



Tax Compliance Cost, Tax Based Broadening and Tax Revenue in Nigeria

UWEJIYAN Juliet¹, OKOLIE Augustine Oke, FCA², EBIAGHAN Frank Orits, PhD³

¹PhD Student, Department of Accounting, Delta State University, Abraka, Nigeria.

²Professor of Accounting, Delta State University, Abraka, Nigeria.

³Department of Accounting, Delta State University, Abraka, Nigeria.

Corresponding Author: UWEJIYAN Juliet

ABSTRACT: The study examined the effect of tax compliance cost and tax-based broadening on tax revenue in Nigeria, covering a study period of 29 years ranging from 1995-2024. The study employed the use of secondary data sourced from institutions in Nigeria involved in tax revenue generation. The study employed the use of descriptive and inferential statistical tools in analyzing the data utilized in the study. The study hypotheses were tested using the ordinary least square (OLS) regression model. The findings revealed that tax compliance cost and tax-based broadening has insignificant positive effect on tax revenue in Nigeria. The study recommended that Nigeria should focus on strengthening its tax administration and enforcement mechanisms to foster better compliance and broaden the tax base. This can be achieved through the introduction of more efficient tax collection systems, the adoption of digital technologies for ease of payment and tracking, and enhancing the transparency in the use of tax revenues to build public trust.

KEYWORDS: Tax Revenue, Tax Compliance Cost, Tax Based Broadening

INTRODUCTION

In Nigeria, tax revenue remains a critical source for financing public goods and services, yet the country's tax system faces significant challenges. One of the major obstacles to increasing tax revenue is the high tax compliance cost, which is the amount of time, money, and effort that taxpayers expend to comply with tax regulations. These compliance costs deter taxpayers, especially small and medium enterprises (SMEs), from fulfilling their tax obligations (John et al., 2024). This situation is exacerbated by the heavy reliance on oil revenue, which reduces the urgency of improving tax compliance and broadening the tax base. As the oil sector faces volatility, Nigeria must focus on strengthening its domestic tax system to ensure stable revenue generation (Amadi, 2020). A central question in this context is how tax compliance costs and tax base broadening can influence tax revenue, especially in a developing economy like Nigeria.

Recent research suggests that improving tax compliance in Nigeria is crucial for economic stability and development. A significant factor influencing tax compliance is the administrative efficiency of the tax system. Effective tax administration, which includes taxpayer education, tax enforcement, and the digitalization of tax systems, can reduce compliance costs and enhance voluntary compliance. Dakhil et al. (2025) found that voluntary tax compliance strategies, when combined with robust enforcement, significantly increase tax revenue in Nigeria. The study emphasized the importance of educating taxpayers and improving the transparency of tax collection. Furthermore, the government's efforts to digitalize the tax system have shown promising results, as digital systems streamline the process, making it easier for taxpayers to comply and reducing the cost of compliance (Etim et al., 2020).

Tax base broadening is another essential element in enhancing tax revenue. Nigeria has a large informal sector that remains largely outside the tax net, contributing to a narrow tax base. Augustine et al. (2020) explored the challenges of taxing the informal sector and noted that improving tax compliance within this sector requires simplification of tax laws, better tax education, and the introduction of incentives for informal sector operators to register and pay taxes. Similarly, Olaniyi et al. (2023) argued that expanding the tax base by including more businesses and individuals in the formal tax system can significantly boost revenue. The informal sector, which is a substantial part of Nigeria's economy, remains largely untaxed, despite contributing to the overall economic output.

The relationship between tax compliance costs, tax base broadening, and tax revenue is complex, and addressing these factors simultaneously can lead to better outcomes for Nigeria's tax system. The increase in tax compliance costs reduces the incentives for individuals and businesses to comply with tax laws, thereby narrowing the tax base. On the other hand, broadening the tax base can

counteract this effect by ensuring that a larger portion of the economy contributes to tax revenue. This dual approach, as suggested by John et al. (2024), involves reducing the compliance burden on taxpayers while simultaneously enhancing the capacity of the tax system to capture revenue from a wider array of economic activities.

Policy measures targeting the reduction of tax compliance costs and the expansion of the tax base are essential for improving tax revenue in Nigeria. Governments should focus on simplifying tax processes and providing incentives for businesses to comply. Moreover, improving transparency in the use of tax revenues can increase taxpayers' trust in the system, which, in turn, may encourage higher compliance rates. Olaoyea and Busarib (2021) emphasize that taxpayers' perception of corruption and the fairness of the tax system play a significant role in determining their willingness to comply. Therefore, addressing issues of corruption and ensuring transparency in the use of collected taxes could help in widening the tax base and boosting revenue generation.

The interplay between tax compliance costs, tax base broadening, and tax revenue generation in Nigeria is critical to understanding the challenges and opportunities within the tax system. By focusing on reducing the compliance burden and expanding the tax base, Nigeria can enhance its tax revenue, which is crucial for financing the nation's development. Policymakers must prioritize tax reforms that simplify compliance processes, improve taxpayer education, and include the informal sector in the tax net. The continued digitalization of tax processes also presents an opportunity to streamline administration, reduce compliance costs, and improve overall tax revenue collection (Ifeyinwa et al., 2023). This multi-faceted approach is key to ensuring sustainable and equitable tax revenue generation in Nigeria.

Statement of the Problem

Tax compliance remains a persistent challenge in Nigeria, hindering the country's ability to generate sufficient revenue for national development. One of the primary obstacles to compliance is the high cost of tax compliance, which includes the time, money, and resources required to adhere to tax regulations. For small and medium enterprises (SMEs), these costs are particularly burdensome, discouraging them from fulfilling their tax obligations (John et al., 2024). Furthermore, the narrow tax base, largely due to the exclusion of informal sector participants and the complexities within the tax system, exacerbates the issue. This lack of inclusivity results in a significant portion of Nigeria's economic activities being untaxed, ultimately limiting the government's revenue collection capacity (Augustine et al., 2020). Existing research has explored the individual elements of tax compliance costs and tax base broadening, but few studies have examined their combined impact on tax revenue in the Nigerian context, particularly from a broader economic development perspective.

The existing literature presents several gaps in addressing the integrated effects of compliance costs and base broadening. While some studies have focused on the impact of tax compliance strategies on revenue generation (Dakhil et al., 2025), others have delved into the challenges posed by the informal sector (Oladeji et al., 2020). However, there is a dearth of research that simultaneously analyzes how reducing compliance costs while expanding the tax base can lead to a more effective and efficient tax system in Nigeria. Additionally, the role of digital tools and tax education programs in facilitating compliance is underexplored (Etim et al., 2020; Ogungbesan, 2024). This study aims to fill these gaps by investigating the interplay between tax compliance costs, tax base broadening, and tax revenue generation, offering policy recommendations based on a comprehensive analysis of these factors within Nigeria's unique socio-economic landscape.

1.1 Research Hypotheses

H₀₁: There is no significant relationship between tax compliance cost and tax revenue in Nigeria.

H₀₂: There is no significant relationship between tax base broadening and tax revenue in Nigeria.

2.1 Literature Review

2.1.1 Tax Compliance in Nigeria

Tax compliance costs represent a significant challenge to the growth of Nigeria's tax system, particularly for small and medium enterprises (SMEs). These costs, which include time, effort, and financial resources, deter SMEs from fulfilling their tax obligations, impacting their sustainability and growth (John et al., 2024). The complexity of Nigeria's tax system, with multiple taxes, lengthy documentation, and unclear laws, further exacerbates this issue, particularly when coupled with inefficiencies in tax administration, such as inadequate taxpayer education and the absence of digital systems. This situation limits the tax base expansion, especially in the informal sector, which remains largely untaxed (Augustine et al., 2020). Furthermore, high compliance costs contribute to the inefficiency of tax collection, as both individuals and corporations often evade taxes when the costs outweigh the benefits, with a lack of trust in government institutions worsening the situation (Adebowale et al., 2024; Amadi, 2020). To address these challenges, policymakers should prioritize reducing compliance costs by simplifying tax processes, enhancing transparency, and implementing digital solutions to improve taxpayer engagement, which would increase voluntary compliance and broaden the tax base, ultimately boosting government revenue generation (Etim et al., 2020).

2.1.2 Tax Base Broadening

Tax base broadening is a major challenge in Nigeria's tax system, largely due to the underutilization of non-oil revenue sources and the large informal sector. Historically, Nigeria has relied heavily on oil revenues, but fluctuations in global oil prices highlight the need to diversify the country's revenue streams (Biwei et al., 2023). Broadening the tax base by integrating more individuals and businesses, especially in the informal sector, could significantly increase tax revenue. Policies that encourage the formalization of the informal sector and improve compliance from SMEs are critical for diversifying tax sources (Chukwuma & Uwakwe, 2020). Moreover, simplifying tax regulations and promoting voluntary compliance are essential strategies for broadening the tax base in Nigeria (Yeldu et al., 2023). The introduction of new tax policies, such as the digital tax on non-resident digital businesses, offers an opportunity to capture untapped revenues from the digital economy, but challenges like enforcement and global resistance remain (Okanga, 2020). Additionally, VAT plays a key role in broadening the tax base, though its implementation faces hurdles such as weak compliance infrastructure (Eniekezimene, 2024). Addressing these challenges through efficient tax administration and public education on the benefits of a broader tax base is essential to enhance compliance and build public trust in the system.

2.1.3 Tax Revenue in Nigeria

Tax revenue is crucial for Nigeria's development, funding essential public services, infrastructure, and projects. Nigeria's tax system includes direct and indirect taxes such as petroleum profit tax (PPT), company income tax (CIT), value-added tax (VAT), and personal income tax (PIT), yet tax revenue remains relatively low compared to other economies. David et al. (2024) found that while CIT and VAT positively impact economic growth, PIT and VAT have had mixed effects on the country's GDP, highlighting the need to improve tax collection and compliance to drive economic development. Nigeria's heavy reliance on oil revenues makes it vulnerable to price fluctuations, emphasizing the need to diversify the tax base. However, the administration of Nigeria's tax system faces inefficiency, lack of transparency, and tax evasion, with Udeorah et al. (2023) noting the importance of VAT and customs duties in economic development, although their implementation remains problematic. Corruption and a lack of public trust in government institutions hinder the effectiveness of tax reforms (Oladejo, 2024). To enhance tax revenue, Nigeria must modernize its tax administration, increase public awareness, and reduce the tax burden on both formal and informal businesses, ensuring sustainable revenue generation.

2.2 Theoretical Review

The theoretical framework guiding the study of tax compliance and base broadening in Nigeria draws on several key theories that explain taxpayer behavior, government authority, and economic outcomes. One important theory is the Principal-Agent Model, which posits a relationship between the government (the principal) and taxpayers (the agents). The government's role is to design tax policies and enforce compliance, while taxpayers are expected to fulfill their tax obligations. However, the model highlights challenges such as informational asymmetry and the difficulty in monitoring taxpayers, leading to tax evasion and non-compliance (Dibie, 2020). In Nigeria, these issues are compounded by inadequate knowledge of tax laws and widespread corruption, which hinder effective tax administration and lead to lower compliance rates. As Dibie (2020) points out, improving taxpayer education and reducing corruption could strengthen the principal-agent relationship and boost compliance.

Another relevant theory is the Slippery Slope Framework, which explores the role of trust and power in influencing tax compliance (Oladele et al., 2020). According to this framework, tax compliance is not solely driven by enforcement measures but also by the level of trust between taxpayers and the government. In Nigeria, trust in government institutions is low, which undermines voluntary compliance. The framework suggests that enhancing trust through transparency in the use of tax revenues and implementing fair policies could foster a more cooperative relationship with taxpayers. This would complement enforcement strategies and improve tax compliance. Furthermore, the theory of Fiscal Federalism is also essential in understanding the complexities of tax base broadening in Nigeria. It emphasizes the role of various levels of government (federal, state, and local) in tax collection and revenue distribution. A more standardized and harmonized tax system, as suggested by Ewim et al. (2024), could help reduce inefficiencies and multiple taxation, fostering a broader tax base and enhancing revenue generation.

3.1 Research Methodology

This study on tax compliance, tax base broadening, and tax revenue in Nigeria employed an ex-post facto research design, which was ideal for analyzing the impact of tax reforms already implemented, allowing for an in-depth examination of existing data and historical conditions without manipulating variables. The design facilitated the understanding of past tax policy changes and their effects on Nigeria's tax compliance, base broadening, and revenue generation. Secondary data were collected from eight key Nigerian institutions involved in tax revenue, including the Federal Inland Revenue Service (FIRS), the Budget Office of the Federation (BOF), the Ministry of Finance (MOF), and the Central Bank of Nigeria (CBN), as well as international bodies such as the World Bank, IMF, and African Development Bank (AfDB). The judgmental sampling technique was used to select these

institutions based on their significant role in Nigeria's tax policy formulation and regulation, ensuring the relevance and reliability of the data for accurate insights into the effectiveness of Nigeria's tax reforms and their fiscal outcomes.

3.2 Model Specification

This present study builds on existing empirical models to examine the effects of tax compliance and tax base broadening on tax revenue in Nigeria; in view of this, the following empirical models were estimated:

Composite Model

$$TaxRev = F(TaxCom, Taxbb) \quad - \quad - \quad - \quad eq.1$$

Model I

$$TaxRev = f(TaxCom, Taxbb) \quad - \quad - \quad - \quad eq.2$$

$$TaxRev_t = \beta_0 + \beta_1 TaxCom_t + \beta_2 Taxbb_t + u_{it} \quad - \quad - \quad - \quad eq.3$$

Where: Taxrev is tax revenue; TaxCom is tax compliance cost; Taxbb is tax-base broadening; $\beta_1 - \beta_5$ is regression coefficient; t is time period while u is the error term

Table 3.1: Measurement and description of variables

Variables	Variable Code	Type	Measurement/Proxy	A-priori Signs
Tax Revenue	TaxRev	Dependent	Natural logarithm of aggregate government revenues from taxes	+
Tax Compliance Cost	TaxCom	Independent	Natural logarithm of direct compliance cost + indirect compliance cost	+
Tax Base Broadening	Taxbb	Independent	Natural logarithm of Revenue generated + Revenue from expanding taxable sources + Revenue generated from eliminating or reducing tax exemptions	+

Source: Researcher's compilation, 2025

3.3 Method of Data Analysis

The study utilized a combination of descriptive, diagnostic, and inferential statistical techniques to analyze the collected data. Descriptive statistics such as mean, standard deviation, skewness, and kurtosis were used to summarize the data and assess its normality, while Pearson correlation determined the relationships between variables. Diagnostic statistics, including the Variance Inflation Factor (VIF) and Breusch-Pagan test, were applied to detect multicollinearity, heteroscedasticity, and model suitability. Inferential statistics involved Panel Least Square (PLS) regression to explore the relationship between tax compliance, tax base broadening and tax revenue. The analysis was conducted using STATA 13.0, providing a comprehensive approach to validating the study's hypotheses.

4.1 Presentation of Data

The data collected spans a 29-year period from 1995 to 2024 for various companies from relevant Nigerian institutions involved in tax revenue

4.1.1 Descriptive Statistics

The results of the descriptive statistics of the variables are presented in Table 4.1 below:

Table 4.1: Summary of Descriptive Statistics of the Variables of the Study

Variable	Mean	Std.	Min	Max	Skewness	Kurtosis
TaxRev	6.94602	1.14299	5.2473	8.7617	0.25166	1.98233
TaxCom	6.24656	0.43759	5.3134	6.7839	-1.04923	2.66885
Taxbb	6.35088	0.35967	5.6218	7.1201	0.18603	2.81415

Source: Researcher's Computation, 2025.

The summary of the descriptive statistics reveals important characteristics about the variables of the study. The dependent variable, tax revenue (TaxRev), has a mean value of 6.95, with a standard deviation of 1.14, indicating a moderate spread around the mean. The values of TaxRev range from 5.25 to 8.76, suggesting some variability in the data. The positive skewness (0.25) and moderate kurtosis (1.98) imply a relatively symmetrical distribution with a slight peak around the mean. For the independent variable, tax compliance cost (TaxCom), the mean is 6.25 with a standard deviation of 0.44, showing a smaller spread in the data compared to TaxRev. The range of TaxCom spans from 5.31 to 6.78, and the negative skewness (-1.05) indicates a leftward skew with most values concentrated on the higher end. The kurtosis of 2.67 suggests a moderate peak. The other independent variable, tax base broadening (Taxbb), has a mean of 6.35 and a standard deviation of 0.36, indicating low variability. Its range is from 5.62 to 7.12, with a slight positive skewness (0.19) and kurtosis of 2.81, indicating a near-normal distribution with a mild peak.

4.1.2 Correlation Analysis

Table 4.2 Result of Correlation Analysis

Variable	TaxRev	TaxCom	Taxbb
TaxRev	1.0000		
TaxCom	0.1822	1.0000	
Taxbb	0.2398	-0.4177	1.0000

Source: Researcher's Computation, 2025.

The correlation analysis table shows the relationships between the variables of tax revenue (TaxRev), tax compliance cost (TaxCom), and tax base broadening (Taxbb). TaxRev has a positive but weak correlation with TaxCom (0.1822), indicating that while there is some positive relationship between tax revenue and tax compliance cost, it is not strong. There is a slightly stronger positive correlation between TaxRev and Taxbb (0.2398), suggesting that tax base broadening has a somewhat more notable positive impact on tax revenue. However, TaxCom and Taxbb are negatively correlated (-0.4177), indicating a moderate negative relationship, meaning that as tax compliance costs increase, tax base broadening tends to decrease. This suggests that higher compliance costs may hinder efforts to broaden the tax base.

4.1.3 Other Diagnostic Test

4.1.3.1 Variance Inflation Factor (VIF) Test

Table 4.3 Result of Correlation Analysis

Variable	VIF	1/VIF
TaxBB	1.21	0.825487
TaxCom	1.21	0.825487
Mean VIF	1.21	

Source: Researcher's Computation, 2025.

The correlation analysis table presents the results of the Variance Inflation Factor (VIF) for the variables tax base broadening (TaxBB) and tax compliance cost (TaxCom). Both TaxBB and TaxCom have a VIF value of 1.21, indicating that there is no significant multicollinearity between the two independent variables. A VIF value above 10 typically suggests a concern for multicollinearity, but since the VIF is well below this threshold, it implies that the variables are not highly correlated with each other in a way that would distort the regression results. The mean VIF of 1.21 further confirms the absence of multicollinearity, suggesting that the independent variables can be considered in the regression model without significant issues of collinearity.

4.1.3.2 Breusch Pagan Test

4.1.4 Breusch Pagan Test

Breusch Pagan Cooke/Weisberg Test for Heteroskedasticity	Chi2(1) = 1.99; Prob>chi2= 0.1581
---	-----------------------------------

Source: Researcher's Computation, 2025.

The results of the Breusch-Pagan and Cook-Weisberg test for heteroscedasticity indicate a Chi-squared value of 1.99 with a p-value of 0.1581. Since the p-value is greater than the commonly used significance level of 0.05, we fail to reject the null hypothesis, suggesting that there is no evidence of heteroscedasticity in the model. This means that the variance of the error terms is constant across the observations, and the assumption of homoscedasticity holds, implying that the regression model is not suffering from issues related to non-constant variance. Therefore, the model's estimations are considered reliable without concerns of heteroscedasticity.

4.2 Test of Hypotheses

4.2.1 Hypothesis One

H₀₁: There is no significant relationship between tax compliance cost and tax revenue in Nigeria.

Table 4.5: Results of Model I and Test of Hypothesis I

Dependent Variable: Tax Revenue (TaxRev)					
Variable	Symbols	Coefficient	Std. Err.	t-stat.	p-value
Tax Compliance Cost	TaxCom	0.47580	0.48535	0.98	0.335
Constant	_cons	3.97383	3.03901	1.31	0.202
Prob > F					0.3353
F (1, 28)					0.96
R-squared					0.0332
Adj. R-squared					-0.0013

Source: Researcher's Computation via STATA 13.0

The results of Hypothesis One testing show that the relationship between tax compliance cost (TaxCom) and tax revenue (TaxRev) in Nigeria is not statistically significant. The coefficient for TaxCom is 0.47580, suggesting a positive relationship between tax compliance cost and tax revenue, but this relationship is not strong. The t-statistic is 0.98, and the p-value is 0.335, which is well above the 0.05 significance level, indicating that the relationship is not significant. Therefore, we fail to reject the null hypothesis (H₀₁), meaning there is no significant impact of tax compliance cost on tax revenue in Nigeria based on the data and model used in this study.

Additionally, the overall model's goodness-of-fit statistics reinforce this conclusion. The F-statistic of 0.96, with a p-value of 0.3353, suggests that the model as a whole does not provide a statistically significant explanation for variations in tax revenue. The R-squared value of 0.0332 indicates that only 3.32% of the variation in tax revenue can be explained by tax compliance costs, which is quite low. Moreover, the adjusted R-squared of -0.0013 suggests that the model does not fit the data well. These findings suggest that other factors, beyond tax compliance costs, likely have a more significant impact on tax revenue in Nigeria.

4.2.2 Hypothesis Two

H₀₂: There is no significant relationship between tax base broadening and tax revenue in Nigeria.

Table 4.6: Results of Model II and Test of Hypothesis II

Dependent Variable: Tax Revenue (TaxRev)					
Variable	Symbols	Coefficient	Std. Err.	t-stat.	p-value
Tax Base Broadening	Taxbb	0.76211	0.58302	1.31	0.202
Constant	_cons	2.10594	3.70844	0.57	0.575
Prob > F					0.2018
F (1, 28)					1.71
R-squared					0.0574
Adj. R-squared					0.0239

Source: Researcher's Computation via STATA 13.0

The results of testing Hypothesis Two reveal that there is no significant relationship between tax base broadening (Taxbb) and tax revenue (TaxRev) in Nigeria. The coefficient for Taxbb is 0.76211, suggesting a positive relationship between tax base broadening and tax revenue. However, the t-statistic of 1.31 and the p-value of 0.202 indicate that this relationship is not statistically significant, as the p-value exceeds the 0.05 significance level. Therefore, we fail to reject the null hypothesis (H₀₂), meaning that, based on the data and model used in this study, tax base broadening does not significantly influence tax revenue in Nigeria.

Further analysis of the model's fit confirms the lack of significance. The F-statistic of 1.71, with a p-value of 0.2018, suggests that the model as a whole does not provide a significant explanation for variations in tax revenue. The R-squared value of 0.0574 indicates that only 5.74% of the variation in tax revenue can be explained by tax base broadening, which is a relatively small proportion. Additionally, the adjusted R-squared value of 0.0239 further suggests that the model does not explain much of the variation in tax revenue. These findings imply that tax base broadening may not be a key determinant of tax revenue in Nigeria, and other factors might be more influential.

4.3 Discussion of Findings

The findings regarding the relationship between tax compliance cost (TaxCom), tax base broadening (Taxbb), and tax revenue (TaxRev) in Nigeria show some interesting patterns that align with and contrast against existing literature. The lack of a significant relationship between tax compliance cost and tax revenue, as revealed by this study, aligns with the conclusions of previous studies that argue the complexities of the Nigerian tax system and the perceived inefficiencies in government spending reduce the effectiveness of tax compliance measures. Amadi (2020) supports this view, asserting that despite various compliance initiatives, Nigeria's reliance on oil revenue and systemic inefficiencies have impeded the desired improvements in tax revenue (Amadi, 2020). Additionally, studies like those by Dakhil et al. (2025) highlight the critical role of tax enforcement strategies and taxpayer education, rather than solely focusing on the costs of compliance, to increase revenue generation (Dakhil et al., 2025). On the other hand, the weak positive relationship between tax base broadening and tax revenue contradicts findings from other research that suggests tax base expansion can significantly enhance revenue, especially in developing economies like Nigeria. Udeorah et al. (2023) argue that broadening the tax base is crucial for increasing tax revenue, particularly through expanding the formal sector and improving VAT compliance (Udeorah et al., 2023). However, this study's findings suggest that tax base broadening alone does not directly lead to increased revenue, potentially due to challenges such as inadequate enforcement and public reluctance to embrace new tax policies (Yeldu et al., 2023). This points to the need for a more holistic approach, combining tax base broadening with stronger tax administration and public trust, as emphasized by Efuntade and Efuntade (2023), who note that both tax compliance and effective governance are essential for improving tax revenue (Efuntade & Efuntade, 2023).

5.1 Conclusion

This study has highlighted the complex interplay between tax compliance costs, tax base broadening, and tax revenue in Nigeria. Despite the theoretical expectations that tax compliance costs and base broadening would significantly influence tax revenue, the empirical results indicate otherwise, with weak or insignificant relationships between the variables. This suggests that tax policy reforms in Nigeria may require a more nuanced approach, incorporating not only compliance costs and base broadening but also improvements in enforcement, transparency, and taxpayer trust in government institutions. Additionally, enhancing public education on the benefits of tax compliance, strengthening administrative systems, and addressing socio-political factors may be critical in fostering a more effective tax environment. Therefore, while tax compliance and base broadening are important, they must be part of a broader, more integrated strategy for improving Nigeria's tax revenue generation.

5.2 Recommendation

Based on the findings of this study, it is recommended that Nigeria should focus on strengthening its tax administration and enforcement mechanisms to foster better compliance and broaden the tax base. This can be achieved through the introduction of more efficient tax collection systems, the adoption of digital technologies for ease of payment and tracking, and enhancing the transparency in the use of tax revenues to build public trust. Additionally, targeted taxpayer education campaigns should be prioritized to raise awareness about the benefits of tax compliance, particularly among informal sector workers who are currently underrepresented in the tax system. Furthermore, it is crucial for policymakers to review existing tax laws to eliminate inefficiencies and simplify the tax process, which would reduce the compliance burden, particularly for small and medium-sized enterprises. Finally, a collaborative approach involving various stakeholders, including local governments and international development partners, is necessary to ensure that tax policies are inclusive, fair, and capable of driving sustainable revenue growth for the nation.

REFERENCES

1. Abbood, F., Falana, G., Dagunduro, M., & Dakhil, M. (2025). Tax Compliance Strategies and Revenue Generation in Nigeria. *Economy, Business and Development: An International Journal*. <https://doi.org/10.47063/ebd.00021>.
2. Adebowale, O., Igbekoyi, O., Adeosun, O., & Akinadewo, I. (2024). An Empirical Assessment of the Nexus between Agency Cost and Tax Compliance in Listed Firms in Nigeria. *International Journal of Innovative Research and Development*. <https://doi.org/10.24940/ijird/2024/v13/i2/feb24002>.
3. Adekunle, A., Rotimi, O., Araga, A., & Mudashiru, O. (2020). Slippery Slope Framework and Tax Compliance among Corporate Taxpayers in Nigeria.
4. Ahmad, B., Shehu, A., John, O., Abdulkarim, M., & Abdullahi, A. (2024). Effect Of Compliance Cost and Tax Burden on Tax Compliance of Small and Medium-Scale Enterprises in Benue State, Nigeria. *Gusau Journal of Accounting and Finance*. <https://doi.org/10.57233/gujaf.v5i2.16>.
5. Amadi, N. (2020). Socio-legal approaches to the enforcement of tax compliance in Nigeria. *Nnamdi Azikiwe University Journal of International Law and Jurisprudence*, 11, 161-169.
6. Biwei, T., Josiah, M., A., Agbo, S., & C. (2023). Tax Revenue Sources and The Nigerian Economy in the Post Covid Periods. *Finance & Accounting Research Journal*. <https://doi.org/10.51594/farj.v5i9.563>.

7. Chukwuma, W., & Uwakwe, F. (2020). An in-depth evaluation of tax as a veritable fiscal tool for economic growth in Nigeria, 2.
8. Dan, P., Etim, R., & Jeremiah, M. (2020). Tax Compliance and Digitalization of Nigerian Economy: The Empirical Review. *American International Journal of Social Science*. <https://doi.org/10.30845/aijss.v9n2p5>.
9. David, O., Brian-Kufre, O., & Williams, A. (2024). The impact of tax revenue on economic growth in Nigeria. *International Journal of Multidisciplinary Research and Growth Evaluation*. <https://doi.org/10.54660/ijmrge.2024.5.1.566-571>.
10. Dibie, R., & Dibie, R. (2020). Analysis of the Determinants of Tax Policy Compliance in Nigeria. *Journal of Public Administration and Governance*, 10, 34-62. <https://doi.org/10.5296/jpag.v10i2.16934>.
11. Efuntade, O., & Efuntade, A. (2023). Tax Compliance (Active Tax Payers) and Non-Oil Tax Revenue in Nigeria: Exposition of Fiscal Exchange Theory and Expectation Proposition. *World Journal of Finance and Investment Research*. <https://doi.org/10.56201/wjfir.v7.no1.2023.pg83.97>.
12. Eniekezimene, F., & Emmanuel, D. (2024). Impact of Consumption Taxes on Nigeria's Economy. *Journal of Economics, Finance and Management Studies*. <https://doi.org/10.47191/jefms/v7-i4-11>.
13. Komolafe, M., Ejike, O., Agu, E., Okeke, I., & Ewim, C. (2024). A policy model for standardizing Nigeria's tax systems through international collaboration. *Finance & Accounting Research Journal*. <https://doi.org/10.51594/farj.v6i9.1595>.
14. Ogungbesan, S. (2024). Stakeholders' Engagement as A Strategy Toward Optimizing Voluntary Tax Compliance: A Case Study of The Nigerian Tax Administration. *International Journal of Research and Innovation in Applied Science*. <https://doi.org/10.51584/ijrias.2024.905026>.
15. Okanga, O. (2020). The Political Economy of Nigeria's Digital Tax Experiment. *ERN: International Fiscal Issues (Topic)*. <https://doi.org/10.2139/ssrn.3640318>.
16. Oladejo, O. (2024). Effect of Federal Government Tax and Non-Tax Revenue on Economic Growth in Nigeria. *African Journal of Accounting and Financial Research*. <https://doi.org/10.52589/ajaf-r-dju0ahoi>.
17. Samuel, O., Augustine, A., & Babatunde, L. (2020). Informal Sector and Tax Compliance in Nigeria- Challenges and Opportunities, 8, 57-69. <https://doi.org/10.20448/2001.82.57.69>.
18. Udeorah, S., Amadi, C., & Yusuf, L. (2023). Tax Revenue and Economic Development in Nigeria. *International Journal of Economics and Financial Management*. <https://doi.org/10.56201/ijefm.v7.no5.2022.pg69.80>.
19. Yeldu, N., Abubakar, M., Oladele, O., & Illo, A. (2023). Efforts & challenges of Nigeria value added tax: from 2000-2020. *Journal of Management and Science*. <https://doi.org/10.26524/jms.13.37>.