THE IMPACT OF TAXPAYERS' PERCEPTION OF GOOD GOVERNANCE ON VOLUNTARY TAX COMPLIANCE IN LAGOS STATE, NIGERIA

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CERTIFICATION

This is to certify that the Thesis:

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By

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DECLARATION

This declaration is made by me with utmost good faith, that I am the sole author of this research study, and that it has not been previously presented with respect to application for a higher degree in any higher institution in Nigeria or elsewhere.

Therefore, in the light of the above, I authorise the University of Lagos to lend the Thesis to other institutions or individuals who may require it for the purpose of advancement in knowledge through scholarly research.

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Author's Name	**Signature**	**Date**

DEDICATION

This research work is dedicated, first and foremost, to the Lord, God, Almighty, the merciful, omnipresent, omniscient and omnipotent;

and

To my dear lovely and exemplary wife, Chief (Mrs.) Olabode Ajoke Adeyeye

and

our lovely and adorable children:

Adeyemi Mobolaji Akanni,

Adebowale Abimbola Atanda,

Adeshola Olajide Akande,

and

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ABSTRACT

Good governance has been suggested in the literature, to be very crucial to taxation and tax compliance. It has been argued that tax compliance will improve if there is accountability and transparency in the way public funds are managed by elected leaders. This argument appears to suggest that "good governance" by those saddled with the responsibility of managing the resources of any nation is key to voluntary tax compliance. These challenges informed the concern of this study to examine the "impact of taxpayers' perception of good governance on voluntary tax compliance". This study is anchored on the theory of planned behaviour (TPB) because it is considered an appropriate theoretical framework with the tendency of providing a better understanding of taxpayers' intention and behaviour toward voluntary tax compliance in Nigeria. Both primary and secondary sources were used to gather data for this study. Furthermore, the study adopted a cross-sectional survey approach with the use of a structured questionnaire for the primary data. A population of 11,900 tradesmen and artisans, belonging to seventeen trade associations in the twenty constitutionally recognised local government areas of Lagos State was established. A sample size of 3,400 participants was randomly selected from these groups of taxpayers and a 64% usable response rate was achieved. Cronbach alpha values of above 0.70 for each of the variables suggest good reliability indices. Descriptive statistics, regression analysis, correlation analysis, Chi-square and Cross-tabulation statistics were used to analyse the data gathered for the study. The outcome of the study suggests that all the components, representing good governance in this study (accountability and transparency, reduction in fiscal corruption, efficient and effective tax administration, efficient and effective tax laws and tax policies, and socio-economic considerations) have varying degrees of relationship with voluntary tax compliance and that the relationships are significant at $p<0.01$. However, taxpayers' perception of socio-economic considerations has the most outstanding relationship with voluntary tax compliance, with correlation coefficient, $r = 0.789$ at $p<0.01$ and coefficient of determination, $r^2 = 0.569$ ($\approx 57\%$). Empirical evidence from this study suggests that good governance, represented by all the independent variables combined, has greater impact on the dependent variable than any of the individual independent variables. Findings from this study form the basis for providing some recommendations (such as redirection of taxing efforts to the informal sector and up-holding and sincere practice of good governance) aimed at improving voluntary tax compliance in Nigeria.