TAX COMPLIANCE BEHAVIOUR OF SMALL SCALE ENTERPRISES IN BASSA LOCAL GOVERNMENT AREA OF KOGI STATE

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Abstract

The opaque in tax administration and enforcement makes tax compliance unduly burdensome and often have a distortionary effect on the development of small scale businesses as they are tempted to morph into forms that offer a lower tax burden or no tax burden at all. The study examined tax compliance behaviour of small scale enterprises in Bassa Local Government Area and assesses how taxpayers' social psychological factors influence tax compliance level. Also, to establish how taxpayers' demographical factors affect tax compliance level. The population of the study comprises of all registered small scale enterprises in Bassa local government area of Kogi State. While Krejcie and Morgan sampling technique was used to determine a sample size of one hundred and ninety seven (197) registered taxpayers. Statistical Package for Social Sciences (SPSS) version 17.0 software was used to analysed the data and the hypotheses were tested using one sample chi square. Result shows that taxpayers' social psychological factors have significant influence on tax compliance level. Equally, taxpayers' demographical factors have significant effect on compliance level. The study therefore, recommends that the tax authority should take tax education a routine responsibility, to enable the taxpayers' to know the need to pay tax to the government. The tax authority should also increase the level of tax audit. There should also be a stiffer penalty on any taxpayer who is found wanting in sharp practices, to increase the level of compliance of taxpayers' and reduce the disparity among all categories of taxpayers'.

Keywords: Tax; Compliance; Behaviour; Small; Scale; Enterprises

Introduction

Taxation is seen as a burden which every citizen must bear to sustain his or her government because the government has certain functions to perform for the benefits of those it governs. In developing countries, tax non-compliance is a serious challenge facing income tax administration and hindering tax revenue performance. Despite the various tax reforms undertaken by successive governments to increase tax revenue over the years, prior statistical evidence has proven that the contribution of income taxes to the government's total revenue remained consistently low and is relatively shrinking (Alabede, Zainol & Kamil, 2011).

Tax compliance can be described as the process of fulfilling the tax payer's civil obligation for tax payment and filing of tax returns including the provision of necessary documents and explanations required by the tax authority in a timely manner (Oyedele, 2009). Achieving high levels of voluntary tax compliance and/or maintaining current compliance rates as well as increasing the marginal levels are issues of concern to fiscal policy makers in developed and developing countries alike. This is the case because, irrespective of the nature of the economy, the principal objective of taxation is one and the same: to raise revenue towards the financing of public goods and services, and funding of governments (Martina, Silvia, Eric & Alfred, 2008).

Small scale enterprises being profit generating establishments are also expected to pay their dues. Since the individual SSE pays a very small amount of tax compared with what the larger establishment would pay, tax authorities tend to give the larger corporations more attention. This suggests that a good number of SSEs evade taxes that would have otherwise been invested in development projects that would have benefitted them (SSEs). Tax compliance is currently a topical issue, especially in developing countries as governments at various levels are seeking ways to improve efficiency in tax revenue collection to finance their budgets. Small scale enterprises (SSEs) are the majority business taxpayers in most developing countries and as such their compliance levels directly impact on government tax revenue collections.

Yaobin (2007) noticed that special tax regimes for SSEs may be appropriate policy instruments for minimizing the cost of collection because awareness of the dangers of inadequate taxation of SSEs has grown because of the potential of uneven tax enforcement to cause distortions of competition. Government intervention should help maintain balance while ensuring that countries exploit the social benefits from greater competition and entrepreneurship. Tax regimes and enforcement should be simple, consistent and predictable to lower compliance and administrative costs, and hence reduce uncertainty faced by taxpayers as well as improve the levels of voluntary compliance (International Tax Dialogue, 2007)

Taxpayers' behaviour towards tax system has attracted great attention among many revenue authorities across the world especially in developed countries. However, it is debatable on what has been done towards the study of taxpayers' behaviour vis-a-vis tax system in developing countries as they concentrate more in studies which would increase their budgets "bottom-line" in terms of huge revenue collection and enforcement efforts at the expense of studies on taxpayers behaviour which would make increase in this tax revenue to be realized and enforcement efforts easy.

The complex regulatory system and opaque in tax administration and enforcement makes tax compliance unduly burdensome and often have a distortionary effect on the development of small

scale businesses as they are tempted to morph into forms that offer a lower tax burden or no tax burden at all, based on their demographical characteristics (Masato, 2009). This results in a tax system that imposes high expenses on the society. A poorly executed tax system also leads to low efficiency, high collection charges, waste of time for taxpayers and the staff, and the low amounts of received taxes and the deviation of optimum allocation of resources (Farzbod, 2000). Existing empirical evidence clearly indicates that small and medium sized businesses are affected disproportionately by these costs; when scaled by sales or assets, the compliance costs of small scale businesses are higher than that of large businesses (Weichenrieder, 2007). This high cost of tax compliance has affected the small scale businesses to develop various forms of non compliance of taxes based on their perceived social psychological factors.

According to Gillingham & Richardson (2005), the tax system that is perceived unfair by the citizens will encourage them to engage in non-compliant behaviour. Abati (2006) noted that the state of decay in Nigeria's public infrastructure and economic activity are a reflection of poor public governance with the low tax morale and non-compliance may have become the aftermath effect. In developing countries, the income tax compliance has been constrained by the significant number of changes to the tax laws, that are now so complex and only a handful of tax experts can understand them. This creates additional problems for compliance by different categories of taxpayers' who do not have access to sophisticated tax specialists (Oberholzer, 2008).

Research Questions

From the forgoing, the following questions have been put forth:
(1) How do taxpayers' social psychological factors influence tax compliance level?
(2) How do taxpayers' demographical factors affect tax compliance level?

Objectives of the Study

The broad objective of this study is to examine tax compliance behaviour of small scale enterprises in Bassa local government area. The specific objectives of the study are:

(i) To determine how taxpayers' social psychological factors influence tax compliance level
(ii) To establish how taxpayers' demographical factors affect tax compliance level

Research Hypotheses

Ho_1:   Taxpayers' social psychological factors have no significant influence on tax compliance level
Ho_2:   Taxpayers' demographical factors have no significant effect on compliance level

Review of Related Literature

Devos (2009) defined tax compliance as filing all required tax returns at the proper time and that the returns accurately report tax liability in accordance with the tax code, regulations and court decisions applicable at the time the return is filed. A review of the literature shows that Allingham & Sandmo (1972) conducted the first study of the theoretical model of tax non-compliance. This

theoretical model is known as an economic deterrence model (Andreoni, Erard & Feinstein, 1998). The model assumes rational behaviour among taxpayers' and suggested that tax rate, probability of detection and penalty rate are determining factors that affect tax compliance. Similarly, tax compliance can be described as the degree to which a taxpayer obliges to tax rules and regulations. James & Alley (2002) indicated that the meaning of tax compliance concept can be given from different perspectives. To them tax compliance is defined as "…the willingness of individuals and other taxable entities to act in accordance within the spirit as well as the letter of tax law and administration without the application of enforcement activity".

To tackle the challenge of tax non-compliance, it is necessary to understand factors influencing individual's decision to comply with provision of tax laws. The early researchers based their work on economic perspective of tax compliance and they identified tax rate, penalty and detection probability as factors influencing taxpayers' behaviour (Allingham & Sandmo, 1972). Additionally, Allingham & Sandmo (1972) asserted that taxpayers' behaviour of non-compliance depends on their belief of the probability of being detected through an audit and the severity of legal penalties imposed. The structural factors, which are beyond the taxpayers' control, are usually exogenously determined. For instance, tax administration, tax complexity, tax rate structures and audit possibility (Alm, Jackson & Michal, 1992).

Psychological Factors Affecting Tax Compliance

Tax Complexity: Tax complexity is another identifiable important taxpayers' compliance variable that influences compliance behaviour and it may be the genesis of tax avoidance (Isa, 2012 and Sapiei & Kasipillai, 2012). Moreover, Loo, McKerchar & Hansford (2010) stressed that tax laws are too complicated for taxpayers' to keep abreast considering the frequent changes in the tax law. The authors perceived tax complexity as complication in the tax law and frequent changes in the law. These issues may possibly be the reasons why some corporate taxpayers' deploy the services of external tax professionals when they experience difficulties in tax issues (Sapiei, 2012).

However, Isa (2012) found that corporate taxpayers perceived tax computation, tax ambiguity and record keeping as tax complexity. Even though, Massarrat-Mashhadi & Sielaff (2012) stressed that taxpayers' understand the tax complexity. In another study conducted by Saad (2012) it was noted that taxpayers' are aware and compliant with their respective responsibilities. In contrast, the argument by Loo et al (2010) argued that when the tax laws are complex and tedious the taxpayers' may find it difficult to comprehend. This is compounded more when the taxpayers' have no knowledge on tax related issues. In the other argument by Isa (2012) which pointed out that tax computation, record keeping and ambiguity are complicated to the taxpayers' also seem logical. Because they have to understand the process before they would be able to do the tax computation as well as record keeping. If both arguments are critically analysed, it all lies on tax knowledge because both tax law and computation of tax and others cannot be feasible without tax knowledge. Moreover, Pope (1993) found that "simplification of tax is likely to lead to significant economic resource saving". The taxpayers' and the tax authority need to stand up to these challenges and face it squarely. Tax education is important for tax compliance, it is also important for the tax authority to seriously look into the issues of tax knowledge and other compliance variables for effective tax compliance. However, Doran (2009) found that tax complexity has a positive relationship with tax knowledge and compliance behaviour.

Tax Fairness: Tax fairness as perceived by prior literatures could either be vertical or horizontal fairness. According to Erich, Niemirowski & Wearing (2006) vertical tax fairness is when taxpayers' are being treated or taxed with different rate based on their different business activities. On the other hand, horizontal tax fairness is the instance where taxpayers' are being treated equally in terms of their taxes (Michael, 1978). Horizontal tax fairness indicates that taxpayers' that are into same business activities and earned same income should probably pay same taxes. Mukasa (2011) found that improved tax fairness would lead to the enhancement of compliance behaviour. The impact of tax fairness which the taxpayers perceived may possibly influence their tax compliance behaviour. Taxpayers' knowledge on tax could be another means that may affect both tax fairness and tax compliance. The attitude of taxpayers' such as tax knowledge and tax complexity influences tax fairness (Saad, 2010). Tan & Chin-Fatt (2000) noted that compliance behaviour and tax fairness has been significantly influenced by the increase in tax knowledge.

Tax Responsibility: The responsibilities of taxpayers' include obligations to comply with the relevant tax laws (OECD, 2004). Tax law specifies the processes and procedures which taxpayers' need to follow in order to voluntarily comply. Freedman (2004) noted that tax laws should give more emphasis on taxpayers' responsibilities. Because, taxpayers' need to understand the relevant laws before they would be able to comply effectively. However, there may be more compliance if the taxpayers' understood their responsibilities. Massarrat-Mashhadi & Sielaff (2012) found that taxpayers' are aware and do understand their tax responsibilities. In another study conducted by Saad (2012) it was noted that taxpayers' in Malaysia, are aware of their responsibilities and the knowledge in turn influences compliance behaviour on their part. The possible reason for this is that the taxpayers' have knowledge and understand their responsibilities. The responsibilities of taxpayers' should be made simple for the taxpayers' to easily understand. However, there is a positive and significant relationship between tax responsibility and compliance behaviour (Yahaya, 2014).

Tax Burden: Alm & Torgler (2006) cited the cumbersome payment processes and returns as major impediments to compliance levels and proposed a number of measures to reduce the complexity of forms, time and costs taken to file tax returns. The self assessment system was introduced for Income Tax and VAT in 1992 as a strategy to enhance tax compliance by making it easier for taxpayers to assess their own tax liability, file return, report that assessment and pay taxes due. This system allowed for proper identification of all entities required to pay taxes through the issuing of Unique Personal Identification Number (UPIN) that could be fed into a master file upon which updates are made and retrievals done much faster. The major drawback to revenue enhancement by self assessment system is the large share of informal sector in Nigeria. Many small scale thriving businesses have unlimited scope of evading tax based on their perception regarding costs associated with compliance and the economic benefits of going undetected. They are also largely illiterate who lack access to affordable experts' advice on tax matters.

Compliance Costs: According to Slemrod (2007), the use of electronic tax registers (ETR) reduces fraudulent accounting, authenticate documents, reduce paperwork and improve management of business through electronic connectivity. Numerous questions arise in this regard including how should transaction records be characterized, the appropriate record keeping format and standard, and how detailed should the description be? This challenge assumes an even more pronounced complexity with the SSEs compliance since it is widely believed that tax administration is

regressive with the size of the firm, in the sense of taking a larger portion of resources for smaller companies as compared to the larger ones.

Demographic Characteristics of Tax Payers

The Fisher model suggests that demographic variables indirectly affect taxpayers' compliance by their impacts on non-compliance opportunities, attitudes and perceptions. A common demographic variable is the taxpayer's age. A positive link between age and taxpayer compliance is reported in (Fischer, Wartick & Mark, 1992). In general, young taxpayers are more willing to take risks and are less sensitive to sanctions. Traditionally, females have been identified with conforming roles, moral restraints and more conservative life pattern. Education, as a demographic variable relates to the taxpayers' ability to comprehend and comply or not comply with the tax laws .Two aspects of education have been distinguished: "the general degree of fiscal knowledge and the degree of knowledge involving evasion opportunities" (Groenland & Veldhoven, 1983).

The degree of knowledge and information might be an important factor in the way taxpayers' behave. Better educated taxpayers' are supposed to know more about tax laws and fiscal policies and thus would be in a better position to assess the degree of compliance (Lewis, 1982). However, it should be noticed that there might be people with a lower education who have acquired a high knowledge about taxation (Eriksen & Fallan, 1996). Some taxpayers' might find the complexity of tax information more difficult to understand than others (Pinney, 1993). On the other hand, Vogel's (1974) survey findings indicate that less educated taxpayers' are less exposed to tax compliance information and less informed about relevant tax regulations and need assistance more often.

More educated people may be less compliant because they better understand the opportunities for avoiding taxes. Fiscal knowledge may positively influence the practice of avoidance (Gereroms & Wilmots, 1985). Witte & Woodbury (1985) found that compliance is higher in areas with a better educated population and areas with large student populations have low levels of compliance. Furthermore, areas with high levels of poverty and unemployment have a low level of compliance for all groups. An important factor which influences the incentive to seek tax information is the relevance of information.

Economic Theory

The economic deterrence model that was pioneered by Allingham & Sandmo (1972) attempted to explain why people pay taxes and why some evade them. The theory assumes that taxpayers' are amoral rational economic evaders who assess the likely costs and benefits of evasion behavior (Klepper & Nagin, 1989). The model generally predicts that an increase in penalty rate and an increase in the probability of detection will result in greater taxpayer compliance.

Empirical Review

Festo & Isaac (2013) conducted a study titled: Income tax compliance among SMEs in Uganda: taxpayers' proficiencies perspective. A cross sectional descriptive survey design was used and data were gathered from 326 out of 377 SMEs from Mbale district. Their study revealed that income tax proficiencies are multi-dimensional and significant predictors of income tax compliance. They recommended that to improve income tax proficiencies in SMEs in Uganda, intensive tax

education with practical knowledge should be carried out by Uganda Revenue Authority to the SMEs' personnel involved in tax matters for efficient compliance.

Nugi (2013) examined taxpayers' attitude and compliance behaviour among small medium enterprises (SMEs) in Botswana. The research was a survey and the data were collected from two hundred taxpayers' in small medium enterprises. The data were therefore analyzed using descriptive statistics with the aid of some statistical tools. The finding, among others revealed that taxpayers' attitudes did affect their compliance behaviour and it was recommended that the tax authority must do a lot to educate small businesses on issues relating to tax.

In another development Abubakari & Christopher (2013) evaluated taxpayers' attitude and its influence on tax compliance decisions in Tamale, Ghana. The survey responses from questionnaires administered to operators of SMEs in Tamale, were quantitatively analysed. Both descriptive and inferential statistics were applied. Their results indicated that, individuals were highly concerned with the amount of taxes they pay. The rates of income taxes in Ghana were generally perceived to be high. Furthermore, the burden of taxes paid affects the attitudes of individuals and this informs how they evaluate the tax system and consequently their compliance decisions.

Similarly in a study conducted by James, Zaimah & Kamil (2012) titled: Non-compliance opportunities and tax compliance behaviour in Nigeria: the moderating effect of taxpayers' financial condition and risk preference. The study was conducted through a survey of individual taxpayers' opinions and the data collected were statistically treated using multiple regression technique. The study reveals among others that the effects of financial condition and risk preference significantly moderated the influences of taxpayers' source of income and occupation on tax compliance behaviour.

Ojochogwu & Stephen (2012) assessed factors that affect tax compliance among small and medium enterprises (SMEs) in North West Nigeria. The study was conducted using SMEs in Zaria, North-West Nigeria. It was found that high tax rates and complex filing procedures were the most crucial factors causing non-compliance of SMEs. Other factors like multiple taxation and lack of proper enlightenment were noted as variables affecting tax compliance among the SMEs surveyed only to a lesser extent. Therefore, they recommended that SMEs should be levied lower percentage of taxes to allow enough funds for business development and better chances of survival in a competitive market. The government should also consider increasing tax incentives such as exemptions and tax holidays as these will not only encourage voluntary compliance but also attract investors who are potential viable taxpayers' in the future.

Okoye, Akenbor & Obara (2012) evaluated promoting sustainable tax compliance in the informal sector in Nigeria. The population for this study comprises both tax officials and business owner managers in the south-east region of Nigeria. To gather the primary data for the study, a set of questionnaire was administered to 200 business owner managers and 115 tax officials. The secondary data were sourced from the Central Bank of Nigeria (CBN) statistical bulletin for a time period of 20 years (i.e. 1990-2009). The Pearson Product-Moment Correlation Co-efficient was the statistical technique employed in testing the stated hypotheses. Their findings revealed several causes of tax compliance problem in the informal sector in Nigeria. Some of the causes are high tax rate, inadequate provision of public goods and services, lack of transparency and accountability of

public funds, poor funding of tax boards, absence of functional tax audit, lack of reciprocity and legitimacy, ineffective deterrence measures, out-dated tax laws, lack of public trust, and corrupt practices of tax officials. They recommended that the Nigerian government should put the necessary machinery in place to ensure tax compliance in the informal sector.

Methodology

The survey design was used because of the descriptive nature of the study. The population of this study comprises all small scale enterprises registered with area tax office of Kogi State Board of Internal Revenue, Oguma in Bassa local government area of Kogi state, totalling four hundred and seven (407) taxpayers' as obtained from the area tax office of Kogi State Board of Internal Revenue, Oguma. The sample size of one hundred and ninety seven (197) was determined using Krejcie & Morgan (1970) sampling technique. The source of data collection was basically a primary one. The instrument of data collection used in this research was questionnaire. The questionnaire was designed to address the research hypotheses. Four-point Likert scale of Strongly Agree, Agree, Disagree and Strongly Disagree was used. Data were presented using tables while Statistical Package for Social Sciences (SPSS) version 17.0 software was used to analyse the data. The descriptive statistics was employed to obtain mean scores. The average mean was computed as 2.5 from four point likert scale. It was decided that any mean equal to and above 2.5 was accepted while any mean below 2.5 was rejected. One Sample Chi Square test was used to test the null hypotheses formulated.

Data Presentation and Discussions

Data were analysed based on the one hundred and eighty one (181) retrieved copies of the questionnaire administered to the respondents upon which the analysis was based in line with the research objectives and to test all the null hypotheses formulated. Tables were used to present the data generated through questionnaire from the respondents. The results from the data obtained and their various statistics are hereby presented. This begins with a reliability test using Cronbach's Alpha and the descriptive statistics to obtained mean and standard deviation of the respondents' responses. The Cronbach's Alpha test of 99.2 percent shows a satisfactory result.

The result of the test is presented below:
Reliability Statistics

Cronbach's Alpha	N of Items
.992	10

Source: Authors' computation using SPSS version 17.0

Table 4.1: Question on Hypothesis One: Taxpayers social psychological factors have no significant influence on tax compliance level

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q_One	181	1.00	4.00	3.3536	.84778
Q_Two	181	1.00	4.00	3.1989	.96850
Q_Three	181	1.00	4.00	3.1657	.92204
Q_Four	181	1.00	4.00	3.2155	.93273
Q_Five	181	1.00	4.00	3.3757	.89583
Valid N (listwise)	181				

Source: Authors' computation using SPSS version 17.0

Table 4.1 question one, presents that the complexities in tax in Kogi State Board of Internal Revenue Service reduce tax compliance level of the taxpayers' as indicated by mean score of 3.3536 which is above the average mean score of 2.5. Question two in the table equally shows that high personal income tax rate reduces the level of tax compliance as indicated by the mean score of 3.1989. Question three in the table also presents a mean score of 3.1657 indicating that low tax education in Bassa local government area, is one of the factors reducing tax compliance level. Table 4.1 question four further shows that high cost of tax compliance reduces taxpayers' compliance level as indicated by mean score of 3.2155. Finally, the question five in the table shows that taxpayers' perceived fairness in the tax system enhances tax compliance level as indicated by mean score of 3.3757 compare with the average mean score of 2.5.

Table 4.2 Questions on Hypothesis Two: Taxpayers demographical factors have no significant effect on compliance level

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q_Six	181	1.00	4.00	3.3923	.82040
Q_Seven	181	1.00	4.00	3.3591	.79463
Q_Eight	181	1.00	4.00	3.1768	.95552
Q_Nine	181	1.00	4.00	3.1271	1.05430
Q_Ten	181	1.00	4.00	3.3094	.88404
Valid N (listwise)	181				

Source: Authors' computation using SPSS version 17.0

Table 4.2 presents that risk of tax non-compliance in younger people was more than the older ones as indicated by mean score of 3.3923 which is above the average mean score of 2.5. Question seven in the table equally shows that risk of tax non-compliance in male was higher than the female gender as indicated by the mean score of 3.3591. Question eight in the table also presents a mean score of 3.1768 indicating that educated people avoid taxes more than the uneducated people. Table 4.2 question nine further shows that educated people evade taxes more than the uneducated

people as indicated by mean score of 3.1271. Finally, the question ten in the table shows that high income earners evade taxes more than the low income earners as indicated by mean score of 3.3094 compare with the average mean score of 2.5.

Test of Hypotheses

One Sample Chi Square was used to test all the null hypotheses formulated.

Test of Hypothesis One

Ho_1:   Taxpayers social psychological factors have no significant influence on tax compliance level

Table 4.3

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The categories of Q_One occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
2	The categories of Q_Two occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
3	The categories of Q_Three occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
4	The categories of Q_Four occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
5	The categories of Q_Five occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Since all the significant levels are less than 0.05, the test is significant at 95% confidence level. Therefore, the null hypothesis is rejected, meaning that taxpayers' social psychological factors have significant influence on tax compliance level.

Test of Hypothesis Two

Ho$_2$:   Taxpayers demographical factors have no significant effect on compliance level

Table 4.4

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The categories of Q_Six occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
2	The categories of Q_Seven occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
3	The categories of Q_Eight occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
4	The categories of Q_Nine occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
5	The categories of Q_Ten occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Since all the significant levels are less than 0.05, the test is significant at 95% confidence level. Therefore, the null hypothesis is rejected, meaning that taxpayers' demographical factors have significant effect on compliance level.

Discussion of Findings

The study revealed that taxpayers' social psychological factors have significant influence on tax compliance level. This means that the complexities in tax in Kogi State Board of Internal Revenue Service and high personal income tax rate reduce tax compliance level. Low tax education in Bassa local government area and high cost of tax compliance were also factors reducing tax compliance level. However, taxpayers' perceived fairness in the tax system enhanced their compliance level. These findings were in agreement with some authorities like Gillingham & Richardson (2005), who opined that, the tax system that is perceived unfair by the citizens would encourage them to engage in non-compliant behaviour. Gupta (2005) reaffirmed that increases in the income tax rates would cause consumers to evade greater fraction of their income.

The study equally revealed that taxpayers' demographical factors have significant effect on compliance level. This shows that risk of tax non-compliance in younger people was more than the older ones. The risk of tax non-compliance in male was higher than the female gender. The study also revealed that educated people avoid and evade taxes more than the uneducated ones and the high income earners evade taxes more than the low income earners. These were in consonance with some of the authorities such as Crane & Nouraud (1986) who opined that individuals with higher

level of income tend to evade tax more. Bloomquist (2003) identified financial strain as one of the sources of taxpayers' stress and said that individual taxpayer's with meager financial resources may be tempted by his bad financial condition to be non-compliant where the expenses of his household were more than his income. Fischer, Wartick & Mark (1992) find a positive link between age and taxpayer compliance level. More educated people may be less compliant because they better understand the opportunities for avoiding taxes. Fiscal knowledge may positively influence the practice of avoidance (Gereroms & Wilmots, 1985).

Conclusion

The complexities in tax system have become a serious issue in Kogi State which has equally affected tax compliance level. For government to increase tax revenue, complexities must be brought to the bearest minimum. It is the responsibility of the tax authority to educate people on taxes and the need to let taxpayers' know how the taxes collected are put to use in order to enhance their level of tax behavioural compliance. The high cost of tax compliance is another factor that reduces tax compliance level. All the tax stakeholders' must work out feasible modalities to reduce high cost of compliance thereby increasing tax compliance level. The tax authority must be fair and transparent in the tax system such that it will increase taxpayers' confidence in the system, leading to an enhanced tax compliance level.

The study has revealed the tax behavioural characteristics of different categories of people. To reduce their tax compliance disparity, tax authority must increase penalty and tax audit effort. These measures will bridge the gap of tax compliance disparity between younger and the older people, the male and the female gender, educated and uneducated people, and finally the high and the low income earners respectively.

Recommendations

The following recommendations are provided:

(i) The tax authority should take tax education a routine responsibility, to enable the taxpayers' to know the need to pay tax to the government. The authority should take a practical step to reduce cost of compliance by liaising with commercial banks to have desk officers in tax area office to enable the taxpayers' to make payment without any hitch. The tax authority should also ensure that fairness and transparency are adhered to such that those who are in the same income bracket should pay the same rate of tax.

(ii) The tax authority should further increase the level of tax audit. There should also be a stiffer penalty on any taxpayer who is found wanting in sharp practices, to increase the level of compliance of taxpayers' and reduce disparity among all categories of taxpayers'.

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