

The Impact of Taxpayers' Perception of the Tax System on Tax Compliance in Ondo State

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ABSTRACT

Tax compliance remains a major challenge in many developing countries, including Nigeria, despite its importance as a source of government revenue for financing public goods and services. Recent studies have shown that taxpayers' perceptions of the tax system play a significant role in shaping compliance behavior. This study examined the impact of taxpayers' perception of the tax system on tax compliance among individual taxpayers in Ondo State, Nigeria. Specifically, the study investigated the influence of trust in tax authorities, fairness of the tax system, corruption among tax officials, and the reasonableness of tax charges on tax compliance behavior. The study adopted a survey research design. Primary data were collected through structured questionnaires administered to 367 individual taxpayers selected from Ondo State. Descriptive statistics, including frequency distributions and percentages, were used to analyze respondents' demographic characteristics and perceptions of the tax system, while the Pearson Chi-Square test was employed to examine the relationship between taxpayers' perceptions and tax compliance. The findings revealed that a majority of respondents believed that trust in tax authorities enhances tax compliance, while perceptions of fairness and reasonable tax charges encourage voluntary compliance. Conversely, corruption among tax officials was perceived as a major factor that discourages tax compliance. The Chi-Square analysis indicated a statistically significant association between taxpayers' perception of the tax system and tax compliance ($\chi^2 = 25.490$, $p < 0.05$). The study concludes that taxpayers' perceptions of the tax system significantly influence their willingness to comply with tax obligations in Ondo State. The study recommends that tax authorities strengthen transparency, accountability, and fairness in tax administration, intensify anti-corruption measures, and improve taxpayer education and public awareness programs to enhance voluntary tax compliance and increase internally generated revenue.

Keywords: Tax Compliance, Taxpayers' Perception, Tax System, Trust in Tax Authorities, Tax Fairness, Tax Administration, Tax Morale, Corruption.

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INTRODUCTION

Taxation is a fundamental instrument of public finance and one of the most reliable sources of government revenue for financing public goods, social services, and economic development (Tanzi, 1999; Odusola, 2006). Through taxation, governments generate the resources necessary to provide essential services, including infrastructure, healthcare, education, security, and other vital components that promote societal welfare. The effectiveness of any tax system, however, depends largely on the extent to which taxpayers voluntarily comply with tax laws and regulations. Tax compliance refers to the willingness and ability of taxpayers to accurately declare taxable income, file tax returns, and pay taxes due within the prescribed period (Alm, 1999; Torgler, 2007). Despite the importance of taxation to national development, many developing countries continue to experience low levels of tax compliance. In Nigeria, tax evasion and tax avoidance remain significant challenges that reduce government revenue and weaken the capacity of governments to meet developmental objectives (Nzotta, 2006; Kiabel & Nwokah, 2009). The Chartered Institute of Taxation of Nigeria (CITN, 2010) noted that Nigeria records one of the lowest levels of tax compliance in Africa despite its abundant human and natural resources. This persistent problem has prompted policymakers and researchers to investigate the factors influencing taxpayers' compliance behavior.

Traditional tax compliance theories have focused primarily on economic deterrence factors such as tax audits, penalties, and the probability of detection (Allingham & Sandmo, 1972; Becker, 1968). According to these theories, taxpayers are rational individuals who weigh the costs and benefits of complying with tax laws. However, empirical evidence suggests that economic factors alone cannot adequately explain taxpayers' behavior. Many individuals comply with tax obligations even when the likelihood of detection is low, while

others evade taxes despite the existence of severe penalties (Alm, 1999; Frey, 2003). Consequently, contemporary research has increasingly emphasized the importance of non-economic factors such as trust in government, tax morale, social norms, cultural values, and taxpayers' perceptions of the tax system (Lewis, 1982; Torgler, 2007). Among these factors, taxpayers' perception has emerged as a critical determinant of tax compliance behavior. Taxpayers' perception refers to the beliefs, attitudes, opinions, and judgments individuals hold regarding the fairness, efficiency, transparency, and legitimacy of the tax system and tax administration (Agetunde, Oyediran, & Fadipe, 2016; Mohd, Mohd, & Wan, 2013). When taxpayers perceive the tax system as fair and equitable, and when they believe that tax revenues are utilized effectively for public benefit, they are more likely to comply voluntarily with tax obligations. Conversely, negative perceptions concerning corruption, misuse of public funds, unfair tax administration, and inadequate public service delivery can discourage compliance and encourage tax evasion (Murphy, 2004; Hyun, 2005).

The Fiscal Exchange Theory argues that taxpayers are more willing to comply when they perceive that the government provides adequate public goods and services in exchange for taxes paid (Frey & Feld, 2002; Torgler, 2003). Similarly, studies have shown that trust in government institutions and positive perceptions of tax authorities significantly enhance tax compliance behavior (Hartner, Rechberger, Kirchler, & Schabmann, 2008; Murphy, 2004). Marziana, Mohamad, Orkhazimah, and Mohmad (2010) found that taxpayers' perceptions regarding the tax system significantly influence their level of compliance. Likewise, Mohd et al. (2013) reported that perceived fairness and understanding of tax laws contribute positively to taxpayers' willingness to comply. In Nigeria, taxpayers frequently express concerns regarding transparency, accountability, and the effectiveness of government expenditure. Such perceptions may influence their willingness to fulfill tax obligations voluntarily. In Ondo State, where internally generated revenue remains an important source of government funding, understanding the relationship between taxpayers' perception and tax compliance is essential for improving revenue generation and strengthening tax administration. Despite the growing recognition of taxpayers' perception as a key determinant of compliance behavior, empirical studies examining this relationship within the Ondo State context remain limited. Against this background, this study investigates the impact of taxpayers' perception of the tax system on tax compliance among individual taxpayers in Ondo State. Specifically, the study examines taxpayers' perceptions regarding trust in tax authorities, fairness of the tax system, corruption among tax officials, and the reasonableness of tax charges as determinants of tax compliance behavior. The findings of the study are expected to contribute to the growing literature on tax compliance and provide useful policy insights for tax authorities and policymakers seeking to improve voluntary tax compliance, strengthen public trust in tax administration, and enhance revenue generation in Ondo State.

LITERATURE REVIEW

Concept of Tax Compliance

Tax compliance refers to the degree to which taxpayers fulfill their tax obligations as prescribed by law. It involves accurate reporting of taxable income, timely filing of tax returns, and prompt payment of taxes due (Alm, 1999; Franzoni, 1999). Tax compliance may be voluntary or enforced. Voluntary compliance occurs when taxpayers willingly obey tax laws without external pressure, whereas enforced compliance results from audits, penalties, and other deterrence measures employed by tax authorities (Muehlbacher & Kirchler, 2010).

The traditional economic perspective explains tax compliance through deterrence mechanisms such as audits and penalties (Allingham & Sandmo, 1972; Becker, 1968). However, modern studies recognize that compliance behavior is influenced by a combination of economic, psychological, institutional, and social factors. Tax morale, trust in government, perceptions of fairness, and social norms have all been identified as important determinants of compliance behavior (Frey, 2003; Torgler, 2007).

Taxpayers' Perception and Tax Compliance

Taxpayers' perception refers to the opinions, beliefs, attitudes, and judgments individuals hold regarding the tax system, tax authorities, and government use of tax revenue. It encompasses perceptions of tax fairness, transparency, accountability, efficiency of tax administration, and the quality of public services provided by government (Agetunde et al., 2016). Research suggests that taxpayers are more likely to comply when they perceive the tax system as fair and equitable. According to Mohd et al. (2013), fairness in taxation significantly influences taxpayers' willingness to comply. When taxpayers believe that tax burdens are

distributed equitably and that tax laws are applied consistently, compliance levels tend to increase. Conversely, perceptions of injustice, corruption, and unequal treatment often reduce compliance and encourage tax evasion.

Murphy (2004) emphasized that trust plays a crucial role in fostering compliance. Taxpayers who trust tax authorities and government institutions are more likely to cooperate voluntarily with tax laws. Similarly, Hartner et al. (2008) found that procedural fairness and respectful treatment by tax authorities positively affect compliance behavior. These findings suggest that taxpayers' perceptions of the tax system significantly influence their willingness to meet tax obligations.

Perceived Fairness of the Tax System & Perception of Government Accountability and Public Service Delivery

Perceived fairness refers to taxpayers' assessment of whether tax laws, rates, and administrative procedures are just and equitable. According to Mohd et al. (2013), taxpayers are less likely to engage in non-compliance when they perceive the tax system as fair. Fairness can be viewed from different dimensions, including distributive fairness, procedural fairness, and retributive fairness. Distributive fairness concerns whether taxpayers believe that tax burdens are shared equitably among citizens. Procedural fairness focuses on the manner in which tax laws are administered and enforced. Retributive fairness relates to the appropriateness of sanctions imposed for tax violations. Studies have shown that positive perceptions of fairness enhance taxpayers' trust and increase voluntary compliance (Hartner et al., 2008; Murphy, 2004).

The Fiscal Exchange Theory suggests that taxpayers evaluate the benefits received from government in exchange for taxes paid (Torgler, 2003). When taxpayers perceive that government effectively utilizes tax revenues to provide infrastructure, healthcare, education, and other public services, they are more likely to comply with tax obligations. Hyun (2005) argued that taxpayers' willingness to pay taxes increases when they trust government institutions and perceive public expenditures as beneficial. Similarly, Agetunde et al. (2016) found that perceptions of fiscal exchange and government accountability significantly influence taxpayers' attitudes toward compliance. Where taxpayers perceive waste, corruption, or poor service delivery, tax morale declines and compliance levels decrease.

Tax Knowledge, Taxpayers' Perception, and Tax Compliance: Empirical Reviews

Several empirical studies have investigated the relationship between taxpayers' perception and tax compliance. Tax knowledge refers to taxpayers' understanding of tax laws, regulations, obligations, and procedures. Taxpayers who possess adequate knowledge of the tax system are more likely to develop positive perceptions toward taxation and comply with tax requirements. Saad (2014) found that inadequate tax knowledge contributes significantly to non-compliance because taxpayers perceive tax regulations as complex and difficult to understand.

Marziana et al. (2010) also reported that taxpayers with greater awareness and understanding of tax obligations demonstrate higher levels of compliance. Therefore, taxpayer education and awareness programs can improve perceptions of the tax system and encourage voluntary compliance. Marziana et al. (2010) examined taxpayers' perceptions and compliance levels in Malaysia and found that positive perceptions of the tax system were associated with higher compliance behavior. The study concluded that taxpayers who viewed tax administration as efficient and transparent were more willing to comply with tax obligations. Alabede, Ariffin, and Idris (2011) investigated taxpayers' attitudes and compliance behavior in Nigeria and found that positive taxpayer attitudes significantly influenced compliance behavior. The study further revealed that taxpayers' perceptions regarding tax administration and tax evasion play important roles in determining compliance levels.

Murphy (2004) examined the role of trust in tax compliance and reported that taxpayers who trusted tax authorities were more likely to comply voluntarily. Similarly, Hartner et al. (2008) found that procedural fairness and respectful treatment by tax officials positively influenced compliance behavior. Agetunde et al. (2016) conducted a cross-cultural assessment of Nigerian taxpayers' perceptions of fiscal exchange and institutional arrangements. Their findings indicated that taxpayers' perceptions regarding government accountability and service delivery significantly affect tax compliance attitudes. Collectively, these studies suggest that taxpayers' perception remains an important determinant of tax compliance behavior. However, perceptions vary across countries and contexts, making it necessary to investigate their influence within specific environments such as Ondo State.

Theoretical Foundation

This study is anchored on the Fiscal Exchange Theory developed by Frey and Feld (2002) and further advanced by Torgler (2003). The theory posits that taxpayers are more willing to comply with tax obligations when they perceive that government provides valuable public goods and services in exchange for taxes paid. Compliance is therefore viewed as a reciprocal relationship between taxpayers and government. The theory emphasizes the role of trust, accountability, transparency, and public service delivery in shaping taxpayers' perceptions and compliance behavior. When taxpayers perceive that tax revenues are utilized effectively and that government acts responsibly, they are more likely to develop positive attitudes toward taxation and comply voluntarily. Conversely, negative perceptions regarding corruption, inefficiency, and poor service delivery may reduce tax morale and encourage non-compliance. Based on the literature reviewed, taxpayers' perception has the potential to influence tax compliance through its effects on trust, fairness perceptions, government accountability, and tax morale. Consequently, empirical investigation is necessary to determine the extent to which taxpayers' perception affects tax compliance among individual taxpayers in Ondo State.

METHODOLOGY

This study adopted a survey research design to investigate the impact of taxpayers' perception of the tax system on tax compliance in Ondo State, Nigeria. The survey design was considered appropriate because it enabled the researcher to collect data directly from taxpayers regarding their perceptions of the tax system and how such perceptions influence tax compliance behavior. The design also facilitated the collection of quantitative data from a relatively large number of respondents, thereby enhancing the reliability and generalizability of the findings.

The study population comprised individual taxpayers in Ondo State. A total of 367 respondents were selected and administered structured questionnaires. The sample size was considered adequate for generating representative information on taxpayers' perceptions of the tax system and their compliance behavior. The respondents consisted of taxpayers from different employment categories and educational backgrounds within the study area. The data collected from the respondents were analyzed using both descriptive and inferential statistical techniques. Descriptive statistics were employed to summarize and present the demographic characteristics of respondents as well as their perceptions of the tax system and tax compliance behavior. Frequency distributions, percentages, tables, and charts were used to analyze variables such as trust in tax authorities, fairness of the tax system, corruption among tax officials, reasonableness of tax charges, and tax compliance.

Chi-Square Test

To examine the relationship between taxpayers' perception of the tax system and tax compliance, the Pearson Chi-Square (χ^2) test of association was employed. The Chi-Square test was used to determine whether a statistically significant association exists between respondents' perceptions of the tax system and their tax compliance behavior. The Chi-Square statistic is expressed as:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where:

- χ^2 = Chi-Square statistic
- O = Observed frequency
- E = Expected frequency

The decision rule was based on a 5% level of significance ($\alpha = 0.05$). The null hypothesis was rejected when the p-value was less than or equal to 0.05, indicating a significant association between taxpayers' perception of the

tax system and tax compliance. Conversely, the null hypothesis was accepted when the p-value exceeded 0.05. The analyses were conducted to determine whether taxpayers' trust in tax authorities, perceptions of fairness in the tax system, perceptions of corruption among tax officials, and perceptions regarding the reasonableness of tax charges significantly influence tax compliance among individual taxpayers in Ondo State.

DATA ANALYSIS AND DISCUSSION

Figure 1

Distributions of the Respondent by Working Experience

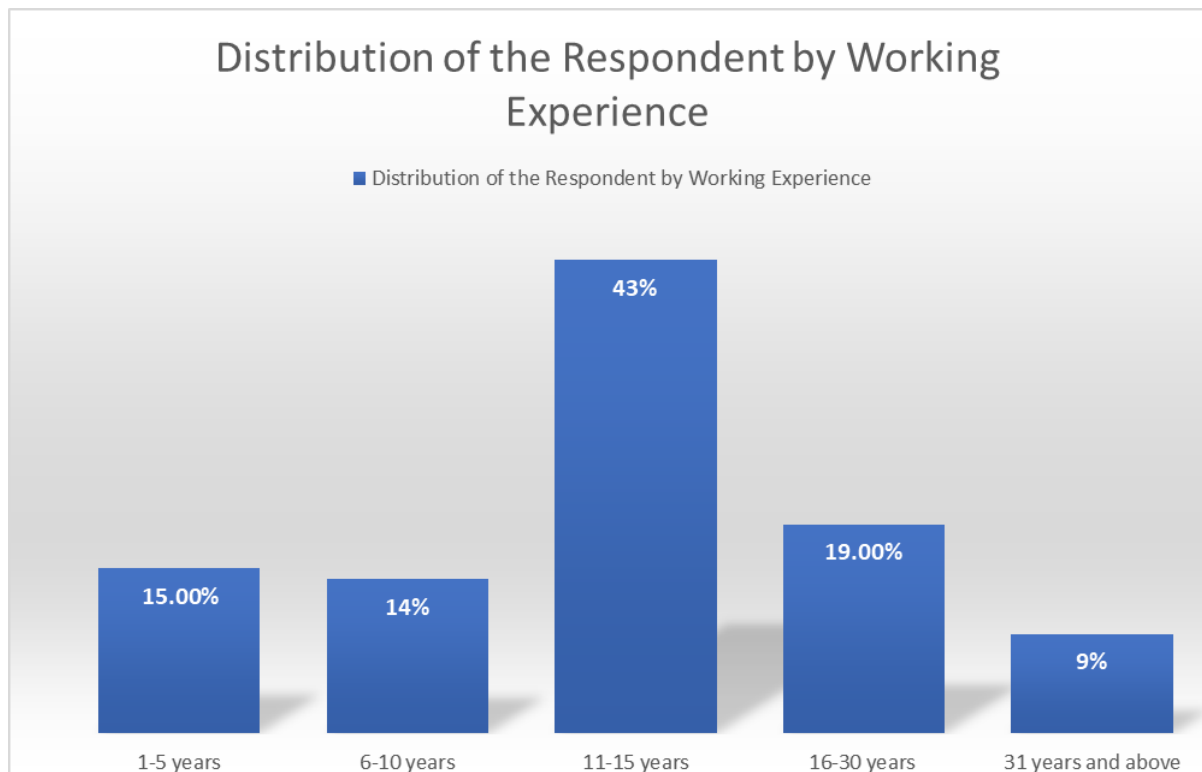


Table 1: Distributions of Respondents by Working Experience

Working Experience	Frequency	Percentage
1-5 years	54	15
6-10 years	52	14
11-15 years	159	43
16-30 years	71	19
31 years and above	31	9
Total	367	100.0

Source: Field Survey, 2018

Figure 1 and Table 1 present the distribution of respondents according to their years of working experience. The results indicate that the largest proportion of respondents, 159 (43%), had between 11 and 15 years of working experience. This was followed by respondents with 16–30 years of experience, representing 71 (19%) of the sample. Respondents with 1–5 years and 6–10 years of working experience accounted for 54 (15%)

and 52 (14%) respectively, while those with 31 years and above constituted the smallest proportion, 31 (9%). Overall, about 72% of the respondents had between 1 and 15 years of work experience, indicating that the majority of the taxpayers surveyed were economically active individuals with substantial exposure to employment and tax-related obligations. This suggests that the respondents possess sufficient practical experience to provide informed opinions regarding the tax system and tax compliance behavior in Ondo State.

Figure 2:

Distribution of Respondents by Employment status

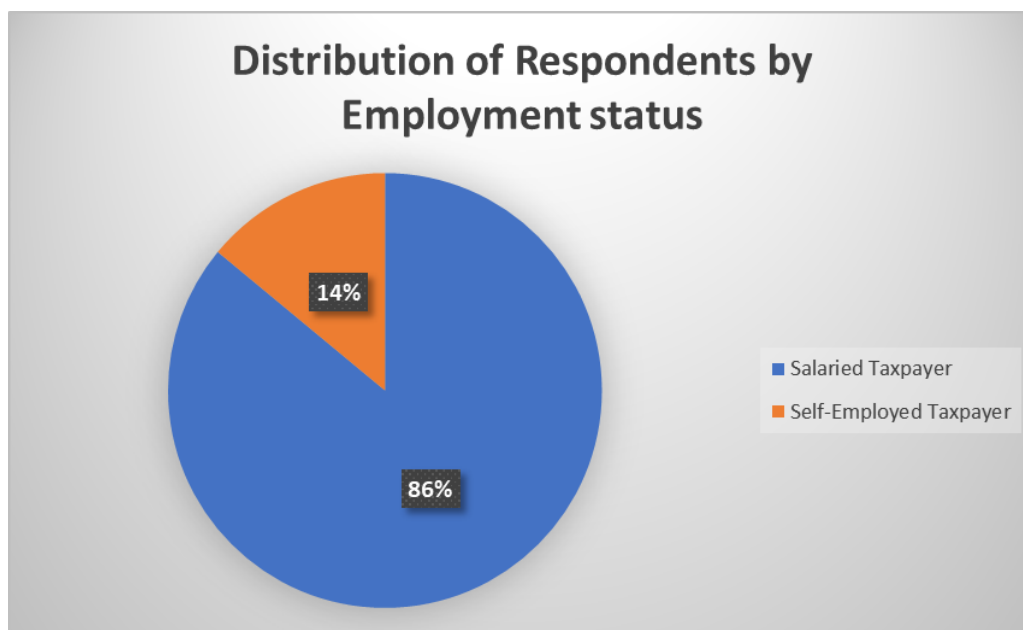


Table 2: Distributions of Respondents by Employment status

Employment Status	Frequency	Percentage
Salaried Tax payer	314	86
Self-employed Taxpayer	53	14
Total	367	100.0

Source: Field Survey, 2018

Figure 2 and Table 2 show the distribution of respondents according to employment status. The findings reveal that 314 respondents (86%) were salaried taxpayers, while 53 respondents (14%) were self-employed taxpayers. The dominance of salaried taxpayers suggests that the perceptions captured in this study largely reflect the experiences of individuals whose taxes are deducted directly through the Pay-As-You-Earn (PAYE) system. However, the inclusion of self-employed taxpayers provides additional insight into tax compliance behavior among individuals who are responsible for independently assessing and remitting their taxes.

Table 3:

Distribution of Respondents by Academic Qualification

Academic Qualification	Frequency	Percentage
Phd/M.sc	60	16.3
B.sc/HND	266	72.5
GCE/WASSCE	41	11.2
Total	367	100.0

Source: Field Survey, 2018

Table 3 presents the educational qualifications of the respondents. The results show that 266 respondents (72.5%) possessed a Bachelor's Degree or Higher National Diploma (B.Sc./HND), while 60 respondents (16.3%) held postgraduate qualifications (M.Sc./Ph.D.). Additionally, 41 respondents (11.2%) possessed GCE/WASSCE qualifications. The findings indicate that the respondents were generally well educated, with approximately 89% possessing tertiary education qualifications. This educational profile suggests that respondents were likely knowledgeable about tax issues and capable of providing informed perceptions regarding the tax system and tax compliance.

Figure 3

Perceive Impact of Taxpayers' Trust in the Tax Authorities on Tax Compliance

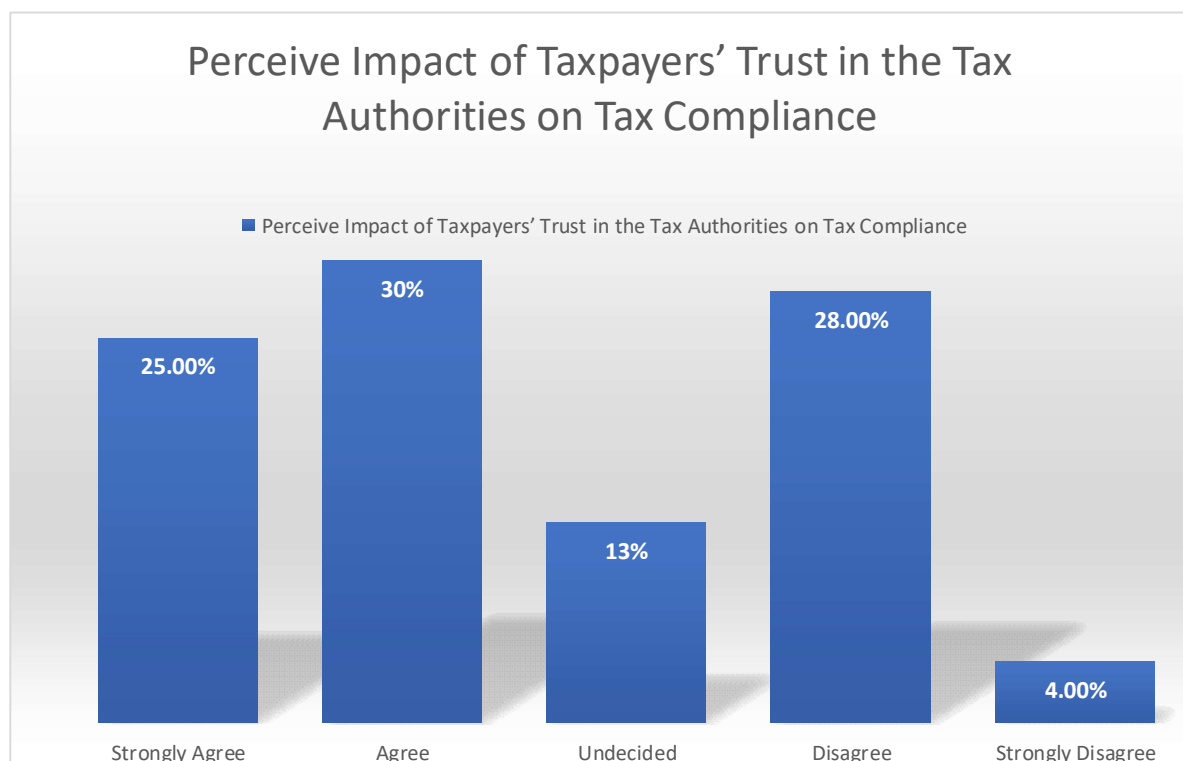


Figure 3 presents respondents' perceptions regarding the influence of trust in tax authorities on tax compliance. The results indicate that 92 respondents (25%) strongly agreed and 109 respondents (30%) agreed that taxpayers' trust in tax authorities enhances voluntary tax compliance. Conversely, 103 respondents (28%)

disagreed and 16 respondents (4%) strongly disagreed, while 47 respondents (13%) remained undecided. Overall, 55% of respondents expressed agreement that trust in tax authorities promotes tax compliance, compared to 32% who disagreed. These findings suggest that trust in tax administration is perceived as an important factor influencing taxpayers' willingness to comply with tax obligations. When taxpayers believe that tax authorities are transparent, accountable, and fair, they are more likely to fulfill their tax responsibilities voluntarily.

Figure 4

Perceive Impact of Unfairness in the Tax System on Tax Compliance

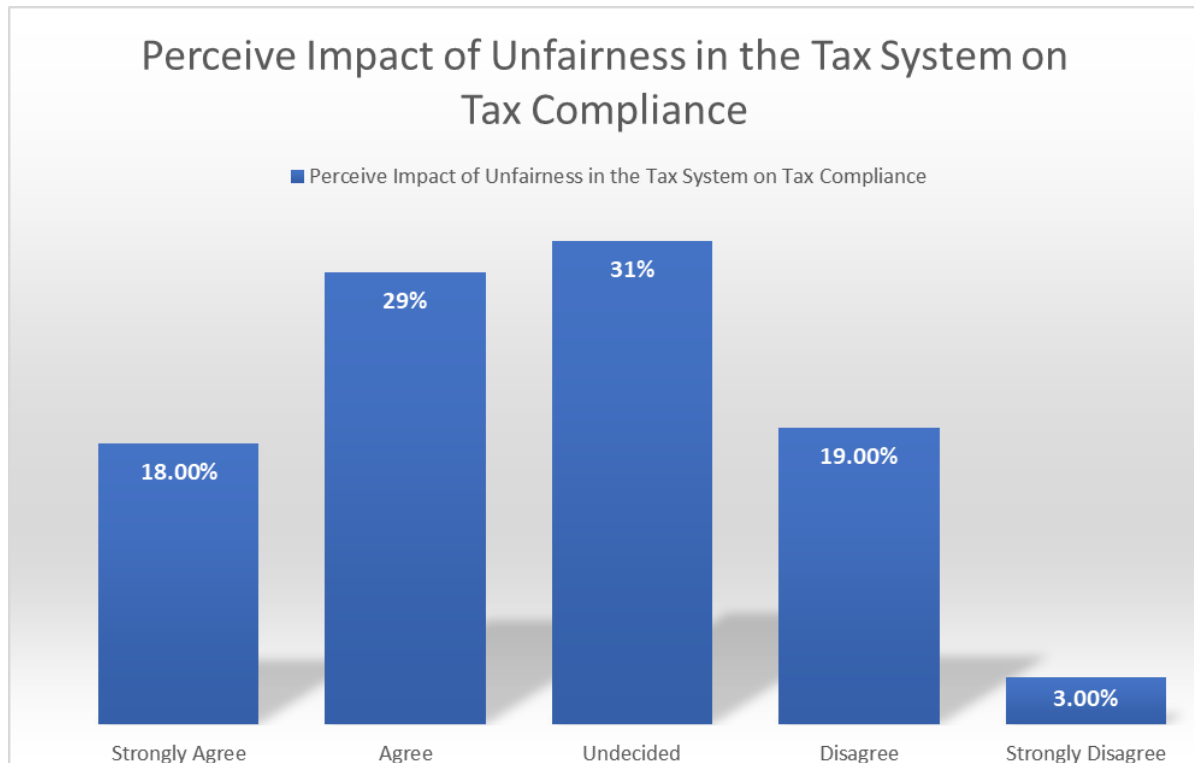


Figure 4 illustrates respondents' perceptions regarding the effect of unfairness in the tax system on tax compliance. The results reveal that 67 respondents (18%) strongly agreed and 105 respondents (29%) agreed that perceived unfairness in the tax system affects compliance behavior. In contrast, 70 respondents (19%) disagreed and 12 respondents (3%) strongly disagreed, while 113 respondents (31%) were undecided. The findings indicate that nearly half of the respondents (47%) perceived unfairness in the tax system as a factor that negatively affects tax compliance. The relatively large proportion of undecided respondents suggests uncertainty among some taxpayers regarding the extent to which fairness influences compliance decisions. Nevertheless, the results underscore the importance of fairness and equity in tax administration as determinants of taxpayers' compliance behavior.

Figure 5

Perceive Impact of Corrupt Tax Officials on Tax Compliance

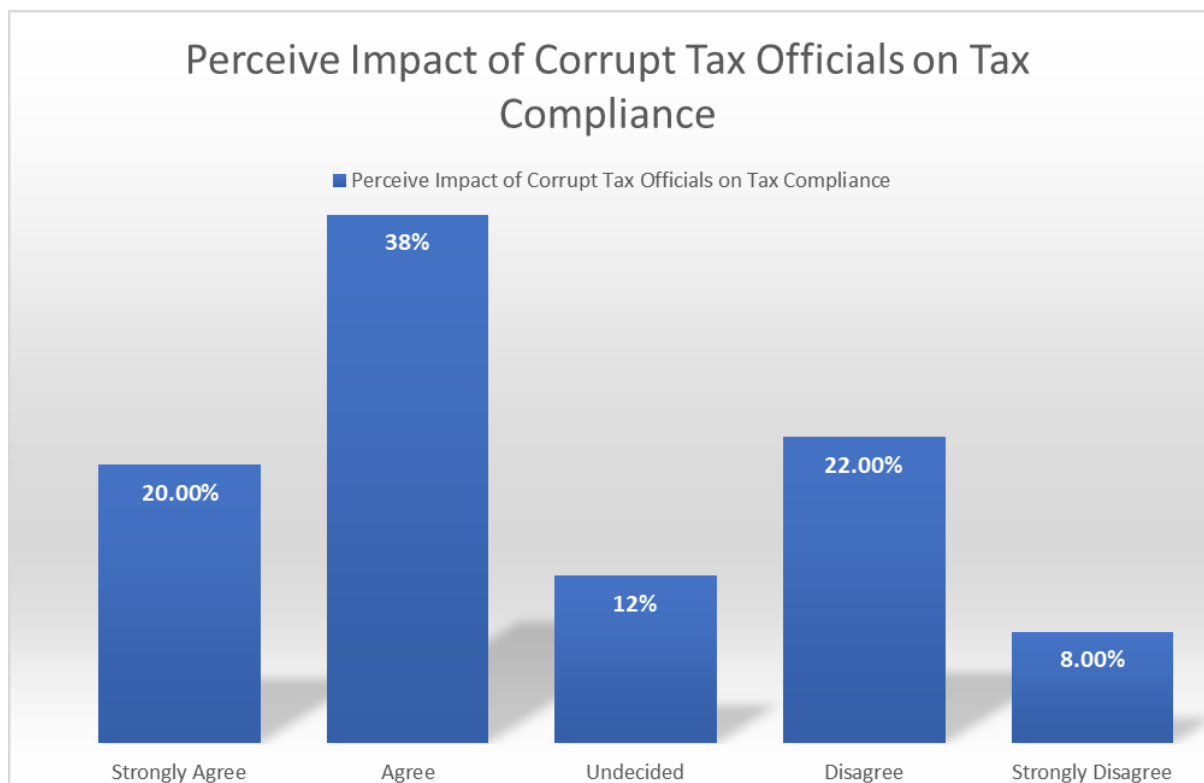


Figure 5 presents respondents' views regarding the influence of corrupt tax officials on tax compliance. The results show that 74 respondents (20%) strongly agreed and 141 respondents (38%) agreed that corruption among tax officials discourages voluntary tax compliance. Conversely, 79 respondents (22%) disagreed, and 30 respondents (8%) strongly disagreed, while 43 respondents (12%) were undecided. Overall, 58% of respondents believed that corruption among tax officials negatively affects tax compliance. These findings suggest that taxpayers are less willing to comply when they perceive tax officials as corrupt or lacking integrity. Corruption may undermine public confidence in the tax system, weaken trust in tax authorities, and reduce taxpayers' willingness to fulfill their obligations.

Figure 6

Perceive Impact of the Reasonableness of Tax Charges on Tax Compliance

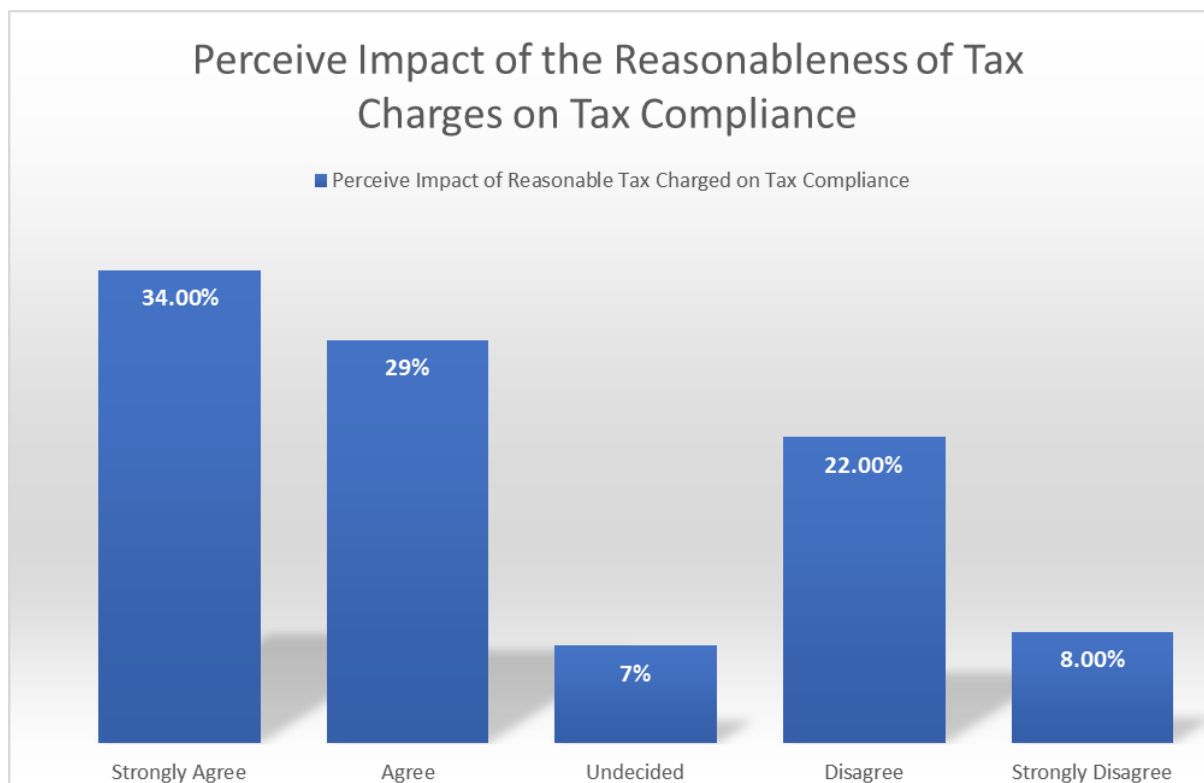


Figure 6 presents respondents' perceptions regarding the effect of reasonable tax rates on tax compliance. The findings indicate that 125 respondents (34%) strongly agreed and 107 respondents (29%) agreed that reasonable tax charges encourage tax compliance. In contrast, 79 respondents (22%) disagreed and 31 respondents (8%) strongly disagreed, while 25 respondents (7%) were undecided. Overall, 63% of respondents agreed that reasonable tax rates promote compliance. These findings suggest that taxpayers are more willing to comply with tax obligations when they perceive tax rates as fair, affordable, and proportionate to their income. Excessive tax burdens may discourage compliance and increase the tendency toward tax evasion.

Chi-Square Analysis of the Impact of Taxpayers' Perception of the Tax System on Tax Compliance

Table 3

Chi-Square Test of Association between Taxpayers' Perception of the Tax System and Tax Compliance

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.490 ^a	16	.0041
Likelihood Ratio	25.832	16	.0047
Linear-by-Linear Association	0.184	1	.038
N of Valid Cases	1835		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 30.60.

Table 4 presents the Chi-Square Test of Association conducted to examine the relationship between taxpayers' perceptions of the tax system and tax compliance among individual taxpayers in Ondo State. The

results show a Pearson Chi-Square value of 25.490 with 16 degrees of freedom and a significance value ($p = 0.0041$). Since the p -value is less than the 0.05 level of significance, the null hypothesis is rejected. This indicates that there is a statistically significant association between taxpayers' perceptions of the tax system and tax compliance behavior.

Similarly, the Likelihood Ratio statistic of 25.832 with a significance value of 0.0047 further confirms the existence of a significant relationship between taxpayers' perceptions and tax compliance. The Linear-by-Linear Association statistic of 0.184 with a significance value of 0.038 also suggests a significant linear relationship between perception variables and compliance behavior. The findings imply that taxpayers' perceptions regarding trust in tax authorities, fairness of the tax system, integrity of tax officials, and reasonableness of tax charges are significantly associated with their tax compliance behavior. Taxpayers who hold positive perceptions of the tax system are more likely to comply with tax obligations, whereas negative perceptions may reduce compliance.

The descriptive findings further revealed that a majority of respondents agreed that trust in tax authorities, fairness in taxation, absence of corruption, and reasonable tax rates contribute positively to tax compliance. The significant Chi-Square results provide statistical evidence supporting these perceptions. Therefore, the study concludes that taxpayers' perceptions of the tax system significantly influence tax compliance among individual taxpayers in Ondo State. Positive perceptions regarding transparency, fairness, accountability, and efficiency of the tax system are likely to enhance voluntary tax compliance, while negative perceptions may encourage non-compliance and tax evasion. These findings highlight the need for tax authorities to strengthen public trust, improve transparency, reduce corruption, and ensure fairness in tax administration as strategies for improving tax compliance.

Discussion of Findings

This study examined the impact of taxpayers' perception of the tax system on tax compliance among individual taxpayers in Ondo State, Nigeria. The findings revealed that taxpayers' perception of the tax system significantly influences tax compliance behavior, as evidenced by the positive perceptions expressed by respondents across the dimensions examined, including trust in tax authorities, fairness of the tax system, corruption among tax officials, and reasonableness of tax charges. The Chi-Square result further confirmed a statistically significant association between taxpayers' perception of the tax system and tax compliance ($\chi^2 = 25.490$, $p < 0.05$), indicating that taxpayers' perceptions play an important role in shaping their willingness to comply with tax obligations. The finding that trust in tax authorities strengthens voluntary tax compliance is consistent with the study of Murphy (2004), who emphasized that trust in tax administration encourages cooperative behavior and voluntary compliance. Similarly, Hartner, Rechberger, Kirchler, and Schabmann (2008) found that procedural fairness and respectful treatment by tax officials positively influence taxpayers' compliance behavior. In the present study, approximately 55% of respondents agreed that trust in tax authorities encourages tax payment, suggesting that confidence in the integrity and transparency of tax institutions enhances compliance attitudes among taxpayers in Ondo State.

The result showing that perceptions of unfairness in the tax system affect compliance behavior is also consistent with previous empirical studies. Mohd, Mohd, and Wan (2013) reported that taxpayers who perceive the tax system as unfair are more likely to engage in non-compliant behavior. Likewise, Marziana, Mohamad, Orkhazimah, and Mohmad (2010) argued that perceived fairness in taxation significantly shapes taxpayers' willingness to comply with tax laws. The current study supports these findings, as nearly half of the respondents agreed that unfairness in the tax system negatively affects tax compliance behavior. Furthermore, the finding that corruption among tax officials discourages voluntary tax compliance agrees with the work of Hyun (2005), who argued that corruption undermines taxpayers' trust in government institutions and reduces willingness to pay taxes. Murphy (2004) also observed that perceptions of unethical behavior by tax officials weaken taxpayers' confidence in the tax system and encourage resistance to compliance. In this study, 58% of respondents believed that corrupt tax officials impede voluntary tax compliance, indicating that integrity and accountability within tax administration are critical determinants of compliance behavior.

The finding that reasonable tax charges promote tax compliance is consistent with the Fiscal Exchange Theory advanced by Frey and Feld (2002) and Torgler (2003). The theory posits that taxpayers are more willing to comply when they perceive the tax burden as fair and when they believe that government provides adequate public services in return for taxes paid. Similarly, Alm (1999) noted that perceived fairness and affordability of

tax rates enhance voluntary compliance. The present study corroborates these arguments, as approximately 63% of respondents agreed that reasonable tax charges encourage tax compliance. The overall findings of this study are strongly supported by the Fiscal Exchange Theory and contemporary tax morale perspectives, which emphasize that tax compliance is influenced not only by economic deterrence factors but also by trust, fairness, accountability, and taxpayers' perceptions of government performance. Positive perceptions of the tax system appear to strengthen tax morale by fostering a sense of reciprocity and civic responsibility. Consequently, taxpayers who perceive the tax system as fair, transparent, and trustworthy are more likely to comply voluntarily with tax regulations. In summary, the findings of this study are consistent with previous empirical evidence that taxpayers' perception of the tax system significantly influences tax compliance behavior. The study confirms that trust in tax authorities, fairness in taxation, integrity of tax officials, and reasonable tax charges are important factors that promote tax morale, discourage tax evasion, and enhance voluntary tax compliance among individual taxpayers in Ondo State.

CONCLUSION AND POLICY IMPLICATIONS

This study investigated the impact of taxpayers' perception of the tax system on tax compliance among individual taxpayers in Ondo State. The findings revealed that taxpayers' perceptions regarding trust in tax authorities, fairness of the tax system, corruption among tax officials, and the reasonableness of tax charges are significantly associated with tax compliance behavior. The Chi-Square analysis confirmed a statistically significant relationship between taxpayers' perception of the tax system and tax compliance, indicating that positive perceptions encourage voluntary compliance while negative perceptions may discourage it. The study therefore concludes that taxpayers' perception of the tax system is an important determinant of tax compliance in Ondo State. Taxpayers are more likely to fulfill their tax obligations when they trust tax authorities, perceive the tax system as fair and transparent, believe that tax officials act with integrity, and consider tax charges to be reasonable. Conversely, perceptions of unfairness, corruption, and excessive tax burdens can undermine tax morale and reduce compliance.

The findings have several important policy implications. First, tax authorities should strengthen transparency and accountability in tax administration to build public trust. This can be achieved through regular public reporting on tax revenue utilization, transparent assessment procedures, and open communication with taxpayers. When taxpayers see evidence that taxes are managed responsibly and used for public benefit, their willingness to comply is likely to increase. Second, efforts should be made to improve procedural fairness in tax administration. Tax officials should treat taxpayers respectfully, apply tax laws consistently, and provide clear explanations of tax obligations and decisions. Training programs emphasizing ethics, professionalism, and customer service can help improve taxpayers' experiences and perceptions of the tax system.

Third, government and tax authorities should intensify anti-corruption measures within the tax administration system. Establishing effective monitoring mechanisms, enforcing disciplinary measures against corrupt practices, and providing secure channels for reporting misconduct can enhance the integrity of tax institutions and restore taxpayers' confidence. Fourth, tax policies should aim to maintain reasonable and equitable tax burdens. Tax rates and charges should reflect taxpayers' ability to pay and be perceived as fair across different groups. Simplifying tax procedures and reducing unnecessary complexities can also improve taxpayers' perceptions and encourage voluntary compliance.

Finally, taxpayer education and awareness programs should be expanded to improve understanding of tax laws, taxpayers' rights and responsibilities, and the link between taxation and public service delivery. Well-informed taxpayers are more likely to develop positive perceptions of the tax system and comply voluntarily. Overall, improving taxpayers' perceptions of the tax system represents a viable non-coercive strategy for enhancing tax compliance and increasing internally generated revenue in Ondo State.

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