Determinants of Tax Compliance Under the Self-assessment System in Private Secondary Schools: Evidence from Delta North Senatorial Zone

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Abstract

This study examines the determinants of tax compliance under the self assessment scheme in private secondary schools in Delta North Senatorial zone. Therefore three (3) research questions were raised and two (2) null hypotheses postulated. The questionnaire is the main instrument of data collection and which has a modified four point Likert scale of 24 items generated to answers the research questions. Both descriptive and inferential statistics namely mean, standard deviation, t test and One-way analysis of variance were utilized in analysing data obtained. Result of the investigation shows that tax compliance is mostly determined by tax clearance certification and least determined by social acceptance. Among the causes of non-compliance the complexity of filing process ranked the highest. In addition, there is low tax-related government assistance with respect to compliance under the self-assessment scheme. Consequently, the study recommends that tax filing process should be made more user friendly, less complicated and technical. Revenue authorities should provide tax payer education in respect of self assessment to reduce tax evasion and total non-compliance. It is also necessary for government to use tax revenue judiciously and with transparency as this will encourage tax payer to be more complaint since they will see tax payment as part of their contribution to the general good and welfare of the state.

Introduction

Tax refers to a "compulsory levy by a public authority for which nothing is received directly in return" (James and Nobes, 1992). Also Lymer and Oats, (2009) defined it as 'a compulsory levy, imposed by government or other tax raising body, on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return'. However, not all payments to government are considered tax payments: for example, charges, tolls and other levies are paid to obtain a specific service and are not strictly tax payments. According to Nightingale (2001), "a tax is compulsory contribution, imposed by government, and while taxpayers may receive nothing identifiable in return for their contribution, they nevertheless have the benefit of living in a relatively educated, healthy and safe society". In addition, she posited that taxation is part of the price to be paid for an organized society and identified six reasons for taxation: provision of public goods, redistribution of income and wealth, promotion of social and economic welfare, economic stability and harmonization and regulation.

Paying taxes is a duty for citizens. The primary interest of the state is that citizens follow this duty and behave in compliance to the tax rules, regardless of the motives for compliance. However, the same behaviour can result from different motives: (a) citizens can comply because they calculate the costs for non-compliance as being too high, or (b) citizens can comply because they feel obliged to do so as members of the community (Kirchler, Hoelzl & Wahl, 2008)

According to Batrancea, Nichita and Batrancea (2012) over the years, various governments have simply tried to increase the level of tax compliance by adopting an intransigent attitude towards all taxpayers and by applying laws and regulations to sanction and fine evaders. These means of enforcement proved to be without a significant success. Towards the end of the 20th century, governments have realized that a change is needed in order to increase the amount of taxes collected.

The Constitution of the Federal Republic of Nigeria (1999) provided the legal framework for implementation of self assessment, in section 24 (f), it was stated as follows:-"that it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and pay his tax promptly"

In Nigeria, the Federal Inland Revenue Service (FIRS) introduced the self assessment regime in 1992 following the enactment of the appropriate law in 1991. The FIRS Board in exercise of the powers conferred on it by Section 61 of the Federal Inland Revenue Service (Establishment) Act 2007 with the approval of the Minister of Finance gazetted a Regulation dated 19 December 2011 modifying the processes and procedures for self assessment returns (Obaro, 2013).

The Regulations cover tax returns under the Companies Income Tax Act (CITA), Education Tax Act (ETA), Petroleum Profit Tax Act (PPTA), Personal Income Tax Act (PITA), National Information Technology Development Act (NITDA), and Value Added Tax Act (VATA).

The self-assessment tax regime is a system of tax administration whereby the tax payer is granted the right, by law, to compute his own tax liability, pays the tax due (at the designated bank) and produces evidence of tax

paid at the time of filing his tax return at the tax office, on due date. On the other hand, the tax authority has the responsibilities of enablement to and checks on the taxpayers to ensure compliance with tax administration process. This means that the self-assessment scheme is characterized by partnership and shared roles and responsibilities between the taxpayer and the tax authority (FIRS, 2011, Appah, 2013).

Self assessment applies to employees, self employed, limited liability companies including oil and gas companies; agents/taxable persons, in the case of value added tax (VAT).

Private secondary schools fall under the informal sector of the economy from the education stratum. And they contribute to a high degree to the educational development of the country. Private schools exist at the pre-primary, primary, secondary and tertiary levels of education. They are established by individuals, religious, charitable and corporate organizations. Consequently, they are meeting the needs of part of the nation's school going population. They have sources of income that is chargeable to tax, e. fees, levies etc.

The Nigerian self assessment system requires that :- The taxpayer accurately calculate his tax liability, pay the tax due at designated bank to collect e-ticket and file self-assessment return on or before the statutory(due) date for filing such tax return; Tax returns are accepted, by the tax authority, as filed, subject to on-the-spot simple checks to ensure that tax return forms are correctly completed. The returns are later subjected to further administrative processing including risk assessment of all tax returns and audit, where necessary, determined by risk-based case selection (Onyegbule, 2012). However the method has not been as successful as envisaged. Obaro (2013) stated that many will argue that risk based audit which is a major feature of self assessment has not been not been fully optimized. Risk based audit assist in risk identification, analysis, assessment, evaluation and prioritization, with the pre-determined risk ratios drawn from a risk framework, every tax return is subjected to risk analysis and assessment.

Howbeit, the fall in oil prices in the international market and the restiveness in the Niger Delta has adversely affected the revenue to government therefore the need to explore other sources of income becomes very germane. One way to generate this much needed revenue is tax compliance by the citizens and organisations.

Sarker (2003) defined tax compliance as the degree to which a taxpayer complies (or fails to comply) with the tax rules of his country. He asserted that the goal of an efficient tax administration is to foster voluntary tax compliance using all possible methods including penalties.

Kiabel and Nwikpasi (2001) listed some incentives attached to self-assessment filers to include; non-payment of provisional tax; instalment payment of tax due in not more than six instalments to terminate latest by 30th November in the year of assessment; 1% of tax payable is allowed as bonus; returns (Accounts and computations) can be filed within 8 months (an additional 2 months) of the company's year end.

Statement of research problem
Low tax compliance is a matter of serious concern in many developing countries. This is because it limits the capacity of government to raise revenue for developmental purposes (Torgler, 2003). This implies that the higher the revenue, the more likely government will put in place developmental plans for the enhancement of the living standard of the people. However, self assessment has been proven for better tax compliance. The objectives supporting the change to self assessment system (SAS) are to increase voluntary compliance, reduce tax authorities' burden of assessing tax returns and increase tax collection efficiency. However, the change to SAS has raised issues linked to the competency, honesty, capability and readiness of taxpayers to receive the burden of calculating and assuring the accuracy of the tax returns. For example, it is assumed that individual taxpayers might not possess the sufficient knowledge to compute their tax payable but in SAS, tax knowledge is vital as an insufficient level of tax knowledge may result in inaccurate tax returns. Nigeria introduced self assessment system in 1992 in her bid towards tax reform and increase revenue through non-oil avenues. Though concrete effort towards implementation came in 2007 via Section 61 of the Federal Inland Revenue Service (Establishment) Act, 2007. But its implementation is still poor since officials determine the tax payable by tax payers in a majority of cases (SIBR, sources). Even though self assessment system has been introduced in Nigeria, the degree of implementation and the challenges surrounding it need to be investigated. Most researchers on tax compliance for example, (Torgler, (2003), McBarnet (2003) and Murphy and Harris (2007) focused their attention on the Western World and some Asian countries; therefore, the need for this study – determinants of tax compliance in self-assessment scheme in Delta North Senatorial Zone of Delta.

Objectives of the study
The general objective of this study is to investigate the determinants of tax compliance under the self assessment scheme in private secondary schools. In doing so, the study seeks to:
- ♦   Identify the determinants of tax compliance under the self assessment scheme.
- ♦   Ascertain the causes of non-compliance with the self assessment scheme.
- ♦   Evaluate the extent of tax related government assistance in the self assessment scheme

Research questions
The study is hinged on the following questions:
- What are the determinants of tax compliance under the self assessment scheme?
- What are the causes of non-compliance of tax payers under the self-assessment scheme
- To what extent is tax related government assistance in the self assessment scheme

Hypotheses
The hypotheses on which this study is based are stated in null form as follows:
  i. H_o: There is no significant difference in the mean response of tax payers on the determinants of tax compliance based on years of experience.

  ii. H_o: There is no significant difference in the mean response of tax payers on the causes of non-compliance based on level of educational qualification.

Literature Review
The Concept of Tax Compliance
Tax compliance is the response/outflow of the fiscal policy of government to raise public revenue towards public expenditure and challenges that may face the taxpayer and revenue authorities in the process. Fakile (2011) canvassed that tax compliance could include the degree of willingness with tax laws and administration that can be achieved without the immediate threat or actual application of enforcement activity. Compliance might therefore be better defined in terms of compliance with the spirit as well as the letter of the law (James, Murphy and Reinhart 2005).

According to Roth, Scholz, & Witte (1989) compliance with reporting requirement means that the taxpayer files all required tax returns at the proper time and that the returns accurately report tax liability in accordance with the Internal Revenue code, regulation and court decisions applicable at the time the return is filed. This clearly states the line between tax compliance and noncompliance; yet, tax compliance requires adequate record keeping.

Consequently, a taxpayer can fail to comply either because he has made an honest mistake while filling his tax form, or because he wanted to evade his tax liabilities from the beginning. Whether the taxpayer made an honest mistake or intentional omission, the result is the same. For this reason, noncompliance includes situations where individuals underpaid or overpaid their taxes, called underreporting or over-reporting.

The Federal Inland Revenue Service in its efforts to make compliance easier for taxpayers and make tax payments convenient for them and for ease of administration, integrated its tax offices from 2005 and segmented them to date as follows: Large taxpayer offices, oil/gas and non-oil); for companies with 1billion turnover and above; Medium taxpayer offices; for companies with 200 million to 999 million turnover; Micro and small taxpayers offices; for companies with less than 200 million turnover, and Individual and enterprise offices. For Residents of FCT. Armed Forces, Nigeria Police and Foreign residents Taxpayer segmentation guide the taxpayers to identify the relevant offices to file their respective tax returns and for the Tax Authority to tailor taxpayer education according to the needs of the specific taxpayer groups.

Compliance in this sense would appear to indicate compliance with government policy in a wider sense, rather than compliance with only the tax laws.

The focus should be on process rather than just on outcomes. Vogel (1974) adapting the work of Kelman's (1965), disclosed how people comply for different reasons. These include Compliance, identification, and internalization are Kelman's tripartite types of taxpayers. "Compliers" pay their taxes, because people are required to do so and fear the consequence if they do not. "Identifiers" are influenced by social norms and beliefs and behaviour of people close or of importance to them. "Internalizers" have a consistency between their beliefs and their behaviour.

Tax non-compliance may be in one of many forms; it could either be failure to submit a tax return within the stipulated period or non submission, understatement of income, overstatement of deductions, failure to pay assessed taxes by due date. Kasipillai & Abdul Jabbar, (2006) and in some cases non-compliance may mean an outright failure to pay levied taxes.

Studies have shown that the problem of tax evasion is a widespread one (Kasipillai & Abdul Jabbar, 2006). Furthermore, Fagbemi, Uadile & Noah (2010) found that it is prevalent in developing countries and it hinders development thereby leading to economic stagnation and other socio-economic problems.

Taxpayers' Typology
Emotion played an important part in keeping routines or rules intact. They are established by norms of justice, fairness and appropriateness. Different rules and factors may affect behaviour differently and perhaps cause a movement away from the previous rules. Therefore, each type of taxpayer systematically disregards or agrees

with specific information. Similar to the work of Vogel (1974), four types of taxpayers were identified by Torgler (2003). They are: Social Taxpayer, Intrinsic Taxpayer, Honest Taxpayer and Tax Evader.

Theories of Tax Compliance

Various opinions exist about the best ways to improve tax compliance. Given the chance, a lot of businesses will not pay taxes unless there is a motivation to do so. Some believe that the best way is to increase incentives (Feld & Frey, 2007) others believe the best way is to increase penalties. Tax compliance theories can be broadly classified into two. They are; economics based theories and psychology based theories.

Economic Based Theories

They are also known as deterrence theory and they place emphasis on incentives. The theory suggests that taxpayers are amoral utility maximizers- they are influenced by economic motives such as profit maximization and probability of detection. As such they analyze alternative compliance paths for instance whether or not to evade tax, the likelihood of being detected and the resulting repercussions and then select the alternative that maximises their expected after tax returns after adjusting for risk. This process is referred to as "playing the audit lottery" by Trivedi and Shehata (2005). Therefore according to the theory, in order to improve compliance, audits and penalties for non-compliance should be increased.

Psychology Theories

Psychology theories on the other hand posit that taxpayers are influenced to comply with their tax obligations by psychological factors. They focus on the taxpayers' morals and ethics. The theories suggest that a taxpayer may comply even when the probability of detection is low. As opposed to the economic theories that emphasize increased audits and penalties as solutions to compliance issues, psychology theories lay emphasis on changing individual attitudes towards tax systems.

Taxpayer and Government

Another approach to moral and social influence is the degree of satisfaction taxpayers have with the government. Positive actions by the State are intended to increase taxpayers' positive attitudes and commitment to the tax system and tax payment and thus compliance behaviour. One of the most important social psychological reasons for expecting cooperation is reciprocation. Positive reciprocity is the impulse to be kind to those who have been kind to us. On the other hand "an eye for an eye" is a principal example of negative reciprocity. Positive behaviour of a state toward taxpayer will increase the likelihood of compliance.

Taxpayers are more inclined to comply to tax laws if the exchange between the tax paid and the performed government services are found to be equitable. According to Frey and Holler (1998), an increase in deterrence disrupts such a balance based on reciprocity for honest taxpayers. This feeling becomes stronger when taxpayers who consider themselves pay fair dues, are audited and fined. Equally, the balance will be disrupted when they noticed that other taxpayers who are violating the tax laws do not get punished. The way people are treated by the authorities affects their valuation of authorities and their willingness to cooperate.

Looking at voluntary contributions to public goods, for instance, Alm Jackson and Mckee (1992) find that when individuals perceive that they receive benefits from a public good funded by the taxes collected, they show higher responses to comply. While both studies conclude that individuals pay more as the benefits from their contribution increase, the nature of individual responses is still somewhat unclear and controversial. Frey (1992) argues that the motivation of the taxpayer to comply depends on internal and external factors. Tighter monitoring and higher penalties can negatively affect the taxpayer's morale schema, since they imply that authorities do not trust taxpayers. Therefore, positive incentives should be used to encourage compliance. More research is needed on the relation between the taxpayer and the government generally, and particularly, in cases like Nigeria where lack of evidence limits the analysis of direct policy changes.

Tax compliance is not just a function of opportunity, tax rates, probability of detection and so on but of each individual's willingness to comply shaped by tax morale. This means that if tax morale is favourable, tax compliance will be relatively high (Fakile, 2011).

The concept of Self assessment system (SAS)

Income tax has traditionally been assessed by the tax departments which is known as administrative assessment. Under an administrative assessment system, the onus is on the tax administration to examine tax returns and financial statements, calculate the amount of tax payable, and notify the taxpayers of the tax liability. Under administrative assessment, taxpayers are only required to file their returns and report their incomes that were assessable to tax. Tax collecting authority has the mandate to assess the tax payers tax liability and issue notice of assessment based on which taxpayers will be obliged to pay the required amount (IMF, 2014 in Terrefe, *2016*)

Key features of the administrative assessment system are:

♦   Taxpayers report on their activities on an annual basis.
♦   Reporting consists of completion of a tax return and filing financial statements, and other supporting information to the tax administration.
♦   Tax returns and the supporting financial statements are reviewed and verified by tax officials.
♦   The tax administration makes the decision on the tax liability and informs the taxpayer of what to pay, typically through a notice of assessment.
♦   Taxpayers pay the tax due or object to the assessment.
♦   The tax administration reconciles assessment notices and payments.

However, administrative assessment systems are said to have been resource-intensive and tend to be ineffective.

It was considered by many jurisdictions as costly, inefficient and complex to administer since it imposes much burden on tax administrators.

As a result of its drawbacks and challenges various countries abandoned the administrative assessment system and sought for another alternative system of tax assessment. Self-assessment refers to an assessment procedure based on the assumption that all information reported by the taxpayer is correct and need not be checked by the Inland Revenue officers. It refers to a system whereby the taxpayer has to be more responsible in ensuring that the correct information is provided in the Income Tax form and the Inland Revenue accepts it in full trust that the content is correct and true according to Kasipillai (2000). The form is unquestionably accepted by the Inland Revenue unless when there is doubt as to the authenticity of the information given (Chen Loo & Keng Ho, 2005). According to Tereffe (2016) SA can be defined as 'a Do it' it yourself whereby taxpayers are required to file their tax returns, reporting their respective income that is assessable to tax and determining their respective tax liabilities on the basis of their tax returns (Palil & Farik, 2011; Tereffe, 2016). Under SAS the onus is on the taxpayer to understand, interpret and apply the laws to their circumstances.

Several tax administrations in both advanced and developing countries have adopted a self assessment system for tax filing purposes. Thus, internationally, there has been a steady movement towards self-assessment and away from administrative assessment practices. In a self-assessment system, a taxpayer is required to assess his tax liability using a tax return form in which he declares his gross income, allowable deductions, etc. This tax return must then be file with the tax authority together with a payment for the tax liability computed on the said return. The basic feature of a self assessment scheme (SAS) is that it is the taxpayer rather than the tax authority that is responsible for the assessment of tax liability (Kiabel & Nwikpasi (2001), Ogbonna (2014), Chen & Keng (2005).

Sarker (2003), identified that a SAS has distinct merits compared to an official assessment system which include; (1) SAS is more cost effective as it only selects exceptional cases for further scrutiny (ii) SAS eliminates the administrative nature of assessment work (iii) SAS encourages an early and timely collection of taxes and (v) SAS reduces corruption by reducing contacts with taxpayers.

He further posits that SAS can be effectively implemented if certain critical factors are considered. These factors include; (i) the process of deciding which tax returns should be audited. Taxpayers, who may not be selected for an audit, would be motivated to cheat. A deficient process will also reduce compliance. Under SAS, noncompliance should be dealt with justly and swiftly to encourage the majority of taxpayers to comply. In order to detect fraud or non-compliance, taxpayer data is important and this requires a certain level of computerization. In its absence, it would be extremely difficult to maintain compliance in a SAS; the educational level of taxpayers is crucial in determining whether the SAS will work effectively. There must also be an observance of proper accounting standard of business. In the absence of proper accounting standards or record keeping, a taxpayer would not be able to declare his income accurately or enable the tax authority to conduct an accurate audit.

CITA (2004) and PITA (2011) is clear on the issue of self-assessment when it stipulate in section 44 of PITA that "a taxable person required by this Act to file a return of income shall in return calculate the amount of tax payable."

Junainah, Raman & Abdul (2013) stated that self-assessment was introduced in these countries for several reasons as follows:
a. To encourage taxpayers to abide by the taxation voluntarily.
b. To ensure efficient usage of tax administrators cost and resources.
c. To ensure consistent performance in all assessment branches.
d. To improve and increase tax collection

Based on the declared missions and objectives of self assessment from various countries who have adopted the system to date, it seems that voluntary compliance, administrative efficiency and improving fairness and equity are the key motivating factors for introduction of SAS (Palil & Farik 2011).

Taxpayers who receive income from trade, regardless of their size or legal form and status, are required by law to:

register for tax,
keep and maintain sufficient records for tax purposes,
carry out tax assessments,
pay taxes (as due),
file all tax returns in time, and
carry out other tax-related duties like accounting for withholding taxes and paying employment tax on behalf of their employees. (Maseto, 2014)

Empirical Literature

The theoretical approach could not completely explain the behaviour of tax compliance. There have been many studies to explain the behaviour of tax compliance in a more realistic situation. They have been focused on the determinants of tax compliance, respectively on economic and non‑economic factors. Non‑economic factors, which had been neglected by economists, have been introduced to explain the tax compliance by using the economic framework (Smith and Stalans, 1991). They have tried to include many non‑economic factors which are, for example, the willingness to pay for public provision, public education, tax morale etc. (Hyun, 2005).

Previous studies on tax compliance issues have identified the following as determinants of tax compliance {Christian & Slemrod (1998), Hyun, Park & Ya (2002) & Yong & Hooper (2011)}

tax rates;
tax audits;
perception on government spending;
role of tax authority and tax administration;
simplicity of tax returns;
probability of detection;
awareness on offenses and penalty; and
personal financial constraint.

The level of actual income. Spicer and Lundstedt (1976) point out that self‑employed have more possibilities to avoid taxes than employed taxpayers. However, self‑employed taxpayers have more opportunities for tax evasion and these opportunities might further increase with the number of different income sources. Hence, in tax compliance decisions the level of income might interact with its source. A different aspect of the income source, if income was earned by hard work or an effortless job ‑ has been studied in experiments by Kirchler, Muehlbacher, Hölzl and Webley. Participants were less compliant when they reported income earned by low effort than when they reported hard‑earned income. It seems that taxpayers are reluctant to lose their hard‑earned money by "gambling" with tax authorities (Kirchler, 2007).

Tax rate: Empirical research finds that higher tax rates decrease compliance or provides mixed results. Some studies (Pommerehne and Weck‑Hannemann, 1996) demonstrate that evasion increases with increasing marginal tax rates. Also Clotfelter (1983) and Slemrod (1985) found that the marginal tax rate has a significant effect on underreporting. In Porcano's (1988) study, the tax rate had no effect on evasion and underreporting (Kirchler e al., 2008). Laboratory experiments with varying tax rates frequently found that tax rate increases leading to higher tax evasion (Alm, Jackson and McKee, 1992). However, Alm, Sanchez and deJuan (1995) found the opposite in a Spanish sample, and Baldry (1987) did not find a significant effect on any experiment. Barbuta-Misu (2011) citing Kirchler et al., (2008) stated that within the current framework, the impact of the tax rate would depend on the degree of trust. When trust is low, a high tax rate could be seen as an unfair treatment of taxpayers, as an attempt at taking from the taxpayers what is rightly theirs. When trust is high, the same level of tax rate would be interpreted as contribution to the community, which in turn again profits each individual. In the first case, the tax rate would be interpreted as the wielding of power by some tax offices and in the second case, as a joint agreement within the community.

The most empirical studies on the impact of tax rates support the assumption that high tax burdens have negative impact on compliance. However, the strong connection of income and tax rate makes final conclusions difficult (Andreoni, Erard & Feinstein, 1998).

Tax audit: In her work, Barbuta-Misu (2011) studied variables of tax compliance from various countries that can be adapted to Romania condition. The level of tax audit can be determined by two elements: one is how many taxpayers are selected for audit and the second is how much intensive the audit is. The first element is easily measured by the number of audited taxpayers divided by the total number of taxpayers. However, the second element is so difficult to measure due to no published information about the process of tax audit. It is commonly measured by the first element to indicate the level of tax audit for practical comparison (Hyun, 2005). Tax audit generates administrative cost. As a constraint of the fixed administration cost, an increase in the level of tax audit is required to decrease the level of other administrative functions, like taxpayer service, tax collection etc.

Audit probabilities: Fischer, Wartick, and Mark's (1992) review summarizes inconsistent findings on audit

probabilities and tax compliance. Slemrod, Blumenthal and Christian (2001) for example, discovered that threatening taxpayers in an experiment with "close examination" of their upcoming returns increased tax compliance just for low and middle‑income taxpayers, but decreased it for high‑income taxpayers. The expected value of non‑compliance depends on audit probabilities and fines. Allingham and Sandmo (1972) canvassed that the notification letter induced high income that determined taxpayers to seek help of professional tax advisors to minimize their tax liability.

Fines: Empirical studies on the impact of fines on tax compliance did not find the clear picture theoretical analyses provide. In sum, the relation of fines and tax compliance also shows inconsistent findings (Fischer et al., 1992). Some experiments showed that fines are slightly higher related to tax compliance than audit probabilities are (Park and Hyun, 2003). Keeping constant the expected value of a tax but changing audit probabilities and fines for non‑compliance, it showed that compliance increased significantly with higher fines, but not with higher audit probabilities (Friedland, Maital and Rutenberg, 1978). Other experiments, on the contrary, showed that fines and tax compliance are not related, but audit probabilities and tax compliance are (Friedland, 1982; Webley, Robben, Elffers, and Hessing, 1991). Barbuta-Misu (2011) argued that the interpretation of fines matters. In an antagonistic climate, fines can be a part of the game of "cops and robbers"; in a synergistic climate, they can be perceived as an adequate retribution for behaviour that harms the community. Fines are therefore connected to trust and power.

Tax knowledge

Tax knowledge is an essential element in a voluntary compliance tax system (Kasippilai, 2000), particularly in determining an accurate tax liability (Palil, 2005; Saad et al., 2003). More recent studies undertaken in Malaysia (Loo, 2006; Loo et al., 2008; 2009) also suggested tax knowledge to be the most influential factor to determine taxpayers' compliance behaviour under the self-assessment system. This is empirically established by several other studies (for example, Kasipillai & Jabbar, 2003; Kirchler et al., 2006), which documented that possessing tax knowledge would lead to higher compliance rates. On similar note, the absence of tax knowledge may lead to noncompliance behaviour among taxpayers, either intentionally or unintentionally. This is postulated by McKerchar (1995) who studied small business taxpayers in Australia. She suggested that small business taxpayers are not even aware of their tax knowledge shortfall and this may lead to unintentional non-compliance behaviour. Such evidence was also documented among individual taxpayers in Malaysia who unintentionally committed mistakes in their tax return forms (Loo, et al., 2008). Saad (2014) reported that in the study a mixed method design was used by conducting mail survey, quasi experiment and case study concurrently between November 2005 and July 2005. The abovementioned studies, which indicate a positive relationship between tax knowledge and compliance behaviour, however, were not consistent with an earlier study by Harris (1989), who claimed that tax knowledge has no direct significant effect on taxpayers' compliance behaviour. One possible explanation for such inconsistent results is the difference in tax jurisdictions.

Tax complexity

According to Richardson & Sawyer (2001) tax complexity arises due to the increased sophistication in the tax law. Tax complexity can take many forms such as computational complexity, forms complexity (American Institute of Certified Public Accountants, 1992), compliance complexity, rule complexity (Carnes & Cuccia, 1996), procedural complexity (Cox & Eger, 2006) and the low level of readability (Pau, Sawyer & Maples, 2007); Richardson & Sawyer, 1998; Saw & Sawyer, 2010). A review of tax complexity in a comparative study of seven countries by Strader & Fogliasso (1989) suggests that Japan, the UK, France, Italy and the US, all have highly complex tax system. Only Sweden and Netherlands are considered to have a moderately complex tax system.

Mustafa (1996), who studied taxpayers' perceptions towards the self-assessment system in Malaysia, reported the presence of tax complexity, particularly in terms of recordkeeping, too much detail in the tax law and ambiguity. The findings were partly consistent with the six potential causes of complexity labelled as: ambiguity, calculations, changes, details, forms and record-keeping, identified by Long and Swingen (1987). Such complexity was also present in Australia where it forces taxpayers to engage tax agents to deal with their tax matters (McKerchar, 2001; 2003). McKerchar (2003) further identified the most common problem faced by taxpayers is to understand the instructions in the Taxpack 2000. This is followed by the problems of understanding the rules, the tax return forms and other relevant written information provided by the tax authority. In addition, Richardson (2006), in his research on 45 countries, found that complexity is the most important determinant of non-compliance, apart from education, income source, fairness and tax morale. His findings were consistent with Cox and Eger (2006) who focused on the State Road Funds in the US State of Kentucky. The authors found that procedural tax complexity contributes to an increase in tax non-compliance. In Australia, McKerchar (2005), who carried out a survey among tax agents, noted that tax agents were not happy with the increasing complexity of the tax law. She further claimed that the tax agents desired a much simpler tax law,

with less regulatory material and adhoc change. Similar findings were documented by Kirchler et al. (2006). He found that taxpayers were more likely to comply when the tax law was perceived as less complex.

Social Acceptance: On the social level, norms are usually defined as prevalence or acceptance of tax evasion among a reference group (Wenzel, 2005). Social norms are related to the behaviour of reference groups, for example friends, acquaintances or vocational group. If taxpayers believe that non‑compliance is widespread and approved behaviour in their reference group, they are likely to be non‑compliant as well. The relationship between social norms and tax compliance is complex. Wenzel (2004) argues that social norms should elicit concurring behaviour only when taxpayers identify with the group to whom the norms are ascribed. Taxpayers then internalize the social norms and act accordingly

Utilization of Tax Revenue: Compliance is also greater when the individuals perceive some benefits from a public good funded by the tax payments while changes in fine rates appear to have little effect on tax compliance behaviour (Alm, Jackson and Mckee, 1992).

The studies mentioned above were either conducted in eitherAsia, Europe or the US where the economy is more advanced. There is therefore the need to explore the determinants of tax compliance under the self assessment scheme in our environment.

Methodology

Research Design
This work is descriptive. It is concerned with the collection of data for the purpose of the study "Determinants of Tax compliance under the self assessment scheme among private secondary owners: Evidence from Delta North Senatorial Zone". It involved sampling by using structured questionnaire to generate data that will be analysed so as to gain insight into the topic under investigation.

Area of Study
The study was carried out in Delta North Senatorial Zone, Delta State. The area was purposively selected because it has a good number of private secondary schools which is a part of the informal sector. According to records at the State Post Primary Board, an arm of the Ministry of Education, the number of such schools is one hundred and thirty two (132) as at December, 2015. The state is one of the educationally advantaged states in the federation.

Population of the Study and Sample Size
The population of the study is made up of all the private secondary schools in Delta North Senatorial Zone, Delta State. The researchers randomly selected five (5) schools from each of the nine (9) local government areas making up the senatorial zone. Thus making a total of forty-five (45) schools. The researchers elicited the needed information for the study through the use of questionnaire.

Questionnaire Design, testing, and distribution
The questionnaire was designed based on a literature review of previous studies. The first section of the questionnaire contained general information about the sample unit. The second section was designed to collect information about the research objectives – determinants of tax compliance under the self assessment scheme; causes of non-compliance under the self assessment scheme and tax related government assistance towards the actualisation of the scheme.

All items related to the determinants of tax compliance under the self assessment scheme were derived from literature and initial pilot survey of seven (7) private secondary schools in Delta South Zone; hence, a pool of 24 items were finally generated. Responses measuring scale using a four-point likert-type scale anchored by Most Important/Strongly Agree/Very High Extent (4), Important/Agree/High Extent (3), Less Important/Disagree/Low Extent (2), and Least Important/Strongly Disagree/Very Low Extent (1) respectively. Data collected were analyzed using frequency, percentages and mean rating. Item with mean scores equal to or greater than 2.5 were regarded as agreement while those with scores lower than 2.5 were regarded as disagreements. For some reasons six (6) of the questionnaires were not filled thus only thirty-nine (39) of the questionnaires were duly completed and returned. The instrument was subjected to reliability test using the Cronbach's Alpha. The Cronbach's Alpha reliability statistics is 0.868 or 87%, which is considered sufficiently high for the study.

Analysis and findings
This section contains the presentation and analysis of data collected from the respondent. A total of 45 questionnaires were distributed, but only 39 were completed and returned (i.e, 87% return rate).

Table 1 shows that in terms of education, (4)10.3 percent of the samples were M Sc/Ph d holders, (21) 53.8 percent were HND/B Sc/B.Ed holders and (14) 35.9 percent were ND/NCE holders. To conclude, majority of participants in this study had HND/B.Sc/B.Ed degree.

In terms of experience, 41 percent of the respondents had 1 -5 years while 59 percent had above five (5) years experience.

As shown in table 2 item 3 (Tax clearance certification) has the highest 'Most Important' rating of 74%, also it is considered 26% in 'Importance'. The second is business formalisation with 76% 'Most Importance', 28% and 5% 'Importance' and 'Less importance' respectively. Level of income is rated third determinant with 65% 'Most importance', 28% 'Importance' and 7% 'Less Importance'. In the fourth ranking is 'To avoid tax penalties/fines'; the fifth is 'Tax audit probability' and the sixth is to fulfil 'Citizenship obligation'. Moreover, 'For social acceptance' ranked seventh with 0% 'Most Importance, 8% 'Importance', 43% 'Less Importance' and 49% 'Least Importance' respectively. It can be deduced that tax clearance certification is the most important determinant while social acceptance is the least determinant factor in tax compliance under the self assessment scheme among private secondary school owners/management.

Table 3 reveals causes of non-compliance among respondents with a mean range of 3.72 to 1.34. Out of the eleven (11) items, the statement that tax revenue is used objectively received a negative response (1.34, Strongly disagreed). With a grand mean of 3.15 and SD of 0.73 it is clear that these are the causes of non-compliance among private secondary school owners and management.

As shown in table 4 above, with a weighted mean of 2.39 and standard deviation (SD) 0.81 respondents are of the opinion that tax-related government assistance towards compliance in the self assessment scheme is to a 'Low extent'. However, items 20 and 23 have 'High Extent' degree of responses, while others were rated 'Low Extent' and 'Very Low Extent' respectively.

Hypothesis I:

$H_{0:}$ There is no significant difference in the mean response of tax payers on the determinants of tax compliance based on years of experience.

From table 5, since the t-calculated of -0.521 < t-critical of +1.980 we accept the null hypothesis that there is no significant difference in the opinion of tax payers on the determinants of tax compliance based on their years of experience.

Hypothesis 2:

$H_{0:}$ There is no significant difference in the mean response of tax payers on the causes of non-compliance based on level of educational qualification.

Result of One-way analysis of variance (ANOVA) presented in Table 6 indicated a critical value of F at 2 and 37 degree of freedom at 0.05 level of significance compared with the calculated value of 2.08. Since the F-calc is less than the F-Tab, the null hypothesis is retained. Therefore, no significant difference existed in the mean responses of the three groups of respondents on the causes of non-compliance based on their level of educational qualification.

Discussion and Conclusion

The objective of the study is to investigate the determinants of tax compliance under the self-assessment system based on primary date sourced through survey by questionnaire.

Findings from table 2 on the determinants of tax compliance show that tax clearance certification is the most important determinant. This is supported by the work of Terrefe (2016) who discovered that SMEs are tax compliant under the self assessment system mostly to get tax clearance certification. Therefore it is concluded that tax clearance certification is the major determinant of tax compliance among private secondary school owners/management. This reason is not unconnected with the multifaceted use of the tax clearance certificate.

Table 3 revealed that among the causes of non-compliance complicated tax filling procedure ranked the highest (3.72), followed by 'Tax evasion is scarcely punished' (3.67) and 'Tax evasion is hardly detected' (3.45). This finding is in line with the discovery of Richardson and Sawyer (2001), Cox and Eger (2006) and Saw and Sawyer (2010) in their separate studies. It is hereby concluded that complicated filling procedure negatively affects tax compliance under the self-assessment system among private secondary school owners/management.

Result from table 4 discloses that tax-related government assistance toward tax compliance under the self-assessment system is to a 'low extent'. This is justified also in the submission of Obaro (2013). It is thus concluded that the level of tax-related government assistance toward tax compliance under the self-assessment system is to a 'low extent'.

Result obtained from the test of the two (2) hypotheses show that:

There is no significant difference in the mean response of the respondents on the determinants of tax compliance based on years of experience.

There is no significant difference in the mean response of the respondents on the causes of non-compliance based on level of educational qualification.

Therefore, the effect of tax laws and procedure in its compliance is significantly not different among private secondary school owners/management.

Recommendations

The following recommendations are made in view of the findings and conclusion from the study

1. The tax filling procedure should made less complex by providing relevant and understandable guideline about tax information with respect to self assessment system.
2. Improved timely tax payer education on the benefits of the system and the need for adequate revenue for governance.
3. There should be co-ordinated and proactive audit to assess risk areas in the book of accounts of private schools.
4. Government to ensure proper and transparent use of tax revenue as this will help increase tax compliance because it will be seen that the tax paid is contribution towards the general good and welfare
5. Tax evaders under whatever shade should be quickly identified, fairly and legally dealt with to serve as deterrent to others.

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Appendix

Table 1: Distribution of the sample according to the personal variables

	Categories	Frequency	Percent
Educational Qualification	ND/NCE	14	35.9
	HND/B.Sc/B.Ed	21	53.8
	M.Sc/Ph.d	04	10.3
	Total	**39**	**100**
Work experience (years)			
	1-5 years	16	41
	Above 5 years	23	59
	Total	**39**	**100**

*Source: Field survey, 2016

Table 2: Determinants of Tax compliance from the respondents

S/No.	Variables	Most Important	Important	Less Important	Least Important	Rank
1.	For social acceptance	0(0%)	3(8%)	17(43%)	19(49%)	7
2.	For Business formalisation	26(67%)	11(28%)	2(5%)	0(0%)	2
3.	To avoid tax penalties/fines	24(62%)	12(31%)	3(7%)	0(0%)	4
4.	For Tax clearance certification	29(74%)	10(26%)	0(0%)	0(0%)	1
5.	As citizenship obligation	9(23%)	13(34%)	13(34%)	4(11%)	6
6.	Level of Income	25(65%)	11(28%)	3(7%)	0(0%)	3
7.	Tax Audit probability	13(33%)	20(51%)	4(11%)	2(5%)	5

*Source: Field survey, 2016

Table 3: Respondents' opinion on the causes of Non-compliance under the self assessment scheme

S/No.	Items	Mean	Standard Deviation	Remark
1.	High tax rate	3.33	0.867	Agreed
2.	Multiple taxes	3.28	0.923	Agreed
3.	Complicated tax filling procedure	3.72	0.623	Strongly Agreed
4.	No request to pay tax except on special need, e.g. tax clearance	3.28	0.613	Agreed
5.	Lack of trust/confidence in Government	3.42	1.012	Agreed
6.	Lack of trust in tax administration	3.36	0.371	Agreed
7.	Tax evasion is hardly detected	3.45	0.931	Agreed
8.	Tax evasion is scarcely punished	3.67	0.516	Strongly Agreed
9.	Taxes are oppressive	2.82	0.854	Agreed
10.	Taxes revenue are used objectively	1.34	0.612	Strongly Disagreed
11.	Lack of education on tax related issues	3.02	0.728	Agreed
	Grand mean	**3.15**	**0.73**	**Agreed**

*Source: Field survey, 2016

Table 4: Tax-related government assistance towards tax compliance in the self assessment scheme

S/No.	Items	Mean	Standard Deviation	Remark
12.	Government has provided a website and brochure to assist the adoption and implementation of the SAS	2.03	1.015	Low Extent
13.	There is servant leadership by tax officials	3.46	0.512	High Extent
14.	Seminars and trainings are provided to give enough information about the SAS	1.81	1.134	Very Low Extent
15.	There is a reliable electronic platform to facilitate the SAS	1.92	0.852	Low Extent
16.	The court system/tax appeal committee are free and neutral to settle tax disputes	3.04	0.643	High Extent
17.	The court system/tax appeal committee provides timely and fair dispute resolution	2.12	1.132	Low Extent
	Grand mean	**2.39**	**0.81**	**Low Extent**

*Source: Field survey, 2016

Table 5: Summary of t-test of mean response of tax payers on the causes of non-compliance based on years of experience.

Respondents	N	$\overline{X}$	SD	Df	t-Cal	t-Crit.	Decision
1 – 5 years	18	2.7	1.14	37	-0.521	+1.980	Accept
Above 5 yrs	21	2.6	1.11				

*Source: Field survey, 2016

Table 6: Summary of ANOVA of mean response of tax payers on the causes of non-compliance based on level of educational qualification.

Sources of variance	Sum of squares	Degree of freedom	Mean of squares	F-Cal	F-Tab	Decision
Between group	42.04	2	26.12			Retain Ho
				2.08	3.20	
Within group	1021.32	37	224.16			

*Source: Field survey, 2016