Good Governance and Voluntary Tax Compliance Behaviour in Lagos State, Nigeria: An Empirical Analysis

ADEKOYA, A. Augustine[1], OLAYINKA, Ifayemi M[2], AINA, G. Oluwatosin[3]

[1,2]Department of Accounting, Babcock University, Ilisan-Remo, Ogun State, Nigeria.

[3]Department of Accounting and Finance, McPherson University, Seriki-Sotayo, Ogun State, Nigeria.

ARTICLE INFO	ABSTRACT
Published Online: 09 December 2023 **Corresponding Author:** **ADEKOYA, A.** **Augustine**	Globally, Voluntary Tax Compliance (VTC) behaviour level has become a major concern to policy makers, government and tax consultants. Constant loss of tax revenue due to bad governance, mistrust, or misrule are perceived to have adversely affected state economic growth, financial viability and infrastructural development. Many researches have been conducted on VTC behaviour, but not many considered the effect of Good Governance (GG) in their study. This study examined the probable influence of GG on taxpayers VTC behaviour in Lagos state, Nigeria. The study employed survey research design and random sampling techniques. Seven hundred and fifty questionnaire were administered for data gathering while 82.8% response rate was achieved. The study employed descriptive and inferential statistics to analyze the data at 5% level of significance. The study shows that GG positively influenced VTC among individual taxpayers in Lagos state, Nigeria (*Adj. R^2* =0.101, $F_{(4, 619)}$=18.35, *p*=0.000). There was evidence that trust in government, transparency and rule of law have significant relationship with VTC behaviour in Lagos state, Nigeria while accountability has insignificant relationship with VTC behaviour. The study concluded that GG influenced individual VTC behaviour in Lagos state, Nigeria. Therefore, the mechanism for GG should be entrenched to reduce revenue loss. Also government should provide quality service with timely rendering of government account for citizens informed decision. Tax law should be simple, fair, and unambiguous. Above all, tax revenue should be invested on public goods of utmost importance while tax payment culture should be institutionalized.
KEYWORDS: Accountability, Financial viability, Good governance, Transparency, Trust in government, Voluntary tax compliance	

1.0 Introduction

Worldwide, tax is a form of fiscal exchange between the government and the citizens where the government provides goods and services as return for tax payments. Tax compliance level in developing countries has become a major concern to the government, tax authorities, and tax practitioners as non-compliance created gap between meagre tax revenue generated and the enormous tax revenue potentials available. According to Adekoya and Olayinka (2023) a less tax nation is a threatened nation, as less tax usually leads to economic regression, infrastructural decayed, unrest and chaos, and high rate of tax evasion, and avoidance. Besides, there is need for developing countries to focus on tax compliant, and this has become necessary due to high cost of governance, population increase, infrastructural demand and decline in revenue from other sources likes crude oil and other mineral resources. Alabede, Ariffin and Idris (2011)

opined that a good quality of good governance will probably enhance a good tax compliance while bad governance or misrule leads to high level of tax evasion or non-compliance. Similarly, McGee (1999) viewed that tax evasion mostly occurred due to bad governance, mistrust or misrule, these have negative impact on tax compliance behaviour. Okwori and Sule (2016) opined that Nigeria economy has become one of the backward developing economy due to weak governance, corruption, and mismanagement. However, according to Onyewuchi and Njemanze (2016) these problems have resulted into high level of tax non-compliance, regressive economic, and infrastructural decayed. Likewise, Robinson (2023) stated that African citizens lack basic public goods and this can be attributed to mistrust, bad governance, and citizen's unwillingness to pay tax.

Jimenez and Iyer (2016); Gobena and Van Dijke (2017) opined that taxpayer willingness to pay tax may be influenced

by perception of good governance of transparency, trust, and accountability. In Nigeria, despite the level of tax enforcement and importance of taxes, rate of tax non-compliance still remains high, especially among the informal sectors (Olurankinse & Oloruntoba) (2021), Tax non-compliance is a worldwide phenomenon, but this is more common in developing countries than the developed. Moreover, Isbell (2017) postulated that African citizens see tax payment as civic responsibility to support governance but mistrust and tax corruption dampen the citizens' trust and their willingness to pay tax promptly. In tax compliance research, there are many factors responsible for tax compliance or tax non-compliance behaviour, this differ from country to country, and from individual to individual (Kirchler, Hoelz & Wahl, 2008). According to Mohdali and Pope (2014), these factors remain unlimited and calls for research. However, one of such is good governance which according to Torgler (2006), Frey and Torgler (2007), Williams and Martinez (2014), and Anderson (2017), should enhance taxpayers compliance when the government and its institutions are fair, trustworthy, responsible, responsive, transparent and accountable.

Good governance concept was first proposed in 1990 by the World Bank and some other donor agencies. Since then, they had contributed to the promotion of good governance in countries for good management of public affairs and resources for the wellbeing of the citizens. In defining good governance, it has multidimensional meaning from different agencies with either four, six or eight dimensions of governance. Governance is defined as a way by which constituted authority exercises political, economic and social power in regulating the activities of the citizens for the well-being of the society. Akujuru (2015), defined good governance as capability and capacity of government to discharge its constituted responsibility effectively and efficiently. Similarly, World Bank (1992); World Bank (1997) defined good governance as the manner by which power is exercised by constituted authority in the management and control of economic and social resources of a nation. According to Sebele-Mpofu (2020) governance benefit is hinge on the social contract between the taxpayers (citizens) and the state. Therefore, social contract is based on the principle of mutual trust, transparency, accountability, fair rule of law and social norms for tax payments. Good governance is a core policy agenda in new public management to enhance sustainable development, progress, and stability. A good tax governance is the capacity of the state to generate resources efficiently and effectively. However, inefficient and ineffective service delivery, mistrust in tax administration, and unfair rule of law at times compels taxpayer to evade tax. Likewise, in developing countries, bad governance or misrule, and poor tax service by the tax authorities makes taxpayers to evade tax, thereby resulting into high rate of non-compliance (Adekoya, Adegbie & Agbetunde, 2020).

In the past, researchers had carried out studies on tax compliance with less emphasis on good governance concepts as independent variable in the formal or informal sector. Besides, most behavioral researchers considered other concept as independent, mediating or moderating variable. Some of these are trust in government as moderator of tax compliance (Amireh & Ahmad, 2022; Mas'ud, Alkali & Aliyu, 2021; Adekoya, Agbetunde & Lawal, 2022; Saruji, Mohdali & Mohamed, 2019); accountability (Adekoya, Enyi & Akintoye, 2019; Modugu, Eragbehe & Izedomi, 2012); transparency (Adekoya & Akintoye, 2019; Siahaan, 2013); rule of law (Adekoya, Oyebamiji & Lawal, 2019; Thiga & Muturi, 2015) Other researchers studied good governance but with different dependent varables likes personal income tax (Olurankinse & Oloruntoba, 2021); sustainable development (Akujuru, 2015); public trust in companies (Sitardja and Dwimulyani, 2016); and SMEs tax compliance (Ige, Igbekoyi & Dagunduro, 2023). However, the outcome of these researchers are of diverse opinions and conclusion.

Moreover, the objective of the study is to examine the extent to which good governance influence voluntary tax compliance behaviour of taxpayers in Lagos state, Nigeria. The study hypothesis drafted in null forms and tested at 5% level of significance is:

Good governance, does not have significant influence on the level of voluntary tax compliance behaviour among taxpayers in Lagos state, Nigeria

The paper intend to contribute to various other studies on tax compliance and proffer solution to tax evasion and non-compliance in other to entrench voluntary tax compliance behaviour. Studying the impact of good governance on taxpayers' willingness to pay taxes is not only an academic exercises but also to aid policy makers in decision making. Also, to provide avenue to broaden tax revenue base in the state. The rest of the paper is divided into four sections, review of extant literature in section two, methodology and analysis of empirical results in section three, findings, discussion of results and implication in section four, while the last section focus on summary, conclusion and recommendations.

2.0 REVIEW OF EXTANT LITERATURE
2.1 Conceptual Review
2.1.1 Tax: Tax is a compulsory levy imposed on individual or corporate entity for payment without regards to any form of returns in form of goods or services. Tax is the oxygen required by constituted government, the price of public goods between the government and the citizens (Adekoya & Olayinka, 2023). According to Enyi, Akintoye and Adekoya (2019), tax is a form of payment to support the cost of governance and infrastructural development. Although, tax

payment is an uncherished activities by the citizens because ordinary citizens does not like paying taxes. However, Akubo, Achimagu and Ayuba (2016) affirmed that tax is a burden to be carried by citizen in assisting the government to carry out effective and efficient government administration. Besides, tax payment depends on trust and morality between the taxpayers and the government (Slemrood, 2003). Individual or corporate body see tax as a cost while the government see tax as revenue or income. Therefore, in developed countries, tax accounted for higher percentage of revenue generated on yearly basis (Ofurum *et al.,* 2017).

2.1.2 Voluntary Tax Compliance: Voluntary tax compliance is the taxpayer's willingness to render an accurate returns of income for tax assessment in line with the relevant tax laws, and also to make prompt payment. James and Alley (2002) reported that voluntary tax compliance rate is a critical challenge to the government, even with extant tax laws, individual and corporate entity still lag behind on tax payment. However, basic reasons for tax payment can be argue in two ways. The first is the taxpayers' compliance through enforcement, while the second is by voluntary tax compliance or willingness to pay taxes called tax morale. Voluntary tax compliance is the focus of this study.

2.1.3 Good governance: United Nations defined good governance with eight characteristics, these are efficient and effectiveness, participatory, consensus oriented, responsiveness, follow rule of law, equitable and inclusive, transparency, and accountability. It is the application of administrative, political, and economic skills in the management of country resources. Good governance mean openness, forward looking, accountability, trustworthiness, responsiveness, transparency, and probity in all government activities. Sitardja and Dwimulyani (2016) viewed good governance as efficient and effective systems of using government resources to better the life of the citizens. Good governance can also hinge on quality of service provided by the tax authorities, this influenced taxpayers' willingness to pay tax, and government ability to achieved budgeted tax revenues (Adekoya, Adegbie & Agbetunde, 2020). Good governance is measured with trust in government, transparency, accountability, and rule of law for this study.

Trust in government and its institutions is key to social contract theory. According to Adekoya, Agbetunde and Lawal (2022) trust is the currency of exchange between the government and the taxpayers, between the resources providers and resources managers, and between the leaders and the led. It is the consequential view of fairness, credibility, competency and trustworthy to achieve confidence in government and its institutions (Lissitsa, 2021). Furthermore, Adekoya *et al.,* (2022); Citrin and Stoker, (2018) reported that citizens responses to tax payment is a function of political trust they have in government and its

institutions. Likewise, Nunkoro (2015) opined that trust in government is a form of social democracy, political sustainability, effective legitimacy, and power to make decision. Byaro and Kinyondo (2020) also postulated that trust in government provides synergistic climate between the government and the taxpayers. Conversely, Kiow, Salleh and Kassim (2017) opined that mistrust leads to high rate of tax evasion, avoidance and tax fraud. Besides, transparency is the timely, effectiveness and completeness of information provided by the government to citizens in respect of its activities. Tax revenue transparency are essentials for nation's sustainable development, foreign investment, and good trade relationship (Adekoya & Akintoye, 2019).

Besides, accountability means answerability, responsibility, and capacity to hold public officials responsible for their actions. It means answering to one's behaviour and action at any time (Adekoya, Enyi & Akintoye, 2019). Accountability is an institutionalized system by which the government give accounts of stewardship and ability to hold government accountable by the citizens. Otusanya, Adeyeye and Ovienbour (2019) viewed accountability as social contract between the state and the taxpayers (citizens). Also, Sebele-Mpofu (2020) opined that accountability will enhances trust and boost tax morale but where government exhibit mistrust, dishonesty and misrule, it reduce tax morale and increase tax non-compliance. Therefore, the government should exhibit accountability on tax revenue and its usage regularly in line with fiscal responsibility Act. Furthermore, it is the duty of government to enforce tax laws for revenue generation. But these laws must be clear, fair and unambiguous. However, tax laws complexity and ambiguity would leads to high level of tax non-compliance while tax knowledge and fairness would enhance taxpayers' willingness to pay tax promptly (Adekoya, Oyebamiji & Lawal, 2019).

2.2 Theoretical Framework
The study adopts three theories, these are social contract, fiscal exchange, and political legitimacy theory.

2.2.1 Social contract theory: In fiscal social contract, citizens will be willing to accept and pay taxes in exchange of rights for fair representation, accountability, trust and transparency on tax revenues and its utilization. Ibrahim and Ahmad (2017) viewed social contract on the behavioral attitude of tax authorities and its staff. But, where the tax officers are corrupt, taxpayers will be reluctant to comply with relevant tax laws. Social contract theory was propounded by Thomas Hobbes and Jean Jacques Roussean. Hobbess reported that humans are rational human being with freedom to live their life without the need to be bound by provision of the law. Moreover, Roussean viewed social contract based on three principles of liberty, common needs, and reciprocity. This translate to citizen's willingness to pay tax for the common interest of the state, while in return, the state uses tax revenue to create prosperity for the citizens.

2.2.2 Fiscal Exchange: Devos (2014), traced the initiator of the theory to Vogel (1974). The ethical factors of tax morality makes taxpayer to willingly pay taxes, therefore, one factor that affects tax morality is the existence of good governance. According to Alm and Torgler (2011) some other factors that affect tax morality are fairness, trust and confidence, transparency and accountability, nationalism and democracy. Tilly (1992); Moore (2004) opined that tax compliance level increases when public goods and services are provided in an efficient and accessible manner. Fjeldstad, Schulz-Herbenberg and Sjursen (2012); Feld and Frey (2002); McKerchar and Evans (2009); Torgler (2003) viewed fiscal exchange theory as an aggregate of psychological, economic and social approach of explaining tax compliance. Kogler *et al.* (2013) also opined that tax compliance is achieved through government's transparency, accountability and trustworthy on tax revenue. This makes the relationship between the government and the taxpayers to be relational or implicit contract (Moore, 2004). Similarly, Bodea and LeBas (2014) reported that taxpayers would willingly pay tax where government is perceived to provide the desired public goods and services. Alm, Jackson and Mckee (1993) also asserted that citizens willingness to pay tax is enhance where political, social and economic goods and services financed with taxes are valued by the citizens to be cost effective, reasonable, and of added value.

2.2.3 Political Legitimacy: Legitimacy theory comes from political economy theory and organization legitimacy concept of Dowling and Pfeffer (1975). According to Kirchler, Hoelzl and Wahl (2008), political legitimacy theory focus on citizens' behaviour. Here, tax compliance is influenced by taxpayers trust in government and its institution. Tax compliance is presumed to be achieved in an environment with high level of good governance. Therefore, tax fairness and justice build trust and also, enhances voluntary tax compliance and taxpayers' compliance to tax laws and regulations (Adekoya, Oyebamiji & Lawal, 2019).

2.3 Empirical Review
Ige, Igbekoyi and Dagunduro (2023) examined good governance and tax compliance among SMEs in Nigeria. The study revealed that there exist a positive significant relationship between good governance and tax compliance among SMEs in Nigeria. The study recommends that government should exhibit accountability, transparency and responsiveness to enhance taxpayers trust and willingness to pay tax. Conversely, Kifordu, Igweh and Aloamaka (2020) studied the impact of taxation and the quest for good governance. The study revealed that corruption disconnect the government and the citizens in Nigeria. The study recommends that Nigeria government should embraced transparent and accountable tax regime. Similarly, Olurankinse and Oloruntoba (2021) examined good governance and personal income tax compliance in Nigeria.

The study revealed significant relationship between tax fairness and personal income tax compliance in Nigeria. Besides, Egwaikhide (2019) examined reasons for Nigeria low tax collection and poor quality of government expenditures. The study revealed that multiplicity of taxes, uncoordinated tax execution, infrastructural decayed and political interference are responsible for low domestic tax collections. In addition, Akujuru (2015) studied good governance and sustainable development in Nigeria. The studied concluded that good governance encourages citizens' to pay tax and promote sustainable development. Also, Sitardja and Dwimulyani (2016) investigated the influence of good public governance and trust for tax compliance in public companies listed in Indonesia Stock Exchange. The study revealed significant and positive relationship between good public governance and trust, and positive influence of tax fairness and trust on tax compliance.

Furthermore, Koumpias, Leonardo and Martinez-Vazquez (2020) studied trust in government institutions and tax morale. The study revealed that public goods and services provided by the government have impact on tax morale and willingness to pay tax. Also, Mas'ud, Alkali and Aliyu (2021) studied the mediating role of trust in the relationship between public governance quality and tax compliance in Africa. The study revealed that good governance factors have significant influence on tax compliance. In addition, Adekoya, Agbetunde and Lawal (2022) studied trust relationship and tax compliance in developing countries with focus on informal sector. The study revealed that state government is honest on tax matters and its revenue application, this build trust and enhance voluntary tax compliance. Similarly, Saruji, Mohdali and Mohamed (2019) studied trust in government and perception of tax compliance among adolescent. The study revealed there was a positive and statistically significant impact of trust in government on tax compliance among adolescents.

Herman *et al.,* (2019) studied the effect of good governance, tax understanding, and tax sanctions on taxpayers' compliance in micro, small and medium enterprises. The study revealed that good governance, tax understanding, and tax sanctions individually has positive significant effect on individual taxpayer compliance. Besides, Kiow, Salleh and Kassim (2017) studied determinants of individual taxpayers' tax compliance behaviour in Peninsular Malaysia. The study revealed that taxpayer compliance behaviour is influenced by individual perception of public governance and transparency. Also, Okoye, Isenmila and Oseni (2018) studied good governance and personal income tax compliance in Nigeria. The study revealed that positive relationship do exist between good governance factors and tax compliance. The study recommended that government should exhibit transparency and accountability in the utilization of tax revenue. Onyewuchi and Njemanze (2016) also examined empirical

analysis of tax leakages and economic growth in Nigeria. The study revealed that bad governance influenced tax leakages and taxpayers non-compliance. Furthermore, Adekoya, Enyi and Akintoye (2019) studied government accountability and voluntary tax compliance behaviour in Nigeria. The study revealed that accountability positively influences taxpayers' willingness to pay taxes.

3.0 METHODOLOGY

The study employed survey research design and random sampling technique to gather the relevant primary data from both informal and informal individual tax payers in three senatorial district (West, East and Central), in Lagos State, Nigeria. Seven hundred and fifty copies of questionnaires were administered to various respondents at two hundred and fifty copies per each senatorial district. Six hundred and twenty one copies were received representing 82.8% response rate. Questions were scaled in closed form and structured to capture demographic factors, good governance factors (trust in government, accountability, transparency, rule of law), and voluntary tax compliance. The questions used were adapted from the work of Adekoya, Agbetunde & Lawal (2022); Adekoya, Enyi & Akintoye (2019); Enyi, Akintoye & Adekoya (2019), Kirchler and Wahls (2010), Lateef, Saheed and Onipe (2015) and tax payers' compliance appraisal by Fisher, Wartick & Mark (1992). The study state was chosen based on the following factors: as the commercial hub center of Nigeria, and has the highest internally generated revenue among the thirty-six states in the country on yearly basis. In addition, the state achieved internally generated revenue of 77% of the gross revenues in 2019 (NBS, 2020).

3.1 Reliability of Research Instrument

A pilot study to test the reliability of the instrument was carried out with 120 questionnaires administered at 40 per each senatorial district. 100 copies were received, this gives 83% response rate. Reliability test showed that good governance measured with trust in government, accountability, transparency and rule of law had Cronbach's alpha (α) of 0.82, 0.78 and 0.86 and 0.77 respectively, while voluntary tax compliance had 0.84. According to Taber (2016); Tavakol and Dennick (2011), a composite reliability and Cronbach Alpha (α) greater than 0.6 is affirmed as reasonable, reliable and acceptable. Based on this assertion, the results from the pilot study showed that the instrument was reasonable, robust and reliable since all the constructs figures were above the acceptable threshold of 0.6 and therefore suitable for the study.

3.2 Model Specification: The study expected that independent variables (good governance) would enhance dependent variable (voluntary tax compliance). It is therefore expected that good governance proxies of trust in government, accountability, transparency and rule of law would influence voluntary tax compliance.

$Y = f(X)$ Y= Dependent variable; X= Independent variable

$X = (x_1, x_2, x_3, x_4)$.

VTC = f(TIG, ACT, TRP, ROL)

Where:

TIG = Trust in government   ACT = Accountability

TRP = Transparency   ROL = Rule of law

VTC = Voluntary Tax Compliance

The model specification will be:

$Y = \beta_0 + \beta_1 X_i + ------------------------- + \mu_1$

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 ------------------------- + \mu_i$

Y= Voluntary Tax Compliance   X = Good governance

VTC = β_0 +β_1 TIG + β_2 ACT β_3 TRP + β_4 ROL + μ_1

μ = Error terms, β_0 = Intercept or the constant

$\beta_1 - \beta_4$ = Partial regression coefficient of the explanatory variables.

4.0 DATA ANALYSIS AND DISCUSSION OF FINDINGS

Data generated from the sampled questionnaires were analyzed and interpreted with the use of percentage, mean, frequency distribution, while the hypothesis was tested using the Ordinary Linear Square (OLS) regression and Analysis of Variance (ANOVA).

4.1 Demographic Characteristics of the Respondents

Table 1. Demographic Characteristics of the Respondents

Respondents Characteristics	Frequency	Percentage (%)
Gender:		
Male	371	59.7
Female	250	40.3
Age:		
18-30 Years	122	19.6
31-40 Years	212	34.1
41-50 Years	192	30.9

51-60 Years	90	14.5
61 and above	5	0.8
Educational Qualification:		
GCE/WASC and below	43	6.9
OND/NCE	121	19.5
HND/BSc	356	57.3
MSc/MBA	93	15.0
PhD	8	1.3
Taxpayer Status:		
Informal	525	84.5
Formal	96	15.5
Class of Informal Status: (525)		
Trader/Proprietor	123	23.4
Manufacturer	118	22.5
Artisan	194	37.0
General Contractor	90	17.1

Source: Field Survey, 2023

The demographic characteristics of the respondents highlighted in Table 1 revealed that 371 respondents (59.7%) were male, 250 respondents (40.3%) were female. This suggests that more male respondents were involved in assessing good governance and voluntary tax compliance. Furthermore, the study shows that 122 respondents (19.6%) were in 18-30 years category; while 494 respondents (79.5%) of the entire respondents were between 31-60 years. Those above 61 years old were only 5 respondents (0.8%). This shows that majority of the respondents are in their active age and therefore good for assessing good governance and voluntary tax compliance. The result also shows that 43 respondents (6.9%) have senior secondary school certificates and below, while 356 respondents (57.3%) have HND/B.Sc.

as their highest academic qualification. However, 578 respondents (93.1%) have qualification above school certificates. This shows that the respondents were knowledgeable to answer the question correctly. Also from the taxpayers' employment status, 525 respondents (84.5%) were in the informal sector while 96 respondents (15.5%) were in formal sector. This shows more respondents comes from the informal sector to assess good governance and voluntary tax compliance. Furthermore, out of 525 informal sector respondents, 123 (23.4%) of the respondents were traders/proprietors, followed by manufacturer with 118 (22.5%). The rest of the respondents were artisan and general contractors with 194 (37.0%) and 90 (17.1%) respondents, respectively.

4.2 Descriptive Analysis of the Test Items
Table 2. Respondents Responses on Good Governance

S/N	Items	Mean
1	Respondents' responses from Trust in Government	3.84
2	Respondents' responses from Accountability	4.18
3	Respondents' responses from Transparency	4.44
4	Respondents' responses from Rule of Law	4.03

Source: Field Survey, 2023

The overall mean of 3.84, 4.18, 4.44, and 4.03 from trust in government, accountability, transparency and rule of law respectively, indicates that majority of the respondents agreed

that there is trust in the government, proper accountability and transparency in government activities, and besides, rule of laws are strictly adhered to on tax revenue.

Table 3. Respondents Responses on Voluntary Tax Compliance

VOLUNTARY TAX COMPLIANCE		SD	D	PD	PA	A	SA	Total
Paying tax is the right and natural things to do.	Count	11	17	23	62	192	316	
	Row N %	1.8%	2.7%	3.7%	10.0%	30.9%	50.9%	
	Mean							5.18

Paying tax is a responsibility that should be willingly accepted by all citizen.	Count	2	8	21	69	205	316	
	Row N %	0.3%	1.3%	3.4%	11.1%	33.0%	50.9%	
	Mean							5.28
I pay tax to support the state, other citizen and its programme.	Count	2	12	24	70	251	262	
	Row N %	0.3%	1.9%	3.9%	11.3%	40.4%	42.2%	
	Mean							5.16
I will pay tax even when there are no controls because I am sure am doing the right things.	Count	18	28	31	131	203	210	
	Row N %	2.9%	4.5%	5.0%	21.1%	32.7%	33.8%	
	Mean							4.78
Paying tax promptly is a matter of cause because I like to contribute to everyone's goods.	Count	5	28	23	129	242	194	
	Row N %	0.8%	4.5%	3.7%	20.8%	39.0%	31.2%	
	Mean							4.86
I feel morally obliged to honestly declare all my income for tax purposes because I regard it as my duty.	Count	16	26	39	148	238	154	
	Row N %	2.6%	4.2%	6.3%	23.8%	38.3%	24.8%	
	Mean							4.66
I will pay tax even if tax audit does not exist.	Count	34	76	55	160	176	120	
	Row N %	5.5%	12.2%	8.9%	25.8%	28.3%	19.3%	
	Mean							4.17

Source: Field Survey, 2023

Table 3 reveals the taxpayers' responses on the level of voluntary tax compliance in Lagos States, Nigeria. The study revealed that 91.8% of the respondents agreed with the test item that paying tax is the right and natural things to do while 8.2% disagreed with the test item. The mean of 5.18 shows that majority agreed that paying tax is the right and natural things to do. Furthermore, 95.0% of the respondents agreed that paying tax is a responsibility that should be willingly accepted by all citizens, while 5.0% disagreed with the test item. The mean of 5.2 suggests that majority agreed that paying tax is a responsibility that should be willingly accepted by all citizens. Also, 93.9% of the respondents agreed that they pay tax to support the state and her programmes, while 6.1% disagreed. The mean of 5.16 suggests that majority agreed to the test item that they pay tax to support the state and her programmes. Similarly, 87.6% of the respondents agreed to the test item that tax will be paid even when there are no controls because they are sure of doing the right things, while 12.4% disagreed with the test statement. The mean of 4.78 reveals that majority agreed that they will pay tax even when there are no controls because they are sure of doing the right things.

Furthermore, 91.0% of the respondents agreed that paying tax promptly is a matter of cause as it contribute to everyone's goods, while 9.0% disagreed with the test item. The mean of 4.86 reveals that the majority agreed that paying tax promptly is a matter of cause as it contribute to everyone's goods. It was also discovered that 86.9% of the respondents agreed that they feel morally obliged to honestly declare all their income for tax purposes as it is regarded as civic duty, while 13.1% disagreed with the test item. The mean of 4.66 reveals that majority agreed to the test item that they feel morally obliged to honestly declare all their incomes for tax purposes as this is regarded as civic duty. In addition, there is evidence that 73.4% of the respondents agreed with the test item that tax will be paid even if tax audit does not exist while 26.6% disagreed with the test statement. The mean of 4.17 reveals that majority agreed that they will pay tax even if tax audit does not exist. On the overall, the mean of 4.87 shows that majority agreed that level of voluntary tax compliance is high in the state.

4.3 Test of Hypothesis
Research Hypothesis

Ho1: Good governance, does not have significant influence on the level of voluntary tax compliance behaviour among taxpayers in Lagos state, Nigeria

Table 4. Regression Results for Hypothesis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.436	1.511		14.183	0.000
	TIG	0.182	0.039	0.199	4.687	0.000

ACT	0.033	0.055	0.032	0.598	0.550
TRP	0.233	0.078	0.165	2.966	0.003
ROL	0.181	0.062	0.130	2.922	0.004

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.327[a]	.107	.101	5.53088

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2244.857	4	561.214	18.346	.000[b]
	Residual	18813.264	615	30.591		
	Total	21058.121	619			

a. Dependent Variable: VTC   Significant @ 5% level (p<0.005)

b. Predictors: (Constant), ROL, TIG, ACT, TRP

Sources: Researcher's Study, 2023

Interpretation of result

Table 4 shows regression analysis results on the effect of good governance on voluntary tax compliance behaviour in Lagos State, Nigeria. The regression estimate of the model shows that all proxies of good governance have positive effect on voluntary tax compliance. This is indicated by the sigs of the coefficients, which are $\beta > 0$ for good governance. The results reveals that trust in government (0.182), accountability (0.033), transparency (0.233) and rule of law (0.181) all have positive relationships with taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria. The study revealed that good governance positively influenced taxpayers voluntary tax compliance behaviour in the study states (Adj R^2 =0.101, F (4, 619) = 18.35; P=0.0000.

There was evidence that trust in government, transparency and rule of law status have significant relationships with taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria (Trust in government $\beta = 0.182$, $t = 4.687$, p=0.000, Transparency $\beta = 0.233$, $t = 0.598$, p=0.003, Rule of law $\beta = 0.181$, $t = 2.922$, p= 0.004). Conversely, accountability level do not has significant relationships with taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria (Accountability $\beta = 0.033$, $t =0.598$, p= 0.550). This implies that trust in government, transparency, rule of law status were significant factors that influenced changes in taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria while accountability level are not significant factors that influenced changes in taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria.

The Adjusted R^2 is the measure of proportion of the changes in voluntary tax compliance behaviour in Lagos State, Nigeria as a result of changes in good governance factors. The Adjusted R^2 of 0.148 explained about 14.8 percent changes in voluntary tax compliance behaviour of taxpayers in Lagos State, Nigeria, while the remaining 85.2 percent were other factors that explain changes in voluntary tax compliance behaviour of taxpayers which were not captured in the model. The F-statistic of 18.346 is statistically significant with p= 0.000. This shows that on the overall, the statistical significance of the model showed that the null hypothesis that good governance factors does not have significant influence on taxpayers' voluntary tax compliance behaviour in Lagos State, Nigeria was rejected. Therefore, the alternative hypothesis that good governance factors has significant influence on taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria was accepted at 5 percent level of significance.

4.4 Discussion and implication of Findings

Empirical findings from the test of hypothesis on good governance and voluntary tax compliance behaviour in Lagos State, Nigeria revealed that trust in government, accountability, transparency and rule of law level have positive relationships with taxpayers voluntary tax compliance behaviour. The F-statistic of 18.346 is statistically significant at p= 0.000. Therefore, the study revealed that good governance has significant influence on taxpayers' voluntary tax compliance behaviour in Lagos State, Nigeria at 5 per cent level of significance. This result aligns with the study of Herman *et al.,* (2019); Ige *et al.,* (2023); Okoye *et al.*(2018); Olurankise and Oloruntoba (2021); that good governance has significant impact on voluntary tax compliance.

5.0   SUMMARY,   CONCLUSION   AND RECOMMENDATIONS

5.1 Summary and conclusion

Based on research study, this revealed that trust in government, accountability, transparency, and rule of law level have positive relationships with taxpayers voluntary tax compliance behaviour in Lagos State, Nigeria. Also, the study

revealed that trust in government, transparency, and rule of law status have significant relationship with taxpayers voluntary tax compliance behaviour while accountability do not has significant relationship with taxpayers voluntary tax compliance behaviour. Besides, trust in government, transparency, and rule of law status were significant factors which influenced changes in taxpayers voluntary tax compliance behaviour while accountability status has insignificant factors for changes in taxpayers voluntary tax compliance behaviour. This affirmed the fact that good governance enhances tax revenues and taxpayers compliance behaviour. The study reveals that the higher the government's attitude towards good governance, the higher the level of taxpayers voluntary tax compliance among the citizens of Lagos State, Nigeria.

5.2 Recommendations

The mechanism of providing good governance should be entrenched in order to reduce loss of government revenue through tax evasion, avoidance, and non-compliance which comes from mistrust and bad governance. Government should always ensure stiff strategies that will enhance trust, accountability, transparency, and fairness in the application of tax laws. Tax laws should be simple, unambiguous, and fair to all parties for administration of tax justice. Quality of tax service should be maximized while internal control system on tax revenue should ensure transparency and accountability. This would ensure the principle of social contract, fiscal exchange and political legitimacy. Also, there should be timely rendering of government accounts for citizens informed decisions. In addition, tax revenues should be invested on public goods of utmost importance while tax payment culture should be institutionalized among the taxpayers, especially those in the informal sectors. Above all, this would enhance taxpayer's trust in government and prompt response to tax payment as this would boost tax revenue to the states and make funds available for the provision of quantitative and qualitative public goods.

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