Journal of Management World **2024**, 4: 159-171
DOI: 10.53935/jomw.v2024i4.325

Tax Justice and Tax Compliance: Empirical Evidence from South West Nigeria

Ajala Michael Oludare Oladiran[1], Adegbie Folajimi Festus[2], Aguguom Theophilus Anaekenwa[3*]

[1,2]Department of Accounting, Babcock University, Ilishan-Remo, Ogun State, Nigeria; Ola.ajala@olaajala.com (A.M.O.O.), adegbief@babcock.edu.ng (A.F.F.).
[3]Department of Accounting and Finance, Augustine University, Ilara-Epe, Lagos State, Nigeria; theophilus.aguguom@augustineuniversity.edu.ng (A.T.A).

Abstract. The objective of this study is to investigate the effect of tax justice on tax compliance in South West Nigeria. Social contract theory provides the nexus between morals and political behavior, as tax compliance by individuals and corporate taxpayers helps governments fund budgets and deliver social goods and services to their citizens. Tax compliance in Nigeria is increasingly on the decline, as the level of motivation among taxpayers is quite low possibly due to the prevailing perception of tax injustice, lack of transparency, and absence of optimal utilization of tax revenue in line with social contract theory. The study adopted a survey research design and involved a population of 3,250 eligible taxpayers. The sample size from each of the states in the South West Nigeria was explored. The Taro Yamane formula was used to determine a sample size of 356, while the proportionate sampling technique was used to determine the distribution of the sample size to each state in the study. A structured questionnaire was used to collect data from the respondents, and the response rate was 86%. The validity and reliability of the instrument was based on Kaiser–Meyer–Olkin (KMO) and Bartlett's tests; the Cronbach's alpha reliability ranged between 0.89 and 0.96. The results show that tax justice has a significant effect on tax compliance. The study recommends that governments should ensure optimal utilization of tax revenue to increase tax compliance.

Keywords: Improved standards of living, Infant mortality reduction, Quality infrastructure investment, Reduction in unemployment, Tax compliance.

1 | BACKGROUND

Tax compliance is significant in sustaining the mainstream generation of income through tax revenue, as every nation survives with substantial tax compliance from its citizens. The government tends to benefit when there is a high level of tax compliance, increasing tax revenue and sustaining infrastructure investment and economic development (Ackom, 2023; Appiah, Domeher, & Agana, 2024). An effort to improve tax revenue through tax compliance is imperative for the government of Nigeria considering the unstable income from other non-tax revenue sources (Adekola, Raji, Jimoh, & Oyeniyi, 2024). Tax compliance in Nigeria is fundamentally significant to deepen income generation for funding government budget implementation, ensuring economic stability, promoting social equity, and supporting national development. It plays a decisive role enhancing government accountability and improving the general quality of life for Nigerians.

Tax compliance is integral to the social contract between the government and citizens, since taxpayers fulfil their civil responsibility by contributing income to the government and, in return, the government is expected to provide social goods and services, fulfilling its contractual obligation to the citizens (Akeem, Adewale, & Adeyemo, 2019). Tax compliance is a major source of income for the government, as the funds raised through tax compliance are channeled to finance public services, such as healthcare facilities, improve quality and affordable education, close the subsisting infrastructure deficits gap, and implement social welfare programs aimed at reducing the poverty severity index recently reported in Nigeria. Consequently, without sufficient tax compliance, the government would struggle to meet the basic needs of the Nigerian citizens.

Incidentally, tax compliance in Nigeria is increasingly on the decline, as the motivational level of taxpayers is quite low, possibly because of the prevailing perceived tax injustice, lack of transparency, and absence of optimal utilization of tax revenue over the years (Ebimobowei, 2023). Achieving voluntary tax compliance in Nigeria is near impossible, and the government's morality tends to deeply suffer from a lack of credibility. This has compelled the government at all levels to adopt a tax policing approach and militarize the tax system to compel tax payment from those with low tax morale in Lagos, Osun, Ogun, Oyo, Ondo, and Ekiti (Amadi & Alolote, 2020). Sani and Daud (2020) reported that over the years, successive governments in Nigeria have not shown adequate accountability, character, probity, and optimal utilization of tax revenue. Tax revenue can only increase when there is high tax compliance and tax incentives to encourage tax payments.

Theoretical and empirical research has extensively examined the implications of low tax compliance on government income, and it is evident that decreasing tax compliance has implications for a government's ability to carry out its responsibilities (Olaoye & Aguguom, 2018; Zhang, Andrighetto, Ponzano, Ottone, & Steinmo, 2022). The lack of tax compliance in South West Nigeria has a negative effect on tax revenue, greatly reducing the ability to handle the state's recurrent and capital expenditures. For instance, the various challenges of noncompliance are tax evasion, complexity of tax laws, the untimely filing of tax returns, inaccurate self-assessment tax computation, and addressing the decline in tax audits and investigation. Ya'u, Saad, and Mas' ud (2020) noted that corporate tax registration has been on the decline. According to the last finance minister, 65% of those in the tax net do not submit returns or make payments, while 75% of registered firms are not subject to taxation. This is less than 9% of all businesses in Nigeria. In addition to Nigeria's penalties for the non-payment of tax being lenient and insufficient, the procedures for punishing reluctant taxpayers are selective. There are 354 taxes in Nigeria, which lead to double taxation and favoritism regarding where to audit and where not to audit.

The growing noncompliance among taxpayers impacts the revenue generation of the government and increases the suffering of Nigerian citizens. The quality of governance is increasingly deepening, and the punitive disregard for social contracts in Nigeria has been on the increase (Olayinka & Irewole, 2019). There is evidence of significantly heightened apathy and hesitation toward tax payment among the citizens in Nigeria as a result of perceived tax injustice, unfair treatment, and the government's incompetence in managing tax revenue (Okoror, Uwaleke, Mainoma, & Oyedokun, 2019). Unremitted tax collections, reported misappropriation, and diversions are on the increase in Nigeria. Emmanuel and Ibrahim (2020) opined that there are factors that influence the problem of tax compliance, positing that taxpayers' attitudes toward other taxpayers' behavior are significant

Article History: Received: 23 July 2024; Revised: 18 November 2024; Accepted: 27 November 2024; Published: 16 December 2024
* Correspondence: theophilus.aguguom@augustineuniversity.edu.ng

in this regard. In addition, Ejemai, Akintoye, and Adegbie (2020) suggested that moral obligation, tax fairness, tax knowledge, and subjective norms are some of the elements that motivate and influence the behavior of taxpayers to participate in tax cheating. Regarding any activity of tax authorities, their attitude may be used to determine if it is good or bad, as well as the general opinion of the people toward benefits from previous tax payments.

Successive governments in Nigeria over the years initiated several tax reforms and specific tax policies to enhance tax compliance and alleviate the burden caused by the problem of tax noncompliance. The National Identity Management Commission (NIMC), the Nigeria Inter-Bank Settlement System (NIBSS), and other institutions are working to link taxpayer data with their third-party databases as part of ongoing reforms to strengthen taxpayer identification (Chukwuebuka & Jisike, 2020). Customer phone numbers, which have been accepted in 28 states, are the most widely used taxpayer identifier, followed by the joint tax board (JTB) tax identification number (TIN), which is utilized in 25 states. It is interesting to note that eight states now use state-issued residence numbers to identify taxpayers. Aribaba, Oladele, Ahmodu, and Yusuff (2019) stated that the disadvantage of this system of various identifiers is that it frequently makes disobedience easier. Even today, firms that operate in various states still require an integrated identification system. Twenty states have created specialized units to handle high net worth persons (HNWP), most of which were developed by the state teams that monitored the implementation of the Voluntary Assets and Income Declaration Scheme (VAIDS) programme, which was established by the federal government in 2017. Twenty-three states acknowledged having a plan for interacting with and controlling HNWIs. The thresholds used by each State Inland Revenue Service to profile taxpayers who fit this description vary (Adebiyi, Amole, & Oyenuga, 2022; Ayodele, Alao, Ogunjuyigbe, & Munda, 2019; Ayuba, Saad, & Ariffin, 2018).

Tax justice considers fair tax billing and taxing that is seen as fair and devoid of arbitrariness (Adegbie, Ajayi, Aguguom, & Otitolaiye, 2023; Akeem et al., 2019). Many studies have established the significance of the impact of tax justice on tax compliance (Aguguom, Appolos, Obasi, & Ajah, 2023; Putra, Syah, & Sriwedari, 2018). Alawi, Wadi, and Kukreja (2018) contended that when it comes to tax justice, there are some fundamental qualities, yet there are no unbreakable rules. These features aid in setting a foundation for the tax to be equitable and feasible for each taxpayer, and society at large is put into perspective in every facet of taxation. Bariu (2020) noted that a good and equitable tax system should fulfil certain prerequisites. It should be reasonable, suitable, uncomplicated, and straightforward. Any feasible idea of a fair tax must always strike a balance between what is right for society and what is right for the individual. Many people who support fair taxation think that certain tax evasion loopholes should be closed. These loopholes apply to both companies and people (Cole, Ozgen, & Strobl, 2020), and examining the progressive tax system is an excellent way to see an example of a fair tax. Taxes will be paid by low-income individuals (Bonaccorsi et al., 2020; Carfora, Pansini, & Pisani, 2018).

Tax justice is imperative in this case considering reported cases of a lack of accountability of tax revenue, absence of equity and fairness in the face of reported misappropriations, and unprecedented corruption among government officials in Nigeria. Increasing the need for more tax revenue to improve government income and, apparently, tax compliance seems key. Tax justice is capable of creating high legitimacy, improving the attitudes and perceptions of taxpayers regarding tax compliance and enhanced tax revenue. Enhanced tax revenue is essential to supplement the other revenue channels of the Nigerian government; therefore, a study on what could enhance tax compliance in Nigeria at this time is justified.

The objective of this study is to investigate the potential and the significance of tax justice as an effective incentive to stimulate tax compliance. Against this backdrop, this study attempts to provide novel research and a scholarly contribution to the extant literature, as it addresses key fundamental research gaps. First, the study investigates the heterogeneity in the estimation relationship between tax justice and tax compliance. Second, it introduces tax justice measures taken by the government, such as the quality of infrastructure investment, improved standards of living, infant mortality, and reduction in unemployment. Thus, we present an alternative model compared to conventional measures used previously. Third, there is a dearth of research on the significance of tax justice regarding the interaction between tax justice and its identified surrogates and their impact on tax compliance. Fourth, the challenge of tax compliance in Nigeria is worrisome, yet it remains under-researched with the combination of variables selected in this study.

This study seeks to reveal the possible empirical implications of the interaction between tax justice and tax compliance by exploring the contractual obligations of both the government and the taxpayers in Nigeria. Taxpayers' attitude toward tax compliance is a concern, and the effect of tax justice perception and the extent of trust in the government, which are some of the identified variables affecting this attitude on the tax compliance, are investigated in this study. We aim to provide empirical evidence and an insightful symbiotic bond between citizens in their civil duties and the governments' optimal utilization of tax revenue. This argument provides the basis for our hypothesis, taking into account the nation's growing population and growing government financial commitments. In addressing this problem of tax compliance and filling a gap in the literature, the study proposes the following hypothesis:

***H1:** Tax justice does not significantly affect tax compliance in South West Nigeria.*

The remaining sections are structured as follows: Section 2 comprises the literature review and the theoretical framework of the study; the methodology is presented in Section 3; data analysis and a discussion of the findings are contained in Section 4; and the conclusion and recommendations are provided in Section 5.

2 | LITERATURE REVIEW

2.1 | Social Contract Theory

The social contract theory (SCT) is relevant and is strongly validated as symbiotic, as it provides the rewards that taxpayers expect from the government in return for tax payments. In 1690, Lucke, Hobbes, and Rousseau proposed the social contract theory in reference to the moral responsibility that depends on express, implicit, or written agreements among parties in society (Ajzen, 1991) and according to Mittone (2006) consent cannot be obtained by coercion or by not comprehending the reciprocal terms of the social contract. The purpose and content of the contract must be known and agreed upon by all parties involved. The social contract theory has drawn criticism for having ideological errors in its postulates and for having philosophical defaults in some of its underlying assumptions. O'Neill, Booth, and Lamb (2018) and Milliron (1985) pointed out that the SCT tends to provide the government with an excessive amount of authority and ability to enact laws and maintain order under the guise of safeguarding society and the people living in the state. According to Oats and Hartmann (2019) giving the government excessive power and authority to enact laws must be monitored and controlled by other mechanisms to prevent the government from passing laws that are inimical to natural justice, equity, and fairness. The possibility exists that when a party is coerced into an agreement to attain power, cultural norms and beliefs may be subordinated, and the government may utilize its position to assert power and authority that might inspire intrusiveness and fear among the populace. Opponents of the SCT have questioned the morality of the government's unchanging activities, pointing out that those who attempt to criticize the government's actions are not heard, but rather penalized, and that there appears to be no media freedom (Ajzen, 1991).

2.2 | Theory of Infrastructure Development

The relevance of the theory of infrastructure development is validated in this study, as the philosophy of tax justice and optimal utilization is closely related to infrastructure development in every nation. Frischmann introduced the infrastructure theory of development in 1956 by demonstrating how access to social infrastructure and resources might lead to value creation, economic benefit for the populace, and public acceptance of and respect for government services (Riggio, Watring, & Throckmorton, 2009). The idea is built on the premise that infrastructure is one of life's necessities and is an indispensable cog in the wheel of progress, civilization, economic development, and the advancement of countries. According to the idea of infrastructure, each country's level of infrastructure development determines whether it is considered developed or developing, with third-world countries defined by the size and scope of their infrastructure investments. According to Papadeas and Sykianakis (2014) and Rantelangi and Majid (2018), the theory also assumes that a country's investment in infrastructure development corresponds to the value it places on human lives in terms of priority and premium.

Based on the amount of infrastructure a country has invested in, and the degree to which its citizens have taken advantage of these infrastructures to advance in business opportunities and information technologies, a country is categorized as having a developed economy or emerging economy, Sacchi and Salotti (2017) asserted that infrastructure is both the bane of life and the product of civilization, because the inability of society to embrace and consider infrastructure as a priority and one of the necessities of life has been correlated with society's backwardness. Sandberg and Conner (2008) argued in favor of the theory of infrastructure development, stating that countries that have invested in their infrastructure are likely to see quicker economic growth than those that only pay it lip service or have previously dismissed its importance. Riggio et al. (2009) asserted that the government has planned and premeditated infrastructure development based on its strategic aspirations over time.

2.3 | Tax Justice and Tax Compliance

Tax compliance — Tax compliance is defined as the propensity at which eligible taxpayers voluntarily comply with tax laws through prompt tax payment (Ackom, 2023). Al-Rahamneh and Bidin (2022) stated that tax compliance is the individual or corporate choice to comply with tax rules, while Di Gioacchino and Fichera (2022) documented that tax compliance refers to freely and totally meeting all tax duties as prescribed by law. Tax compliance includes filing a tax return before the deadline, accurately reporting income and deductions, and paying taxes by the due date. Nurkholis, Dularif, and Rustiarini (2020) documented that despite militarization and policing taxpayers using various mechanisms, such as tax audits, tax sanctions, and deduction-at-source strategies, tax authorities have failed to achieve full tax compliance from taxpayers in each of the sampled states in Nigeria. The average Nigerian is not willing to comply with tax laws in Nigeria. This is evident through the level of infrastructure decay, reported misappropriation, and outright stealing and diversion of tax revenue by individuals in the government circle. Ejemai et al. (2020) revealed that reporting correct annual income is crucial to maintaining individual tax compliance; however, this largely depends on how much money individual taxpayers make. In Nigeria, taxpayers are expected to submit their taxes, and, to do so correctly, they must consider annual income tax or monthly income tax, which are deducted at source for workers, unlike individual independent taxpayers.

Tax justice — The term "tax justice" has a broad application and has been explored by a number of scholars at a level where the notion is more operationalized (Alshira'h & Abdul-Jabbar, 2019). In contrast to earlier work, this article provides a more thorough and detailed description of how the idea of tax justice is operationalized (Farrar, Massey, Osecki, & Thorne, 2020). More information on how previous researchers have described each of these tax phrases is provided in the next sub-chapter. Some academics even have several but overlapping notions of tax justice because it is a commonly debated idea in literature (Gilligan & Richardson, 2005). The level of justice between the ideas of equity, equality, and fairness is not stratified by the concept of tax justice as it has been used in some earlier works. Tax justice is synonymous with equity and fairness. Antonio, Patricia, and Pedro (2022) defined tax equity in terms of equality and transparency on the part of the government in the distribution of economic welfare among the regions, states, and ethnic affiliations in Nigeria. Optimal utilization of tax revenue is the ability of the government to use the collective tax revenue optimally for the benefit of the citizens (Owusu, Bekoe, Anokye, & Anyetei, 2020; Ozili, 2020). It requires creating and enforcing a workable and efficient system that maximizes tax revenue for the benefit of all and ensure effective infrastructure development and provision of social welfare for the masses (Putra et al., 2018).

Quality infrastructure investment — This is to measure the economic value and value for money derivable from investments made by the government in the form of infrastructure, which is grossly lacking in South West Nigeria. Wang, Wang, and Zhang (2022) argued that quality infrastructure investment boosts corporate productivity, increases opportunities in suffering areas, boosts competitiveness, facilitates trade and market efficiency, and improves the quality of foreign direct investment. The idea of infrastructure investment, which originated in Japan, stresses the importance of quality infrastructure as opposed to the mere availability of infrastructure assets. The World Bank claims that it considers factors other than “grey” infrastructure, such as economic development, efficiency, climate, resilience, inclusion, and governance (Owusu et al., 2020; Pratama, 2018). When nations implement these principles, they not only aim to make high-quality infrastructure investments that maximize the positive effects of infrastructure on the economy, society, environment, and development, they also support inclusive, resilient, and sustainable growth.

Improved standards of living — Aladejebi (2018) noted that a wide range of fields has created decent living standards in order to compare or evaluate relative living situations to assess the impact of policies for sustainable development. The poverty rate and the average income per person adjusted for inflation are frequently used to gauge the level of living standards. Additional metrics are also employed, including those related to healthcare availability and quality, wealth disparity, and education standards.

Infant mortality reduction — With declining public funds, the government must adopt mandatory universal health insurance as a way to subsidize the healthcare industry and expand access for the millions of people who cannot afford medical treatment (Ejemai et al., 2020). Ebimobowei (2023) observed that the most vulnerable residents should be eligible for free health insurance, with contributions to the programme being made according to a sliding scale that considers individual wages. In Rwanda, which is regarded as having one of the greatest health insurance programmes in Africa and has more than 90% coverage, universal health insurance has been a huge success (African Development Bank, 2020). Sadly, some individuals have said that hospitals in Nigeria are places where people go to die.

Reduction in unemployment — Oladele (2021) contended that there are several causes of unemployment. The rapid expansion of Nigeria’s population is one of the key factors contributing to the high rate of unemployment. Along with an insufficient number of employees, the labor force has been growing faster. Rural-urban migration has been accompanied by a rapid population increase. As a result, there are now more people living in cities, which has boosted the unemployment rate. Currently, male and female youth literacy rates are 65.33% and 79.89%, respectively. Since most companies believe that graduates from Nigeria are lazy and/or unemployed, the pain of unemployment is made worse by the absence of quality education (African Development Bank, 2020). Additionally, the inadequate education system, which prioritizes ideas over the application of knowledge, inevitably makes unemployment among young people worse (Akeem et al., 2019). Ineffective leadership and the high level of corruption in Nigeria are also significant issues.

2.4 | Empirical Review

Adebiyi et al. (2022) investigated the possible consequences of tax non-compliance on tax revenue from the informal sector taxpayers in Lagos, Osun, Ogun, Oyo, Ondo, and Ekiti, especially in small and medium-scale enterprises. The study used primary data from a chosen number of taxpayers in these six areas. A total of 120 copies of the questionnaire were administered to the respondents, and 110 valid questionnaires were returned. The regression analysis showed that non-tax compliance had a negative influence on total tax revenue in Nigeria. The regression analysis revealed that the corrupt behavior of tax authorities had a negative impact on tax compliance. The study by Antonio et al. (2022) showed that tax transparency positively impacted timely tax filing and taxpayers' tax returns.

Alstadsaeter, Niels, Segal, and Gabriel (2022) studied the economic consequences of tax evasion and tax avoidance on the tax compliance response from taxpayers. The study employed primary data in sourcing taxpayers' responses and a perception index to measure tax compliance. The level of responses was reflected in 134 copies of the online survey questionnaire. The analysis of variance (ANOVA) statistical tool was adopted for the study and the result of the analysis demonstrated that tax evaluation and avoidance had negative consequences on the accuracy of tax computation and investigation by the tax authorities. The research carried out by Alstadsaeter et al. (2022) conforms to the study done by Accinelli, García, Policardo, and Sánchez-Carrera (2023), who revealed that tax corruption behavior by tax authorities had a negative impact on tax compliance. However, the study by Alstadsaeter et al. (2022) does not agree with the study by Al-Rahamneh and Bidin (2022). Peer influence, on the other hand, had a favorable and significant impact on sales tax evasion behavior.

Antonio et al. (2022) sought to determine the implications of tax transparency and sustainable income in Latin American and Chilean tax authorities. The study was concerned with the effect of tax transparency on the extent of tax compliance in the countries concerned. Taxpayers' responses and perceptions were obtained from the responses of structured interviews and questionnaires. The data obtained were regressed using regression analysis and the results showed that tax transparency positively impacted timely tax filing and tax returns. The results obtained by Antonio et al. (2022) agree with those of Muslim (2022) who found a positive association between tax compliance and business performance of the macro-businesses tested. Conversely, the study carried out by Accinelli et al. (2023) revealed that tax corruption behavior by tax authorities had a negative impact on tax compliance.

Musimenta (2020) explored the indirect impacts of compliance costs while examining the link between knowledge requirements, the complexity of the tax system, and tax compliance in Uganda. Withholding agents who were VAT registered was used in the cross-sectional and correlational research design. The findings of this study imply that knowledge requirements do not significantly affect compliance costs. The internal costs of compliance are better explained by knowledge needs than by external expenses. Our findings showed that people had enough tax knowledge to be able to pay their taxes, but it does not preclude the possibility that they still have to pay the associated costs. The expense of compliance rises as the tax system grows more complicated. The study discovered a strong negative association between low tax audits and tax compliance using education as a variable of tax compliance. However, the study by Musimenta (2020) did not concur with that by Wang et al. (2022) who demonstrated the beneficial influence that transportation infrastructure has on Central and Eastern Europe's economic development.

Divergent opinions and mixed results have arisen from prior studies, suggesting inconsistencies, inconclusiveness, and evidence of a wide range of gaps in the literature. While there are many studies that have investigated the problem of tax compliance in Nigeria, these problems are increasingly disturbing and require further empirical studies; this is one of the justifications for this study. Moreover, the researcher was motivated to carry out this research based on the significance of tax justice from the perspective of the optimality of tax revenue and equity and fairness in the use of tax revenue as a critical panacea for tax compliance. Clearly, studies researching the significance of tax justice are insufficient, and there is dearth of empirical evidence of the effect of tax justice on tax compliance in South West Nigeria. This study aims to address the identified gaps and make a contribution to the relevant literature on Nigeria.

3 | METHOD AND DATA COLLECTION

Using primary data from standard structured questionnaires, the study investigated the field survey research design in relation to tax justice and the decline in tax evasion in South West Nigeria. The baseline units for the study were a subset of taxpayers from Lagos, Osun, Ogun, Oyo, Ekiti, and Ondo. Self-structured surveys with standards were sent in two ways: online (using Google Forms and SurveyMonkey) and in person to a chosen group of taxpayers who were likely aware of the need for tax justice. The Nigerian respondents were all taxpayers in the six states and were well versed in the dynamics of tax justice and tax evasion, as well as the consequences of participating in such activities. Tax compliance was selected as the study's dependent variable, and tax justice was chosen as the independent variable. Measures of the properties of tax justice were improved living standards (ILS), reduced unemployment (RUE), infant mortality (IFM), transparency and accountability (TA), and tax justice (TJ) and were used as the explanatory variables in the study. The study employed the Taro Yamane formula to estimate and determine the appropriate sample size for the study:

$$N = n/1 + n(\varrho)2$$

where n = sample size, N = population, and ϱ = level of significance.

The pre-test and the reliability and validity of the instrument were assessed using a suitable Cronbach's alpha test. The study's descriptive statistics were assessed using Hausman, heteroskedasticity, and normality tests. Acceptance or rejection of the proposed model or hypothesis was predicated on a 5% significance level, and the re-test results validated the instrument's validity and reliability.

3.1 | Model Specifications

$$Y_i = \beta o + X_i + \mu_i \tag{1}$$

$$DTAIC_i = \alpha_0 + \beta_1 QIFI_i + \beta_2 ISL_i + \beta_3 IFM_i + \beta_4 RUE_i + \mu_i \tag{2}$$

where $DTAIC$ = tax compliance, $QIFI$ = quality infrastructure investment, ISL = improved standards of living, IFM = infant mortality reduction, RUE = reduction in unemployment.

3.2 | Reliability and Validity

To assess the validity of the research tool used in this study, an internal consistency test was carried out using the appropriate statistical tool, the IBM Statistical Package for Service Solutions, on the questionnaires that were obtained through the Cronbach's alpha reliability analysis. The collected data was coded into the IBM Statistical Package for Service Solutions, and the Cronbach's alpha coefficient obtained for all the variables was found to be above the acceptable limit of 0.7, which was established to be an acceptable reliability coefficient by Warithaka and Marina (2017). The summary of the results is given in Table 1.

Table 1: Reliability test.

Variable	No. of items	Cronbach's alpha
Tax compliance	6	0.905
Quality of infrastructure investment	6	0.919
Improved standards of living	6	0.935
Infant mortality	6	0.919
Reduction in unemployment	6	0.894

Source: Researcher's study (2024).

3.3 | KMO and Bartlett's tests

Kaiser–Meyer–Olkin and Bartlett's tests were carried out on the same administered copies of the questionnaire, and the results are presented in Table 2.

Table 2: KMO and Bartlett's test results.

Variable	No. of items	KMO	Bartlett's test Chi² (Sig.)
Tax compliance	6	0.725	202.607 (0.000)
Quality of infrastructure investment	6	0.754	157.094 (0.000)
Improved standards of living	6	0.710	210.020 (0.000)
Infant mortality	6	0.730	232.107 (0.000)
Reduction in unemployment	6	0.815	154.422 (0.000)

Source: Researcher's study (2024).

In Table 2, the computed KMO values range from 0.710 to 0.815. The KMO and Bartlett's tests results obtained were all significant at the 5% level, affirming the adequacy of the data.

4 | RESULTS AND DISCUSSION

This section presents the data analysis, interpretations, and discussion.

Figure 1 illustrates the regression standards residual of the decline in tax audits and the high cost of investigation.

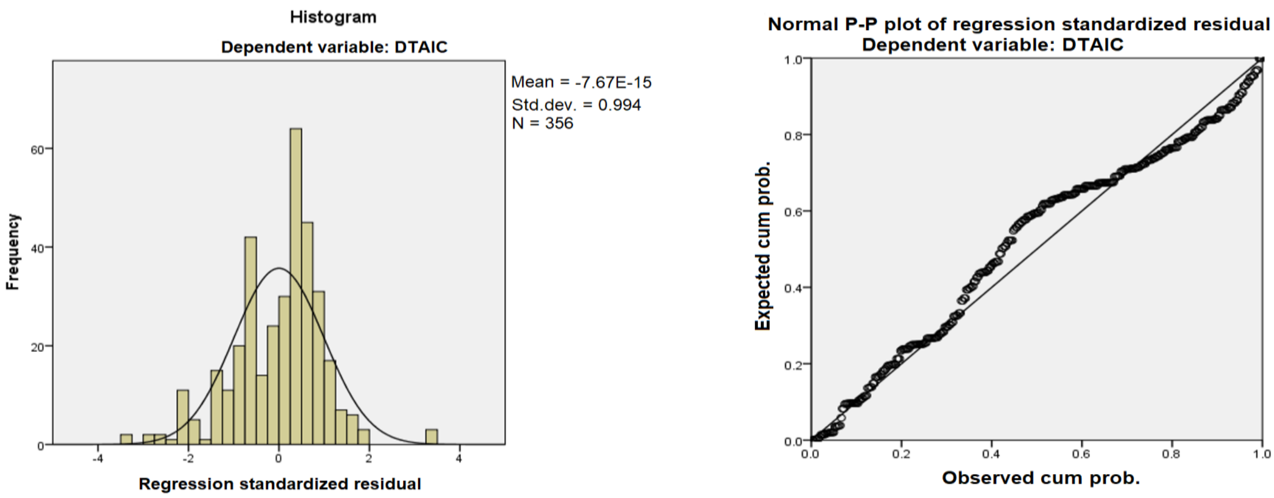

Figure 1: Normality test.

4.1 | Descriptive Statistics

The bell-shaped diagram and the histogram plots demonstrate the results of the normality test, which revealed that the residuals were well-fitting and normally distributed. The points were organized along the diagonal line, as the P-P plot also shows. The normal P-P plots demonstrate linearity, indicating a straight-line relationship between all of the outcome variables (tax compliance) and the predictor variable of tax justice dimensions.

4.2 | Linearity Test (Pearson's Correlation Coefficient)

The results of the correlation analysis are presented in Table 3, a crucial step in checking the linearity assumption for the association among the variables. This is vital for the subsequent stages of the analysis, especially regression modeling. For each association, the Pearson correlation coefficient is provided along with the corresponding significance level (Sig. or p-value).

Table 3: Linearity test (Pearson's correlation coefficient).

Correlations					
Variable		**QIFI**	**ISL**	**IM**	**RUE**
QIFI	Pearson correlation	1	0.018	0.068	0.410**
	Sig. (2-tailed)	NA	0.738	0.202	0.000
	N	356	356	356	356
ISL	Pearson correlation	0.018	1	-0.007	0.174**
	Sig. (2-tailed)	0.738	NA	0.897	0.001
	N	356	356	356	356
IM	Pearson correlation	0.068	-0.007	1	0.024
	Sig. (2-tailed)	0.202	0.897	NA	0.656
	N	336	356	356	356
RUE	Pearson correlation	0.410**	0.174**	0.024	1
	Sig. (2-tailed)	0.000	0.001	0.656	NA
	N	356	356	356	356

Note: QIFI = Quality infrastructure investment, ISL = Improved standards of living, IFM = Infant mortality reduction, RUE = Reduction in unemployment, NA = Not applicable. ** Correlation is significant at the 0.01 level (2-tailed).

Beginning with the examination of the correlation coefficient between QIFI and RUE, which stands at 0.410 with a significance level of $p < 0.01$, we observe a moderate positive linear relationship. This suggests that an increase in QIFI tends to be associated with an increase in RUE, and vice versa. The statistical significance of this correlation reinforces the notion of linearity between investment in infrastructure quality and a reduction in unemployment.

4.3 | Multicollinearity Test

This subsection focused on a meticulous examination of the collinearity statistics. The analysis focuses on assessing multicollinearity among the independent variables (tax justice indicators). Multicollinearity is a condition where independent variables in a regression model are highly correlated, posing challenges to the stability and interpretability of the estimated coefficients. The tolerance and variance inflation factor (VIF) values are employed as key indicators to evaluate the degree of multicollinearity. Tolerance values close to zero and VIF values exceeding a certain threshold (typically 10) are indicative of heightened multicollinearity concerns.

Table 4: Multicollinearity test results.

Variable	**Collinearity statistics**
	VIF
QIFI	1.232
ISL	1.045
IM	7.135
RUE	9.094

Note: QIFI = Quality infrastructure investment, ISL = Improved standards of living, IFM = Infant mortality reduction, RUE = Reduction in unemployment.

Table 4 presents the results of the multicollinearity test, which reveals that the VIF values of all the independent variables were less than 10 (VIF < 10), which suggests that there are no severe multicollinearity issues.

Figure 2 illustrates the scatter plot of the decline in tax audits and the high cost of investigation.

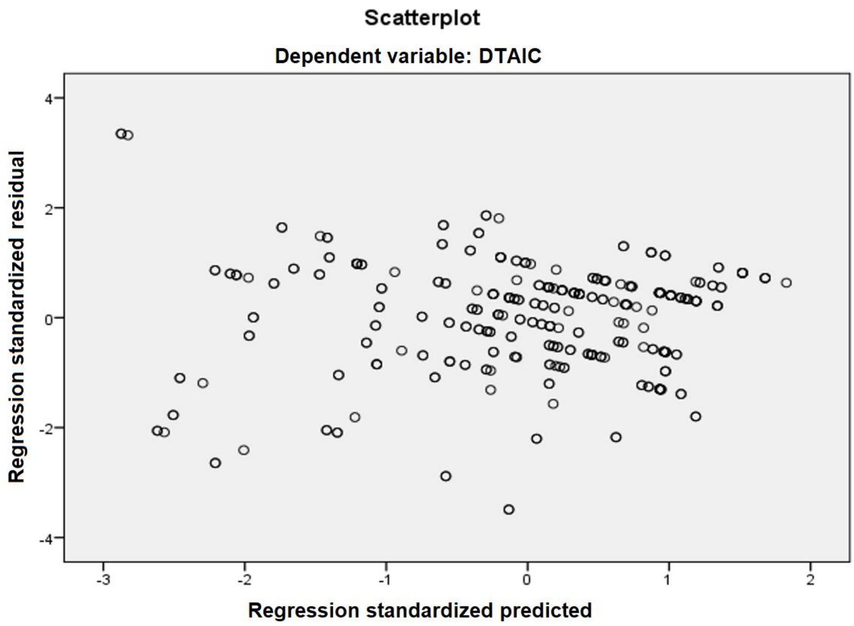

Figure 2: Scatter plot for homoscedasticity tests.

4.4 | Homoscedasticity Test Results

The scatterplot revealed no exact or systematic pattern, thereby signifying the normality of the residuals and the constant variance. This confirmed that the model is homoscedastic.

4.5 | Respondents' Demographic Characteristics

4.5.1 | Gender

Table 5 presents the sociodemographic characteristics pertaining to gender distribution based on the field survey conducted.

Table 5: Respondents' gender.

Respondents		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	253	71.1	71.1	71.1
	Female	103	28.9	28.9	100.0
	Total	356	100.0	100.0	100.0

The gender distribution that emerged from the analysis showed that men made up 71.1% of the sample and women made up 28.9%. This distribution guarantees that the study includes a variety of viewpoints from both genders and improves the ability for the results to be generalized.

4.5.2 | Age

Based on information from the survey, Table 6 presents the sociodemographic features of the respondents' age.

Table 6: Respondents' age.

Respondents		Frequency	Percent	Valid percent	Cumulative percent
Valid	26–35 years	164	46.1	46.1	46.1
	36–45 years	152	42.7	42.7	88.8
	46 years and above	40	11.2	11.2	100.0
	Total	356	100.0	100.0	100.0

The frequency counts and percentages reveal a distribution skewed toward younger age groups. Notably, individuals aged 26–35 years constitute the largest segment, representing 46.1% of the surveyed population, followed by those aged 36–45 years at 42.7%. The percentage decreases substantially for respondents aged 46 years and above, accounting for only 11.2% of the sample.

4.5.3 | Marital Status

The figures in Table 7 provide insight into the marital landscape of the sampled respondents.

Table 7: Respondents' marital status.

Respondents		Frequency	Percent	Valid percent	Cumulative percent
Valid	Single	94	26.4	26.4	26.4
	Married	229	64.3	64.3	90.7
	Divorced	22	6.2	6.2	96.9
	Widowed	11	3.1	3.1	100.0
	Total	356	100.0	100.0	100.0

The analysis of the respondents' marital status showed clear tendencies. The smallest percentage (26.4%) were single, 64.3% were married, 6.2% said they were divorced, and 3.1% said they were widowed.

4.5.4 | Highest Level of Education

Table 8 displays the sociodemographic characteristics of the respondents' highest level of education based on data from the survey.

Table 8: Respondents' highest level of education.

Respondents	Frequency	Percent	Valid percent	Cumulative percent
Diploma/ND/NCE	19	5.3	5.3	5.3
HND/BSc	149	41.9	41.9	47.2
M.Sc./M.Phil.	98	27.5	27.5	74.7
PhD	26	7.3	7.3	82.0
Other	64	18.0	18.0	100.0
Total	356	100.0	100.0	100.0

Interestingly, 41.9% of the respondents had an HND/BSc, meaning that a sizable percentage of people had only completed their undergraduate education. Furthermore, 27.5% of the respondents said they had an M.Sc. or M.Phil., indicating a sizable proportion of postgraduate students. It's interesting to note that 7.3% of the respondents had a Ph.D., indicating a modest but significant presence of those with the highest level of education. Moreover, "Other" was stated as the highest education level by 18.0% of the respondents, suggesting a wide range of credentials beyond those specified.

4.5.5 | Professional Qualifications

Table 9 displays the sociodemographic characteristics of the respondents' professional qualifications based on data from the survey.

Table 9: Respondents' professional qualifications.

Respondents		Frequency	Percent	Cumulative percent
Valid	ACA/FCA, ACCA/FCCA, ACMA/ACTI/FCTI	114	32.0	32.0
	Other	242	68.0	100.0
	Total	356	100.0	100.0

In this case, the respondents' professional qualifications revealed an interesting distribution within the sample. Notably, the majority (68.0%) reported having qualifications other than ACA/FCA, ACCA/FCCA, and ACMA/ACTI/FCTI. This suggests a diverse range of professional certifications beyond the specified categories. Conversely, 32.0% of the respondents held one of the specified qualifications, including ACA/FCA, ACCA/FCCA, and ACMA/ACTI/FCTI. This indicates a significant portion of individuals with recognized professional designations within the accounting and finance domains.

4.5.6 | Work Experience

Table 10 displays the sociodemographic characteristics of respondents' work experience based on data from the survey.

Table 10: Respondents' work experience.

Respondents	Frequency	Percent	Valid percent	Cumulative percent
Less than 2 years	59	16.6	16.6	16.6
2–5 years	101	28.4	28.4	44.9
6–9 years	140	39.3	39.3	84.3
10 years & above	56	15.7	15.7	100.0
Total	356	100.0	100.0	100.0

The distribution of job tenure was revealed by analyzing the work experience of the respondents. Most respondents (39.3%) stated that they had worked for six to nine years, suggesting that the majority of the population had middling experience levels. Additionally, 28.4% of the respondents said they had worked for two to five years, indicating that a sizable percentage of them were professionals in their comparatively young careers. Furthermore, 16.6% of the respondents said they had worked for less than two years, and 15.7% said they had worked for ten years or longer.

4.5.7 | Rank

Table 11 presents the sociodemographic attributes of the participants, as determined by the survey data utilized in this investigation.

Table 11: Respondents' rank.

Respondents	Frequency	Percent	Valid percent	Cumulative percent
Officer	166	46.6	46.6	46.6
Manager	109	30.6	30.6	77.2
Senior manager and above	81	22.8	22.8	100.0
Total	356	100.0	100.0	100.0

The majority of the respondents (46.6%) held positions as officers, indicating a significant presence of individuals at the lower rungs of the organizational hierarchy. Additionally, 30.6% reported holding managerial positions, indicating a considerable proportion of mid-level management within the sample. Furthermore, 22.8% held positions categorized as senior management and above, representing individuals in higher managerial or executive roles. From a statistical position, the distribution across the specified ranks appears relatively balanced, reflecting a diverse representation of hierarchical positions within the sample.

4.5.8 | Tax Compliance

There was agreement among the respondents regarding the possible impact of many factors in reaching this result. Table 12 shows the survey results regarding tax compliance in Nigeria. For ease of analysis, the replies were coded with numerical values on a six-point Likert scale. Six was designated as extremely high, five as high, four as moderately high, three as moderately low, two as low, and one as very low. Descriptive statistics, such as means and percentages, were used to interpret the data. Using the breadth of the class interval, the means of the responses were interpreted as follows: 5.50–6.00 = extremely high, 4.50–5.99 = high, 3.50–4.99 = moderately high, 2.50–3.99 = moderately low, 1.50–2.49 = low, and 0.50–1.49 = very low.

Table 12: Tax compliance.

Statement	SD	D	U	A	SA	$\bar{x}$	δ
Optimal use of tax revenue is capable of enhancing tax compliance in Nigeria.	0.0%	2.2%	7.0%	20.8%	69.9%	4.58	0.72
Quality of infrastructure investment can improve tax compliance in Nigeria.	0.0%	2.2%	17.1%	38.2%	42.4%	4.21	0.80
Improved standards of living can affect a declining frequency of tax audits and investigation costs in Nigeria.	0.0%	0.6%	27.0%	36.0%	36.5%	4.08	0.81
Infant mortality improvement could induce tax compliance in Nigeria.	3.4%	3.4%	11.8%	40.2%	41.3%	4.13	0.98
Transparency and accountability in tax administration and revenue utilization bring the possibility of a tax compliance cost in Nigeria.	0.0%	0.6%	27.0%	37.1%	35.4%	4.07	0.80
Tax justice can boost taxpayers' morale and affect tax compliance in Nigeria.	3.4%	3.4%	12.6%	41.0%	39.6%	4.10	0.98
Overall mean	1.1	2.1	17.1	35.6	44.2	4.10	0.85

The majority of the respondents strongly agreed (69.9% to 42.4%) that the optimal use of tax revenue and the quality of infrastructure investment could contribute to increasing tax compliance. These findings suggest a shared belief among respondents in the efficacy of efficient resource utilization and infrastructure development in reducing the need for extensive tax audits and investigations. Furthermore, a significant proportion of the respondents expressed agreement (36.5% to 42.4%) with the proposition that factors such as improved standards of living, infant mortality improvement, transparency, accountability in tax administration, and tax justice could lead to a declining frequency of tax audits and investigation costs. These findings highlight the perceived importance of socioeconomic development, good governance practices, and fairness in taxation in reducing the burden of tax audits and investigations on taxpayers and tax authorities.

4.5.9 | Quality of Infrastructure Investment

The survey results in Table 13 regarding the influence of quality infrastructure investment on various aspects of tax compliance in Nigeria demonstrate a notable consensus among the respondents.

Table 13: Quality of infrastructure investment.

Statement	SD	D	U	A	SA	$\bar{x}$	δ
To improve tax compliance, the quality of infrastructure investment can influence the reduction of tax evasion in Nigeria.	3.4%	3.4%	22.8%	46.9%	23.6%	3.84	0.94
Effective tax compliance is enhanced when the quality of infrastructure investment enables and simplifies tax laws in Nigeria.	0.0%	2.8%	9.3%	32.0%	55.9%	4.41	0.77
Tax compliance can improve when the quality of infrastructure influences timely tax filing and returns in Nigeria.	0.6%	4.2%	27.5%	30.3%	37.4%	4.00	0.93
Overall mean	1.3	3.5	19.9	36.4	39.0	4.08	0.88

The majority of the respondents agreed (46.9% to 55.9%) that the quality of infrastructure investment could positively impact tax compliance by influencing factors such as the reduction of tax evasion, enabling and simplifying tax laws, timely tax filing and returns, and accurate tax computation and assessment. These findings suggest a recognition among respondents of the multifaceted role of infrastructure in shaping the tax environment and fostering compliance. The findings highlight the need for continued investment in infrastructure as a means to not only drive economic growth but also to create an environment conducive to tax compliance, ultimately contributing to sustainable development and fiscal stability.

4.5.10 | Improved Standards of Living

In Table 14, the survey results pertaining to the influence of improved standards of living and infant mortality on various aspects of tax compliance in Nigeria indicate a strong consensus among respondents.

Table 14: Improved standards of living.

Statement	SD	D	U	A	SA	$\bar{x}$	δ
To improve tax compliance, improved standards of living can influence the reduction of tax evasion in Nigeria.	0.0%	1.1%	18.3%	26.1%	54.5%	4.34	0.81
Effective tax compliance is enhanced when there are improved standards of living to enable and simply tax laws in Nigeria.	0.0%	3.7%	11.5%	22.8%	62.1%	4.43	0.83
Tax compliance can improve when improved standards of living affect timely tax filing and returns in Nigeria.	0.0%	5.3%	16.9%	35.1%	42.7%	4.15	0.89
Overall mean	0.0	3.7	15.6	28	53.1	4.31	0.84

Regarding the impact of improved standards of living, the respondents overwhelmingly agreed that it could positively influence tax compliance by affecting the reduction of tax evasion (54.5%), enabling and simplifying tax laws (62.1%), and timely tax filing and returns (42.7%). These findings highlight the recognition among the respondents of the critical role of healthcare indicators, such as infant mortality, in shaping tax compliance behavior. Overall, the survey results underscore the interconnectedness between socioeconomic development indicators and tax compliance in Nigeria. The strong agreement among respondents suggested a shared understanding of the importance of improving living standards and healthcare infrastructure in fostering a culture of tax compliance.

4.5.11 | Infant Mortality

In Table 15, the survey results regarding the influence of infant mortality on various aspects of tax compliance in Nigeria reveal a strong consensus among the respondents, highlighting the interconnectedness between healthcare indicators and tax compliance.

Table 15: Infant mortality.

Statement	SD	D	U	A	SA	$\bar{x}$	δ
To improve tax compliance, improvement in the infant mortality rate as evidenced by improved healthcare is capable of influencing the reduction of tax evasion in Nigeria.	0.0%	0.0%	0.6%	28.4%	71.1%	4.71	0.47
Adequate tax compliance is affected when there is an improvement in infant mortality, as evidenced by improved healthcare, motivating the enablement and simplification of tax laws in Nigeria.	0.0%	0.0%	2.0%	20.5%	77.5%	4.76	0.47
Tax compliance can improve when infant mortality influences timely tax filing and returns in Nigeria.	0.0%	0.0%	1.1%	39.6%	59.3%	4.58	0.52
Overall mean	0.00	0.0	1.2	29.5	69.3	4.68	0.49

The respondents overwhelmingly agreed that an improvement in the infant mortality rate, as an indicator of enhanced healthcare, could positively influence tax compliance by reducing tax evasion (71.1%), motivating the simplification of tax laws (77.5%), promoting timely tax filing and returns (59.3%), and facilitating accurate tax computation and assessment (61.5%). The outcome highlights the need for investment in healthcare infrastructure and improved healthcare outcomes as integral components of strategies aimed at enhancing tax compliance and fostering socioeconomic development.

4.5.12 | Reduction in Unemployment

In Table 16, the survey results regarding the impact of unemployment reduction on various aspects of tax compliance in Nigeria indicate a significant consensus among the respondents, illustrating the intricate relationship between employment dynamics and tax behavior.

Table 16: Reduction in unemployment.

Statement	SD	D	U	A	SA	$\bar{x}$	δ
To improve tax compliance, a reduction in unemployment can influence the reduction of tax evasion in Nigeria.	1.7%	0.8%	13.2%	39.9%	44.4%	4.24	0.84
Effective tax compliance is enhanced when there is a reduction in unemployment, which is capable of enhancing and simplifying tax laws in Nigeria.	1.1%	2.8%	12.9%	30.9%	52.2%	4.30	0.88
A reduction in unemployment can improve tax compliance due to its positive influence on timely tax filing and returns in Nigeria.	0.0%	2.5%	7.6%	29.2%	60.7%	4.48	0.74
Overall mean	0.9	2.0	11.2	33.3	52.4	4.34	0.82

The respondents generally agreed that a reduction in unemployment could positively influence tax compliance by reducing tax evasion (44.4%), enhancing and simplifying tax laws (52.2%), and promoting timely tax filing and returns (60.7%). The findings underscore the need for policies and initiatives to stimulate job creation and reduce unemployment as integral components of strategies aimed at enhancing tax compliance and fostering socioeconomic development.

4.6 | Regression Analysis

The multiple regression analysis explored the relationship between tax compliance (DTAIC) and the explanatory variables of quality infrastructure investment (QIFI), improved standards of living (ISL), infant mortality reduction (IFM), and reduction in unemployment (RUE). This is summarized in Table 17.

Table 17: Tax justice and decline in tax audit and investigation.

Dependent variable	$(DTC)_i = \alpha_0 + \beta_1 QIFI_i + \beta_2 ISL_i + \beta_3 IFM_i + \beta_4 RUE_i + \mu_i$			
	Coefficient	Std. error	T-statistic	Prob.
(Constant)	2.156**	0.384	5.622	0.000
QIFI	0.290**	0.036	8.012	0.000
ISL	0.127**	0.049	2.606	0.010
IFM	-0.049	0.060	-0.821	0.412
RUE	0.132**	0.050	2.661	0.008
Adjusted R^2	0.243			
F-Stat (4, 351)	29.54 (0.00)			

Note: DTAIC = Tax compliance, QIFI = Quality infrastructure investment, ISL = Improved standards of living, IFM = Infant mortality reduction, and RUE = Reduction in unemployment. ** for 5% and. However, the study considered significant level of 5% for the study.

The interpretations of the analyses as re-stated as follows:

$$DTAIC_i = \alpha_0 + \beta_1 QIFI_i + \beta_2 ISL_i + \beta_3 IFM_i + \beta_4 RUE_i + \mu_i$$

Therefore, the fitted model is given as:

$$DTAIC_i = 2.156 + 0.290 QIFI_i + 0.127 ISL_i - 0.049 IFM_i + 0.132 RUE_i$$

Firstly, let us assess the statistical significance of the coefficients. The coefficient for QIFI is estimated at 0.290, with a standard error of 0.036 and a t-statistic of 8.012. The associated p-value is 0.000, indicating that QIFI is highly statistically significant at the 5% level. Thus, quality infrastructure investment positively affects tax compliance. The coefficient for ISL is estimated at 0.127, with a standard error of 0.049 and a t-statistic of 2.606. The p-value is 0.010, indicating that ISL is statistically significant at the 5% level. This suggests that improved standards of living contribute significantly to addressing tax compliance. For every one-unit increase in ISL, we expect DTAIC to increase by 0.127 units, holding other variables constant.

Conversely, IFM has a t-statistic of -0.821, a standard error of 0.060, and a coefficient of -0.049. The corresponding p-value is 0.412, which is above the selected significance threshold of 5%. At the 5% level, IFM does not statistically significantly explain DTAIC. This suggests that tax compliance and infant mortality reduction have no meaningful connection. RUE has a coefficient of 0.132, a t-statistic of 2.661, and a standard error of 0.050. It is significant at the 5% level, as shown by the p-value of 0.008. Therefore, addressing tax compliance is greatly aided by a reduction in unemployment. We anticipate that, assuming other factors are constant, DTAIC will rise by 0.132 units for every unit decline in unemployment. The adjusted R-squared value of 0.243 indicates that approximately 24.3% of the variance in DTAIC is explained by the independent variables included in the model. While this value is not exceptionally high, it suggests a moderate degree of explanatory power of the included variables.

This model examined the effect of tax justice (optimal utilization of tax revenue) on addressing the decline in tax audits and investigation in South West Nigeria. The regression revealed that the variables of QIFI, ISL, and RUE had significant effects, but IFM had insignificant effect. In addition, the joint statistics using all explanatory variables revealed a significant effect, hence the study concluded that tax justice has a significant effect on addressing the decline in tax audits and investigation in West Nigeria. Our findings are consistent with some empirical results (Adebiyi et al., 2022; Amaning, Anim, Kyere, Kwakye, & Abina, 2021; Aribaba et al., 2019; Ariyanto, Weni Andayani, & Dwija Putri, 2020; Laffitte, Martin, Parenti, Souillard,

& Toubal, 2020; Nguyen, 2022; Ogunmakin & Owoniya, 2022; Taing & Chang, 2021; Tilahun, 2019; Vâlsan, Druică, & Ianole-Călin, 2020; Wang et al., 2022; Zhang et al., 2022). In contrast, others reported dissimilar results (Accinelli et al., 2023; Flachaire, Lustig, & Vigorito, 2023; Freytag, Schneider, & Spiegel, 2022; Peprah et al., 2022; Sebele-Mpofu, 2020; Söderström & Wangel, 2023; Wadesango & Chirebvu, 2020).

The inconsistencies in the results obtained by previous studies could be due to the environments in which the studies were conducted. Also, the study employed continuous data, which was obtained at a defined time, and which addressed the situations surrounding the topic at the time when the data was gathered. The circumstances and situations of economies change over time, as change is inevitable. This could cause the outcome of this study to differ from previous studies.

5 | CONCLUSIONS

The study examined the effect of tax justice on addressing the decline in tax audits and investigations in the six states of South West Nigeria. The regression revealed that the variables of quality infrastructure investment and reduction in unemployment had a significant effect; however, the variables of improved standards of living and infant mortality had an insignificant effect. In addition, the joint statistics using all explanatory variables revealed a significant effect, hence the study concluded that tax justice (optimal utilization of tax revenue) had a significant effect on addressing the decline in tax audits and investigations in West Nigeria. Implications of the findings: In the study, the regression analysis in Table 17 revealed that quality infrastructure investment, improved standards of living, and reduction in unemployment are statistically significant predictors of tax compliance, while infant mortality reduction does not exhibit statistical significance in explaining tax compliance. These findings have implications for both individual and corporate taxpayers in each of the South West states. For instance, these taxpayers will be motivated to fulfil their tax obligations when there is evidence of government initiatives targeted at enhancing infrastructure investment, improving standards of living, and reducing unemployment, which will significantly contribute to improving tax compliance and enforcement efforts.

Recommendations: The study revealed that quality infrastructure investment, improved standards of living, and reduction in unemployment are statistically significant predictors of tax compliance, while infant mortality reduction does not exhibit statistical significance in explaining tax compliance. The study recommends that taxpayers (corporate and individual) should comply with tax regulations in each of the states as a means of increasing internally generated revenue to assist the government initiatives targeted at enhancing infrastructure investment and improving standards of living. Limitations and suggestions for further research: This study contributes to the existing academic research by analyzing the effect of tax justice on tax compliance, and while this contribution is valuable, the study had some limitations. Firstly, some difficulties were encountered in obtaining a population of taxpayers from each of the six states except Lagos. Secondly, as some of the responses were obtained online, the true nature of the respondents was not physically seen; however, the majority of the respondents were met face to face. Thirdly, some of the respondents may have been economical with the truth and, due to an oath of secrecy, some civil servants were not able to give all the information required. Friends and colleagues in academia and in the civil service generously helped in obtaining data needed for this study from each of the states. The State Inland Revenue Services and their staff also rendered some level of assistance. Based on the results obtained from the analyses, this study puts forward some suggestions for the benefit of scholars and for the extension of the literature. While this study has contributed to the body of knowledge, further studies should include areas beyond the South West States of Nigeria. Other variables could be considered in measuring tax justice and tax compliance, and the number of respondents should also be increased. Also, the study was only conducted from a tax revenue perspective. Future studies should consider including the optimal utilization of revenue in general and the possibility of increasing internally generated revenue for the states. Regarding the methodology, this study carried out a systematic and precise examination of participants' perceptions and compliance levels. Future studies could adopt other methodological models to collect and analyze the respondents' data.

Contribution to future research: In extending the frontiers of the literature, this study provides empirical evidence of the significance of tax justice toward enhancing tax compliance in Nigeria as novel knowledge. Furthermore, in contributing to knowledge, this study provides useful information for the governors and elected leaders of each state in South West Nigeria regarding the implications of tax justice in driving tax compliance among taxpayers.

Funding:
This study received no specific financial support.

Institutional Review Board Statement:
The Ethical Committee of Augustine University, Ilara-Epe, Lagos State Nigeria has granted approval for this study (Ref. No. AUI/AFD/015/24) and Babcock University, Ilishan Remo, Ogun State, Nigeria, granted approval for the study (Ref. No. BUHREC 780/745).

Transparency:
The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

Competing Interests:
The authors declare that they have no competing interests.

Authors' Contributions:
All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

REFERENCES

Accinelli, E., García, A., Policardo, L., & Sánchez-Carrera, E. (2023). A predator-prey economic system of tax evasion and corrupt behavior. *Journal of Dynamics and Games, 10*(2), 181-207.

Ackom, E. K. (2023). The effects of tax evasion on the development of Ghana: A look at the private sector. *International Journal of Economics, Commerce and Management 11*(1), 1-21.

Adebiyi, S. O., Amole, B. B., & Oyenuga, O. G. (2022). Determinants of tax non-compliance behaviour of small and medium scale enterprises in Nigeria. *Colombo Business Journal, 13*(1), 1-26.

Adegbie, F. F., Ajayi, A., Aguguom, T. A., & Otitolaiye, E. D. (2023). Diversification of the economy, tax revenue and sustainable growth in Nigeria. *International Journal of Innovative Research and Scientific Studies, 6*(1), 115-127. https://doi.org/10.53894/ijirss.v6i1.1114

Adekola, A. A., Raji, G. M., Jimoh, O. R., & Oyeniyi, O. C. (2024). Tax justice and voluntary compliance of taxpayers in Nigeria. *International Journal of Business and Management Practices, 2*(1), 1-20. https://doi.org/10.59890/ijbmp.v2i1.1432

African Development Bank. (2020). *Africa infrastructure development index*. Retrieved from http://infrastructureafrica.opendataforafrica.org/rscznob/africa-infrastructure-development-index-aidi-2020

Aguguom, T. A., Appolos, N. N., Obasi, M. O., & Ajah, C. C. (2023). Internally sourced revenue optimality and national economy development of Nigeria. *International Journal of Applied, 17*(1), 76-87. https://doi.org/10.33094/ijaefa.v17i1.1053

Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior & Human Decision Processes, 50*(6), 179-211.

Akeem, J. B., Adewale, A. E., & Adeyemo, T. (2019). Empirical analysis of impact of taxation on economic growth in Nigeria. *Bingham Journal of Economics and Allied Studies, 3*(1), 1-7.

Al-Rahamneh, N. M., & Bidin, Z. (2022). The effect of tax fairness, peer influence, and moral obligation on sales tax evasion among Jordanian SMEs. *Journal of Risk and Financial Management, 15*(9), 407. https://doi.org/10.3390/jrfm15090407

Aladejebi, O. (2018). Measuring tax compliance among small and medium enterprises in Nigeria. *International Journal of Accounting and Taxation, 6*(2), 29-40. https://doi.org/10.15640/ijat.v6n2a4

Alawi, S. A. A., Wadi, R. M. A., & Kukreja, G. (2018). The determinants of audit expectation gap: An empirical study from Kingdom of Bahrain. *Accounting and Finance Research, 7*(3), 54-66. https://doi.org/10.5430/afr.v7n3p54

Alshira'h, A. F., & Abdul-Jabbar, H. (2019). The effect of tax fairness on sales tax compliance among Jordanian manufacturing SMEs. *Academy of Accounting and Financial Studies Journal, 23*(2), 1-11.

Alstadsaeter, A., Niels, J., Segal, L. H., & Gabriel, Z. (2022). Tax evasion and tax avoidance. *Journal of Public Economic, 20*(6), 1-17.

Amadi, K. C., & Alolote, I. A. (2020). Government expenditure on infrastructure as a driver for economic growth in Nigeria. *Journal of International Business Research and Marketing, 5*(2), 20-26. https://doi.org/10.18775/jibrm.1849-8558.2015.52.3004

Amaning, N., Anim, R. O., Kyere, A., Kwakye, G., & Abina, S. (2021). Tax compliance among Ghanaian SMEs: How impactful is taxpayer education. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 4*(1), 40-58. https://doi.org/10.6007/ijarafms/v10-i4/8332

Antonio, F., Patricia, T., & Pedro, C. (2022). Tax sustainability: Tax transparency in Latin America and the chilean case. *Sustainability, 14*(4), 1-23.

Appiah, T., Domeher, D., & Agana, J. A. (2024). Tax knowledge, trust in government, and voluntary tax compliance: Insights from an emerging economy. *SAGE Open, 14*(2), 21582440241234757. https://doi.org/10.1177/21582440241234757

Aribaba, F. O., Oladele, R., Ahmodu, A.-L. O., & Yusuff, S. A. (2019). Tax policies and entrepreneurship sustainability in Ondo State, Nigeria. *Journal of Global Entrepreneurship Research, 9*(1), 1-13. https://doi.org/10.1186/s40497-019-0168-0

Ariyanto, D., Weni Andayani, G. A. P., & Dwija Putri, I. G. A. M. A. (2020). Influence of justice, culture and love of money towards ethical perception on tax evasion with gender as moderating variable. *Journal of Money Laundering Control, 23*(1), 245-266. https://doi.org/10.1108/jmlc-06-2019-0047

Ayodele, T. R., Alao, M. A., Ogunjuyigbe, A. S. O., & Munda, J. L. (2019). Electricity generation prospective of hydrogen derived from biogas using food waste in South-Western Nigeria. *Biomass and Bioenergy, 127*(7), 105-129. https://doi.org/10.1016/j.biombioe.2019.105291

Ayuba, A., Saad, N., & Ariffin, Z. Z. (2018). Testing the assumptions of slippery slope framework on tax compliance: Evidence from Nigerian SMEs. *University (DLSU) Business & Economics Review, 27*(2), 166-178.

Bariu, T. N. (2020). Status of ICT infrastructure used in teaching and learning in secondary schools in Meru County, Kenya. *European Journal of Interactive Multimedia and Education, 1*(1), 20-42. https://doi.org/10.30935/ejimed/8283

Bonaccorsi, G., Pierri, F., Cinelli, M., Flori, A., Galeazzi, A., Porcelli, F., . . . Quattrociocchi, W. (2020). Economic and social consequences of human mobility restrictions under COVID-19. *Proceedings of the National Academy of Sciences, 117*(27), 15530-15535. https://doi.org/10.1073/pnas.2007658117

Carfora, A., Pansini, R. V., & Pisani, S. (2018). Spatial dynamic modelling of tax gap: The case of Italy. *European Spatial Research and Policy, 25*(1), 7-28. https://doi.org/10.18778/1231-1952.25.1.02

Chukwuebuka, B. A., & Jisike, J. O. (2020). Infrastructure development and industrial sector productivity in Sub-Saharan Africa. *Journal of Economics and Development, 22*(1), 91-109. https://doi.org/10.1108/jed-11-2019-0062

Cole, M. A., Ozgen, C., & Strobl, E. (2020). Air pollution exposure and Covid-19 in Dutch municipalities. *Environmental and Resource Economics, 76*(4), 581-610. https://doi.org/10.1007/s10640-020-00491-4

Di Gioacchino, D., & Fichera, D. (2022). Tax evasion and social reputation: The role of influencers in a social network. *Metroeconomica, 73*(4), 1048-1069. https://doi.org/10.1111/meca.12391

Ebimobowei, A. (2023). Tax education, fairness and penalty on compliance behavior of micro, small and medium enterprises in Bayelsa State, Nigeria. *African Journal of Social Sciences and Humanities Research, 6*(1), 123-149. https://doi.org/10.52589/ajsshr-dafmbzt5

Ejemai, M., Akintoye, I., & Adegbie, F. (2020). Companies' income, customs and excise duty tax gap and infrastructural development in Nigeria. *International Journal of Development Research, 10*(30), 34891-34901.

Emmanuel, O. E., & Ibrahim, A. S. (2020). Tax revenue and Nigeria economic growth. *European Journal of Social Sciences, 3*(2), 23-34.

Farrar, J., Massey, D. W., Osecki, E., & Thorne, L. (2020). Tax fairness: Conceptual foundations and empirical measurement. *Journal of Business Ethics, 162*, 487-503. https://doi.org/10.1007/s10551-018-4001-4

Flachaire, E., Lustig, N., & Vigorito, A. (2023). Underreporting of top incomes and inequality: A comparison of correction methods using simulations and linked survey and tax data. *Review of Income and Wealth, 69*(4), 1033-1059. https://doi.org/10.1111/roiw.12618

Freytag, A., Schneider, F., & Spiegel, S. E. (2022). The influence of economic freedom on the shadow economy in developed and developing countries. *The Economists' Voice, 19*(2), 205-227.

Gilligan, G., & Richardson, G. (2005). Perceptions of tax fairness and tax compliance in Australia and Hong Kong-a preliminary study. *Journal of Financial Crime, 12*(4), 331-343. https://doi.org/10.1108/13590790510624783

Laffitte, S., Martin, J., Parenti, M., Souillard, B., & Toubal, F. (2020). International corporate taxation after COVID-19: Minimum taxation as the new normal. *CEPII Policy Briefs, 30*(5), 1-22.

Milliron, V. C. (1985). A behavioural study of the meaning and influence of tax complexity. *Journal of Accounting Research, 23*(2), 794-816. https://doi.org/10.2307/2490838

Mittone, L. (2006). Dynamic behaviour in tax evasion: An experimental approach. *The Journal of Socio-Economics, 35*(5), 813-835. https://doi.org/10.1016/j.socec.2005.11.065

Musimenta, D. (2020). Knowledge requirements, tax complexity, compliance costs and tax compliance in Uganda. *Cogent Business & Management, 7*(1), 1812220. https://doi.org/10.1080/23311975.2020.1812220

Muslim, A. (2022). Maximizing the Indonesian's tax revenue from micro, small, and medium enterprises (MSMES) sector. *Jemasi: Jurnal Ekonomi Manajemen Dan Akuntansi, 18*(2), 228-238. https://doi.org/10.35449/jemasi.v18i2.533

Nguyen, H. (2022). Factors affecting tax compliance of small and medium enterprises in Hung Yen province, Vietnam. *Accounting, 8*(2), 111-122. https://doi.org/10.5267/j.ac.2021.7.010

Nurkholis, N., Dularif, M., & Rustiarini, N. W. (2020). Tax evasion and service-trust paradigm: A meta-analysis. *Cogent Business & Management, 7*(1), 1827699. https://doi.org/10.1080/23311975.2020.1827699

O'Neill, M. M., Booth, S. R., & Lamb, J. T. (2018). Using NVivo for literature reviews: The eight step pedagogy(N7+1). *The Qualitative Report, 23*(13), 21–39. https://doi.org/10.46743/2160-3715/2018.3030

Oats, K., & Hartmann, H. (2019). Gaming the system: An investigation of small business owners' attitudes to tax avoidance, tax planning, and tax evasion. *Games, 10*(4), 46-56.

Ogunmakin, A. A., & Owoniya, B. O. (2022). Covid-19 and tax compliance: Implications on revenue generation of Southwest states in Nigeria. *Fuoye Journal of Accounting and Management, 5*(1), 41-62.

Okoror, J. A., Uwaleke, U., Mainoma, M. A., & Oyedokun, G. E. (2019). Value added tax and infrastructural development in Nigeria. *Journal of Taxation and Economic Development, 18*(2), 158-181.

Oladele, R. (2021). Impact of tax compliance on standard of living in Nigeria. *Journal of Accounting and Management, 11*(1), 237-250.

Olaoye, S. A., & Aguguom, T. A. (2018). Tax incentives as a catalyst of tax compliance for tax revenue and economic development: Empirical evidence from Nigerian. *European Journal of Accounting, Finance and Investment, 1*(8), 1-14.

Olayinka, O. M., & Irewole, P. (2019). Internally generated revenue and infrastructural development: Of what relevance to Lagos. *Journal of Economics and Finance, 10*(4), 58-74.

Owusu, G. M. Y., Bekoe, R. A., Anokye, F. K., & Anyetei, L. (2020). What factors influence the intentions of individuals to engage in tax evasion? Evidence from Ghana. *International Journal of Public Administration, 43*(13), 1143-1155. https://doi.org/10.1080/01900692.2019.1665686

Ozili, P. K. (2020). Tax evasion and financial instability. *Journal of Financial Crime, 27*(2), 531-539. https://doi.org/10.1108/jfc-04-2019-0051

Papadeas, P. V., & Sykianakis, N. (2014). Tax leverage in greece. *Procedia Economics and Finance, 9*, 248-255.

Peprah, J. A., Andoh, F. K., Avorkpo, E. A., Dafor, K. N., Afful, B., & Obeng, C. K. (2022). Compliance burden and tax gap among micro and small businesses: Evidence from Ghana. *SAGE Open, 12*(4), 1-25.

Pratama, A. (2018). Individual taxpayer characteristics and taxpayer knowledge: Exploratory survey on individual taxpayers in Bandung city, Indonesia. *Review of Integrative Business and Economics Research, 7*(1), 338-349.

Putra, P. D., Syah, D. H., & Sriwedari, T. (2018). Tax avoidance: Evidence of as a proof of agency theory and tax planning. *International Journal of Research & Review, 5*(9), 52-60. https://doi.org/10.4108/eai.18-10-2018.2287316

Rantelangi, C., & Majid, N. (2018). Factors that influence the taxpayers' perception on the tax evasion. In Advances ineconomics, business and management research (AEBMR). *International Journal of Entrepreneurship, 22*(4), 1-8. https://doi.org/10.2991/miceb-17.2018.34

Riggio, R. E., Watring, K. P., & Throckmorton, B. (2009). Social skills, social support, and psychosocial adjustment. *Personality and Individual Differences, 15*(3), 275-280.

Sacchi, A., & Salotti, S. (2017). The influence of decentralized taxes and intergovernmental grants on local spending volatility. *Regional Studies, 51*(4), 507-522.

Sandberg, T., & Conner, M. (2008). Anticipated regret as an additional predictor in the theory of planned behaviour: A meta-analysis. *British Journal of Social Psychology, 47*(4), 589-606. https://doi.org/10.1348/014466607x258704

Sani, R., & Daud, M. (2020). Empirical investigation of tax compliance determinants in Katsina State Nigeria. *International Journal of Advanced Academic Research, 6*(10), 247-268. https://doi.org/10.46654/ij.24889849.s61030

Sebele-Mpofu, F. Y. (2020). Governance quality and tax morale and compliance in Zimbabwe's informal sector. *Cogent Business & Management, 7*(1), 1794662. https://doi.org/10.1080/23311975.2020.1794662

Söderström, J., & Wangel, M. (2023). Public channels of access and state-citizen encounters in the Namibian tax system. *Administration & Society, 55*(2), 264-293. https://doi.org/10.1177/00953997221133503

Taing, H. B., & Chang, Y. (2021). Determinants of tax compliance intention: Focus on the theory of planned behavior. *International Journal of Public Administration, 44*(1), 62-73.

Tilahun, M. (2019). Determinants of tax compliance: A systematic review. *Economics, 8*(1), 1-7. https://doi.org/10.11648/j.eco.20190801.11

Vâlsan, C., Druică, E., & Ianole-Călin, R. (2020). State capacity and tolerance towards tax evasion: First evidence from Romania. *Administrative Sciences, 10*(2), 33. https://doi.org/10.3390/admsci10020033

Wadesango, N., & Chirebvu, G. (2020). The impact of Value Added Tax (VAT) on small and medium enterprises in a developing country. *Academy of Accounting and Financial Studies Journal, 24*(Special Issue 2), 1-12.

Wang, A., Wang, B., & Zhang, F. (2022). Tax policy for the development of new business enterprises. *Frontiers in Business, Economics and Management, 6*(3), 184-189.

Warithaka, P., & Marina, P. M. (2017). Effects of on-the-job training on the performance of Kenya policies service. *Journal of Business and Management, 19*(9), 68-70.

Ya'u, A., Saad, N., & Mas'ud, A. (2020). Effects of economic deterrence variables and royalty rates on petroleum profit tax compliance in Nigeria: An empirical analysis. *International Journal of Energy Sector Management, 14*(6), 1275-1296. https://doi.org/10.1108/ijesm-12-2019-0011

Zhang, N., Andrighetto, G., Ponzano, F., Ottone, S., & Steinmo, S. (2022). "Willing to pay?" Tax compliance in Britain and Italy: An experimental analysis. *Plos One, 11*(2), 34-54.