



Gender Diversity and Tax Compliance in Lagos State

***Segun Idowu Adeniyi, PhD; **Helen Oluwatoyin
Adebayo; & **Miriam Nguavese Nyikyaa**

**Department of Accountancy, Nnamdi Azikiwe University, Awka, Anambra State. **Department of Accountancy, Federal Polytechnic Nasarawa, P.M.B. 001, Nasarawa State.*

Abstract

The expected tax revenue in Lagos State is greater than actual tax revenue collected by the State government. This shows that some tax payers are not complying with tax law and it creates tax gap. The study tends to ascertain how gender differences among small scale entrepreneurs and tax administrators affect income tax payment. Cross sectional survey design was used for the study. We focus on total population of tax payers in all 20 Local Government Areas of Lagos State. Convenience sampling technique was used in choosing sample size. The analysis reveals significant relationship between gender differences among tax administrators and income tax compliance. The study recommends among others that policy formulators and tax consultants should review the composition of tax administrators in line with gender diversity. Women should be given equal opportunity in the position of authority as tax administrators.

Keyword: *gender diversity; income tax, tax compliance; small scale entrepreneurs; tax administrators*

Introduction

Nigeria government has a primary responsibility for catering for the welfare of her citizens. In performing her responsibilities to her citizens, government needs money to finance her activities. This make it necessary for government to device means of

generating revenue both internally and from either international financial bodies like International Monetary Fund (IMF), Paris Club among others or friendly countries to meet her expenses in creating social infrastructures, sustaining economic

development and sustain governance business among others (Gylych, Samir, & Abdurahman, 2016).

It can be observed that Nigeria government depend so much on revenue from crude oil at the expense of revenue from tax. Current price crisis of crude oil in International market, it is now clear that reliance on oil is not sustainable, therefore government needs to source for fund through non oil sector in which raising money or revenue through tax is the main focus.

Abomaye-Nimenibo (2017) describes tax as an involuntary payment made by citizens to government purse in obedience to levy imposed by a constituted authority of a sovereign state. Adeniyi & Adesunloro (2017) opines that government can raise huge amount of revenue from tax to implement their policies. Therefore, tax serves as a bond between tax payers and government. Paying tax empowered the tax payers to hold government accountable for spending public fund in performing their statutory duties.

According to Nightingale (2001), money raised by government through taxes are used to finance government policies, especially the promises made to electorate during their electioneering campaign. Therefore, government always wants to fulfill their social allegiance made to electorate. It becomes thing of concern if there is no sufficient money to finance their policies to become reality. It has been observed that the taxable person did not, always, paid all their tax liability as expected and the little amount that they decided to pay are not paid on time. This makes it difficult for government to fund their projects.

According to LIRS (2018), the internally generated revenue for Lagos State in 2013, 2014, 2015, 2016 and 2017 are: =N= 236,195,308,396.71; =N=276,163,978,675.95; =N= 268,224,782,435.23; =N= 302,425,091,964.78 and =N=333,967,880.44. Lagos State budgeted revenue was not equal to actual tax collected by the government.

The poor compliance of tax payers distort government plan in providing good governance and fulfilling electoral promises made by the government to the electorate during electioneering campaign. Many tax payers either evade or avoid paying tax without considering its multiplier effect on the masses. Tax education and reforms embarked upon by the government have not affected tax revenue positively. Kiabel & Nwokah (2009) observed that the percentage of income tax received is very low in the total revenue accrued to government purse.

It is observed that all tax payers comes from different households that comprises of husband and wife or men and women. Gender, age, educational attainment and marital status may influence tax payers perception and orientation towards tax compliance.

There is scanty empirical investigation on how household affects income tax payment among male and females that are small scale entrepreneurs and tax administrators. Hence, this study tends to examine how gender diversity affects tax compliance.

The objectives of the study are to:

- i. ascertain how gender differences among small scale entrepreneurs affect income tax compliance in Lagos State.
- ii. determine how gender differences among tax administrators affect income tax compliance in Lagos State..

The null hypotheses for the study are:

- i. Gender differences among small scale entrepreneurs does not affects income tax compliance in Lagos State
- ii. Gender differences among tax administrators does not affects income tax compliance in Lagos State

This study focused on gender differences (male and female) among small scale entrepreneurs and tax administrators with income tax compliance in Lagos State. Lagos State was taken as a case study because it is observed that the state serve as commercial headquarter of Nigeria and second most populous state in Nigeria.

Empirical Review

Kasipillai & Jabbar (2006) examined gender and ethnicity differences in tax compliance among tax payers in Malaysia. Interview was conducted by researchers to generate data for the study. The researchers did not discover any significant relationship between gender diversity and paying tax as at when due among taxable person. Igbeng, Tapang & Usang (2012) investigate tax morale and tax compliance in Nigeria. The researcher used structured questionnaires to generate data for analysis. Significant positive relationship was observed by the researchers after analyzing data collected for the study.

Asante & Baba (2011) carried out research in Ghana and discovered that female genders are less tax complaints when compared with male gender. Nangih & Nkemakola (2018) examine the relationship between sex, income level and tax morale on tax evasion among informal sector operators in Port Harcourt. Sample population was selected through purposive sampling techniques. The study found positive significant relationship sex and tax morale. Methodology employed for the study may not be appropriate because secondary data is more appropriate for the study. However, the sample population of 50 informal sector and SME operators used to represent all informal operators in River State is too small. To make the study more robust, they should have increase the sample population and use survey research design.

D'Attoma, Volintiru & Malezieux (2018) investigates the influence of gender, social value orientation on tax compliance. Experimental research design was conducted for the period of two years (2015-2017) in Italy, U.K., U.S., Sweden, and Romania. The study shows that men do not pay their tax liability as at when due like women. Aronmwan, Ehichioya, & Izedonmi (2014) discovered from their investigation that attitude of male and female towards paying tax varies and it has positive effect on paying their tax liability as at when due.

Methodology

Survey was used to generate data for this study. The study was made up of total population of tax payers in all 20 Local Government Areas of Lagos State. To determine population size for each Local Government Areas, an equation formulated by Cochran (1963) cited in Adeniyi & Adesunloro (2017) was adopted.

$$No = \frac{Z^2 Pq}{E^2}$$

Where:

No = Sample size

$Z^2 = 1 - \alpha$ equals the desired level of confidence level, e.g 90%, 95%

E = Desired level of precision

P = Estimated proportion of an attribute that is present in the population.

$$q = 1 - P$$

The value for Z is found in statistical tables which contain the area under the normal curve..

$$No = \frac{Z^2 Pq}{E^2}$$

$$\frac{(1.645)^2 (5) (5)}{(.05)^2} = 271$$

271 Tax Payers from each Twenty (20) Local Government Areas makes the total population for the study.

Table 1: population of the study

S/N	Local Government Areas	No of Tax Payers (Both man and woman)
1	Agege	271
2	Ajeromi – Ifelodun	271
3	Alimosho	271
4	Amuwo – Odofin	271
5	Apapa	271
6	Badagry	271
7	Epe	271
8	Eti – Osa	271
9	Ibeju/ Lekki	271
10	Ifako – Ijaiye	271
11	Ikeja	271
12	Ikorodu	271
13	Kosofe	271
14	Lagos Island	271
15	Lagos Mainland	271
16	Mushin	271
17	Ojo	271

18	Oshodi – Isolo	271
19	Shomolu	271
20	Surulere	271
Total		5,420

Source: Researcher, 2020

Convenience sampling technique was used in picking sample population. It makes researchers to focus on both man and woman that are tax payers and residence of Lagos State. One Hundred and forty (140) participants were judgmentally selected from each Local Government Areas and the total sample population will be Two Thousand and Eight hundred participants.

Table 2: Sample population of the study

S/N	Local Government Areas	No of Tax Payers (Both man and woman)
1	Agege	140
2	Ajeromi – Ifelodun	140
3	Alimosho	140
4	Amuwo – Odofin	140
5	Apapa	140
6	Badagry	140
7	Epe	140
8	Eti – Osa	140
9	Ibeju/ Lekki	140
10	Ifako – Ijaiye	140
11	Ikeja	140
12	Ikorodu	140
13	Kosofe	140
14	Lagos Island	140
15	Lagos Mainland	140
16	Mushin	140

17	Ojo	140
18	Oshodi – Isolo	140
19	Shomolu	140
20	Surulere	140
Total		2,800

Source: Researcher, 2020

Structured questionnaires with four likert scale format were used for the study. The weight assigned to each point are; It is very correct (VC) = 4 points; It is correct (C) = 3 points; I do not know (K) = 2 points; It is not correct (NC) = 1 point.

Two thousand and eight hundred copies of questionnaires were conveniently administered by researchers. Two thousand and one hundred copies were successively collected from respondents.

Linear regression analysis was used, with the aid of statistical package for social sciences (SPSS) 20.0 software, to analyse data collected statistically at 5% or 0.5 level of significant to find out the significant relationship between gender diversity and tax compliance.

The functional form of model for this study is:

$$\text{TaxComp} = f(\text{genent}, \text{genadmi}) \quad \text{eq 1}$$

The statistical models: for hypotheses

$$\text{TaxCompt} = \beta_0 + \beta_1 \text{genentt} + \varepsilon_t \quad \text{eq.2}$$

$$\text{TaxCompt} = \beta_0 + \beta_1 \text{genadmit} + \varepsilon_t \quad \text{eq3}$$

Where:

$$\beta_1 > 0; r^2 > 0$$

β_1 is a measure of the effect of gender diversity on tax compliance.

TaxCompt = tax compliance

genentt = gender differences among small scale entrepreneurs

genadmit = gender differences among tax administrators

ε_t = error term

β_0 = regression coefficient

RESULTS AND DISCUSSION

Hypothesis One

Hi: There is significant relationship between gender differences among small scale entrepreneurs and income tax compliance.

Ho: There is no significant relationship between gender differences among small scale entrepreneurs and income tax compliance.

Table 4.1: ANOVA^a Result : Gender differences among small scale entrepreneurs and income tax compliance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	509.390	1	509.390	.044	.836 ^b
	Residual	206785.560	18	11488.087		
	Total	207294.950	19			

a. Dependent Variable: tax compliance
b. Predictors: (Constant), gender differences among small scale entrepreneurs

Table 4.2: Regression coefficient for gender differences among small scale entrepreneurs and income tax compliance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	356.754	126.693		2.816	.011
	gender differences among small scale entrepreneurs	.092	.436	.050	.211	.836

Table 4.3: Model Summary for gender differences among small scale entrepreneurs and income tax compliance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.050 ^a	.002	-.053	107.18249	1.908

Note: $r^2 = .002$, $f(1, 18) = 0.44$, $p = .836$

The f -ratio (0.44) reveals that gender differences among small scale entrepreneurs is not the main determinant of tax compliance in Lagos State. It is observed gender differences (male or female) among small scale entrepreneurs do not significantly affects tax compliance. Differences in gender among entrepreneurs explain 2 percent variation experienced in tax compliance among the entrepreneurs. Tax compliance among small scale entrepreneurs is not affected by differences in sex of entrepreneurs because it is not statistically significant because its value is 0.83.

Decision:

Based on the analysis above, the alternative hypothesis (H_i) is rejected while null hypothesis (H_o) is accepted; which state that there is no significant relationship between gender differences among small scale entrepreneurs and income tax compliance in Lagos State.

Hypothesis Two

H_i : There is significant relationship between gender differences among tax administrators and income tax compliance.

H_o : There is no significant relationship between gender differences among tax administrators and income tax compliance.

Table 4.4: ANOVA^a Result: Gender differences among tax administrators and income tax compliance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	117537.918	1	117537.918	78.633	.000 ^b
	Residual	26905.882	18	1494.771		
	Total	144443.800	19			

a. Dependent Variable: tax compliance

b. Predictors: (Constant), gender differences among tax administrators

Table 4.5: Regression coefficient for gender differences among tax administrators and income tax compliance

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	33.885	17.824		1.901	.073
gender differences among tax administrators	.771	.087	.902	8.868	.000

Table 4.3: Model Summary for gender differences among tax administrators and income tax compliance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.902 ^a	.814	.803	38.66227	2.191

Note: $r^2 = .814$, $f(1, 18) = 78.633$, $p = .000$

The f -ratio (0.81) reveals that gender differences among tax administrators is one of the main determinants of tax compliance in Lagos State. It is observed gender differences (male or female) among tax administrators have significant effect on tax compliance. Differences in gender among entrepreneurs explain 81 percent variation experienced in tax compliance among the entrepreneurs. Tax compliance among small scale entrepreneurs is affected by differences in sex of tax administrators because it is statistically significant because its value is 0.000.

Decision:

Based on the analysis above, the null hypothesis (H_0) is rejected while alternative hypothesis (H_1) is accepted; which state that there is significant relationship between gender differences among tax administrators and income tax compliance in Lagos State.

Discussion

Hypothesis one shows that there is no significant relationship between gender differences among small scale entrepreneurs and income tax compliance in Lagos State. The analysis shows that both male and female small scale entrepreneurs do not feel bad for not paying their tax based on the fact there is low quality of service enjoyed from government in return for taxes paid. The study shows that both genders perceived that their personal income tax burden is unreasonable and unfair. This result is consistent with Kasipillai & Jabbar (2006); Gërxhani (2007); Nangih & Nkemakola (2018) that reveals that there is no significant relationship between gender differences among small scale entrepreneurs and income tax compliance.

Hypothesis two shows a positive significant relationship between gender differences among tax administrators and income tax compliance in Lagos State. The analysis reveals that females tax administrators do encourage tax payers to pay their tax as when due. It shows that male tax collectors do intimidate and extort money from tax payers than women administrators. These attitudes do reduce tax compliance among tax payers. Most of the respondents opinions reveal that women tax administrators induce tax compliance among tax payers. This result is consistent with Asante & Baba (2011); Gërxhani (2007) that shows that there is significant relationship between gender differences among tax administrators and income tax compliance.

Conclusion and Recommendations

Based on the finding of this study, there is no significant relationship between gender differences among small scale entrepreneurs and income tax compliance in Lagos State. It shows that both men and women that are small scale entrepreneurs have similar attitude towards income tax compliance.

There is significant relationship between gender differences among tax administrators and income tax compliance in Lagos State. The study reveals that women tax administrators are more friendly and encourage tax payers to pay their tax liability than men.

In view of the finding of this study, the following recommendations are made:

- i. The study did not reveal any significant relationship between gender differences among small scale entrepreneurs and income tax compliance. This shows that both women and men small scale entrepreneurs needs to be more educated on the importance of paying their tax liability as at when due. Gender differences should not be considered when fixing personal income tax rates.
- ii. The study shows significant relationship between gender differences among tax administrators and income tax compliance. This shows that policy formulators and tax consultants should review the composition of tax administrators in line with gender diversity. Women should be given equal opportunity in the position of authority as tax administrators.

REFERENCES

- Abomaye - Nimenibo, W.A.S. (2017), *The Concept & Practice of Taxation in Nigeria*, Port Harcourt, Nimehas Publishers.
- Adeniyi, S. I. & Adesunloro, B.R. (2017). Electronic taxation and tax evasion in Nigeria: A study of Lagos State. *Journal of academic research in Economics*, 9(1).
- Asante, S.& Baba,A.S.(2011). Tax compliance among self-employed in Ghana: Do demographic characteristics matter? *International Business and Management*, . 3 (1) 86-91
- D'Attoma, J., Volintiru, C & Malezieux, A.(2018).Gender, Social Value Orientation, and Tax Compliance.*New Perspectives on Tax Administration Research Munich*, 2–3 November.Pp 1 – 14.
- Gërkhani, K. (2007). Explaining gender differences in tax evasion: the case of Tirana, Albania. *Feminist Economics*, 13 (2), 119 - 155.
- Gylych, J.; Samira, A. & Abdurahman, I. (2016). The Impact of Tax Reforms and Economic Growth of Nigeria.The Empirical Economics Letters, 15(5). Retrieved from <https://www.researchgate.net/publication> on 20th May, 2020.
- Igbeng, E., Tapang, A. T., &Usang, O. E. (2012).Analysis of tax morale and tax compliance in Nigeria.*European Journal of Business and Management*, 4(14), 182-207
- Kabel, B. D., & Nwokah, G. N. (2009).Curbing tax evasion and avoidance in personal income tax administration: A study of south-south states of Nigeria.*European Journal of Economic, Finance and Administrative Sciences*, 15, 60-61.
- Kasipillai, J., & Jabbar, H. A. (2006).Gender and ethnicity differences in tax compliance.*Asian Academy of Management Journal*, 11(2), 73-88.
- Nangih, E & Nkemakola, D.(2018).An empirical review of the determinants of tax evasion in Nigeria: Emphasis on the informal sector operators in Port Harcourt metropolis. *Journal of Accounting and Financial Management*, 4 (3).15 – 23.
- Nightingale, K. (2001). *Taxation: Theory and practice*. London, Prentice Hall.
- Saunders, M., Lewis, P., & Thornhill, A. (2007).*Research Methods for Business Students* (4th edition). Financial Times Prentice Hall.