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FOREWORD

The Department of Psychology, University of Lagos has continued to expand the frontiers of knowledge through the engagement of cutting edge research by her seasoned faculty members, and the publications of rigorously processed articles in her new journal. This new journal has been welcomed in the academia as a veritable tool for the dissemination of research findings in Nigeria and beyond. The first issue has continued to attract the interest of scholars and researchers and has guided enlightened conversations in the specific areas wherein the studies were conducted; In this edition we are presenting even more fascinating topical issues being addressed by different authors. We hereby invite you to savour these well researched articles. The edition is, as usual, a combination of thought-provoking analyses and discussions on different quests to understanding human behavior and mental processes for a sustainable world; it also highlights promising paths and directions for future intervention. It is hoped that findings from this edition of the journal will furnish the understanding of scholars on how to improve human behaviour for a sustainable society through effective use of modern therapy and intervention models. Finally, this edition has advanced the combined ideas of scholars and academics from different academic disciplines. For this reason, I want to thank everyone who is interested in promoting the boundaries of knowledge, transformation process and ultimately adding to the body of research in behavioural science.

Editor

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Socioeconomic predictors of tax compliance regulations among finance directors in government ministries in Southwest Nigeria

[1]Samuel E. Oladipo, [2]Adewale O. Ositoye and [3]Adetayo J. Afisanwo

[1 & 2] Department of Counseling Psychology, Tai Solarin University of Education, Ijagun E-mail: oladipose@tasued.edu.ng Phone: +2348033305472

[3]Ogun Government Business Tax Office. Federal Inland Revenue Service, Ogun State

E-mail: adetayo.afisanwo@firs.gov.ng Phone: +2348067253459

Abstract

Over time, a substantial percentage of tax evasion and noncompliance with tax regulations has been observed in Nigerian corporate and individual companies and government establishments. This study investigated the socioeconomic predictors of compliance with tax regulation among Directors of Finance and Accounts (DFA) in Government Ministries, Departments and Agencies in Southwest Nigeria. The study adopted the descriptive cross-sectional survey research design, and 600 participants were sampled from the 1,145 total population of DFAs, using a proportionate stratified sampling technique. Socio-Demographic Data Form (SDDF) (r = 0.98) and Tax Compliance Assessment Scale (TACAS) (0.72) were used for data collection. Appropriate test statistics were used for data analysis, with results suggesting significant compliance with tax regulations among Finance Directors (Mean= 4.05). There was a significant negative relationship between age and compliance with tax regulations ($r = -0.135$, $p < .05$); socioeconomic variables altogether did not significantly predict compliance with tax regulations ($F_{5, 594} = 1.303$; $p > 0.05$). It was concluded that socioeconomic variables did not significantly predict the FDA's compliance with government tax regulations. It was recommended that the government pay attention to the age difference of individual FDAs and educate noncompliant taxpayers on the need for compliance.

Keywords: *Tax compliance, finance directors, socioeconomic, tax evasion.*

Introduction

Taxes have extraordinary roles in any country's economic development and policy-making; taxes generate public revenues to finance investments in human capital and infrastructure and provide services for citizens and businesses. Therefore, many governments across the world do not take the issue of tax payments with levity. More often than not, many developing nations heavily depend on foreign aid and eventually become aid-dependent, a situation that is not good enough for their economic independence. To break free from this cycle, governments are increasingly focusing on mobilising domestic revenue, primarily through taxation (Oyedele, 2016). The importance of taxation cannot be overemphasised as it plays a crucial role in bolstering domestic revenue and is instrumental in driving economic growth, income distribution, and infrastructural development (Alshira'h et al., 2020). In addition, taxation fosters accountability and transparency in governance. igeria aims to position itself among the world's top 20 economies by 2030, a goal driving the current democratic government's emphasis on infrastructure development as a cornerstone for economic advancement. Like several African nations, Nigeria relies on tax policies to fuel its economic growth. Therefore, taxes are imposed on various entities, including manufacturing companies, investors, banks, entrepreneurs, and government or civil service employees (Adedeji, 2020). Therefore, ensuring tax compliance is imperative for sustaining economic growth and fostering development in the country.

Tax compliance refers to citizens' adherence, or lack thereof, to the tax laws of their state, encompassing actions such as filing returns, accurately reporting income, and timely payment of taxes (Ojochogwu & Stephen, 2012). Compliance regulation denotes the voluntary adherence to all tax regulations without coercion by the state, including the accurate reporting of tax returns, declaration of gains and deductions, and prompt tax payment (Saw, 2017). Additionally, tax compliance regulation entails submitting tax returns within specified timelines, declaring tax liabilities, and promptly settling these liabilities with the tax authority (Jaya, 2023). It reflects taxpayers' willingness to fulfil all tax obligations and reap the benefits of taxation in accordance with relevant legislation (Thiga & Muturi, 2015). The repercussions of failing to adhere to tax payment and tax regulations are profound, significantly impacting a nation's socioeconomic growth and development. Tax noncompliance occurs when taxpayers fail to remit the appropriate amount of tax, often due to the complexity or contradictions within tax legislation or administrative

procedures (Kasipillai & Jabbar cited in Etim, 2020). It can also entail inaccurately reporting income, deductions, and rebates before remittance (Etim, 2020). Studies such as Loo (2006) further categorise income tax noncompliance into intentional and unintentional behaviours, where unintentional behaviours stem from taxpayers' knowledge and awareness, while intentional behaviours involve evasion and avoidance tactics. An analysis by Oyedele (2016) delved into the factors contributing to the decline in compliance with tax payments and regulations, identifying various influences on both individuals and corporate entities. Primary factors include mismanagement and misuse of tax revenue and inadequate tax literacy and awareness. In Nigeria specifically, researchers have linked noncompliance to institutional factors (Lateef, Saheed & Onipe, 2015), socioeconomic conditions, tax knowledge, audit likelihood, and societal norms (Mohammed, Chek & Idawati, 2016). Moreover, corruption and mishandling of tax revenue by stakeholders (Ovute & Eyisi, 2014), alongside considerations of tax fairness, demographic variables, and tax morale, also contribute to noncompliance (Bojuwon, 2013).

Whenever collected tax proceeds are not properly utilised, it results in mistrust between tax authorities and people, eventually resulting in tax evasion behaviours among taxpayers. Lack of interest in paying taxes may arise from illiteracy and acts of un-patriotism by the citizens. People are reluctant to take on civic responsibility simply because of personal interests and ignorance (Leyira, Chukuma & Asian, 2012). Erul (2020) observed that tax compliance is related to socioeconomic variables. These variables in their study are age, education, being selfish or altruistic, social pressure on tax evasion, and taxpayer's perception of tax burden injustice. Tax compliance determinants from a social and economic perspective relates to taxpayers willingness to comply with tax laws in response to their behaviour and their social environment (Torgler cited in Etim, 2020). Socioeconomic factors such as level of education (educational status), employment status, and income level are included in this study.

Problem statement

Over time, a substantial percentage of tax evasion and noncompliance with tax regulations has been observed in Nigerian corporate and individual companies, as well as some government establishments. Despite numerous initiatives by the Nigerian tax authorities to boost revenue

generation through tax, there is a high rate of tax evasion and noncompliance with regulations. Of particular interest are Finance and Account Directors in Ministries, Departments and Agencies (MDAs) who are responsible for tax deductions on goods and services, contracts awarded, and remits to the federation account. The nation's poor infrastructure development, health, education, and socioeconomic growth and development are all direct results of taxpayers' noncompliance with tax laws. The foregoing problem with tax administration in Nigeria has to be addressed right away. Similarly, there are factors that impede compliance with tax regulations in Nigeria, the most prominent of which are corruption and mismanagement of tax revenue, a lack of public awareness and education about the relevance of tax compliance to national development, corrupt practices among tax stakeholders, and poor socioeconomic conditions with confirmatory empirical results.

Study objectives

The main objective of the study is to investigate the socioeconomic factors that predict compliance with tax regulation among finance directors in government ministries, departments, and agencies in Southwest Nigeria. The specific objectives are to:

1. find out the level of compliance with tax regulations among FDAs in government ministries;
2. determine the relationship between socio-demographic factors (age and gender) and compliance with tax regulations among FDAs.
3. Ascertain if socioeconomic factors (level of education, employment status, and income level) significantly predict compliance with tax regulation among Finance Directors in government ministries in Southwest Nigeria.

Research Questions

The study provided answers to the following research questions:

1) What is the level of compliance with tax regulations among FDAs in Government Ministries?
2) What is the relationship between socio-demographic factors (age and gender) and compliance with tax regulation among FDAs?

3) Will socioeconomic factors (level of education, employment status, and income level) significantly predict compliance with tax regulations among FDAs?

Hypotheses

H_{01}: There is no significant relationship between socio-demographic factors (age and gender) and compliance with tax regulation among Finance Directors in government ministries.

H_{02}: Socioeconomic factors (level of education, employment status, and income level) will not significantly predict compliance with tax regulation among Finance Directors in government ministries.

Literature Review

Tax is described as a compulsory levy imposed by government authorities on individual or corporate income aimed at generating revenue to finance public goods, services, and societal development (Etim, 2020). Tax compliance, on the other hand, refers to the willingness of taxpayers to adhere to tax laws by accurately declaring their income, filing tax returns, and paying taxes promptly (Franzoni, 2000, cited in Etim, 2020). Compliance entails truthful reporting of taxable income, calculation of tax liabilities, timely submission of tax returns, and prompt settlement of tax dues. Any behaviour contrary to these principles constitutes noncompliance. According to McBarnett (2003), compliance can manifest in three distinct forms: committed compliance, capitulative compliance, and creative compliance. Committed compliance denotes taxpayers willingly fulfilling their tax obligations without objection. Capitulative compliance, conversely, involves taxpayers reluctantly meeting their tax obligations. Creative compliance, also known as tax avoidance, refers to actions taken by taxpayers to minimise taxes within legal bounds by redefining income and deductible expenses. Additionally, Chow (2004) views tax compliance from two perspectives: administrative compliance and completion compliance. Administrative compliance involves tasks such as registering with tax authorities, submitting annual tax returns and adhering to payment deadlines.

Conversely, the broader view of tax compliance necessitates honesty, comprehensive tax knowledge, timeliness, accuracy, and meticulous record-keeping to effectively fulfil tax returns and associated documentation requirements (Singh & Bhupalan, 2007). Somasundram (2012) supports this notion, asserting that the broader aspect of compliance becomes particularly critical in a Self-Assessment System, as the total tax liability hinges greatly on the extent of tax compliance.

According to Kiabel and Nwokah (2009), the following are some of the prevailing tax laws in Nigeria: Personal Income Tax Act (PITA); CAP P8 Law of Federations of Nigeria (LFN) 2004; Company Income Tax Act (CITA) CAP.60. LFN 1990; Petroleum Profit Tax Act (PPTA) 2007; Value Added Tax (VAT) Act No 102 LFN 1993; Capital gain tax Act CAP 42 LFN 1990; Stamp Duties Act CAP 411 LFN 1990; Education Tax Act No 7 LFN 1993; and Information technology Development Act 2007.

Different researchers have identified numerous factors that shape tax compliance. Etim (2020) delineates these factors to encompass individual aspects such as personal financial constraints, awareness of penalties for noncompliance, and socioeconomic factors like tax rates, ethical considerations, taxpayer attitudes, and perceptions of equity and fairness. The decision whether to fulfil tax obligations is largely influenced by the taxpayer's personal judgment, although external factors such as peer influence may also play a role. Ultimately, the individual makes the final decision. From a social and economic perspective, tax compliance hinges on taxpayers' willingness to adhere to tax laws based on their behaviour and social milieu (Torgler, 2007). Under these factors, the tax compliance determinants are associated with economic and social factors such as tax rate, ethical attitude towards tax compliance and perception of equity and fairness (Etim, 2020).

Tax rates represent the amount of tax levied by a tax authority over a specified period and significantly influence taxpayers' compliance decisions. Additionally, compliance is intertwined with taxpayers' ethical standards, as individuals with negative attitudes toward compliance tend to exhibit lower levels of adherence (Kirchler, 2008). Mohd's (2011) research underscores the impact of tax knowledge on compliance despite variations in respondents' levels of tax knowledge. The study highlights the influential role of audit likelihood, perceptions of government spending, penalties, and individual financial constraints on tax compliance behaviour. Variables such as age,

religion, and education level, however, show no significant correlation with compliance behaviour. These findings align with Torgler's (2007) research, which suggests that age does not uniformly affect taxpayers' appreciation for compliance and underscores the need to reconcile conflicting definitions used in research. Additionally, the association between age and compliance behaviour becomes less pronounced when considered alongside other variables. Otai et al. (2023), who investigated whether or not there is a relationship between age, level of income and income tax compliance among Small and Medium Enterprises, discovered that the age of owner-manager of the firms has a significant relationship with income tax compliance by the firms. However, the level of income was found not to have a relationship with income tax compliance among the firms. The study concluded that differences in age significantly explain income tax compliance decisions of owners/managers.

Theoretical Framework

This study is anchored on the theory of planned behaviour by Ajzen (1985). The compliance behaviour of individual taxpayers depends not only on economic factors but also on psychological and sociological aspects. Many theories have been used in taxation research to explain taxpayer behaviour. One of the theories is the Theory of Planned Behaviour (TPB). TPB (Ajzen, 1985) is an extension of the Theory of Reasoned Action (TRA) by Ajzen and Fishbein (1980). TPB was developed due to TRA's inability to deal with behaviours over which individuals had incomplete volitional control (Ajzen, 1991). According to TPB, an individual's performance of certain behaviour is determined by his or her intention to perform the behaviour. TPB states that human actions are influenced by three kinds of considerations. These three factors are expected to influence a person to carry out their intention when the opportunity arises. The three factors are: - behavioural belief, or the belief about the likely outcome of a behaviour - normative belief or the belief about the expectation of others - perceived behavioural control (PBC), or the belief regarding the presence of factors that can facilitate or impede the performance of the behaviour. The theory of planned behaviour is relevant to this study as it is primarily concerned with the ethics of a taxpayer. Most taxpayers may have the tendency to believe that compliance is a duty and need not be enforced. Such taxpayers will, therefore, comply voluntarily without having to be pushed or

audited. The theory of planned behaviour is supported in this study by variables such as attitudes, social norms, commitments and motivation of taxpayers.

Empirical Studies

Various local and international studies have explored the impact of different socioeconomic factors on tax compliance. Among these, Kolodziej (2011) investigated the influence of education on voluntary tax compliance. The research analysed external factors, including economic variables such as tax rates and income, and internal factors such as psychological traits like knowledge and motivational attitudes. The findings revealed a positive correlation between economic literacy, attitudes toward economic rights, and commitment to tax obligations.

Çevik's (2012) survey research incorporated variables such as engagement with the state and political system, interaction within society and social capital, as well as personal values and norms. The findings underscored the significance of the social and political context along with individual values and norms in elucidating tax compliance behaviours. Similarly, Bobek, Hageman, and Kelliher (2013) examined socioeconomic factors through lenses including social norms (personal, descriptive, injunctive, and subjective), demographic characteristics (age, income, education, and political ideology), perceptions of tax system fairness, tax audit experiences, and risk preferences. Their study highlighted the crucial direct and indirect impacts of social norms on tax compliance behaviour, with subjective and personal norms emerging as primary drivers influencing taxpayers' compliance intentions. Descriptive and injunctive norms are related to subjective and/or personal norms; however, they do not have a direct effect on tax compliance intentions. Modugu and Anyaduba (2014) undertook a study titled "Impact of Tax Rate on Tax Compliance in Nigeria," employing chi-square and multiple linear regression analyses to scrutinise data collected from both primary and secondary sources. Their findings indicated a significant association between tax rate and tax compliance. Additionally, Alm et al. (2016) conducted an experimental investigation, incorporating variables such as the rate of tax audit, tax rates, and the public release of photos depicting tax evaders to all participants, coupled with details about their noncompliance levels. The results strongly supported the idea that public shaming serves as an additional deterrent to tax evasion, complementing traditional enforcement methods like increased audit rates and penalty

rates. Moreover, D'Attoma et al. (2017) conducted an experimental study employing variables such as gender, tax rate, levels of legal and social equality, income, trust in government, and redistribution. Their findings revealed that women exhibit significantly higher compliance levels than men across all countries, with the gender gap in behaviour being less pronounced in more gender-neutral nations compared to traditional societies.

Amankwaah et al. (2019) investigated the influence of tax knowledge and socioeconomic factors on tax compliance behaviour within the self-assessment system in Sunyani Municipality, Ghana. Their study unveiled that tax knowledge significantly impacts tax compliance, notwithstanding variations in the level of tax knowledge among respondents. Additionally, they found a positive correlation between tax compliance and socioeconomic characteristics such as gender and gross monthly income. However, variables like age, religion, and education level showed no significant correlation with tax compliance behaviour. In Etim's (2020) assessment of tax compliance determinants within the Self-Assessment System (SAS) of tax administration in Akwa Ibom State, Nigeria, individual and socioeconomic factors were scrutinised. The findings unveiled that 80.8% of the variation in tax compliance can be attributed to factors such as personal financial constraints, awareness of offence and penalties, tax rates, and the ethics and attitudes of taxpayers. Notably, personal financial constraints exhibited a positive and significant influence (0.051) on tax compliance, while tax rates showed a negative influence.

Mannan et al. (2020) examined the factors influencing compliance among individual income taxpayers in Bangladesh. Utilising an ordered logistic regression model, they found that fairness, tax penalties, and perceptions of government spending positively and significantly influenced compliance. Additionally, the study highlighted a negative relationship between the cost of complying with tax laws and compliance levels, suggesting that higher compliance costs result in lower compliance rates. Meanwhile, Obaid et al. (2020) explored the impact of tax fairness, peer influence, and perceptions of corruption on tax compliance behaviour among small and medium-sized manufacturing enterprises (SMEs) in Yemen. The research employed the socio-psychological theory, particularly the Fischer model, to analyse tax compliance behaviour. Results indicated that tax fairness and peer influences had positive and significant correlations with tax compliance among SMEs. However, the perception of corruption showed no significant impact on tax compliance among Yemeni SMEs. This study aims to expand upon existing literature by

introducing socioeconomic factors as direct predictors of compliance with tax regulations, complementing previous research on social and economic variables influencing tax compliance drivers.

Method

The study adopted the descriptive cross-sectional survey research design. A cross-sectional study is a type of research design in which data is collected from many different individuals at a single point in time, and variables are observed without consciously or deliberately influencing them. The population for this study comprised all the 1,145 Directors of Finance and Accounts (DFA) in Government Ministries, Departments and Agencies (MDAs) in all six (6) states in Southwest Nigeria (Lagos, Ogun, Oyo, Osun, Ekiti and Ondo). The study selected DFA as participants because they are required by law to maintain and submit books of accounts to the government within the stipulated time, thereby ignoring their self-compliance. The study sampled a total of six hundred (600) DFAs, representing 52.4% of the total population of DFAs in all the MDAs across the six (6) states in Southwest Nigeria. The DFAs in all the MDAs across the six (6) Southwest states were enumerated for the study, and a proportionate stratified sampling method was adopted to select a significant proportion of DFAs across all MDAs in each of the Southwest states.

The authors used two (2) self-developed research instruments, the Socio-Demographic Data Form (SDDF) and Tax Compliance Assessment Scale (TACAS), to collect data from respondents. SDDF has five variables: age, gender, level of education (educational status), employment status, and income level. TACAS is also a structured questionnaire developed by the researchers to assess respondents' level of compliance with tax regulations and tax payments. TACAS comprises 20 items structured in a 5-point rating scale. All items in TACAS are structured using simple sentences and expressions that the respondents can easily understand. The authors employed face, content and construct validity to validate the two instruments.

The psychometric properties of the two instruments were determined by test-retest reliability. For the pilot test, thirty copies of the instruments were administered twice to the Director of Finance and Account (DFAs) in Edo State within an interval of two weeks. These respondents were selected outside of the Southwest zone. Pearson's Product Moment Correlations Coefficient

Formula was used to obtain the reliability coefficient. The reliability coefficient of SDDF was 0.98, while the reliability coefficient of TACAS was 0.72. These coefficients showed that the two instruments used for data collection were deemed reliable. The data administration and collection were conducted in each of the state secretariats among Finance Directors in the State's Ministries, Departments and Agencies (MDAs) within seven weeks, and completed copies of the questionnaire were collected from respondents on the spot. The study used both descriptive and inferential statistical methods to analyse the data. Descriptive statistics of frequency distribution and percentage were used to analyse the demographic data of respondents, while mean and standard deviation were used to analyse research question one. Spearman Rank Order Correlation was used to analyse hypothesis one, while multiple regression was used to analyse hypothesis two. Decisions were made at a .05 level of significance.

Model specifications of the variables used in the study are expressed in the following econometric model, which was adopted to test the relationship between the dependent and independent variables.

$Y = (\beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$ ----------equation 1

where;

Y = Dependent variables (tax compliance)

$X_1 - X_5$ = Independent variables (age, gender, level of education, employment status, and income level)

β_0 = Constant

$\beta_1 - \beta_5$ = Coefficients of Independent variables (age, gender, level of education, employment status, and income level)

e = Error

1.8 Results and Discussions

The summary of results from the analysed data is presented below.

Research Question 1

What is the level of compliance with tax regulations among Finance Directors in government ministries?

Table 1: Mean Scores of Respondents Indicating the Level of Compliance of Finance Directors with Tax Regulations in Southwest Nigeria

Items	Responses (%)							
	1	2	3	4	5	$\overline{X}$	S.D	Decision
Prompt payment of tax level as at when due.	2.2	9.2	22.5	20.8	45.3	3.98	1.114	High
Strict compliance with tax regulations, whether favourable or not.	3.0	10.5	22.0	33.7	30.8	3.79	1.084	High
Utilised the electronic platform to pay tax.	8.5	10.8	17.8	26.2	36.7	3.72	1.291	High
Pay tax level specify to my income.	3.0	9.3	18.5	31.5	37.7	3.92	1.095	High
Encourage others to comply with tax regulations.	4.0	7.7	19.2	32.5	36.7	3.90	1.103	High
Assist the government in sensitising the masses to pay taxes.	6.5	13.2	25.3	31.5	23.5	3.52	1.173	Moderate
Fulfil my civic responsibility by paying taxes and complying with its regulations.	2.5	5.8	20.3	29.2	42.2	4.03	1.041	High
Voluntarily pay tax to contribute my quota to the nation's development.	3.5	9.0	23.2	33.3	31.0	3.79	1.084	High
I regularly evade tax.*	65.8	14.5	9.2	8.5	2.0	4.33	1.076	High
I do not comply with tax regulations.*	64.5	15.0	12.7	6.0	1.8	4.34	1.030	High
Under-payment of tax levied on my monthly earnings.*	65.0	12.3	10.3	7.8	4.5	4.24	1.187	High
Delayed tax payment for personal reasons.*	69.2	9.0	11.5	6.2	4.2	4.33	1.150	High
Evade tax due to corrupt practices by tax agencies.*	63.7	14.5	13.7	5.5	2.7	4.31	1.067	High

Evade tax due to government embezzlement of tax revenue.*	61.7	15.2	9.8	6.7	6.7	4.18	1.245	High
I deliberately evade tax due to poor enforcement.*	68.5	15.3	9.2	3.5	3.5	4.42	1.029	High
Pay tax for fear of being audited.*	58.8	12.8	14.3	7.0	7.0	4.09	1.279	High
I do not pay taxes, and I discourage others from paying.*	68.0	12.2	10.0	6.0	3.8	4.34	1.117	High
Pay tax only when enforced to do so.*	65.2	12.2	11.5	7.3	3.8	4.27	1.154	High
I pay tax because of the demand for tax clearance.*	49.8	14.0	10.5	7.7	18.0	3.70	1.563	High
I only pay tax to avoid the back-duty penalty.*	56.8	10.5	7.0	14.2	11.5	3.87	1.492	High
Cumulative Score						4.05	1.169	High

Note. *= Item with reverse coding; 1= Absent, 2= Low extent, 3= Moderate, 4= High extent, 5= Very high extent; $\overline{X}$ = Rated mean score; S.D= Standard deviation score. Decision rule: Low compliance with tax regulations (1.00-2.33 mean score), Moderate compliance with tax regulations (2.34-3.67 mean score), High compliance with tax regulations (3.68-5.00 mean score).

Table 1 shows the percentages of rated scores of respondents, their mean scores, and standard deviation scores regarding the extent to which Finance Directors in Government Ministries in Southwest Nigeria complied with tax regulations. The majority of respondents in this study rated all the items on the Tax Compliance Assessment Scale to a high extent or very high extent, with a mean score ranging from 3.52 (S.D= 1.173) to 4.42 (1.029). As a result, the cumulative mean score was 4.05 with a standard deviation score of 1.169, which is within the range of the 'high compliance with tax regulations' benchmark score, which indicates that the overall level of compliance of respondents with tax regulations was high. This means that finance directors in government Ministries in Southwest Nigeria complied with tax regulations to a high extent.

Hypothesis One (H_{01}):

There is no significant relationship between socio-demographic factors (age and gender) and compliance with tax regulation among Finance Directors in government ministries.

Table 2: Matrix of Inter-Variable Relationships

		1	2	3
1	Age	1		
2	Gender	.039	1	
3	Tax compliance	-.135**	.057	1
	Mean	2.64	1.40	81.00
	SD	0.873	0.491	23.380
	N	600	600	600

Note. *. Correlation is significant at the 0.05 level; **. Correlation is significant at the 0.01 level.

Table 2 shows the results of the relationships between socio-demographic variables and compliance with tax regulations among Finance Directors in government ministries. As indicated in the table, there was a significant negative relationship between age and compliance with tax regulations ($r = -0.135$, $p < .05$). However, there was no significant relationship between compliance with tax regulations and gender ($r = .057$, $p > .05$).

Hypothesis Two (H_{02}):

Socioeconomic factors (level of education, employment status, and income level) will not significantly predict compliance with tax regulation among Finance Directors in government ministries.

Table 3: Model summary, coefficient and t-value of multiple regression analysis of socioeconomic variables and compliance with tax regulations

Model summary					
Multiple R= .104	Multiple R^2 = .011		Multiple R^2 (Adjusted) = .003		
Standard Error Estimate = 11.38514;	*F* = 1.303;		p > .05;	df1 = 5;	df2 = 594
Model	Unstandardised coefficients		Standardised coefficients	t	Sig.
	B	Std Error	Beta		
(Constant)	53.784	2.694		19.965	.000
Age	-1.172	.548	-.090	-2.139	.033
Gender	.894	.956	.038	.934	.351
Level of education	.702	.634	.047	1.108	.268
Employment status	-.412	1.606	-.016	-.256	.798
Income level	-.146	.606	-.015	-.240	.810

Note. The score on the Tax Compliance Assessment Scale is the predicted variable.

As contained in Table 3, the R-value of 0.104 indicates a simple low correlation for the study. Consequently, 1.1%, which portrays the R^2-value described the joint contribution of the predictors (age, gender, level of education, employment status, and income level) to the explanation of variance in compliance with tax regulations. This percentage contribution is insignificant, with F value of 1.303 at 0.05 level of significance. This shows that the regression equation did not fit the data. Table 3 also provided evidence of the relative contributions of the predictors to the explanation of variance in the outcome measure. Hence, age was the best meaningful predictor of compliance with tax regulations among Finance Directors in government ministries ($\beta = 10.090$, $t = -2.139$, $p < .05$). Other socioeconomic variables in the regression model [gender ($\beta = 0.038$, $t = 0.934$, $p > .05$), level of education ($\beta = 0.047$, $t = 1.108$, $p > .05$), employment status ($\beta = -0.016$, $t = -0.256$, $p > .05$), and level of income ($\beta = -0.015$, $t = -0.240$, $p > .05$)] in the regression model were insignificant at .05 alpha level. This means that these socioeconomic variables did not make any meaningful contribution to the explanation of variance in compliance with tax regulations.

In this study, the regression equation is depicted by:

Compliance with tax regulations $_{predicted}$ = 53.784 - 1.172 age + 0.894 gender + 0.702 level of education - 0.412 employment status - 0.146 level of income.

Discussion

The study investigated socioeconomic predictors of tax compliance regulations among Finance Directors in government ministries in Southwest Nigeria. Findings revealed that finance directors, to a large or high extent, complied with governments' tax regulations in Southwest Nigeria. A high level of compliance in this regard means that Finance Directors showed positive dispositions in paying tax and obeying the government's tax regulations. A probable reason for the high level of compliance with tax regulations observed among finance directors could be that these taxpayers recognised that it is their civic responsibility to pay taxes and comply with tax regulations. By the nature of their job, they have the expertise and knowledge of the government's financial spending and public expenses. By this, the due diligence to comply with tax regulations is exercised. The implication of this finding is that it portrays the good image of regulators of the government's taxation policy. The four primary responsibilities of Finance Directors in Government Ministries in Nigeria are confined to budget preparation and control, financial reporting, accounting and control for expenditures, and revenue assessment, collection, and accounting. The importance of finding in research question one is that the mandates of finance directors in government ministries have not been thwarted.

The current finding also suggested that taxpayers have adequate experience and education to maintain their compliance with tax regulations. The demographic profile of Finance Directors revealed that at least more than three-quarters of the taxpayers in government ministries were highly qualified with first-degree qualifications. This finding supports Ibekwe (2015), who noted that finance directors in government ministries must be qualified and experienced personnel saddled with supporting and advising stakeholders and programme managers in their ministries to promote effective and efficient financial administration. By legal requirements of the Financial Administration Act, Directors of Finance shall have financial education and experience appropriate to the position or a direct report at a manager or assistant director level with the

necessary education and experience. These positions or their direct reports shall maintain a working knowledge of current developments in financial management and operations within their departments and regions. This is an indication that the legal requirements oversaw a high level of compliance rate among finance directors to promptly pay tax as at when due, strictly comply with tax regulations whether favourable or not favourable, utilise the electronic platform to pay tax, encourage others to comply with tax regulations, and to assist the government in sensitising the masses in paying tax among others.

Findings also revealed that compliance with tax regulations and age are significantly related, while other socioeconomic variables considered in this study (gender, level of education (educational status), employment status, and income level) are not significantly related to tax compliance. The inverse correlation obtained between age and tax compliance in this study implies that, as the age of Finance Directors increases, their compliance with tax regulations reduces. This explains that Finance Directors are more likely to become noncompliant with government tax regulations as they grow older. The finding also showed that the model depicted in this study indicated that the socioeconomic variables of Finance Directors are poor predictors of compliance with tax regulations. All five socioeconomic variables (age, gender, level of education (educational status), employment status, and income level) explained only 0.3% of the dependent variable (compliance with tax regulations). Only age was found to be a potent factor among the five socioeconomic variables considered.

Age is a critical factor in decision-making. As one grows older, the responsibility attached becomes wider. Thus, an individual may show the tendency to evade tax (which is intentional) when they are overburdened with family or work responsibilities. The foregoing findings concur with those obtained by Otai et al. (2023) that the age of owner-manager of firms has a significant relationship with income tax compliance, while the level of income was not related to income tax compliance. Also, the finding is also consistent with Alasfour et al. (2016), who discovered that the levels of tax morale and compliance with income tax decisions of individuals are mostly affected by age. The above findings also agree with Mamun (2016) whose findings revealed that age was significant and correlated negatively with income tax compliance. On the same discovery, findings by Wärneryd and Walerud (1982), who carried out a survey on Taxes and economic

behaviour on 426 Swedish adult males using telephone interview questions, showed that age relates negatively with income tax compliance in that it showed taxpayers who were older, were less tax compliant than taxpayers who were younger. However, the current finding thus disagrees with the findings of Alasfour et al. (2016), who state that gender, religious background, occupational status, and educational level are related to levels of compliance with income tax decisions.

Considering the socioeconomic variable of income level, the current finding is that the income level of finance directors is not significantly related and is a poor predictor of tax compliance regulation. This finding is not in consonance with those obtained by Houston and Tran (2001) in their study findings, which reported that taxpayers falling in the low-income level have a lower measure of income tax compliance than taxpayers in the higher income level in that they always under-report their income and/or inflate their claim for expenses than taxpayers falling in the high-income level. Also, the finding disagrees with Alabede (2014), whose study results exhibited that taxpayers with higher levels of income are more income tax compliant than taxpayers with lower levels of income. It is also inconsistent with McGee and Tyler (2006), whose findings disclosed that poorer taxpayers are more resistant to acts of tax evasion than wealthier taxpayers are. Taxpayers with lower income levels tend to possess more compliance attitudes towards income tax than taxpayers with higher income levels. Their results showed that the number of taxpayers who regarded income tax noncompliance as not ethical falls as their incomes increase.

In terms of gender and compliance with tax regulations, this study found that this socioeconomic variable is not significantly related and is a poor predictor of tax compliance. This finding contradicted Yimam and Asmare's (2020) results, which found that enterprises' tax compliance behaviour is significantly affected by their gender: female-owned enterprises are more likely to be tax-compliant than those owned by men. These researchers also found that the correlation between gender and tax compliance becomes stronger as enterprises grow larger in size. Similarly, the employment status of Finance Directors and compliance with tax regulations are not significantly related. This result opposed the findings of Garuba and Eitchie (2022), who examined the impacts of employment status and gender (as demographic factors) on informal sector operators' tax compliance in Nigeria. The results of their study showed that employment status has a positive relationship with informal sector operators' tax compliance in Nigeria.

Conclusion

From the findings of this study, it is concluded that the socioeconomic variables of Finance Directors altogether are predictors of their compliance with government tax regulations. Although findings suggest that tax compliance level was high among Directors of Finance and Accounts in government Ministries, their socioeconomic factors such as gender, level of education, employment status, and income level poorly explained the variation in tax compliance rates. While it was determined that only age is a critical factor, the authors of this study suggest that factors related to psycho-socio-organisational variables of Finance Directors should be investigated for their potential predictive powers.

Recommendations

The following recommendations were made based on the findings of this study:

Directors of Finance and Accounts in government establishments should be regularly re-orientated and counselled on exercising their civic responsibility in complying with tax regulations irrespective of their socioeconomic background, such as age, gender, level of education, employment status, and income level. Federal and state governments should monitor all employees in ministries without prejudice to pay taxes and obey tax regulations irrespective of their socioeconomic background. The government should pay attention to the age difference of individual finance directors and sensitise the need for compliance among noncompliant taxpayers.

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