

The Nexus between Taxpayer Service Delivery and Voluntary Compliance in Nigeria

Onatuyeh Aruobogha Edwin and Aniefor, Sunday Jones

Department of Accountancy, Delta State Polytechnic, Ozoro

Abstract: *This study examines the nexus between taxpayer service delivery and voluntary tax compliance based on the theoretical framework that there exist a relational social contract between government and the citizens. Specifically, the study reviews a number of ways that tax authorities can enhance tax compliance in Nigeria through the use of information technology to provide improved taxpayer service delivery. Drawing on field interviews and a survey of 150 respondents (comprising tax administrators and tax payers) randomly selected from the three senatorial districts of Delta State, results obtained using tabular z-scores statistic and the grand mean method revealed that the use of information technology to improve service delivery to tax payers in the country can enhance voluntary tax compliance. The study highlighted some of the ways that activities might be monitored so that only cost-effective measures are implemented. The study concluded with some recommendations including the need for government to consider investing more in information technology by computerizing the tax operations across the country as this is one of the major ways that taxpayer service delivery could be improved through ICT*

Keywords: Voluntary Tax compliance, Tax Morale, Computerized Tax System, Service Delivery

INTRODUCTION

While tax is a compulsory payment which government imposes on its citizens to enable it to obtain the required revenue to finance its activities (Adesola, 1986), taxation is the process of imposing, assessing, collecting and accounting for taxes (Agbetunde, 2010). The original idea of tax was basically for government to raise money from its people to meet various expenditure needs. Since it is desire of the tax payer to minimize tax incidence and maximize income, and that of government to maximize tax revenue, there appears to be a conflict between the taxpayer and government. The amount of tax revenue generated by government for its expenditure programme largely depends on the willingness of taxpayers to comply with tax laws of a country (Eshag, 1983). The failure to oblige to tax provisions suggests that a taxpayer may be committing an act of noncompliance (Kirchler, 2007). On the flip side, tax compliance can be described as the process of fulfilling the tax payer's civil obligation for tax payment and filing of tax returns including the provision of necessary documents and explanations required by the tax authority in a timely manner (Oyedele, 2009).

Tax compliance may be voluntary or involuntary. However, one of the greatest problems facing the Nigerian tax system is the problem of non-compliance. Tax compliance is a major problem for many tax authorities and it is not an easy task to persuade taxpayers to comply with tax requirement even though 'tax laws are not always precise' (James and Alley, 2004). Aksnes (2011) discussed some reasons why taxpayers may be non-compliant and these include flexible tax morale; low education; rules that are too complicated to follow; taxable activities that are manipulated to avoid tax; a perception that the risk of being caught is low; aversion towards the public sector; and a culture of corruption. Extant literature has explored measures for improving voluntary taxpayers' compliance and suggests more efficient strategies for accomplishing this goal. The conventional approach adopted by most tax administrations emphasizes voluntary compliance through self-assessment enforced by random, but stringent auditing and penalties, while other simply stress the administrative assessment of all tax returns (OECD, 2007; Silvani, 1991). An approach that combines self-assessment scheme with a high level of tax payers' service in the shape of assisting taxpayers in meeting their obligations would prove effective.

This study therefore seeks to investigate the link between taxpayers' service delivery and voluntary tax compliance in order to determine how improved service delivery to taxpayers can enhance voluntary compliance in Nigeria from the standpoint of tax administrators and tax payers. To guide the study, the following hypotheses in null format are formulated:

HO₁: Voluntary tax compliance is not enhanced by computerized methods of improved taxpayers' service delivery in Nigeria

HO₂: Voluntary tax compliance is not enhanced by non-computerized methods of improved taxpayers' service delivery in Nigeria

The remainder of the paper is structured as follows: The next section presents the literature review. The third section discusses the methodology and research design for the study. Section four focuses on analysis of findings and synthesis as well as research hypotheses testing. The paper ends with some concluding remarks and recommendations.

LITERATURE REVIEW

Voluntary Tax Compliance: Conceptual Issues

Allingham and Sandmo (1972), in their proposition based which provided enforcement strategies for ensuring compliance, had argued that tax rate, penalty and detection probability are the factors influencing taxpayers' behavior. In modelling voluntary tax compliance, Allingham and Sandmo (1972) stated that the fear of detection and punishment will ensure actual compliance. However, the model of these researchers has been criticized and several studies have shown the limitations of enforcement strategies (e.g., Graetz and Wilde 1985, Alm, McClelland and Schulze 1992, Frey and Feld 2002). Specifically, Kornhauser (2007) submitted that this deterrence theory accounts for only insignificant portion of actual tax compliance levels. It has such poor explanatory power because it assumes that the decision to comply is based solely on a cost-benefit analysis in which tax payers would weigh the benefits of non-compliance against the costs of detection and penalties. In his contribution, Kirchler (2007) declared that compliance might be voluntary or enforced compliance. Voluntary compliance is made possible by the trust and cooperation ensuing between tax authority and taxpayer and it is the willingness of the taxpayer on his own to comply with tax authority's directives and regulations (Quadri, 2010).

Several studies have identified the factors that may elicit and maintain tax morale and stimulate voluntary tax compliance. According to Torgler and Schaltegger (2007) Socio-demographic factors which are generally agreed to be critical determinants of behavior have also been observed to influence tax morale. Most theories regarding the effects of socio-demographic factors on compliance behavior have been developed by social psychologists. Kirchgässner (2003) argues that religiosity, measured as church attendance and the perceived degree of religiosity may also play a role in tax morale and voluntary compliance as those who take their religion to heart may find attempts at non compliance as been "unrighteous". The finding of Torgler and Schaltegger (2007) also support this view as their results suggested a positive correlation between church attendance/religiosity and tax morale. Toumi, Hasseldine, Hite, James and Conner (2000) highlighted positive peer attitude as one factor that enhances tax compliance. They are of the opinion that the belief that one's neighbours, or close friends are engaged in voluntary compliance could propel others to comply. However, OECD (2007) reported that the conventional approach (as enumerated above) often adopted by most tax administrations has not yielded desirable results and argued that delivery of quality of service to taxpayers will strengthen their willingness to comply with tax rules and regulation voluntarily and as result will contribute to overall level of tax compliance.

TAXPAYERS SERVICE APPROACH TO VOLUNTARY COMPLIANCE

Although the self-service scheme quickens voluntary compliance, the amount of compliance costs borne by tax payers is likely to be an important factor in determining the overall success of this approach. At the core of the taxpayer service approach is the proposition that a higher level of service helps to reduce both the financial and psychological level of compliance costs, which in turn leads to an increased level of voluntary compliance (Hite, 1997). The possible implication of tax payers' service for better law enforcement is evaluated below:

Concept of Tax payers Service

It can be very costly to spend resource to mitigate taxpayer non-compliance exclusively through auditing and penalty assessment. Tax payer services such as electronic filing, simplification of the tax process, and tax payer education would foster voluntary compliance by reducing taxpayers' costs (Silvani, 1991). Taxpayer service is a set of measures undertaken by the tax authority that are designed to assist taxpayers in complying with the tax laws. Delivering effective service to tax payers would cause the relevant tax authority to incur higher administrative expenses unless it is able to achieve huge reduction in enforcement costs. However, gains from lower compliance costs and improved taxpayers performance are likely to outweigh the increased administrative costs. Using taxpayer service to reduce costs incurred by taxpayers in their effort to understand the law or to complete their self-assessments and make payments may be a cost effective way to increase the overall level of compliance (Silvani, 1991).

Use of Technology

Technology is a crucial component of the taxpayers' service approach (Marshall, 1992). The provision of outreach services to existing or potential taxpayers cannot be cost effective without the use of technology-based products. Besides assisting to track and identify potential taxpayers who have not been reached previously, modern computerization and electronic filing facilities would help significantly in improving compliance behavior (Silvani, 1991). For instance, modern technology permits the use of taxpayer's identification numbering system which allows for extensive cross-referencing, including VAT and custom duties. The use of computerized of taxpayers enables enforcement resources to directed towards likely tax invaders, thereby improving compliance level in the most cost-effective way.

COMPONENTS OF TAXPAYER'S SERVICE SYSTEM

A wide variety of strategies are available to facilitate taxpayers' services. However, one key organizing principle that guides any policy to improve taxpayer service is the necessity of delivering, at the lower possible cost, information that can be used effectively by taxpayers and the tax administration (Loo, 2006). These components are discussed under three broad areas – tax structure simplification, taxpayers' assistance and the facilitation of tax collection and enforcement.

Tax Structure Simplification

Most researchers and policymakers agree that voluntary tax compliance would be greatly facilitated by the existence of a simplified tax structure. Indeed, without a simplified tax system that enables taxpayers fulfill their responsibilities effectively, even the most elaborate service offered to taxpayers by the relevant tax authority would amount to waste and widespread disrespect to the law (Jenkins, 1992). A simpler tax structure will make it easier for taxpayers to assess their tax liabilities and thus comply more fully with tax laws. Besides, a simpler tax system saves tax administrators the time and stress of trying to figure out what avoidance actions taxpayer might take in a bid to lower their tax liabilities (Jenkins, 1992). Many of the costs borne by taxpayer are primarily attributable to the complexity of the tax laws. The need to understand tax provisions, determines which one apply to what income or transaction category, select appropriate tax forms and file tax returns is directly related to the complexity of the tax laws (Jenkins, 1992). For this reason, simplifying the tax system/tax would greatly reduce compliance costs because taxpayers would be able to obtain the necessary tax information with less difficulty. Simplification of the tax system could be inform of simplification of tax regulations and simplified application of tax rules.

Taxpayers' Assistance

Taxpayers' assistance should involve more than the provision of information to prepare tax returns. It should also include issues of filing, and the resolutions of questions and adjustments that may arise after the tax returns have been submitted to the tax authorities (Loo, 2006). Taxpayers' assistance programme should comprise the following:

Assistance to prepare Tax Returns

Public outreach programmes directed at informing taxpayers on how to comply with system or explaining any changes in tax legislation should be initiated. This usually involves the use of media such as radio, televisions, print-outs, seminars (Loo, 2006). Clearly, taxpayer assistance would help to curb litigation because the interaction between the tax authority and taxpayer would enable the latter to clear up any uncertainties that they may have about their tax liabilities (Richardson, 2008). Taxpayers tend to ask similar questions, especially during filing time. One effective way of addressing this issue is to compile and computerize most common questions and answers (Loo, 2006). This information should be available for retrieval and use by taxpayers when necessary. The rapid retrieval and dissemination of on-line information from public enquiry information bank for use by taxpayer can curb both administrative and compliance costs (Loo, 2006).

Tax Information Phone Service

This is a computerized phone service that enables client to obtain information about specific tax topic or issues. Information about tax law changes, client services, tax returns processing and so on can be obtained via telephone service (Ling, Normala and Meera, 2005). If the telephone service is available for 24 hours per day, it has the potential of curtaining both administrative and compliance costs substantially.

Electronic Filing

Electronic filing contributes towards lowering of compliance costs because taxpayers to file their returns directly to tax authorities via computerized operations. Besides, it encourages the fast processing of returns, reduces errors, saves space, and reduces other handling of processing costs (Ling, Normala and Meera, 2005). Basically, tax authorities and taxpayers need only to match their software systems in order to facilitate compatibility, thereby permitting information transfer and exchange.

Electronic Data Interchange

Electronic data interchange provides direct communication link between government, its agencies and firms. Such systems facilitate both the exchange of information and transfer of funds. It can curb compliance costs due to reduction in time and paper work to complete transactions (Kirchler, Hoelzl, and Wahl, 2008). The use of electronic data interchange system can link ports, transportation companies, custom brokers, custom administration, importers and banks together to enable the issuance of permits, clearance of goods, payment of taxes and charges on a 24 hour-basis with minimal use of manpower (Jenkins, 1992).

FACILITATION OF TAX PAYMENT AND ENFORCEMENT

Tax Payment System

Rather than relying on checks received through the mail, the tax authority can institute a process whereby taxpayers can remit tax payments ahead of tax filing time by making a direct payment at the bank. The taxpayer need only have a taxpayer identification number to facilitate payment. In this context, the taxpayers are able to electronically remit PAYE payments into their tax accounts in much the same way that salaries are paid directly to bank accounts (Jenkins, 1992). The speed and certainty of this method not only improves cash flows management for both taxpayers and tax authorities, but also reduces compliance costs (Kirchler.,Hoelzl, and Wahl, 2008).

Information on Enforcement

A management information system is also instrumental in facilitating the enforcement of tax rules. Automation, which constitutes the bedrock of taxpayer service, facilitate in the pooling of information from various sources which can be helpful in the matching of third party information with tax returns (Marshall, 1992). It clearly helps to reduce the administrative costs associated with compliance. The fact that many taxpayers are aware of the availability of information regarding their transactions or income sources deters them from attempting to avoid or evade their tax obligations (Kirchler.,Hoelzl, and Wahl, 2008). Information pooled and disseminated by automation processes can also be useful for audit purposes. For instance, computer tracking system can be used to track taxpayers who have not filed a current year return. In the same vein, computer assisted audit selection system can allow for the computerized screening of thousands of returns and select those that appear to require review by experienced tax examiners.

Information on Enforcement

There is no doubt that taxpayer service has numerous implications for any tax system. It is conceivable that in many countries policymakers are who are constrained by limited financial resources might not be able to set up the variety of facilities needed to induce tax payers education even the tax authority is aware of the strategic necessity. There may well be other priorities such as tax structure reforms that policymakers may consider to be more pressing. The solution might be to carefully refine the reform process so that the front loading is manageable and no phase lags substantially behind the other (Kirchler.,Hoelzl, and Wahl, 2008). It must be noted that the taxpayer approach cannot easily be replicated in different contexts. For instance, the different conditions that exist both in developing and developed countries make it likely that the recommendations that may be useful in the developed countries will not be useful in the developing countries and vice versa. This implies that apart from financial implications, factors such as political wills, economic structure, tax culture, compliance history, taxpayer's perception of the degree of fairness in a given system will affect the design of taxpayer service (Pettersen, 1992). Finally, the ability of the taxpayer service to generate and pool information on the status of taxpayers can lead to misuse of confidential information or records by unscrupulous persons. Therefore, it is necessary that the implementation of taxpayer service be accompanied by strict rules of confidentiality to be observed by users of the generated or pooled data.

METHODOLOGY

Survey research design was used in this study. This research strategy was considered necessary because of its ability to comprehensively view the major questions raised in the study (Spector 1981; Denscombe, 2003). The scope of the study covers tax administrators and tax payers in the three senatorial districts of the Delta State: Delta North, Delta South and Delta Central. Simple random sampling technique was employed in selecting the 150 participants consisting of 50 from each senatorial district. Primary data was elicited using a five-point Likert type scale questionnaire as the research instrument, anchored by (5) indicating very strong and (1) very weak. On this scale, a score of 5 or 4 indicates that an item is perceived to be essential (strongly agreed or agreed) while a score of 3 or 2 indicates that the item is perceived to be fairly important, but not essential (undecided or disagreed), while a score of 1 indicates that the item could be disregarded for being unimportant (strongly disagreed). Similar scales have been used by Curtis (1992) and Myburgh (2001), and were found suitable.

The primary data collected were analyzed using both descriptive and inferential statistics. The hypotheses formulated for this study were tested using statistical test for population means and level of significance tests. The study was based on the assumptions that scores collected are normally distributed and data scores for each of the statement are independent of one another. The data scores were converted into standard normal distribution and thereafter calculation of Z-score is done in order to make inference after obtaining the p-value of the statements. This was done at a five percent (5%) level of significance. The methodology adopted in this study is consistent with other related studies like Nasadyuk and McGee (2006), Fagbemi, Uadiale and Noah (2010). The data was analyzed using procedures within Statistical Package for Social Sciences (SPSS).

RESULT AND DISCUSSION OF FINDINGS

Table 1 examines the properties of measurement scales and the items that compose the scales. The cronbach coefficient for the study performs fairly well with a value of 0.725 and this indicates that the scales and the items of the research instrument show

some measure of internal consistency. A reliability coefficient of 0.70 or higher is considered “acceptable” in most management science research situations

Table 1: Reliability Test

Cronbach alpha	No of Item
0.725	10

Source: SPSS output, 2016

As shown in table 2 below, the mean values of statements 5, 7 and 8 which stabilizes around 2, indicate that the likert scale which assumes a value of 2 for the option “disagree” suggests that “tax perception of the degree of fairness in the tax system”, “probability of detection and punishment”, and “being religious” respectively are identified as unlikely factors to enhance voluntary tax compliance. The mean value of statements 2, 4 and 9 which stabilizes around 3 indicate that the likert scale assuming a value of 3 for the option “Undecided” reflects the opinion of respondents on the role “compilation and computerization of common questions and answers on taxation”, “electronic filing”, and “peer positive attitude”, can play in enhancing voluntary tax compliance. This suggests that the effects of these factors may not be certain as the factors may or may not enhance voluntary tax compliance. The mean value of the statements 1, 3, and 10 hovering around an average value of 4 (agree) reveal that the respondents agree that “simplified tax structure”, “tax information phone service” and “the use of tax identification number” can play a massive role in enhancing voluntary tax compliance.

Table 2: Service delivery/other factors that could enhance Voluntary Tax Compliance

S/N	Statement	Mean	Standard Deviation
1	Simplified tax structure	4.23	1.01
2	Compilation and computerization of common questions and answers on tax	3.09	1.20
3	Tax information phone service	4.18	1.23
4	Electronic Filing of tax returns	3.02	1.21
5	Tax perception of the degree of fairness in a tax system	2.04	1.05
6	Electronic data interchange	3.07	1.10
7	Probability of detection	2.13	1.34
8	Being religious	2.10	3.02
9	Peer positive attitude	3.04	1.10
10	The use of tax identification number (TIN)	4.03	1.09

Source: field survey (2016)

As presented in table 3 below, the z-score for the responses to the questionnaire items are computed and juxtaposed with the z-table at 5% significance level (value of 1.64). The analysis shows that the proposition that “Simplified tax structure” can enhance voluntary tax compliance is accepted at 5% significance level as the computed absolute z-value of 8.75 exceeds the table (critical) value of 1.64. The proposition about the influence of “Compilation and computerization of common questions and answers on tax matters”, “tax information phone service” and “tax perception of the degree of fairness in the tax system” are all accepted at 5% level as the absolute values of the computed z scores of 2.57, 1.92 and 2.59 respectively exceed the table value of 1.64. Similarly, the z scores for “electronic data interchange” “electronic filing of returns” and “the use of tax identification number” of 8.35, 2.13 and 5.52 in absolute values respectively exceed the 1.64 table z-value and therefore suggest that they are relevant in enhancing voluntary tax compliance. However, on the role of “Probability of detection and punishment” in influencing tax compliance, the finding of this study suggest it’s ineffectiveness in enhancing voluntary tax compliance as the z-score of 1.34 is less than the 1.64 table value. A similar effect was also observed for “positive peer attitude” and “being religions with z-scores of 1.32 and 1.48 in absolute values respectively being less than the 1.64 table value

Table 3: Normalized Z-scores for means of responses for each item (statement)

S/N	Statement	Mean	Std. Dev.	Z-score	Z _{0.05}	Decision result for hypothesis
1	Simplified tax structure	4.23	1.01	- 8.75	1.64	Accept
2	Compilation and computerization of common questions and answers on tax	3.09	1.20	2.57	1.64	Accept
3	Tax information phone service	4.18	1.23	-1.92	1.64	Accept

4	Electronic Filing of tax returns	3.02	1.21	2.13	1.64	Accept
5	Tax perception of the degree of fairness in a tax system	2.04	1.05	2.59	1.64	Accept
6	Electronic data interchange	3.07	1.10	-8.35	1.64	Accept
7	Probability of detection and punishment	2.13	1.34	1.34	1.64	Reject
8	Being religious	2.10	5.02	1.48	1.64	Reject
9	Peer positive attitude	3.04	1.10	1.32	1.64	Reject
10	The use of tax identification number (TIN)	4.03	1.09	-5.52	1.64	Accept

Source: field survey (2016)

The finding for “being religions” is not in agreement with that of Torgler and Schaltegger (2007) who found that religiosity affects voluntary tax compliance. The finding of the present study for “simplified tax structure” is in consonance with that of Jenkins (1992) who reported that a simpler tax system will not only save tax administrators the time and stress of trying figure out what avoidance actions taxpayers might want to take to lower their tax liabilities, but would make it easier for taxpayers to assess their tax liabilities, and thus comply fully with tax laws, thereby increasing compliance levels. Findings for “compilation and computerization of common questions and answers on tax matters” and “tax information phone service” are consistent with those of Loo (2006) and Ling, Normala and Meera (2005). Loo (2006) found that one effective way of addressing questions taxpayers often ask especially during filling time was compile and computerize most questions and answers as it would encourage rapid retrieval and dissemination of on-line information from public enquiry information bank for use by taxpayers. Having access to information would encourage taxpayers to comply with this their civic responsibility. Ling, Normala and Meera (2005) submitted that tax compliance becomes easy for people when they can obtain information about tax issues such as tax law changes, client services, and tax returns processing via telephone service.

Furthermore, the finding of the study for “electronic data interchange” and “the use of tax identification number (TIN)” is in line with the findings of Kirchier, Hoeizi and Wahi, (2008) and Jenkins (1992). Kirchier, Hoeizi and Wahi, (2008) found that the use of electronic data interchange facilitate both the exchange of information and transfer of funds which can curb compliance costs for taxpayers. Jenkins (1992) found that tax identification number facilitates payments because taxpayers are able to electronically remit payments into their tax accounts in much the same way that salaries are paid directly to bank accounts. Also, the finding for “Probability of detection and punishment” is in line with the opinion of Frey and Feld (2002) and Kornhauser (2007) who reported that compliance is not fully explained by the rewards and punishments and other penalties as the use of detection and punishment account for only insignificant portion of actual tax compliance levels by taxpayers. Finally, the finding of this study for “peer attitude” is at variance with results of Toumi, Hasseldine, Hite, James and Conner (2000) that positive peer attitude enhances tax compliance. This is because this study did support the proposition that if one’s neighbours, or close friends are engaged in voluntary compliance, it would propel others to comply.

Hypotheses Testing 1

In testing the first hypothesis that voluntary tax compliance is not enhanced by computerized methods of improved taxpayers’ service delivery, items 2, 4, and 6 were utilized. The statements are “compilation and computerization of common questions and answers on tax matters”, “electronic filing of tax returns”, and “electronic data interchange”. This is demonstrated below:

Table 4: Testing Hypothesis One

S/N	Statement	Mean	Z _{0.05}
2	Compilation and computerization of common questions and answers on tax	3.09	1.64
4	Electronic Filing of tax returns	3.02	1.64
6	Electronic data interchange	3.07	1.64
	Mean of means	3.06	1.64

Source: Researchers’ compilations (2016)

As seen from Table 4 above, the mean of means of the statements (3.06) exceeds the mean of means of the critical value of the z-scores (1.64) at 5% significance level. Therefore, we reject the null hypothesis which states that voluntary tax compliance is not enhanced by computerized methods of improved taxpayers’ service delivery in Nigeria and accept the alternative hypothesis that voluntary tax compliance is enhanced by computerized methods of improved taxpayers’ service delivery in Nigeria

Hypotheses Testing 2

In testing the second hypothesis that voluntary tax compliance is not enhanced by non-computerized methods of improved taxpayers’ service delivery, items 2, 4, and 6 were utilized. The statements are “compilation and computerization of common questions and answers on tax matters”, “electronic filing of tax returns”, and “electronic data interchange”. This is demonstrated below:

Table 5: Testing Hypothesis Two

S/N	Statement	Mean	Z _{0.05}
1	Simplified tax structure	4.23	1.64
3	Tax information phone service	4.18	1.64
5	Tax perception of the degree of fairness in a tax system	2.04	1.64
10	The use of tax identification number (TIN)	4.03	1.64
	Mean of means	3.62	1.64

Source: Researchers’ compilations (2016)

As seen from Table 5 above, the mean of means of the statements (3.62) exceeds the mean of means of the critical value of the z-scores (1.64) at 5% significance level. Therefore, we reject the null hypothesis which states that voluntary tax compliance is not enhanced by non-computerized methods of improved taxpayers’ service delivery in Nigeria and accept the alternative hypothesis that voluntary tax compliance is enhanced by non-computerized methods of improved taxpayers’ service delivery in Nigeria

CONCLUSION

This study has made effort to provide empirical evidence that improving taxpayer service can help to curb compliance costs by providing programmes that enable taxpayer to fulfill their obligations easily. Improving taxpayer service will facilitate information discovery, retrieval and dissemination through automated system that pooled information and allowed for the efficient identification and retrieval of specific data. Ideally, taxpayer service should be proactive rather than reactive. However, to have its expected impact, taxpayer assistance should be geared towards achieving specific objectives that are linked to broader tax reforms goals. This paper emphasizes the need for tax authorities to employ voluntary tax regime is backed up by both taxpayer service and enforcement strategies. The assessment done so far of benefits and costs of such strategy suggests that the long term advantages of a taxpayer service approach far outweigh its short term costs. For the avoidance of doubt, advocating the introduction of taxpayer service does not imply that enforcement measure aimed at improving voluntary compliance should be abandoned. Rather it recognizes that a broad range of factors, including compliance costs are important determinants of the overall level of the voluntary compliance. Changing the tax structure may used to immediately eliminate some form of noncompliance. Taxpayer assistance can be economically beneficial by lowering compliance costs more than the increase in administrative expenses. In short, by reviewing some aspects of taxpayer service approach, this paper has attempted to establish that in the design of a cost effective tax system there should be a close connection between voluntary compliance, taxpayer service, and the implementation of information technology products.

RECOMMENDATIONS

Based on the findings of this study, the following recommendations are therefore put forward: Firstly, government should consider improving its service delivery to taxpayers as past strategy of using coercion and stringent tax rules have not produced the desired result. This study has already demonstrated that improving taxpayer service delivery through the use of information technology would enhance voluntary tax compliance. Secondly, government should consider investing more in information technology because success of this venture will be dependent heavily on the extent to which the operations of the tax revenue offices across the country are computerized. Thirdly, if government must be successful in any attempt to computerize taxpayer service delivery, then tax administrators, tax practitioners and relevant staff must be properly trained on the use of modern technology and how they can effectively be applied to the performance of tax functions. Finally, tax authorities must also re-strategize and utilize the findings from behavioral models on the determinants of voluntary compliance.

References

Adesola, S.M. (1986). Income tax law and administration in Nigeria. Ile-Ife. *University of Ife Press*, 102, 447.
 Agbetunde, L.A. (2010). Principles and practice of personal Income tax in Nigeria. Lagos: EL-TODA Ventures Limited.
 Aksnes, F. (2011). Tax compliance, enforcement and taxpayer education” Being a paper presented at workshop organised by International Centre for Tax and Development, in Maputo, 30-31 March.
 Allingham, M., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, 1(3-4), 323-338.

- Alm, J., McClelland, G. H., & Schulze, W. D. (1992). Why do people pay taxes? *Journal of Public Economic*, 48(1), 21-38.
- Courtis, J.K. (1992). The Reliability of perception-based annual report disclosure studies. *Accounting and Business Research*, 23(89), 31 – 43.
- Denscombe, M., (2003). The good research guide: For small-scale social research projects, 2nd Ed., Maidenhead-Philadelphia: *Open University Press*.
- Eshag, E. (1983). Fiscal and monetary policies and problems in development countries. Cambridge: *Cambridge University Press*.
- Fagbemi, T.O., Uadiale, O.M. & Noah, A.O. (2010). The ethics of tax evasion: Perceptual evidence from Nigeria. *European Journal of Social Sciences*, 17, 360-371
- Feld, L. P. & Frey, B. S. (2002). Deterrence and tax morale: How tax administration and taxpayers interact. *OECD Papers*, 3(10), 1-19.
- Graetz, M.J. and L.L. Wilde. (1985). The economics of tax compliance: *Facts and fantasy National Tax Journal* 38: 355-363.
- Hite, P. (1997). Identifying and mitigating taxpayer compliance. *Australian TaxForum*, 13, 15580.
- James, S., & Alley, C. (2004). Tax compliance, self-assessment and tax administration. *Journal of Finance and Management in Public Services*, 2(2), 27-42.
- Jenkins G.P. (1992). Tax reform: lessons learned. In reforming economic systems in developing countries, edited by D.H. Perkins & Roemer M. Cambridge: *Harvard Institute for International Development*.
- Kirchgässner, G. (2003). *Homo Oeconomicus*, second edition. Tübingen: Mohr Siebeck.
- Kirchler, E. (2007). The economic psychology of tax behavior. Cambridge: Cambridge .
- Kirchler, E., (2007). Why pay taxes? A review of tax compliance decisions. Working paper 07-03, Atlanta: Georgia State University.
- Kirchler, E., Hoelzl, E. & Wahl, I. (2008). Enforced versus voluntary tax compliance: The slippery slope framework. *J. Econs. Psychol.*, 29: 210-225.
- Kornhauser .M.E (2007): Normative and cognitive aspects of tax compliance: Literature Review and recommendations for the IRS regarding individual taxpayers. Taxpayer Advocate Service — 2007 Annual Report to Congress
- Ling, Normala&Meera (2005). Towards electronic tax filing: Technology readiness and responses of Malaysian tax practitioners. *Tax National*, First Quarter, 16-23.
- Loo, E.C. (2006). The influence of the introduction on self assessment on compliance behavior of individual taxpayers in Malaysia. *Ph.D thesis. University of Sydney.* 2
- Marshall D. (1992). The use of technology in the administration the Canadian goods and services tax. Paper presented at conference on information technology and fiscal compliance (Nov.) Cambridge: *Harvard University*.
- Myburgh J.E. (2001). The Informativeness of voluntary disclosure in the annual report of listed Industrial Companies in South Africa. *Meditari Accountancy Research*, 9, 199 – 216.
- Nasadyuk, Irina and McGee, Robert W., (2006). tax evasion in Ukraine: A survey of opinion (November). Available at SSRN: <http://ssrn.com/abstract=943087> or <http://dx.doi.org/10.2139/ssrn.943087>
- Organisation for Economic Co-operation and Development. (2008). Improving taxpayer service delivery: Channel strategy development .Forum on Tax Administration Taxpayer Services Sub-group.
- Oyedele, T. (2009). “Tax incentive as tools for compliance”. Lagos: The Chartered Institute of Taxation of Nigeria.
- Peterson S. B. (1992). Making it work: Implementing effective Information systems in developing countries Paper presented at conference on information technology and fiscal compliance (Nov.) Cambridge: Harvard University.
- Quadri, R.K (2010). Improving voluntary tax compliance within the informal sector in Lagos state. A paper delivered at the 4th Lagos state taxation stakeholder’s conference, Victoria Island, Lagos.
- Richardson, G. (2008). The relationship between culture and tax evasion across countries: Additional evidence and extensions. *Journal of International Accounting, Auditing and Taxation*, 17(2), 67-78.
- Silvani C. (1991). Improving tax payers compliance, Tax administration CIAT papers, Spain, June.
- Spector, P., (1981). “Research Designs”. Beverly Hills, CA: Sage
- Torgler, B., &Schaffner, M. (2007). Causes and consequences of tax morale: An empirical investigation. Working paper No 2007-11, CREMA.
-