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Original Research Article

# Slippery Slope Framework and Tax Compliance among Corporate Taxpayers in Nigeria

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**Abstract**
*The impact of slippery slope framework (trust and power) on tax compliance among corporate taxpayers in Nigeria has been examined to ascertain connections if any between the variables of the study.The survey research design was employed using primary data sourced fromthe administration of (231)two hundred and thirty-one copies ofa structured questionnaire on the respondents of three states within the Southwest geopolitical zone of the country. Data obtained were analysed using descriptive statistics and chi-square techniques. Using mean>0.5 (significant) and mean<0.5(insignificant). Averagemean of trust and tax compliance equals 0.78>0.5 and that of power of administration 0.28<0.5.The average($x^2$) value of 50.89 with value; 0.001<0.05 level of significance implies that trust has a significant influence on tax compliance in Nigeria. Also,the average($x^2$) value of 49.06 with sig. value of 0.000<0.05 level of significance implies the existence of a link betweenthe power of administration and tax compliance,though not voluntary compliance.From the above, trust, as confirmed by various studies, influence voluntary compliance. At the same time, though a relationshipexists between the power of administration and tax compliance, a larger number of respondent disagreed that tax audit with hatch punishment doesn't induce compliance.The study,* therefore, *suggests thatthe government should demonstrate transparency and accountability in the use of tax proceed to boost public confidence as this will encourage voluntary compliance. The government shoulduse more of tax monies on life-improving projects that impact positively on the citizenry rather than frivolous ones.*

***Keyword words*:** Slippery slope framework, Trust, Power, Tax Compliance, Corporate taxpayers

***JEL Classification Codes: H200, H260***



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## 1. INTRODUCTION

Previous studies on tax compliance are enormous and had quite beena long tradition in accounting and taxationpieces of literature (Christoph, Stephan& Erich 2013). Considering therather low possibility that a taxpayer may be audited in almost any country around the world,with a relatively small degree of fines for evasion, the thought that solely economicfactors determine the level of taxpayer' compliance remains a doubt. A holistic look at theinconsistencies in the findings of empirical researches in the literature concerning the economic factors income,tax rate, audit probability and severity of fines is reported in (Kirchler, Muehlbacher, Kastlunger, and Wahl, 2010). In line with some studies, the slippery slope framework had been found to influence tax compliance (Kirchler, 2007; Kirchler, Hoelzl, & Wahl, 2008). In this framework, different motivations for paying taxes aredifferentiated: enforced (power) and voluntary(trust) compliance. It is assumed that mainly economic factorssuch as audit probability and fines determine the perceived power of authorities to enforcecompliance either by deterrence or punishment; whereas the psychological factors such as fair tax system influence trust in authorities leading to voluntary cooperation (Christoph, Stephan,& Erich 2013).

As such, the slippery slopeframework portrays two major dimensions that both influence the level of taxcompliance: trust in the authorities and deterrent for tax evasion using the power of the authorities. It is assumed that tax honesty could be achievedeither by taking measures that enhance trust or that enhance power, but theresulting compliance differs in quality as well. For example, trust in authorities could beenhanced in transparent governance with fair policies that influence life of citizenry way, whereas, power maydepend mainly on frequency and efficiency of audits with harsh tax policies that inflict strict punishments for slight violations. Therefore, trust is found to be the majorfactor for explaining voluntary tax cooperation, on the other hand, deterrent of tax evasion through the power of the authorities to enforced compliance is influencedmainly by the perceived power of authorities, and both factors contribute to tax compliancein general (Christoph, Stephan& Erich 2013).

Gaetano (2019) reiterated that the two main approaches (trust and power) help in understanding taxcompliance: power could be associated withthe economic approach, which can also be seen deterrent policies and a behavioural approach that can also be likened to the trust of the taxpayer. Noteworthy that not only deployment of the instruments ofdeterrence, such as audits and penalties, fines and other forms of punishment could increase tax compliance but alsobehavioural and psychological factors (trust), like a show of fairness, good tax knowledge and taxmorale also induce tax compliance (Saad, 2014). The combinationof economic and behavioural approaches (especially, the inclusion of behaviouraland psychological factors into standard tax compliancemodels), has helped to improve tax compliance among taxpayers (Gaetano 2019).

In Nigeria, low tax compliance when compared with the rest of the world, most notably the Sub-Sahara region has been worrisome and challenging. This is because the compliance attitude decimates tax revenue, thereby preventing the government from executing laudable projects best capable of improving the standard of living of the citizenry. Although several measures had been putin place by extant relevant tax authorities toaddress compliance issues, low compliance remains apersistent problem among taxpayers(Dike, 2014;Oyedele, 2013). According to Atawodi and Ojeka (2012), higher tax compliance rateremained a difficult task to achieve.Statistics confirmed that over 65% of the corporate firms failed to file tax returns in the past years of assessment, as lamented by the supervisingMinister of Finance; this has affected the revenuedrive of the government (NAN, 2014).As a result, a larger chunk of the tax revenue goes to private hands or ended up as companies' working capital. Although tax administration had been made easy with the introduction and adoption of e-taxation by the revenue authority in 2013 with digitization and *Remita* (an electronic payment platform that enables individuals and organisations to receive and make payments across all banks with ease),problem of tax compliance and other challenges in tax administration in the country still persist(Augustine, Natrah & Zaimah, 2018).

There have been pieces of evidence of a strong relationship between slippery slope framework (trust and power) andtax compliance. However, empirical evidence and results have been ambiguous and contradictory (Gaetano, 2019).Audits and penalties may guarantee enforcement of compliance but portend a great dangerexisting voluntary compliance (trust) (Hofmann, 2008). Rahmani and Fallahi (2012) affirmed that in a democraticand less corruptioncountry, the willingness and ability to pay taxes by taxpayers might increase due to the trust that they had developed in the government giving the degree of transparency and accountability. Good numbers of evidence revealed a positive association between trust in tax authorities and tax payments (Hammar, 2009). Again, Mardhiah (2019) found that enforced tax compliance has a negative influence on overall tax compliance.

Nevertheless, these do not confirm the slippery slope framework theory, where also the power of tax authorities isrequired to raise tax compliance, then so be it.Most of these resultswere inconsistent.In all,the legion of empirical evidence of studies conducted among advanced nations suggests that trust better-induced tax compliance than power.

Leaving the advanced nations back to Nigeria, it imperative to investigate if the link if any between slippery slope framework and tax compliance. Few studies on the above concentrated on the advanced countries with little or no emphasis Sub-Sahara Africa most especially Nigeria. Therefore, this study seeks to contributeto the extant literature on the slippery slope framework and tax compliance in Nigeria. Specifically, the study assessed the effect of deterrent and trust on tax compliance among corporate taxpayers in Nigeria to ascertain if the slippery framework (trust and deterrence) could influence corporate taxpayers' responsiveness to tax obligation.

## 2. LITERATURE REVIEW

### Concept of Slippery Slope Framework

The concept of slippery slope framework assumed that tax compliance is based on trust inauthorities as well as their power of deterrence, Kirchler (2007). Kirchler*et al.* (2008) created the slippery slope model;it is believed that the attitudes of the tax authorities towardstaxpayers significantly influencetax compliance. The frameworks affirmed that authorities that are service-oriented might have the ability to increasethe degree of compliance concerning taxpayers, and, cooperate with the taxpayers to the detriment of forceful approach (Augustne, Natrah & Zaimah 2018). For Alm, Cherry, Jones, & McKee (2010), to further expand on the slippery framework, provision of information on tax-related issue better served as a vital ingredient of trust towards increasing tax compliance. It is an avenue to increase trustand confidence in governance (Heintzman & Marson, 2005) for lack of trust always result in a high level of corruption

Power could be seen asa general belief in deterrence ability and in this wayincorporates subjective evaluations about the ability ofauthorities to detect and forestall tax evasion.Daniela and Luís (2014) claimed that the framework affirmed two distinct forms of tax compliance;they are voluntary and enforced tax compliance. The voluntary compliance restsontrust in tax authorities and citizen goodwill in fulfilling tax obligations. In contrast,the latter depends mainly on the power of tax authorities to deter evasivetendencies. In the case of the latter, if deterrence power increases and citizenslose trust in governance, then they will tend to compare the gains and costsof evasion and take the decision as to whether to pay their taxes or evade having weighted the benefits and cost. It is worthy of note that, use of excessivedeterrence power by authorities create a bad impression about trust and eventuallyreduces cooperation, but trust increases trust. Trust increases voluntary compliancewhile power decreases it, whereas power increasesenforced compliance (Daniela & Luís 2014).In summary, the slippery slope framework has threedimensions: one, trust in tax authorities; two, the tax authorities' power,and three, payment of taxes. Payment of taxes is deemed to be influenced bythe two determinants of power and trust.

### Tax Compliance

Tax compliance could be seen asa dynamic concept over time (Ayuba, Saad, & Ariffin, 2015). It could be perceivedreportage of financial performance and remittance of all taxes on incomes to thegovernment on time while adhering strictly the enabling tax laws and regulations, as well as court dictates (Jackson & Milliron, 1986*)*. The traditional outlook of tax compliance attitude is that it islargely dependent on coercion: the belief has been that unlesscitizens are coerced todeclare and pay taxes accurately, they will not do so(Daniela & Luís 2014). Similarly, Ayuba, Saad, and Ariiffn (2016) seetaxcompliance as the taxpayers' ability and willingnessto adhereto tax laws, declare accurate income andpay actual taxes on the due date the relevant authority or agencies. To Geibart (2014 tax compliance is perceived as a means ofnavigating a maze of rules, regulations, exceptions, andexemptions, which may leave a tax agent confused, disorientated, and often lost when they reach afrustrating, difficult end. According to Verboon and Dijke (2007),tax compliance is the willingness of individuals and corporate entities to heed the calls of relevant tax authorities by paying their taxes accurately and timely too. Tax compliance has also been viewed as an ability of a tax liable body or individuals to submit accurate, complete and satisfactory returns in line with tax laws and regulations of the state fortax assessment (Badara, 2012). Sarker (2003) equally affirmed that tax compliance is the level to which a taxpayer complies (or fails to comply) with the tax laws of the land.

**Trust and Tax Compliance**

Trust emphasises the association between the taxpayerand tax authority emanating from the trust of the taxpayer inthe tax authority's actions (Sellywati, Mohd, Ruhanita & Rosiati 2017). With the taxpayers having high trust inthe tax authority, tax compliance is perceived to increase as well (Kastlunger, 2013). Existing literature has demonstrated that trust playsa vital role in compliance behaviour in various settings. Summarily, where taxpayers are treated astrustworthy, they comply in return ((Daniela & Luís 2014). For instance, political trust assists support for various tax-cutting initiatives (though only among liberals) (Rudolph, 2009), andtrust in tax authorities is positively related to tax compliance (Daniela & Luís 2014).

The early proposition by the slippery slope framework affirms that trust in authoritiespredicts voluntary tax compliance (Kirchler et al., 2008). In a logical sense, it was also concluded in Muehlbacher and Kirchler (2010) and Lisi (2011) that trust is very vital inexplaining tax compliance. The first empirical study of the slippery slope framework reported strong support for the postulation that trust is one of the major predictors of voluntary tax compliance (Wahl, 2010). It was, however, confirmed by Wahl et al. that voluntary tax compliance ishigher in a situation where authorities are trustworthy. Other findings also had it that trust inauthorities improves voluntary compliance, and voluntary tax compliance is negativelyrelatedto tax evasion (Muehlbacher, Kirchler, & Schwarzenberger, 2011). Confirmation of these was also found in Italy (Kastlunger, 2013). Recently conducted empirical evidence using self-employed taxpayers in Austria also confirmed a direct impact of trust in authority on taxcompliance (Kogler, Muehlbacher, &Kirchler, 2015). Not quite long, Faizal, (2017)proposed and confirmed the impact of trust in authority on tax compliance in Malaysia, and similarlySiglé., (2018) among corporate taxpayers in Netherland; Damayanti and Martono (2018) and Andyarini (2019) among individual taxpayers in Indonesia; Ayuba (2018) among SMEs in Nigeria and Da Silva, Guerreiro & Flores (2019).

In contrast, with the aid of cross-country data of 37 nations in Africa, it was discoveredthat trust in authority, though associated with tax compliance;it does not have any reasonable causal effect (Mas' ud, 2015). In a similar vein, results from data comprising twenty-nine Africancountries revealed that individualtrust in authority does not affect tax compliance the interaction with the power of authorities does (Mas'ud, 2014). Regardless of allthe available evidence around the world, empirical validations of the slippery slope framework were not as expected and sufficient in the extant literature. Moreover, there has been a dearth of proof in taxcompliance literature in respect of global cross-country analysis on the impact of trust inauthorities on tax compliance; (Mas'ud, Manaf, & Saad, 2019).

Previous studies have consistently alluded to the fact that citizens tend to trustgovernment the more and show more favourable attitudes towards tax compliance wheregovernments are seen to be fair and do not corrupt.Also,sanctions that are used to enforce complianceinfluence taxpayer behaviour, although the level of deterrent effectis dependent on other factors, their results have been found inconclusive.Studies affirmed that the degrees of trust in the authorities across countries are relativelylow (Daniela & Luís 2014).

**Deterrent and Tax Compliance**

The deterrence model does not only rely on the possibility of detection but also on The harshness of the penalty in case of any reported violation. As such, public intervention intending to improve enforcement could indicate increases in penalties or just Increase in taxpayer awareness of the existing fines in case of violation(John, Emmanuel and Kennedy, 2014). For Daniela and Luís (2014), taxauthorities are expected to focus on preventing evasion with the aid of tax audits andpenalties for noncompliance. Tax incentives and responsiveregulation play a vital role in tax compliance (Feld and Frey, 2007); right from its beginning, the slippery slope framework proposed that power of authorityinduced tax compliance (Kirchler et al., 2008). By synthesising the postulationsof the framework with the aid of conceptual analysis, hypotheses formulated and tested revealed that power of authorities significantly influences enforced tax compliance (Lisi, 2011; Muehlbacher & Kirchler,2010).

Beginning empirical evidence on proof of the slippery slope framework's postulation showedthat deterrent significantly affect the enforcement of tax compliance (Wahl et al., 2010).Good numbers of studies in different settings confirmed the influence of the power of authorities ontax compliance for example (Kogler*et al.*, 2015; Muehlbacher*et al.*, 2011;Andyarini*et al.*, 2019; Da Silva, Guerreiro & Flores, 2019; Kastlunger*et al.*, 2013; Kogler*et al.*, 2013; Pellizzari & Rizzi, 2014; Prinz, Muehlbacher, & Kirchler, 2014; Siglé*et al.*,2018Damayanti & Martono, 2018;). Nevertheless, a few studies conducted using cross-country analysis to ascertain the influence of the power of authorities do not recordsignificant cause effects on tax compliance (Mas' ud*et al.*, 2015; Mas'ud*et al.*, 2014).Again, as reported, neither legitimate power nor coercive power was found to influencetax compliance (Faizal *et al.*, 2017). More recently, additional shreds of evidence have furthershown the existence of the insignificant effect of the power of authority on tax compliance. This has been reported in the study of corporate taxpayers in Netherland (Siglé*et al.*, 2018) andindividual taxpayers in Indonesia (Mardhiah, Miranti,&Tanton, 2019).

**Economic Utility/Deterrence Theory**

The deterrent theory began in 1968 with Becker's' classic article on crime and punishment, mentioning tax evasion as an area of application for his general model. The approach treats noncompliance as a rational individual decision based upon the tendency of being detected, convicted and punished. In other words, deterrence theory is about the effects of sanctions and threats of sanction for undesirable behaviour. Deterrence theory was used as a basis forexamining criminal behaviourwhich tax evasion not excluded (Kilonzo, 2012).In line with Ojochogwu and Stephen (2012), the deterrence theory suggests that taxpayers are immoral utility maximizers that are influenced by economic reasons like profit maximization and the possibility of been detected. The taxpayer analysed alternative compliance routes for example whether to evade tax or not, the probability of being detected and the resultant punishments and then chose the alternative that maximizes their expected after-tax returns giving priority for the inherent risk. This process is called "playing the audit lottery" (Trivedi and Shehata, 2005). This theory, therefore, supports that, ~~t~~o increase compliance, tax audits and penalties for non-compliance should be encouraged.

**Prospect Theory of Tax Evasion**

The prospect theory of tax evasion explains the way people choose between probabilistic tendencies of alternatives that entails risk. With this theory, the decision-makers weigh utility and losses relative to some reference point. Suggested by Alm, Jackson and McKee (1992),one possible explanation behind people paying taxes might not be unconnected withthe non-linear transformation of probabilities to overweigh the possibility of a tax audit, which gives room for a visible deterrent to tax rules violations. Restricted prospect theory has been used in "advance tax payments" in an attempt to prevent tax evasion.

**Empirical Review**

Mas'ud, Manaf, and Saad (2019) in their study to test the assumptions of "Slippery SlopeFramework" thorough examination of the influence of trust in authorities and power of authorities on tax compliance globallyusinga sample of 158 countries to 2016. Data obtained were analysed using Ordinary Least Squares Regression technique. The results reported that trust in authorities influences tax compliance significantly, whilethe power of authorities does not. Practically, the results recommended that authorities should ensure judicious use of taxpayer monies. Provide public goods and services, and also observe fairness and equity in dealing with taxpayers. Daniel and Pablo (2013) evaluated a recent debate on tax compliance to ascertain if tax enforcement mechanisms can becomplemented, or even substituted by warm appeal to the citizen's tax morality: his or herintrinsic willingness to pay taxes, motivated by purely ethical reasons, or a feeling ofreciprocity towards the government that provides public goods and services of differentquality by tracking the local business tax compliance of oversix thousand firms in a major municipality in Caracas. The evaluation found that anenforcement message (that increases the perceived probability of detection) has themost significant compliance effect, a message highlighting the public goods and services providedby the local government (and that affect businesses directly) has the second-largest effect,and that other messages have much smaller effects on compliance.

John, Emmanuel and Kennedy (2014) examined the effects of deterrent tax policies on tax compliance in Nigeria. Data sourced wereanalysed with the aid of the ordinary least square (OLS) regression technique. It was found that the existing deterrent tax policies inNigeria are not sufficient and have not been able to promote tax compliance. It was recommendedthat the Nigerian revenue authorities should strive to adopt the approach that will encourage voluntarycompliance and prescribe appropriate sanctions for defaulters.

Sellywati, Mohd, Ruhanita and Rosiati (2017) investigated the relationship between justices, trustand tax compliance behaviour in Malaysia. The differentiated between justice procedural justice,distributive justice, and retributive justice and examined the influence ofthese three types of justice on tax compliance. Trust was found to in*fl*uences taxcompliance behaviour as well as relating to the element of justice. Again, using the questionnaire, the perceptions of individual taxpayers were gathered fromprevious studies.*Fi*ndings also revealed that only procedural justice and trust influence tax compliance and procedural justice was alsopositively and signi*fi*cantly connected to trust. In Augustne, Natrah and Zaimah (2018) the assumptions of the slippery slope framework were integrated into explaining the tax compliance ofsmall and medium enterprises. This study tested these assumptions concerning SMEs taxpayers to further re-establishthe applicability of the slippery slope framework myriad of taxpayers. Using partial least squares structural equation modelling(PLS-SEM) to analyse the framework, the outcome revealed that perceivedcorruption along with perceived service orientation actively interacts each other in explaining the paradox that surroundedtax compliance.

## 3. METHODOLOGY

A survey research design was adopted to achieve the study objectives. The target population consists of staff of Federal Inland Revenue Service in compliance and collection units and staff of corporatetaxpayer most especially those in the accounts unit. The respondents were drawn predominately from Lagos, Ogun and Oyo States that assumes larger concentrations of corporate taxpayers within the South-western geopolitical zone of the country, Nigeria. To arrive at the sample,we employedTaro Yamen's formula since the population is heterogeneous~~,~~ thus enabling us to obtain a meaningful sample size. The study targeted 500 corporate taxpayers from these states and twenty (20) FIRS offices. Judgmental and purposive samplingtechniques were used to select the sample of 220 respondents from among the senior staff of sampled companies, these are staffin account/finance departments; for the FIRS respondents, they are staff working directly in tax collection and compliance units.A hundred (100) copies each of the questionnaire were distributed in this stead. In all, a total of three hundred and twenty (320) copies of questionnairewere distributed.

$$n = \frac{N}{1+N(e)^2}$$

*Where N= Population size*
*n= sample size*
*e= Level of significance (0.05)*

$$n = \frac{500}{1+500(.05)^2}$$

$$= \frac{500}{2.25}$$

$$=222.222$$

$$=220$$

Table 1: ***Distribution of and return of Questionnaire***

| *States* | *Corporate taxpayers* | *FIRS Staff* | *Total Distributed* | *No. returned* | *% Returned* |
|---|---|---|---|---|---|
| *Lagos* | *85* | *50* | *135* | *105* | *77.03%* |
| *Ogun* | *75* | *30* | *105* | *73* | *69.5%* |
| *Ondo* | *60* | *20* | *80* | *53* | *66.25%* |
| *Total* | *220* | *100* | *320* | *231* | *70.9%* |

Source: Researchers' Computation, 2019

For the analysis and testing of formulated hypotheses,simple descriptive statistics and chi-square techniques were employed.The face and content validity of the questionnaire wasused to ensure that the questionnaire contains questions that accurately measured the construct as well as covering all crucial aspect of the construct (Cooper & Schindler, 2008). Besides, the reliability of the instrument was establishedthrough a test and retest method, copies of questionnaire were administered, two weeks after collection, again, the same instrument was administered to the respondent thereafter, this test was used to determine the consistency and reliability of the respondents' responses. In addition, Spearman reliability coefficient was also deployed to ascertain the reliability of the instrument.

## 4. ESTIMATION RESULTS AND DISCUSSION OF FINDINGS

***Objective 1; Trust and tax compliance among corporate taxpayer in Nigeria***

**Table 2:***Chi-square summary ofTrust and tax compliance among corporate taxpayers in Nigeria*

| S/N | ITEMS | Expected | Observed | Mean | SD | Sig. | $x^2$ | Decision |
|---|---|---|---|---|---|---|---|---|
| 1 | Trust in government tax policy influence tax compliance. | 115.5 | 196 | 0.85 | 0.36 | 0.00 | 112.2 | Significance |
| 2 | Tax revenue will improve with increase trust and proper use of tax revenue | 115.5 | 178 | 0.77 | 0.42 | 0.00 | 67.64 | Significance |
| 3 | Corporate taxpayers are driven by improved provision of infrastructure | 115.5 | 185 | 0.80 | 0.40 | 0.00 | 83.64 | Significance |
| 4 | With sincerity in application of tax revenue voluntary tax compliance by corporate taxpayer is guaranteed | 115.5 | 148 | 0.64 | 0.48 | 0.00 | 18.29 | Significance |
| 5 | If corporate taxpayer trust government more rate of tax compliance will improve as well | 115.5 | 164 | 0.71 | 0.45 | 0.00 | 40.73 | Significance |
| 6 | Infrastructure decadence is as a result of misapplication of tax money hence tax evasion | 115.5 | 166 | 0.72 | 0.45 | 0.00 | 44.16 | Significance |
| 7 | Tax revenue moves in similar direction with trust in governance | 115.5 | 157 | 0.70 | 0.47 | 0.00 | 29.82 | Significance |
| 8 | In the long run trust in government will continue to dictate revenue drive in Nigeria | 115.5 | 144 | 0.62 | 0.48 | 0.00 | 14.07 | Significance |
| 9 | High level of corruption visible amongst government officer influence taxpayer degree of trust. | 115.5 | 136 | 0.59 | 0.49 | 0.01 | 7.28 | Significance |
| 10 | Without transparency and accountability in use of tax revenue distrust is inevitable | 115.5 | 188 | 0.81 | 0.39 | 0.00 | 91.02 | Significance |
| | **Average** | | | **0.72** | | **0.001** | **50.89** | **Significance** |

**Source:***Researcher (2019).*

Mean>0.5 (Agree/True), Mean<0.5 (Disagree/False)

Table 2 above showed the nexus between trust and tax compliance among corporate taxpayers in Nigeria. The mean value of 0.85 and a standard deviation of 0.36 in item 1 implies that majority of the respondents agreed (Mean>0.5) that trust in government tax policy influence tax compliance. Item 2 with the mean value of 0.77 being higher than 0.5, is an indication that most of the respondents agreed that tax revenue would improve with increase trust and proper use of tax revenue. It was also revealed in the table that the higher percentage of the respondents agreed that the improved provision of infrastructure drives corporate taxpayers since the mean value of 0.80 in item 3 exceeds 0.5 (i.e. Mean>0.5). Also, item 4 with the mean value of 0.64 means majority of the respondents believed (Mean>0.5) that with sincerity in the application of tax revenue, voluntary tax compliance by the corporate taxpayer is guaranteed. The result also revealed that majority of the respondents opined that if corporate taxpayer trust government, more rate of tax compliance will improve as well since the mean value of 0.71 was greater 0.5.

Besides, the mean values of 0.72, 0.70, 0.62, 0.59, and 0.81 for items 6-10 which~~obviously~~ exceeded 0.5 is an indication that majority of the respondents agreed (Mean>0.5) that infrastructure decadence is as a result of misapplication of tax money hence tax evasion, tax revenue moves in a similar direction with trust in governance, in the long run, trust in government will continue to dictate revenue drive in Nigeria, high level of corruption visible amongst government officer influence taxpayer degree of trust and without transparency and accountability in the use of tax revenue distrust is inevitable.

Lastly, the average chi-square $(x^2)$ value of 50.89 with sig. value of 0.001<0.05 level of significance implies that trust has a significant impact on tax compliance among corporate taxpayers in Nigeria.

***Objective 2: Power of administration and tax compliance among corporate taxpayers in Nigeria***

**Table 3:** *Chi-square summary of Power of administration and tax compliance among corporate taxpayers in Nigeria*

| S/N | ITEMS | Observed | Expected | Mean | SD | Sig. | $x^2$ | Decisi |
|---|---|---|---|---|---|---|---|---|
| 1 | Deterrence and cohesion will induce tax compliance | 181 | 115.5 | 0.22 | 0.41 | 0.00 | 74.29 | Sig. |
| 2 | Punishment for non- compliance will improve compliance | 165 | 115.5 | 0.29 | 0.45 | 0.00 | 42.42 | Sig. |
| 3 | Power of administration and use of force on corporate taxpayer has caused tax revenue to increase | 175 | 115.5 | 0.24 | 0.43 | 0.00 | 61.30 | Sig |
| 4 | Penalty on tax defaulter has influenced tax compliance to increase | 164 | 115.5 | 0.29 | 0.45 | 0.00 | 40.73 | |
| 5 | Tax audit as a tool in deterrence encourages tax compliance | 159 | 115.5 | 0.31 | 0.46 | 0.00 | 32.77 | |
| 6 | In the past, improvement in the tax revenue was sole as a result of fear of deterrence | 142 | 115.5 | 0.39 | 0.49 | 0.00 | 12.16 | |
| 7 | Coercive tax administration will cause tax | 166 | 115.5 | 0.28 | 0.45 | 0.00 | 44.16 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | revenue to grow | | | | | | |
| 8 | Voluntary tax compliance regime will not improve tax revenue but rather element of force | 174 | 115.5 | 0.25 | 0.43 | 0.00 | 59.26 |
| 9 | With exercise of power and penalties without trust, tax compliance rate will not improve | 162 | 115.5 | 0.29 | 0.46 | 0.00 | 37.44 |
| 10 | Corporate taxpayers comply with accurate filing and timely return without good tax incentive than being forced to so. | 186 | 115.5 | 0.19 | 0.40 | 0.00 | 86.07 |
| | **Average** | | | **0.28** | | **0.000** | **49.06** |

Mean>0.5 (Agree/True), Mean<0.5 (Disagree/False)

Table 3 showed the nexus between the power of administration and tax compliance among corporate taxpayers in Nigeria. In item 1, the mean value of 0.22 implies that majority of the respondents disagreed (Mean<0.5) that deterrence and cohesion will induce tax compliance. Item 2 with the mean value of 0.29 is an indication that majority of the respondents disagreed (Mean<0.5) that punishment for non-compliance will improve compliance. Besides, the majority of the respondents disagreedthat the power of administration and use of force on corporate taxpayer has caused tax revenue to increase (Mean<0.5). Similarly, item 4, with the mean value of 0.29 means the majority of the respondents disagreed (Mean<0.5) that penalty on tax defaulter has influenced tax compliance to increase. The table also revealed that majority of the respondents did not agree that with tax audit as a tool in deterrence to encourage tax compliance since the mean value of 0.31 was less than 0.5.

In the same vein, the mean values of 0.39, 0.28, 0.25, 0.29 and 0.19 for items 6-10 is an indication that majority of the respondents disagreed (Mean<0.5) that in the past, improvement in the tax revenue was sorely as result of fear of deterrence, the coercive tax administration will cause tax revenue to grow, voluntary tax compliance regime will not improve tax revenue but rather element of force, with exercise of power and penalties without trust, tax compliance rate will not improve and corporate taxpayers comply to accurate filing and timely return without good tax incentive than being forced to so.

Lastly, the average chi-square ($x^2$) value of 49.06 with sig. value of 0.000<0.05 level of significance implies that the power of administrationhas a significant impact on tax compliance among corporate taxpayers in Nigeria.

**5.CONCLUSION AND RECOMMENDATION**

The study found a robust link between trust and tax compliance. In other words, the more the corporate taxpayers' perceived accountability and transparency in the use of tax monies, the more the tax compliance and resultant tax revenue. On the other hand, association exist between the power of administration and tax compliance. Nevertheless, a considerable number of respondents disagreed that tax audit with hatch penalty will never induce voluntary compliance.

Furthermore, a good number of respondents affirmed that the more the provision of citizenry life-changing projects; the more the willingness to perform tax obligations timely and accurately. Infrastructure provision was specifically emphasised to engendera desire to pay taxes.As such, trust has been confirmed by various studies as an influencer of voluntary compliance while though relation exists between power and tax compliance,a good number of statistical evidence showed that tax audit with hatch penalty and fines don't induce voluntary compliance. It is therefore recommended thatthe government should demonstrate transparency and accountability in the use of tax proceed to boost public confidence as this will encourage voluntary compliance. The government should use more of tax monies on life-improving projects that impact positively on the citizenry rather than frivolous programs.

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