

Determinants of Tax Non-Compliance in Nigeria

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ABSTRACT

Taxation has been an age-old means of revenue generation for governments of nations, which is used by governments to fund its programs such infrastructure, health care and provision of social infrastructure to citizens. Despite the importance of taxation, tax non-compliance places a huge bottle neck and hinders government effort to achieve this fundamental objective. Researchers agree that over 50 years of tax research has not resulted in a generalized solution to tax compliance issues and therefore recommend contextualised research on taxation to proffer solution to tax compliance issues. This paper therefore decided to investigate empirical research on determinants of tax non-compliance behaviour in Nigeria and determine if the align with factors stipulated by the economic deterrence model to ascertain whether economic deterrence factors are applicable within the Nigerian context with a view to proffering solutions to tax non-compliance issues. The paper seeks to answer three questions: what are the determinants of tax non-compliance in Nigeria? Are they the same as those stipulated by the deterrent theory? Can learnings from studies guided by deterrent theory be adapted within the Nigerian context? The research effort utilises a literature survey and analysis of content to arrive at an inference. The Survey reveals that deterrent factors such as tax rates, the benefits of tax evasion, the likelihood of fraud being detected, and the severity of penalties are major determinants of tax non compliance behaviour in Nigeria alongside other factors such as Tax Morale, Tax Education, Tax knowledge, Gender, Ability to pay, Quid Pro Quo, Tax System complexity, as well as attitude and perception . The study also confirmed that deterrent theory factors can be used within the Nigerian context by stakeholders such as Nigerian revenue services, tax practitioners and firm managers to formulate tax compliance strategies. The study recommends future studies and in-depth analysis on determinants of tax non-compliance behaviour in Nigeria for a more robust analysis.

Keywords: Taxation, Non-compliance, Revenue

INTRODUCTION

Taxes are a means of revenue generation used by governments through charging of levies on income, Property, goods and services, and other economic activities, which are administered in different categories using different instruments such as Income taxes, Capital gains taxes, petroleum profit tax, value-added and withholding taxes (Onojodofia, 2023). Similarly (Oyedokun, 2020) defines tax as levies that the government mandates on the income of individuals and corporations in other to generate revenues that will fund their activities and programs. Taxation plays a vital role in the growth and development of countries this includes and not limited to economic development, Wealth Distribution, Price Stability, Creation of employment, Inflation control and attraction of investors (Maheshwari 2023). Taxation also provides government with revenue reserves that the government falls back to in case of unforeseen eventualities (Adebiyi, Amole, & Oyenuga, 2022). Despite all these benefits of taxation, tax noncompliance poses a threat on the tax system and by extension possess a threat to revenue generation. Empirical studies opined that understanding the determinants of tax non-compliance behaviour could aide in providing insights to solution on the menace of tax non-compliance behaviour (Ilemona, 2023)

Problem Statement

Post covid era has left developing countries struggling to generate adequate revenue that will fund governments targeted expenditures (Albertin et al., 2021). In recent times Nigeria as a country has struggled to meet its revenue generation targets and it was reported that the country was only able to realize about 53% of its revenue

projections Within the span of six years 2015-2020 (Aaron, 2024). This has led to diminishing funds available for critical infrastructural development, job creation initiatives, social safety nets and other public goods that drive long-term economic prosperity (Olowonefa et al., 2022). Furthermore, despite the governments struggle to meet its revenue targets it has been reported that the Nigerian governments lose between \$100 and \$600 billion in income yearly to tax avoidance (Akadakpo & Ogbeide 2024). This necessitates the Study of tax noncompliance in Nigeria, with a view to understanding the factors that lead to tax non-compliance within the Nigerian context and therefore the basic problem which this paper seeks to answer is what are the determinants of tax non-compliance in Nigeria? Are they the same with those stipulated by the deterrent theory? Can learnings from studies guided by deterrent theory be adapted within the Nigerian context?

Objective And Relevance

This paper aimed at reviewing empirical studies available in literature on the determinant of tax non-compliance within the Nigerian context with the aim of contributing to solving issues of tax non-compliance in Nigeria through analysing factors that lead to tax non-compliance in Nigeria. The methodology adopted for this study is purely literature survey and conclusions were derived from content analysis. This survey is of immense important to the related researches on Determinants of Tax Non-compliance within the Nigerian Context and will also serve as a guide to policy makers on how to approach issues of Tax non-compliance.

Conceptual Analysis

Concept of Tax Non-Compliance

Pattiasina et al. (2019) defines tax non-compliance as the unwillingness of taxpayers to comply with tax regulations required from them by the government either from the legal or administrative requirement of tax systems governing taxes in their operating environment.

Bello (2023) also defines Tax Non-compliance as the failure of taxpayers to remit the standard amount of tax levy obligated by them, appropriately file the required tax returns, appropriately calculate deductions, relief, and rebates, or remit the correct amount of tax. This action could be intentional or unintentional, or it can be in the form of tax evasion or Tax avoidance

Tax noncompliance is categorized into two: tax avoidance and tax evasion. Tax avoidance is the act of leveraging on existing tax laws by a taxpayer to minimize or reduce amount meant to be remitted by the taxpayer whereas tax evasion is described as the deliberate violation of the existing tax law by way of misrepresenting information or outright refusal to comply with the tax payers tax obligations. Tax avoidance is seen as a legal way of reducing tax burden whereas tax evasion is seen as an offence by outrightly refusing to comply with the existing tax laws (Mohammad & Mohd, 2017).

Concept of Tax avoidance

Tax avoidance has been defined as activities carried out through strategies that are within the tax Jurisdictions that can lower a company's tax burden as measured by its effective tax rate or other measures. It also entails taking advantage of the tax laws' flexibilities to lower tax liability Okerekeoti (2022). Similarly (Mansur et al. 2023). Defines tax avoidance as a means through which organizations engage in aggressive tax planning activities that enables them to lower their tax obligations by taking advantage of loopholes in the tax framework. Such practices could be detrimental to government revenue tax generation efforts and therefore is a source of concern for any nation.

Concept of Tax Evasion

Tax Evasion has been defined as deliberate misrepresentation of the organizations taxable income to avoid paying taxes is through means that violates the law, it is an illegal means of reducing the tax liability of an organization. (Mohammad & Mohd, 2017)

Likewise (Ado et al. 2018) sees tax evasion as a scenario where fraudulent activities such as false statements, exaggerating expenses, presenting income below the actual figure, complete omission of income, or even providing false details that affect tax liability among many means are explored by organizations to reduce or completely remove tax liability.

Determinants of Tax Non-Compliance

Attamah (2019) Defines Determinants of Tax Non-compliance as factors that cause tax non-compliance behaviour and they could be the lack of a “Quid Pro Quo” (Clear evidence of how taxes collated are spent and the value derived from paying tax), Unequal Distribution of Amenities, Mismanagement of Taxes, Remoteness of Taxpayers from the Government and Absence of Spirit of Civic Responsibility.

Determinants of tax non-compliance behaviour have also been defined as factors that significantly influence the tax noncompliance behaviours of taxpayers, and they include tax rate, tax audit, probability of detection of noncompliance behaviour, sanction for noncompliance and income level of taxpayer tax rate, tax audit, probability of detection of noncompliance behaviour, sanction for noncompliance behaviours and income level of taxpayers (Salawu et al., 2023).

However, (Nicoleta, 2011) defined determinants of tax noncompliance as factors that affect the attitude of taxpayers in complying with tax regulations and can be divided into two majors

Categories, the first category are the economic factors such as income level, fines, tax rate, audit probabilities, tax benefits, tax audit, penalties, and non-economic factors such as attitudes towards tax, personal norms, and perceived fairness of tax

Theoretical Analysis

This paper will be guided by economic deterrence theory, the theory was propounded by (Allingham & Sandmo, 1972), the economic deterrence model assumes that a variety of factors, including tax rates, the benefits of tax evasion, the likelihood of fraud being detected, and the severity of penalties for doing so can influence taxpayers' behaviour. Therefore, rational decisions are made amidst uncertainty, where tax evasion can lead to tax savings or penalties (Mebratu, 2024). The theory used econometric estimates to show that taxpayers' tax morale is raised when the tax officials treat them with respect. In contrast, when tax officials solely rely on deterrence, taxpayers tend to respond by actively trying to avoid taxation.

Analysis of Empirical Studies: Determinants of Tax Non-Compliance Behaviour in Nigeria

Empirical studies on determinants of tax non-compliance behaviour in Nigeria were analysed to ascertain whether or not they agree with the deterrence factors which are ‘tax rate’ ‘the benefits of tax non-compliance’ ‘the likelihood of being detected’ and the ‘severity of penalties’ as stipulated by (Allingham & Sandmo 1972) Some of the outcomes of the analysis are presented Thus.

It was reported that in Nigeria, both deterrence factors and other factors Influence tax non-compliance behaviour in Nigeria. These were narrated in a study conducted by Dibia, (2020) where the author Conducted a research on Analysis of the Determinants of Tax Policy Compliance in Nigeria. The study was carried out to address the gap between methods of solving the impediments of lack of compliance, and appropriate actions that are needed to improve tax management and administration in Nigeria, With the aim of proposing an appropriate benchmark model that the Government of Nigeria and other African countries facing similar predicaments could adopt to prevent tax evasion. The study was conducted in Nigeria with Nigerian citizens as the study population. 5000 citizens were sampled purposively between the years 2018 to 2019. Impediments of Tax Compliance was the independent variable proxied by (Corruption, Inadequate use of information technology, lack of government incentives, Poor working condition, Inappropriate assessment system and Poor economic situation in the country). While Tax Policy Compliance was the dependent variable Proxied by (Tax Evasion, Tax collection Management and Tax Compliance rate). The principal-agent model was the theory guiding the research while Correlations and percentile were used to analyze data collated. The Study findings concluded that there is a strong positive correlation between corruption and tax evasion, however the inadequate use of information

technology in tax administration, lack of government incentives as well as poor working condition have negative correlation with tax collection management. On the other hand, there is a significant relationship between inappropriate assessment systems, poor economic situation in the country, and lower tax compliance rate in the country. Factors that agreed with deterrence factors included reduced tax burdens, increase in economic benefit, Lack Of government incentive which agreed and aligned with the deterrence factor of 'benefits of tax compliance'. This shows that in Nigeria both deterrence and Non deterrence factors determine tax noncompliance.

In another study it was also narrated that all deterrence factors as well as other factors have an influence of tax noncompliance behavior in Nigeria. The study was conducted by (Ilemona,2023) and was titled the Effects of Tax Compliance Determinants on Tax Evasion in Nigeria: An Empirical Insight. The objective of the study is to examine the impact of each of the tax compliance-inducing factors/ determinants (tax morale, tax education, tax rebate, and tax deterrence) on the compliance behaviors of taxpayers in Nigeria. The study domain is Nigeria with Northeastern zone of Nigeria as the study Population 630 Respondents were randomly sampled from operators Micro, Small, and Medium Enterprises (MSMEs), Bankers, and workers in these states. Tax Compliance (TC) was dependent variable used for the study is, whereas the Independent (explanatory) variables are Tax Morale (TM), Taxpayer Education (TE), Tax Holiday (TH), and Tax deterrence (TD). The philosophical thought guarding the research is the Theory of planned tax behavior, and Inferential statistics Pearson correlation as well as Multiple regression were used to analyze the Primary Data collated. The results indicate that while Tax Morale, Tax Holiday and Tax Education have a positive impact on Tax Compliance, Tax Deterrence showed a negative impact.

Economic benefits of corruption and income agreed with deterrence factor of 'The benefits of tax noncompliance' and Tax system agreed with the deterrence factor of the 'likelihood of being detected' Proving that both deterrence and non-deterrence factors determine tax noncompliance in Nigeria in a study conducted by (Mansor & Gurama, 2016) which was titled The Determinants of Tax Evasion in Gombe State Nigeria. The study was aimed at providing a comparison among the factors influencing tax Nigeria in a smaller populated state with less developed source of revenue generation source to have a more critical view on the research problem. The Chosen study population is public and private sector; The Sample Size was 379 sampled through random sampling taxpayers. The Independent Variables were Corruption proxied by Corruption Income, Rate proxied by Tax rate, system proxied by Tax system income, proxied by income level and education proxied by education level. Whereas the dependent Variable TE was Tax evasion. Reliability test, multicollinearity test, Descriptive statistics and Multiple regression were used to analyse the primary data collated. The results of the analysis show that tax system, income level and education level have significant positive relationship with tax evasion. And on the other hand, tax rate and corruption (CR) have positive but insignificant relationship with tax evasion.

Similarly Corruption and tax non-compliance costs aligned with the deterrent factor 'benefits of tax non-compliance' while Tax knowledge, tax audit, tax penalty, and tax amnesty aligned with the deterrent factor of 'likelihood of being detected' confirming that both deterrent and non-deterrent factors determine tax non-compliant behaviour in a study conducted by Salawu et.al (2023) to ascertain Determinants of Tax Non-Compliance Behaviour Among Small and medium enterprises, the study aimed at finding solutions to revenue generation problems arising tax non Compliance behaviour in Oyo State Nigeria, The entire Profile of tax payers was the population of the study and 3 L.G.A.S were selected as samples through Purposive Sampling, Tax Non-compliance behaviour was the Dependent Variable and Corruption, tax knowledge tax penalty, *taxamnesty*, tax compliance cost and tax audit were the independent variables. Ability to pay theory, deterrence theory and expected utility theory were the philosophical underpinnings of the research. The data was analysed using Descriptive statistics and multiple regression while multicollinearity and Reliability test were also conducted. The results of the analysis reveal that corruption of tax officials and administrators, and tax compliance costs are the major determinants of tax noncompliance. They increase the incidence of tax noncompliance among SMEs in Oyo State. However, tax knowledge, tax audit, tax penalty, and tax amnesty are found to reduce the incidence of tax noncompliance among the SME taxpayers in Oyo State. It was recommended that tax officials' surveillance should be frequently carried out by agencies of government that deal with fighting economic fraud and corruption. Also, tax education should be inculcated in the school curriculum from primary to tertiary education levels, and tax audits of SMEs should be frequently carried out by tax officials.

Deterrence factors of 'tax rate' depicted by High rate of taxes imposed on tax payers and 'The likelihood of being detected' depicted by the Ineffective tax collection system and lack of accountability were proven to be among the factors that influence tax non-compliance in a study conducted by (Attamah, 2019) the research was titled Determinants of Non-Tax Compliance in Nigeria: A Study of Enugu Metropolis was aimed at responding to tax generation issues through studying factors responsible for non-tax compliance to ascertain measures that can improve tax compliance among residents of Enugu metropolis. Residents of Enugu Metropolis were the Population of the research, and 162 respondents were selected as the study sample through Purposive sampling. Both secondary and primary data were gathered and used for the study and determinants of tax noncompliance were viewed from 2 perspectives, firstly from the causes of non- tax Compliance through proxies such as the lack of a "Quid Pro Quo", unequal Distribution of Amenities, Mismanagement of Taxes and remoteness of Taxpayers from the Government. Secondly from the perspective of ways to achieve Tax Compliance through proxies such as tax public relations, tax education, tax Counselling, tax Guidance and examination, and through tax recognition and prizes. Simple percentages and weighted mean averages were used to analyse the data collected. The results of the study indicated that among the factors that affect tax compliance include poor tax awareness, ineffective tax collection system, lack of accountability on the part of government, high rate of taxes imposed on taxpayers, among others. Accordingly, the study concluded that government should give serious consideration to the factors that discourage citizens from paying taxes and improve on them. The paper recommended among others, the need for government to demonstrate some degree of tax accountability on the revenue collected to encourage more tax compliance. ability to pay principle, benefit approach and equal distribution principle were the philosophies that guided the study.

Tax plans and administration aligned with 'likelihood of being detected', confirming both deterrent and non-deterrent factors as factors that determine Tax compliance behaviour in Nigeria in a study conducted by (Edward and Nathaniel, 2021), to appraise Determinants of Non-Tax Compliance in Nigeria. The Paper aimed at responding to the revenue generation problem of the country through examining tax non-compliance and Methods of achieving compliance. Content analysis was used to analyse the primary data on the Nigerian Tax System from two perspectives. Firstly, factors responsible for Non- Tax Compliance were studied looking at proxies such as the lack of a "Quid Pro Quo", Unequal Distribution of Amenities, Remoteness of Taxpayers from the Government, Mismanagement of Taxes and Absence of Spirit of Civic Responsibility and Secondly Methods of achieving Tax Compliance were analysed through Tax Public Relation, Tax Education, Tax Counselling Guidance and Examination, Tax Recognition and Prizes. The study concluded that although, the degree to which a government can perform its functions depend largely on the ability to design tax plans and administration as well as the readiness and patriotism of the citizens to respond adequately; there is need for government to give serious consideration to the factors that discourage citizens from paying taxes, and improve on them. Ability to pay principle guided the study although the paper did not clearly link the problem with conclusion. The objective of the study was also not well presented.

Economic criteria which conform with the deterrence factor of the 'benefits of tax non-compliance' also depict that both deterrence and non-deterrence factors form determinants of tax non-compliance behaviour in Nigeria in a study conducted by Adebिया et al. (2022), where they investigated the Determinants of Tax Non-compliance Behaviour of Small and Medium Scale Enterprises in Nigeria. The Study was aimed at finding responses to the contextual nature of tax studies in relation to tax non-compliance and revenue generation. Registered small and medium-scale enterprises in Nigeria were the subject of the study, and Lagos SMEs with a life span of at least five years were selected as the sample through proportional sampling. The dependent variables were Determinants of tax avoidance and compliance, while the independent variables were Business and investment factor, Institutional and industry factor, Socio-cultural factor, Economic factor Political and legal factor and social psychological factor. The Analytic Hierarchy Process (AHP) were used to analyse secondary data collated while the study was guided by philosophies such as Slippery Slope Model, Psychology Theory of Taxation, Benefit Theory of Taxation and Optimal Tax Theory. The results revealed that, out of the six tested, economic criteria and their factors are the most important criteria influencing both tax avoidance and compliance decisions. Moreover, to strategically enhance SMEs' tax compliance, government spending, the economy, and fiscal policy need to be logically positioned in favour of SME operators.

Likewise, it was also confirmed that both deterrence and non-deterrence factors form the determinants of tax noncompliance behaviour in Nigeria, where lapses in government accounting records conform with the

deterrence factor of 'Likelihood of being detected' in a study conducted by Eneloop and Dick (2018). Where the author carried out an Empirical Review of the Determinants of Tax Evasion in Nigeria: Emphasis on the Informal Sector Operators in Port Harcourt Metropolis. The aim of the research was to support the government at the 3 levels and their agencies to formulate adequate tax policies with respect to tax revenue administration. And to provide researchers with literature on the concept of Tax evasion, particularly among Informal sector operators. The population of the study was made up of informal sector and small and medium scale businesses in River's state, particularly in Port Harcourt metropolis, and a sample of 50 informal sector and SME operators in River's state were used for the study sampled through purposive sampling Tax evasion was the dependent variable were as Sex, income level and tax morale formed the independent variable Ordinary Least Squares and regression analysis were used to analyse secondary data collated where as the study was guided by Benefit Theory, Ability to Pay, Theory of equal distribution philosophies. The study therefore concludes that sex, and tax morale affect tax evasion positively, while income influences tax evasion negatively among informal sector operators in Nigeria. It therefore recommends regular enlightenment campaigns by revenue authorities to preach against the problem of tax evasion and the dangers it poses to economy. It further suggests a reduction in the level of multiplicity in taxes currently prevalent among informal sector operators, to ensure voluntary compliance.

Similarly, the deterrence factor of 'Likelihood of being detected' which was proxied by Non-compliance opportunity re-affirmed the position that both deterrence and non-deterrence factors forms determinants of tax non-compliant behaviour in Nigeria in a study conducted by (Popoola, 2022) on the Determinants of Tax Compliance Behaviour Among Small and Medium Enterprises in Kwara State. The study was aimed at explaining Identified factors variation in tax compliance practices among SMEs in Kwara State to inform policy formulation strategies in the state. The population of this study are the small and medium enterprises (SMEs) in Kwara State. Duly registered Owners Who perform their trading activities in Kwara State were selected as samples using a stratified sampling technique. The Dependent variable for the study was Tax compliance behaviour and Fairness of tax system, Tax knowledge, Complexity, perception, and Attitude towards tax administration and social contract were the independent variable primary data collated was analysed using Descriptive statistics and (OLS) regression analysis, and Social Norm theory, Fiscal Psychology theory Economic Based theory guided the research. the study concluded that accounting practices, government fiscal responsibility, social norms and taxpayers perceived fairness have strong positive, and significant relationship with the taxpayer compliance behaviour. Based on the findings, the study recommended that, management of SME should ensure that their accounting record system is accurate and updated, also government should; use the money generated from taxpayers to fund developmental projects and infrastructural facilities, sensitize on the advantage of compliance with tax laws and payment of tax in order to reduce negative perception people have on tax payment and treat every taxpayer equally without bias irrespective of the class of the taxpayer

'The Benefits of Non-compliance 'proxied by Informal Economy Influences and 'likelihood of being detected' proxied by Tax compliance Non-compliance opportunity were the deterrent factors that influence tax non-compliance behaviour in Nigeria in a study conducted by (Bello & Kasztelnik,2022) titled Observational Study of Tax Compliance and Tax Evasion in Nigeria. The Paper was aimed at adding to the pool of knowledge through content analysis of rationale for Tax Noncompliance between the theory of reasoned action and Technology adoption to life to help leaders of the manufacturing sector understand the drivers of tax evasion and how to prevent its occurrence The Population of the study was Manufacturing Companies in Nigeria and Manufacturing Lagos state were the sample of the study sampled through purposive sampling Tax Evasion and Tax Compliance were selected as the dependent variables whereas Tax Knowledge and Education, Perceived Audit Probability and Effectiveness, Socio-economic Conditions, Informal Economy, Demographic factors, Non-compliance opportunity and Attitudes and Perceptions were the independent variables used in conducting the research. The research was guided by Theory of reasoned action and Technology adoption life cycle theory while Methods of generalization Analysis, Synthesis of scientific literature formalization, and abstraction methods were used to analyse secondary data collated. The study empirically confirms and theoretically proves that the list of drivers of tax evasion may also include other reasons for tax evasion for manufacturing companies, such as a lack of education and understanding of the tax documentation requirements, process issues, technology access issues, and others. The results of the research can be useful for the tax authorities in Lagos to educate other sectors that engage in tax evasion to increase the rate of overall tax compliance.

Tax Law enforcement, aligning with the deterrent factor of ‘Likelihood of being detected’ was part of the factors that were Identified to influence Tax Non-Compliance in Nigeria, in a research conducted by (Usman et al. 2023). The study was titled Determinants of Personal Income Tax Compliance Behaviour in Kaduna State, Nigeria: Slippery Theory Approach. The Study was aimed at responding to the need to have a common push that may provide a tool that can be used to eradicate or minimise the systemic problem of tax non-compliance. The population of the study are individual registered personal income tax payers registered at (KADIRS), as at 31st December, 2022 and 384 Respondents were selected as sample through cluster sampling, Tax compliance rate was the independent variable used in conducting the study whereas Represent the income level of the respondents, Public confidence in government, Tax enforcement and Tax knowledge were the independent variables used in conducting the study. Slippery Slope Theory was the philosophy guiding the research and Weighted Least Square (WLS) regression model was used to analyse primary data collated. The study concluded that, income level, public confidence in government and tax enforcement are important determinants of personal income tax compliance behaviour in the state. The Kaduna State Internal Revenue Service (KADIRS) should enhance its efforts to enforce compliance with the relevant provisions of tax laws and regulations in the state. The state government should also, double its financial and political support to the KADIRS, to maximise compliance with the provisions of the relevant tax laws and regulations in the state.

Deterrent factors were also found to be among the determinants of tax non-compliance behaviour in Nigeria. These were demonstrated through ‘The benefits of tax non-compliance’ proxied by Tax deterrence sanction and ‘likelihood of being detected’ Proxied by Tax non-compliance opportunity in a study conducted by proxied by (Vincent (2021) Titled Assessing SMEs tax non-compliance behaviour in Sub-Saharan Africa (SSA): An insight from Nigeria. The study was conducted to contribute to reshaping the tax policy in Nigeria, reduce tax leakages, enhance tax compliance and shore up the nation’s non-oil revenue. The population of the studies are SMEs in Nigeria and SME'S That have email contact details and are limited liability companies were selected as sample of the study through Criterion Sampling. Tax Non Compliance behaviour was the dependent variable used in conducting the study and Tax system structure (rate, sanction & complexity), Tax non-compliance opportunity, Tax compliance cost, Tax information Tax attitude and perception formed the independent variable used in conducting the study. The study was guided by the behavioural economics theory and Descriptive Statistics, Correlation, Ordinary Least Square estimation was used to analyse primary data collated. The study’s findings reveal that tax system complexity, tax deterrence sanction, tax non-compliance opportunity, tax information and tax attitude and perception are important determinants of tax compliance behaviour, while tax rate and tax compliance cost may not necessarily exert significant influence.

Both Deterrent and Non Deterrent factors were found to influence Tax Non Compliance in Nigeria which Includes ‘Tax rates’ Proxied by Nigerian tax rates, ‘likelihood of being detected’ proxied by Inefficiency in public Governance and tax system management, and ‘Severity of penalties’ Proxied by loopholes in tax laws and tax penalty level, In a study conducted by (Ado et al. 2018) titled Determinants of Tax Evasion in Nigeria. The study was conducted to understand the factors that Aides Tax Evasion With a view to finding a solution to the menace to reduce the cost of tax compliance spent by government. The population of this study covers the entire staff of the Federal Inland Revenue Service of a selected branch in Abuja; the entire Population was used as the sample selected through purposive sampling. Tax Evasion was the dependent variable, whereas Inefficiency in public Governance and tax system management, Tax rate, Loopholes of tax laws and penalty level were the independent variables. Karl Pearson’s chi-square method was used to analyse primary data collated. The study findings revealed that there is Inefficiency in public Governance and tax system management, which makes tax evasion rampant and of paramount importance in Nigeria. There is non-favourability to quite an extent in the Nigerian tax rates, thereby giving rise to tax evasion in Nigeria. There are huge loopholes in tax laws and tax penalty level in Nigeria, which encourages tax evasion. The study concluded that there are many active determinants of tax evasion in Nigeria. The Study was not linked to any theory for philosophical guidance.

Deterrent factors were also found to be among the determinants of tax non-compliance behaviour in Nigeria these were demonstrated through proxies such as Tax audit and awareness of offences both aligning with the deterrent factor of ‘likelihood of being detected’ and penalties, aligning with ‘Severity of penalties’ in a research conducted by (Anyaduba & Oboh, 2019) where they Investigated the Determinants of Tax Compliance Behaviour under the Self-Assessment Scheme in Nigeria. The Study aimed at assessing the determinants of tax Non-compliance with a view to aiding to finding solutions to issues of Non Compliance in Nigeria under the

self-assessment scheme The population of this study consists of all individual taxpayers and organisations that are eligible to file self-assessment tax returns in Nigeria, and 600 Respondents were sampled from 3 states Abuja, Edo, Lagos Representing 3 Geopolitical Zones through non-random stratified sampling technique. Tax Compliance Behaviour formed the dependent variable for the study, whereas Probability of Detection, Tax Audit, Awareness of Offences and Penalties, Tax Knowledge, Simplicity of Tax Administration and Returns and Taxpayers' Integrity formed the independent variable of the research. Descriptive statistics, Analysis of Variance and Ordinary Least Squares regression were used to analyse primary data collated. The results showed that tax audit, awareness of offences and penalties had a positive and significant impact on tax compliance behaviour under the self-assessment scheme in Nigeria, however simplicity of tax administration and returns, tax knowledge and taxpayers' integrity had a positive but not significant impact on tax compliance behaviour under the self-assessment scheme in Nigeria. Economic deterrence theory was the philosophy that guided the research.

Tax rates aligning with the deterrence factor of 'tax rates and attitude and Perception of taxpayers aligning with the deterrent factor of 'The benefits of tax non-compliance' were found to be part of the determinants of tax non-compliance behaviour in a study conducted by Aronmwan (2015) Titled Determinants of Personal Income Tax Compliance: Perception of Nigerian Taxpayers. The study aimed at assessing other factors that affect tax non-compliance other than those stipulated by the deterrent theory, with a view to finding Lasting solutions that will curb the menace of Tax non-compliance and improve revenue generation in Nigeria. The population for this study is made up of all self-employed persons, aged 18 years and above in the South-South region of Nigeria. 400 Respondents were sampled through a simple random sampling technique. Personal Income Tax Compliance was the dependent variable while Taxpayers' Perception of Government, Taxpayers' Gender, and Taxpayers' Attitude to the tax system and Tax Rate are the independent variables used in conducting the study Ordered logistic regression was used to analyse primary data collated. The findings show that there is a significant positive relationship between tax rate and personal income tax compliance; the perception of taxpayers' of the Government of the day has a significant impact on how they comply with personal income taxation; taxpayers' income has a significant impact on personal income tax compliance; the gender of the taxpayer has no significant positive relationship with his/her level of tax compliance; and the attitude of taxpayers to the tax system has a significant impact on personal income tax compliance.

ANALYSIS OF FINDINGS

Following the content analysis and literature examination, the underlisted findings were articulated.

1. Deterrent factors were found in most of the researches as determinants of Tax non-compliance behaviour in Nigeria and were presented in different forms in the empirical researches such as 'Tax rate' was presented as Nigerian tax rate, 'The benefits of tax non-compliance' were presented in different forms such as reduced tax burdens and increase in economic benefit, economic benefits of corruption, reduced operational costs and tax compliance costs as the major contributors of tax non-compliance. 'The likelihood of being detected' was presented in most of the empirical studies as Governments tax plans and administration, accuracy of governments accounting records, Perceived Audit Probability and Effectiveness, Non-compliance opportunity, Tax Law enforcement and Inefficiency in public Governance and tax system management. While 'Severity of penalties' was presented as loopholes in tax laws, the tax penalty level in Nigeria and the availability of penalties for defaulters.
2. Aside from deterrent factors other factors were also presented in the empirical studies as determinants of tax non-compliant behaviour such as poor working condition, Tax Morale, Tax Education, Tax knowledge, Gender, Ability to pay, Quid Pro Quo, Tax System complexity and attitude and perception.
3. Most empirical research confirmed that factors that determine Tax noncompliance behaviour in Nigeria are mixed, and they include both deterrent and non-deterrent factors
4. That the deterrent factor of 'likelihood of being detected' was present in most empirical studies which confirmed that deterrent factors are major determinants of tax compliance behaviour and should be considered by tax policy makers, practitioners, and wealth managers when making strategic decisions as regards tax compliance behaviour.

5. That there is an opportunity for future empirical studies on determinants of tax non-compliance behaviour to support the successful implementation of tax regulations, such as the new Nigerian Tax Act 2025.

Summary

The Study was aimed at examining the determinants of tax noncompliance behaviour within the Nigerian context, with the aim of providing solutions to revenue generation and tax administration problems affecting the Nigerian economy. Specifically, the study examined whether the determinants of tax non-compliance behaviour in Nigeria Agree with the determinants of tax non-compliance behaviour stipulated by the economic deterrence model, which includes tax rates, the benefits of tax evasion, the likelihood of fraud being detected, and the severity of penalties. This was conducted through content analysis of empirical studies of determinants of tax non-compliance behaviour in Nigeria. The study findings revealed that although there are other determinants of tax non-compliance behaviour in Nigeria, deterrent factors are a major determinant of tax non-compliance behaviour in Nigeria.

CONCLUSION AND RECOMMENDATIONS.

The study concludes that deterrent factors are a major determinant of tax non-compliance behaviour in Nigeria. Other non-deterrent factors that form determinants of tax noncompliance behaviour Includes poor working condition, Tax Morale, Tax Education, Tax knowledge, Gender, Ability to pay, Quid Pro Quo, Tax System complexity and attitude and perception

The study recommends the consideration of deterrent factors by stake holders such as tax policy makers (Nigerian Revenue Services), Tax consultants and firm managers in formulating tax compliance strategies.

There is a frontier for future researchers to empirically analyse determinants of tax non-compliance behaviour in Nigeria through the use of more robust analytical tools and increase in scope to come up with contextualised solutions to tax non-compliance.

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