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The University's Vision:

To be a centre of scientific learning where scholars would develop and demonstrate their valuable talents and intellectual abilities.

The University's Mission:

- (i) To create an environment where scholars would develop and demonstrate their valuable talents and intellectual abilities.
- (ii) To provide quality higher education which will complement the National Joint Federal and State governments.
- (iii) To give qualified scholars and professionals chance to seek for and these also contribute to knowledge. This university will achieve by making the admission of students and recruitment of staff to be opened to all irrespective of religious, educational, gender, nationality, ethnic and political persuasion.

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- (iii) To provide a healthy atmosphere and good opportunity for international co-operation, through academic interactions and forms of research endeavours, for the promotion of national development and international understanding;
- (iv) To complement Federal Government's efforts in the development of a relevant, qualitative and result-oriented university education that would facilitate technological, scientific and socio-cultural transformation of Nigeria;
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- (vi) To take practical steps towards ideological, moral, intellectual, economic and technological development in accordance with the stated objectives of the National Policy on Education to find practical solutions to contemporary issues and problems of the nation;
- (vii) To instill in the youths and other individuals the virtues of self-confidence, self-respect, civil responsibilities and economic empowerment.

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Factors Influencing Voluntary Tax Compliance of Small and Medium Scale Enterprises in Kwara State, Nigeria

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Abstract

Tax compliance issue is a major problem in revenue generation by government in African countries, Nigeria especially. This study therefore examines the impact of tax morale on voluntary tax compliance. The survey research design was used in conducting the investigation. The primary source of data was used and one hundred and fifty (150) copies of self-administered questionnaire were distributed. The number of questionnaire completed and returned was one hundred and twenty-eight (128), constituting 83% response rate. The multiple regression models were used to estimate the relationship between tax morale and voluntary tax compliance. The *t*-statistics was used to test the significance of the study variables. It was revealed that; tax morale has impact on voluntary tax compliance. It is therefore recommended that efforts be made to improve the taxpayers' morale so as to improve voluntary tax compliance and consequently improve government revenue generation.

Key Words: Tax morale, Voluntary tax compliance, Taxpayers' attitude, theory of planned behavior, trust in government

1. Introduction

The subject of taxation has received huge rational and scholarly attention in the literature. Taxation is one of the most subtle subjects in governance both in the developing and developed nations. Rakner and Gloppen (2002) noted that for most countries, taxation goes hand-in hand with economic growth and taxes have become the life blood for governments to deliver essential services and to make long-term investments in public goods. According to Nightingale (2001), "a tax is compulsory contribution, imposed by government, and while taxpayers may receive nothing identifiable in return for their contribution, they nevertheless have the benefit of living in a relatively educated, healthy and safe society". The study further explained that taxation is part of the price to be paid

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for an organized society and identified six reasons for taxation: provision of public goods, redistribution of income and wealth, promotion of social and economic welfare, economic stability and harmonization and regulation. As it were in other countries of the world, governments impose tax in African countries and the proceeds are used for the development of public goods, provision of social amenities and economic regulations amongst others.

First detailed information about taxation can be found in Ancient Egypt (Webber and Wildavsky, 1986). The Pharaohs appointed tax collectors (called scribes) and paid them high salaries to reduce the incentives to enrich themselves alone. Furthermore, scribes working in the field were controlled by a group of special scribes from head office. Corruption of tax agency has been a problem especially in developing countries. According to the traditional model of tax compliance by Allingham and Sandmo (1972), the model presents and specifies the extent of compliance as positively correlated with the probability of detection and the degree of punishment and penalty as factors influencing taxpayers' behaviour.

Some preliminary tax morale research was conducted during the 1960s by the Cologne School of Psychology, that tried to narrow the bridge between economics and social psychology by emphasizing that economic phenomena should not only be analyzed from the traditional neoclassical point of view but also from social psychology perspective. They saw tax moral as an integral attitude that was related to tax compliance. This early work foreshadowed the emerging importance of "behavioural economics" as a tool in understanding individual and group behaviour, and it is reflected in a range of related approaches, with roots in the psychology of taxation (Lewis, 1982 & Kirchler, 2007). In the specific context of tax compliance, tax morale is most obviously linked to "intrinsic motivation" (Frey, 1994, 1997). It is also connected to "taxpayer ethics" (Song and Yarbrough, 1978), to "social norms" (Alm, McClelland and Schulze, 1999), to perceptions of "power" and "trust" (Kirchler, Hoelzl and Wahl, 2008).

Tax morale is defined as the "moral obligation" or an "intrinsic motivation" to pay taxes (Torgler and Schneider, 2006). Torgler (2002) and Frey (2003) stressed its relevance to understand the high observed level of compliance. Tax morale has evolved as an instrumental component in understanding voluntary tax compliance using a more integrated approach with a bias for non-economic factors. According to Everest-Phillip and Sandall (2009) the public perception of government accountability can influence tax morale and voluntary compliance. Both authors argued that through payment of taxes the government is able to meet its obligations to the people.

It follows therefore that how government goes about fulfilling these obligations should matter to the taxpayers because they provide the finance for its sustenance. As a result, government affairs may have either positive or negative influence on the tax morale of taxpayers. The tax function creates a relational vertical contract between government and taxpayers which Lassen (2003) defined as the expectation of requisite public goods in exchange for taxes paid as the terms of that vertical contract.

Literature on tax morale considers the existence of a psychological contract between taxpayers and government that implies loyalty (Torgler, 2004). The trust towards the institutions (institutional trust) is crucial for the contract to be respected by the citizens. Where the institutional trust is missing, the loyalty at the basis of the contract might reduce tremendously. Frey and Torgler (2007) provided empirical evidence of these experimental outcomes in a cross country analysis where they show that the individual taxpayer is influenced by the behavior of the others in complying with taxes. Despite all research works that had been done, more empirical work is needed to confirm the existence of these relationships and to measure the strength of their influence on tax compliance.

1.1 Statement of the Problem

Low tax compliance is a major problem for the policy makers in many developing countries. This is because it limits the capacity of government to raise revenue for developmental purposes (Torgler, 2003). This denotes that the higher the revenue accrued to the government, the more likely the government will provide more services to enhance the standard of living of the people. For decades, tax researchers have investigated why some people pay taxes and others do not. They were able to identify some factors that inhibit tax compliance and also identified a number of variables such as age, gender, race and culture. Some empirical evidences suggested that ethical values may have a significant influence on taxpayer's compliance decision (Bobek & Hatfield, 2003). Levi (1988), noted that if it is perceived by the taxpayers that the rate of transformation from tax to public goods is low then the taxpayers will feel that the government has not kept its obligation of the contract, as a result, the tax morale will be affected negatively which would result in deteriorating voluntary compliance. Azeez (2009) also stated that if government are perceived as accountable, more people will pay their taxes "voluntarily", which lowers the need for coercion and generally reduces the costs of tax-collection. Akpo (2009), equally stated that good governance entails the provision of quality public goods to the public and that where government fails to provide public amenities and infrastructure to the citizen in exchange for tax payment, citizen

may become reluctant to pay tax. The manner in which taxpayers are treated in the course of the provision of tax service may influence their compliance behaviour (Feld & Frey, 2006). According to Gillingham and Richardson (2005), the tax system that is perceived unfair by the citizens will encourage them to engage in non-compliant behaviour. Abati (2006) noted that the state of decay in Nigeria's public infrastructure and economic activity are reflection of poor public governance, and the low tax morale and non-compliance may have become the aftermath effect. The studies that have been carried out in this area, which have found certain tax compliance variables significantly influencing voluntary compliance were either carried out in a developed economy or in developing economies other than Kwara State. Studies in this area therefore had hitherto remained unexplored. Efforts have been made in the recent past by the Kwara State government to improve the internally generated revenue profile of the state through taxes. The study believes that these efforts have not yielded the desired result because the publicity on the payment of taxes as at the time of this work is heightened in Kwara State. Therefore, the general question raised here is: what are those variables influencing voluntary tax compliance of small and medium scale enterprises in Kwara State? Other specific questions are: what is the relationship between tax morale and voluntary tax compliance? In what way does taxpayers' trust in government influence voluntary tax compliance? Is there any significant relationship between cultural norms and voluntary tax compliance? In order to provide answers to the questions raised in this study, the specific objectives were to:

- examine what relationship exists between tax morale and voluntary tax compliance
- investigate the impact of tax payers' trust in government on voluntary tax compliance
- assess if cultural norms have any effect on taxpayers' voluntary tax compliance level

From the foregoing research questions and research objectives, three propositions were made and are stated in the null form as follows:

- H_0 : Tax morale has no significant influence on voluntary tax compliance.
- H_0 : There is no significant relationship between taxpayers' trust in government and voluntary tax compliance.
- H_0 : There is no significant relationship between taxpayers' cultural norms and the extent of their voluntary tax compliance.

2. Literature Review

This section provides the theoretical underpinning and the conceptual issues relating to this study. Basically, the theory of planned behaviour was used to investigate the impact of certain variables influencing behavioural intention and consequently the actual behaviour of tax payers. In this case, the actual behaviour is voluntary tax compliance.

2.1 Theory of Planned Behaviour

The Theory of Planned Behaviour (TPB; Ajzen, 1988, 1991) which is an improvement over the Theory of Reasoned Action (TRA; Fishbein, 1967) posits that the behavioural intention of an individual is influenced by three key variables: Attitudes, Subjective Norms, Behavioural Control. He argues that intention informs actual behaviour and in turn, intention is influenced by the three key variables. According to Francis, Eccles, Johnston, Walker, Grimshaw, Fry, Kaur, Smith and Bonetti (2004:9), "attitude toward the behavior is a person's overall evaluation of the behavior. It is assumed to have two components which work together: beliefs about consequences of the behavior (behavioral beliefs); ... and the corresponding positive or negative judgments about each of these features of the behavior (outcome evaluations)." They argued further that; attitude is what shows whether an individual is in favor of his/her act. Subjective Norms, Francis et al. (2004), stated "are a person's own estimate of the social pressure to perform or not perform the target behavior. Subjective norms are assumed to have two components which work in interaction: beliefs about how other people, who may be in some way important to the person, would like them to behave (normative beliefs); ... and the positive or negative judgments about each belief (outcome evaluations)." The third key variable influencing behavioral intention is the "perceived behavioral control" of an individual. This is concerned with how an individual perceives his ability to perform his intention; it talks about the perceived confidence towards performing an intention; it also means how an individual perceives himself to have control over his intended action.

From the foregoing, the study deduces that the outcome variable (voluntary tax compliance) is influenced by certain variables. Tax compliance issue is a behavioral issue; tax payers may comply voluntarily or be made to comply by force. Voluntary tax compliance is considered effective and efficient than tax compliance by force. The theory of planned behaviour predicts that the behavioural intention of an individual is a function of attitudes, subjective norms, and perceived behavioural control; therefore, we propose that voluntary tax compliance is influenced by the attitude of tax payers towards compliance,

in this study we used tax morale to proxy 'attitude'. Previous works on voluntary tax compliance reveals that tax payers confidence is largely influenced by the perceived efficiency and efficacy of government services, the perceived level of fraud and corruption in the government, and whether government is serious in combating fraud and corruption (see Wang, 2010; Akpo, 2009). Therefore, we deduce that the trust tax payers have in the government would influence their willingness to pay tax without any force. The theory of planned behaviour suggests that 'subjective norms' influences behaviour and as a result we used cultural norms to proxy subjective norms in this study. We therefore propose that the belief of tax payers about how the society, especially their own people (people they respect and care for) perceive their action or intended action, affects voluntary tax compliance.

2.2 The Concept of Tax Compliance

The definition of tax compliance in its most simple form is usually cast in terms of the degree to which taxpayers comply with tax law and administration, which can be achieved without the actual application of enforcement activity (Andreoni, Erard & Feinstein, 1998). The most common approach previously has been to conceptualize compliance in terms of "tax gap", that is, the difference between the actual revenue collected and the amount that would be collected if there were 100 percent compliance. However, the basic concept of "tax-gap" for non-compliance seems to be far too simplistic for practical policy purposes. Therefore, successful tax administration requires taxpayers complying with the tax laws without being compelled by the tax authority to do so. Under this system taxpayers are expected to report their income, calculate their tax liability and file a tax return (Quadrif, 2010).

Roth, John and Witte (1989) argued that compliance with reporting requirement means that the taxpayer files all required tax returns at the proper time and that the returns accurately report tax liability in accordance with the Internal Revenue code, regulation and court decisions applicable at the time the return is filed. Consequently, a taxpayer can fail to comply either because he has made an honest mistake while filing his tax form, or because he wanted to evade his tax liabilities from the beginning. Whether the taxpayer made an honest mistake or intentional omission, the result is the same. Frey (1997) demonstrated that intrinsic motivation is also relevant for explaining compliance behaviour. The opinion of Frey (1997) is suggestive as stated previously, that there is unintended proportion of systematic compliance unexplained by enforcement mechanisms and the general deterrence theory and this creates the platform for examining voluntary compliance. Voluntary compliance is made possible by the

trust and cooperation ensuing between tax authority and taxpayer and it is the willingness of the taxpayer on his own to comply with tax authority's directives and regulations.

The study of Lubian and Zari (2011) noted that several empirical studies have shown that taxpayers are more honest and may respond voluntarily in the fulfilment of their tax obligation than classic deterrence models inspired by the economics of crime approach would predict. The study argued further that citizens may be driven by a positive moral attitude towards taxation; thus, it may not be appropriate to specify compliance behaviour as a purely economic decision under uncertainty or simply a function of enforcements. Scholars (Frey and Freid, 2002; Feld and Tyran, 2002; Frey and Torgler, 2002) have attributed the response of voluntary compliance to a set of intrinsic motivation or attitude often referred to as tax morale. Tax morale emphasizes the taxpayers internal motivations, social norms, personal values, cognitive processes and sense of moral obligation to pay taxes can help to explain the motivation for voluntary tax compliance. Thus positive morale may signal higher voluntary compliance while negative morale will signal lower voluntary compliance. Several studies have identified the factors that may elicit and maintain tax morale and stimulate voluntary tax compliance. According to Torgler and Schaltegger (2007), socio-demographic factors which are generally agreed to be critical determinants of behaviour have also been observed to influence tax morale. Most theories regarding the effects of socio-demographic factors on compliance behaviour have been developed by social psychologists.

In an earlier study, Levi (1988) argued that if it is perceived by the taxpayers that the rate of transformation from tax to public goods is low then the taxpayers will feel that the government has not kept its obligation of the contract, as a result, the tax morale will be affected negatively which would result in deteriorating voluntary compliance. The OECD (2007) equally submitted that delivery of quality of service to taxpayers will strengthen their willingness to comply with tax rules and regulation voluntarily as result will contribute to overall level of tax compliance.

The study of Wang (2010) concluded that taxpayers' confidence is largely dependent on the efficiency and efficacy of government services, the perceived level of fraud and corruption in the government, and whether government is serious in combating fraud and corruption. In an earlier study, Akpo (2009) also noted that good governance entails the provision of quality public goods to the public and that where government fails to provide public amenities and infrastructure to the citizen in exchange for tax payment, the citizens may become reluctant to pay tax. The study concluded that low and shrinking tax

compliance in Nigeria might be caused by a multitude of factors and that the relevance of public governance quality must not be underestimated. The study recommended that the tax compliance model should be expanded to include perceived tax service quality and public governance quality.

Fagbemi, Ajibolade, Arowomole and Ayadi (2011) argued that poor compliance attitude by the company income taxpayers in Nigeria is influenced to a higher extent by the high perception of tax payers about the lack of accountability, inadequacies of tax administration procedures and structures and low tax knowledge among taxpayers. The study found a high perception of taxpayers on poor governance practices in tax administration in Nigeria. The study recommended strategies to improve tax knowledge and governance practices. Fagbemi et al (2010) found that the level of tax evasion is significantly higher when government is corrupt than when it relates to other views expressed on government discrimination, unjust treatment and tax affordability. The study recommended that the government should strive at ensuring that they are accountable and transparent in the administration of the society and fairness of tax system would encourage citizens to pay their taxes. Otusanya (2011) argued that some multinational companies engage in tax evasion and tax avoidance at almost any cost for the pursuit of higher profits. The study found that local business elite and local professionals are key actors in facilitating anti-social tax practices in Nigeria for their own financial gain. The study recommended that tax reforms are needed to reduce the problems created by multinational companies and their affiliates operating in Nigeria.

3.0 Methodology

A survey research design was employed which involves an observation of the operations and activities of Small and Medium Enterprises in Kwara State, Nigeria as it relates to voluntary tax compliance. The target population for this study comprised the owners of Small and Medium Enterprises in Kwara State which are chargeable to tax under the Personal Income Tax Act in Nigeria, of which three (3) local governments were selected. The local governments selected are Ilorin East Local Government, Ilorin South Local Government and Ilorin West Local Government. This selection was based on our belief that the economic circumstances of local governments in Kwara State are not significantly different; therefore, selecting any other local government is as good as the three local governments selected for this study. Furthermore, the three local governments were purposefully selected because most of the SMEs are predominantly spread across these local governments.

Samples were drawn using stratified random sampling techniques. The sample

size consists of fifty (50) owners of small and medium enterprises from each local government which makes the entire sample of one hundred and fifty (150) owners from the three (3) selected local governments. The choice of this sample size took into consideration the population size, homogeneity of respondents, level of accuracy desired and rate of response proposed from the respondents. For the purpose of this research work, the primary sources of data are used. The primary data are data that are sourced for the purpose of the research. These primary data were collected through the use of questionnaire. The data obtained were analysed using simple percentage and multiple regression models. The Pearson product moment correlation coefficient was also used to investigate the connections between the study variables.

From the theory of planned behavior and the previous empirical studies on voluntary tax compliance expounded in section two (2) of this work, the multiple regression model for this was specified below. The dependent variable in this study is represented by tax compliance (COM) while the independent variables are represented by tax morale (TM), trust in government (TG) and cultural norms (CN). Multiple regression analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. The regression model:

$$COM = \beta_0 + \beta_1 TM + \beta_2 TG + \beta_3 CN + E$$

Where: COM = Tax compliance

TM = Tax morale

TG = Trust in government

CN = Cultural norms

E = error term

4. Findings

This section presents the data, the analysis and the results of the analysis. Out of the one hundred and fifty (150) copies of the questionnaire distributed, one hundred and twenty eight (128) responses were received while the remaining twenty-two (22) were either not responded to or inadequately completed; this constitutes about 85% response rate. The responses from the one hundred and twenty eight (128) effective respondents were therefore analysed.

4.1. Results of Correlation and Multiple Linear Regressions

The results of correlation and regression analysis are presented in this segment of the study. We have one outcome (dependent) variable and multiple predictors. We therefore regressed the dependent variable, tax compliance on all of the predictor variables, tax morale, cultural norms and trust in government. Table 1 shows that there are a number of significant correlations between tax compliance and tax morale, tax compliance and trust in government. There are significant correlations ($p < .05$) between tax compliance and tax morale ($r = .19$). Correlations are also found ($p < .01$) between tax compliance and trust in government ($r = .52$). However, insignificant correlations are found between tax compliance and cultural norms. These results do not support Hypothesis 1 and 2 of this study but support Hypothesis 3.

Table 1: Correlations

	Tax Compliance	Tax morale	Trust in Government	Cultural Norms
Tax Compliance Pearson Correlation Sig. (2-tailed)	1	.192* .053	.520** .015	.092 .303
Tax Morale Pearson Correlation Sig. (2-tailed)		1	.308 .000	.363 .000
Trust in Government Pearson Correlation Sig. (2-tailed)			1	.478** .000
Cultural Norms Pearson Correlation Sig. (2-tailed)				1

* Correlation significant at the 0.05 level ** Correlation significant at the 0.01 level

Source: Field study (2013)

It can be observed in Table 2 that the R-value is 0.764 which indicates the multiple correlation coefficients between tax compliance and tax morale, trust in government and cultural norms. The R-square in Table 2 is .584, which means that approximately 58% of the variability of COM (Tax compliance) is accounted for by the predictor variables in the model. (That is; tax morale, trust in government and cultural norms).

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.764 ^a	.584	.559	6621.5

a. Predictors: (Constant), Cultural Norms, Tax Morale, Trust in Government.

Source: Field study (2013)

It can be observed from Table 3, the F value is 21.569 and the P-value is 0.020. We can conclude that the P-value of the F-test is statistically significant which means at p-value of zero to three decimal places, the model is statistically significant. The p-value associated with the F-value is small (.020) and when compared with our alpha level of 0.05 we can conclude that the independent variables reliably predict the dependent variable. If the p-value were greater than 0.05, we would say that the group of independent variables do not show a significant relationship with the dependent variable, or that the group of independent variables do not reliably predict the dependent variable.

Table 3: Anova

Model	Sum of Squares	DF	Mean Square	F	p-value
Regression	2.063	3	.688	21.569	.020 ^a
Residual	3.955	134	.032		
Total	6.018	137			

a. Predictors: (Constant), Cultural Norms, Tax Morale, Trust in Government

b. Dependent Variable: Tax Compliance
Source: Field study (2013)

The coefficients for each of the variables as shown in Table 4, indicate the amount of change one could expect in tax compliance (COM), given a unit change in the value of that variable, holding all other variables in the model constant. Therefore, we would expect an increase of 0.94 in COM (Tax compliance) score for every one unit increase in TM (tax morale) assuming that all other variables in the model are held constant. Also, we would expect a decrease of 0.10 in COM (tax compliance) score for every one unit increase in TG (trust in government) assuming that all other variables in the model are held constant. From cultural norms (CN), we would expect an increase of 0.19 in

COM score (tax compliance) for every one unit increase in CN, assuming that all other variables in the model are held constant. In Table 4, the t-value for tax morale is 1.880 and the P-value is 0.020, since the P-value of tax morale is less than our alpha of 0.05. Therefore, it implies that tax morale has a significant effect on tax compliance. Trust in government also has a t-value of 2.000 and a P-value of 0.018, so trust in government also has a significant effect on tax compliance. Cultural norms have a t-value of 0.345 and a p-value of 0.732 since the P-value of cultural norms is greater than our alpha of 0.05; therefore, cultural norms have no significant effect on tax compliance. As shown in Table 4, the coefficient for tax morale (TM) is significantly different from 0 using alpha of 0.05 because its p-value of .020 is smaller than 0.05. The coefficient for trust in government (TG) is significantly different from 0 using alpha of 0.05 because its p-value of .018 is smaller than 0.05. The coefficient for cultural norms (CN) is not significantly different from 0 using alpha of 0.05 because its p-value of .732 is greater than 0.05. The result shows that cultural norms are not statistically significant in the model; meaning that the hypothesis that the coefficient of the independent variable cultural norms (CN) are not rejected. This implies that cultural norm is not influencing voluntary tax compliance. Therefore, the estimated regression model, after removing the insignificant variable- cultural norm, is stated thus:

$$\text{Tax Compliance} = \beta_0 + \beta_1 \text{TM} + \beta_2 \text{TG} + \beta_3 \text{CN}$$

$$\text{COM} = 1.915 + 0.094 \text{TM} - 0.01 \text{TG} + 0.019 \text{CN}$$

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.915	.202		9.480	.000
Tax Morale	.094	.050	.182	1.880	.020
Trust in Government	-.019	.005	-.021	-2.000	.018
Cultural Norms	.019	.055	.036	.345	.732

Dependent Variable: Tax compliance

Source: Field study (2013)

5.0 Conclusion

The study covered the interactions between tax compliance and predictor variables (tax morale, trust in government and cultural norms). The main objective of the study was to examine the impact of tax morale on voluntary tax compliance in Nigeria. Survey design was used with questionnaire as the major tool of data collection. Copies of questionnaire were administered to one hundred and fifty (150) respondents and 83% of these respondents returned their copies questionnaire.

The result showed that tax morale impacts positively on voluntary tax compliance among small and medium enterprises (SMEs) in Ilorin metropolis. From the computation, using the Pearson moment correlation and multiple linear regressions, it can be deduced that tax morale and trust in government have a positive impact on voluntary tax compliance among SMEs in Ilorin metropolis.

From the research findings, it can be summarized that tax morale has a significant effect on tax compliance. Torgler (2002) and Fred (2003) also found significant correlations between tax compliance and tax morale in their research findings. It can also be deduced from the findings that trust in government also has a significant effect on tax compliance. Torgler (2004) and Levi (1998) also found that trust in government has an effect on tax compliance in their research findings. The study also found out that cultural norm has no effect on tax compliance. Empirical findings indicated that cultural norms have no significant effect on tax compliance. On the other hand, there is a significant positive effect of tax morale and trust in government on tax compliance.

Putting into consideration that a society is heterogeneous, a person's type plays an important role in determining which laws are followed and which are not. In general, tax payers are more inclined to comply with the laws if the relationship between the tax paid and the performed government services is found to be equitable. Thus, government and tax administration's strategy aimed at creating confidence in their credibility and their capacity is rewarded with higher tax morale. This study can be seen as one that incorporates non-economic factors into the economic analysis of voluntary tax compliance. The study reveals that tax morale and trust in government have effect on voluntary tax compliance.

Therefore, it is recommended that the government should pay close attention to factors that would boost public morale on tax payment since it readily influences tax compliance. Nonetheless, the study reveals that cultural norm does not have any significant impact on tax compliance.

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