variables, tax audit and penalties Policies, government uses of tax revenue and tax operational system.

Table 1 was used to present the correlation result of the variables; the variables in the model were free from the risk of multicollinearity. None of the value of the correlation between the variable is above 0.4 while it could be said to have the multicollinearity if we have value greater than 0.7

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.859 ^a	0.739	0.737	0.360	0.739	361.897	3	384	0.000	1.591

Note: Predictors: (Constant), TAP, UTF, TOS; Dependent Variable: VTC
 Source: Author's Computation, (2019).

The R-square in Table 2 is .739; indicating that, approximately 74% of the variability of Tax comp. (Tax compliance) is accounted for by the variables in the model. (That is; tax audit and penalties, government uses of tax revenue and effectiveness of tax operational system).

The adjusted R-squared as shown in Table 2, indicates that about 74% of the variability of Tax Compliance (Tax comp) is accounted for by the model, even after taking into account the number of predictor variables in the model. Also from Table 2, Durbin- Watson value of 1.591 is obtained. This indicates that the data used for this study were not auto correlated.

Table 3: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	140.550	3	46.850	361.897	0.000 ^a
	Residual	49.711	384	0.129		
	Total	190.262	387			

Author's Computation, (2019)

As can be observed from Table 3, the p-value of F-test is statistically significant which means at p-value of 0.000, the model is statistically significant. The p-value associated with the F value is very small (.000) and when compared with our alpha standard level of 0.05 It can thus be concluded that the independent variables reliably predict the dependent variable.

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.(p)	Collinearity Statistics	
	B	Std. Error	Beta	T		Tolerance	VIF
(Constant)	.282	.127		2.221	.027		
UTF	.517	.028	.571	18.685	.000	.729	1.372
TOS	.235	.056	.224	4.166	.000	.234	4.267
TAP	.202	.053	.201	3.807	.000	.243	4.107

Author's Computation, (2019)



Collinearity result shown on Table 4 indicated that VIF value falls “between” 1 to 10 thus we can conclude that there is no multicollinearity. The coefficients for each of the variables as shown in Table 4, indicates the amount of change one would expect in VTC (Voluntary Tax Compliance) given a one unit change in the value of that variable, suppose that all other variables in the model are held constant.

Therefore, we would expect an increase of 0.51 (approximately) in VTC (Voluntary Tax Compliance) score for every one unit increase in UTF. (Uses of Tax Fund) assuming that all other variables in the model are held constant. Also, we would expect an increase of 0.24 (approximately) in VTC (Voluntary Tax Compliance) score for every one unit increase in positive behaviour TOS (Tax Operational System effectiveness) assuming that all other variables in the model are held constant. From Audit and Penalties (TAP), we would expect an increase of 0.20 (approximately) in VTC (Voluntary Tax Compliance) score for every one unit increase in TAP, assuming that all other variables in the model are held constant.

In Table 4, the column of Beta coefficients allows us to compare the strength of the coefficient of one independent variable with the other. These are the values for a regression equation if all of the variables are standardized to have a mean of zero (0) and a standard deviation of one (1). As the standardized variables are all expressed in the same units, the magnitudes of the standardized coefficients indicate which variables have the greatest effects on the predicted (dependent) value.

In this study, uses of tax fund (UTF) has the largest Beta Coefficient, (.571) and Tax Audit and Penalties (TAP) has the smallest Beta Coefficient, (.201). Thus, a one standard deviation increase in UTF leads to a (.571) standard deviation increase in predicted (VTC) with the other variables held constant. Also, a one standard deviation increase in TAP, in turn, leads to a (.201) standard deviation decrease in VTC with the other variables in the model held constant.

The difference between the regular co-efficient (unstandardized) and the standardized coefficient is the units of measurement. For example, to describe the raw coefficient for Uses of Tax Fund (UTF), we say a one-unit increase in UTF would yield a .571 increase in the predicted (VTC). However, for the standardized coefficient (BETA) we say a one standard deviation increase in Uses of Tax Fund (UTF) would yield a .439 standard deviation increase in the predicted (VTC).

As shown in Table 4, the coefficient for Tax Audit and Penalties (TAP) is significantly different from 0 using alpha of 0.05 because its p-value of .000 is smaller than alpha standard of 0.05. The coefficient for Uses Tax Funds (UTF) is significantly different from 0 using alpha standard of 0.05 because its p value of .000 is smaller than 0.05. The coefficient for Tax Operational System (TOS) is significantly different from 0 using alpha standard of 0.05 because its p-value of 0.000 is smaller than 0.05

The result of the test of this hypothesis as revealed in Table 4 shows a significant relationship between tax audit and voluntary tax compliance, government uses of tax fund and voluntary tax compliance as well as taxpayer’s confidence in tax operational system and tax compliance in other words, the null hypotheses is rejected while the alternative is accepted meaning that



government tax audit and penalties has significant effects on the taxpayers' compliance behaviour in Kwara State.

5. Conclusion and Recommendations

The study concludes that tax compliance is a function of government uses of fund, efficiency of tax operational system, and probability of detection and penalties where these three shape the tax moral. Thus; if tax morale is high, tax compliance will be relatively high. Taxpayers may follow laws they know or trust to produce good results and laws are not only chosen according to past experiences; they are also influenced by the attributions taxpayers give to them.

Based on the findings of this study and the conclusion drawn, the following recommendations were made: the tax audit and penalty assignment should be effective and efficient not to punish the tax evaders only but as a means to encourage all taxpayers. The fear of being caught would be sufficient to act as a deterrent; government should ensure that tax funds are tied to one or more specific developmental project. Taxpayers are very sensitive to the use of tax revenue especially in Kwara State, where there are indications that the institution of governance at all levels is entangled in a web of public distrust and declining public confidence; there is the need to provide strong taxpayer's services by the government particularly during the tax filing stage. This will include dissemination of information in order to enhance the taxpayers' compliance behaviour and also introduce the taxpayers' education programmes.

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