

The Effect of Motivation on Tax Compliance: A Case of Tax Administration in Bayelsa State of Nigeria

BARIYIMA D. KIABEL, Ph.D

Department of Accountancy, Faculty of Management Sciences, Rivers State University of Science and Technology, Port Harcourt, Nigeria.
E-mail: Kiabel.Bariyima@ust.edu.ng

JAMES K. OYADONGHAN

Department of Accounting, Niger Delta University, Wilberforce Island, Yenagoa, Bayelsa State, Nigeria.

ABSTRACT

The purpose of this paper is to determine the motivational factors leading to voluntary tax compliance with specific focus on selected taxpayers under the Pay-As-You-Earn (PAYE) system in Bayelsa State. Data was collected through the administration of structured questionnaire. Analyses were performed using version 19 of E-VIEW with ordinary least squares regression analysis and the Mann Whitney U-test. It was found that public participation in tax policy formulation has no significant effect on tax compliance; that goal-oriented tax policies will lead to an increase in tax compliance and that effective and satisfactory use of tax revenue by government will significantly increase the level of tax compliance in Bayelsa State. It was concluded that goal-oriented tax policies and judicious use of tax revenue are critical factors in taxpayers' compliance. It is recommended that tax policies be tied to specific goals with government providing sufficient evidence of better utilization of tax revenue to achieve voluntary tax compliance.

Keywords: Tax Compliance, Motivation, Tax Administration, Bayelsa State, Nigeria

Introduction

Taxation is an age-long practice which could be traced to the days of early civilization. It is viewed as an act of recognition of who is in authority, often demonstrated in the payment of tangible tributes either under compulsion or by way of duty requirement (Appah, 2010). Such contributions in the early days were not monetized. In Nigeria, the contributions required were in farm produce such as yams, cassava, fish, and plantain or even by physical labour (Kiabel, 2011). In all forms of it, it was not always a joyous thing to the taxpayers to willingly do so without a restrain or by enforcement. This natural unwillingness to comply with tax payment accounts for tax avoidance and tax evasion – two of the major means by which leakages occur in the tax system. However, drawing from the Expectancy theory of motivation (Tamunomiebi & Zeb-Obipi, 2009), there are identifiable attractive rewards if taxes are paid which are capable of satisfying taxpayers' unsatisfied needs such as roads, electricity, water, security etc. In effect, since individuals cannot provide public goods, seeing the government doing so could motivate a collective obligation to comply with tax payment (Alm, 2013). Moreover, since individuals are motivated not simply by self-interest but also by group notions like social norms, social capital, tax morals, they will comply with the social norm of paying taxes so long as government comply with social norms and attaching specific goals to specific taxes and employ Management By Objectives (MBO) principles in formulating tax policies (Alm, 2013).

The theory of "economics-of-crime" was first applied to tax compliance by Allingham & Sandmo (1972). This theory sees tax compliance by a single representative individual as maximizing the expected utility of the tax evasion gamble, rationally weighing the benefits of successful cheating against the risky prospects of detection and punishment and the individual pays taxes because he or she is afraid of getting caught and penalized if he or she does not report all income (Alm, 2013). Earlier studies, for example, (Slemrod, 2007; Kleven et al, 2010) have shown that an increase in tax rates result to corresponding increase in revenue generated not as a proportion to the rate but as a proportion to compliance and that what matters most for tax compliance is enforcement (Allingham & Sandmo, 1972). However, Torgler (2007); Kirchler (2007) and Alm (2013) do not see enforcement as the sole panacea for tax compliance arguing that: (i) tax audit is seldom done by most tax authorities and; (ii) penalty for non-compliance is in most instances less than the rate of tax evasion and infrequent.

Arogundade (2005) has equally argued that enforcement is not sufficient on its own to ensure tax compliance. According to him, enforcement has to be complemented with taxpayers' service, which in his views, had not received much attention in Nigerian taxation. He suggested that the Nigerian tax administration should design

taxpayers' service which should take the form of taxpayers' education, clear and cautious communication with taxpayer, unimpeded access to the tax authority by taxpayer, transparency in dealing with taxpayer and clear channels for complaints. Drawing from the above submissions, it is obvious (in the case of Nigeria) that if fear of punishment is a cause for compliance then with the low level of enforcement and punishment of tax offenders there would have been practically no payment of tax.

The Bayelsa State government in Nigeria recently introduced a new tax policy and administration model on incomes arising from an employment, a trade, business, profession or vocation. The policy which took effect from the 2013 year of assessment compels civil servants and the self-employed in the state to now pay higher tax liabilities up to 200 percent of the previous tax liabilities in years before 2013. Interestingly, none of the civil labour or trade unions protested. So far, there is a 100 percent compliance by the affected taxpayers. About the same time that the tax policy was introduced, the Bayelsa State government also came out with the "Accountability Initiative" whereby the public is kept abreast of how all revenues accruing to the state are utilized. The pertinent question which this paper sought to provide an answer was: What factor(s) could have probably motivated compliance (by the taxpayers under study). Specifically, the major aim of this paper is to determine the reason(s) that may be or are responsible for tax compliance apart from enforcement and to seek ways to employ such means (by government) to achieve tax compliance and greater revenue generation. In more specific terms, this paper set out to:

- Assess the extent to which public participation in tax policy formulation impact on compliance with tax payment among individual taxpayers in Bayelsa State;
- Determine the extent to which a goal-oriented tax system affect tax compliance among individual tax payers in Bayelsa State; and
- Evaluate the extent to which an effective and satisfactory use of tax revenue by government influences the level of tax compliance among individual tax payers in Bayelsa State.

Operationally, the focal research questions were:

- To what extent does public participation in tax policy formulation affect compliance with tax payment by individuals in Bayelsa State?
- To what extent does a goal-oriented tax system affect tax compliance by individuals in Bayelsa State? and;
- To what extent does an effective and satisfactory use of tax revenue by government influence the level of tax compliance by individuals in Bayelsa State?

Consequently, the following hypotheses, stated in their null form, were tested:

H₀₁: Public participation in tax policy formulation has no significant effect on compliance with tax payment among individual tax payers in Bayelsa State.

H₀₂: A goal-oriented tax system does not lead to a significant increase in tax compliance among individual taxpayers in Bayelsa State.

H₀₃: An effective and satisfactory use of tax revenue by government does not significantly increase the level of tax compliance among individual taxpayers in Bayelsa State.

The Literature

Tax Enforcement and Compliance Measures in Nigerian Taxation

According to Ogundele (1999), tax compliance is the act of subjecting oneself to the demands of the tax laws either voluntarily, by persuasion, inducement or compulsion. "Voluntary tax compliance" occurs when a tax payer willingly submits himself as best as he can to the requirements of the tax laws. "Enforced tax compliance", on the other hand, is when he is compelled or coerced to do same. Thus, not all non-compliance are due to evasion. As Ogundele (1999) had noted, it is quite conceivable that non-compliance might be driven by simple incapacity to comply or even ignorance of what to do. Compliance has been a great problem in the Nigerian tax system as a result of the large scale of Nigeria's informal sector. The administrative burden of applying the tax provisions had equally been very cumbersome for some of these entities.

The various enforcement measures under the Nigerian Tax Act include litigation, exercise of power of search and seizure, exercise of power to lay distress, denial of Tax Clearance Certificate (TCC), imposition of penalty and interest, authority to the Attorney-General of the Federation (AGF) to deduct un-remitted withholding tax from funds due to relevant agencies of government and authority to the Nigeria Customs Service (NCS) to refuse

clearance to any defaulting shipping company (Arogundade, 2005). By Section 104 of the Personal Income Tax Act, 2004 (as amended), the relevant tax authority, may for the purpose of enforcing payment of tax due: “ (a) distrain the taxpayer by his goods, other chattels, bonds or other securities, or (b) distrain upon any land, premises or places, in respect of which the taxpayer is the owner... and recover the amount of tax due by sale of anything so distrained.”

In addition to the above stated statutory provisions, there are some administrative measures for tax enforcement purposes. The most prominent of these is the Special Investigation (compliance) Branch (SIB) which deals with suspected cases of tax fraud and serious non-compliance. The offences dealt with include failure to file returns, non-disclosure or undeclaration of income, false or incorrect claims and similar offences (Part XIII, CITA).

The police as well as the Office of the Attorney-General (OAG) are also involved in tax enforcement. Other criminal tax offences such as conversion or diversion of drafts or other financial instruments for payment of tax, forgery of tax receipts, embezzlement, bribery and corruption and other fraudulent Acts are handled by the police or the Economic and Financial Crimes Commission (EFCC) as the case may be (Arogundade, 2005). Though, the Act gives the “Board” the powers to sanction any prosecution in respect of fraudulent acts, the final authority for the prosecution lies with the OAG.

The degree of voluntary compliance in any tax system is influenced by the effectiveness of enforcement actions in place. The institutional arrangements in place to achieve high compliance in the Nigerian tax system include tax audit, collection monitoring and the Inspection Units (Arogundade, 2005). Tax audit, which may be desk audit or field audit is meant to achieve compliance with the provisions of the tax Act. While desk audit is conducted in the various tax offices of the Board (on the desks of the inspectors), field audit is conducted within the premises of the taxpayer. The purpose of a tax audit is to verify any matter relating to the profits of the taxpayer or any matter relating to entries in any books, documents, accounts or returns. The objective of collection monitoring is to ensure compliance by the taxpayers with withholding tax rules and regulations, timely remittance of deductions and payment of assessments within the due date of payment. While tax audit and collection monitoring are concerned with compliance by taxpayers, the Inspection Unit is concerned with compliance by the tax officials with the law and procedure to ensure uniform application of standards.

To achieve voluntary compliance the enforcement and compliance measures and arrangements are complemented with taxpayers’ services. Taxpayers’ services should come in form of public enlightenment, staff education, elimination of touting, simplification of the law, guidelines and processes, transparency in application of tax measures, evasion detection and punishment for delinquency (Arogundade, 2005; Ogundele, 1999).

Theories of Motivation Related to Taxation and Tax Compliance

The role of theory in explaining social phenomena cannot be overemphasized. According to Riahi-Belkaoni (2000), theories shape meanings and help in the analysis of concepts and their implications. Three theories relating to taxation and tax compliance are examined.

Goal Setting Theory

This theory was proposed by Locke (1966); as quoted in Alm, (2013). The premise is that goals tell an employee what needs to be done and how much effort will need to be expended (Tamunomiebi & Zeb-Obipi, 2009). A specific goal set by an organization will increase performance than easy going goals, and that feedback leads to higher performance than non-feedback. Specific hard goals produce a higher level of output than a generalized goal. The specificity of a goal itself acts as a stimulant. The implications of this theory are that: (i) organizations should promote Management By Objectives (MBO). When management proposes and set specific goals and communicates such goals with employee participation at the process of setting the goal, compliance becomes an easy task; (ii) four ingredients are common to MBO programmes. These are goal specificity, participative decision making, explicit time period and feedback on performance.

The objective of this theory to taxation and compliance is that tax policies should be formulated with social participation. Society should know why certain tax policies are to be implemented and allowed to make input through referendums by the executive and the legislative arms of Government.

In the United States of America, when President Obama presented the bill to Senate for a progressive tax system on the rich, Senate intensively deliberated on it and selected wealthy American citizens (such as BilGate) were invited. The result was a common agreement to comply.

In the Nigerian case, tax laws are indoor legislative matters (or decrees through military veto), compelling compliance with enforcement without society contributing to it. Again, taxes should be tied to specific goals and objectives not just a mere source of revenue to the government or a means of diversification of the economy (Appah & Oyadonghan, 2011). A good example is the education tax, which is tied to improving the educational system through grants for training and development of infrastructures in Nigerian universities and adequate funding for libraries and laboratories (Kiabel & Nwikpasi, 2012). Such provisions will enhance compliance with tax payment and reduce tax evasion and avoidance because the social goals are specified rather than the personal income tax, company income tax etc all of which their imposition have no specific objective and with high level of tax avoidance (Appah, 2010).

Social Capital Theory

According to Alm (2013), “there is abundant evidence that individuals are influenced by the social context in which and the process by which decisions are made and that they are motivated not simply by self interest but also by group notions like social norms, social capital, social customers, social networks, fairness, trust, reciprocity, intrinsic motivation, tax morals as well as by individual notions of guilt, shame, morality, or altruism.” He called this social interactions theory as agreed by Essia (2005). Working on the psychology of taxation, Kirchler (2007) called this process “a social norm of tax compliance.”

A social norm therefore represents a pattern of behavior that is judged in a similar way by others and that is sustained in part by social approval or disapproval. If others behaved according to some socially accepted mode, then the individual will behave appropriately; if others do not so behave then the individual will re-resent in kind (Alm, 2013). Thus, if government comply with social norms, attaching specific goals to specific taxes and employ MBO principles in formulating tax policies then people will comply with the social norm of paying their taxes.

The Expectancy Theory of Motivation

The social-political theory of taxation does not promise any benefit on the tax payer. It necessitated tax payment as a civic duty or responsibility without expecting a commensurate benefit from the government (Bhatia, 2004; Jhingan, 2004; Appah & Oyadonghan, 2011). However, tax payers have a fiduciary relationship with the government. This benefit-received theory promoted that while the citizens pay tax, government is to, in turn, provide certain social goods and services to the tax payers. Bhatia (2004) pointed out that this theory overlooks the use of tax policy for economic growth and stabilization of a nation. Individuals see payment of tax as a means of contributing their quota to the cost of providing social goods by government (Appah & Oyadonghan, 2011).

The expectancy theory of motivation argues that the strength of a tendency to act depends on the strength of an expectation that an act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Tamunomiebi & Zeb-Obipi, 2009). Three variables are identified with this theory: (a) **Attractiveness**: The importance that individuals place on the potential outcome or reward that can be achieved on the job (such as the unsatisfied needs to be satisfied); (b) **Performance – reward linkage**: The degree to which the individual believes that performance at a particular level will lead to the attainment of a desired outcome; (c) **Effort-Performance Linkage**: The perceived probability by the individual that exerting a given amount of effort will lead to performance.

The principles are that: (i) there are identifiable attractive rewards if taxes are paid which are capable of satisfying their unsatisfied needs such as roads, electricity, water for people lacking them; (ii) the government can be trusted to be able to use tax payers’ money wisely to satisfy their needs and that evidence exists that the government can be trusted. For example, if the Nigerian government removes the subsidy on fuel, can it guarantee that the money will be used in building more refineries and hospitals, electricity and good roads? If the answer is yes, citizens will be motivated to pay taxes. This can be compared with the developed nations where citizens voluntary file for tax payment because they are convinced that benefits in social goods and services are

priorities to the government, not to amass primitive wealth as the case with African political neo-colonial capitalist. Since individuals cannot provide public goods, seeing the government doing so motivates a collective obligation to comply with tax payment by tax payers (Alm, 2013).

Corporations will also comply if seeing that their tax compliance promotes social development and environmental peace and security for business to grow and dominate in peace within the environment. This situation creates moral individuals towards the payment of tax (Akerlof & Kranton, 2010).

Table 1 below provides a summary of prior studies in other jurisdictions on tax compliance.

Table 1: Empirical Review

Author	Year	Method	Findings
James Alm	2013	Empirical study with experimental method	Group motivation has direct effect on tax compliance.
Alm, Clark & Leibel	2012	Secondary data on tax filing compliance for Tax year 2000.	Found that not filing increases with heterogeneity by race and decreases by religion and other enforcement variables.
Alm & Yunus	2009	Spatial Dependence with secondary data. State lead time series with cross sectional data.	Increase in tax evasion in one state result to a positive increase in tax evasion in a neighboring state with a response of 10% to 20.4% effect on other states.
Alm & Torgler	2006	World values survey data on wide range of countries over several years with multivariate analysis.	Test the role of culture on tax compliance and found a significant high tax moral in the United States than in Spain. Apart from the US is Austria and Switzerland-countries with high moral for tax compliance.

Methodology and Model

The major objective of this paper is to determine the motivational factors leading to voluntary tax compliance with specific focus on selected taxpayers under the Pay-As-You-Earn (PAYE) system in Bayelsa State. Towards this end, questionnaire was used for primary data collection. A set of structured questionnaire (see appendix 1) was administered by hand (with the assistance of twenty research assistants mainly final year accounting students from the Niger Delta University, Wilberforce Island, Yenagoa) on two hundred respondents. The respondents were made up of one hundred taxpayers from the state civil service, fifty from the local government, ten from corporate bodies and forty from self-employed taxpayers in the state. Sampling was based on convenience. A total of one hundred and sixty copies of the questionnaire were retrieved between February, 2013 and May, 21st, 2013. Of this number, one hundred and twenty-one copies only were found usable for the purpose of the study.

Respondents were required to indicate their agreement with statements relating to certain factors hypothesized to motivate voluntary tax compliance on a 5-point numerical rating scale using verbal labels from end-points strongly agree/strongly disagree. The questionnaire was subjected to validity and reliability tests. Validity is the ability of a research instrument to measure what it is purported to measure (Cooper & Schindler, 2001). Content validity was enhanced through the combined processes of logical validation and expert opinion. Towards this end, the questionnaire was pretested on taxation experts with extensive professional backgrounds and industry consulting practices. The reliability of the instrument used was assessed through test re-test analysis using Pearson Correlation Coefficient. The result with α -test 0.095 is less than the 0.15% standard value which confirms the instrument's consistency. As stated by Mayer (1972), the "reliability of a questionnaire refers to the consistency of responses that it elicits".

The results from the instrument were analysed using version 19 of Econometric View (E-VIEW) with ordinary least square regression analysis. To determine the significance of the relationship of the three tests conducted, Mann-Whitney U-test was used. These models were considered appropriate for ordinal measurement (Grupta & Grupta, 2011; Gujarati & Porter, 2009).

Model Specification

The ordinary least square was guided by the following linear model:

$$Y = f(x) \text{-----(1)}$$

Where x is for the regressors and Y for the regressants.

The regressant is tax compliance (Tax)

The regressors are: social participation (SOPA), Goal-oriented tax policies (goal) and public satisfaction with government use of tax revenue (satisf).

Hence:

$$\text{Tax} = f(x_1, x_2, x_3) \text{-----}(2)$$

Where x_1 = Societal participation (SOPA)

x_2 = goal oriented tax policies (goal)

x_3 = public satisfaction of government preference (Satisf)

$$\text{Tax} = a + \beta\text{SOPA} + \beta\text{Goal} + \beta\text{satisf} + e \text{-----}(3)$$

The a priori expectation of the linear model is:

$$\partial\text{SOPA}/\partial\text{Tax} > 0; \partial\text{Goal}/\partial\text{Tax}; > 0; \partial\text{satisf}/\text{Tax} > 0$$

a is the intercept of the regression and e is the error term capturing other explanatory variables not included in the linear model.

Analyses, Results and Discussion

Table 2: Regression analysis of variables

Dependent Variable: TAX

Method: Least Squares

Date: 06/25/13 Time: 17:22

Sample: 116

Included observations: 121

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.154906	26.06844	0.236106	0.8173
SOPA	-0.135032	0.1348377	-1.001452	0.3364
GOAL	0.347626	0.124311	2.796424	0.0162
SATIS	0.347272	0.099648	3.484993	0.0045
R-squared	0.603691	Mean dependent var.		72.68750
Adjusted R-squared	0.504613	S.D. dependent var		15.37409
S.E of regression	10.82085	Akaike info criterion		7.813145
Sum squared resid	1405.090	Schwarz criterion		8.006292
Log likelihood	-58.50516	F-statistic		6.093122
Durbin-Watson stat	2.441970	Prob(F-statistic)		0.009227

Source: E-View result with primary data generated by the researchers, 2013.

The result in table 2 above shows that a 1% increase in the societal participation in the formulation of tax policies (SOPA) will result to a -0.135032 decrease in tax compliance by tax payers (TAX) in Bayelsa State. With a t-statistic of -1.001452, which is less than the t-critical value of 1.96, the null hypothesis that social participation in tax policy formulation has no significant effect on tax compliance is accepted at a probability of 0.3364.

Again, the tying of tax policies with specific goals (GOAL) will increase tax compliance with 0.347%, if the practice is increased by 1%. With a t-Statistic of 2.7964 which is greater than the t-critical value of 1.96, the null hypothesis is rejected and the alternative is accepted at 0.0162 probability which is less than 0.5%. Thus, a goal oriented tax system leads to an increase in tax compliance among individual tax payers in Bayelsa state.

Also a 1% increase in the satisfaction of tax payers with the use of tax revenue (SATIS) will lead to a 0.347% increase in tax compliance by individual tax payers in Bayelsa State of Nigeria. With the t-Statistic of 3.484 which is greater than the critical value of 1.96, the null hypothesis is rejected and the alternative is accepted, providing that effective and satisfactory use of tax revenue by governments will significantly increase the level of tax compliance among individual tax payers in Bayelsa State of Nigeria with a probability of 0.0045.

The probability of F-statistics is 0.009227, indicating the overall fitness of the variables in the research model. With the Durbin-Watson test of 2.4419, there is no evidence of existence of positive first order auto correlation in the model. This indicates that the result from this model can be used for long-term forecasting.

Finally, the R^2 of 0.60 and the adjusted R^2 of 0.50 means that the variables, SOPA, GOAL, and SATIS explain at least 50% of the behavior of individual taxpayers towards tax compliance in Bayelsa State of Nigeria.

Table 3: Pairwise Granger Causality Tests

Date: 06/25/13 Time: 17:26

Sample: 1 16

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Probability
SOPA does not Granger Cause TAX	121	4.41589	0.04610
TAX does not Granger Cause SOPA		0.05842	0.94361
GOAL does not Granger Cause TAX	121	1.96425	0.19594
TAX does not Granger Cause GOAL		0.17060	0.84582
SATIS does not Granger Cause TAX	121	0.33028	0.72708
TAX does not Granger Cause SATIS		0.35805	0.70856
GOAL does not Granger Cause SOPA	121	0.82232	0.46989
SOPA does not Granger Cause GOAL		0.73478	0.50631
SATIS does not Granger Cause SOPA	121	0.61528	0.56175
SOPA does not Granger Cause SATIS		0.36788	0.70214
SATIS does not Granger Cause GOAL	121	1.20989	0.34248
GOAL does not Granger Cause SATIS		0.46269	0.64377

Table 4: Descriptive Statistics

	TAX	SOPA	GOAL	SATIS
Mean	72.68750	142.5625	142.2500	104.6250
Median	72.50000	144.5000	150.0000	103.5000
Maximum	92.00000	173.0000	173.0000	161.0000
Minimum	35.00000	102.0000	96.00000	66.00000
Std. Dev.	15.37409	21.23509	23.15599	28.19427
Skewness	-0.727564	-0.533393	-0.967753	0.421611
Kurtosis	3.216824	2.327578	2.856491	2.567720
Jarque-Bera	1.442941	1.060122	2.511184	0.598593
Probability	0.486037	0.588569	0.284907	0.741339
Observations	121	121	121	121

From table 4 above, the skewness is less than 0 and the Kurtosis is approximately 3 indicating the variables are not perfectly normally distributed in the model.

Table 5. ARCH Test:

F-statistic	0.974783	Probability	0.325510
Obs*R-squared	0.983183	Probability	0.321414

Table 5 above presents arch serial correlation LM test. The result indicated that there is correlation with probabilities of 0.325510 and 0.321414 which is greater than the critical value.

Table 6. White Heteroskedasticity Test:

F-statistic	2.360546	Probability	0.034687
Obs*R-squared	13.37167	Probability	0.037499

The result indicate that there is heteroskedasticity with probability of 0.034 which is less than 0.05.

Table 7. Ramsey RESET Test:

F-statistic	1.024233	Probability	0.397978
Obs*R-squared	4.309326	Probability	0.365759

The table above presents the Ramsey reset test for model specification, the result indicate that the model is well specified with probabilities of 0.397978 and 0.365759 both greater than 0.05 critical value.

Table 8. Breusch-Godfrey Serial Correlation LM Test:

F-statistic	3.314385	Probability	0.39860
Obs*R-squared	6.594502	Probability	0.36985

Table 8 above indicate that there is no serial correlation at probabilities of 0.39860 and 0.36985 both greater than 0.05 critical value.

Conclusion and Recommendations

The study provided a clear picture of the effect of variables such as public participation in the process of tax policy formulation; formulation of goal-oriented tax policies and the satisfactory use of tax revenue by government on tax compliance. With the geometric increase in sources of government expenditure against the arithmetical increase in government revenue, every government is encouraged to source for better means of revenue generation such as taxation by considering the above factors seriously. That the state government succeeded in its tax law implementation in February, 2013 was because the policies were tied to specific goals and a promise of better utilization of tax revenue with evidence sufficient for the conviction of the tax payers.

On the basis of the findings, the paper recommends in addition to existing enforcement measures that:

- Taxes should be tied to specific goals and objectives, notwithstanding the fact that tax revenues may be applied by the government depending upon its policy and priorities at a given time. The huge success recorded so far with the Federal Government Education Tax (tied to improving the educational system in Nigeria) is also a good case in point. The practice should be sustained in Bayelsa State to assure continued tax compliance among individual tax payers.
- The “Accountability initiative” held monthly by the present administration in Bayelsa State to explain to the public how all revenues accruing to the state are utilized by government should be sustained. This, in part, explains the virtual wholesale compliance with the new tax policy in the state as the citizens are now made aware of how taxes paid by them are utilized.

Further studies should be carried out on the study variables of this paper in other states or country to provide a literature for comparative analysis.

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APPE NDIX 1 Sample Copy of Survey Questionnaire

Dear Respondent,

Presented before you is a set of statements regarding the factors that motivate taxpayers to comply with tax payment. You are expected to objectively respond by a tick () on the options provided below: D = Disagree; A = Agree; U = Undecided; SD = Strongly disagree; SA = Strongly agree.

S/No	Statements	D	A	U	SD	SA
A.	SOCIAL PARTICIPATION IN THE FORMULATION OF TAX POLICIES AND COMPLIANCE					
1.	Tax policies should be jointly formulated by the government and the civil society.					
2.	Public participation will improve compliance with tax payment.					
3.	Public participation will reduce tax avoidance.					
4.	Public participation will reduce tax evasion.					
B.	GOAL-ORIENTED TAX POLICIES AND COMPLIANCE					
1.	Tax policies should be tied with specific development goals.					
2.	Goal-oriented tax policies enjoys social acceptance.					
3.	Social capital formation tax policies are always favourably accepted by tax payers.					
4.	Specific taxes linked to specific development projects enjoys absolute tax compliance.					
C	SATISFACTORY USE OF REVENUE GENERATED FROM TAX AND COMPLIANCE					
1.	Tax revenue is expected to be used wisely by the government.					
2.	If tax revenues are used to the satisfaction of the masses, compliance with tax payment will improve.					
3.	Tax revenue is used wisely by the present government.					
4.	Misuse of tax payers' money by government encourages tax avoidance and evasion.					
D	COMPLIANCE WITH TAX PAYMENT IN BAYELSA STATE					
1.	Personal Income Taxpayers in Bayelsa State comply with tax payments.					
2.	The compliance is informed by goal-oriented tax policies.					
3.	Tax payers' compliance in the state is informed by public participation in the formulation of tax policies.					
4.	Tax payers' compliance is informed by wise use of tax money by the government.					