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EFFECTS OF TAX COMPLIANCE ON REVENUE GENERATION IN NORTH CENTRAL STATES, NIGERIA

Henry, A. Eggon, PhD

Nasarawa State University, Keffi

Aso, Abdullahi Nana

Nasarawa State University, Keffi

Atiku, Adam Shuaibu

Nasarawa State University, Keffi

Abstract

This study examined the effect of tax compliance on government revenue generation in north central states, Nigeria using the survey research design. The ordinal logistic regression model was adopted in the study. The study measured tax compliance using five components of tax compliance which include Tax Policy (TXP), Tax Laws (TXL), and Tax Administration (TXA). Data for the study were collected using the questionnaire and the study data were collected from sample of 400 out of which 356 were fully returned. The descriptive analysis was carried out on the collected data and inferences were drawn based on the data. The study used the multinomial logistic regression to analyze the data and findings from the study revealed that tax policy was found to have a positive and significant effect on revenue generation in North Central States of Nigeria. Tax laws show a positive coefficient and statistically significant relationship with revenue generation in North Central States of Nigeria. Also, tax administration shows a positive coefficient but statistically insignificant relationship to revenue generation in North Central States of Nigeria. Based on the findings, the study recommends that there should be intensified efforts by the government in enhancing the tax policies to encourage the tax payers in compliance, more awareness especially in respect of tax laws in the community as it aims at friendliness to tax payers both formal and informal sectors. The stakeholders in the tax sector should focus on tax information and awareness creation at all levels of governments in order to equip the tax taxpayers with the required knowledge, and adjustment should be made within the tax system, more support services and infrastructures should be provided to convince taxpayers that their tax money is working.

Keywords: Tax Compliance, Tax Policy, Tax Law, Tax Administration, Internal Generated Revenue

1. Introduction

The State of compliance with the tax Laws by Nigerians is appalling and falling below International Standard. A lot of Nigerians are currently outside the tax net, due to the existence of an underground economy, the unbanked formal and informal sectors. Hence, income and assets that follow through these sectors are not within the existing tax radar. (Olaoye, Ashaolu and Adewoye, 2019). Whilst considerable progress has been made with taking those in formal employment, but those self-employed person, professionals and companies are able to evade full tax payment due to the inability of the tax authorities to have access and assess their true income. The total

number of taxpayers in Nigeria is just about 15 million of these number 96% have their taxes deducted at source under PAYE scheme and just 4% comply with Direct/Self-Assessment. The current structure of our tax system make it impossible for the Federal and State government to accurately tract their true income especially on transactions that took place outside the state or where funds are transfer abroad. As a result, Nigeria tax to GDP ratio is less than 7%, which is one of the lowest in the world in comparison with India at 16%, Ghana at 15% ratio and South Africa at 27%, most developed Nations have between 32% and 35% ratio (FIRS 2020).

Nigeria various tax policies and law formulated such as the tax act of 1998, 2004 and 2011 have not been able to stimulate the expected compliance and increase tax revenue accruable to the governments for economic growth. The deployment of efficient tax collection mechanism is expected to achieve the set goals for the society. Similarly, governments around the world need tax revenue to assist them in fulfilling their societal obligations (Fagbemi, Uadiale & Noah 2010).

However, this great opportunity of revenue generation has not been exploited to the maximum by most governments around the world especially the developing nations in the sub-Saharan Africa, like Nigeria (Akintoye and Dada, 2013). This might be possibly as a result of the taxation system; that is tax policy, tax laws and tax administration challenges, overdependence on other revenue sources such as grants and aids from the foreign nations; systemic corruption as it relates to the tax collection system, behavior of citizens towards payment of tax and the simplicity in tax payment procedure. Despite the benefits of tax revenue to a country's economy, some citizens consider tax as undesirable levy imposed on them by government and accuse the government of not utilizing the tax revenue in a manner that achieves efficiency, economy and effectiveness of spending (Ekoja & Saratu, 2019). It is disheartening to notice that despite all effort made by the various administrations to improve tax compliance, the rate has been infinitesimally or abysmally low. One wonders, the likely effect of these could have on the revenue generation. If compliance is poor, tax revenue consequently becomes low and if compliance is very good, tax revenues are higher. The issue of tax compliance has therefore been an issue for ages, and discussions have abounded on its effects on revenue generation and economic growth of any nation. Nigeria, as a developing country, still struggles with tax compliance and there is a prevailing apathy towards the payment of tax. This is largely due to the insincerity of government in handling revenue, and a poor reflection of tax paid. People argue they don't see the results of their taxes, and therefore shy away from paying taxes.

Despite the varieties of taxes at the jurisdiction of states in Nigeria, development in most states is deplorable. The state government collect taxes such as pay-as-you-earn (PAYE), direct assessment, road taxes and other forms of taxes which may be sufficient enough to boost its needed revenue for development (National Bureau of Statistics, 2019). However, the state of economy in most states today suggests that states government are not generating enough revenue to spearhead economic development projects. Therefore, taxes which constitute a greater proportion of internally generated revenue to states may be poorly complied

The need to address these problems of low compliance motivated the Federal Government to embark on a number of reforms to existing tax laws. According to Alli (2009), the objectives of tax reforms in Nigeria include; to bridge the gap between the National development needs and the funding of the needs; to ensure taxation as a fiscal policy instrument, to achieving improved service delivery to the public, to improve on the level of tax derivable from non-oil activities, efforts at constantly reviewing the tax laws to reduce/manage tax evasion and avoidance; and to improve the tax administrators to be skillful and taxpayers friendly and to achieve other fiscal objectives. Based on these considerations this study seeks to examine the effects of tax compliance on revenue generation in North Central States, Nigeria. The study seeks examine the effect of tax compliance on revenue generation in North Central States of Nigeria

The study hypothesizes in null form the following;

- H01:** There is no significant effect of tax policy on revenue generation in North Central States of Nigeria.
- H02:** There is no significant effect of tax laws on revenue generation in North Central State of Nigeria.
- H03:** There is no significant effect of tax administrations on revenue generation in North Central State of Nigeria.

The geographical scope of the study encompasses three states, namely Benue, Plateau, Nasarawa and Abuja. The rationale for selecting these states is rooted in historical and administrative considerations, as these states were initially under a single-state administration. Furthermore, the state's share geographical boundaries and exhibit similarities in tax policies. The selected states are characterized by sharing similar tax policies, laws and administration. This commonality allows for a comparative analysis of the effectiveness of these policies, laws and administrations in fostering tax compliance and contributing to revenue generation.

2. Literature Review

2.1 Conceptual Review

2.1.1. Concept of Taxes

The concept of tax is old as civilization as any organized society has a need to embark on revenue generation and the most available means of raising funds for the collective responsibilities of society is tax. Tax is defined as compulsory levy imposed on a subject or upon his property by the government to provide security, social amenities and create conditions for the economic well-being of the society (Nwezeaku, 2012). According to Ezu and Okoh (2016), tax is a burden which every citizen must bear to sustain the government because the government has certain functions to perform for the benefits of those it governs.

According to Akinwunmi (2021), tax is a compulsory financial charges or levy imposed on a taxpayer (Individual or legal entity) by the government to fund public spending. Tax is a natural attribute of sovereignty and essential means of funding government at all levels

Taxation is a contribution made by an individual or entity towards the provision of public goods. Once a tax is clearly within the powers of the government and passes the necessary constitutional and legal tests, no socio-political, religion, ethnic considerations could serve as a lawful excuse for not paying. Tax payment is compulsory and does not

guarantee a direct relationship between the amount contributed and the services rendered by the government (JTB May, 2024)

2.1.2 Concept of Tax Compliance

Tax compliance refers to the adherence of taxpayers to tax laws, regulations and reporting requirements. It involves fulfilling all tax obligations such as registering with the tax authorities, filing of tax returns, paying correct taxes, maintaining tax record and complying with tax laws and regulations. Also Compliance measures may include the implementation of electronics systems for filing tax returns (JTB May 2024)

The effective compliance to tax revenue typically means the true reporting of the taxable income, appropriate computation of the tax payable, filling of returns and timely payment of tax liability (Abiola & Moses, 2012). The taxpayers notice that adequate attendance to their interest by the government will increase their willingness to comply to tax payment promptly. In a developing country like Nigeria where the government is characterized by an indifferent attitude to the plight and concern of the citizens, reckless to fiscal policies, corruption, low standard of living and infrastructural decay, the willingness to comply to tax payment is at a receding level (Alabade, Zaimoh&Idris, 2011).

2.1.3 Concept of Tax Policy

Tax Policy as a concept is essentially aimed at creating awareness about the central role, which taxation can play in National Development and setting out general guidelines by which these can be achieved Tax policy provides a platform for creating a tax conscious of the citizenry and the tax paying public. However, Tax Policy done more than educating the Tax payers in discharging their responsibility of Tax payment, but it shows the role they play in National Development and the expected contribution from various groups of Nigerians, to actually creating and inculcating a Tax Culture amongst Nigerians. This is very necessary, if Government is to attain its goals of diversifying the economy and obtaining a sustainable and stable

revenue from Taxation. In 2003, Federal Government of Nigeria which is being driven by the Federal Ministry of Finance July (2003) set up a study group to study and examine the tax system and make appropriate recommendation towards entrenching a better tax system and improve tax administration in Nigeria. This was the reasons for Nigeria National Tax Policy (National Tax policy; Federal Ministry of Finance, 2023).

2.1.4 Concept of Tax Laws

Tax law is an act of legislature prescribing the standards, measure or directives to be applied by the Nation in administration and management of taxation. The legislature represents the citizenry, therefore the act of the legislature in making the laws is the act of the citizens. The Tax laws made by the legislature are deemed to be the acts of the citizens, this implies that the citizens are deemed to have agreed to pay tax in accordance with the provisions of the relevant Tax laws (JTB Final Course, 2011. Lecture Module).

Without the Tax Laws there is nothing to show that the citizens have agreed to pay tax, collecting tax under such situation is an illegal appropriation of the government. Therefore, without the relevant laws there must be no taxation and there can be no taxation without representation. In other words, all the tax laws must be duly passed by the National Assembly before the executive can use it as a tools for the Assessment and collection of Taxes. In essence Tax is statutory.(Joint Tax Board, 2010).

2.1.5 Concept of Tax Administration

The responsibilities of tax administration is to collect the tax revenue due and needed by the government from taxpayers, under the country tax laws, without hindering private sector development .Other duties is to facilitate and encourage voluntary compliances by the taxpayers with tax laws, administer the laws fairly, and impartially, minimize the cost and burden on taxpayers as they comply with their tax obligation and enforces the country tax laws in cases of non-compliance. An administrator of tax is a person who makes use of Tax Laws as tools for their official

engagement. They are officials appointed by the government, Federal or State and assigned the work of assessing and collecting Taxes and paying the proceeds of the collection to the government treasury for the use of the government. A Tax administrator has powers under the tax Laws to examine records, books, bank statement and any other documents in order to form an opinion about the incomes and expenses of an individuals or of a company and assess the individual or company to tax as daily as possible. However, Tax Administrator is under oath not to disclose the taxpayers' secret, unless doing so to the relevant person authorized by law, will assist in the enforcement of the assessment. Hence, a sound Tax Administrator must be good in understanding Tax Laws and accounting. Therefore, a good Tax Administrator must possess the following qualities, he must be highly intelligent and skillful in relevant tax laws, he must be patriotic, if he wants the taxpayers to be patriotic, he must be incorruptible, and value his name and integrity as a revenue officer of the government more than any illegal gains, Tax administrator must always be healthy and regular exercise is requiring of him, A good Tax Administrator must be friendly with taxpayer, but not for asking of favors, Strength of the body and of character is highly needed of any tax administrator. (JTB Preliminary Course 2009, Lectures module)

2.2 Theoretical Framework

The fiscal exchange theory which was proposed by Buchanan (1976) has been adopted as a theoretical framework for this study. The theory is deemed appropriate as a theoretical framework owing to its suitability in capturing contemporary trends in tax compliance dynamics. This research adopted the fiscal exchange theory based on the facts that the theory look at the contractual arrangement between the taxpayers and the government. The theory creates mutual trust among the stakeholders in taxation.

The theory illustrates that the government can enhance the level of tax compliance by providing goods and services to its people more efficiently and effectively (Cowell & Gordon, 1988). Further, provides a good link between the taxpayers and the

government was provided by Moore et al., (2004) said it is more justifiable to assume that taxpayers' behavior is influenced by either their level of satisfaction or level of dissatisfaction with the provision of public goods and services. Taxation in Fiscal Exchange, to show that the two sides of the fiscal account (taxes and expenditure) must be evaluated simultaneously and from the perspective of the political framework. The fiscal exchange hypothesis is based on the premise that government expenditure is an important instrument for motivating people to pay their taxes. The government can generate more revenue by investing in delivering goods and services that citizens require in an efficient and accessible manner. According to Syadullah & Wibowo (2015), assert that when the provision of goods and services improves, tax revenue will increase as a result of more compliance. Citizens would like to pay taxes in exchange for public amenities that they value since they are concerned about what they will receive in return for the levy they pay.

2.3 Empirical Review

Ochuka and Okafor (2023) examined indirect tax administration's impact on government revenue generation in Nigeria using 22 years of time series data (2000-2021). Employing ordinary least square regression analysis, the researchers found that Value Added Tax has a positive significant effect on total revenue generation, while customs and excise duties do not significantly affect total revenue generation. The study specifically focused on VAT and customs duties as proxies for indirect tax administration, providing evidence for the differential effectiveness of various indirect tax instruments in revenue mobilization.

Adebayo, Adeyemi and Osunwole (2022) conducted an examination of tax compliance influence on government revenue generation in Osun State, Nigeria, using descriptive and inferential statistics revealed that inadequate staff training and poor record-keeping practices negatively and significantly influenced revenue generation. The study highlighted critical administrative deficiencies that impede effective tax collection, emphasizing the importance of

human capacity and systematic record management in tax administration effectiveness.

Using regression analysis Ogbonna and Appah (2016), examine tax administration and revenue effects on Nigeria's economic growth, this study demonstrated that tax administration and various tax revenues contributed significantly to economic growth. The findings specifically showed that Company Income Tax contributes more substantially to GDP and per capita income compared to other tax categories, highlighting the importance of corporate taxation in driving economic development.

Ganyam, Ivungu and Anongo (2019) focused on tax compliance administration effects on revenue generation in Benue State, Nigeria, using questionnaire data analyzed through frequency distributions, percentages, and t-test statistics. The researchers found that electronic tax payment systems, widened tax brackets, and reduced one-time payment requirements significantly improve revenue generation. These technological and administrative innovations represent effective strategies for enhancing tax compliance and collection efficiency.

Enahoro and Olabisi (2012) carried out an assessment of tax compliance effectiveness in Lagos State regarding assessment, collection, and remittance processes used questionnaire data analyzed through frequencies and percentages. The study revealed that tax compliance in Lagos State was not entirely efficient, but found significant relationships between tax administration, tax policies, and tax laws, suggesting that integrated approaches to tax system management can enhance overall effectiveness.

Abiola and Asiweh (2012) examined how Nigerian tax administration can reduce non-compliance and generate revenue using questionnaire data and descriptive statistics. The findings demonstrated that increased revenue generation is a core responsibility of tax administration, with effective administration being capable of significantly improving revenue collection outcomes.

Stephen (2018) conducted a study of tax compliance effects on revenue generation in Gombe State using questionnaire data and correlation analysis found that tax administration in the state was neither

efficient nor effective. The research revealed that low revenue generation resulted from poor taxpayer compliance levels, high incidences of tax evasion, and widespread tax avoidance practices, highlighting systemic challenges in tax administration.

Using questionnaire data and regression analysis, Soetan (2017) examined tax compliance effects on revenue generation in Nigeria, this study found that tax administration does not have a significant effect on tax revenue generation. The findings suggest that administrative improvements alone may be insufficient without addressing broader systemic issues affecting taxpayer compliance behavior.

Animasaun (2016) conducted an assessment of the relationship between tax compliance and revenue generation in Ogun State using questionnaire data and statistical analysis revealed that tax compliance has no significant relationship with revenue generation. The study suggests that taxpayer willingness to pay taxes depends on their perception that tax payments will result in appropriate government-provided public services.

Ngozi and Obioma (2018) examined comparative analysis of pre- and post-TIN implementation periods (2000-2015) used CBN statistical data and t-test analysis to examine TIN effects on non-oil tax revenue compliance. The study revealed significant increases in total non-oil tax revenue following TIN introduction, with descriptive analysis and pairwise t-tests demonstrating the effectiveness of taxpayer identification systems in enhancing revenue collection.

Asaolu and Alabade (2015) carry out a study using quarterly time series data (1999-2012) and OLS regression analysis of Lagos State Internal Revenue Service data, this study examined tax compliance administration impacts on revenue generation. The findings showed long-run relationships between tax reforms and revenue generation, with Lagos State depending more heavily on tax reforms than other revenue sources, emphasizing the critical importance of systematic tax system improvements.

Okee and Isoso (2022) investigated voluntary tax compliance effects on petroleum profit tax revenue

generation (2007-2019) using primary questionnaire data from 26 FIRS field offices and secondary data from various sources. Linear regression analysis revealed that voluntary tax compliance has positive, strong, and significant effects on petroleum profit tax revenue, accounting for approximately 63% of changes in petroleum profit tax collections, supporting the Theory of Reasoned Action regarding voluntary compliance behavior.

Umar (2017) evaluated the tax revenue compliance and generation challenges in developing countries identified tax non-compliance as a key factor in revenue underperformance. The study advocated for a "carrot and stick" model combining citizen engagement and quality service delivery (positive incentives) with appropriate sanctions for defaulters (enforcement mechanisms), arguing that this balanced approach can effectively address tax compliance challenges.

Niway and Wondwossen (2017) carried out a cross-sectional survey of 377 Category "A" taxpayers in five Ethiopian cities used Pearson correlation and logistic regression to investigate voluntary tax compliance determinants in self-assessment systems. The study revealed that tax knowledge, procedural simplicity, fairness perceptions, government spending perceptions, audit probability, and peer group influence significantly determine voluntary compliance behavior, highlighting the multidimensional nature of compliance decisions.

Madugba and Abiola (2015) Used CBN statistical data and Pearson correlation with simple regression analysis, this study investigated corporate tax compliance relationships with revenue generation. The results showed positive significant relationships between both Petroleum Tax Income and Companies' Income Tax with Total Consolidated Revenue, demonstrating the importance of corporate taxation in overall revenue mobilization. Ethel and Niway (2022) Using annual time series data (1980-2021) and multiple regression analysis, this study assessed tax compliance changes effects on revenue generation in Nigeria. The findings revealed statistical significance in the overall model, with unit increases in PIT and VAT decreasing tax revenue by -2.4% and -1.3%

respectively, consistent with classical marginal tax theory and highlighting the need for systematic voluntary compliance strategies.

Jones and Daberechi (2016) empirically assessment of tax compliance impacts on economic growth (1985-2011) used OLS-based multiple regression analysis. The study found that 99% of variables had no statistical significance at the 5% level, though petroleum profit tax and company income tax each had positive significant impacts on economic growth at 0.35% and 2.87% significance levels respectively, confirming long-run equilibrating relationships between economic growth and tax variables.

Gaps in the Literature

Tax noncompliance arises due to lack of knowledge of tax system, complexity of tax laws and distrust of tax administrators. Therefore, this research is unique because the study will adopt the tripartite foundation of the Nigeria tax system and administration as explanatory variables to explain the extent of revenue generation through tax compliance. Furthermore, after thorough investigation of the existing literature, this is one of the first research carryout on the effect of tax compliance on revenue generation using tripartite foundation of the Nigeria tax system in selected North Central states and Abuja Nigeria.

3. Methodology

To analyze the effect of tax compliance on government revenue generation in north central Nigeria, the study employed the survey research design and utilized the Multinomial Logistic regression model was employed, initially introduced by Berkson (1944). It is a statistical model that models the probability of an event taking place by having the log-odds for the event be a linear combination of one or more independent variables. The model employed for this study was adopted from the work of Ethel (2022) who assessed the effect of tax compliance changes on the revenue generation in Nigeria from 1980 to 2021 with slide modifications his model stated thus:

$$TR=f(PIT, VAT, CIT) \quad (1)$$

$$Y= \beta_0 + \beta_1 PIT + \beta_2 VAT + \beta_3 CIT + \mu t \quad (2)$$

Where:

TR= Tax Revenue

PIT = Personal Income Tax

VAT = Value Added Tax

μt = error term

Applying the above procedure to our current study, the logit regression is expressed as;

$$\text{Log} \left\{ \frac{p^i}{1-p^i} \right\} = Z \text{Loge but } \log e = 1 \quad (3)$$

$$\text{Therefore, } \log \left\{ \frac{p^i}{1-p^i} \right\} = Z \quad (4)$$

$$\text{Log} \left\{ \frac{p^i}{1-p^i} \right\} = L = a + \beta X + U \quad (5)$$

Equation (5) is the logit model framework to be used in this study. The model is adjusted to allow for the inclusion of variables that are of great importance to this study. Thus, the model was modified and specified as shown below:

TR=TC

$$TR = f(, TXA, TXL, \& TXP) \quad (6)$$

The regression form of the model is express in linear form below:

$$\text{Log} = TR = \beta_0 + \beta_1 TXA + \beta_2 F TXL + \beta_3 TXP + \mu t \quad (7)$$

Where:

TR= Tax Revenue (proxy for revenue generation)

TC=Tax Compliance (Proxy by TXA, TXL & TXP)

TXA = Tax Administration

TXL = Tax Laws

TXP = Tax Policies

β_0 = intercepts

$\beta_1, \beta_2,$ and β_3 = parameters

μt = error term

The a priori expectation is; $\beta_1 - \beta_3 > 0$. That is, all the explanatory variables are expected to have positive effect on revenue generation in the study area. If the p-value is less than 5%, the study should reject the null hypothesis, otherwise, the hypothesis should be accepted. The population of this study comprises all the tax payers from both formal and informal sectors in the selected states. The population of the study is not definite because it is difficult to identify all the tax payers particularly those in informal sectors. Thus, the population figures obtained for these states are approximately: Benue: About 6,550,607, Plateau:

Approximately 4,895,216, Nasarawa: Roughly 2,878,841, Abuja (FCT): Around 1,198,993. Taking from 2006 National Population Census by interpolation (3% annual growth rate from 2006 census). Total Population =15,523,657. The sample size of 400 was calculated by using Yamane (1967) formula. The raw data was coded and analysed using the statistical package for social sciences (SPSS), to produce frequencies and other indices in summarizing and characterizing the dataset gotten from the Linkert scale questionnaires. Comparative and summary statistics such as the percentages and tables were also presented.

4. Results and Discussion

The researcher distributed four hundred (400) copies of questionnaires to the respondents and successfully recovered three hundred and six (356) duly completed. This shows a response rate of 89% and found to be valid for further analysis and computation. The response rate is considered sufficient going by the suggestion that a sample size should be within the range of five and ten times the number of study variables.

4.1 Analysis of the Socio-Demographic Characteristics of Respondents'

Tables were used to explain the respondent's replies based on demographic attributes, effect of tax compliance on government revenue in Nigeria. The frequency and percentage distribution of the respondents were detailed in the tables, and the outcome is shown in table 1.

Table 1: Gender of the Respondents

GENDER	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Male	236	66.3	66.3	66.3
Female	120	33.7	33.7	100.0
Total	356	100.0	100.0	

Source: Field Survey, 2024; Computed with SPSS 25

The distribution of the respondents based on sex in table 1 showed that both male and female were represented in the sample, with male respondents being 236 (66.3%) and females 120 (33.7%). The predominance of male respondents may affect the generalizability of the study's findings. If the views or experiences of men differ significantly from those of women concerning tax compliance, revenue generation, or economic issues in general, the study's

results could be skewed towards the male perspective. This could lead to conclusions that may not fully capture the nuances and challenges faced by female taxpayers or business owners. The predominance of male respondents may also reflect broader social and economic roles within North Central Nigeria. Understanding these dynamics is crucial for crafting effective tax policies that address the unique challenges and opportunities present within the region's socio-economic landscape.

Table 2: Age of the Respondents

AGE	Frequency	Per cent	Valid Per cent	Cumulative Per cent
18-30 years	97	27.2	27.2	27.2
31-40 years	102	28.7	28.7	60.8
41-50 years	93	26.1	26.1	75.0
51 and above	64	18.0	18.0	100.0
Total	356	100.0	100.0	

Source: Field Survey, 2024; Computed with SPSS 25

This distribution indicates a relatively balanced representation across the age groups, although there is a slight decline in the number of respondents in the oldest age category.

With regard to age, the results showed that the distribution of the respondents based on age. Out of the total respondents, 97 (27.2%) were 18 to 30 years, 102 (28.7%) were between 31-40 years while 93 (26.1%) were between 41-50 years. then 64 (18.0%) were between 51 years and above. The majority of respondents were aged 18-40 years, with the largest group being 31-40 years (28.7%), followed by 18-30 years (27.3%). Those 51 and above comprised only 17.9% of the sample.

This age distribution suggests the study primarily captures perspectives of younger, economically active adults who may favor technology-enabled tax systems and have different compliance attitudes than older generations. The 31-40 age group, representing peak workforce participation and business decision-making roles, likely possesses substantial tax regulation knowledge. However, the underrepresentation of older demographics (51+) may limit insights into their unique taxation experiences and concerns, potentially skewing results toward younger perspectives. Understanding these age-related compliance patterns can help policy maker's project revenue generation potential and develop targeted strategies for different demographic groups.

Table 3: Occupation of the Respondents

	OCCUPATION			
	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Civil Servant	174	48.9	48.9	48.9
Private employee	102	28.7	28.7	86.3
Self-employee	50	14.0	14.0	73.6
Other	30	8.4	8.4	100.0
Total	356	100.0	100.0	

Source: Field Survey, 2024; Computed with SPSS 25

The sample consisted of 174 civil servants (48.9%), 102 private sector employees (28.7%), 50 self-employed individuals (14.0%), and 30 others (8.4%).

Civil servants' dominance (nearly half the sample) may significantly influence findings, as this group typically has better understanding of tax obligations through government policy exposure and more predictable incomes that facilitate compliance. Their perspectives might overshadow other occupational groups' experiences.

Different occupational groups likely exhibit varying tax compliance attitudes and challenges.

Private sector employees may have different views on tax rates and benefits compared to civil servants, while self-employed individuals face unique difficulties including income fluctuations and regulatory complexity, potentially resulting in lower compliance rates. The heavy representation of civil servants, who may demonstrate higher compliance due to stable incomes and policy familiarity, could positively skew overall revenue generation findings and mask compliance challenges faced by other occupational groups, particularly the self-employed.

Table 4: Estimates of the Parameters in the Multinomial Logistic Regression Model

Estimates of the Parameters in the Model

							95% Interval	Confidence
		Estimate	Std. Error	Wald	df	Sig.	Lower Bound	Upper Bound
Threshold	[GRG = 3]	3.417	4.562	0.525	1	0.453	-5.670	12.703
	[GRG = 3]	4.219	4.526	0.856	1	0.364	-4.908	13.361
	[GRG = 4]	8.388	4.611	3.256	1	0.072	-0.741	17.524
	[GRG = 4]	10.198	4.641	4.855	1	0.028	1.127	19.470
	[GRG = 5]	7.333	4.144	1.753	1	0.016	2.553	12.454
	[GRG = 5]	12.593	4.715	7.147	1	0.007	3.399	21.946
Location	TXP	0.346	0.563	0.091	1	0.035	0.900	1.227
	TXL	3.502	0.612	8.971	1	0.003	0.716	3.425
	TXA	0.468	0.545	0.632	1	0.142	1.583	4.7

Source: SPSS Output, 2024

Table 4 gives a summary of the parameter estimates of the variables in the regression model. The results show that the Coefficient for tax policy (TXP) = 0.346 is positive. This coefficient implies that for every one-unit increase in the tax policy, the log odds of GRG would increase by 0.346, all things being equal. In practical terms, as the tax policy rises by 1 unit (i.e 1% increase), the odds of GRG increasing are higher.

Also, Table 4 above also revealed the positive coefficient of 3.502 for Tax law (TXL) which indicates that for every one-unit increase in tax law, the log odds of government revenue generation (GRG) being in a higher performance category increase by 3.502, keeping everything else constant. The relationship is statistically significant with a p-value of 0.003, indicating a robust relationship between tax law and government revenue generation in the observed data.

Again, Table 4 above also revealed the positive coefficient of 0.468 for Tax administration (TXA) which indicates that for every one-unit increase in tax administration, the log odds of government revenue generation (GRG) being in a higher performance category increase by 0.468, keeping everything else constant. The relationship is statistically insignificant with a p-value of 0.142, indicating an insignificant relationship between tax administration and government revenue generation in the study under review.

4.2 Test of Hypotheses

Based on the results of the logistic regression presented in Table 4 above, we verify the research hypotheses formulated in chapter one in order to accept or to reject them as follows:

Hypothesis One H_{01} : there is no significant effect of tax policies on revenue generation in North Central States of Nigeria.

Considering the p-value for the coefficient of TXP in table 4 which is 0.035, the study discovered that $0.035 < 0.05$ level of significance. Therefore, we reject H_0 and conclude that TXP has statistically significant impact on revenue generation in North Central States of Nigeria.

Hypothesis Two H_{02} : there is no significant effect of tax laws on revenue generation in North Central State of Nigeria.

Considering the p-value for the coefficient of TXL in table 4 which is 0.003, the study discovered that $0.003 < 0.05$ level of significance. Therefore, we reject H_0 and conclude that TXL has statistically significant effect on revenue generation in North Central States of Nigeria.

Hypothesis Three H_{03} : there is no significant effect of tax administrations on revenue generation in North

Central State of Nigeria.

Considering the p-value for the coefficient of TXA in table 4 which is 0.142, the study discovered that $0.142 > 0.05$ level of significance. Therefore, we do not reject H_0 and conclude that TXA has statistically insignificant effect on revenue generation in North Central States of Nigeria.

4.3 Discussion of Major Findings

From the regression output, it can be observed that tax compliance has a significant effect on revenue generation in North Central States of Nigeria.

The Study indicated that the tax policy (TXP) has a positive and statistically significant effect on revenue generation. This is in alignment with the findings of Salaudeen and Atoyebi (2018), who emphasized the significance of tax compliance to revenue generation north central state of Nigeria. He further highlighted the importance of appropriate tax policy, as it directly influences the willingness of tax payers to comply, which in turn impacts the revenue generation output. The main objective of the study was to examine the effect of tax policy on revenue generation in the North Central states of Nigeria. The study explicitly finds that tax policy has a positive influence on revenue generation. This means that well-structured and effectively implemented tax policies lead to increased tax revenue, which is essential for governmental operations and public investments. The statement that this effect is statistically significant suggests that the relationship observed is not due to random chance and indicates a robust link between tax policy and revenue generation. This insistence on statistical significance implies that any observed increases in revenue can be attributed to the tax policy changes rather than other external factors.

The study also revealed that Tax Laws (TXL) have a positive and significant effect on revenue generation. This finding aligns with the work of Marcelo (2013) who compared the effects of tax laws reform and tax compliance in Argentina. His study found that compared to larger firms, tax collection faced more challenges in tax compliance. This could be attributed to flexible tax law that is often easy for

tax payers to comply with, given their scale and the resources at their disposal.

5. Conclusion and Recommendations

The study's conclusion that tax laws have a positive and significant effect on revenue generation directly supports its objective. This finding indicates that effective and well-structured tax laws contribute to an increase in revenue, reinforcing the notion that regulatory frameworks play a crucial role in enhancing tax compliance among individuals and businesses. By evaluating the relationship between tax laws and revenue generation, the study offers crucial insights into how the implementation and enforcement of tax laws can improve compliance rates. This is particularly relevant to the objective, as it not only identifies the significance of tax laws but also highlights the mechanisms through which they influence revenue collection.

The relationship between robust tax laws and revenue generation has broader implications for economic development in the region. The study implicitly suggests that enhancing tax compliance through effective legal frameworks could lead to increased public funding for infrastructure, healthcare, and education, thus fostering overall regional growth.

In summary, the study's findings not only meet its objective but also provide actionable insights for policymakers aiming to improve tax compliance and, consequently, revenue generation in the region. By establishing the positive link between tax laws and revenue, the study contributes significantly to discussions on enhancing tax systems within Nigeria.

Again, the study revealed that Tax Administration (TXA) have a positive but insignificant effect on revenue generation. This finding aligns with the work of Soetan (2017) on tax compliance in Uganda. Their study found that compared to larger firms, tax collection faced more challenges in tax compliance. This could be attributed to rigid tax administration that is often harder for tax payers to comply with, given their status quo.

The primary objective of the study was to investigate the effect of tax administrations on revenue generation. The finding that tax administration has a

positive but insignificant effect aligns with this goal, suggesting that while there may be some influence, it is not strong enough to establish a definitive link. The revelation that tax administration has a positive effect could imply that improvements or effective practices in tax administration might contribute to better revenue generation. However, the insignificance highlights that the impact may not be substantial enough to warrant major policy changes or interventions solely focused on tax administration. This nuanced understanding is crucial for policymakers, indicating that other factors may be at play.

The insignificant effect may suggest that there are confounding variables that either dilute or overshadow the impact of tax administration on revenue generation. This implies that while tax administration is important, other aspects, such as taxpayer education, socio-economic conditions, or the effectiveness of tax laws, could be more critical in maximizing revenue. Consequently, future investigations could benefit from exploring these variables to gain a holistic understanding of what drives revenue generation. The study's findings reflect a complex relationship between tax administration and revenue generation in North Central Nigeria. While the positive effect noted suggests some potential for tax

administration to influence revenue, its insignificance raises important questions about effectiveness and highlights the need for a broader approach to understanding revenue generation dynamics. This ultimately aligns with the study's objective and underscores the complexity of the tax landscape in the region, guiding future research and policy initiatives. In light of the results above, this paper recommends that;

- i. The study therefore recommends intensification of the efforts of government in having better national tax policies that will enhance and encourage the tax payers in compliance.
- ii. The study further recommended that the tax laws should be made simple and more friendly as to address the problem of multiplicity of taxes, that will make voluntary compliances effective
- iii. To complement the efforts of the tax administration, the stakeholders in the tax sector should focus on training and retraining of tax administrators in order to equip them with the required knowledge and adjustment made within the tax system.

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