

Control of Corruption, Trust in Government, and Voluntary Tax Compliance in South-West, Nigeria

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Tax payers' level of compliance behaviour is a major concern to government and tax authorities. Constant losses of tax revenue through bribery, corruption, and abuse of power for personal advantage are perceived to have adversely affected nation's economic growth and infrastructural development. Many researches have been conducted on taxpayers' compliance, but not many considered the effect of Control of Corruption (COC) in their study. This study looked at the probable influence of COC on individual taxpayers' voluntary tax compliance behaviour in South-West, Nigeria. Survey research design was adopted for the study. Population for the study was 5,216,422 individual taxpayers in three selected states. A validated questionnaire was used to collect data from respondents by means of Stratified and random sampling techniques with a sample size of 1,200 and this gives a response rate of 87.6%. The reliability test using Cronbach's alpha coefficients ranged from 0.79 to 0.86. The study adopts descriptive and inferential statistics to analyze the data at 0.05 level of significance. The study shows that COC positively influenced voluntary tax compliance among individual taxpayers in the study states ($Adj. R^2 = 0.063$, $F_{(6, 1050)} = 12.68$, $p = 0.000$). There was evidence that trust in government, COC, and employment status have significant relationship with voluntary tax compliance behaviour in the study states ($\beta = 0.139$, $t_{(1044)} = 6.125$, $p = 0.000$, $\beta = 0.154$, $t_{(1044)} = 5.025$, $p = 0.000$, $\beta = -0.237$, $t_{(1044)} = -3.562$, $p = 0.000$) while gender, age, and educational level do not have significant relationship with voluntary tax compliance ($\beta = 0.036$, $t_{(1044)} = 0.664$, $p = 0.664$, $\beta = -0.002$, $t_{(1044)} = -0.080$, $p = 0.936$, $\beta = 0.035$, $t_{(1044)} = 1.081$, $p = 0.280$), respectively. The study concluded that control of corruption influenced individual voluntary tax compliance. Government should put better stiff strategies in controlling corruption on tax matters, overhaul the internal control mechanism, establish state anti-graft agencies, and put stiff punishment for any fraudulent activity on tax revenue generation while zero tolerance to corruption should be seen and practice.

Keywords: bribery, corruption, economic growth, infrastructural development, tax authority, trust in government, voluntary tax compliance

Background to the Study

Individual tax payers' level of compliance behaviour is a major concern to government and tax authorities as higher rates of tax evasion hinder government in collecting the required tax revenue in order to have enough funds for the provision of public goods. Where the tax compliance rate is very low, this limits the government's

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ability to raise revenue for the provision of public goods and services (Radae & Sekhon, 2017). Therefore, availability of enough funds to the government will necessitate the provision of developmental projects which will enhance the living standard of the citizens. Abdul and Wang'ombe (2018) stipulated that tax compliance in a developing country is an important policy issue for the government. This is based on the fact that tax revenue is regarded as bread and butter of the state and local government and as it is regarded and seen as the major source of government revenue (Slemrod, 2015). Besides, taxation is seen as a major viable strategy on the long run to pull any country out of continuous dependency on foreign aid. Tax compliance can be through enforcement (tax authorities' influence) or voluntary compliance. The behavioural outcome from the means is regarded as compliance which makes the quality of tax compliance to differ which could be voluntary or enforced compliance (Kirchler, Hoelzl, & Wahl, 2008). While enforcement compliance is achieved by function of penalty and detection, the voluntary compliance is achieved by tax payers complying with the relevant tax laws without any form of enforcement from the tax authority.

The voluntary tax compliance is based on the equity and tax complexity system, reliability and efficiency of government, good rule of law, and lack of corruption that can be seen as a good characteristic of good institutions. People feel more concern to pay tax when there is a high institutional quality in terms of trustworthy, otherwise individual tax payers will refuse to pay tax voluntarily (Tsikas, 2017). Picur and Riahi-Belkaoui (2006) defined corruption as the usage of public or entrust power for private gain or benefit. Corruption goes beyond officeholders but also caption individuals who lobby for preferential advantages. Fiscal corruption in countries has become a major problem that hinders voluntary compliance. It has the ability to destroy the political, social, and economic environment of any nation. Therefore, fiscal corruption remains a major issue of tax administration in both developed and developing countries (Adeyeye & Otusanya, 2015). The word "corruption" is derived from the Latin word "Corruptus" meaning spoiled (United Nation, 2004). The Nigeria Independent Corrupt Practices and Other Related Offences Commission (ICPC) (2015) termed corruption as "Corumpere", which means destroy, falsify, seduce, bribe, destroy, ruin, mar, and draw to evil. Trust, perception of tax fairness, and corruption have been seen as playing a vital role in tax compliance (Torgler, 2004). Therefore, where a government acts fairness, treats the citizens well, and is seen as non-corrupt government, the tax payers would reciprocate with the willingness to pay tax (Feld & Frey, 2007).

Corruption has been reported to play an important role on tax compliance behaviour (Wilks & Pacheco, 2014). Feld and Frey (2007) asserted that governments that are seen to be fair, not corrupt will enhance taxpayers' trust and the taxpayers will exhibit the willingness to pay tax. Government trust is related to corruption perception in the form of bribery and abuse of power for personal advantage. Lien (2015) and Syadullah and Wibowo (2015) also posited that most developing countries suffered loss of tax through bribery and corruption. This is achieved through dishonest or immoral behaviour which is against the generally acceptable rules, norms, and standards established by a constituted authority (Azeez, 2011). Trust, perception of tax fairness, and corruption have been seen as playing a vital role in tax compliance (Torgler, 2004).

Tax non-compliance probably increases year by year in some countries despite the significance of taxes. This is more pronounced in developing countries than developed economy due to corruption, lack of accountability and transparency (Chude & Chude, 2015; Kira, 2017). According to Achor (2014), Nigeria is experiencing a very low rate of tax compliance because many potential individual tax payers feel tax payment is optional and of no necessity. Besides, citizens' perceptions on tax payment could be probably traced to

non-transparency and non-accountability and high rate of corruption which discourage voluntary tax compliance (Oyedele, 2015). The measurement of corruption is based on subjective measurement known as perception of corruption. Perception of corruption has a negative impact on individual taxpayer's behavior and this may erode the taxpayers' willingness to contribute their fair share of tax (Jahnke, 2015), cultivate a culture of distrust among taxpayers towards related institutions (Melgar, Rossi, & Smith, 2010), and undermine compliance as taxpayers' benefits derivable from the government will be reduced (Alm, McClelland, & Schulze, 1992). Taking all these problems into consideration, research into control of corruption in a developing country and its states becomes important and necessary. In Nigeria, some researchers had expressed various factors responsible for taxpayer's compliance behaviour but there had been less emphasis on control of corruption, trust in government, and voluntary tax compliance. The objective of the study is to examine the extent to which control of corruption moderated by trust in government and control by demographic factors influence voluntary tax compliance behaviour of individual taxpayers in South-West, Nigeria. The hypothesis drafted in null forms and tested at 5% level of significance for the study is:

Control of corruption, moderated by trust in government and controlled by demographic factors, does not have significant influence on the level of voluntary compliance behaviour among individual taxpayers in the selected states in South-West, Nigeria.

The other part of the paper is divided into four sections; these are the review of extant literature in section two, methodology and analysis of empirical results in section three, while the fourth section deals with findings and discussion of results with implication and the last section deals with conclusion and recommendation.

Review of Extant Literature

Conceptual Review

Tax. In respect of this study, tax is defined as a compulsory levy imposed by constituted authorities on individual or corporate taxpayers in line with the relevant tax laws. A good tax system should be sufficient, convenient, efficient, and fair in nature. A tax is considered sufficient if it has the ability to generate enough funds to the government for the provision of public goods. Tax is expected to be convenient when the method of collection is clear and well known to all taxpayers. The efficiency of tax means how taxpayers react to tax as a result of economic behavioural changes while tax fairness means taxpayers' abilities to pay tax and these characterized by horizontal and vertical equitable methods. As a compulsory levy and sources of revenue to the government, taxes are levied on personal incomes such as salaries, business profits, interest income, dividends and royalties, and others such as company profits, petroleum profits, and capital gains (Ishola, 2016).

Tax payment is always a thing that is not cherished by individuals because nobody likes paying tax. Alm and Torgler (2011) affirmed that the only things that remain constant in life are death and taxes. Therefore, steps are normally taken by individual to reduce tax liabilities thereby interpreting the tax laws to suit their intention and to be used to their advantage (Olowookere & Fashina, 2013).

Corruption. Corruption is a form of dishonesty or fraudulent conduct undertaken by a person or organization entrusted with power for private gain. Corruption threatens sustainable development, justice, and ethical value. It hinders sound rule of law, delays infrastructural development in a country, and destabilizes society. Adeyeye and Otusanya (2015) stated that fiscal corruption in countries has become a major problem that hinders voluntary compliance. It has the ability to destroy the political, social, and economic environment of any nation. Therefore, fiscal corruption remains a major issue of tax administration in both developed and

developing countries. Rosid, Evans, and Tran-Nam (2017) on the perception of corruption and intentional non-compliance behaviour in Indonesia concluded that corruption is perceived to be high in developing countries, which affects taxpayers' trust in authorities and willingness to pay tax. The word "corruption" is derived from the Latin word "Corruptus" meaning spoiled (United Nation, 2004). The Nigeria Independent Corrupt Practices and Other Related Offences Commission (ICPC) (2015) termed corruption as "Corumpere" which means destroy, falsify, seduce, bribe, destroy, ruin, mar, and draw to evil.

In defining corruption, there is no unique definition rather corruption can be defined in many ways (Blackburn, Bose, & Haque, 2010). Most definitions of corruption are based on one type of corruption which is government corruption referred to as abuse of entrusted power for personal gain (Shleifer & Vishny, 1993). Tanzi (1998) defined corruption as the abuse of civic power for an individual benefit. It is measured by the extent of bribery expectation from the government officials when compared to voluntary tax assessments. Gray and Kaufmann (1998) also posited that corruption is the misuse of public office for personal gain by way of bribery, extortion, fraud, and embezzlements. Picur and Riahi-Belkaoui (2006) also defined corruption as the usage of public or entrust power for private gain or benefit. Corruption goes beyond officeholders but also captures individuals who lobby for preferential advantages. On this, Okoduwa (2009) claimed that corruption is the abuse of privileged positions for personal gain and disruption of a system for achieving unmerited advantages. According to Doig and Theobald (1999), corruption can be classified into two; these are grand corruption and petty corruption. Grand corruption represents the misuse of entrusted public power by high level public officials such as ministers, commissioners, directors, and senior management staff in government ministries and its agencies for personal benefit. The petty corruption represents the daily transactions' extortions of payment by low level officials to grease and carry out smooth business transactions.

According to EU (2012), a survey on corruption showed that 57% of Europeans agreed that bribery and corruption are common among the politicians. The fiscal corruption is alarming in Nigeria that Transparency International Global Corruption Index Barometer for 2013 reported that Nigeria was among the countries with the most corrupt institutions. In line with this Corruption Perception Index (CPI) which is computed yearly all over the world in respect of level of corruption among the public officials, data gathered from the questionnaire reveal that in respect of bribery, 44% of the respondents' question reported that they offered bribe to one out of eight services to achieve their aims. The CPI is done through the World-wide Governance Indicators (WGI) by the World Bank research institutes, which highlights six variables on governance and these variables are voice and accountability, political stability and lack of violence, government effectiveness, lack of regulatory burden, rule of law, and control of corruption. The complexity of tax regulation gives the taxpayers the opportunity to indulge in corruption and also the complexity of the tax system gives the officials the liberty to use their flexible powers to achieve corruption in the system (Ajaz & Ahmad, 2010). Therefore, a situation where the government is seen by an individual taxpayer as being fair, not corrupt, transparent in the manner of caring out government activities then trust will be enhanced and this might lead to tax compliance (Wilks & Pacheco, 2014). The control of corruption is the ability to reduce the level of corruption within the society in respect of tax revenue usage and also in its mode of collection.

Trust. Trust, perception of tax fairness, and corruption have been seen as playing a vital role in tax compliance (Torgler, 2004). Therefore, where government acts in a fairness manner, treats the citizens well, and is seen as non-corrupt government, the taxpayers will reciprocate with the voluntary willingness to pay tax (Feld & Frey, 2007). Trust is linked to perception of corruption. It is on this basis that Nzotta (2007) affirmed

that the major cause of tax evasion in Nigeria is the high level of corrupt practices by the government officials at all levels of governance. This attitude has affected the taxpayers' willingness to pay tax seeing public officials pocketing tax revenue without any form of sanction and also undue encouragement from the tax officials to bribe rather than paying to the government. Therefore, trust on government is one of the factors that influence compliance level among the taxpayers (Siahaan, 2012). On this basis, Bad and Pavlou (2012) cited in Sitardja and Dwimulyani (2016) posited that trust is a function of relationship between the government and the governed where the governed expectations align with belief on uncertainties environment.

Choi and Kim (2012) stated that public trust by tax payers can be termed or related to good governance. Trust, according to Kirchler, Hoelzl, and Wahl (2008), is an opinion by the general citizens that the tax authorities and the government are honest, transparent and work in the best interest of the citizens. They further stated that trust between the taxpayers and the tax authorities will achieve a synergistic climate. This is where the tax authorities have the trust that taxpayers will pay their taxes honestly and promptly while also, the taxpayers expect respect from the tax authorities whereby taxpayers also trust the tax authorities and the government for the judicious usage of the money generated through taxes which is assumed to be in the best interest of the citizens. This is also termed as good governance. Trust is assumed to be a very important indicator for individual taxpayers' compliance behaviour towards tax payment (Fadjar, 2013). Torgler (2007) stated that taxpayers and government relationship can be achieved through trust in government, which influences voluntary tax compliance. In other word, trust is the main factor for achieving tax compliance.

Tax compliance. James and Alley (2002) see tax compliance as a continuum which ranges from societal commitment and government objectives on one hand to the enforcement of the law on the other hand. Kirchler (2007) also defined tax compliance as the willingness of the taxpayers to offset tax liabilities according to the tax laws, rules, and regulations as at when due. To comply to tax laws and regulations means declaring the exact taxable income, ensuring filling of tax return at the appropriate time, appropriating calculation of tax liabilities, and prompting payment to the relevant tax authority. He further stated that taxpayers' desire to comply with tax payment can be regarded as behavioural norms. These norms can be classified into two which are personal and social norms. The personal norms resulted into the combination of various factors associated with individual belief which guided taxpayers' positive behaviour's toward tax administers but at times it is difficult to measure. Social norms affect tax behaviour where the majority of the citizens are tax compliant and they lead to reduction on willingness to evade tax but where the rate of evasion is high in the country, the non-compliance rate will also be high. Voluntary tax compliance is the principle that taxpayers will cooperate with the tax authority and tax system through filling of honest and accurate annual returns. Voluntary tax compliance is an individual willingness to prepare and file tax returns without any forms of involvements from the government. This involves tax payment by the taxpayer without any form of enforcement but by means of positive mutuality of the taxpayer (Gangl, Hafmann, & Kirchler, 2015).

Theoretical Framework

The study adopts Theory of Planned Behaviour (TPB) propounded by Ajzen (1991) and this explained behaviour as centre on attitude and beliefs of an individual. It evolved from the theory of reason action which stipulated that intention is the best prediction of behaviour (Fishbein & Ajzen, 1975; Azjen, 1991). Intention therefore, is the combination of attitudes exhibited towards behaviour while behaviour is the process of converting intention into action. TPB anchors on three beliefs; these are behavioural beliefs, normative beliefs,

and control beliefs (Fishbein & Ajzen, 2010). TPB stipulated that individual exhibited behaviour arises because of the intention to behave which is determined by three factors of beliefs. Behavioural beliefs mean the individual beliefs that occurred as a result of behaviour and result evaluations. Normative beliefs mean normative expectation and motivation for meeting those expectations. Control beliefs means the belief of inhabit behaviour that will be displayed or the existing of things to support.

The TPB is relevant in the explanation of behaviour of individual taxpayers in meeting their tax obligations. Confidence on behavioural outcome dictates what to be done. Taxpayer's knowledge about tax will lead to tax payment which is meant for government developmental projects (behavioural belief), confidence on the normative expectations of others, and what to be done in meeting these expectations (normative belief), satisfaction from tax, efficient and effective tax system motivate tax payers to oblige and obey tax laws. The control beliefs anchor on tax penalties. Tax penalties are designed to enforce taxpayers' compliance with tax rules and being honest to tax payment.

Empirical Review

According to Bird (2015), revenue collections in developing countries are generally being affected by high forms of evasion, coercion, and corruption. This shows that corruption might lead to tax system inefficiency, reduction in tax revenue collection and reduces the individual willingness to pay legitimate taxes that might lead to reduction in tax revenue generation. Developing countries fail to generate enough amount of revenue from taxes because some of these countries are faced with a number of institutional problems like corruption and political instability (Ajaz & Ahmad, 2010). Lien (2015) and Syadullah and Wibowo (2015) also posited that most developing countries suffered loss of tax through bribery and corruption. This is achieved through dishonesty or immoral behaviours which are against the generally acceptable rules, norms, and standards established by a constituted authority (Azeez, 2011). Gray and Kaufmann (1998) examined corruption and developments. The finding from the study revealed that public sector corruption hinders infrastructural, social, and economic developments of a country.

Otusanya (2011) studied corruption as an obstacle to development in developing countries. The study explored different previous researches and literatures for investigating corrupt practices in developing country. The study revealed that the institutional structures and personnel had continued to enhance corruption in developing countries through political, social, economic, and power where large sum of government revenue had been embezzled by corrupt practices of highbred political and economic individual who had facilitated corrupt practices in developing countries. Adeyeye and Otusanya (2015) examined impact of taxpayers' perception of government accountability, transparency, and corruption on voluntary tax compliance in Nigeria. The study reported that the combined effects of corruption, accountability, and transparency had a significant impact on voluntary compliance. The study concluded that for tax compliance purpose on the part of the taxpayers', government must be seen accountable, transparent and reduce the level of corruption.

Methodology

The study adopts survey research design to generate the relevant primary data required for the study. This was based on the geographical disparity of the states and the number of individual tax payers reached in these different geographical regions. The study covered only individual tax payers in both formal and informal sectors in the three selected states of Lagos, Oyo, and Ogun in the South West, Nigeria. Therefore, according to

individual taxpayers' statistic of National Joint Tax Board (NJTB) publication (2016), the population for the three states was 5,216,422. Sample size at stratification of 400 per each state was determined using Taro Yamane (1967) techniques with the error term of 5%. The study used random sampling techniques for data collection from the individual taxpayers in the selected states of South-West, Nigeria. One thousand, two hundred (1,200) copies of questionnaires were administered to various respondents at 400 copies of questionnaires per selected state in accordance with the sample size figures. A response rate of 87.6% was achieved.

Reliability of Research Instrument

The reliability test of the instrument based on pilot study showed that control of corruption, voluntary tax compliance, and trust in government had Cronbach's alpha of 0.86, 0.79, and 0.84 respectively. This showed that the instrument was reasonable and reliable for the study as the figures were above the acceptable threshold of 0.7. A composite reliability calculated greater than 70% was affirmed by Bolarinwa (2015); Taber (2016) as a good and robust reliability and acceptable.

Measurement of Research Variables

The dependent, independent, and moderating variables were measured with relevant questions applicable to each variable using six-point Likert scale for purpose of gathering the primary data.

The control of corruption was measured with seven items of the questionnaire that bothered on areas such as control strategy, perception of abuse of entrusted power, incidence of extortion, and role of anti-graft agencies. Trust in the government was measured using question on openness, transparency, trustworthy, and reliability on tax revenue generation and its application. Voluntary compliance covered right of payment, honesty, responsibility, and morality.

Model Specification

The study expected that the independent variables control of corruption would enhance voluntary tax compliance. It is therefore expected that control of corruption (COC) would determine tax compliance. The dependent variable is Voluntary Tax Compliance (VTC).

Voluntary Tax Compliance and Control of Corruption

$$VTC = \beta_0 + \beta_1COC_i + \beta_2TRUGOVT_i + \beta_3GEN_i + \beta_4AGE_i + \beta_5EL_i + \beta_6ES_i + \varepsilon$$

Where:

TRUGOVT = Trust in government,

GEN = Gender,

AGE = Age,

EL = Education level,

ES = Employment status,

ε = Error terms,

β_0 = Intercept or the constant,

β_1 - β_6 = Partial regression coefficient of the explanatory variables.

Results and Findings

Data collected from the sampled questionnaires were analyzed and interpreted through the use of simple percentage, mean, standard deviation, frequency distribution and the hypothesis was tested using the Ordinary Linear Square (OLS) regression and Analysis of Variance (ANOVA).

Descriptive Analysis of the Test Items

Table 1

Respondents Responses on Control of Corruption

S/N	Test items		SD 1	D 2	PD 3	PA 4	A 5	SA 6	Mean	SDV
1	I feel government is not doing enough to control widespread corruption in the State.	Freq	12	38	45	162	446	348	4.94	1.08
		%	1.1	3.6	4.3	15.4	42.4	33.1		
2	The strategies of government in controlling corruption are not effective in this State.	Freq	6	45	78	213	457	252	4.74	1.07
		%	0.6	4.3	7.4	20.3	43.5	24		
3	There is general perception of abuse of entrusted power by public officer for personal gain by the government officials in this State.	Freq	9	42	69	179	493	259	4.79	1.06
		%	0.9	4	6.6	17	46.9	24.6		
4	Taxpayers have the general feeling that there is diversion of public funds for personal gain by government officials in this State.	Freq	8	38	60	194	427	324	4.87	1.07
		%	0.8	3.6	5.7	18.5	40.6	30.8		
5	There is high incidence of extortion from taxpayers by tax officials in this State.	Freq	10	62	80	210	471	218	4.64	1.13
		%	1	5.9	7.6	20	44.8	20.7		
6	ICPC, EFCC, and anti-graft agencies' effectiveness in handling fraudulent crime is not effective in suppressing the level of corruption in this State.	Freq	28	75	75	213	460	200	4.52	1.23
		%	2.7	7.1	7.1	20.3	43.8	19		
Average Mean & Standard Deviation									4.75	1.11

Source: Field Survey, 2019.

The mean of 4.94 indicates that majority of the respondents agreed that they feel the States governments are not doing enough to control widespread corruption in the State. The mean of 4.74 further suggests that majority of the respondents agreed that the strategies of the State's governments in controlling corruption are not effective in these States. The mean of 4.79 suggests that majority of the respondents agreed to the test item that there is a general perception of abuse of entrusted power by public officer for personal gain by the government officials in this State. The mean of 4.87 further suggests that majority of the respondents agreed that there is diversion of public funds for personal gains by government officials in the States. The mean of 4.64 further suggests that majority of the respondents agreed that there is high incidence of extortion from taxpayers by tax officials in the States. The mean of 4.52 suggests that majority of the respondents agreed to the test item that the ICPC, EFCC, and anti-graft agencies' effectiveness in handling fraudulent crime is not effective in suppressing the level of corruption in the States. On the overall, a mean of 4.75 further indicates that the majority of the respondents agreed that there is high level of control of corruption among the three States while a standard deviation of 1.08, 1.07, 1.06, 1.07, 1.13, and 1.23 respectively suggests that the responses of the respondents are less likely to change over time.

Table 2

Respondents Responses on Voluntary Tax Compliance

S/N	Test items		SD 1	D 2	PD 3	PA 4	A 5	SA 6	Mean	SDV
1	Paying tax is the right and natural things to do.	Freq	12	17	26	125	412	459	5.17	0.98
		%	1.1	1.6	2.5	11.9	39.2	43.7		
2	Paying tax is a responsibility that should be willingly accepted by all citizens.	Freq	3	8	59	87	439	455	5.20	0.90
		%	0.3	0.8	5.6	8.3	41.8	43.3		
3	I pay tax to support the state, other citizen, and its programme.	Freq	14	23	72	91	523	328	4.97	1.04
		%	1.3	2.2	6.9	8.7	49.8	31.2		
4	I will pay tax even when there are no controls because I am sure I am doing the right things.	Freq	26	64	82	183	398	298	4.67	1.27
		%	2.5	6.1	7.8	17.4	37.9	28.4		
5	Paying tax promptly is a matter of cause because I like to contribute to everyone's goods.	Freq	6	47	71	201	456	270	4.77	1.08
		%	0.6	4.5	6.8	19.1	43.4	25.7		
6	I feel morally obliged to honestly declare all my income for tax purposes because I regard it as my duty.	Freq	24	37	84	209	488	209	4.64	1.13
		%	2.3	3.5	8	19.9	46.4	19.9		
7	I will pay tax even if tax audit does not exist.	Freq	54	145	83	227	398	144	4.14	1.41
		%	5.1	13.8	7.9	21.6	37.9	13.7		
Mean & Standard Deviation									4.80	1.12

Source: Field Survey, 2019.

The mean of 5.17 indicates that majority of the respondents agreed that paying tax is the right and natural things to do. The mean of 5.20 further suggests that the majority of respondents agreed that paying tax is a responsibility that should be willingly accepted by all citizens. The mean of 4.97 suggests that majority of the respondents agreed to the test item that they pay tax to support the state, other citizens, and its programme. The mean of 4.67 further suggests that majority of the respondents agreed that they will pay tax even when there are no controls because they are sure that they are doing the right things. The mean of 4.77 also suggests that majority of the respondents agreed that paying tax promptly is a matter of cause because they like to contribute to everyone's goods. The mean of 4.64 suggests that majority of the respondents agreed to the test item that they feel morally obliged to honestly declare all their incomes for tax purposes because they regard it as their duty. The mean of 4.14 further suggests that majority of the respondents agreed that they will pay tax even if tax audit does not exist. On the overall, a mean of 4.81 further indicates that majority of the respondents agreed that voluntary tax compliance is necessary in their respective state and a standard deviation of 0.98, 0.9, 1.04, 1.27, 1.08, 1.13, and 1.41 respectively suggests that the responses of the respondents are less likely to change over time.

On Table 3, the mean of 4.00 suggests that majority of the respondents agreed to the test item that the State government is honest in the application of tax laws to all parties. The mean of 3.90 further suggests that majority of the respondents agreed that the State government exhibits openness and transparency in dealing with tax payers. The mean of 3.89 indicated that majority of the respondents agreed that the State government is trust worthy on application of tax revenue. The mean of 3.64 further suggests that majority of the respondents agreed that state government is not corrupt in handling state tax revenue. The mean of 3.49 shows that the State government is reliable and transparent in the award of contract. The mean of 3.89 showed that the State government is reliable in the application of tax revenue. On the overall, a mean of 3.80 further indicates that

majority of the respondents agreed that there is trust on the government and a standard deviation of 1.35, 1.31, 1.40, 1.44, 1.44, and 1.36 respectively implies that the respondents were not likely to change their responses over time.

Table 3

Respondents Responses on Trust From the Government

S/N	Test items		SD 1	D 2	PD 3	PA 4	A 5	SA 6	Mean	SDV
1	This State government is honest in the application of tax laws to all parties.	Freq	62	135	85	324	352	93	4.00	1.35
		%	5.9	12.8	8.1	30.8	33.5	8.8		
2	This State government exhibits openness and transparency in dealing with tax payers.	Freq	64	141	99	327	369	51	3.90	1.31
		%	6.1	13.4	9.4	31.1	35.1	4.9		
3	This State government is trust worthy on application of tax revenue.	Freq	89	129	105	278	383	67	3.89	1.40
		%	8.5	12.3	10	26.5	36.4	6.4		
4	This State government is not corrupt in handling tax revenue.	Freq	92	194	139	279	271	76	3.64	1.44
		%	8.8	18.5	13.2	26.5	25.8	7.2		
5	This State government is reliable and transparent in the award of contract.	Freq	107	230	114	286	269	45	3.49	1.44
		%	10.2	21.9	10.8	27.2	25.6	4.3		
6	This State government is reliable in the application of tax revenue.	Freq	66	151	114	297	352	71	3.89	1.36
		%	6.3	14.4	10.8	28.3	33.5	6.8		
Mean & Standard Deviation									3.80	1.38

Source: Field Survey, 2019.

Test of Hypothesis

Table 4

Control of Corruption and Voluntary Tax Compliance Behaviour

Dependent Variable: VTC							
Model	Unstandardized coefficients		Standardized coefficients		Sig.	Collinearity statistics	
	B	Std. error	Beta	t		Tolerance	VIF
(Constant)	3.665	0.246		14.882	0.000		
TRUGOVT	0.139	0.023	0.187	6.125	0.000	0.962	1.040
COC	0.154	0.031	0.153	5.025	0.000	0.965	1.036
GEN	0.036	0.054	0.020	0.664	0.507	0.976	1.025
AGE	-0.002	0.025	-0.003	-0.080	0.936	0.893	1.119
EL	0.035	0.032	0.036	1.081	0.280	0.792	1.262
ES	-0.237	0.067	-0.117	-3.562	0.000	0.830	1.204
Model summary							
Model	R	R square	Adjusted R square		Std. error of the estimate		
1	0.261 ^a	0.068	0.063		0.86435		

Table 4 to be continued

ANOVA ^a						
Model		Sum of squares	Df	Mean square	F	Sig.
	Regression	56.853	6	9.475	12.683	0.000 ^b
	Residual	779.979	1044	0.747		
	Total	836.832	1050			

Notes. a. Dependent Variable: VTC; b. Predictors: (Constant), trust from government (TRUGOVT), control of corruption (COC), gender (GEN), respondents age (AGE), educational level (EL), and employment status (ES).

Interpretation

Table 4 shows the results of regression analysis for the effect of control of corruption moderated by trust on government and controlled by demographic factors on voluntary tax compliance behaviour of the selected states in South-West, Nigeria. The results show that trust on the government (0.139), control of corruption (0.154), gender (0.036), and educational level (0.035) have positive relationships with individual voluntary tax compliance behaviour in the selected states in South West, Nigeria, while respondents age (-0.002) and employment status (-0.237) of the respondents have negative relationships with individual voluntary tax compliance behaviour in the selected states in South-West, Nigeria. The study revealed that control of corruption positively influenced individual voluntary tax compliance among taxpayers in the study states ($Adj R^2 = 0.063$, $F_{(6, 1050)} = 12.68$, $p < 0.05$).

There was evidence that trust on government, control of corruption, and employment status have significant relationships with individual voluntary tax compliance behaviour in the selected states in South West, Nigeria ($TRUGOVT\beta = 0.139$, $t = 6.125$, $p < 0.05$, $COC\beta = 0.154$, $t = 5.025$, $p < 0.05$, $ES = -0.237$, $\beta = 3.562$, $p < 0.05$). Conversely, gender, age, and educational level do not have significant relationships with individual voluntary tax compliance behaviour in the selected states in South West, Nigeria ($GEN\beta = 0.036$, $t = 0.664$, $p > 0.05$, $AGE\beta = -0.002$, $t = -0.080$, $p > 0.05$, $EL\beta = 0.035$, $t = 1.081$, $p > 0.05$). This implies that trust on the government, control of corruption, and employment status were significant factors that influenced changes in the individual voluntary tax compliance behaviour in the selected states in South-West, Nigeria while gender, age, and educational level of the respondents were not significant factors that influenced changes in individual voluntary tax compliance behaviour in the selected states in South-West, Nigeria.

The F-statistic of 12.683 is statistically significant with $p < 0.05$. This indicated that on the overall, the statistical significance of the model showed that the null hypothesis that control of corruption moderated by trust on government and controlled by demographic factors does not have significant influence on individual voluntary tax compliance behaviour in the selected states in South-West, Nigeria was rejected. Thus, the alternative hypothesis that control of corruption moderated by trust on government and controlled by demographic factors has significant influence on individual voluntary tax compliance behaviour in the selected states in South-West was accepted at 5% level of significance.

Discussion and Implication of Findings

Empirical findings from the test of hypothesis on the control of corruption and voluntary tax compliance behaviour in South-West, Nigeria revealed that trust in government, control of corruption, gender, and educational level have positive relationships with individual voluntary tax compliance behaviour while respondent's age and employment status have negative relationships with individual voluntary tax compliance

behaviour in South West, Nigeria. The F-statistic of 12.683 is statistically significant at $p = 0.000$; therefore, the study revealed that the control of corruption has a significant influence on individual voluntary tax compliance behaviour in the selected states of South-West, Nigeria at 5% level of significance. This result aligns with the study of Adeyeye and Otusanya (2015) that control of corruption had a significant impact on voluntary tax compliance while according to Otusanya (2011), corruption was seen as an obstacle to development in developing countries where institutional structure and personnel had continued to enhance corruption. The perception of control of corruption by the government implies that government is not doing or providing enough control in reducing wide spread corruption in the states. This was corroborated by 87.8% respondents that strategies of government in controlling corruption is not effective and this had resulted in the loss of government revenue through high incidence of extortion by tax officials from the tax payers and deliberate diversion of tax revenue by the tax officials. The study revealed that ICPC, EFCC, and other anti-graft agencies were not effective in handling fiscal fraudulent crimes on tax matters at state level. The implication of this is to decentralize the machinery of anti-graft agencies with establishment of state anti-graft agencies and by also putting stiff punishments for any fraudulent activity on tax revenue diversion.

Summary, Conclusion, and Recommendation of Findings

Summary of Finding

On control of corruption, the study revealed that trust in government, control of corruption, gender, and educational level have positive relationships with individual voluntary tax compliance behaviour while respondents' age and employment status have negative relationships with individual voluntary tax compliance behaviour in South-West, Nigeria. The findings also revealed that trust from government, control of corruption, and employment status have significant relationship with individual voluntary tax compliance behaviour while gender, age, and educational level do not have significant relationship with individual voluntary tax compliance behaviour. Meanwhile, trust from government, control of corruption, and employment status were significant factors which influenced changes in the individual voluntary tax compliance behaviour while age, gender, and educational level of the respondents were not significant factors which influenced changes in individual voluntary tax compliance behaviour. This is also a confirmation of the general notion that government's zero tolerance for corrupt tendencies enhances trust in government and builds positive attitude of citizens towards the government, its laws, and programmes. This finding suggests that the higher the government's attitude towards controlling corrupt practices, the higher the level of individual voluntary tax compliance among the sampled States.

Recommendation

The mechanism of controlling tax corruption at state level should be overhauled and made effective in order to reduce the loss of government revenue through high incidence of extortion by tax officials from the individual tax payers and deliberate diversion of tax revenue by the tax officials. Government should put better stiff strategies in controlling corruption on tax matters through the establishment of state anti-graft agencies, also to institute stiff punishment for any fraudulent activity on tax revenue generation. The state government should establish an independent special tax court to adjudicate on tax matters and any form of corruption that goes with it. Zero tolerance to corruption should be seen and practice. Finally, the machinery of internal control system on tax revenue generation at the States should be overhauled by adopting electronic processing and payment plat form option viz a vis attitudinal changes of tax officials toward individual taxpayers. This will

enhance individual taxpayer's trust in responding to tax payment promptly which will increase tax revenue to the States.

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