Empirical Analysis on the Elements of a Good Tax System and Tax Compliance in Nigeria

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ARTICLE INFO

ABSTRACT

Purpose : The study evaluates the relationship between the elements perceptions of a good tax system – simplicity and fairness – and tax compliance.

Method : The survey was conducted using Cochran's sampling technique with 384 respondents, drawn from personal and corporate income taxpayers, tax professionals, and tax officials across Nigeria. This study uses Partial Least Square Structural Equation Modelling (PLS-SEM) to analyse the relationship of tax simplicity and tax fairness with tax compliance.

Findings : The study found that there is a significant relationship between tax simplicity and tax compliance. It was also found that tax fairness perception has a substantial relationship with tax compliance.

Novelty : Some earlier studies have identified varied factors affecting tax compliance behaviour such as audits, tax education, trust in tax authorities and tax morale. This study identifies the interplay of tax simplicity and fairness in determining the tax compliance behaviour. It underscores that in a well-structured tax system, characterised by streamlined tax laws, if tax can be levied on taxable objects (people or organisations), then tax can provide benefits to both taxable objects and the government.

INTRODUCTION

Income from taxes is a sine qua non for government revenue in both industrialised and developing nations. Taxes, both direct and indirect, help fund economic development initiatives, which emphasises the pivotal role of taxation in any country's economic development, serving as a primary source of government revenue (Alshira'h et al., 2020). As such, individuals and corporate entities are legally required to pay taxes and are expected to do so willingly. However, some manage to avoid fulfilling this requirement, which presents a significant difficulty to tax administrators (Alm, 2019). This has remained an ethical problem and a general concern in developed and developing countries alike (Oladipo et al., 2022). Consequently, administrative and compliance requirements are one of the primary obstacles facing African tax authorities and are widening administrative cracks (Sebele-Mpofu, 2023).

. Similarly, developed nations maintain social services, economic stability, and innovation through taxes. As such, an effective tax system is essential for fair wealth distribution and public investment. Tax compliance is a significant issue in today's world because revenue from taxes is used in funding infrastructure, education, and healthcare in both developed and developed countries, thereby promoting development especially in emerging nations like Nigeria. Shakkour et al. (2021) argued that tax compliance plays a significant role in generating tax revenue for the country's economic development, whereas non-compliance can hamper progress in generating revenue for development. Tax compliance has been conceptualized as voluntary compliance, enforced compliance, tax avoidance, and tax evasion (Kirchler, 2009; Slemrod, 2007; Tusubira, 2018). In addition, a measure of tax compliance created by the Organisation for Economic Cooperation and Development (OECD) includes registration, filling and reporting, and payment compliance (Organization for Economic Co-operation and Development, 2014). Therefore, tax compliance could be viewed as the willingness of individuals and other entities to act within the spirit and the

letter of tax laws and regulations.

In Nigeria, as in many other developing countries, taxation serves as a crucial means of funding public services, infrastructure development, and the overall well-being of the nation. However, compliance to tax in Nigeria has been a persistent challenge, with significant implications for the government's ability to achieve its fiscal and developmental goals. As one of the most populous and resource-rich countries in Africa, Nigeria faces substantial challenges when it comes to tax compliance. Despite its vast potential, the country has struggled to achieve optimal levels of tax revenue collection due to noncompliance, which has led to a substantial gap between the revenue potential and actual collections. This discrepancy has prompted extensive research to identify the factors influencing tax compliance in Nigerian. The challenge of tax compliance in Nigeria is reflected in Nigeria's ratio of tax revenue to Gross Domestic Product (GDP), which stood at 8% in 2022. This figure falls below the average of 16% observed among 31 African countries and ranks among the lowest globally (OECD/AUC/ATAF, 2022). A complex and often convoluted tax system as well as poor fairness perception are believed to be part of the contributing factors to this issue. Tax complexity is a multifaceted issue, which is due to the increased convolution of the tax laws (Karagiorgos et al., 2022). Similarly, tax fairness describes perceived even distribution of tax responsibilities among taxpayers (Al-Rahamneh & Bidin, 2022). Thus, it has been argued that taxpayers' compliance is contingent upon their views of government and its role in developing and enforcing tax compliance as well as ensuring the appropriate use of tax collection mechanism (Angeles, 2021; Huong & Cuong, 2019).

Several studies in both developed and emerging economies have explored factors that influence tax compliance behaviour among different entities, such as small and medium enterprises (SMEs), listed companies, individual taxpayers, and microbusiness owners. For example, in the United States, Alm et al. (2020) examined how audits affect people's propensity to pay their taxes on time. Using OECD data from fifty-four countries, Eberhartinger et al. (2021) assessed the connection between risk-based tax audit tactics and corporate tax avoidance. Ebimobowei (2023) presented a similar argument, asserting a positive and statistically significant correlation between tax education, fairness, penalties, and voluntary tax compliance with small and medium-sized enterprises (SMEs) in Bayelsa State, Nigeria. Ayoola et al. (2023) conducted a study that analysed the impact of trust in tax authorities on the relationship between tax administration and personal income tax compliance in Nigeria. Moreover, empirical evidence has also underscored the significance of tax morale in shaping taxpayers' willingness to comply with tax obligations (Agung et al., 2022; Akdogan & Akdogan, 2023). However, the inherent elements (such as simplicity and perceived fairness) of a good tax system that relate to the willingness of the taxpayers to comply with their tax obligations from the perspectives of different stakeholders in the tax administration value-chain has received inadequate attention.

Consequently, the objectives of this study were to evaluate on one hand, the relationship between simplicity in tax system and tax compliance in Nigeria and on the other hand, the relationship between perception of taxpayers on the fairness of the tax system and tax compliance in Nigeria. The findings provide evidence in support of Adam's Equity theory (Adams, 1965) and Adam Smith's Equity canon that a simplified tax system coupled with taxpayers' perception of fairness promotes tax compliance behaviour. This study's findings have important implications for policymakers, tax administrations, and other stakeholders in Nigeria. It suggests that implementing tax reforms that promote tax simplicity, and a fair and efficient tax system can improve tax compliance and increase revenue collection. Eventually, this can contribute to fiscal stability and economic development.

A study by Anyaduba and Oboh (2019) found that under Nigeria's self-assessment programme, tax audits and public knowledge of infractions and associated fines significantly and favourably affected taxpayer compliance behaviour. However, taxpayers' integrity, tax knowledge, and the ease of tax administration and returns had marginal positive effect on taxpayers' compliance behaviour under the self-assessment model in Nigeria. Akta☐ Güzel et al. (2019) found that trust in government and tax justice perception had a positive and statistically significant relationship with tax compliance. Etim et al. (2020) found that digitalized economy has a negative but significant effect on tax compliance. The findings of this study may be limited by social response bias as they only covered tax professional and limited number of tax officials, while the taxpayers, who constitute the critical stakeholders in the tax value chain were left out.

Likewise, in five separate studies involving 278 student subjects, Alm et al. (2020) gathered data at the individual level through identical laboratory studies to analyse how individuals react to variations in audit rates. This resulted in 8340 individual observations, in which only audit rates were changed. The study aimed to investigate the effects of audits on individual tax compliance behaviour in the USA. The results indicate that people generally follow the rules more when they know they might be checked and break them more when they think no one is watching. It was also found that two-thirds of people change behaviour based on the chance of being checked, while others do not. Eberhartinger et al. (2021) analysed OECD data from 2014 to 2017, focusing on risk profiling, predictive modelling, and internal intelligence operations in tax administrations across 54 countries. The findings indicate that employing risk-based tax audits is linked to reduced tax avoidance, while considering factors such as tax enforcement, firm-specific characteristics, and country-specific factors. Similarly, cross-sectional data suggest that risk-based tax audits yield better results in nations characterised by low governance quality, high GDP, and low trust in governments.

Notwithstanding the insights provided by the findings of these studies, assigning taxpayers to different audit

selection groups may raise ethical concerns, especially if it involves exposing certain individuals or businesses to potential audit scrutiny without just cause. In addition, achieving a sufficiently large and representative sample size for experimental research can be difficult, especially when dealing with diverse taxpayer populations or specific industry sectors.

Hassan et al. (2021) found that tax filing is more impacted by compliance simplicity than by perceptions of government expenditure and tax morale, even if tax fairness perception strongly mediates the relationship between tax morale, tax simplicity, government spending, and compliance behaviour. Similarly, a study by Shakkour et al. (2021) found that personal characteristics, tax education, and audit system a had positive effect on tax compliance. Moreover, Oladipo et al. (2022) found a positive correlation between perceived tax fairness and actual tax compliance. The empirical evidence from these studies may also be limited by social response bias as they only covered a section of taxpayers (companies). However, combining other critical stakeholders such as personal income taxpayers, tax professionals and tax officials would ameliorate the issue of social response bias, and the analysis may reveal divergent results.

Furthermore, a study by Kon Sapawi et al. (2022) found that tax knowledge, tax simplicity, and tax morale had a positively and significantly on tax compliance. Al-Rahamneh and Bidin (2022) found that both tax fairness and moral obligation had a notable adverse impact on the behaviour of SME owner-managers in evading sales tax in Malaysian service sector. In the same vein, Sikayu et al. (2022) found that that distributive justice and distributive fiscal transparency had a significant negative impact on small and medium-sized enterprise (SME) owners' attitudes towards tax evasion. It was also found that there was no significant influence from general fairness or informational transparency. In addition, Ebimobowei (2023) found a positive and significant relationship between the trio of tax education, tax fairness and tax penalty, and voluntary tax compliance. Ayoola et al. (2023) found that both tax administration and trust in tax authorities had a significant impact on compliance with personal income tax obligations.

The foregoing demonstrates that different factors have been identified to have varying effects on tax compliance behaviour. However, the evidence suggests that the relationship between duo of tax simplicity and tax fairness perception, and tax compliance in the context of critical stakeholders such individual taxpayers, corporate taxpayers, tax professionals and tax officials at the federal and state levels has not received adequate attention. Moreover, most studies have not adopted robust techniques that accounts for measurement issues relating to latent variable constructs. Hence, the need to evaluate the relationship of the duo of tax simplicity and tax fairness with tax compliance in Nigeria by surveying the stakeholders using structural equation modelling.

This study was underpinned by equity theory (Adams, 1965). The postulation of this theory is reflected in the possibility of individuals or firms being convinced to follow the rules if they are treated fairly under a system. People's perceptions of system fairness are influenced by the services they receive, and as a result, they have trust that rewards and penalties would be distributed according to inputs or contributions (Saad, 2012). This theory suggests that individuals are motivated to maintain a balance (fairness and equality) between their inputs and outcomes in comparison to others. The theory was expanded to taxation to justify the assertion that individuals and organisations are more inclined to follow tax regulations if they are treated equitably under the tax system, and if however, they believe they are being treated unfairly, they are more inclined to defy, leading to non-compliance (Gilligan & Richardson, 2005; Tusubira, 2018)). Thus, tax laws that are steady in both their enactment and their performance can simplify the system and increase compliance. (Hassan et al., 2021).

In the context of this study, this theory was applied to understand and explain the relationship of the elements of a good tax system – tax simplicity and tax fairness – and tax compliance. For example, if taxpayers perceived the tax system to be fair, simple and easy to understand, they are more likely to be motivated to comply with tax obligations. This theory has been applied in several studies to explicate the relationship between equity, fairness and tax compliance (Bin-Nashwan et al., 2021); effect of compliance simplicity on voluntary compliance behaviour (Hassan et al., 2021); and the relationship between fairness and tax evasion (Sikayu et al., 2022). Therefore, the Equity Theory suggests that tax simplicity and tax fairness are positively related to compliance because when the tax system is perceived as fair and simplified, taxpayers feel motivated to comply with their tax obligations. Furthermore, it offers a significant framework for understanding taxpayers' incentives and conduct in meeting their tax obligations.

Accordingly, simplicity in tax system could be viewed in terms of the extent of simplicity or complexity of the tax system, which has become a multifaceted issue arising due to the increased sophistication in the tax laws (Karagiorgos et al., 2022) and modern business landscape. Faridy et al. (2014) argued that due to the complexity of the tax system, businesses may engage expert tax professionals to help them with sophisticated tax planning to minimize tax payments. The degree of simplicity or complexity of a tax system, including its laws, rules, and administration, can either facilitate or hinder the adoption of corrupt practices (Liu & Feng, 2015). Thus, a heightened degree of tax noncompliance may result from the increased complexity of tax legislation (Alshira'h et al., 2020) as such complexity could lower compliance towards tax payment (Muche, 2014). This was supported by Fagbemi et al. (2019) who argued that the excessive burden of taxation has always made taxpayers devise ways, either legally or illegally, or both, to reduce or evade taxation.

Scholars have identified intricate calculations involved in determining tax obligations, perplexing tax legis-

lation, technical intricacy, structural intricacy, and compliance intricacy as dimensions of tax complexity that are associated with tax compliance behaviour (Chau & Leung, 2009; Faridy et al., 2014). In Nigeria, the complexity of the tax system has led to several challenges, including tax evasion and avoidance (Adegbie et al., 2022); the transition to e-taxation in the informal economy (Ogunbela et al., 2021); tax gap and a weak tax system (Nwobodo et al., 2022); and administrative burden (Fagbemi et al., 2019). However, Hassan et al. (2021) contended that taxpayers' tax compliance behaviour may be greatly enhanced if tax laws were simplified, which makes it is imperative to investigate the relationship between tax simplicity and tax compliance in Nigeria. Therefore, we view tax simplicity as the ease with which taxpayers can understand and comply with tax laws. Thus, in line with previous studies, the study hypothesised as follows:

H0$_1$: There is no statistically significant relationship between tax simplicity and tax compliance in Nigeria

Similarly, tax fairness is recognised as a quality of a healthy tax system and is a key factor in taxpayers' propensity to pay their fair share (Wrede, 2014). In recent time, the influence of tax fairness on taxpayers' compliance behaviour has been a subject of extensive debate (Marion & Muehlegger, 2018). Tax fairness pertains to the just allocation of tax responsibility and the timely payment of taxes to tax authorities, together with suitable penalties for failing to meet tax duties (Al-Rahamneh & Bidin, 2022). It has many different aspects such as perceived fairness of tax laws, tax rates, tax administration, and the allocation of tax revenues and, thus, many understandings of the concept (Sikayu et al., 2022). Numerous studies have posited that tax fairness serves as a significant predictor of taxpayer behaviour and a non-economic factor influencing noncompliance (Alkhatib et al., 2019; Farrar et al., 2019). It was argued by Hassan et al. (2021) that when taxpayers realise that their ability to pay taxes is given adequate consideration, tax fairness perception tends to improve and consequently, taxpayers use their judgment of fairness as input in their decision.

Taxpayers who feel the tax system is unfair are more likely to default on their fair share of taxes (Sing & Bidin, 2020). Hence, we submit that tax fairness perceptions encompass perceived fairness of tax laws, tax rates, tax administration, and the allocation of tax revenues. This study conceptualised tax fairness perception based on the following dimensions: procedural fairness, retributive fairness, horizontal fairness, exchange equity in line with previous studies (Al-Rahamneh & Bidin, 2022; Gilligan & Richardson, 2005; Kassa, 2021; Saad, 2012). Drawing from equity theory and previous studies, and to elucidate the relationship between tax fairness and tax compliance, the study hypothesised as follows:

H0$_2$: There is no statistically significant relationship between tax fairness perception and tax compliance in Nigeria

RESEARCH METHODS

The study used a survey design approach with a population of all personal and corporate income taxpayers,

Table 1. Measurement Instrument

Construct	Indicators	CODE	Reference
Tax Compliance	Taxpayers voluntarily declare all taxable transactions.	TC1	Organization for Economic Co-operation and Development (2014); Tusubira (2018)
	Tax authorities conduct regular tax audit to ensure compliance.	TC2	
	Taxpayers legally minimize their tax liability.	TC3	
	Not declaring all income is a significant tax offense.	TC4	
	Taxpayers submit tax returns by the stipulated date.	TC5	
	Taxpayers remit the correct amount of tax liability.	TC6	
Tax Fairness Perceptions	There is consistent fair tax procedure	TFP1	Al-Rahamneh and Bidin (2022); Oladipo et al. (2022)
	There is fair incentive for compliance.	TFP2	
	There is fair penalty for non-compliance.	TFP3	
	There is fair distribution of tax burden among taxpayers.	TFP4	
	Perceived fairness of the tax system affects taxpayers' willingness to pay.	TFP5	
Tax Simplicity of Collection	Tax calculations and required forms are straightforward.	TSC1	Chau & Leung (2009); Eneh et al. (2022); Faridy et al. (2014); Liu and Feng (2015).
	Tax laws and regulations are easy to understand.	TSC2	
	Tax terminologies are standardised and streamlined.	TSC3	
	Tax structure allows taxpayers to use aggressive tax planning.	TSC4	
	Procedures for filling returns are easy to comply with.	TSC5	
	Tax system prevents the opportunities to adopt corrupt practices.	TSC6	

Source: Author's Conceptualisation and Review (2023)

Table 2. Respondents' Profile

Constructs	Options	Frequency (N = 384)	Percent (%)
Respondents' Spread	Southwest	158	41.1%
	South-south	86	22.4%
	Southeast	73	19.0%
	Northcentral	67	17.4%
Category	Personal Income Taxpayers	55	14.3%
	Corporate Taxpayers	82	21.4%
	Tax Officials (Federal)	72	18.8%
	Tax Officials (State)	63	16.4%
	Tax Experts	112	29.2%
Duration of Professional Experience	1 - 5 years	52	13.5%
	6 - 10 years	119	31.0%
	11 - 15 years	148	38.5%
	> 15 years	65	16.9%
Knowledge of Nigerian Tax System	Advanced	257	66.9%
	Intermediate	94	24.5%
	Beginner	33	8.6%

Source: Field Survey (2023)

tax professionals and tax officials at the federal and state tax offices in Nigeria. Cochran's (2005) sampling technique was utilized to determine the sample size of 384 respondents, which were randomly post-stratified. The formula is shown by Equation 1. The approach was adopted because it helps to achieve adequate representation of the sub-groups (strata) of the population of interest (Gakuu et al., 2016).

$$n = (Z^2pq) \ / \ e^2 \quad \text{..1}$$

Description:
n = Sample size,
e = desired level of precision (margin of error) = 0.05,
Z = Given Z value = 1.96,

Table 3. Internal Consistency, Convergent Validity, Composite Reliability and AVE

Constructs	Indicators	Loadings	Cronbach's alpha	AVE
Tax Compliance	TC1	0.755	0.848	0.569
	TC2	0.726		
	TC3	0.780		
	TC4	0.833		
	TC5	0.756		
	TC6	0.669		
Tax Fairness Perception	TFP1	0.730	0.801	0.558
	TFP2	0.711		
	TFP3	0.812		
	TFP4	0.750		
	TFP5	0.727		
Tax Simplicity of Collection	TSC1	0.592	0.809	0.511
	TSC2	0.740		
	TSC3	0.661		
	TSC4	0.784		
	TSC5	0.711		
	TSC6	0.782		

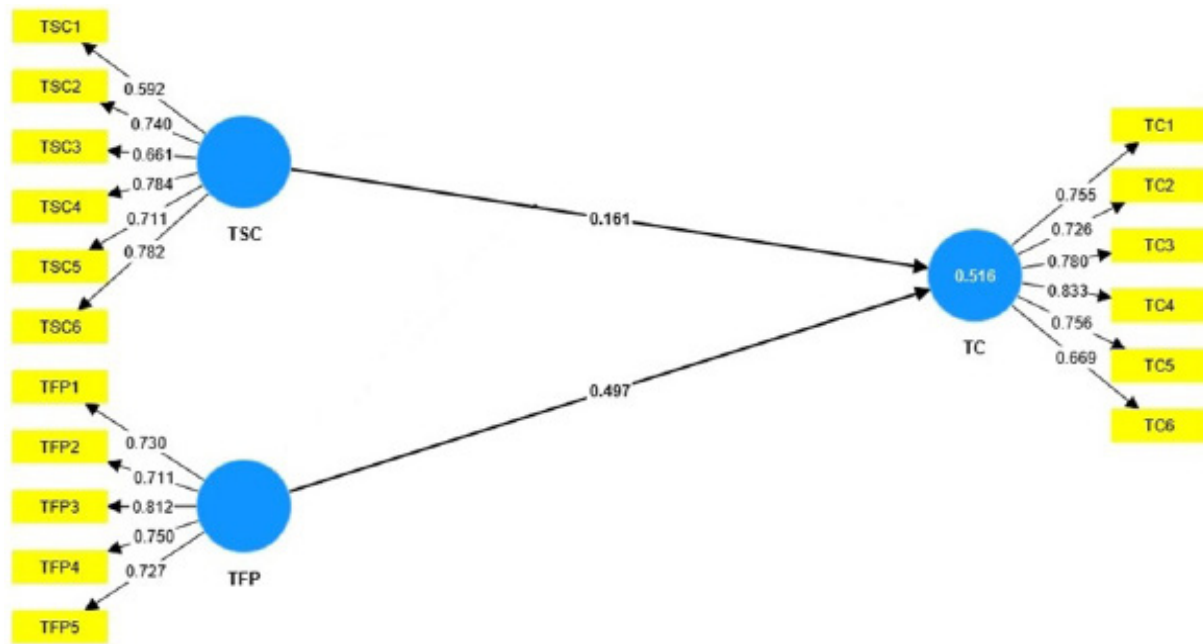Source: Author's Computation based on Survey Data (2023)

Figure 1. PLS Algorithms Results
Source: Author's Analysis (2023)

p = estimated population proportion = 0.5 and
q = 1-p = 0.5.

The survey questionnaire was created using a seven-point Linkert scale ranging between 1 (strongly disagree) and 7 (strongly agree). SmartPLS version 4.0.9.2 was used to estimate the study's partial least squares structural equation modelling (PLS-SEM) models. This approach is suitable when evaluating multiple latent constructs at once due to its two-stage procedure (Hair et al., 2012). In addition, the study's constructs were measured by drawing from prior studies with modifications to suit the study's context (see Table 1). The hypotheses formulated for the study were tested using PLS-SEM. The study adopts 0.05 level of significance such that when p-value is less than 0.05, the null hypothesis is rejected and when p-value is greater than 0.05 the null hypothesis is accepted. The influence of tax system elements on tax compliance is represented in the specified model as Equation 2.

$$TC_i = \beta_0 + \beta_1 TSC_i + \beta_2 TFP_i + \mu \quad ....2$$

Description:
TC = tax compliance behaviour;
TSC = tax simplicity of collection;
TFP = tax fairness perceptions;
β_0 = intercept;
μ = error term;
$\beta_1 - \beta_2$ = coefficients.

RESULTS AND DISCUSSIONS

Prior to the assessment of measurement and structural models, the respondents' profiles were analysed, and the results revealed that majority of the respondents has more than five years of professional experience with about 66.9% possessing advanced knowledge of the Nigerian tax system (see Table 2). These revealed that the respondents were individuals with cutting-edge understanding and skills in the subject matter of the study. Hence, the findings emanating from the respondents are considered both valid and reliable.

The measurement model depicts construct-indicator relationships, and involves the evaluation of an indicator's reliability, internal consistency, convergent validity, and discriminant validity through factor loading, Cronbach alpha, Average Variance Extracted (AVE), and Heterotrait-Monotrait (HTMT) ratio respectively. The

Table 4. Heterotrait-Monotrait (HTMT) Ratio

Constructs	TC	TFP	TSC
TC			
TFP	0.827		
TSC	0.623	0.699	

Source: Authors' Computation (2023)

Table 5. Explanatory Power

| Predictors	Outcomes	R-Square	f-Square	Q-Square	Inner Model VIF
TFP	TC	0.516	0.271	0.495	1.882
TSC			0.026		2.028

Source: Authors' Computation (2023)

values of factor loadings, Cronbach alpha and AVE were generally above the permitted limits of 0.60, 0.70, and 50% respectively (see Table 3 and Figure 1). However, factor loadings for TC6, TSC1 and TSC3 (0.669, 0.592 and 0.661 respectively) were below the threshold of 0.60 but were retained in line with the suggestion of Awang (2014) since they were above the threshold of 0.5 factor loading for newly developed measurement items. In addition, discriminant validity was demonstrated with HTMT ratios less than the conservative and liberal threshold values (see Table 4) of 0.85 and 0.90 respectively (e Hassan et al., 2021; Henseler et al., 2015)). Thus, the distinctiveness of the latent constructs was established.

The structural model was assessed through the Variance Inflation Factor (VIF), the coefficient of determination (R^2), the effect size (f^2), predictive relevance (Q^2), and the path coefficients (β). The path coefficients and p-values were used to assess the strength and direction of associations among the constructs as well as confirm or reject the hypotheses. The VIF values were 1.882 and 2.028, clearly below the threshold of 5 (see Table 5), showing that collinearity among the predictor constructs is not a critical issue in the structural model. The R^2 value was 0.516 for the outcome variable (see Table 5 and Figure 2), which revealed that independent latent constructs (TSC and TFP) explained about 51.6% of the variance in tax compliance (TC). The effect size (f^2) also fell within the threshold of small and medium, implying that the impact of the independent latent constructs (TSC and TFP) on the outcome variable (TC) was non-negligible. Similarly, the Q^2 value for the endogenous construct (TC) was 0.495, which is above the threshold of strong Q^2, hence, the out-of-sample predictive relevance was established. Likewise, the values of the path coefficients were within the allowable range of +1 and -1 (see Figure 2 and Table 6).

This study evaluated the relationship between tax simplicity of collection (TSC), tax fairness perceptions (TFP) and tax compliance (TC) in Nigeria. In deviation from what the study hypothesized (H01), the empirical results as shown in Table 6 revealed that tax simplicity has a statistically significant positive relationship with tax compliance in Nigeria ($\beta = 0.161$; t = 2.238; p = 0.025), hence, the rejection of null hypothesis one. This empirical evidence is consistent with the findings of Kon Sapawi et al. (2022) who found that streamlining tax procedures significantly improves tax compliance in Malaysia. It is also in tandem with the reasoning that increased complexity of tax laws may lead to an increased level of tax non-compliance, while simplification encourages compliance (Alshira'h et al., 2020); e Hassan et al., 2021). This implies that simplification of tax legislation, policies and processes would influence tax compliance behaviour amongst taxpayers, which would lead to improved tax revenue collections.

Similarly, null hypothesis two (H02) was rejected because the empirical results (see Table 6) showed that there is a statistically significant relationship between tax fairness perception and tax compliance in Nigeria ($\beta = 0.497$; t
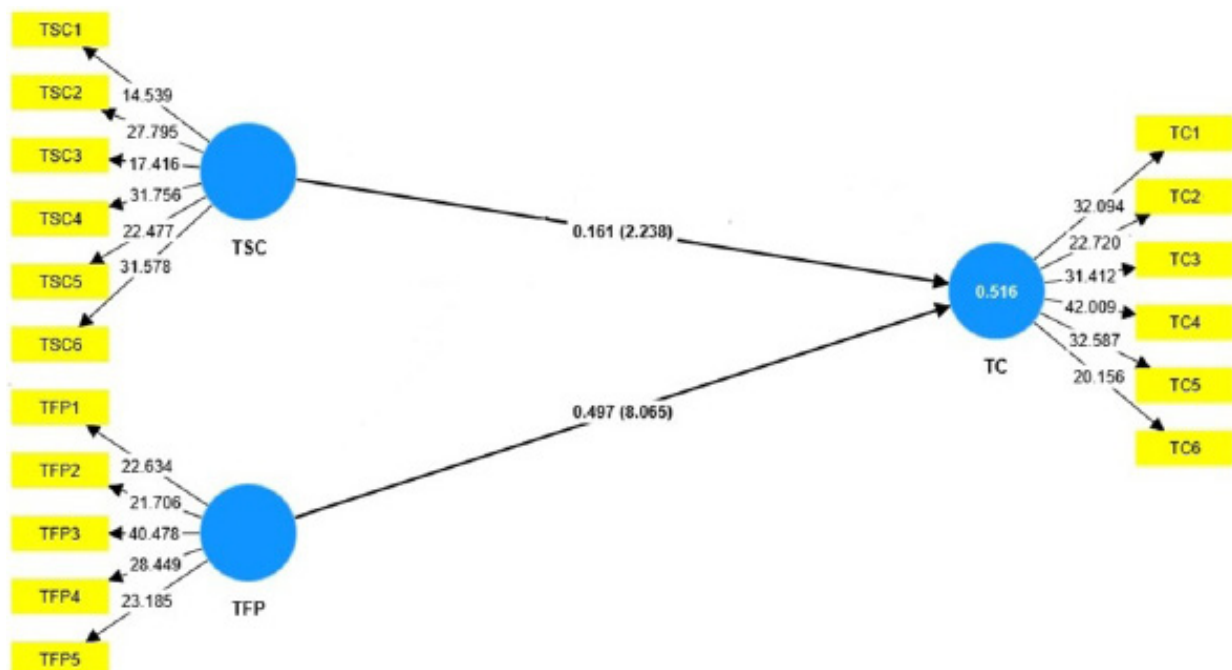
Figure 1. Bootstrapping Results
Source: Author's Analysis (2023)

Table 6. Direct Effects

Hypothesized Paths	β	T-Statistics	P-value	Decision
H_{01}: TSC -> TC	0.161	2.238	0.025	Reject Null
H_{02}: TFP -> TC	0.497	8.065	0.000	Reject Null

Source: Authors' Computation (2023)

= 8.065; p < 0.001). This finding was consistent with the findings of previous studies (Aktaş Güzel et al., 2019; Si-kayu et al., 2022), which found a strong positive relationship between tax fairness judgements and taxpayer attitudes towards tax compliance. In addition, scholars found that when taxpayers realise that their abilities to pay taxes are given consideration, they tend to use their fairness judgment as input in making positive tax compliance decisions (Hassan et al., 2021; Oladipo et al., 2022). Sing and Bidin (2020) provided more support for the idea that taxpayers engage in tax evasion when they feel the tax system is unfair, which causes them to not fulfil their tax duties. It, therefore, means that the indicators of tax fairness perception alluded to in this study are veritable factors that exert significant influence on taxpayers' compliance behaviour. These findings underscore the need for policymakers to consider these factors when designing tax policies and compliance strategies in Nigeria.

CONCLUSIONS

The outcomes of this study showed that both simplicity and fairness play pivotal roles in shaping the behaviour of taxpayers and influencing their willingness to comply with tax obligations. Hence, the study concludes that tax simplicity has the potential to enhance compliance by reducing the complexity associated with tax preparation, filing and payment. In addition, tax fairness is equally crucial in determining compliance levels because perceptions of fairness in the distribution of tax burdens contribute significantly to the willingness of taxpayers to fulfil their obligations. Therefore, the interplay between tax simplicity and fairness in determining the tax compliance behaviour, which constitute crucial aspect of fiscal policy, underscores the importance of their roles in sound fiscal policy since a well-designed tax system that is both simple and fair can foster a culture of compliance, benefiting both taxpayers and the government.

This study demonstrates that simplifying tax laws, eliminating extraneous stipulations, and establishing intuitive filing methods can cultivate a culture of compliance, resulting in heightened voluntary adherence to tax regulations. it shows that complicated tax rules and regulations might subtly hinder compliance, while clear and straightforward processes can encourage voluntary adherence. These findings highlight the necessity for tax authorities to reassess the degree of complexity, effectiveness, and openness of their tax systems, especially considering the unique characteristics and developmental phases of each country's tax system.

Expanding these arguments, the authors contend that tax administrations and governments ought to prioritise the simplification and clarification of tax rules and regulations. This approach aims to minimise opportunities for taxpayers to engage in tax evasion and avoidance. Consequently, it has significant implications for enhancing revenue generation by fostering a culture of compliance and cultivating public trust. The study also suggests that tax administrations should use Industry 4.0 technologies to improve taxpayers' experiences. This approach has the potential to reduce compliance costs and increase efficiency for both tax administrations and taxpayers. The authors contend that governments and tax administrations must prioritise the establishment of a just and equitable tax system that fosters public trust, encourages compliance, and delivers clear and succinct information to taxpayers regarding their obligations and rights.

Consequently, these findings hold profound implications for policymakers, tax administrators, and taxpayers around the world. The evolution of tax systems requires a focus on simplicity, equity, and transparency to create resilient and efficient tax compliance frameworks that promote economic growth, reduce inequality, and bolster public confidence in the tax system.

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