

## Religiosity and Tax Compliance in Akwa Ibom State

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**ABSTRACT:** *This study examined the relationship between religiosity and tax compliance in Akwa Ibom State. This was achieved through the following specific objectives: to evaluate the relationship between Islamic religion and tax compliance in Akwa Ibom State; to ascertain how the Christianity religion relates to tax compliance in Akwa Ibom State and to determine how the Traditional religion affect tax compliance in Akwa Ibom State. The study used descriptive survey research design with 92 sample size. Data were collected through the use of questionnaires and furthermore, Cronbach Alpha were adopted to test for internal consistency of the construct. The findings of this study were; Islamic religion positively influences tax compliance in Akwa Ibom State; Christianity religion significantly affects the tax compliance in Akwa Ibom State and Traditional religion significantly positively influences the tax compliance in Akwa Ibom State. From the research findings, the following conclusions were drawn, Islamic religion, Christianity religion and Traditional religion has a significant positive effect on tax compliance in Akwa Ibom State. Based on the findings of the study, the following recommendations are made; the study is recommending taxpayers' service that would emphasis tax administrators are service providers and facilitators to taxpayers as customers for public goods and services. This measure would go a long way to enhance the fairness of the tax system and the attitudes of self-employed taxpayers. In order to improve taxpayers' attitude, tax authorities should also continue the taxpayers' education and enlightenment programmes regularly. Improvement of institutional welfare is also recommended for tax administrative and retributive fairness*

**KEY WORDS;** religiosity, tax compliance and taxpayers

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## INTRODUCTION

Voluntary tax compliance plays a significant role in state efforts to raise the revenues necessary to achieve sustainable development goals. As part of this process, state government are increasingly reaching out to difference religious taxpayers, current and future to teach, communicate and assist them in order to foster a culture of compliance. The emphasis placed by governments on taxpayer education and assistance helps bridge the gap between tax administrations and citizens, playing a key role, when properly implemented in transforming tax culture in Nigeria. Religiosity refers to the application of religious values, beliefs and rituals in a person's daily life (Worthington et al., 2003). It refers to "the application of religious values, beliefs and rituals in a person's daily life." The individual aspect of religion is usually seen as the beliefs of individuals about the existence and power of a supernatural entity. The social aspect involves the observation of the fact that religious rituals/chores are conducted by collectives and that most religions prescribe how adherents should behave in social interactions. Religiosity is therefore defined in this study as the commitment of the individual to the application of religious teachings, beliefs, rituals and values into his daily affairs

Nigerian is a multi-cultural country characterized with high religion diversity. The country has a population of over 150 million people, 250 ethnic groups speaking about 500 indigenous languages. The ethnic groups are divided into ethnic majorities and minorities. The major ethnic groups are the Hausa/Fulani (29%), Yoruba (21%) and Igbo (18%) while ethnic minorities (32%) are made up of northern minorities and southern minorities (Wolfram Alpha, 2010). For religion, most Nigerians are either Muslim or Christian while a few are of traditional belief. However, Lewis (2007) indicated that most Nigerians would like to be identified with their race. Religion diversity explains the variation in the level of compliance behaviour of taxpayers in a multi-ethnic society and, therefore a society with ethnic fragmentation is likely to experience a low degree of trust among its people and, similarly, a lower level of taxpayers' compliance (Kimenyi, 2003), Lassen (2003) also pointed out that apart from trust, religion diversity could also affect tax compliance through social sanction or norms since ethnic group may be a source of social sanction. Social sanction or norms from an ethnic group, which is against non-compliance, may help improve compliance.

Tax compliance refers to situation whereby taxpayer has made due registration with the relevant tax authority, timely filed his tax return, disclosed all his income sources, reported all income from each income source, claimed all and only entitled reliefs and allowances, correctly computed his tax liability and timely paid his tax due to the appropriate authorities (Agbetunde, 2019). Tax compliance entails fulfilling all the provisions of the tax legislation relevant to a taxpayer in his particular situation at a point in time.

The present study contributes to tax compliance literature by taking advantage of the weaknesses noted in previous studies (Chau & Leung, 2009; Chan et al., 2000; Manaf et al. 2005). The focus of the study is on the measurement of religion diversity to include Islamic Christianity, and traditional religion. However, the study is primarily undertaken to determine

whether multi-religion background of Akwa Ibom State taxpayers cause a difference in the compliance behaviour.

### **Statement of the Problem**

In the past few decades, the problem of tax low compliance as result of religiosity has attracted greater attention worldwide particularly in the developing countries and this has led to numerous empirical studies into the incident. However, Low income taxes compliance as a result of Islamic, Christianity and traditional religion in Akwa Ibom State have affected the entire structure of tax culture and leading to general absence of a strong tax attitude and compliance among the people. A number of factors may be responsible for low compliance behaviour among the individual taxpayers in Akwa Ibom State. This study incorporates Islamic, Christianity and traditional religion into the tax compliance model for better understanding of the phenomenon and it determines whether multi-religion background of the taxpayers causes a significant difference in compliance behaviour in a highly ethnic fractionalized and polarized society as Nigerian and specifically Akwa Ibom State. The contribution of income taxes to the total revenue of Akwa Ibom State remained consistently low and is relatively decreasing due to low tax compliance. However, from all the taxes, individual income tax remains the most unproductive in Akwa Ibom State (AKSBIR, 2022).

Generally, some literature reviewed showed that, most researchers had established the relationship between religiosity and tax compliance (Chau & Leung, 2009; Barbutamisu, 2011 and Chan et al., 2000). However, only a few studies linked religiosity with tax compliance in Nigeria (Agbetunde, 2019; Barbutamisu, 2011 and Daniel, Akowe, & Awaje, 2016). It is evident that the relationship between religiosity and tax compliance sub-variables and in aggregate have been omitted in the body of knowledge in Akwa Ibom State. This omission has created gaps upon which the current study intended to fill.

### **Objectives of the Study**

The main objective of this study is to examine the relationship between religiosity and tax compliance in Akwa Ibom State. However, the specific objectives of the study include;

- i. to evaluate the relationship between Islamic religion and tax compliance in Akwa Ibom State
- ii. to ascertain how the Christianity religion relates to tax compliance in Akwa Ibom State
- iii. to determine how the Traditional religion, affect tax compliance in Akwa Ibom State.

### **Research Questions**

The following research questions were developed to guide the study;

- i. What is the relationship between Islamic religion and tax compliance in Akwa Ibom State?

- ii. To what extent does the Christianity religion relates to tax compliance in Akwa Ibom State?
- iii. What magnitude of effect does traditional religion have on tax compliance in Akwa Ibom State?

### **Hypotheses of the Study**

In pursuit of the above-stated research objectives, the following hypotheses were developed:

**H<sub>01</sub>:** Islamic religion do not significantly affect tax compliance in Akwa Ibom State.

**H<sub>02</sub>:** Christian religion do not significantly affect tax compliance in Akwa Ibom State.

**H<sub>03</sub>:** Traditional religion do not significantly affect tax compliance in Akwa Ibom State.

### **Significance of the Study**

This research will be of significance to the following stakeholders:

#### **Government**

This study would help governments, policy makers and tax authorities in the areas of policy formulation and efficient tax administration. It would assist in understanding and appreciating the relevance of cultural values to tax compliance. The results from this study would also be of immense benefits to the Akwa Ibom State government by enhancing their efforts in the area of revenue generation.

#### **Academicians**

For the academics, it will add to the improvement of the literature on the relationship between multi-religion and tax compliance, and will throw more light to scholars and students on the religion fractionalization and tax compliance; it will also serve as a body of reserved knowledge to be referred to by researchers. The results explain taxpayers' attitudes towards the entire tax system that could be taken into account when attempting to explain non-compliance so as to minimize resistance from taxpayers. This will help governments to be in a better position to obtain greater levels of voluntary compliance thereby effectively reducing the tax gap.

#### **Scope of the Study**

This study examined the relationship between religiosity and tax compliance in Akwa Ibom State.

Content scope: The content scope of this study was confined to literature on religiosity and tax compliance. The explanatory variables of religiosity of this study was Islamic, Christianity and Traditional religion. Also income tax was used as proxy for the dependent variable, tax compliance.

Geographical scope: Geographical scope focused on Islamic, Christianity and Traditional religion in Akwa Ibom State.

Unit level: the level of analysis for this study will be at the micro level. The study will focus on the numbers of companies filing annual returns with Akwa Ibom State board of internal revenue service (AKSBIRS).

## **Conceptual review**

### **Cultural dimension**

Culture is “the collective programming of the mind and distinguishes the members of one group or category from another (Hofstede, 1991) . Nigeria is made up of over three hundred and fifty (350) ethnic groups and cultures with more than 20 languages (Ogbonna, 2010).

Savignon and Sysoyev (2002) defined culture as the formation of a system of symbols, norms, belief, meanings, which is transferred from one generation to another. Despite this diversity one can still identify three major cultures drawn from the three dominant ethnics in Nigeria. These are Hausa/Fulani, Yoruba and Igbo and the minorities. These formed the focus of the study. Aluko (2003), expressed culture as the aggregation of attitudes, values, norms, style, consumption and general world view of life; it is perception, expression and utility by a people that identify and distinguish them from other people. It is a universal phenomenon acquired over time varying from one society to another. Ogbonna (2010), generally divided culture into material and non-material aspects. Material culture is overt and explicit comprising of every visible or concrete acquisition of man such as buildings, dressing or handicrafts. They are directly observable as the cultural products of any society. On the other hand, non-material aspects of culture consist of the race, religion, norms, communication styles, philosophy, or morals shared including all behavioural traits display among a group. The focus of this study is on the non—material culture as it affects tax compliance behaviour.

### **Religiosity**

The word religion etymologically came from “Religare” meaning to bind back, to bind fast, the bond between human and god (Hare, 2019). Iwuagwu (2018) refers to religion as an organized system of belief in a supreme being or beings as well as an articulated mode of relating with him (them) both in worship and in promoting his values. Religiosity refers to the application of religious values, beliefs and rituals in a person’s daily life (Worthington et al., 2003). It refers to “the application of religious values, beliefs and rituals in a person’s daily life.” The individual aspect of religion is usually seen as the beliefs of individuals about the existence and power of a supernatural entity. The social aspect involves the observation of the fact that religious rituals/chores are conducted by collectives and that most religions prescribe how adherents should behave in social interactions. Religiosity is therefore defined in this study as the commitment of the individual to the application of religious teachings, beliefs, rituals and values into his daily affairs. Religion presents an important basis for social integration and the avoidance of deviant forms of behaviour such as tax evasion (Tittle, 1980). However, the

literature on tax evasion generally neglects religion, race and cultural norms as a variables that could discourage this kind of behavior (Riahi-Belkaiou, 2004). Religions socialize people in such a way as to restrain deviant beliefs and behavior: they provide negative definitions of deviance. Moreover, religions often deter deviance and encourage antideviant attitudes by way of threats of eternal damnation, time spent in purgatory and so on (Tittle & Welch, 1983). In terms of tax evasion, the Christian scriptures openly condemn it (Grasmick, Bursik, & Cochran, 1991). Empirical research by Grasmick et al. (1991) indicates that both church attendance and high levels of individual religiosity (i.e., personal religious beliefs and convictions) have a significant negative relationship with tax evasion. Overall, they find that the effect of individual religiosity on the inclination to evade taxes significantly exceeds that of church attendance.

### **Islamic religion**

The Islamic opinions of paying tax is important and could be a fundamental factor that affects the taxpayers' behavior due to Muslims have a sacred responsibility to pay Zakat for the poor people. The purpose of pay zakat is to purify a person's wealth and to be closer to Allah (Azman & Bidin, 2015). Therefore, evasion of the obligation to pay Zakat is classified as immoral. Many Muslims described paying taxes as a voluntary activity. Additionally, Islamic teachings are manifested in several cases in terms of Haram and Halal (Al-Ttaffi & Abdul-Jabbar, 2015). In some cases, especially paying tax, there is no explicit text if it is Haram or Halal. In this case, Islam provided a chance for scholars to do their due diligence. Mostly, there are several views about paying taxes, where some view paying tax is Haram and others believe that it is Halal and as such, the government has the right to enforce tax people. The diverse views about paying tax might impact the tax compliance behavior of Muslims. Consequently, religion may influence tax compliance behavior. Thus, examining the effect of religious factors is suitable for addressing the issue of tax low-compliance (Obaid, 2008).

### **Christianity religion**

It is the intention of Christianity to build moral standard in people through their faith based ideologies which emphasize the supremacy of God over the created orders. So, it abhors evil practices and ungodly acts like immoral conducts such as stealing, killing, cheating, adultery, fornication, covetousness and tax evasion. Christian Religion helps in building moral standard in people through its beliefs in the Supreme Being Who is more powerful than humans, this faith condemns immorality such as stealing, killing, arson, maiming, cheating and tax evasion. Christian scriptures openly condemn tax evasion (Grasmick, Bursik, & Cochran, 1991). Empirical research by Grasmick et al. (1991) indicates that both church attendance and high levels of individual religiosity (i.e., personal religious beliefs and convictions) have a significant negative relationship with tax evasion. Overall, they find that the effect of individual religiosity on the inclination to evade taxes significantly exceeds that of church attendance. In the New Testament, Jesus Christ approved of taxes as stated – Give unto Ceasar what is Ceasar's (Matthew, 22, verse 17-21). Christians and pastors are also enjoined to give to everyone what you owe him. If you owe taxes, pay taxes, if revenue, then respect, then respect, if honour, then honour. Everyone ought to submit himself to the governing authorities for there is no authority except which God has established. Government is therefore of God. This is also why you pay taxes, for the authorities are God's servants who give their

full time to governing. Just as it is obligatory for a church member to pay tithe, so also it is obligatory for a pastor or church employee to pay tax. Tithe is a moral and religious obligation in that there is no sanction by the church for not paying but tax is a legal obligation since the state has an enabling law and the law provides sanction for violators of tax law. The fact that all state governments in Nigeria have glossed over this matter for long does not divest from the state the power to collect the tax from the pastors and church employees or Imams and mosque employees, or shrine employees. Any Pastor, Imam, church or mosque's employee who refuses to pay tax is a rebel.

### **Traditional religion**

The traditional beliefs and practices of African people are highly diverse beliefs that include various ethnic religions. Generally, these traditions are oral rather than scriptural and passed down from one generation to another through folk tales, songs, and festivals. Tax is therefore one of the divine rights which regulates the relationship between traditional belief and the individual human being on the one hand and the individuals intense on the other hand.

Traditional morality is also another non-economic factor that can affect tax compliance. Not much work has been carried out on the role of morality in tax compliance. Scholars have argued on the direction of the relationship between tax compliance and morality. Iwagwu (2018) states that morality is an outshot of religion and thus an essential part of religion from which it is inseparable. This assumption has led some scholars to infer that there can be no morality without religion since morality is intrinsically a part of religion. Everyone ought to submit himself to the governing authorities for there is no authority except which God has established. Government is therefore of God. This is also why traditional belief encourages payment of taxes, for socio-economic development of the state.

### **Tax compliance**

According to OECD, (2010) Tax Compliance entails true reporting of the tax base, correct computation of the liability, timely filing of the return, and timely payment of the amounts due to tax authorities. Noncompliance amounts to taxpayers "failure to follow the provisions of the tax" (Eiya, Ilaboya & Okoye, 2016). These could be failure in filing tax return, misreport of income or allowable deductions or tax due (Serkan, Tamer, Yuzba & Mohdali, 2016). It may be due to unintentional error as well as intentional fraud. Taxpayer may technically meet their obligations but compliance may be in question due to differences in interpreting the law and may include overpayment of tax. According to James and Alley (2004) in Palil (2010) non-compliance includes both tax evasion and some forms of tax avoidance. Tax evasion is "the attempt to reduce tax liability by illegal means" (James & Alley, 2004). On the other hand, tax avoidance implies reducing tax liability by legal means and methods (James & Alley, 2004). It is "taxpayers' creativity to arrange his tax affairs in a proper manner based on law and regulation" ... so as to "reduce his tax bill, and still be acceptable" in view of the tax laws (Kasipillai, Aripin & Amran, 2003). Altogether, these actions amount to reduced tax revenue to the government.

### **Income tax**

#### **Personal Income Tax Act**

Religious bodies are liable to carry out certain compliance related responsibilities under the Personal Income Tax Act (PITA). Therefore, they are expected to register with the relevant state tax authorities for the purpose of remitting taxes of its employees under the Pay As You Earn(PAYE) Scheme and Withholding tax (WHT) from payments meant for their individual contractors. The tax exemptions applicable to religious organisations do not extend to the clergies. A critical review of Section 19 together with the 3<sup>rd</sup> Schedule to the PITA reveals that the salaries, allowances or any form of emolument paid to clergies are not exempted from personal income tax. Also, by virtue of Sections 4 and 5 of PITA where accommodation or benefits in kind were extended to the clergies or men of God, the religious body concerned is statutorily mandated to calculate and remit the applicable taxes to the relevant tax authorities. The same rules apply to employees working within the religious bodies.

### **Islamic religion and tax compliance**

According to the definition of Islamic perspective, Islamic religious views of taxpayers in Islamic setting are called Halal and Haram (Al-Ttaffi & AbdulJabbar, 2015). Prior literature had found that religion is a crucial factor that determines and influences the individuals' behavior (Cornwell et al., 2005). Religious beliefs force taxpayers to fully disclose and comply with tax adherence (Nwidobie, 2018). The Islamic perspective influences the people, although individuals are not completely obliged to their religion (Ali, 2013). Thus, understanding the Islamic perspective of individual taxpayers in Islamic setting is important that could affect the taxpayers' behavior (Al-Ttaffi & Abdul-Jabbar, 2015). The basic emphasis of Islam is the taxation on wealth rather than income. It logically means that tax will be imposed on the wealth that a person retains at the end of the year. This concept can directly affect the economy and the individual's tax compliance behavior.

Islamic ruling explained that Islam does not encourage the accumulation of wealth in a few hands and helps the society and prevents it from being divided into a class system comprising the overly wealthy and the starving. The Quran mentions the cause for taxation on wealth, saying that "So that it (the wealth) may not circulate among those who are rich among you". Islam focuses on equality, and creating equality is vital in making a collective effort to ensure a fair distribution of wealth in the economy. Thus, Islam ensures it by implementing obligatory taxes (Wajib) on the wealth retained by an individual at the end of the year. These taxes include Zakat and Fitra. Overall, Islam insists on the concept of the flow of wealth from the rich to the poor (needy).

### **Christianity religion and tax compliance**

Christian Religion helps in building moral standard in people through its beliefs in the Supreme Being Who is more powerful than humans, this faith condemns immorality such as stealing, killing, arson, maiming, cheating and tax evasion. Christian scriptures openly condemn tax evasion (Grasmick, Bursik, & Cochran, 1991). Empirical research by Grasmick et al. (1991) indicates that both church attendance and high levels of individual religiosity (i.e., personal religious beliefs and convictions) have a significant negative relationship with tax evasion.

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### **Religiosity and tax compliance**

Pope and Mohdali (2010), conducted a study of the effect of religiosity on tax morals and tax compliance. This research was conducted using data from the World Value Survey (WVS) involving 99 countries with different cultural, economic and religious backgrounds. Although it has a wide range of resources and topics, the use of data from WVS has its own constraints. It is difficult to determine the level of religiosity from the speakers because of differences in cultural background and also the teachings adopted. There are variations between different religions, even in same religion, different beliefs and practices are adopted. These differences are influenced by different cultures formed from the historical values of each individual in various countries. In addition, the probability of misunderstanding survey questions is also greater because these questions are universal.

Religiosity is therefore defined in this study as the commitment of the individual to the application of religious teachings, beliefs, rituals and values into his daily affairs. Religion presents an important basis for social integration and the avoidance of deviant forms of behaviour such as tax evasion (Tittle, 1980). However, the literature on tax evasion generally neglects religion, race and cultural norms as a variable that could discourage this kind of behavior (Riahi-Belkaiou, 2004). Religions socialize people in such a way as to restrain deviant beliefs and behavior: they provide negative definitions of deviance. Moreover, religions often deter deviance and encourage antideviant attitudes by way of threats of eternal damnation, time spent in purgatory and so on (Tittle & Welch, 1983). In terms of tax evasion, the Christian scriptures openly condemn it. According to OECD, (2010) Tax Compliance entails true reporting of the tax base, correct computation of the liability, timely filing of the return, and timely payment of the amounts due to tax authorities. Noncompliance amounts to taxpayers "failure to follow the provisions of the tax" (Eiya, Ilaboya & Okoye, 2016). These could be failure in filing tax return, misreport of income or allowable deductions or tax due (Serkan, Tamer, Yuzba & Mohdali, 2016). It may be due to unintentional error as well as intentional

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### **Ethnic diversity culture and tax Compliance in Nigeria**

However, most of the early research studies on the phenomenon viewed the problem from the theoretical perspective of economic deterrence models (Riahi-Belkaou, 2004). Allingham and Sandmo (1972) were among the first to attempt to empirically investigate the factors influencing tax compliance behaviour. Their effort led to the development of the traditional theory of tax compliance otherwise known as A- S model based on Becker’s (1968) deterrence theory. The theory assumes taxpayer maximizes the expected utilities of the tax noncompliance gamble, balancing the benefits derived from successful tax cheating against the risky prospect of detection and sanction (Sandmo, 2005). The general conclusion of this theory is that compliance depends largely on tax audit and penalty. The implication of the theory is that taxpayers will pay taxes only because of the fear of sanction. Therefore, more taxes will be paid with increase in fine or audit rate. However, researchers have provided evidence to prove that deterrence may not entirely be depended upon to understand the phenomenon of tax noncompliance (Feld & Frey, 2003; Slemrod, 2009; Torgler, 2003; Torgler & Schaffner, 2007). Deterrence theory focuses only economic factors to proffer explanation to tax compliance behaviour and ignores completely social and psychological factors. Jackson and Miliron (1986) and Aim (1999) declared that tax noncompliance decision may be affected by factors not considered in the basic model and said that other factors may well be relevant in explaining tax noncompliance behavior. In line with suggestion of Jackson and Miilron (1986) and Aim (1999), scholars have developed other models that incorporate social and psychological factors. Among these models, the study is primarily undertaken to determine whether multi-ethnic background of Nigerian taxpayers cause a difference in the compliance behaviour in Nigeria.

### **History of Nigeria Tax System**

It’s basic knowledge that the State ‘Nigeria’ never existed, until 1914, when Lord Lugard amalgamated the Southern and Northern Protectorates of Nigeria. However, the people existed before the creation of that state and their history was ‘taxified’. Direct taxation has been in existence in Nigeria before the advent of the British rule in 1861: particularly in the North where there was an efficient and stable administration based on Islamic system (Abdulrazaq, 1993). There were various forms of taxes in the Northern Nigeria in 1861, such as the “Zakat” (a tax levied on muslims for charitable, religious and educational purposes ), “KuridinKasa” (an agricultural tax), and “Jangali” (a cattle tax levied on livestock). In the South Western Area, there were various forms of taxes such as “Isakole” (tax levied on land used by local

communities who are normally expected to pay “tribute tax” to the local chief), “Owo-ori” (tax paid by every individual in the community to the government).

The Eastern Area of Nigeria is said to be premised on the republican nature of the Igbos. The following are some of the form of taxes in this area: “egbu-nkwu” (tax imposed before palm oil is harvested, it is compulsory and there can be no harvest without it), community effort (tax on members of each community for specific purpose, it is also applicable in the Western Area of Nigeria). It is possible for those who are unable to physically take part in the community work to pay their levy in cowries (form of cash), food as well as palm wine.

During the pre-colonial era, taxation functioned more or less on an ethnic basis with a centralized authority, administrative machinery and judicial institutions such as the Northern areas where we have “Emirs”; Yoruba and Benin Kingdom where we have the “Obas”. In the non chieftaincies areas like the Igbo, Tiv, Bura, Igbira and Bachama areas, there exist little or no form of organized taxation (Abdulrasaq, 1993). It should be noted however, that taxes were not necessarily paid in money during this period. They were mostly paid in kind and obligatory personal services otherwise known as “tribute taxes”.

The creation of the Colony of Lagos in 1862 brought about the English law, therefore the income tax as we have it today was first introduced in Nigeria by the British through Lord Lugard in 1904 (Due 1962) as cited in Abdulrasaq, 1993. To raise additional revenue, Lugard took steps to institute a uniform tax structure patterned on the traditional system that he had adopted in the North during his tenure there. Taxes, therefore, became a source of discontent in the South and in effect contributed to disturbances protesting British policy.

An amended ordinance that extended the provisions in the Native Revenue Ordinance of 1917 to Southern Nigeria was passed in 1918. The first ordinance applied to Abeokuta in Ogun State and Benin in Edo State, and in 1928 it was extended to Eastern Nigeria. The Native Revenue Ordinance of 1917, 1918, and 1928 were later incorporated into the Direct Taxation Ordinance No4 of 1940, cap 54, which repealed the Native Revenue Ordinance, cap 74, of the 1923 edition and the Native Direct Taxation (colony) Ordinance No41 of 1937. The Direct Taxation Ordinance of 1940 could therefore be the fore runner of Nigerian tax legislations. Under the ordinance, the Europeans in the regions were not subjected to tax in the region in which they were resident whereas both the Africans and Europeans in the Federal Territory of Lagos were taxed. This situation led to the Raisman Fiscal Commission of 1958 that recommended the introduction throughout Nigeria of basic principles for taxing incomes. This recommendation was embodied in the Nigeria Constitution Order in Council of 1960, and formed the basis of the Income Tax Management Act of 1961 (Ola, 1981).

It is clear to note that the Nigerian tax system, although not documented, was virile and alive except for the differences in nature and method. Without a good tax structure that was in place in the North, it would probably have been tougher for Lord Lugard to start off the exercise. A good organization in place in the North, made it possible for him to lay proper foundation

through codification and hence the subsequent extension to other part of Nigeria after the amalgamation.

In the Eastern Area of Nigeria, the initial attempt in 1928 to codify and restructure the tax after the enactment of the Native Revenue Ordinance practically resulted in the well-known “Aba riot” of 1929, which was triggered off from the imposition of taxation on the Ibo women. “The Ibo women, in our opinion, merely served as fronts for their men who would have needed to pay more tax anyway” (Otusanya, 2001).

### **Administration of taxes in Nigeria**

Tax administration in Nigeria is vested in the three tiers of government (Federal, State and Local governments). Taxes payable to the Federal Government are administered by the Federal Inland Revenue Service (FIRS), while those payable to the State Governments are administered by the State Boards of Internal Revenue (SBIRs) of the thirty- six states of the Federation. Local Governments also administer rates and levies collectible by them through their various councils. There are a good number of taxes payable by persons doing business in Nigeria. These include companies’ income tax, personal income tax, capital gains tax, value-added tax, education tax, technology tax, stamp duties, and withholding tax. Penalties are imposed for failure to pay taxes when due. A Tax Clearance Certificate is issued on demand when taxes due have been fully paid for three years immediately preceding the current year of assessment. A Tax Clearance Certificate is usually required for social transactions with Government Ministries, Departments, and Agencies (MDAs).

### **Basis of Tax Administration in Nigeria**

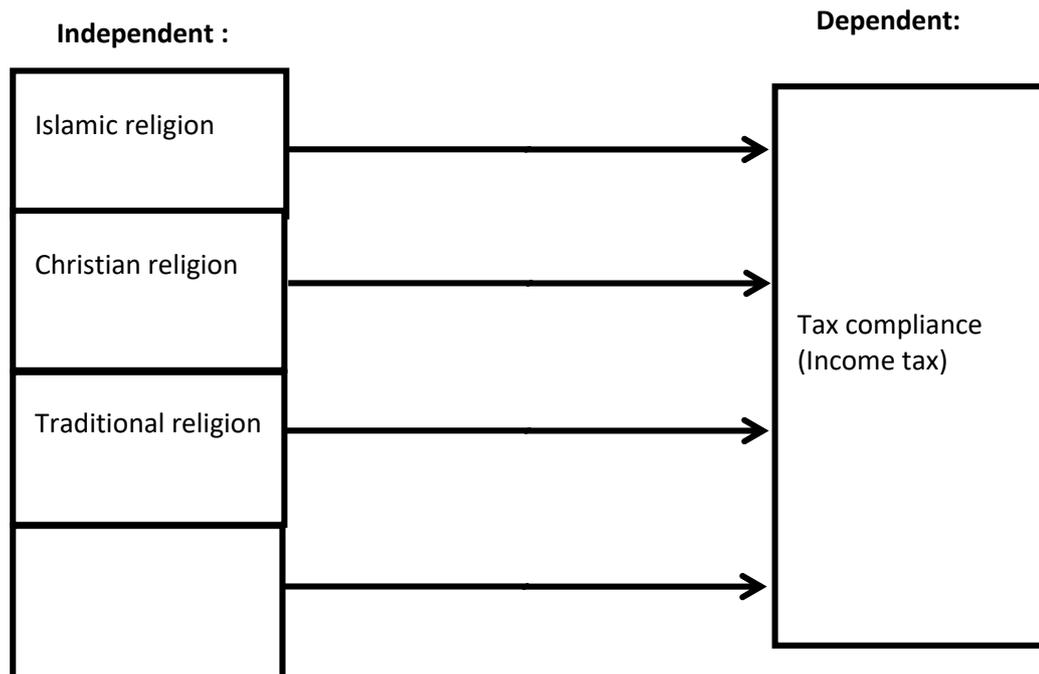
Taxes are established by tax statutes which form the basis of tax administration. These tax statutes usually specify the tax rate, due date, basis of assessment, offences, and penalties of the identified taxes. Tax administration involves the registration, assessment, returns, collection, compliance monitoring, compliance enforcement, sanction, taxpayer’s education and awareness and any other activity that can improve the efficiency and effectiveness of taxation.

- **Registration of Taxpayer:** Taxpayer registration is done by submitting relevant information as required by relevant tax authority. Taxpayer registration usually precede tax assessment, collection, compliance monitoring and enforcement. Federal Inland Revenue Service (FIRS) and State Board of Internal Revenue register taxpayer for taxes within their jurisdiction.
- **Assessment of Taxpayers:** Tax authorities assess taxpayers to taxes administered by them and they can also reassess tax return rendered by taxpayers. The basis of assessing tax (tax rate, basis period, and tax deduction) are stipulated in tax statute.
- **Returns:** Tax authorities usually require taxpayer to file information as required by relevant tax statute and as further required with them. This is usually on a periodic basis (annually, monthly) or as the need arises.
- **Tax Collection:** Tax collection is the next step after assessment either the taxpayer self-assess himself or is assessed/reassessed by tax authority. Mode of tax remittance is usually determined by relevant tax authority.

- **Compliance Monitoring:** Tax authorities usually monitor tax compliance of taxpayers by assessing their adherence to the provisions of relevant tax statute. This is usually done by tax authorities at their respective offices by checking taxpayer's file and/or visit taxpayer to obtain further relevant information to complement information at their disposal to assess taxpayer's compliance with the provision of relevant tax statute. **Compliance Enforcement:** Tax authorities' compliance can be enforced on taxpayer.
- **Sanction:** Contravention with provision of relevant tax statute may lead to penalty or conviction. Contravention include failure to furnish required information or failure to keep required record, or any other non-compliance with relevant provision of required tax statute. **Tax education and awareness:** This is usually done through issuance of tax circulars and other publications to aid taxpayer's understanding of tax statutes.

#### Diagrammatical Representation of the Variables

The conceptual framework of this study is presented in the diagram below;



**Figure 1:** Diagrammatical representation of the independent and dependent variables.

#### Theoretical Framework

Theoretically, approaches to tax compliance study have been broadly divided into economic deterrence theory and the behavioural theories which embraced social and fiscal psychological theories (Frey & Feld, 2002).

#### Economic Theory

Philips (2011) traced this theory to the application of Becker's (1968) theory of crime where 'rational expected-utility maximizing', "moral profit seekers" will only comply to tax law if

the associated benefits of complying are greater than the estimated cost if caught (Chauke & Sebola, 2016). The term “deterrence” is used based on assumption that taxpayers inherently will not comply to pay tax but are “deterred” from noncomplying solely by “the risk of audit, detection, and penalty”. The use of deterrence model can take punitive and/or persuasive measures. Punitive measures can be in form of increasing the detection probability and/or tax rate or imposition of tougher penalties. Persuasive measures may be in form of giving increased and improved taxpayer education and advertising incentives for compliant (Feld, Schmidt & Schneider, 2007). Meanwhile, results of empirical studies found this deterrence theory’s prediction insufficient to explain level of taxpayers’ compliance in reality. Given average audit probability, noncompliance probability and level of risk aversion, taxpayers still appear to be more honest than expectations, making empirical proof of its validity rather too weak and less clear (Andreoni, Erard, & Feinstein, 1998; Kirchier, Muehlbacher, Kastlunger & Wall, 2007; Slemrod, 2007). Hence, the need to look beyond rationality was established.

### **Behavioral Theories**

These were postulated to meet the challenges of economic theory by bringing views from psychological and sociological views to incorporate other actors in the tax compliance process. Example of behavioural theory adopted in this study is the “Theory of Planned Behaviour” (TPB). The TPB was developed in by Ajzen (1991) as extension of Ajzen and Fishbein’s (1980) “Theory of Reasoned Action”. It sees subjective norms as individuals’ beliefs of referents’ approval of their specific behaviour (Bobeck, Robin & John 2007)

Devos, 2014). A common proposition of the TPB is that individuals’ behavioural intentions are formed based on sociological factors like personal norms, social norms, societal norms and peer influences (Mc Kerchar & Evans, 2009). These norms play significant influence on tax compliance behaviour (Beesoon & Soondram, 2016; Bello & Danjuma, 2014). These referents include family members, friends and work colleagues, whom individuals compare themselves with or refer to. Subjective norms could therefore serve as “social pressures” on the taxpayer to either comply or evade taxes. The best prediction of behaviour is assumed by asking people if they intend to behave in a certain way. On this understanding, one needs to understand the determinants of behavioural intention. These determinants are hypothesized as attitudes, subjective norms and perceived behavioural control, which in turn predict the behaviour. Attitudes are opinions of the individual; the subjective norms are opinions of others; and the perceived behavioural control refers to self-efficacy of the individual towards the behaviour.

### **Empirical Framework**

Agbetunde (2020) investigated the relevance of Culture in Ensuring Sustainable Tax Compliance among Nigerians. Data were collected in a survey of Nigerians through a self-administered questionnaire on taxpayers from two purposively selected states from each of its three major cultural groups; Hausa, Igbo and Yoruba. Hofstede’s cultural dimensions were used to analyse the respondents’ characteristics, while process definition of tax compliance was adopted in drawing proxies to measure tax compliance. A total of 1,200 respondents were randomly selected for the study. Data were electronically processed and analysed with SPSS 23 software using parametric and nonparametric statistics. Results revealed that, generally

culture exerts significant influence on tax compliance of individual taxpayers in Nigeria and that each of the Hofstede's cultural dimensions is found to show strong influence on tax compliance. Specifically, each of "power difference", "masculinity" and "uncertainty

avoidance" dimensions is found to have positive influence on tax compliance but "individualism" dimension showed negative influence on tax compliance. The study also established significant relationship between some tax compliant factors and each of the cultural dimensions testifying that some policy implication findings were established in the result. From these findings, the study recommended policy formulation strategy considered appropriate for each tax jurisdiction based on its dominant culture, which if adopted would tremendously assist in ensuring effective taxation in Nigeria as well as other tax jurisdictions with similar cultural features.

Pope and Mohdali (2010), conducted a study of the effect of religiosity on tax morals and tax compliance. This research was conducted using data from the World Value Survey (WVS) involving 99 countries with different cultural, economic and religious backgrounds. Although it has a wide range of resources and topics, the use of data from WVS has its own constraints. It is difficult to determine the level of religiosity from the speakers because of differences in cultural background and also the teachings adopted. There are variations between different religions, even in same religion, different beliefs and practices are adopted. These differences are influenced by different cultures formed from the historical values of each individual in various countries. In addition, the probability of misunderstanding survey questions is also greater because these questions are universal.

Torgler (2006) used data from the World Value Survey as Pope did, but with different years ranging from 1995-1997. The use of data from WVS is considered to represent 70% of the world's population, so the reliability of the data from this survey can be justified. Torgler uses a sample of 40 countries in this study. The findings in the study support previous studies by combining non-economic factors into tax compliance analysis. From the data obtained in almost all the major religions in 40 countries, it found that people's morale was influenced by the magnitude of the role of religion, such as religious perception and understanding, activity in places of worship and the principles of religious life.

Another research was carried out by Eiya (2016). Eiya conducted a study in Nigeria involving 342 Muslim and Christian speakers. In this study found no significant differences in Christian and Muslim tax compliance behavior in Nigeria. This study concludes that religious values alone do not play an important role in making taxpayers responsible for tax compliance. However, Nigerian WPs are not affected by the threat of penalties imposed by the tax authorities but are more influential on social factors that encourage their willingness to voluntarily comply with tax laws (Eiya, Ilaboya, & Okoye, 2016).

Lawan and Salisu (2017), carry out research on review of fischer tax compliance model: a proposal for Nigeria. Number of factors responsible for tax evasion has made tax revenue consistently reducing over the years in the developed and developing countries in which Nigeria is not an exception. Fischer's model considered both Economic, Social and

Psychological factors to explain those responsible for non-compliance of tax, but still the model becomes weak in capturing other factors. As such, this paper proposes an extension of Fischer's model by adding Emotional Intelligence as a new construct to the model for a clearer understanding of tax payers' compliance behavior in Nigeria.

Agbetunde, Enyi and Adegbe (2019) Effect of Sentiment, Norms and Values on Tax Compliance of Self-Employed Taxpayers in South-West Nigeria. This study examined effect of sentiment, norms and value on tax compliance of self-employed taxpayers in South West Nigeria. Population comprised 9,381,736 taxpayers in three selected states. Sample size of 500 was purposefully selected with 368 valid return (73.6% response). Data were analysed using descriptive and inferential statistics. The study, from the descriptive analysis, found tax compliance to be more than 30% away from full compliance among self-employed taxpayers in South West Nigeria. Taxpayers were also found to demonstrate high sentiments and personal norms, but displayed low social norms. The study, based on the inferential analysis, found that sentiment, personal norms, social norms and values collectively had significant effect on tax compliance {Adj. R<sup>2</sup> 0.194, F(4, 367) 23.044; p <0.05}. Individually, only sentiments { $F_{13} = 0.246$ ,  $t(359) 4.567$ , p <0.05}, personal norms { $F_{13} = 0.157$ ,  $t(359) 2.959$ , p <0.05}, and social norms { $F_{13} = 0.144$ ,  $t(359) = 2.907$ , p <0.05} had significant effects on tax compliance of self-employed taxpayers in South West Nigeria, but value system { $F_{13} = 0.093$ ,  $t(359) = 1.825$ , p > 0.05} did not. The study concluded that sentiments, norms and values had effects on the variation in tax compliance of self-employed taxpayers in South West Nigeria. The study recommended, among others, that governments should adopt derivation in the appropriation of tax revenue, give adequate and continuous tax education and enlightenment so as to enhance sentiment induced voluntary tax compliance.

Kimenyi (2003) stated in his study that a society that is a highly heterogeneous ethnically is prone to high degree of mistrust, which has a tendency to retard economic progress. Ethnicity exhibits the cultural heritage of people and it is commonly believed to express cultural differences. Ethnicity is a concept used to indicate the relationship existing between groups who consider themselves different from others and who are also seen by others as culturally different. A society may be ethnically homogeneous or heterogeneous. A society whose citizens are members of the same ethnic group is an ethnically homogeneous society while a society having more than one ethnic group is referred to as an ethnically heterogeneous society.

### **Summary of Literature review and research gap**

This Section explains the concept of religiosity and tax compliance for the purpose of this study as the combination of Islamic, Christianity and traditional belief. Most of the literature that was reviewed on religiosity and tax compliance did not incorporate the study in Akwa Ibom State-Nigeria. This is the gap that this study has identified. Two theories namely behavioural and economic theories were discussed in this study out of which behavioural theory was adopted. These referents include family members, friends and work colleagues, whom individuals compare themselves with or refer to. Subjective norms could therefore serve as "social pressures" on the taxpayer to either comply or evade taxes. The best prediction of behaviour is assumed by asking people if they intend to behave in a certain way. On this understanding, one needs to understand the determinants of behavioural intention. These determinants are

hypothesized as attitudes, subjective norms and perceived behavioural control, which in turn predict the behaviour. Attitudes are opinions of the individual; the subjective norms are opinions of others; and the perceived behavioural control refers to self-efficacy of the individual towards the behaviour.

### **Research design**

The research design adopted for this study was the descriptive survey research design. This design was adopted because the instrument used for data collection was a researcher's constructed questionnaire. Survey research design is a quantitative method with two important characteristics. First, the variables of interest are measured using self-reports. In essence, survey researchers asked their participants (who are often called respondents) to report directly on their own thoughts, feelings and behaviour. Second, considerable attention is paid to the issue of sampling.

### **Population of the study**

The population of this study consisted of 3800 micro, small and medium scale enterprises (MSMEs) operators registered with the Akwa Ibom State board of internal revenue service (AKSBIRS) at the end of 2019 fiscal year (Umoffong, Etim and Bassey, 2020). The population of the study consist of major stakeholders in personal income taxation in Akwa Ibom State comprising of individual taxpayers, tax administrators, and tax consultants/auditors all belonging to Islamic, Christianity and traditional belief.

### **Sample size and sample size determination**

The sample size of this study was determined using Taro Yamani formula and this is given as

$$n = 3800$$

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

From the formula above, the sample size of this study is computed as:

Where: n = sample size required

N = Population

e = significant level = 5%

From the formula above, the calculated sample size of this study is 361. Also for convenience sake the sample size was reduce to 92 respondents.

### **Sampling technique**

The sampling technique adopted for this study was convenience sampling technique. This method was adopted because all members of the population was selected on convenience bases.

### **Sources of data collection**

Data were collected from primary sources. Primary data were obtained through questionnaire and personal interviews with individual taxpayers, tax administrators, and tax consultants/auditors all

belonging to Islamic, Christianity and traditional belief. This method was adopted to enable detailed and independent information not covered by the questionnaire to be expressed by the respondents. For analytical comparison of facts and proper compilation of facts and figures, survey of existing documents was deemed necessary.

### **Method for Data Collection**

Data were collected through questionnaire carefully designed and administered to the respondents, as well as through personal interviews. On the whole, the questionnaire constituted the major instrument for data collection. The questionnaire contains sections A and B. Section A contains personal information about the respondents. Section B is the main body of the questionnaire using a five (5) point scale instrument through which the opinions of the respondents were expressed. Their responses were measured by means of a four category rating system:

SA	-	Strongly agree	5
A	-	Agree	4
U	-	Undecided	3
D	-	Disagree	2
SD	-	Strongly disagree	1

### **Validity of research instrument**

The validity of the research instrument was assessed by tax experts. These experts assessed the relevance of each item in relation to the objectives of the study, the hypotheses to be tested as well as the comprehensibility of each item in relation to the cognitive level of the respondents. They validated the instrument by effecting necessary corrections, examining the contents and ascertaining clarification of ideas as well as appropriateness of the items.

### **Reliability of the instrument**

Reliability in this context refers to the measure of consistency of the instrument used in eliciting relevant and desirable responses from respondents so that the objectives can be reliably and meaningfully achieved. In order to determine the reliability of the instrument used in the study, the corrected questionnaire was administered randomly on individual taxpayers, tax administrators, and tax consultants/auditors all belonging to Islamic, Christianity and traditional belief. This approach was repeated with the same group after a two – month's period and the results obtained from the first and second pre-test were consistent, therefore, the instrument is reliable.

### **Administration of the instrument**

The questionnaire was personally administered by the researchers to the respondents during official hours at the office. The exercise was done with the help of supervisors and the managers of the organizations.

### **3Method of data analysis**

Tables and simple percentage was used as technique of analyzing the research questions while regression analysis was used to test the research hypotheses. All the tests were conducted at 0.05 level of significance.

**Model specification****Multiple Linear Regressions**

The linear models for multiple-regression is expressed as follows:

$$\text{TAXCOM}_{kt} = \beta_0 + \beta_1 \text{ISR}_{kt} + \beta_2 \text{CHR}_{kt} + \beta_3 \text{TRR}_{kt} + e_t$$

**Where:**

$\beta_1, \beta_2, \beta_3$  = coefficient.

$\beta_0$  = Constant

$\text{TAXCOM}_{kt}$  = Tax compliance for Akwa Ibom State

$\text{ISR}_{kt}$  = Islamic religion for Akwa Ibom State

$\text{CHR}_{kt}$  = Christian religion for Akwa Ibom State

$\text{TRR}_{kt}$  = Traditional religion for Akwa Ibom State

$e_t$  = Error term in year t.

**Data Presentation****Response Rate**

The researcher distributed 92 copies of the questionnaire to the respondents, out of which 60 copies were filled and returned. This indicated 65.2% response rate. This section of the study showed the various response of the respondents to the questionnaire items. The questionnaire was divided into five sections, four representing the independent and dependent variables and one representing the demographic information of the respondents. Each section had three items.

**Demographic Characteristics of Respondents****Gender of the Respondents****Table 4.1 Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	16	26.7	26.7	26.7
Valid Male	44	73.3	73.3	100.0
Total	60	100.0	100.0	

**Source: Researcher's Computation (2024)**

The analysis shows that 73.3% of the respondents were male while 26.7% were female.

**Age of the Respondents****Table 4.2 Age of respondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-30 years	6	10.0	10.0	10.0
Valid 31-40 years	20	33.3	33.3	43.3
Valid 41-50 years	26	43.3	43.3	86.7
Valid 51 years & above	8	13.3	13.3	100.0
Total	60	100.0	100.0	

**Source: Researcher's Computation (2024)**

According to the analysis presented in Table 4.2, the age of the respondents was distributed as follows; 20-30 years (10%), 31-40 years (33.3%), 41-50 years (43.3%) and 51 years and above (13.3%).

### Educational Qualification of the Respondents

**Table 4.3: Educational level of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SSCE	28	46.7	46.7	46.7
B.Sc/ HND	32	53.3	53.3	100.0
Total	60	100.0	100.0	

**Source: Researcher's Computation (2024)**

The result of the analysis shows that 46.7% of the respondents hand a SSCE while 53.3% had First degrees.

### Marital Status of Respondents

**Table 4.4 Marital Status of Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	18	30.0	30.0	30.0
Married	40	66.7	66.7	96.7
Divorced/Widow/Widower	2	3.3	3.3	100.0
Total	60	100.0	100.0	

**Source: Researcher's Computation (2024)**

The respondents were made up of 18 singles (30%), 40 married (66.7%) and 2 divorcees (3.3%).

### 4. 1.3 Reponses of the respondents to the questionnaire items

**Table 4.5: Islamic Religion**

**Islamic religion guidance are measurement for religiosity**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY DISAGREE	8	13.3	13.3	13.3
DISAGREE	14	23.3	23.3	36.7
AGREE	20	33.3	33.3	70.0
STRONGLY AGREE	18	30.0	30.0	100.0
Total	60	100.0	100.0	

**Tax fraud acceptability is highly approved of by people with no Islamic religion affiliation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid UNDECIDED	2	3.3	3.3	3.3
DISAGREE	12	20.0	20.0	23.3
AGREE	22	36.7	36.7	60.0
STRONGLY AGREE	24	40.0	40.0	100.0
Total	60	100.0	100.0	

**Islamic religion group have an impact on some deviant behaviour including tax evasion**

	Frequency	Percent	Valid Percent	Cumulative Percent
UNDECIDED	4	6.7	6.7	6.7
STRONGLY DISAGREE	4	6.7	6.7	13.3
Valid AGREE	24	40.0	40.0	53.3
STRONGLY AGREE	28	46.6	46.6	100.0
Total	60	100.0	100.0	

**Source: Researcher's Compilation (2024)**

### Islamic Religion

This section showed the views of the respondent in respect of Islamic religion. The frequency of the respondent's response is presented in Table 4.5. From the result of the analysis 30% of the respondents strongly agreed that Islamic religion guidance are measurements for religiosity while 23.3% of the respondents disagreed to this assertion. In the same vein, 40% of the respondents strongly agreed that tax fraud acceptability is highly approved of by people with no Islamic religion affiliation, while 20% of the respondents refuted this assertion. The result of the analysis also showed that 46.6% of the respondents strongly agreed that Islamic religion group have an impact on some deviant behaviour including tax evasion. It was only 6.7% of the respondents that disagreed to this assertion.

### Table 4.6: Christianity Religion

**Christianity religious education are measurement for religiosity**

	Frequency	Percent	Valid Percent	Cumulative Percent
UNDECIDED	6	10.0	10.0	10.0
DISAGREE	2	3.3	3.3	13.3
Valid AGREE	20	33.3	33.3	46.7
STRONGLY AGREE	32	53.3	53.3	100.0
Total	60	100.0	100.0	

**People who are committed to Christianity religious practices have a low inclination for cheating, including giving of false tax information**

	Frequency	Percent	Valid Percent	Cumulative Percent
UNDECIDED	6	10.0	10.0	10.0
STRONGLY DISAGREE	2	3.3	3.3	13.3
Valid DISAGREE	2	3.3	3.3	16.7
AGREE	38	63.3	63.3	80.0
STRONGLY AGREE	12	20.0	20.0	100.0
Total	60	100.0	100.0	

**Christianity religious teaching influences individual attitude and behaviour influences in our community and by extension their tax compliance**

	Frequency	Percent	Valid Percent	Cumulative Percent
UNDECIDED	10	16.7	16.7	16.7
Valid AGREE	24	40.0	40.0	56.7
STRONGLY AGREE	26	43.3	43.3	100.0
Total	60	100.0	100.0	

**Source: Researcher's Compilation (2024)**

### Christianity Religion

This section assessed the physical workplace environment of the employees. The frequency of the respondent's response is presented in Table 4.6. From the result of the analysis, 53.3% of the respondents strongly agreed that the Christianity religious education are measurement for religiosity while 3.3% of the respondents disagreed to this fact. In the same vein, 63.3% of the respondents strongly agreed that People who are committed to Christianity religious practices have a low inclination for cheating, including giving of false tax information while 3.3% of the respondents refuted this assertion. The result of the analysis also showed that 43.3% of the respondents strongly agreed that the Christianity religious teaching influences individual attitude and behaviour influences in our community and by extension their tax compliance. 16.7% of the respondents were undecided about this assertion.

**Table 4.7 Traditional Religion**

#### All traditional worshippers have the fear of God and obey tax law to the letter

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid DISAGREE	14	23.3	23.3	23.3
AGREE	32	53.3	53.3	76.7
STRONGLY AGREE	14	23.3	23.3	100.0
Total	60	100.0	100.0	

#### Morality can be to attributable to supernatural forces

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid UNDECIDED	12	20.0	20.0	20.0
STRONGLY DISAGREE	4	6.7	6.7	26.7
DISAGREE	8	13.3	13.3	40.0
AGREE	26	43.3	43.3	83.3
STRONGLY AGREE	10	16.7	16.7	100.0
Total	60	100.0	100.0	

#### Some religious people can be immoral

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid UNDECIDED	10	16.7	16.7	16.7
STRONGLY DISAGREE	2	3.3	3.3	20.0
DISAGREE	4	6.7	6.7	26.7
AGREE	34	56.7	56.7	83.3
STRONGLY AGREE	10	16.7	16.7	100.0
Total	60	100.0	100.0	

**Source: Researcher's Compilation (2024)**

### Traditional Religion

This section assessed the opinion of the respondents in respect of psychological workplace environment. The frequency of the respondent's response is presented in Table 4.7. From the result of the analysis, 53.33% of the respondents agreed that all traditional worshipper have the fear of God and obey tax law to the letter while 23.3% of the respondents disagreed to this fact. In the same vein, 43.3% of the respondents agreed that Morality can be to attributable to supernatural forces while 6.7% of the respondents refuted this assertion. The result of the analysis also showed that 56.7% of the respondents agreed that some religious people can be immoral, 16.7% of the respondents were undecided about this assertion.

## Test of Hypotheses

The test of hypotheses was carried out in line with the model specification. The sum of the scores of the respondents was used to represent each of the variables. The regression result are shown thus:

**Table 4.9 Correlations**

		TAX COMPLIANCE	ISLAMIC	CHRISTIANITY	TRADITI ONAL
TAX COMPLIANCE	Pearson Correlation	1	.413	.510	.329*
	Sig. (2-tailed)		.000	.003	.010
	N	60	60	60	60
ISLAMIC	Pearson Correlation	.413	1	.466**	.098
	Sig. (2-tailed)	.000		.000	.454
	N	60	60	60	60
CHRISTIANITY	Pearson Correlation	.510	.466**	1	.150
	Sig. (2-tailed)	.003	.000		.254
	N	60	60	60	60
TRADITIONAL	Pearson Correlation	.329*	.098	.150	1
	Sig. (2-tailed)	.010	.454	.254	
	N	60	60	60	60

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Source: Researcher's Compilation (2024)**

### Hypothesis One

The null hypothesis one states that Islamic religion do not significantly affect tax compliance in Akwa Ibom State. Based on the decision rule of the study, the null hypothesis one of the study is rejected and the alternate accepted because the p-value of 0.000 shown in Table 4.9 is less than 0.05.

### Hypothesis Two

The null hypothesis two states that Christianity religion do not significantly affect tax compliance in Akwa Ibom State. Based on the decision rule of the study, the null hypothesis two of the study is rejected and the alternate accepted because the p-value of 0.003 shown in Table 4.9 is less than 0.05.

### Hypothesis Three

The null hypothesis three states that traditional religion do not significantly affect tax compliance in Akwa Ibom State. Based on the decision rule of the study, the null hypothesis three of the study is rejected and the alternate accepted because the p-value of 0.010 shown in Table 4.9 is less than 0.05. .

## **DISCUSSION OF THE FINDINGS**

### **Hypothesis one**

The result suggests that the Islamic religion has positive influence on the tax compliance in Akwa Ibom State. This is because the correlation coefficient from the analysis was 0.413 which gives a coefficient of determination ( $r^2$ ) of 0.1705. The implication of this result is that 17.05% of the variation of tax compliance is accounted for by Islamic religion. The direction of the influence shows that as Islamic religion improves the tax compliance will ultimately increase. This finding is in line with the findings of Ogele & Amadi-Celestine, (2021) who conducted a study to find out the effect of religion on taxation in Port Harcourt city- Nigeria. The findings of their study indicated that tax compliance will always increase when they Islamic religion group have an impact on some deviant behaviour including tax evasion.

### **Hypothesis two.**

The result suggests that Christianity religion has a positive effect on tax compliance in Akwa Ibom State. This is because the correlation coefficient from the analysis was 0.510 which gives a coefficient of determination ( $r^2$ ) of 0.2601. The implication of this result is that 26.1% of the variation of tax compliance is accounted for by Christianity religion. The direction of the influence shows that as Christianity religion improves tax, compliance will ultimately increase. This finding is in line with the findings of Eiya, (2016), who conducted a study in Nigeria involving 342 Muslim and Christian speakers. The study found a strong relationship and between Christianity religion and tax compliance in Akwa Ibom State.

### **Hypothesis three**

The result showed that traditional religion has a significant effect on the tax compliance in Akwa Ibom State. This is because the correlation coefficient from the analysis was 0.329 which gives a coefficient of determination ( $r^2$ ) of 0.1082. The implication of this result is that 10.82% of the variation of tax compliance is accounted for by traditional belief. The direction of the influence shows that as traditional belief improves, tax compliance will ultimately increase. This finding is in line with the findings of Pope & Mohdali, (2010) who conducted a study of the effect of religiosity on tax morals and tax compliance. This research was conducted using data from the World Value Survey (WVS) involving 99 countries with different cultural, economic and religious backgrounds. The study found a strong relationship and between traditional religion and tax compliance in Akwa Ibom State.

### **Summary of Findings**

The main findings of the study were as follows;

- i. Islamic religion positively influences tax compliance in Akwa Ibom State.
- ii. Christianity religion significantly affects the tax compliance in Akwa Ibom State.
- iii. Traditional religion significantly positively influences the tax compliance in Akwa Ibom State.

## CONCLUSION

From the research findings, the following conclusions were drawn.

Islamic religion, Christianity religion and Traditional religion has a significant positive effect on tax compliance in Akwa Ibom State.

## Recommendations

Based on the findings of the study, the following recommendations are made;

1. The study is recommending taxpayers' service that would emphasize tax administrators are service providers and facilitators to taxpayers as customers for public goods and services. This measure would go a long way to enhance the fairness of the tax system and the attitudes of self-employed taxpayers.
2. In order to improve taxpayers' attitude, tax authorities should also continue the taxpayers' education and enlightenment programmes regularly.
3. Improvement of institutional welfare is also recommended for tax administrative and retributive fairness

## Contribution to Knowledge

The study has made a reasonable contribution in the field of religiosity and tax compliance in Akwa Ibom State. They are:

- (i) The extent of prior research literature available on religiosity and tax compliance in Akwa Ibom State is limited. This work appears to be among the very few which contribute to literature that tries to establish the influence of religiosity and tax compliance in Akwa Ibom State.
- (ii) The study has provided validation that the behaviour of religiosity are beneficial to the tax authority and if this system is absorbed by religious bodies, there will be a significant impact on tax compliance in Akwa Ibom State.

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## APPENDIX I

### QUESTIONNAIRE

This questionnaire is designed to collect data which would be used to determine as well as analyse the ‘relationship between religiosity and tax compliance in Akwa Ibom State’. The data shall be used for academic purpose only and will be accorded utmost confidentiality it deserves. Kindly tick the correct answer or supply the required information in the space provided against it.

#### SECTION A:

1. Sex: Male [ ] Female [ ]
2. Highest academic qualification: Certificate/Diploma [ ]  
Undergraduate degree [ ] Masters [ ] PhD [ ]
  - AGE: Below 25 [ ] 26-34 [ ] 35-44 [ ] 45-50 [ ]
  - Above 50 [ ]

#### SECTION B: RELIGIOSITY AND TAX COMPLIANCE

Please tick the appropriate option

Key:

- 5 – Strongly Agree
- 4 – Agree
- 3 – Disagree
- 2 – Strongly Disagree
- 1 – Undecided

<b>Islamic Religion</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Islamic religion guidance are measurements for religiosity					
Tax fraud acceptability is highly approved of by people with no Islamic religion affiliation					
Islamic religion group have an impact on some deviant behaviour including tax evasion					
<b>Christianity Religion</b>					
Christianity religious education are measurement for religiosity					
People who are committed to Christianity religious practices have a low inclination for cheating, including giving of false tax information					
Christianity religious teaching influences individual attitude and behaviour influences in our community and by extension their tax compliance					
<b>Traditional Religion</b>					
All traditional worshipper have the fear of God and obey tax law to the letter					
Morality can be to attributable to supernatural forces					
Some religious people can be immoral					
<b>Tax Compliance (income tax)</b>					
Personal morals can have a stronger effect on people compliance behaviour to set down rules and regulation in your community					
Some completely nonreligious people (who moralists) are more honest than those that go places of worship on Sundays and Fridays and will give accurate tax record					
Failure to pay an appropriate amount of income taxes violate the principles of morality					