



Tax Justice and Voluntary Compliance of the Tax Payers in Nigeria

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ABSTRACT

The study investigated how tax justice could influence voluntary tax compliance among tax payers in Nigeria in which the theoretical underpinnings was expediency theory which establishes the practicability and feasibility of a tax administration to the extent of its formulation and collection. The proxies of Tax justice were Petroleum Profit Tax (PPT), Companies Income Tax (CIT) , Duties (D) and Value Added Tax(VAT) while the proxies of voluntary compliance before the advent of Voluntary Assets Income and Declaration Scheme (VAIDS) is the Gross Domestic Product (GDP) upon which tax was paid). The result of study of the main objective posited a significant relationship between tax justice and voluntary tax compliance among tax payers (0.03 @ 5% significance level). The result of the specific objectives also revealed significant relationship between the explained and explanatory variables (0.02, 0.00 @ 5% significant level). In addition the Analysis of Variance (ANOVA) result of 0.00 is significant at 5% level. Also Pearson's result shows a positive correlation between GDP on one hand and PPT, CIT, D, VAT on the other hand. The study therefore concluded that with a virile and tax justice system many tax payers will voluntarily and promptly file returns to pay tax since they can now feel the impact of the tax regime. The work therefore recommended on the need for the government and other tax policy formulators of government to continue to pursue a positive tax system that will have a direct impact on the tax payers in terms of infrastructure provisions and a friendly business environment in that by so doing the confidence of the tax payers would be rekindled to continue to live up to the expectation of a voluntary tax compliance.

INTRODUCTION

The emergence of Nigeria as the poverty capital of the world by World Bank (2022) makes tax justice a topical and fundamental subject as it affect common man and the need to engender the positives there-in to better the lots of the masses. Low tax revenues (coupled with heightened political corruption and illicit financial flows) have, over the years, resulted in acute underinvestment in vital infrastructure such as Electricity, roads, schools, hospitals, port facilities, etc, are so daunting, damning and very challenging (Okpomo, 2019). The aftermath is that, Nigeria's infrastructural deficit will hit the \$878 billion mark by 2040. The nation will require sustained investments of about \$14.2 billion, over the next decade, to fix her ailing infrastructure, an amount that translates to about 12 percent of her Gross Domestic Product.

Government after government in Nigeria for a long time has been encumbered with the dilemma of how to source revenue to finance government budget and its laudable projects and this revenue is also expected to be channeled to the welfare and wellbeing of the citizenry (Oyedokun, 2016). According to Durankev (2019), the link between taxation and justice is a classic debate issue, while also being very relevant at a time of changing environmental factors and conditions of the social and economic system and from a practical standpoint, taxes have been around for as long as there have been countries. According to the Bible, a "tithes" of the harvest had to be set aside and given to the priests, Later, as late as 1913 in the USA, a constitutional amendment was adopted giving the federal government the power to levy an income tax (Durankev, 2019).

According to Broekhuijsen and Vording (2020), the tax problem, we assume (rather than demonstrate) consists of two parts with one cause, One part being that developing countries tend to be engaged in forms of tax competition that should be considered harmful to their interests while the other part is large scale tax planning by multinational enterprises, at the detriment of developing countries. The single underlying cause is that the 'rules of the game' of international taxation are not particularly fit to protect the taxing rights of developing countries (Broekhuisen & Vording, 2020).

Objective of the Study

The general Objective of this study, is to examine the effect of Tax Justice on voluntary compliance among tax payers in Nigeria. The following specific objective were however formulated:

- To determine the effect of Petroleum Profit Tax on VAIDS in Nigeria
- To ascertain the effect of Companies Income Tax on VAIDS in Nigeria
- To investigate the effect of Duties on VAIDS in Nigeria
- To examine the effect of Value Added Tax on VAIDS in Nigeria

Research questions

- Can Petroleum Profit Tax Affect VAIDS in Nigeria?
- To what Extent can Companies Income Tax impact VAIDS in Nigeria?
- How can Duties Influence VAIDS in Nigeria?
- What Effect does Value Added Tax have on VAIDS?

Research Hypotheses

In order to empirically investigate the effect of Tax Justice on Voluntary Compliance, the following hypotheses were formulated and tested.:

- Petroleum Profit Tax has no significant effect on VAIDS in Nigeria
- There is no significant influence of Companies Income Tax on VAIDS
- Duties has no significant impact on VAIDS in Nigeria
- Value Added Tax has no significant effect on VAIDS in Nigeria.

LITERATURE REVIEW

Conceptual Review

Tax Justice

According to Okpomo (2019), In Nigeria it is generally acknowledged that it is the ordinary people (civil servants, average workers in the private sector, etc) who pay their fair amount of taxes while the rich and mighty (millionaires, billionaires, big businesses, foreign corporations, etc) pay little or no taxes. A semblance of tax justice was espoused several years back in the study of Olukoshi (2005), Olabiyi (2005) but the ability of the tax itself to stimulate economic growth results from the deliberately designed regimes that encourage compliance by all who should pay (Omesì & Nzor, 2020).

The tax system in Nigeria is made up of the tax policy, the tax laws and the tax administration and are expected to work collectively to accomplish the financial intention of the nation (Oyedokun, Akintoye and Salawu, 2018). According to Obayemi (2018) Tax Justice demands that taxpayers who bear the brunt of paying taxes on their hard-earned income must continue to perceive, enjoy and realize the dividends accruing from such taxes as the taxpayers are being compelled to pay over to the government every month or year leading to questions such as; In which equitable and justiciable manner has

Nigeria exercised its taxing powers and taxing jurisdiction? What are the driving policies behind the spending of revenue accruing from internal and domestic sources? What has the Nigerian government achieved with internal revenue accruing to the federal, states & local governments via the taxes, royalties, licenses, and fees accruing from the exploration of natural resources and taxes imposed on corporate entities within Nigerian jurisdiction? and Whether the current domestic revenue generation and spending policies in Nigeria promote Tax Justice?

The tax justices avenue may include but not limited to Personal Income (PIT), Companies Income Tax (CIT), Petroleum Profit Tax (PPT), Value Added Tax (VAT), Duties etc. The one that constitute the mainstay of the Nigerian economy till date being the Petroleum Profit Tax is regulated by the Petroleum Profit Tax Act (PPTA) and under the administration of the Federal Inland Revenue Service (FIRS), which is tax on profit of companies engaged in petroleum operations (Ewa, Adesola & Essien, 2020).

Tax System

Taxation plays an essential part in supporting the financing of quality public services, without an effective taxation system, quality public services (QPS) will be inadequately funded and will struggle to meet the needs of the population, this dovetailed into several issues that need to be addressed through an improved system of taxation: rising inequality and the underfunding of QPS, such as health and social services (Lethbridge, 2016). Public finance has been a challenge for most developing countries including sub-Sahara Africa, most especially, Nigeria, with the postulation that government is most likely to incur large expenditure in order to finance economic and developmental activities of the nation (Oyedokun, 2016).

The generation of tax revenue in Nigeria is propelled and enforced by various tax authorities established under the relevant tax laws (Bariyiman & Gladson 2009). Tax reforms became fundamental in Nigeria because of the nature of its tax structure which was complex, inelastic, inequitable and unfair (Anyawu, 1997). Moreover the country depended on import and export duties while there were no opportunities to generate revenue via consumption based tax such as Value Added Tax (Omesi & Uzor, 2020). According to Soyode and Kajola (2006); Ogungbesan (2015) the replacement of the ols sales tax with Value Added Tax was informrd by myriads of factors.

Voluntary Compliance

Palil and Mustapha (2011) described voluntary tax compliance behavior as a combination of the readiness of taxpayers to comply with the tax laws, declare the correct income, claim the correct deductions, relief and rebates and pay all taxes on time. Internally influenced behavior is believed to be under the personal control of the individual, while the externally influenced behavior implies that individuals will have to behave because of the demands of the situation or the environment (Hassan, Naeem and Gutza (2021). In Nigeria, an initiative designed to encourage voluntary disclosure of previously undisclosed assets and income for the purpose of payment of all outstanding tax liabilities, tagged the Voluntary Assets and Income Declaration Scheme (VAIDS) was on formerly launched by Osinbajo (2017). VAIDS is a time-limited opportunity for tax payers to voluntarily regularize and remediate their tax status with respect to previous tax periods that the tax payer had been in default by now making a full, fair, complete, honest and veritable declaration of their assets and income.

According to Ewa, Adesola and Essien (2020) Gross Domestic Product (GDP) remains one of the yardstick for measuring economic development but Manish and Andre (2019) retorted that the incessant adoption of GDP as a measure of economic growth is largely due to easy quantification of manufactured goods and activities than a multi-dimensional index can measure other welfare achievements.

Tax Justice and Tax Compliance

According to Durankev (2019) The concept of justice itself is very often defined by resorting to artificial constructs rather than to a phenomenon (process) of universal nature and if there is a generally accepted form of justice somewhere, then it is not universal or universally applicable, every society is just in its own way, but it is generally acknowledged that nowadays social justice is undergoing a process of development. Taxes are crucial to state building, funding public services, infrastructure and redistribution, and creating a fiscal social contract between governments and citizens, If revenues are not adequate to cover needed spending in areas such as infrastructure, health, and education, this is a critical constraint (Orwaru, 2018). At the same time tax systems can impoverish people, deter investment, and provide both resources, and direct means, to entrench the power of a narrow elite and sustain them in patterns of public policy and administration which hold back broad-based growth (Orwaru, 2018).

Chattopadhyay and Das Gupta's (2002) study suggests that the simplification of tax legislation might have a significant impact in encouraging tax compliance behavior amongst taxpayers. Loo (2006) stated that the self-assessment system resultantly increases voluntary compliance and simplify the tax collection system. Slemrod and Bakija (2008) suggest that the ideal tax system should be fair, simple, enforceable and promote economic prosperity.

Theoretical Review

Expediency Theory of Taxation

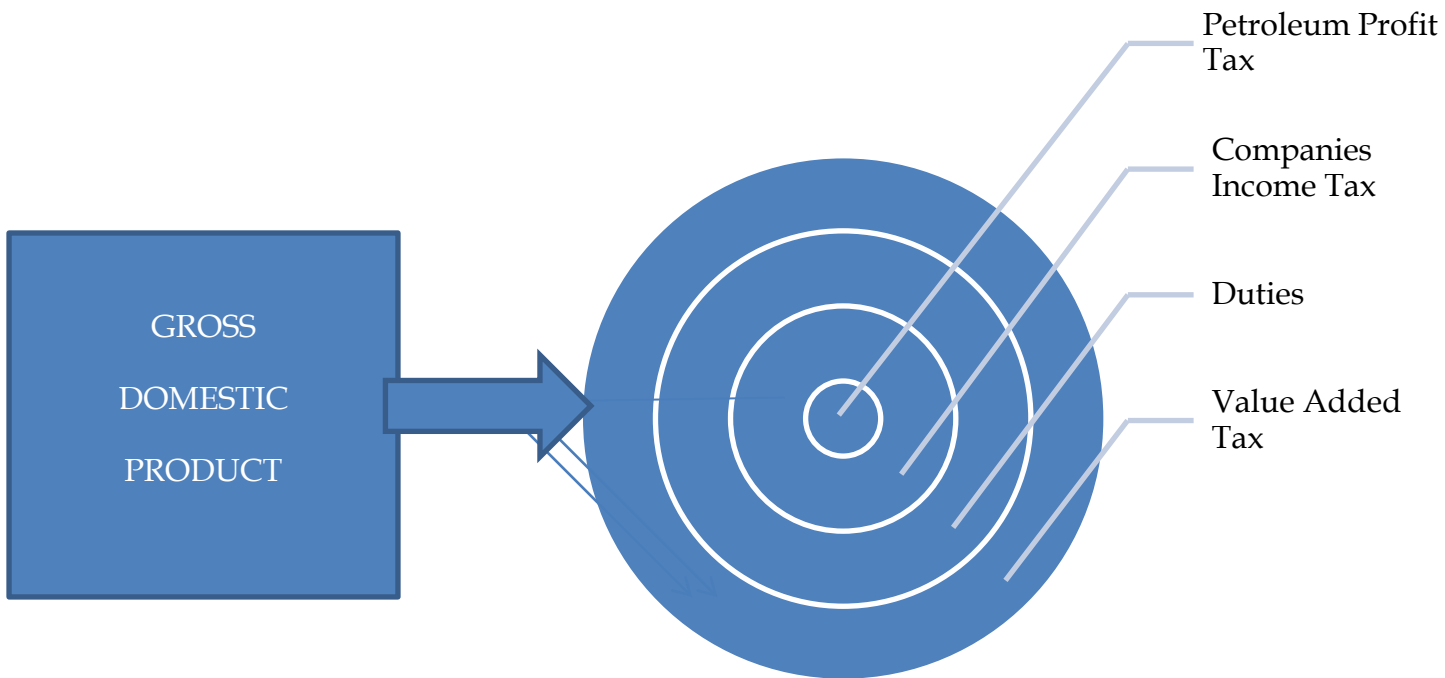
This research work is anchored on expediency theory and the theory asserts that every tax proposal must pass the test of practicability which must be the only consideration when the authorities in government is choosing a tax proposal for the collection of tax revenues and returns. This assertion has a truth in it, since it is useless to have a tax which cannot be levied and collected efficiently as having such could be tantamount to a tax system in abstract. Economic and social objective of the state as also the effects of a tax system should be treated irrelevant (Bhartia, 2009). The administrative set up may not be efficient to collect the tax at a reasonable cost of collection (Urio, 2020). Taxation provides a powerful set of policy tools to the authorities and should be effectively used for remedying economic and social ills of the society such as income, inequalities, regional disparities, unemployment, cyclical fluctuations and so on (Bhartia, 2009)). Expediency theory of Taxation was adopted in the study conducted by Oyedokun (2016) which noted that when every Naira of taxes as paid by the tax payers provides an equivalent legitimate benefit to taxpayers, there would be a regime of tax compliance which will limit the evasion, and avoidance. The result is in compatibility with the result of our work.

According to Ewa, Adesola and Essien (2020),the effect of taxation an economic development encompasses both tax revenue generation and taxation policies on the economy tax theories and addresses the influence of tax returns on economic growth.

Theoretical Framework

The theoretical framework encompasses the relationship between the key dependent and independent variables as they affect and influence one another. The objective of study is diagrammatically explored in order to establish the relationship in terms of the measurement that all variables are subjected to.

DEPENDENT VARIABLE
INDEPENDENT VARIABLES



Picture 1. Dependent Variable Independent Variables

Shows the gross domestic product as affected or influenced by the explanatory variables in Petroleum Profit Tax, Companies Income Tax, Duties and Value Added Tax.

Empirical Review

Edame and Okoi (2014) investigated the effect of taxation on investment and economic development in Nigeria in which the authors explored the ordinary least square (OLS) method to analyse the secondary data gathered and result shows that taxation is negatively related to the level of investment and the output of goods and services (GDP) and it is positively related to government expenditure in Nigeria. Broekhuijsen and Vording (2020) discussed what may be expected of a theory of international tax justice having considered the most important distributive as well as procedural theories of tax justice and the authors concluded that none of the existing theories could offer a coherent account of international tax justice.

Obayemi (2018) considered the connection between Taxation and Tax Justice which is based on the fact that while public funding and finance may be sustained both by domestic resources and external finance, good governance and public policy initiatives suggest that domestic resources sans foreign loans is the more optimal choice as a veritable domestic source is tax. Akintoye and Dada (2013) investigated the tax system in the sub-Saharan Africa with special

emphasis on Nigeria. Various causes of tax evasion and tax avoidance were considered with a view to finding solutions to evasion looking at enormous importance of taxation in meaningful economic growth and development in all developing economies generally. In addition, a feeling of injustice in the application of taxation proceeds in terms of benefits to the public is another grouse against different tiers of government. The study recommended that policies should be progressive rather than regressive to make the rich bear more burden than the poor in relation to the proportion of income.

Abiola and Asiweh (2012) attempted to look at the Nigerian Tax Administration and its capacity to reduce tax evasion and generate revenue for development desire of the populace. The study made use of 121 online questionnaires containing 25 relevant questions. Descriptive statistics were used to analyze 93 usable responses. The study found among other things that increase tax revenue is a function of effective enforcement strategy which is the pure responsibility of tax administration. The study found out that Nigeria lack enforcement machineries which include adequate manpower, computers and effective postal and communication system.

Stanley (2014) conducted a study titled *Effective Tax Administration and Institutionalization of Accounting Systems in Small and Medium Scale Enterprises; Evidence from Nigeria*". He used the econometric e-view to analyse the data obtained and he found out that lack of effective tax administration undermines the collection of profit tax from the operators of those sector. His study also revealed that several variables mitigate against the establishment of an effective tax administration in Nigeria. The study concentrated more on the SMS's than the Nigerian economy as a whole. James and Moses (2012) in the United Kingdom examined the impact of tax administration on revenue generation in a developing economy with Nigeria as a case study. Primary data were collected via questionnaires and analysed using simple percentages. They found that inadequate training of personnel, lack of modern information communication tools are some of the challenges facing effective administration of tax in Nigeria.

Akintoye and Tashie (2013) examined the effect of Tax Compliance on economic growth and development in Nigeria. Tax compliance is proxied on willingness to pay tax. A comparative analysis of willingness to pay taxes in two (2) large states of Nigeria, Lagos and Oyo was presented. Primary data was collected through the administration of questionnaires to selfemployed in each senatorial district in Oyo and Lagos states. Frequencies and percentages were used to measure the demographic variables of respondents while chi-square technique was used to measure the difference between the willingness of citizens to pay tax and that of the willingness of citizen to pay tax in Lagos state.

It was discovered that many Nigerians are complying with tax payment and the willingness to pay tax in Lagos is significantly higher than that of Oyo. It was suggested that government should pay attention to the factors that influence willingness to pay tax and improve on them.

METHODOLOGY

Research Design

This study employed ex-post facto research design using time series data analyses of tax proceeds generated by the Federal Inland Revenue Service (FIRS) on behalf of the government for the period 1981 to 2020 as proxies for the need for tax justices for a more transparent tax revenue. The figure of the Voluntary Assets Income Declaration Scheme (VAIDS) same period were used to indicate the voluntary tax compliance by some tax payers.

Model Specification

The model specification was predicated on the relationship between the predicted and predictor variables. Both descriptive statistics and regression analysis were adopted in ascertaining the relationship between tax justice and voluntary compliance by tax payers.

X= Tax Justices

Where:

$X = x_1 + x_2 + x_3 + x_4 + \mu$ (explanatory variables)

$X = x_1 + x_2 + x_3 + x_4 + \mu$ (explanatory variables)

x_1 = Petroleum Profit Tax (PPT)

x_2 = Company Income Tax (CIT)

x_3 = Duties (D)

x_4 = Value Added Tax (VAT)

Model specification:

VAIDS = $\alpha_0 + \beta_0$ PPT + μ_0 i

VAIDS= $\alpha_1 + \beta_1$ CIT + μ_1 ii

VAIDS = $\alpha_2 + \beta_2$ D + μ_2 iii

VAIDS = $\alpha_3 + \beta_3$ VAT + μ_3 iv

VAIDSNit = $\alpha_4 + \beta_1$ PPTit + β_2 CITit + β_3 Dit +

RESULT

The Notion of Economic Growth

The concept of development is hard to define in one precise statement, as what constitutes development varies from one society to another. However, according to Walter Rodney, development in human society is a many-sided process dictated by man's environment and need. ⁸ He further observed that development is universal because, the conditions leading to economic expansion are universal. ⁹ Therefore, it would be erroneous to regard a society as economically developed and another undeveloped or developing based on a limited yardstick; because development is inherent in all societies. Consequently, a society that attains economic development, Rodney observed, is a society that: Its members increase jointly their capacity for dealing with the environment. This capacity for dealing with the environment is dependent on the extent to which they understand the laws of nature (science), on the extent to which they put that understanding into practice by devising tools (technology) and on the manner in which work is organized. ¹⁰ According to Stan Aibieyi, the concept of development means advancement through gradual process. Development can be described as a transformation process, and the objectives of a transformed economy and society include: creation of social and technological base for sustainable development. It includes the transformation of the productive structures of agriculture and agriculture among others.¹¹ Aibieyi further described development, As a process which enables human beings to realize their potential, build self-confidence, and lead lives of dignity and fulfillment; a process which frees people from the fear of want and exploitation; movement away from political, economic, and social oppression; a process of growth, a movement essentially springing from within the society that is developing and growing self-reliance.¹²

While, according to Michael Todaro and Stephen Smith, development is the process of improving the quality of all human lives and capabilities for raising people's levels of living, self-esteem, and freedom. ¹³ Hence, development is not purely an economic affair, but an overall social process which is dependent upon the outcome of man's effort to deal with his natural environment. ¹⁴ It follows therefore that the people of a society are both the means and ends of the development of the society. Implicit in this argument is the fact that, it is the increased skill and capacity of the members of a society that brings about change, transformation, and development in that society. While the general members of the society benefit from this development in the form of greater freedom, creativity, self-discipline, responsibility, and material prosperity. Hence, economic development is a situation whereby an economy can cater for the general welfare, individual welfare and social welfare of the people of the society. ¹⁵

The general welfare according to M.L. Hengan refers to all economic and non-economic goods and services that provide utilities or satisfaction to individuals living in the society. While, the individual welfare resides in his state of mind, and is made up of his satisfaction; and social welfare, the aggregation of utilities of all individuals in the society.¹⁶ This is generally the case, when there is economic growth in a society. Economic growth in a society refers to the quantitative sustained increase in a country's per capita output or income accompanied by expansion in its labor force, consumption, capital, and volume of trade.¹⁷ The process of economic growth according to Adam Smith, the father of modern economics is cumulative. It results when there is prosperity in a society as a result of progress in agriculture, manufacturing, industrial activities, and commerce; and leads to capital accumulation, technological progress, increase in population, expansion of markets, division of labor, and rise in profits continuously.¹⁸ Smith further argued that the agents of this economic progress and growth in a society are the: farmers, producers, and businessmen.¹⁹ Therefore, it is safe to contend here that, it is the people, and the economic growth of a nation that trigger its economic development. Thus, economic development is a wider concept than economic growth. It implies the growth plus change of an economy. It is related to quantitative changes in economic wants, goods, incentives, institutions, productivity and knowledge, or the upward movement of the entire social system.²⁰ Paradoxically however, the economy of Nigeria like that of other Third World countries is underdeveloped and backward. Michael Todaro and Stephen Smith in their work, "Economic Development" identified the characteristics of these underdeveloped countries as: Lower Levels of Living and Productivity, Lower Levels of Human Capital, Higher Level of Inequality and Absolute Poverty, Higher Population Growth Rate, Greater Social Fractionalization, Larger Rural Population but Rapid Rural-to-Urban Migration, Lower Levels of Industrialization and Manufactured Exports, Adverse Geography, Underdeveloped Markets, and Lingering Colonial Impacts and Unequal International Relations.²¹ The phenomenon of economic underdevelopment in Nigeria and other Third World countries, despite their wealth in terms of natural and human resources, led to the rise of several development theories and thoughts aimed at explaining this problem. There is the Modernization Theory, which emerged during the Cold War, 1945-1991; and conditioned by the strategic concerns of the USA to counteract the actual and potential influence of the USSR in the Less Developed Countries. This school of thought contends that all societies, progress in a linear fashion from a traditional state to modernity, with models of development based on historical processes that had taken place in the industrialized world.²² Consequently, W.W. Rostow argued

that, economic development involves the passage of a society through five evolutionary stages. According to Rostow, the first stage is the "Traditional Stage," where it is difficult to expand production, because the society's economy is agrarian, and have hierarchical social structures that allows for only a small degree of social mobility.²³ The second stage is the "Preconditions for Take-off," which was attained in Europe when the findings of modern science are applied to agricultural and industrial production; and attained in the Third World Countries, as a result of the impact or intervention of more advanced societies in their economy. The third stage is the "Take-off," and is characterized by the rise and expansion of new industries yielding profit that is reinvested in new plants and ventures. The fourth stage is the "Drive to Maturity Stage" where the economic maturity and development is completed. At this stage, the base of the economy is broadened to include more sophisticated technology and work processes, and shifts beyond the original industries that propelled its take-off phase. The fifth stage is the "Age of Mass Consumption," where the advanced sectors of the economy are increasingly dominated by the manufacture of consumer goods and the provision of services. This stage of economic development is only attained, when real per capita income has risen to a level at the consumption requirements of bulk of the populace had extended beyond the basic need of food, clothing, and shelter.²⁴ There is also the Dependency Theory, which contends that economic underdevelopment in Nigeria and other Third World Countries is not a product of any internal deficiencies as modernization theorists' claim; but something created within a pre-capitalist society that begins to experience certain forms of economic and political relations with one or more capitalist societies. It argues that economic dependence gives rise to economic underdevelopment, which would make economic development near impossible as long as it continues.²⁵ And there is the World System Theory developed by Immanuel Wallenstein, that argues that, the capitalist world economy comprises core states which are strong and well-resourced and periphery states, which are weak. And situated in between the Core states and Periphery states are Semi periphery states; but the economic and political control of the system lies within the Core states. The World System Theory further argues that, the capitalist world system as a whole develops rather than individual societies; and that the internal characteristics of societies are not unimportant, their impact is contextual and determined by the society's position in the world system at the time.²⁶ It is true that, these theories and thoughts are not watertight; and in the case of Rostow stages of economic development, it cannot enjoy universal acceptability and applicability because of environmental differences and changes in circumstances across societies. However, they provide a valuable framework

for understanding the concept of economic development and the problem of economic underdevelopment in Nigeria and other Third World Countries.

Weak Political and Economic Institutions

A major bane of Nigeria's economic underdevelopment is that she has weak institutions. The political and economic institutions of Nigeria are weak and therefore deficient in supporting the development drive of the nation. The dominant economic activity in Nigeria today is the extraction of raw material from the earth. The inability of Nigeria to convert her raw materials into consumable forms, because of her low level of technological development has negatively affected the price of her produce in the international market; and her national earning. Hence, Acemoglu and Robinson assert that, Nations fail today because their extractive economic institutions do not create the incentive needed for people to save, invest and innovate... Nations fail economically because of extractive institutions. These institutions keep poor states poor and prevent them from embarking on a path to economic growth. ⁴⁹ This situation can be clearly seen in the poor state of Nigerian refineries; which has forced Nigeria into a form of entrepote trade in her trade economic relations with other nations involving crude oil. More so, economic institutions such as markets, which constitute a major part of the informal sector of the Nigerian economy, are poorly organized; and Nigeria's banking, insurance, and transport systems are very weak. The country's seaport and airport are also heavily congested and inadequate to support the economic development drive of the nation.

In Nigeria, the political institutions which are supposed to create the enabling environment for economic activities to thrive have failed. It has been observed that, the political class is just too happy to extract resources and to quash any type of independent economic activity that would threaten them and the economic elites. ⁵⁰ Further, it has been noted that this development has given rise to: "Economic stagnation, civil wars, mass displacement, famines, and epidemic; which have made many countries poorer today than they were in the 1960s." ⁵¹ Therefore, the lack of political-will and economic foresight on the part of Nigerian political elites is responsible for the centrality of the extractive industry in the Nigerian economy. This has made the Nigerian economy, a mono-economy based on the production and distribution of primary goods, and import-oriented and dependent: which is a big cog in the wheel of Nigeria's economic development.

Problems of Economic Development in Nigeria

Since 1960, the problems of economic development in Nigeria are intrinsic, political, and even externally motivated. These factors interacting as one are collectively responsible for the economic underdevelopment of Nigeria. These developmental impediments among others include: the problem of adopting western models, weak political and economic institutions, weak infrastructure, leadership crisis, and corruption; which would be interrogated here in this paper.

The Problem of Adopting Western Models

Nigeria, like most other African states emerged as sovereign states in the international system during the Cold War era, 1945-1991. According to Stan Aibieyi, during this period, development emerged as a powerful normative concept synonymous with good society, peace, liberation, and other noble goals of humanity.⁴² And, it was closely connected with two basic modes of thinking or models- capitalism (ideological) and socialism (utopian).⁴³ While the capitalist model allowed private ownership and control of the factors of production; the socialist model encouraged state ownership and control of the factors of production in the society. It should be noted the capitalist model encourage efficiency and innovation because, the major incentive for economic participation here is profit making; while the socialist model encourages laziness among the people, as the government seeks to provide for all their need. But, however, the problem with capitalism is that, it widens the gap between the rich and the poor in society; and encouraged the domination and exploitation of the poor by the rich. It is in this circumstance that; post-colonial Nigeria was immediately faced after independence with the tough decision of whether to embrace capitalism or socialism. This situation which pushed Nigeria into adopting a non-alignment posture, and a mixed economy system: combining the principles of capitalism and socialism in the management of the economy of the country. Thus, the country operated an economic system, where private are allowed to own and control factors of production under government supervision; and the government owning and controlling critical institutions, whose services are vital for economic development, known as public enterprise.⁴⁴ However, in the course of time, Nigeria's mixed economy was inadequately managed; and her National Economic Development Plans poorly implemented. The government over dominated and politicized the economy; and failed to maintain the delicate balance needed for the economic development of the country. It abandoned the most pivotal sector of the Nigerian economy, the agricultural sector, for petroleum exploration and exportation, because of the boom in oil trade, 1970-1980. This development led to economic crisis in the country, when the price of oil crashed in the international market. The Oil Doom period that followed this development gave rise to the conundrum of

adopting another Western model in Nigeria- the Structural Adjustment Programme of the International Monetary Fund.

The Structural Adjustment Programme (SAP), was first introduced in Nigeria in July 1986, as a short-term economic reform Programme, and was expected to end in June 1988. ⁴⁵ The Structural Adjustment Programme was aimed at altering and realigning aggregate domestic expenditure and production pattern so as to minimize dependence on imports, enhance non-oil export base, and bring the economy back on the path of steady and balanced growth, ⁴⁶ following the decline and crisis the Nigerian economy experienced after the oil boom, 1970-1980. But this revolutionary approach to handling Nigeria's economic woes initiated by the International Monetary Fund (IMF), according to Mike Obaan is the most controversial package of economic policies ever instituted in Nigeria. ⁴⁷ But the problem of the Structural Adjustment Programme was not the Programme per se, but in its implementation and feasibility in the Nigerian environment.

Therefore, it is safe to assert that since independence, that post-colonial Nigeria had been confronted with the dilemma of adopting Western models; which were conceived with the peculiar economic situation of Europe and America in mind. Thus, the reason they had not worked well in Nigeria because of her peculiar environment and economic challenges. Consequently, Acemoglu and Robinson had argued that poor countries are poor not because of their geographies or cultures but because their leaders do not know which policies will enrich their citizens. ⁴⁸ In essence, they opined that, they adopt theories that do not work.

Inadequate Infrastructural Development

The role of critical infrastructures such as roads, railways, seaports airports and bridges as aid to trade and economic development cannot be overemphasized. Since 1960 various Nigerian governments have added to the existing infrastructures provided by the British colonial government. During the oil boom period, the Nigerian government increased its spending on the infrastructural development of the country; but they were over-concentrated in the urban areas. More so, these infrastructures were weak, poorly constructed with substandard materials, and unable to support the economic development drive of the nation. In fact, the Nigerian highway has even emerged as death traps to users, the dilapidated state give rise to road accidents and traffic jam, and constitutes a serious impediment to economic activities and development. The inadequate infrastructural development of Nigeria accounts for her economic underdevelopment.

Critical economic infrastructures are centralized in urban centers, where they only boost the image of these cities; instead of the rural areas where they are mostly needed to serve as link between farming communities and urban markets. Thereby promoting trade and fostering the economic development of Nigeria.

Management Crisis and Corruption

The post-independence political system of Nigeria has since 1960 been colored by regionalism, ethnicity, and commercialism: the active participation and sponsorship of political candidates for economic gain. The fall-out of this development is the emergence of bad and corrupt leaders in Nigeria. The leadership of the Nigerian state has overtime proved not to be development inclined, but after personal gains, party interest, and the interest of their political sponsors.⁵² Consequently, making politics a secured means of gaining access to, and exploiting the national resources of the nation; instead of an instrument of economic development in Nigeria. Hence, Nigerian leaders have massively looted, embezzled, and mismanaged and misappropriated the resources of the nation to the detriment of the people and the Nigerian economy. More so, when contracts are awarded, they are usually given by the political elites as rewards to sponsors of their political ambition as dividends of democracy and not to genuine contractors bent on service delivery. Consequently, it is the economy of post-colonial Nigeria that bears the brunt of the political misfortune of the nation; which resultantly is plagued with energy crisis, economic instability and underdevelopment.

DISCUSSION

The result from the regression analysis shows a significant relationship between tax justice and voluntary tax compliance among tax payers in Nigeria at 0.05 significant level. The regression result of 0.003, 0.002 and 0.001 of a significant nature is in agreement with the work conducted by Oyedokun (2016), Durankev (2019) not neglecting the recent work conducted by Broekhuijsen and Vording (2020).; Urio (2020); Hassan, Naeem & Gutzar (2021); Ewa, Adesola & Essien (2020); Omeso & Nzor (2020). The Pearson's positive correlation result between GDP on one hand and PPT, CIT, D, and VAT on the other hand also agrees with the study conducted by Oyedokun (2016). The positive correlation result of PPT, CIT, D, VAT are 0.992, 0.993, 0.992, 0.996 respectively and this also agrees with the work conducted by Manish & Andre (2019); Ogungbesan (2015); Durankev (2019). The expediency theoretical findings is in agreement with the study conducted by Bhartia (2009) and Urio (2020).

CONCLUSION

The study therefore concluded that with a virile and formidable tax justice system, many tax payers will voluntarily and promptly file returns to pay tax since they can now feel the impact of the tax regime. The proceeds from various sources of tax such as Petroleum Profit Tax, Companies Income Tax, Duties and Value Added Tax is ordinarily and rationally dependent on the Gross domestic Product (GDP) and this invariably means that all things being equal the more and higher the GDP the higher in return would the collections from the various sources of tax be. It is believed that the more the judicious use of the tax proceeds for infrastructure development, the more tax justiciable and better off the people is likely to be. For instance the study conducted by Urio (2020) surrogated gross domestic product with economic development and believes that any intention of government to engender economic development only demand on one step and that is to shore up Gross Domestic Product (GDP).

This study therefore recommended on the need for more infrastructure provision from the various tax revenue that emanates from tax payers as this would not only make the Nigerian environment conducive for businesses, it will also voluntarily ginger the tax payers to voluntarily file returns and pay the right amount of tax at the right time. Government and other tax policy formulators of government must continue to pursue a positive tax system that will have a direct impact on the tax payers in terms of improvement of welfare and wellbeing of the people and a friendly business policy in that by so doing the confidence of the tax payers would be rekindled to continue to live up to the expectation of a voluntary tax compliance. It is also very vital to establish that investors and other potential tax payers that are outside the tax net will be encouraged to come within the tax net and this will be beneficial to the government both in the short and long run. It suffices to also recommend that although tax justices to tax payers is not the end for tax payers but a means to an end for the tax payers to have a feel of government, the tax policy of government should be reviewed from time to time so as to add life to the tax regime at every point in time.

FURTHER STUDY

This research still has limitations, so further research needs to be carried out regarding the topic of the Enforcement of Tax Collection Laws, to perfect this research and increase insight for readers.

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