



TAX EDUCATION, FAIRNESS AND PENALTY ON COMPLIANCE BEHAVIOR OF MICRO, SMALL AND MEDIUM ENTERPRISES IN BAYELSA STATE, NIGERIA

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ABSTRACT: *This study investigated the relationship between tax education, tax fairness and tax penalty on voluntary tax compliance in Bayelsa State, Nigeria. A cross sectional survey was conducted on a sample of owners of micro, small and medium enterprises (MSMEs) in Bayelsa State. Primary data were collected using a questionnaire with a five-point Likert scale. The sample was 313 owners of micro, small and medium enterprises (MSMEs) taxpayers that were purposely selected. The data collected were presented with the use of descriptive statistics, while bivariate and univariate analysis was used in the estimation of the regression model developed for the study. The results from the analysis revealed a positive and significant relationship between print form tax education and voluntary tax compliance; positive and significant relationship between electronic form tax education and voluntary tax compliance; positive and significant relationship between stakeholder sensitization programme and voluntary tax compliance; positive and significant relationship between tax fairness and penalty on voluntary tax compliance in Bayelsa State, Nigeria. The study concluded that tax education, tax fairness and tax penalty influence the level of tax compliance of micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. The study, therefore, recommended amongst others that the government through the relevant tax authorities should evaluate and re-integrate tax education programs feedback on tax behaviors to progressively increase revenue generation.*

KEYWORDS: Tax education, Tax fairness, Tax penalty, Tax compliance, Bayelsa state.



INTRODUCTION

Tax revenue is of vital significance for the sustainability of both industrialized and emerging nations. This is due to the fact that tax is the major source of revenue to the government; its collection is compulsory and regular that can guarantee stability of government income. According to Oladipupo and Obazee (2016), taxes are indispensable in nation building. The authors contend that taxes are necessary for the capacity building for meaningful economic growth and development of any country. Tax is a compulsory contribution made by the citizens of any given country to the state or even an alien, subject to the jurisdiction of the government, for reasons of residence or property and this contribution is for the provision of social amenities for the well-being of that given society (Appah & Zibaghafa 2018; Appah, 2019). Anyaduba and Otugbu (2019) and Omesi and Appah (2021) state that the major objective of taxes in any given society is to ensure that the government uses the revenue derived for the facilitation of economic growth, economic stabilization, income redistribution, promotion of fairness and equity, fiscal responsibility and accountability, as well as for the provision of national goods and services. Also, Omesi and Appah (2021) argue that the main objective of taxes is to increase sufficient revenue to finance government spending that seeks to maximize social welfare that defines its redistribution ability. However, taxpayers are not always enthusiastic and prepared to obey when it comes to the commitments enacted on them by law. Castro and Scartascini (2015) argue that low tax compliance by taxpayers influences the capacity of the government to increase the desired revenue for economic growth and development of industrialized and emerging nations. Amaning et al. (2021) maintain that improved tax revenue will enable the government to carry out more developmental schemes to assist and increase the living standards of the people. According to De Simone et al. (2013), taxpayers wish to minimize cost and maximize revenue, while the government wants to maximize revenue through improved tax compliance.

Tax compliance is a foremost challenge for many tax authorities globally. James and Alley (2004) argue that it is not a simple duty to convince taxpayers to obey tax obligations even as tax laws are not always specific in some respects. Oladipupo and Obazee (2016) maintain that taxpayers are essentially likely to decrease their tax liability either through tax evasion or tax avoidance. The authors further argued that this may give rise to improper filling of their tax returns to tax authorities. Excessively intricate tax regime enforcement makes tax compliance unduly difficult and often have a distortionary influence on the development of micro, small and medium scale enterprises (MSMEs) as they are tempted to change into forms that offer a lower tax burden or no tax burden at all (Oladipupo & Obazee, 2016). Amaning et al. (2021) claimed that the failure of the taxpayer to obey tax laws has negative effects on the economic growth and development of nations. Tax evasion tends to negatively influence the government's ability to undertake the desired developments to improve the living standards of the people. The negative impact of tax evasion on government income has terrible costs for the economy. It plunges revenue required by governments to invest in significant facets of society including health, education and infrastructure development (Robbins & Kiser, 2020). Hence, tax education enhances the level of tax compliance. According to Asshaw and Sebat (2019), tax compliance is the obedience to the administrative rules of tax authorities of reporting and paying taxes on time by taxpayers. The authors further noted that compliance involves the coverage requirements, procedural rules and laws of taxation. Also Appah and Woswei (2016) described tax compliance behavior as the readiness of an individual or corporate taxpayer to comply with relevant tax laws by paying their taxes as at when due. Twun et al. (2020) contend



that tax compliance describes the making and submission of financial reports as well as making payments to the tax authorities on time and in the required fashion. The authors added that tax compliance is how much a taxpayer goes along or neglects to agree to the assessment standards of a country. It is the willingness of taxpayers to meet their taxation obligations as per the relevant guiding principle without the condition for tax audits.

Tax education is one of the major determinants that improve the level of tax compliance. Consequently, studies have investigated the association between taxpayer education and tax compliance behaviors (Amaning et al., 2021; Twun et al., 2020; Adusei, 2018; Ali, 2017; Swenson, 2016). Taxpayer education is explained as the method of enlightening both taxpayers and potential taxpayers about the tax system as a whole and the principle of tax payment. Taxpayers are enlightened on paying their taxes to the government as a result of this method. Therefore, encouraging taxpayers to fulfill their tax payment obligations freely is the key importance of taxpayer education. The reason for taxpayer education consists of imparting knowledge with regards to the tax laws and compliance, persuading the behavior of the taxpayer towards taxes largely, and maximizing tax revenues through voluntary tax compliance. However, tax compliance behavior continues to stay low in most of the emerging and developing nations. This has served as a major prickle to governments as taxes are their major source of revenue to fund public sector services. Poor tax education has a number of implications to the government. First, it definitely impacts tax compliance. Giulia et al. (2019) are of the view that less educated taxpayers are more likely to feel confused about complex tax rules, thus potentially failing to obey tax rules.

A number of researchers have conducted numerous researches on tax compliance and the determinants influencing tax compliance have endeavored to describe the diverse reasons why tax compliance still remain a challenge, despite the many incentives, punishments and guidelines in place (Adekoya, 2021; Amaning et al., 2021; Twun et al., 2020; Adusei, 2018; Ali, 2017; Swenson, 2016; Waithira, 2016). However, none of these studies has clearly assessed and measured the effect of taxpayer education on tax compliance behavior among the micro taxpayers, who form the majority of taxpayers and who are generally ignorant of tax matters. In spite of all these, very little is known about the influence of taxpayer education on tax compliance behavior in Nigeria, and Bayelsa State in particular. Therefore, an empirical study is considered necessary to assess the association between taxpayer education and tax compliance behavior. This study seeks to address this gap by investigating the effect of taxpayer education on tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. The specific objectives of this study are as follows:

1. To investigate the relationship between electronic form of taxpayer education and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
2. To evaluate the relationship between print media form of tax education and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
3. To determine the relationship between stakeholders sensitization programmes of tax education and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.



4. To investigate the relationship between tax fairness and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
5. To examine the relationship between penalties and enforcement and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.

This study was guided by the following research questions:

1. What is the relationship between the electronic form of taxpayer education and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria?
2. What is the relationship between the print media form of tax education and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria?
3. What is the relationship between stakeholders' sensitization programmes of tax education and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria?
4. What is the relationship between tax fairness and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria?
5. What is the relationship between penalties and enforcement and tax compliance behavior among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria?

This study tested the following null hypothesis:

- H0₁:** There is no significant relationship between electronic form of taxpayer education and tax compliance among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
- H0₂:** There is no significant relationship between the print media form of tax education and tax compliance among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
- H0₃:** There is no significant relationship between stakeholders' sensitization programmes of tax education and tax compliance among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
- H0₄:** There is no significant relationship between tax fairness and tax compliance among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
- H0₅:** There is no significant relationship between penalties and enforcement and tax compliance among micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Review

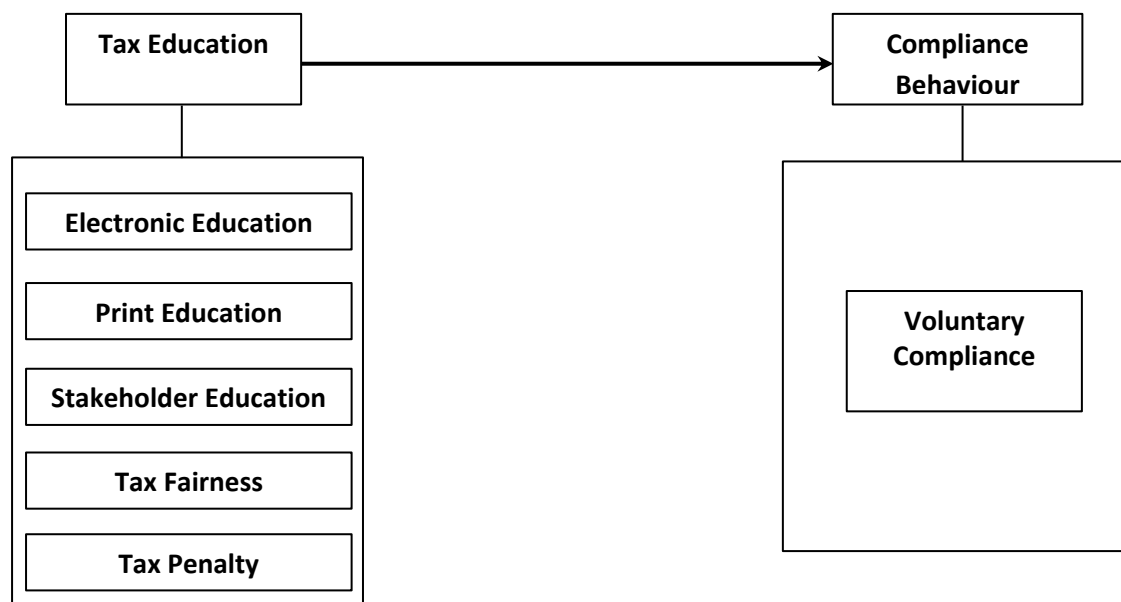


Fig.1: Conceptual Framework on Tax Education, Fairness, Penalty and Compliance Behaviour

Tax Education: Taxpayer education is fast becoming a major route of tax administration. According to Organisation for Economic Cooperation and Development (2015), governments and tax administrations globally explore different methods to supplement traditional enforcement focused practices; they turn to taxpayer education to expand tax compliance behavior. Taxpayer education is the method of enlightening both taxpayers and potential taxpayers about the tax system of a given nation as a whole and the relevance of tax payment. According to Adekoya (2021), tax education consists of any informal or formal plan created by the tax authority or other agencies to encourage taxpayers in filing tax returns appropriately and also to encourage consciousness of their responsibilities in respect of the tax system of any given nation. Wanjuru (2020) stated that the objectives of tax education include knowledge and awareness of tax rules and laws; modification of taxpayer's attitude towards taxation and growth of tax collection through voluntary tax compliance behavior. Amaning et al. (2021) contend that taxpayer education enables taxpayers to perform their tax responsibilities to the nation. Wanjuru (2020) further claims that the principal aim of taxpayer education is to boost voluntary tax compliance amongst taxpayers. Tax education entails the use of electronic, print media and stakeholder sensitization programmes to inform taxpayers on the relevance and importance of tax payment to the citizens in particular and the government in general.

Electronic Form of Taxpayer Education and Tax Compliance: Taxpayer education can be improved through the use of electronic forms of communication. According to Amaning et al. (2021), these means of taxpayer education assists the relevant tax authorities to increase



taxpayers' earnings which culminate into better income for a nation's economic growth and development. Palil (2010) contends that electronic taxpayer education using radio and television is among the most effective communication means of publicizing up-to-date tax information to taxpayers and others. Amaning et al. (2021) maintain that this could lead to improved tax compliance among MSMEs. Palil (2010) further claims that tax officials can use email, short messages (SMS), and websites to frequently update taxpayers on tax issues with their tax obligations. The application of electronic tax education does provide the required information on e-registration, e-filing and e-payment boost compliance behavior of MSMEs in developing and emerging countries (Amaning et al., 2021). Gitaru (2017) maintains that the electronic taxpayers education positively and significantly impacts on compliance behavior of micro, small and medium enterprises in Kenya. A similar study conducted by Amaning et al. (2021) in Ghana indicated that e-education of taxpayers positively and significantly affects tax compliance of small and medium enterprises in Ghana.

Print Media Form of Tax Education and Tax Compliance: The application of print media, such as newspapers and magazines, will enhance the tax compliance behavior of taxpayers. According to Tetteh (2019), the use of magazines, flyers, newspapers, print outs, and others to disseminate information on tax issues among small and medium enterprises improves taxpayers awareness, submission of returns, and self-confidence leading to voluntary tax compliance. Nurlis (2015) affirms that the use of print media taxpayer education will advance better knowledge and awareness of the tax laws, tax consciousness, tax returns submission, loyalty and decrease in tax evasion. According to Gitaru (2017), the adoption of print media tax education such as newspapers and magazines will increase tax awareness, the filing of tax returns, and eventually increase taxpayers' voluntary compliance and enhancement of government revenue. The investigation conducted in Ghana by Amaning et al. (2021) showed that print education of taxpayers positively and significantly affects tax compliance of small and medium enterprises.

Stakeholders' Sensitization Programmes of Tax Education and tax education: Stakeholders sensitization programmes are also used by tax authorities to educate taxpayers on tax compliance. According to Amaning et al. (2021), stakeholder sensitization programmes are done using workshops, seminars and tax clinics. Gitaru (2017) study in Kenya noted that the Kenya Revenue Authority organizes tax workshops to educate citizens on the importance of voluntary compliance. Also, Tetteh (2019) affirms that the Ghana Revenue Authority (GRA) arranges workshops for taxpayers to enhance voluntary tax compliance. Amaning et al. (2021) claim that the opinions and fears of the taxpayers are implored to assist advance tax administration. The authors further noted that through such mediums the worries of taxpayers concerning their rights and responsibilities are resolved; the tax authority's administrative procedures are made known to the taxpayer, and taxpayers' consciousness about the various interferences and inducements meant at reducing the cost of transactions and the accessibility of time concerning tax laws are made known to taxpayers (Gitaru, 2017; Tetteh, 2019). The investigation conducted in Ghana by Amaning et al. (2021) showed that stakeholder sensitization programmes of taxpayers positively and significantly affects tax compliance of small and medium enterprises.

Tax Fairness and Tax Compliance: Tax fairness is having an equitable tax system. Fairness of the tax system is believed by taxpayers and tax authority as one of the determinants of compliance behavior (Amina & Saniya, 2015). A number of studies explain the positive relationship between tax fairness and tax compliance. Tilahun and Yidersal (2014), Maseko



(2015), Gerger et al. (2014) established that perception of the fairness of the tax system significantly influences the tax compliance behavior. Similarly, Geletaw's (2017) research in Ethiopia indicated a positive and significant association between tax fairness and tax compliance levels in the formal sector. However, studies conducted by Tadesse and Goitom (2014) and Assfaw and Sebhat (2019) indicated a statistically insignificant relationship between tax fairness and tax compliance behavior.

Tax Penalties and Enforcement and Tax Compliance: Tax penalty is a disciplinary measure that the tax law imposes for the performance of an act that is proscribed, or for the failure to perform a required act such as failure to timely file return or filling wrong or undervalued returns (Oladipupo & Obazee, 2016). According to Assfaw and Sebhat (2019), tax penalty is the money paid to the relevant tax authority, as a punishment for tax evasion. Sawyer et al. (2014) contend that a surge in tax deterrence sanctions relating to the discovery of likelihood and the severity of penalties gives rise to lower non-compliance among taxpayers. The level of tax penalty significantly impacts on tax compliance behavior. This is similar with the study of Yunus et al. (2017) which indicates that the rate of tax penalties has a positive influence on the tax compliance behavior. Ahmed and Kedir (2015) showed that the penalty magnitude is significantly positively related to tax compliance intentions; that is, when taxpayers perceive that there is a high penalty rate for any non-compliance, the level of non-compliance will decrease. However, the study of Tilahun (2016) conducted on factors influencing tax compliance attitudes in Ethiopia indicated that offenses and penalties are not significant variables in explaining tax compliance behavior. Similarly, the study conducted by Waithira (2016) and Oladipupo and Obazee (2016), Assfaw and Sebhat (2019) indicated that there exists an insignificant negative association between tax penalties and residential rental income tax compliance behavior.

Tax Compliance Behaviour: Tax compliance is the adherence to the tax rules of reporting and paying taxes as at when due. It consists of filing tax returns on time, covering all the income and claiming the proper tax reliefs and making tax payments on time. According to Assfaw and Sebhat (2014), tax compliance is an individual's act of filing their tax returns, declaring all nonexempt financial gain correctly, and paying all collectable taxes at intervals, the stipulated amount, while not having to attend for follow-up actions from the tax authority. Amaning et al. (2021) described tax compliance as the conscious act of obeying and complying with tax laws and honoring tax payments obligation properly. Ndubula and Matiku (2021) defined tax compliance as the filling of all required tax returns at the proper time and that returns correctly report tax liability in accordance with tax rules and laws applicable at the time of filling the returns. Akhand and Hubbard (2016) explained that tax compliance is composed of three mutually exclusive elements: filling, reporting, and payment.

Theoretical Review

This study is anchored on the economic deterrence theory advanced by Allingham and Sandmo (1972). This theory stated that the attitude of a taxpayer is typically predisposed by the issues that govern the cost and advantages of tax evasion (Wanjiru, 2020). According to Amaning et al. (2021), this theory incorporates the concept of an economically rational taxpayer who will evade taxes so long as the merits from such activities surpass the visualized disciplinary actions of being caught. Walsh (2012) states that this theory views the taxpayer as a rational economic entity, who measures the costs and benefits of evading taxes, and consequently selects not to pay, if the benefit of non-compliance exceeds the costs. The theory explains that the taxpayer



maximizes expected benefits of non-compliance tax risk. This theory implies that taxpayers will only pay their taxes due to the fear of being punished for noncompliance. Awa and Ikpor (2015) contend that a rise in punishment as a result of fines and penalties will improve tax revenue.

Empirical Review

There are several prior empirical investigations on the association between tax education, fairness and penalty on tax compliance behavior in developed and developing nations. Some of these studies are reviewed below with a view to observing the trends of the findings and the gaps in literature.

Table 1: Summary of Empirical Review

S/N	Authors/Year	Research Topic	Methodology Used	Findings
1.	Amaning et al. (2021)	Tax compliance among Ghanaian SME: How impactful is taxpayer education?	The study employed an online survey to collect responses from 297 respondents using purposive and simple random sampling techniques. Partial Least Square – Structural Equation Model (PLS-SEM) approach was adopted in assessing the measurement and structural models.	The study revealed that electronic media tax education; print media tax education and stakeholders' sensitization positively impact on tax compliance.
2.	Assfaw and Sebhat (2019).	Analysis of tax compliance and its determinants: Evidence from Kaffa, Bench Maji & Sheka Zones Category B Taxpayer, SNNRP, Ethiopia	The study utilized descriptive and explanatory research designs. A population of 1397 and a sample size of 311 using Yamane method. Questionnaire was used as the primary source of data collection while univariate, bivariate and multivariate methods of data analysis were adopted in the study.	The study's logistic regression analysis suggested that that tax compliance was positively affected by education level of taxpayers, tax knowledge and awareness of tax payers, simplicity of the tax system, attitude of tax payers towards tax, perceived role of government expenditure, and rewarding scheme for loyal taxpayers.



3.	Ndubula and Matiku (2021)	The effects of tax education on government revenue collection: The case of small and medium enterprises in Morogoro Municipality, Tanzania.	The study employed descriptive and explanatory research. Also cross – sectional research design was used. Questionnaires and interviews were employed as the primary sources of data collection. A population of 2950 with a sample size of 96 participants. Univariate method of data analysis was utilized.	The findings of this study disclosed a high level of non – compliance to tax due to timeliness for tax payment, voluntary tax payment, use of Electronic Fiscal Devices, issuance of fiscal receipts and online filing of tax returns. Hence the key factor of non – compliance to tax is the level of tax education.
4.	Omesì and Akpeekon (2019)	Determinants of Income tax and tax compliance in Nigeria.	The study employed survey research design and questionnaire was the primary source of data collection. Univariate and Multivariate methods of data analysis were adopted.	The findings of this study showed a negative and significant relationship between cost of tax compliance and tax behavior in Nigeria; a positive and significant association between tax education and tax compliance behavior and a negative and significant relationship between tax revenue utilization and tax compliance behavior in Nigeria.



5.	Aregbesola et al. (2020)	Marital status and educational background as determinants of tax compliance in Nigeria.	The study employed cross-sectional design which consisted of a structured questionnaire. The population of the study comprised of employees who were 18 years and above in the public and private organizations as well as artisans and traders to represent the informal sector. The Taro Yamane formula was used to determine the sample size of 400 which was distributed among the three Southwestern states selected namely, Lagos, Oyo and Osun using proportionate sampling technique. Data were analyzed using percentages, mean, standard deviation and Analysis of Variance (ANOVA).	The result of the study revealed that marital status significantly impact on personal income tax compliance in Nigeria and educational background does not significantly impact on personal income tax compliance behavior.
6.	Aremu and Siyanbola (2021)	Tax education and compliance in the informal sector in Ogun State, Nigeria	The study used cross sectional survey research design. The population consisted of the six economic zones in Ogun State of 2465 participants with a sample size of 310 while 240 responded. The primary data were analyzed using univariate, bivariate and multivariate analysis.	The result of the study suggested that tax education has a positive and significant effect on taxpayer registration. The study also disclosed that tax education has a significant influence on timely filing of returns. Tax education has a significant influence on the correct declaration of taxable income. Tax education has a significant influence



				on timely payment of assessed tax.
7.	Mbilla et al. (2020)	Tax education and tax compliance in Ghana	The study employed exploratory and explanatory research methodology. The study utilized cross – sectional research design and a population of 400 with a sample size of 200 people. Questionnaire was used as the primary source of data collection and univariate, bivariate and multivariate methods of data analyzed were used for data analysis	The findings of the research reveal that tax compliance is influenced when there is appropriate tax education. Tax education enhances the knowledge level of taxpayers with regards to technical skills needed to determine the tax liability and awareness of tax regulations. Tax revenue mobilization is influenced through several ways which are hinged on the knowledge level, through tax education, of individual tax payers.
8.	Twun et al (2020)	Tax knowledge and tax compliance of small and medium enterprises in Ghana.	The study employed cross sectional research design. A total of 139 respondents and 130 completed the study questionnaire. Questionnaire was the primary source of data collection while univariate, bivariate and multivariate methods of data analysis were employed.	The results of the multivariate analysis disclosed that knowledge of tax rights and responsibilities, knowledge of employment income, and awareness of sanctions established a positive and significant relationship with tax compliance. While Knowledge of business income was not statistically related to tax compliance. The findings of the study suggest that knowledge of tax rights and



				responsibilities, and awareness of sanctions are the strongest determinants of tax compliance in the SME.
9.	Adekoya (2021).	Taxpayer education and tax compliance in Lagos State.	The study employed survey research design and the population of the study consists of four million two hundred and sixteen thousand seven hundred and fifty one (4,216,751) individual taxpayers in Lagos State and a sample size of 400 while 348 was used for analysis. Questionnaire was employed as the main source of data collection and univariate, bivariate and multivariate analysis were employed for the analysis of data.	The result of the multivariate analysis suggested a positive and significant relationship between tax education and tax compliance in Lagos State, Nigeria.

Source: Authors' Compilation (2022)

METHODOLOGY

This section of the study examined the research design, population of the study, sampling and sample size determination, instrumentation, validity of instrument, reliability of instrument, administration of instrument and methods of data analysis.

Research Design: This study adopted cross-sectional and correlation survey research design. Appah (2020) noted that correlation study is a quantitative method of research in which the researcher has two variables from the same group of respondents and tries to create a relationship between the two variables. This design was employed to study the correlation between tax education, fairness and penalty on tax compliance behavior in MSMEs in Bayelsa State, Nigeria.

Population of the Study: A research population is the total elements, events, possible traits, people, subjects or observations having the same features, concerning the circumstances of interest in the study to be explored. The population of this research consists of 2,000 MSMEs registered with the Bayelsa State Ministry of Trade and Investment, Yenagoa.



Sampling and sample size determination: This investigation used random sampling. The choice of simple random sampling technique was due to the fact that it is by far the earliest and simplest probability sampling in terms of conception and application. Taro Yamene's model (1967) was used to determine a sample size of three hundred of thirty seven (337) respondents that are the owners of MSMEs in Bayelsa State.

Instrumentation: The study utilized questionnaire as the main instrument for data collection taking into consideration the objectives of the study. The instrument was named *Tax Education and Compliance Behaviour (TECOB)*. It comprised four sections. Section one consists of information on personal information of the respondents; section two consists of questions on tax education; section three on tax fairness; and section four on tax penalty. The questionnaire used a four point Likert scale of strongly agree, agree, disagree and strongly disagree. A total of three hundred and thirty – seven (337) copies of the questionnaires was administered to owners of Micro, Small and Medium Enterprises (MSMEs) in Bayelsa State and a total of three hundred and thirteen (313) copies of the questionnaires was retrieved and used for data analysis.

Validity and Reliability of Instrument: The research adapted content validity where the instrument was given to experts in the Department of Accountancy, Niger Delta University, Federal University of Otuoke, Bayelsa State who read through and made necessary corrections. The instrument was administered to thirty (30) respondents of the target population who were not part of the respondents and after a period of two weeks, the same instruments again were given to the same thirty (30) respondents to ascertain the reliability. The Cronbach alpha was used to determine the statistical reliability of 0.82, which implies the instrument is very reliable. A Cronbach alpha value that is above 0.5 (that is 50%) is reliable and values between 0.7 and 0.9 are very reliable.

Measurement of Variables

Measurement of a variable is essentially the process of allocating numbers to variables of a study (Appah, 2020). The author further noted that measurement of variables is a systematic research process and a vital element of research design. Therefore, the variables for this study were measured using suitable proxies on the basis of prior studies. The table below shows the various variables and their respective measurements.

Table 2: Measurement of Variables

S/N	Symbol	Meaning	Measurement	Source
1.	VOTC	Voluntary Tax Compliance	morality, the imposition of fines, the severity of punitive measures, the general attitude in evading taxes, ineffective enforcement	Wanjiru (2020); Appah and Wosowei (2016); Aregbesola et al. (2020); Ndubula and Matiku (2021); Amaning et al. (2021)



			actions, the negative influence of tax evaders, and higher tax rates	
2.	EFTE	Electronic Form Tax Education	Internet access, the flexibility of the electronic system, use of radio, TV, emails, and mobile phones for taxpayer education, and online access to educational materials	Adekoya (2021); Amaning et al. (2021); Aremu and Siyanbola (2021); Ndubula and Matiku (2021)
3.	PFTE	Print Form Tax Education	newspapers, brochures, magazines, banner, flyers, books, or leaflet publications, easy accessibility of the publication, the quantum of educative information found in the published material, the publication's applicability, the publication's flexibility	Amaning et al (2021); Aremu and Siyanbola (2021); Ndubula and Matiku (2021)
4.	STSP	Stakeholders Sensitization Programmes	Seminars, workshops, tax clinics organized by tax authorities	Amaning et al. (2021); Aremu and Siyanbola (2021); Ndubula and Matiku (2021)
5.	TAFN	Tax Fairness	Horizontal equity, vertical equity, exchange equity and	Oladipo et al. (2022); Farrar (2011); Tadesse and Goitom (2014); Assfaw



			procedural fairness	and Sebhat (2019); Assfaw and Sebhat (2019); Oladipupo and Obazee (2016);
6.	TAPT	Tax Penalty		Omesi and Appah (2022); Oladipupo and Obazee (2016); Assfaw and Sebhat (2019)

Source: Authors' Compilation (2021)

Method of Data Analysis: This study used univariate (or descriptive) analysis, bivariate analysis and multivariate analysis (ordered logistic regression). The multivariate analysis used multiple regression that was guided by the model below:

$$VOTC = f(EFTE, PFTE, STSP, TAFN, TAPT) \text{-----} 1$$

$$VOTC = \beta_0 + \beta_1EFTE + \beta_2PFTE + \beta_3STSP + \beta_4TAFN + \beta_5TAPT + \varepsilon \text{-----} 2$$

Where:

VOTC= Voluntary Tax Compliance; EFTE = Electronic Form Tax Education; PFTE = Print Form Tax Education; STSP = Stakeholders Sensitization Programmes; TAFN = Tax Fairness; TAPT = Tax Penalty and ε = error term. The priori expectation: β_1 - $\beta_5 > 0$. E-view was applied in data analysis. The E-view p value shows what is the smallest level at which we would be able to accept the null hypotheses of a test. The study utilized a 5% level of significance; hence we conclude that the coefficient is significantly different from zero at the 5% level if the p-values is less than or equal to 0.05. If it is greater than 0.05 then we cannot reject the null hypothesis that the coefficient is actually zero at our 5% significance level.

RESULTS AND DISCUSSION OF FINDINGS

Table 3 presents the descriptive analysis of the variables under investigation disclosing the minimum, maximum, mean, standard deviation, skewness and kurtosis of the relationship between tax education, fairness and penalty on tax compliance behavior in MSMEs in Bayelsa State, Nigeria.

**Table 3: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std.D	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Std. Error	
VOTC	313	36.00	62.00	48.6989	5.23234	.012	.183	.148	.364
EFTE	313	38.00	62.00	50.5000	6.52293	-.113	.183	-.845	.364
PFTE	313	18.00	25.00	20.9943	2.00142	-.053	.183	-1.202	.364
STSP	313	25.00	70.00	40.0227	5.12245	.453	.183	6.363	.364
TAFN	313	30.00	48.00	40.9830	3.77885	-.786	.183	.890	.364
TAPT	313	48.00	64.00	53.0398	4.16428	1.238	.183	.525	.364

Valid N (listw) 313

Source: *Source: SPSS Output of Field survey (2022)*

The table shows that all the variables have a positive response growth rate as indicated between the minimum and maximum statistical values. VOTC grow from 36.00 to 62.00 with a Mean value of 48.698 and Standard Derivation of 5.232, EFTE grow from 38.00 to 62.00 with a Mean value of 50.500 and Standard Derivation of 6.522, PFTE grow from 18.00 to 25.00 with a Mean value of 20.994 and Standard Derivation of 2.001, STSP grow from 25.00 to 70.00 with a Mean value of 40.022 and Standard Derivation of 5.1224, TAFN grow from 30.00 to 48.00 with a Mean value of 40.983 and Standard Derivation of 3.778, TAPT grow from 48.00 to 64.00 with

a Mean value of 53.039 and Standard Derivation of 4.164. The result also indicates skewness and kurtosis which shows the average level of consistency. The various statistics indicate that the variables have different distributions. The skewness and kurtosis statistics provide useful information about the symmetry of the probability distribution of various data series as well as the thickness of the tails of these distributions respectively. VOTC, STSP and TAPT variables had positives values of 0.012, 0.453 and 1.238 skewed shows that these variables VOTC, STSP and TAPT have a long right tail while EFTE, PFTE and TAFN are negatively skewness with a statistics values of -0.113, -0.053, -0.786 and -1.802 respectively. The result also indicates that ETFE and PFTE are negatively Kurtosis with statistics values of -0.845, and -1.202 respectively, which implies that the extent of flatness of the distribution is less than the normal curve while VOTC, STSP, TAFN and TAPT had positive kurtosis values of 0.148, 6.363, 0.890, 0.525 and 6.227 implies that the extent of flatness of the distribution is normal among these five variables.

**Table 4: Correlation Matrix**

	VOTC	EFTE	PETE	STSP	TAFN	TAPT	
Pearson Correlation	VOTC	1.000	.064	-.039	.047	.015	-.063
	EFTE	.064	1.000	.121	-.421	.148	.207
	PETE	.039	.121	1.000	-.174	.452	.275
	STSP	.047	-.421	-.174	1.000	-.148	.130
	TAFN	.015	.148	.452	-.148	1.000	.081
	TAPT	.063	.207	.275	.130	.081	1.000
Sig. (1-tailed)	VOTC	.	.201	.304	.268	.419	.204
	EFTE	.201	.	.055	.060	.025	.464
	PETE	.304	.055	.	.011	.056	.071
	STSP	.268	.060	.011	.	.025	.043
	TAFN	.419	.025	.056	.025	.	.143
	TAPT	.204	.464	.071	.043	.143	.

Source: SPSS Output (2022).

The correlation matrix from Table 4 showed the extent of the relationship between the dependent variable (VOTC) and the independent variables (EFTE, PETE, STSP, TAFN and TAPT). The correlation coefficient (0.064, 0.039, 0.047, 0.015, 0.063) shows a low positive correlation between voluntary tax compliance (VOTC) and electronic form tax education (EFTE), print form tax education (PFTE), stakeholders sensitization programme (STSP), tax fairness (TAFN) and tax penalty (TAPT).

Table 5: Coefficient of Determination (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.522 ^a	.649	.615	6.565

Source: SPSS Output (2022)

Table 5 shows the coefficient of determination (model summary) of the relationship between voluntary tax compliance and tax education, tax fairness and tax penalty in Bayelsa State, Nigeria. The coefficient of determination is applied to evaluate the adequacy of the fitted regression model. It provides the overall predictive power of the model. The result indicates that only 0.649 (64.9%) of the variation in the model has been explained by the independent variables in the model while (35.1%) remain unexplained by the model.

**Table 6: Test of goodness of fit for regression****ANOVA^a**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	374.616	5	62.436	2.449	.029 ^b
	Residual	7241.098	308	43.102		
	Total	7615.714	313			

Source: SPSS (2022)

Table 6 shows the test of goodness of fit for the regression (ANOVA), since $F_{cal}=2.449$ is less than $F_{tab}=2.100$, and also the p-value 0.029 is lower than the significance level 0.05, we conclude that the independent variables (tax education, tax fairness and tax penalty) does influence the prediction of the dependent variable (voluntary tax compliance) of micro, small and medium scale enterprises in Bayelsa State, Nigeria.

Table 7: Significant of B₁, B₂, B₃, B₄, B₅**Coefficients^a**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.922	14.540		2.471	.014
	EFTE	.255	.118	.043	2.161	.043
	PETE	.274	.101	.170	2.713	.031
	STSP	.276	.109	.083	2.532	.015
	TAFN	.273	.136	.049	2.068	.013
	TAPT	.263	.126	.023	2.087	.047

Source: SPSS (2022).

Table 7 discloses the significance of the relationship between voluntary tax compliance and tax education, tax fairness and tax penalty in Bayelsa State, Nigeria. The table shows that electronic form tax education (EFTE) is positively and significantly related to voluntary tax compliance in Bayelsa State ($0.043 < 0.05$); print form tax education (PFTE) is positively and significantly related to voluntary tax compliance in Bayelsa State ($0.031 < 0.05$); stakeholders sensitization programme (STSP) is positively and significantly related to voluntary tax compliance in Bayelsa State ($0.015 < 0.05$); tax fairness (TAFN) is positively and significantly related to voluntary tax compliance in Bayelsa State ($0.013 < 0.05$); and tax penalty is positively and significantly related to voluntary tax compliance in Bayelsa State ($0.047 < 0.05$).



DISCUSSION OF FINDINGS

Print Form Tax Education and Voluntary Tax Compliance: The result from the multiple regression analysis revealed a positive and significant relationship between print form of tax education and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. This result is in agreement with the findings of Amaning et al. (2021), Aremu and Siyanbola (2021), Tetteh (2019), Adekoya (2021), Omesi and Akpeekon (2019), Gitaru (2017), Nurlis (2015) and Young et al. (2010) that print form of tax education influences the level of tax compliance. Nurlis (2015) noted that the implementation of print media taxpayer education will improve understanding of the tax laws, taxpayer consciousness, tax returns submission, payment awareness, loyalty and reduction in tax evasion. Gitaru (2017) also established that the effective and efficient use of newspapers and magazines will improve tax awareness, the filing of tax returns, and ultimately boost taxpayers' morale. However, the findings disagree with the study conducted by Tadesse and Goitom (2014) that the level of education of taxpayers is insignificant for the enhancement of voluntary tax compliance.

Electronic Form Tax Education and Voluntary Tax Compliance: The result from the multiple regression analysis disclosed a positive and significant relationship between electronic form of tax education and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. This result is consistent with the findings of Amaning et al. (2021), Aremu and Siyanbola (2021), Adekoya (2021), and Gitaru (2017) that electronic form tax education influences voluntary tax compliance. Amaning et al. (2021) stated that an all-inclusive taxpayer education through the implementation of electronic medium would improve tax compliance among SMEs in the Techiman Municipality of Ghana. The tax authorities' adoption of electronic taxpayer education can offer the needed information about electronic tax payments systems including e-register, e-filing and e-payment to enhance tax compliance among micro, small and medium enterprises (MSMEs) (Palil, 2010). Also, Gitaru (2017) opined that the electronic medium of educating taxpayers (e-taxpayer education) positively impacts the level of voluntary tax compliance. However, the findings disagree with the study conducted by Tadesse and Goitom (2014) that the level of education of taxpayers is insignificant for the enhancement of voluntary tax compliance.

Stakeholder Sensitization Programme and Voluntary Tax Compliance: The result from the multiple regression analysis disclosed a positive and significant relationship between stakeholder sensitization programme and voluntary tax compliance of micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. The result from this research concurs with the findings of Amaning et al. (2021), Gitaru (2017), Nurlis (2015) that sensitization of the citizens in any given society influences the level of tax compliance. According to Nurlis (2015), workshops organized by tax officials and interactions with taxpayers relating to tax issues culminate into improved tax compliance. Tetteh (2019) also found that sensitisation programmes support taxpayers to comply with the tax laws. Consequently, workshops organized by the tax officials for stakeholders are critical in educating citizens on tax compliance among taxpayers. These face-to-face communications allow for clarifications on any complex issue, which ultimately results in improved tax compliance (Amaning et al., 2021). However, the findings disagree with the study conducted by Tadesse and Goitom (2014) that the level of education of taxpayers is insignificant for the enhancement of voluntary tax compliance.



Tax Fairness and Voluntary Tax Compliance: The result from the multiple regression analysis disclosed a positive and significant relationship between tax fairness and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. The result from this research is in tandem with the findings of Assfaw and Sebhat (2019), Maseko (2015), Gberegbe et al. (2015) and Paper et al. (2016) that fairness of the tax system positively and significantly influences the level of tax compliance behavior of citizens. However, the findings from this research disagree with the study of Tadesse and Goitom (2014) that tax fairness is not statistically significant with the level of voluntary tax compliance of citizens. Paper et al. (2016) in a study conducted in Rwanda and Geletaw (2017) in Ethiopia discovered that the fairness of the tax system is positively and statistically significant to affect the level of voluntary tax compliance in the formal sector.

Tax Penalty and Voluntary Tax Compliance: The result from the multiple regression analysis disclosed a positive and significant relationship between tax penalty and voluntary tax compliance of micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. The result from this study is consistent with the findings of Sawyer et al. (2014), Paper et al. (2016), Waithira (2016), Oladipupo and Obazee (2016), and Yunus et al. (2017) that fines and penalties positively and significantly influence the level of tax compliances. Hence the greater the fines and penalty on taxpayers, the higher the discouragement for potential tax evasion. Aemiro et al. (2014) and Ahmed and Kedir (2015) showed that the penalty magnitude is significantly positively related to tax compliance intention; that is, when taxpayers perceive that there is a high penalty rate for any non-compliance, the level of non-compliance will decrease. However, the study contradicts the finding of Tilahun (2016) conducted in Ethiopia that offenses and penalties are not significant variables in explaining tax compliance attitudes. Also, Modugu and Anyaduba (2014) in Nigeria discovered that the tax penalties and enforcements negatively and significantly influence the level of tax compliance.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This study investigated tax education, tax fairness and tax penalty on voluntary tax compliance of micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. The study anchored on the economic deterrence theory advanced by Allingham and Sandmo (1972) and survey research design, Taro Yamene model (1967) was used to determine a sample size of 313 respondents. Also Cronbach Alpha was employed for the reliability of data and univariate, bivariate and multivariate analysis was used from the responses collected from the questionnaire administered. The multiple regression analysis indicated that a positive and significant relationship between print form of tax education and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria; positive and significant relationship between electronic form of tax education and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria; positive and significant relationship between stakeholder sensitization programme and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria; positive and significant relationship between tax fairness and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria; and positive and significant relationship between tax penalty and voluntary tax compliance micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria. Hence, the study concluded that tax education, tax fairness and tax penalty influences the level of tax compliance behavior of micro, small and



medium enterprises (MSMEs) in Bayelsa State, Nigeria. Hence, the following recommendations are provided:

1. The government should educate taxpayers on how to keep revenue and expenditure records, and complaining procedures during injustice. Moreover, by using different print and electronic mass media, such as magazines, pamphlets, radio, TV, etc., tax payers will be more knowledgeable on the benefits of tax compliance for the development of the country.
2. The government should continuously use face to face awareness creation programs for taxpayers pertaining to how to fill tax returns, compute and pay tax liability to the tax authority timely.
3. The government through the relevant tax authorities should evaluate and re-integrate tax education programs feedback on tax behaviors to progressively increase revenue generation. Also tax authorities should evaluate the performance of tax education for further the development of MSMEs owners' level of tax compliance in Bayelsa State, Nigeria.
4. The government should promote fairness in tax policies and programmes that would ensure a high level of voluntary tax compliance from owners and managers of micro, small and medium enterprises (MSMEs) in Bayelsa State, Nigeria.
5. Tax fines, penalties and enforcement should be properly articulated to promote citizens and managers of micro, small and medium enterprises (MSMEs) to show commitment on voluntary tax compliance and revenue generation in Nigeria.

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APPENDIX

Voluntary Tax Compliance

S/N		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	My tax obligations are honoured due to good morals.				
2.	There are severe punitive measures for tax evaders.				
3.	The penalties accompanying tax evasion deter me from evading taxes.				
4.	Non-compliance attitude of some taxpayers adversely affects other taxpayers.				
5.	Group norms and expectations influence tax compliance amongst SMEs.				
6.	When taxpayers perceive the enforcement actions of tax authorities as ineffective, they become less compliant.				

Source: Amaning et al (2021).

Electronic Tax Education

S/N		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	The tax authorities educate us on our rights and obligations via TV, Radio, Mobile phones, WhatsApp, email, etc				
2.	There are regular updates from the tax authority on our rights and obligations as taxpayers through SMS.				
3.	The usage of email by the tax authorities to educate SMEs their rights and obligations as taxpayers is inappropriate.				
4.	Taxpayer education via the WhatsApp and Facebook does not receive much patronage				
5.	Taxpayer education through local dialect on TV/Radio is effective				

Source: Amaning et al (2021).



Print Media Tax Education

S/N		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	The use of newspapers to educate SMEs about their rights and obligations as taxpayers is inappropriate.				
2.	The use of leaflets by the tax authority in educating SMEs about their rights and obligations taxpayers is appropriate.				
3.	The use of brochures by the tax authority in educating SMEs about their rights and obligations taxpayers is inappropriate.				
4.	The use of flyers by the tax authority in educating SMEs about their rights and obligations taxpayers is inappropriate.				
5.	Using of magazines by tax authority to educate SMEs about their rights and obligations do not lead to tax compliance				

Source: Amaning et al (2021).

Sensitisation Programme Tax Education

S/N		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Tax authority organises stakeholders sensitisation programmes for SMEs to create tax awareness.				
2.	The public is enlightened about the essence of honouring their tax obligations through awareness				
3.	SME taxpayer can file their tax returns with ease as a result of stakeholders sensitisation programmes.				
4.	Tax base and tax revenue have improved as a result of stakeholders sensitisation programmes organised by tax authority				
5.	The attitudes of taxpayers have due to the improved Taxpayer sensitisation has played a vital role				



	in changing the attitudes of taxpayers				
6.	As a result of the detailed nature of workshops and tax clinics, the public is provided with ample time in conceptualising ideas.				

Source: Amaning et al (2021).

Tax Fairness and Voluntary Tax Compliance

S/N		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	It is fair for me to pay a similar share of income tax compared with other taxpayers earning an equivalent amount of income				
2.	It is fair for individuals with similar amounts of income to pay a similar amount of income tax				
3.	Two taxpayers who earn the same income should pay the same amount of income tax				
4.	Two identical taxpayers should pay the same amount in income tax				
5.	It is fair that high-income earners are subject to tax at progressively higher rates than middle-income earners				
6.	It is fair that middle-income earners are taxed at a lower rate than high-income earners				
7.	High-income earners should pay a greater share of income tax than low-income earners				
8.	I get fair value in government services in exchange for the income tax I pay				
9.	The income tax I pay is returned to me in social services received				
10.	The amount I pay in income tax represents the amount I receive in government services				
11.	The Nigerian tax authority procedures lead to consistent outcomes				
12.	The Nigerian tax authority does not take my interests into account				



13.	The Nigerian tax authority takes the circumstances of individual taxpayers into account when making decisions				
14.	The Nigerian tax authority makes sure to have the necessary information available to make decisions				

Source: Authors Compilation (2022)

Tax Penalty

S/N		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Penalty for failure to file tax returns increase my level of voluntary compliance to income tax.				
2.	Penalty for failure to pay tax increase my voluntary compliance to income tax				
3.	Penalty for understatement of tax liability improves my level of voluntary compliance to income tax				
4.	Penalty for the overvaluation of deductible property increase my level of voluntary compliance to income tax				
5.	Failure to pay estimated tax penalty improves my level of voluntary compliance to income tax.				