

Chapter One

Introduction

1.1 Background to the Study

The significance of tax administration difficulties has also been emphasized by tax history scholars, according to them, corporate income and progressive individual income taxes have usually replaced excise, customs, and property taxes in the formation of current tax structures¹. The growth of the market sector, the relative decrease of the rural sector, the concentration of employment in larger businesses, and the rising literacy rate of the populace have all contributed to this transition. Globalization and financial innovation may now be pushing us away from progressive income taxes and toward tax systems that rely more on broad-based consumption taxes like the value-added tax (VAT), flatter tax rates, and other improvements in tax administration technology².

The primary duty of any responsible government, be it local, state or federal, includes provisions of security, educational and social amenities. In order to perform all these duties effectively, and appropriately, the government will need a lot of money. This is one of the major reason why governments always looks into different ways of getting funds to execute it governmental responsibility, apart from the neutral resources that may accrue to the government on its physical, environment and social jurisdiction, government also has a way of making all the citizenry contributing their quota towards obtaining the needed fund.

This is carefully done through introduction of various taxes by government i.e government always imposes tax on it subject for the benefit of the subject too. Thus the issue of tax is second to none in the process of good governance. What then is regarded as tax?

Tax is a mandatory payment given to the government by people or corporations that is usually based on income or profits produced. Governments utilize taxes to raise income, which is then used to pay public services and programs like healthcare, education, and infrastructure development. In this response, according to two researchers³, it is a crucial tool for supporting economic development and lowering income inequality. According to authors⁴, an efficient tax system can assist the government collect money, minimize income disparity, and encourage economic growth. They also point out that taxation can be utilized to promote environmental sustainability by incentivizing enterprises to use environmentally friendly activities.

Income tax, sales tax, property tax, and corporate tax are all examples of taxation. The tax rate and structure may differ based on the country and the tax system in existence. In general, government institutions such as the Internal Revenue Service (IRS) in the United States or the Nigeria Revenue Authority (NRA) in Nigeria collect taxes⁵.

The administration and collection of taxes by tax authorities involves a number of phases and operations, collectively referred to as the tax process⁶. It covers the entire spectrum of tax compliance, from the registration of taxpayers to the estimation, collection, and prospective audit of taxes due. Despite possible variations among countries, the tax system generally adheres to a similar foundation. Taxpayer registration is the first step in the tax procedure. Taxpayers must register with the appropriate tax authorities on behalf of themselves or their

businesses. In order to establish their tax identity and reporting responsibilities, this entails giving the appropriate data and supporting paperwork. Taxpayers must keep thorough records of their financial activities, income, outgoings, and other pertinent data in order to file their taxes on time. Through tax returns that detail their tax liability in accordance with the relevant tax rules and regulations, they are required to transmit this information to the tax authorities on a periodic basis⁶.

The tax authority determines the taxpayer's tax due after reviewing the information given in the tax returns. To calculate the amount of taxes due, the appropriate tax rates, deductions, exemptions, and credits must be used⁷. The initial step in the tax process is taxpayer registration. For themselves or their companies, taxpayers must register with the relevant tax authorities. This requires providing the necessary information and supporting documentation in order to establish their tax identity and reporting obligations. In order to timely file their taxes, taxpayers must maintain meticulous records of their financial transactions, income, expenses, and other relevant information. They are expected to periodically send this information to the tax authorities through tax returns that specifically outline their tax liability in compliance with the applicable tax rules and regulations, to calculation and assessment after evaluating the data provided in the tax returns, the tax authority determines the amount of tax owed by the taxpayer⁸. To determine how much taxes due, the appropriate tax rates, deductions, exemptions, and credits must be used.

The tax system is intended to guarantee the administration of taxes is fair and effective, to encourage compliance, and to provide money for government spending and public services. The tax system is intended to guarantee the administration of taxes is fair and effective, to encourage compliance, and to provide money for government spending and public services⁹.

Generally, tax compliance refers to how well taxpayers and businesses adhere to the tax laws and regulations as set down in the nation. It entails the proper and timely reporting of income, the determination of taxes due, and the payment of taxes to the relevant taxing authorities¹⁰. By analyzing the tax system of the nation and how it has changed through time, it is possible to comprehend the origins, significance, and justification of tax compliance in Nigeria. Nigeria's primary source of wealth historically has been the sale of oil. However, the government is concentrating on enhancing tax compliance due to the unpredictability of oil prices and the necessity to diversify the economy¹¹. The British implemented direct and indirect taxes during the colonial era, which is when Nigeria's modern tax system first emerged. Nigeria inherited the tax system upon becoming independent in 1960 and modified it to fit its requirements. The concepts of equity, fairness, and accountability are at the foundation of tax compliance in Nigeria. Individuals and corporations have a moral and legal duty to pay their fair share of taxes in order to support public policies and services¹². Tax compliance guarantees that the government has the resources needed to serve its citizens with important services such as infrastructure, healthcare, education, and others. It is very essential to note that tax compliance has three key component which are filling, payment and reporting.

The act of submitting tax returns to the proper tax authorities and providing comprehensive information about a person's or an organization's income, deductions, and tax liabilities is referred to as filing. It entails filling out the required paperwork and attaching supporting materials including W-2 forms, 1099 forms, and receipts¹³. Filing guarantees that taxpayers accurately and legally disclose their income and deductions. Reporting entails providing the tax authority with all pertinent financial information as required by tax rules. This includes

giving precise and comprehensive information on earnings, costs, deductions, and credits. Reporting ensures openness and makes it possible for the tax authority to precisely determine the taxpayer's tax burden. Reporting income from a variety of sources, including wages, investments, self-employment, and rental income, as well as qualifying costs and deductions under the tax code, may be necessary¹⁴.

Payment: Remitting the taxes due to the tax authority by the timeframes stipulated constitutes payment. It entails figuring out how much tax is owed based on the submitted tax return and making the appropriate payment to satisfy the tax debt. Depending on the choices offered by the tax authorities, payment may be done using a variety of methods, including electronic money transfer, credit card, or cheque. Taxpayers must complete their tax obligations and avoid penalties and interest costs by making timely payments¹⁵.

The Federal Inland Revenue Service (FIRS), which is in charge of overseeing and implementing federal tax legislation, is largely in charge of regulating tax compliance in Nigeria. The FIRS has launched a number of initiatives to encourage tax compliance and is authorized to assess, collect, and account for taxes. These steps consist of tax payer education, streamlined tax filing procedures, and the utilization of technology for efficient tax administration¹⁶. In Nigeria, there are many obstacles to tax compliance. The huge informal sector, which makes up a sizeable chunk of the economy and frequently operates outside the formal tax net, is one of the biggest problems. Small enterprises, craftsmen, and independent contractors who may not have the required paperwork or be aware of their tax duties are included in this unofficial sector¹⁷. The government has been putting policies into place to encourage compliance and bring the unorganized sector under the tax net.

Tax compliance refers to how well taxpayers follow tax laws and regulations. Tax compliance has been a big issue in Oyo State, with many taxpayers found to be avoiding taxes or underreporting their income¹⁷. In accordance to the Oyo State Internal Revenue Service (OYSIRS), the state government has been taking steps to increase tax compliance through various initiatives such as tax education, tax amnesty, and e-payment systems (OYSIRS, 2021). The state government introduced the Oyo State Finance Bill in 2020, with the goal of reforming the state's tax rules and increasing tax income ¹⁷. The bill includes provisions for taxing digital transactions, raising the penalty for tax evasion, and creating a tax tribunal to resolve tax disputes. Despite these attempts, tax compliance in Oyo State remains difficult, because many people continuing to avoid taxes or underreport their income. As a result, the OYSIRS has increased its efforts to increase tax compliance through education and enforcement.

Another aspect of tax that is worthy of mentioning is the concept of tax evasion which is the illegal and intentional act of avoiding or evading the payment of taxes owed to the government. This term is coined to describe the attitude of an individual, companies and cooperates to dodge as at when due. Tax evasion is explained by different authors thus.

Tax evasion is an outright dishonest action whereby the taxpayer endeavors to reduce his tax liability through the use of illegal means which is achieved by act of omission or commission which constitutes criminal acts under the tax laws¹⁸

It entails hiding or falsifying income, assets, or transactions in order to consciously lower the tax liability and avoid making the required tax payments. Most jurisdictions consider tax evasion to be unlawful and may result in penalties, fines, and criminal charges. Underreporting income, exaggerating deductions or expenses, maintaining unreported or

offshore accounts, participating in money laundering, or employing fraudulent tactics to escape taxes are all common ways to avoid paying taxes¹⁹. Tax evasion compromises the fairness of the tax code, lowers government revenue, and burdens law-abiding taxpayers. It is a type of tax law violation and is separate from lawful tax planning or tax avoidance, which entails employing legal strategies to reduce tax liability within the confines of the law.

Another fact that need noting is the concept of tax avoidance, tax avoidance has been define differently. Three of such definitions are cited below:

Tax avoidance refers to the use of lawful means by people or organizations to reduce their tax obligations. Although tax avoidance differs from tax evasion, which is against the law, it frequently entails taking advantage of tax rules' exclusions and loopholes²⁰.

The same concept is explained as

Tax avoidance refers to the permissible decrease of tax liabilities by structuring transactions and financial activities in a way that complies with tax regulations while minimizing tax obligations²¹.

The concept is equally defined as

Tax avoidance has been viewed as tax saving activities that improve the value of company. It has been used as a tax saving tool to transfer the wealth from government to company's Journal of Accounting²².

At this point it is necessary to for us to state that there is difference between tax evasion and tax avoidance the difference is briefly explained in the following quotation

The lines between these categories are often blurry, and the tax authorities occasionally mischaracterize certain situations. Within the category of legal responses to taxation, one might make even another differentiation. Sometimes, we'll refer to real substitution responses, or real responses for short, as those reactions that happen when the tax code alters the relative costs of certain activities and prompts taxpayers to choose a different consumption basket in response. We will refer to attempts to decrease one's tax liability without changing one's consumption basket as avoidance because they are conceptually distinct from actual substitution reactions²³.

A specific jurisdiction's set of laws, rules, and policies that control how taxes are administered and implemented are referred to as the tax legal framework. It gives the tax authorities a legal foundation upon which to assess, collect, and enforce taxes. Laws governing income taxes, corporation taxes, sales taxes, property taxes, and other types of taxes are often included in the tax law framework. It specifies the methods for filing tax returns, establishes the tax rates and exemptions, and lays out the consequences for non-compliance. It also outlines the rights and obligations of taxpayers. The fairness, openness, and effectiveness of the tax system are all protected by the legal framework. Taxpayers, tax experts, and tax authorities can use it as a reference to understand their rights and obligations, interpret tax laws, and settle any potential conflicts.

The act of committing oneself to the requirements of the tax laws may be done voluntarily, under duress, under persuasion, or under inducement. When a taxpayer deliberately submits himself or herself to the conditions of the tax law, the term "voluntary tax compliance" is used²⁴. The costs incurred by people and organizations to abide by the tax laws set down by the government are referred to as tax compliance costs. It includes the costs—both monetary and non-monetary—of complying with tax laws, such as those related to recordkeeping, reporting, and tax planning. When evaluating the entire tax burden on taxpayers and the effectiveness of tax systems, the concept of tax compliance costs is crucial. The cost of compliance consists of a number of factors, including the time and labor required for acquiring and arranging financial data, filing tax reports, and comprehending intricate tax regulations. In order to assure accurate compliance, it also covers the expense of consulting tax specialists, accountants, or tax lawyers. The cost of conducting tax audits and

investigations, as well as the penalties and fines levied for non-compliance, may also be included²⁵.

Costs associated with tax compliance can have a big impact on the economy as a whole as well as on taxpayers. Tax evasion or avoidance may result from low voluntary compliance due to high compliance costs. In turn, this may lead to decreased tax collections for the government and distorted resource distribution. Additionally, compliance expenses may be burdensome for low-income people and small firms, which may impede both economic development and tax system fairness²⁶.

An individual or organization's comprehension and awareness of tax rules, regulations, and obligations is referred to as having tax knowledge. It includes an understanding of the concepts, rules, and laws relating to taxes that govern how taxes should be calculated, reported, and paid. Tax knowledge is essential for taxpayers to accurately and effectively complete their tax obligations. It entails keeping up with changes to tax law, comprehending tax breaks and deductions, and being aware of the correct way to file tax returns²⁷. The ability to recognize prospective tax planning opportunities and tactics to improve tax outcomes within the law is another aspect of tax knowledge. Taxpayers who have a thorough understanding of the tax system are better equipped to navigate complicated tax systems, accurately interpret the tax code, and strategically organize their financial operations to reduce their tax obligations while remaining within the law. Keeping up with changes in tax rules and regulations is also necessary because they can alter over time. For people, corporations, and tax professionals, tax knowledge is crucial. It aids people in comprehending their tax liabilities, maximizing their personal resources, and assuring compliance. Accurate tax reporting, effective tax planning, and understanding the tax

ramifications of business actions are all made possible for firms by having a working knowledge of taxes. To give their clients accurate advice and support, tax professionals like accountants and tax consultants need to have a thorough understanding of the tax code²⁸.

Understanding and being aware of tax laws, rules, and procedures by people or organizations is referred to as having tax knowledge. It covers the understanding of tax ideas, principles, laws, and practices required to abide by tax laws and make wise choices regarding tax planning and optimization. Taxpayers who are knowledgeable about the tax system are better able to calculate their tax liabilities, pay their taxes on time, and benefit from tax credits and deductions. It requires comprehension of fundamental tax ideas such as taxable income, deductions, credits, and tax rates. Tax knowledge also comprises familiarity with pertinent tax laws and rules that are unique to the country or region where the taxpayer conducts business²⁹.

Small-scale enterprise tax compliance in Oyo State is a key topic that policymakers and researchers should focus on. Small-scale firms in Oyo State suffer a variety of obstacles in complying with tax legislation, including a lack of understanding, insufficient infrastructure, and high tax rates. These difficulties can contribute to poor levels of tax compliance among small businesses, which can have a detrimental impact on revenue creation, economic development, and legal compliance³⁰.

As a result, more research is needed to investigate these challenges and identify solutions to increase tax compliance among small-scale firms in Oyo State³¹. Small businesses in Oyo State are subject to a variety of tax laws and regulations enforced by the state government. Personal Income Tax Act, Companies Income Tax Act, Value Added Tax Act, and other applicable tax laws and regulations are among these laws³². Compliance with these tax rules

is a legal requirement for small businesses in Oyo State, and failure to do so can result in penalties, fines, or legal action. Small businesses in Oyo State, on the other hand, may encounter a variety of obstacles in complying with tax legislation, such as a lack of information, limited infrastructure, or exorbitant tax rates³³. As a result, effective initiatives to promote tax compliance among small businesses in Oyo State are required

Tax compliance in Nigeria is also severely hampered by corruption and tax avoidance. Some people and companies use illegal methods to avoid paying taxes or to modify their tax obligations. Due to these behaviors, less money is available for public services and development projects, which compromises the integrity of the tax system.

A small-scale enterprise (SSE) is a business with a small number of employees, a little to medium capital investment, and a relatively low sales volume. The precise definition of an SSE varies by country and industry, but in general, a small-scale company is one with less than 50 people and less than \$3 million in annual revenue. Small-scale firms, according to a recent study by two researchers³⁴ play an important part in the economic development of emerging economies like Nigeria. Authors explained that SSEs produce jobs, contribute to GDP growth, and promote innovation and entrepreneurship. In fact there was a report that about 90% of businesses in Nigeria, according to a 2015 report by the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN)³⁵, are SMEs. Furthermore, they discovered that government initiatives promoting SSEs can have a good impact on economic development¹⁰. Small scale enterprises (SSE) play a vital role in economic growth and development, particularly in developing nations. They create jobs, generate revenue, and help to the growth of local economies³⁶.

Small businesses are a vital element of any economy, and they are typically subject to a variety of tax laws and regulations. The Federal Government of Nigeria has passed many laws and rules regarding the taxes of small businesses. The Companies Income Tax Act (CITA) of 2004 is one of the essential laws in this regard. This statute requires all businesses, including small businesses, to pay income tax on their profits. Small businesses typically pay lower tax rates than bigger corporations, and the legislation provides different incentives for small businesses, such as tax breaks, to stimulate growth (Section 23, Companies Income Tax legislation, 2004). The Value Added Tax (VAT) Act of 1993 is another law that impacts small businesses. Small businesses must register for VAT under this act if their annual revenue exceeds N5 million (\$12,987). On goods and services sold by the firm, VAT is charged at a rate of 7.5% (Section 10, Value Added Tax Act, 1993). It is worth noting that the federal government has implemented several tax breaks for small businesses in order to support their growth and development. For example, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) offers tax breaks to small businesses operating in priority industries like as agriculture and solid minerals (SMEDAN, 2021). Small businesses in Nigeria are subject to a variety of tax rules and regulations, such as the Companies Income Tax Act and the Value Added Tax Act. The federal government has also implemented a number of tax breaks to stimulate the growth and development of small businesses in the country

Water is one of the natural resources that is essential for human existence, in fact the importance of water in human life cannot be over emphasized. In the first instance it is used for mandatory house chores on daily basis. In the second instance it is equally consumed on daily basis³⁵. Likewise, it is scientifically proved that about 75% of our body mass is water,

for this reason we cannot be far from the truth if we regard water as source of life, now let us briefly consider what people have said about water.

Water is often referred to as the universal solvent due to its excellent solvent properties. It has the ability to dissolve a wide variety of substances, including salts, sugars, gases, and many organic compounds. This unique property stems from water's polar nature, where the oxygen atom is slightly negative and the hydrogen atoms are slightly positive. These polar characteristics enable water molecules to surround and separate solute particles, facilitating their dissolution³⁷.

Another explanation on the meaning of water goes thus:

With the chemical formula H_2O , water is a substance made up of two hydrogen atoms bound to one oxygen atom. It is a transparent, odorless, and tasteless liquid that exists in a liquid state at standard temperature and pressure (STP). Water is crucial for the survival of all known forms of life and plays a vital role in various biological processes³⁸.

Also water is defined as

Water as a "fluid body or substance" that is "ordinarily clear, and without any strong or peculiar taste or smell." In his work "The Sceptical Chymist," Boyle emphasized water's ability to dissolve various substances and observed its unique properties, such as its capacity to expand upon freezing. He recognized water as a fundamental element in chemical reactions and highlighted its importance in supporting life processes³⁹.

As far as the meaning of water is concerned one can keep on citing opinions of scholars endlessly but the most important thing is that water is very useful for all living things and is too common to be strange to all living things.

It is patent to note that there are different types of water one of such classification reads thus: tap water, mineral water, spring water, well water, distilled water, sparkling water, alkaline water. Another basic thing about water is the fact that it comes from different sources such as river, well, rain, borehole, spring etc. however the sachet water which is the focus of this research can be grouped as water from borehole⁴⁰. We can now discuss the concept of sachet water briefly. In Nigeria, sachet water has a long history and has grown significantly since the early 1990s. Sachet water, commonly referred to as "pure water," describes little plastic

bags or pouches that are filled with clean drinking water and sealed for price and convenience¹. Because of Nigeria's insufficient access to clean water through its public water system, this novel method of supplying safe drinking water has becoming increasingly popular. Nigerian businesswoman who understood the need for clean drinking water and created the first sachet water production plant in Lagos in 1993, is frequently credited with bringing sachet water to Nigeria¹. The water sector in the nation underwent a transformation as a result of her initiative, and sachet water swiftly became widely accessible and reasonably priced. There are a number of variables that have contributed to the rise and development of sachet water in Nigeria⁴¹. First, the need for portable water sources increased as a result of population growth and urbanization. Many Nigerians found sachet water to be an appealing alternative due to the public system's lack of a consistent and clean water supply. In Nigeria, the pure water industry is growing, and Oyo state is no exception²⁷. The manufacture and sale of sachet water, has become a major source of employment and income for many residents of the state. According study, the pure water sector in Oyo state has grown significantly in the last decade. The authors discovered that small and medium-sized firms (SSEs) predominate in both urban and rural parts of the state⁴². The study also discovered that the business employs thousands of individuals in the state, primarily women and youth. The sourcing of water from boreholes or wells, purification of the water, and packing in sachets using automatic or semi-automatic machinery are typical steps in the production process of sachet water in Oyo state¹. The packaged water is subsequently delivered around the state to retailers and consumers. Despite the industry's problems, such as poor infrastructure and limited access to funding, the industry continues to develop and contribute to the Oyo state economy²⁸. Additionally, the cost-effectiveness of sachet water was a major factor in its

appeal. Sachets were made available to a wide spectrum of consumers, including low-income people who previously found it difficult to acquire safe drinking water because of their tiny size and inexpensive price. The ease with which sachet water may be transported and enjoyed while on the go further led to its widespread use.

Nigerian sachet water development has not been without difficulties. Since not all manufacturers follow strict quality control procedures, questions have been raised concerning the quality of some sachet water brands. In response, authorities have been set up to oversee and uphold industry quality standards, including the National Agency for Food and Drug Administration and Control (NAFDAC). Nigerians' water demands have been significantly met by sachet water, particularly in regions with limited access to clean drinking water.

1.2 Statement of the Problem

Tax compliance by small scale enterprise in Oyo State is a key problem for the government because of the controversies surrounding the level of tax compliance by these industries¹⁸. This situation does not allow Oyo state government to make appropriate projection for internally generated revenue towards general development of the state. In order to alleviate this problem there is need for a thorough investigation into the extent to which small scale enterprise are complying to payment of their tax as stipulated within the legal framework of taxation in Oyo state. This is the issue that this research intend to resolve

1.3 Aim and Objectives of the Study

The overall aim of this research is to look into the factors that influence tax compliance in Small scale Enterprises in Oyo state using sachet water industry as our point of focus. The objectives are to:

- i. investigating the legal framework of small-scale enterprises and determine if it enhances compliance in Oyo state;
- ii. determine how small-scale operators tax knowledge affects their tax compliance in Oyo state;
- iii. examine how tax compliance cost affect the small-scale enterprise tax compliance in Oyo state; and
- iv. proffer solutions for improving tax compliance among Oyo state small scale enterprises.

1.4 Research Questions

The research questions that guided the study are as follows:

1. How does the Oyo state tax structure of small-scale enterprise promote small-scale enterprise tax compliance?
2. How does the level of tax knowledge of small-scale operators affect tax compliance decisions by small scale in Oyo State?
3. How does the tax compliance costs affect tax compliance behavior of sachet water industry in Oyo State?
4. What are the solutions for improving the tax compliance behavior of small businesses in Oyo State?

1.5 Hypotheses

Ho1: There is no significant relationship between tax compliance and legal framework of small-scale enterprises in Oyo state.

Ho2: There is no significant relationship between tax compliance and tax knowledge of small-scale enterprises operators in Oyo state.

Ho3: There is no significant relationship between tax compliance and compliance cost of small scale enterprises in Oyo state

Ho4: There is no significant relative influence among compliance cost, tax knowledge and legal frame work of small scale enterprise on tax compliance in sachet water industry

1.6 Significance of the Study

Taxation is a key source of revenue for all levels of government. The government can increase tax collection and revenue generation by better understanding the elements that drive tax compliance behavior in the sachet water industry. Furthermore, tax compliance is a legal requirement for enterprises in Oyo State, and noncompliance can result in penalties, fines, or legal action. Therefore, if the result of this research is made available to those who are concerned with tax collection in Oyo state and used appropriately it will definitely increase revenue generation for the government of Oyo state. It will equally create necessary awareness on the need for total tax compliance on the part of tax payers. It will also increase tax payers' knowledge in respect negative effect of noncompliance

1.7 Scope of the Study

Activities of this research covered all the three senatorial district of Oyo state and all the local government councils in the district. The senatorial districts are Oyo south, Oyo central and Oyo north. The districts are made up of thirty-three local government councils, out of these thirty-three local government councils, twenty-five local government councils representing 75% will be used for this research. In each of the local government councils,

five sachet water industry will be used. That is, one hundred and twenty-five sachet water industry will be used. In each of the sachet water industry used, five members of staff will be used for questionnaire making a total number of six hundred and twenty-five members of staff that will be responding to the questionnaire for the research.

1.8 Limitation of the Study

This study on tax compliance of small-scale enterprise, specifically focusing on the case study of sachet water in Oyo State. The limitations of this study includes;

1. Self-Reported Data and Response Bias: Self-reported data from survey respondents, which is subjected to response bias, is the primary source of data for this study. Data mistakes can result from participants giving socially acceptable responses or reporting their compliance behavior incorrectly.

1.9 Operational Definition of Terms

Small-Scale Enterprises: refer to businesses with limited financial and human resources, lower turnover, and fewer employees compared to large-scale enterprises. The definition of small-scale enterprises may vary depending on the country and the industry, but they generally have fewer than 50 employees and lower annual revenue compared to large-scale enterprises.

Sachet Water: the term "sachet water," also referred to as "pure water" or "water sachet," describes tiny, single-use plastic bags or pouches containing drinking water that has been treated or purified. In many developing nations, especially in places where access to clean drinking water is scarce, it is a well-liked and reasonably priced source of water.

Tax: A tax is a compulsory financial charge or tariff that the government imposes on people, organisations, or other entities to pay for public services and other government-related activities. It is a major source of income for governments all over the world and is normally regulated by law and managed by tax authorities order to generate income for public expenditure and social welfare initiatives.

Tax Compliance: The act of abiding by the requirements set by the tax authorities in a specific jurisdiction is referred to as tax compliance. It includes properly recording income, expenses, and other pertinent financial data, figuring out and timely paying taxes due, and keeping correct records and supporting paperwork.

Tax Knowledge: It is an understanding of tax laws, regulations, and obligations by individuals and businesses. It involves understanding the types of taxes that apply to one's business, the tax rates, the tax filing deadlines, the tax deductions, and other relevant tax rules and regulations

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Chapter Two

Literature Review

In this chapter, literatures were established on tax, tax compliance, tax knowledge, tax compliance cost, tax evasion, tax legal framework, tax collection, small scale enterprise, company Income tax, tax avoidance, tax evasion, and water. This chapter equally established some theories (economic deterrence theory, theory of planned behavior, theory of crime, the allingham and sandmo theory) to explain the phenomena in the literature. Several empirical evidences were established in the chapter to see how the study is empirically supported by the previous studies.

2.1 Conceptual Review

2.1.1 Concept of Tax

A tax is a financial charge or levy that the government imposes on citizens, businesses, or other organisations in order to fund public goods and services. Taxes must be paid in accordance with the law, and failing to do so may result in fines or other repercussions¹. Taxes are essential for the government's revenue-generation, infrastructure development, provision of public goods and services, and wealth redistribution. Taxes are used to support a variety of government functions, including paying for public services including infrastructure, healthcare, education, and social welfare as well as sustaining the rule of law. Additionally, they play a role in economic regulation and use incentives and disincentives to change people's behavior². Taxation guidelines are the ability to give direction on the application and administration of taxes, the government or tax authorities adopt a set of rules, regulations, and principles. These rules provide a foundation for understanding the rights, obligations, and

processes relating to taxation for taxpayers, tax experts, and tax administrators. They seek to guarantee the tax system's consistency, justice, and transparency. The following are some significant areas that tax regulations cover

The ability-to-pay concept states that in order to achieve a fair distribution of the tax burden, people with greater incomes should be required to pay a higher percentage of taxes. The benefit principle states that those who gain more from government services and programs need to pay more in taxes. Equity: Taxation systems that employ progressive tax rates—in which the tax burden rises with income levels—aim for justice and equity. Ease of Use and Efficiency: An effective tax system reduces taxpayers' administrative expenses and compliance requirements while attaining revenue targets³.

Governments impose a number of different taxes to raise money and pay for public spending. Here are some descriptions of typical tax types: Income taxes are imposed on both individuals and businesses depending on their earnings or income. Since income tax rates are frequently progressive, those with higher incomes must pay a larger share of it in taxes.

Sales tax is a tax that is often a proportion of the cost of the item being sold and is levied on the sale of goods and services. The seller gathers it and sends the money to the government. Different jurisdictions may have different sales tax laws and rates. Property taxes are assessed according to the market value of the real estate that both individuals and corporations hold. Typically imposed by municipal governments, it is used to pay for amenities including public buildings, roads, and schools. Value Added Tax (VAT) are both consumption taxes that are levied on the value added at each stage of the production and distribution of products and services⁴. It's widely utilized across the globe and is typically gathered by companies on behalf of the government. Corporate tax is a tax imposed on the

earnings of corporations or other businesses. Depending on the jurisdiction and the amount of earnings made, the tax rates may change. Capital Gains Tax: When individuals or corporations sell an asset, such as stocks, bonds, or real estate, for more money than they paid for it initially, capital gains tax may be due. The tax is computed based on the sale's profit. Estate tax is a fee assessed on the distribution of assets from a decedent to their heirs. Estate tax is sometimes referred to as inheritance tax or death tax. The value of the inherited assets is often used to determine the tax⁵.

2.1.2 Concept of Tax Compliance

The act of adhering to the rules and obligations established by the government regarding the payment of taxes is referred to as tax compliance. It entails accurately reporting income, figuring out how much tax is required and paying it, as well as completing tax returns and other relevant paperwork by the deadlines. Tax law violations may incur penalties, fines, or legal repercussions. There are two major types of Tax Compliance which are as follows

Voluntary Compliance: When people and organizations willingly and proactively meet their tax duties without being coerced or subject to enforcement proceedings, it is said to be involuntary compliance. It depends on the willingness of taxpayers to follow the law and their sense of duty⁶.

Mandatory Compliance: When taxpayers are made to abide by tax regulations by means of penalties, fines, or other legal repercussions, this is referred to as a scenario of mandatory compliance. To ensure compliance, it makes use of audits, inquiries, and sanctions. The term "tax compliance" describes how people and corporations comply with tax rules and regulations. It include carrying out tax obligations, such as disclosing income, correctly

computing and paying taxes, and filing tax returns and other paperwork within the required deadlines. Maintaining an equitable and effective tax system and ensuring that governments are able to raise the necessary funds to support public services and programs depend on tax compliance. The concept are as follows

Tax Awareness: Tax compliance starts with taxpayers being aware of their obligations, including the applicable tax laws, filing necessities, due dates, and penalties for non-compliance. Tax compliance depends on having a thorough understanding of the tax system and remaining current on changes to the tax rules.

Record-Keeping: For tax compliance, keeping precise and thorough financial records is essential. These records ought to include all pertinent financial transactions, including earnings, outlays, deductions, and others. Maintaining accurate records makes sure that taxpayers can offer the supporting documentation and evidence for their tax returns and claims.

Reporting and Filing: Taxpayers are required to accurately and timely report their income and submit tax returns. This entails completing the necessary paperwork, disclosing all pertinent facts.

Tax Payment: It is the taxpayer's responsibility to make all required tax payments on time. This includes figuring out the appropriate tax burden based on the applicable tax rates and accounting for any available credits, deductions, or exemptions. Payments can be made in a number of ways, including online payment systems, checks, and electronic funds transfers.

Collaboration with Tax Authorities: Tax compliance also entails working together with tax authorities during audits, inquiries, and investigations. Taxpayers are required to reply to

queries, supply requested information, and remedy any anomalies or problems brought up by the tax authorities.

Overall, sustaining a working tax system and ensuring the revenue collection required to finance public services and government activities depend on tax compliance. It necessitates that taxpayers understand their responsibilities, keep detailed records, declare their income, file tax returns, pay taxes, and work with tax authorities.

2.1.3 Concept of Tax Knowledge

Understanding and being aware of the rules, regulations, and procedures relating to taxes are referred to as having tax knowledge. It includes an understanding of the tax laws, regulations, and policies put in place by the government to control how taxes are collected from people, businesses, and other entities⁸. The idea of tax knowledge entails learning about and understanding many facets of taxation, such as:

Understanding the laws governing taxes, such as income tax, sales tax, property tax, and corporate tax, is important. This includes being aware of the local laws, rules, and tax codes that are in effect.

Identifying the situations and actions that result in tax obligations (taxable occurrences). Understanding when sales tax is necessary, when capital gains tax is required, or when income is taxable are a few examples. Tax obligations: Being aware of one's duties as a taxpayer, such as submitting tax returns, keeping records, paying taxes on time, and meeting reporting requirements.

Tax planning is the process of comprehending ways to legally reduce one's tax obligations. Knowing how to use deductions, exemptions, credits, and other tax advantages to maximize

your tax results is necessary for this. Understanding the steps and standards for meeting tax obligations, such as correctly filling out tax forms, figuring out taxes due, and following to filing and payment dates. Understanding the various tax systems, such as progressive, regressive, or flat tax systems, that are used around the world as well as their effects on people, businesses, and the economy.

Understanding how tax decisions will affect one's personal or corporate finances, investments, and broader economic activities.

For individuals, corporations, accountants, tax experts, and lawmakers, having an understanding of taxes is crucial. It makes it possible for people to fulfill their tax duties, make wise financial decisions, abide by the law, and perhaps even improve their tax position. Similar to individuals, businesses can manage their tax payments, engage in tax planning, and guarantee compliance with tax laws by having a working knowledge of taxes⁹.

2.1.4 Concept of Tax Compliance Cost

Tax compliance costs are the monetary and non-monetary expenditures made by people, companies, and other entities in order to abide with the rules and obligations of the tax system. It includes all expenses related to upholding the obligations of adhering to tax rules and regulations.

The following components are included in the idea of tax compliance costs:

Costs of administration: These expenses result from the administrative work necessary to comply with tax legislation. They cover the costs of maintaining records, keeping books, preparing and filing tax returns, as well as the time and effort put into comprehending and interpreting tax regulations. **Professional Fees:** To guarantee accurate compliance with tax

rules, taxpayers frequently seek the advice of tax experts like accountants or tax consultants. The cost of tax compliance includes the fees paid to these professionals for their services. Costs associated with software and technology: To make tax compliance procedures easier, some people and companies may decide to invest in specialized tax software or other tech solutions. These expenses cover the price of acquisition, upkeep, and training. Personnel in charge of compliance: Larger companies may have departments or personnel wholly focused on tax compliance. The expenses related to hiring, educating, and compensating these workers go toward the cost of tax compliance¹⁰. Fines and Interest: Tax authorities have the right to levy fines and interest fees for failure to comply with their tax responsibilities. Errors, late filing, late payment, or other non-compliant activity can result in these extra costs.

Research and education linked to compliance is necessary to stay current on the constantly evolving tax rules and regulations. The cost of tax compliance includes expenses linked to seminars, classes, publications, and professional development activities. Tax compliance may also have non-financial expenses, such as the time and effort required to comprehend and comply with complicated tax regulations as the psychological burden or stress associated with tax-related activities.

2.1.5 Concept of Tax Evasion

Tax evasion is the unlawful and deliberate practice by people, businesses, or other entities of avoiding or dodging the payment of taxes. To lessen tax liabilities or fully avoid paying taxes owed, it entails knowingly falsifying or hiding information about income, assets, deductions, or other taxable aspects. In order to avoid paying taxes, tax evasion often entails purposeful measures to falsify financial records, understate income, bloat deductions, conceal assets, or

participate in other fraudulent activities. It is an illegal act that disobeys rules and laws pertaining to taxes¹¹.

Tax evasion involves the following components: Action Taken Intentionally: Tax evasion refers to intentional actions made by people or organizations with the goal of avoiding paying taxes that are owing. It transcends careless oversights or incorrect interpretations of tax regulations. Illegal Techniques: To distort financial records or fool tax authorities, tax evasion uses illegal techniques. The use of offshore accounts or tax havens, money laundering, the creation of fraudulent transactions, or other illegal activity are examples of this. Income or asset concealment: Tax evaders frequently conceal income or assets to evade discovery and taxation. Understating income, exaggerating expenses, keeping undeclared or unrecorded assets, or creating fictitious identities or corporations to conceal ownership are all examples of this. Non-Compliance with Reporting and Filing Requirements: Tax evasion refers to willful failure to meet tax duties, such as failing to file tax returns or failing to disclose assets or income as required by tax regulations. Criminal infraction: In most jurisdictions, tax evasion is seen as a serious infraction that can lead to fines, penalties, interest charges, and in some situations, criminal prosecution. Depending on the jurisdiction and the seriousness of the offense, different penalties may be applied. Tax evasion and tax avoidance must be distinguished from one another. Tax avoidance refers to the employment of legal tactics and procedures to reduce tax burden while remaining within the parameters of tax regulations¹². Tax authorities use a variety of techniques to identify and stop tax evasion, including audits of taxpayers, information exchange with other jurisdictions, strict reporting requirements, and the imposition of fines for non-compliance.

2.1.6 Concept of Tax Legal Framework

The imposition, collection, and administration of taxes within a jurisdiction are governed by a set of laws, regulations, norms, and principles that are collectively referred to as the tax legal framework¹². It establishes the legal foundation for the taxation system and spells out the rights, duties, and obligations of taxpayers in addition to the authority and methods used by the taxing authority. The tax legal framework includes a variety of components, such as:

Tax Laws: These are the main statutes or pieces of legislation that the government or legislative bodies have passed that specify the taxes that will be levied, the tax rates, the taxable events, the exemptions, deductions, and other important facets of the tax system. Tax codes, acts, or legislation are frequently used to implement new tax laws. Regulations and Administrative Rules: To give comprehensive instructions and clarification on the interpretation and implementation of tax legislation, tax authorities frequently issue additional regulations, rules, or guidelines. Specific areas of tax administration, reporting requirements, filing processes, or the interpretation of tax rules may be covered by these regulations¹³. Case law and judicial decisions: The evolution of the tax legal system is aided by court judgments and judicial interpretations of specific tax statutes. These legal rulings set precedents and offer direction for how tax laws should be interpreted and applied. International Tax Treaties and **Agreements:** The tax law framework may contain international tax treaties and agreements in situations involving cross-border transactions and international tax difficulties. These agreements lay forth guidelines for the distribution of taxing authority between nations and may have clauses that forbid double taxation or tax evasion.

Administrative Procedures: The legislative framework for taxes also includes administrative processes and procedures, such as tax registration, taxpayer identification, filing requirements, payment options, audits, appeals, and dispute resolution systems¹⁴.

To maintain compliance with tax laws, manage the tax system, and make wise judgments within the confines of the law, people, corporations, tax professionals, and legislators must have a thorough understanding of the tax legal framework.

2.1.7 Concept of Tax Collection

The process through which the government or tax authorities collect taxes from people, businesses, or other entities is referred to as tax collection¹⁵. It entails raising money to meet the government's revenue requirements for public expenditures as well as ensuring that numerous public services and programs are running smoothly. The following essential components are frequently included in the tax collection process: Assessment: Tax authorities compute taxpayers' tax liabilities in accordance with the relevant tax rules and regulations. This entails figuring out the various tax obligations, the taxable actions or occurrences, and the tax rates or formulas applied to arrive at the tax sums. Tax Return Filing: It is customary for taxpayers to submit tax returns with details about their earnings, possessions, outlays, and other important elements that affect their tax liability. The taxpayer's tax obligation is formally stated in the tax return. Tax Payments: After the tax burden has been determined, it is the taxpayers' responsibility to make the necessary payments to fulfill their tax responsibilities. Several payment options are available, including electronic transfers, checks, and Monitoring of Compliance: Tax authorities do audits, exams, or reviews of taxpayer records, financial statements, and other pertinent documents to determine whether tax regulations are being followed. This facilitates the tax collection

process and helps to assure accuracy, thoroughness, and adherence to tax laws. Enforcement and Penalties: Tax authorities have the authority to use a variety of methods to enforce tax collection. Depending on the applicable tax rules and regulations, non-compliance or failure to pay taxes may result in penalties, interest fees, fines, or other legal repercussions¹⁶. Different collection strategies may be used by tax authorities to guarantee the prompt collection of taxes. These tools may include levying assets or bank accounts, withholding taxes from employee paychecks, or adopting installment payment programs, among others. Governments must collect taxes in an efficient and effective manner in order to finance public spending and maintain the health of the economy. It necessitates the creation of precise tax legislation, effective tax administration systems, strong procedures for compliance, and the imposition of sanctions for non-compliance. Tax authorities use a variety of tactics and technologies to speed up the collection process, improve compliance, and reduce tax evasion or avoidance. Tax collecting procedures may differ between jurisdictions¹⁷.

2.1.8 Concept of Small-Scale Enterprise

A small-scale enterprise is a company or economic activity that works on a modest scale, often with few employees, little capital outlay, and a modest level of market penetration. Small-scale organizations are frequently distinguished from larger corporations or businesses by their size, scope, and level of activities¹⁸. Due to various economic circumstances and legal frameworks, small-scale enterprise definitions might differ among nations and industries. However, other definitions and traits that are frequently applied to small businesses are as follows: Size of Workforce: Small-scale businesses often only have a few employees. Although the precise criterion for what constitutes a small business or

corporation may vary, it is frequently far lower than the requirement for bigger enterprises or corporations.

Revenue or Turnover: When compared to larger companies, small businesses may have smaller revenue or turnover. Depending on the country and industry, several revenue limits might be used to define small-scale businesses. **Investment Requirement:** Compared to large-scale firms, small-scale enterprises typically require a comparatively low level of capital or investment. To launch and maintain their business, they can rely on personal savings, loans, or a few sporadic outside financial sources. **Market Presence:** Small-scale businesses frequently target a particular consumer group or operate in specialized markets. They might only cover a small area or cater to a small number of clients. **Independence and Ownership:** Individuals or a small group of proprietors frequently own and run small-scale businesses¹⁹. They might be more independent and autonomous in their decision-making than larger organizations. **Flexibility and Adaptability:** Small-scale businesses are frequently praised for their capacity to react swiftly to market developments and modify their offerings to meet changing consumer demands. Their smaller size enables them to make decisions more quickly and implement changes with greater agility. Small businesses are essential to the economy because they help create jobs, encourage innovation, and support local entrepreneurship²⁰. They frequently act as a breeding environment for businesses by allowing people to develop their business ideas with only modest admission requirements. Particularly in rural or underdeveloped areas, small businesses can help with local development and economic diversity.

Businesses that fall under the category of Small and Medium-sized Enterprises (SMEs) include both Small Scale Enterprises (SMEs) and Medium Scale Enterprises (MSEs).

Although the definition of a small or medium-sized enterprise is not universally accepted, many nations and organizations frequently use different standards to categorize businesses according to their size. However, the following general distinctions between small and medium-sized businesses can be made.

Size: The primary distinction between small and medium-scale enterprises lies in their size. Small-scale enterprises are typically smaller in terms of total assets, revenue, and number of employees compared to medium-scale enterprises. The specific thresholds for size classification vary across countries and industries.

Scope of Operations: Small-scale enterprises often have limited operations and are primarily focused on serving a local or niche market. They may operate on a smaller scale, catering to a specific geographic area or a targeted customer segment. In contrast, medium-scale enterprises tend to have a broader scope of operations, potentially serving larger markets or expanding their reach beyond a single region.

Resources and Infrastructure: Small-scale enterprises typically have limited resources and infrastructure. They may have fewer employees, simpler organizational structures, and rely heavily on the owner's involvement and personal skills. Medium-scale enterprises, on the other hand, often possess more resources and infrastructure, enabling them to undertake larger projects, serve more customers, and have more complex operations.

Growth Potential: Medium-scale enterprises generally have higher growth potential compared to small-scale enterprises. They have a stronger foundation in terms of resources, customer base, and operational capabilities, which allows them to expand their operations more rapidly and pursue growth opportunities.

Regulatory Considerations: The classification of a business as small or medium-scale can have implications for regulatory compliance, incentives, and support programs offered by governments and organizations. Some countries may have specific regulations, tax benefits, or financial assistance programs tailored for small and medium-sized enterprises, with varying criteria based on the size category.

It's important to note that the exact definitions and distinctions between small and medium-scale enterprises may vary across different contexts and countries. The number of employees, annual revenue, total assets, or a combination of these factors may all be taken into account when determining a company's size. It's advisable to refer to the specific definitions and guidelines provided by the relevant authorities in a particular jurisdiction for precise classification.

It's vital to remember that depending on the nation, industry, or particular legal frameworks in place, the specific definitions and requirements for small-scale firms might differ greatly. Different nations may have unique laws, plans, or support systems aimed at fostering the expansion and improvement of small-scale businesses.

2.1.9 Concept of Company Tax

The tax levied on the earnings or income of corporations or businesses is referred to as company tax. It is a type of direct taxes applied to the taxable revenue produced by a corporation, partnership, or limited liability company (LLC) ²². The following are the main elements of business tax: Taxable Income: The company's taxable income is used to determine how much tax to charge. The amount of taxable income is typically calculated by

deducting all permissible expenses, exemptions, and tax credits from the sum of the company's earnings for a certain time period.

Tax Rates: firm tax rates range between jurisdictions and depend on a variety of variables, including the size of the firm, the nature of its operations, and the local tax regulations. Governments impose taxes through legislation or tax codes, which may be progressive or fixed rates based on an individual's income category. **Allowances and Deductions:** Company tax rules may offer a variety of exemptions, concessions, or incentives that might lower the taxable revenue of the business. These can include business-related charges, asset depreciation, spending for research and development, or deductions specific to a given sector of the economy. **Compliance and Reporting:** Businesses are required to abide by tax rules, keep accurate books of account, and send timely and accurate information to tax authorities. Penalties, fines, and other legal repercussions may be imposed for non-compliance or failing to submit required reports.

Governments rely heavily on company tax, a key source of income, to pay for public services, infrastructure improvements, and other expenses. Different nations and jurisdictions may have quite different laws, rules, and tax policies regarding corporation taxes. To ensure correct tax reporting and compliance, it is crucial for businesses to comprehend and abide by the tax laws applicable in their various countries. Businesses should also obtain professional assistance in this regard.

2.1.10 Concept of Tax Avoidance

Tax evasion is the unlawful practice of people, businesses, or other entities failing to pay taxes that are owing to the government or tax authorities²³. To lessen tax liabilities or totally

avoid paying taxes, it entails knowingly hiding or misrepresenting information about income, assets, deductions, or other taxable aspects. The main traits and components of tax evasion consist of:

- Action Taken Intentionally:** Tax evasion refers to intentional actions made by people or organizations with the goal of avoiding paying taxes that are owing. It transcends careless oversights or incorrect interpretations of tax regulations.
- Illegal Techniques:** To distort financial records or fool tax authorities, tax evasion uses illegal techniques. The use of offshore accounts or tax havens, money laundering, the creation of fraudulent transactions, or other illegal activity are examples of this.
- Income or asset concealment:** Tax evaders frequently conceal income or assets to evade discovery and taxation. Understating income, exaggerating expenses, keeping undeclared or unrecorded assets, or creating fictitious identities or corporations to conceal ownership are all examples of this.

Non-Compliance with Reporting and Filing Requirements: Tax evasion refers to willful failure to meet tax duties, such as failing to file tax returns or failing to disclose assets or income as required by tax regulations.

Criminal violation: Tax evasion is a serious criminal violation that carries serious penalties in most jurisdictions. Fines, interest assessments, asset seizures, and in some circumstances criminal prosecution are all examples of penalties. Depending on the jurisdiction and the degree of evasion, the severity of the penalties may change.

It is critical to understand the difference between tax evasion and tax avoidance. Tax avoidance is the practice of minimizing tax liabilities while remaining within the confines of the tax regulations. While proactive tax planning may go beyond the bounds of legality, tax avoidance typically operates within the law, while tax evasion includes purposefully breaking the law in order to avoid paying taxes. Tax authorities use a variety of strategies to identify

and stop tax evasion, including audits, information sharing with other jurisdictions, strict reporting requirements, and the imposition of fines for non-compliance²⁴. In order to prevent and punish tax evasion and to guarantee a just and equitable tax system for all taxpayers, governments also endeavor to provide a solid legal and regulatory framework.

2.1.11 Concept of Tax Evasion and Tax Avoidance

Governments rely on tax revenues to pay for public infrastructure and services including social welfare, healthcare, education, and military. When people or companies avoid paying their taxes, less money is available for these crucial services, which unfairly burdens complying taxpayers and compromises the integrity of the tax system. Despite their frequent use as synonyms, tax evasion and tax avoidance are two separate ideas in the field of taxation. While both involve reducing tax liabilities, there are differences in their intentions and legality.

The illegal practice of willfully avoiding or avoiding paying taxes to the government is referred to as tax evasion. The criminal practice of evading paying taxes that are due to the government is known as tax evasion. It includes tampering with financial documents, falsely declaring income or expenses, or carrying out other fraudulent acts in an effort to lessen or completely avoid tax liability. In most jurisdictions, tax evasion is seen as a serious crime that carries legal repercussions. It entails willful deception or concealment of income, assets, or transactions with the goal of illegitimately reducing tax obligations. Underreporting income, exaggerating deductions, utilizing forged documents, or concealing assets in foreign tax havens are all examples of tax evasion strategies²⁴. As a result, tax evasion is regarded as a crime and is usually subject to legal sanctions. Tax evasion frequently include hiding or underreporting income, exaggerating deductions or expenses, or using intricate strategies to

move money offshore or through shell companies in order to avoid paying taxes. Tax evasion can be used by people, companies, or even organized crime groups to lower their tax obligations and boost their personal or corporate earnings.

Governments use a variety of strategies to combat tax evasion, including tight enforcement of tax rules, stiff penalties for offenders, and tough tax regulations. To find and prosecute tax evaders, tax authorities may carry out audits, investigations, and employ information-sharing agreements with other nations. The ability of governments to track and identify offshore accounts and illegal financial activity has also improved because to technological improvements and global cooperation. Generally speaking, tax evasion is a serious crime that jeopardizes the justice and efficiency of taxation. To guarantee that everyone pays their fair share into the public coffers, governments actively work to prevent and punish this crime.

The legal practice of structuring one's financial affairs to minimize tax burden while remaining within legal parameters is known as tax avoidance. It entails utilizing tax breaks, credits, exemptions, and other methods to reduce the amount of taxes due. In order to maximize their tax status while still complying with the law, people, businesses, and organizations frequently use tax avoidance as a strategy. Legality is the main distinction between tax avoidance and tax evasion. Since tax avoidance occurs within the bounds of the current tax rules and regulations, it is regarded as legal. Taxpayers are entitled to organize their financial affairs to reduce their tax liability. Frequently, it is motivated by a desire to increase after-tax income.

The precise tax rules and regulations in a given area will determine the specific tax avoidance tactics that will be used. Typical methods of avoiding taxes include:

Using Tax Deductions: Tax regulations frequently permit taxpayers to write off certain expenses from their taxable income, such as mortgage payments, charitable contributions, or expenses related to their business. Individuals and organizations can decrease their taxable income and, as a result, their tax payment by maximizing these deductions.

Using Tax Credits and Exemptions: Governments may provide particular credits or exemptions for certain actions or expenditures, such as energy-efficient improvements, R&D, or expenditures in economically disadvantaged areas. Taxpayers can lower their tax obligations by carefully choosing these activities.

Transaction and Asset Structuring: In order to reduce their tax liabilities, taxpayers may use sophisticated financial arrangements. The use of trusts, the transfer of assets to family members, and the use of offshore entities are a few examples. To continue to be lawful, these tactics must abide with tax rules and regulations.

Although tax evasion is lawful, it can occasionally draw attention from tax authorities or the general public if it is viewed as aggressive or abusive. To stop excessive tax avoidance, governments may respond by enacting anti-avoidance laws or closing loopholes.

Overall, tax avoidance is a legal strategy used by taxpayers to reduce their tax obligations while remaining within the bounds of the law. It enables people and organizations to manage their finances more effectively while still adhering to tax laws. In order to maintain a balance between taxpayer rights and the requirement for a fair and effective tax system, it is nevertheless subject to continual examination and prospective modifications in tax legislation.

2.1.12 Concept of Water

Water is highly essential not only to human being but also to all other living things, it is so important to life in general to the extent that it is regarded as life itself, hence, the popular saying water is life. Many researches has been carried out on water and for this reason a lot of definitions on water as a concept has been carved out by different scholars. Consideration of few out of these definitions will be apposite in this research.

Water is the matrix of life, the substance from which all living things have developed and which they depend upon for survival, it is a flexible solvent that speeds up biochemical processes and is essential for preserving homeostasis and the efficient operation of cellular functions.

There is no doubt that this definitions reinforces our earlier claim about the importance of water in human life. The explanation is quite appropriate about the nature and functions of water

Another definition of water is given as quoted bellow

Water is a substance made up of two hydrogen atoms bound to one oxygen atom, creating a bent or V-shaped molecule with a dipole moment. It demonstrates a wide range of physical characteristics, including high heat capacity, Surface tension, and density anomaly, making it crucial for maintaining Earth's ecosystems and controlling patterns of the planet's climate.

Although this definition is quite short as far as the nature of water is concerned. In addition the definition of water is also given bellow.

Water is a dynamic and interconnected system, comprising of the hydrosphere, including oceans, rivers, lakes, glaciers, and groundwater. It is in constant flux, circulating through the water cycle, playing a vital role in weather patterns, erosion, and the transportation of nutrients and pollutants. Its availability and quality are fundamental to human societies, agriculture, and industrial processes.

Let us look at another definition of water

Water is a finite resource that is fundamental to all forms of life on Earth. It is a complex system with physical, chemical, and biological properties, interacting with the lithosphere, biosphere, and atmosphere. Its management and governance require an interdisciplinary approach, balancing human needs, ecosystem requirements, and the preservation of water resources for future generations.

We can also examine another definition of water as provided in the following statement

Water makes up around 71% of the planet's surface. It can be found in many reservoirs, including glaciers, lakes, rivers, oceans, and groundwater. The constant transfer of water between these reservoirs through processes like evaporation, condensation, precipitation, and runoff is known as the hydrologic cycle, sometimes known as the water cycle.

Furthermore, water is defined thus

Water performs a variety of vital tasks for both the environment and living things. It serves as a solvent in living things, allowing for the occurrence of chemical reactions in cells and aiding the movement of nutrients, gases, and waste products. Through procedures like evaporation and sweating in animals and transpiration in plants, water also aids in controlling temperature. Additionally, it offers tissues and cells structural stability and defense.

Water is a key factor in the environment in the formation of landscapes through weathering and erosion. Through collecting and releasing heat energy, it modifies climate through affecting temperature patterns and atmospheric circulation. Water bodies support a variety of ecosystems, acting as homes for a vast number of species and enhancing biodiversity. Additionally, water is essential to many sectors of the economy, including transportation, manufacturing, agriculture, and energy generation. It is essential to many industrial processes and is utilized for cooling systems, irrigation, sanitation, and the production of hydroelectric power.

2.1.13 Classification of Water

The classification of water is presented below:

Tap Water: also referred to as municipal water, is delivered to homes and businesses via a network of pipes and treatment facilities. Typically, it comes from lakes, rivers, or deep wells. To ensure it satisfies requirements for safety for human consumption, tap water is treated to eliminate pollutants.

Mineral Water: Mineral water is groundwater that naturally contains a specific amount of minerals and trace elements. It is sourced from underground springs or wells and must meet specific mineral content requirements to be labeled as mineral water. Mineral water is often marketed for its perceived health benefits due to its mineral composition.

Spring Water: Spring water is collected from natural springs where water flows naturally to the earth's surface. It is typically considered to be clean and pure as it originates from underground sources. Spring water may undergo minimal treatment or filtration to maintain its natural properties.

Well Water: Well water is obtained by drilling a well into an underground aquifer. Aquifers are layers of permeable rock or soil that hold and transmit water. Well water quality can vary depending on the surrounding geology and potential contamination sources. It often requires testing and treatment to ensure its safety for drinking.

Distilled Water: Distilled water is produced by the process of distillation, where water is heated to create steam and then cooled to collect the condensed vapor. This process removes impurities, minerals, and contaminants, resulting in highly purified water. Distilled water is commonly used in laboratories, medical settings.

Purified Water: Purified water refers to water that has undergone various purification processes to remove impurities and contaminants. It can be produced through methods such

as reverse osmosis, activated carbon filtration, or deionization. Purified water is often used in industries, manufacturing, and pharmaceutical applications.

Rain Water: Rainwater is formed when water vapor in the atmosphere condenses and falls to the Earth's surface as precipitation. It is considered a natural source of freshwater. Rainwater can be collected and used for non-potable purposes like gardening, washing cars, or flushing toilets. However, for drinking purposes, it requires appropriate treatment and filtration.

Grey Water: Greywater is the term used for wastewater generated from household activities like bathing, laundry, and dishwashing. It does not include water from toilets or contaminated sources. Greywater can be recycled and treated for reuse in irrigation or non-potable purposes, reducing water consumption.

Sea Water: Sea water is the saltwater found in oceans and seas. It contains a high concentration of dissolved salts and minerals. Due to its high salinity, sea water is not suitable for drinking without undergoing desalination processes, such as reverse osmosis, to remove the salt content.

2.1.14 Sources of Water

Water comes from various sources, both natural and human-made. Here are some of the primary sources of water:

Rainfall: Rainwater is the most common natural source of freshwater. When atmospheric moisture condenses, it forms clouds, and precipitation occurs in the form of rain. Rainwater is a crucial source for replenishing surface water bodies like rivers, lakes, and groundwater.

Surface Water: Surface water refers to water found in lakes, rivers, streams, and reservoirs. It originates from rainwater that collects in depressions on the Earth's surface or from melting snow and ice. Surface water is often used for domestic, agricultural, and industrial purposes, and it plays a vital role in supporting ecosystems.

Ground Water: Groundwater is water that seeps into the ground and is stored in porous layers of soil, sand, or rock known as aquifers. It is replenished through the percolation of rainwater and surface water into the ground. Groundwater is accessed by drilling wells and is an essential source of drinking water for many communities around the world.

Springs: Springs are natural outlets where groundwater emerges at the surface. They occur when the water table intersects with the land surface. Springs can be found in various forms, including seeps, artesian springs, and hot springs. They provide a direct source of freshwater and are often cherished for their purity and constant flow.

Glaciers and Ice Caps: Glaciers and ice caps are vast bodies of ice formed from compacted snow. They are found in polar regions, high mountain ranges, and some parts of the world with cold climates. As glaciers and ice caps melt, they release freshwater, which contributes to surface water bodies and helps sustain rivers and ecosystems.

Lakes and Ponds: Lakes and ponds are large and small bodies of standing water, respectively, that accumulate over time. They can form naturally through tectonic activities, volcanic eruptions, or by the damming of rivers. Lakes and ponds are often fed by rivers, streams, and precipitation, and they serve as important water sources for human consumption, irrigation, and recreational activities.

Desalination: Desalination is a human-made process that converts seawater into freshwater by removing salts and other impurities. Desalination plants use various techniques such as reverse osmosis and distillation to produce potable water. Although desalination is energy-intensive and costly, it provides an alternative source of water for regions facing water scarcity and coastal communities.

Wastewater Treatment: Wastewater, generated from domestic, industrial, and agricultural activities, can be treated to remove contaminants and pollutants. Reusing treated wastewater—also referred to as recycled water or reclaimed water—for industrial processes, agriculture, and groundwater replenishment are examples of non-drinking applications.

These are some of the primary sources of water, and their availability varies depending on geographic location, climate, and human interventions. It's important to manage and conserve these water sources sustainably to ensure a reliable supply of freshwater for current and future generations.

2.1.16 Uses of Water

Domestic Use

Drinking: Water is essential for human survival, and it is used for drinking to maintain hydration and overall health. **Cooking:** Water is required for food preparation, including boiling, steaming, and washing vegetables, grains, and meats. **Personal Hygiene:** Water is used for bathing, showering, hand washing, oral hygiene, and sanitation purposes. **Cleaning:** Water is used for washing dishes, clothes, and household surfaces. **Recreation:** Water is used for swimming pools, hot tubs, and other recreational activities.

Agriculture

Irrigation: Water is vital for crop irrigation, providing hydration to plants and promoting their growth. **Livestock Watering:** Water is used to provide drinking water for livestock and maintain their well-being. **Dairy and Poultry:** Water is used for cleaning dairy equipment, poultry houses, and for animal hygiene. **Fish Farming:** Water is used in aquaculture systems to provide a suitable environment for fish and other aquatic organisms.

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Industry

Manufacturing Processes: Water is used in various industrial sectors such as manufacturing, power generation, chemical production, and mining.

Cooling and Heating: Water is used for cooling industrial machinery and processes, as well as for heating purposes. **Cleaning and Sanitation:** Water is utilized for cleaning and sanitizing equipment, surfaces, and workspaces in industries. **Steam Generation:** Water is converted into steam for power generation and in industrial boilers.

Energy

Hydropower: Water is used to generate electricity in hydroelectric power plants by driving turbines. **Thermal Power Plants:** Water is used for cooling purposes in thermal power plants, such as nuclear and coal-fired plants.

Restaurants and Food Services: Water is used for food preparation, cleaning, and sanitation in commercial establishments. **Hospitality Industry:** Water is used for guest amenities, cleaning, laundry, and swimming pools in hotels and resorts. **Offices and Commercial Buildings:** Water is used for drinking, sanitation, and cooling systems in commercial facilities.

Ecosystem Support: Water is essential for maintaining aquatic ecosystems, including rivers, lakes, wetlands, and estuaries, which support diverse plant and animal life. **Wildlife Habitats:** Water sources are crucial for supporting wildlife populations, including drinking, reproduction, and habitat creation.

2.1.17 Sachet Water

In Nigeria, especially Oyo State, sachet water—also known as "pure water"—is a well-liked and extensively used packaged water product. For many Nigerians, especially in urban and low-income regions, it is the main source of clean drinking water and a cheap substitute for bottled water. The difficulty of obtaining clean, safe drinking water in Nigeria led to the

development of the sachet water concept. Significant problems with the nation's public water supply systems, waterborne diseases, and inadequate sanitation facilities are all present. Given these circumstances, sachet water emerged as a practical and cost-effective way for people to access drinking water that they feel to be hygienic and safe.

The invention of the sachet water concept was prompted by the difficulty in acquiring clean, safe drinking water in Nigeria. Waterborne infections, serious issues with the nation's public water supply systems, and insufficient sanitization infrastructure are all present. In light of these conditions, sachet water has arisen as a useful and affordable method for individuals to obtain drinking water that they perceive to be sanitary and safe. The quality of sachet water might vary, and not all goods on the market may adhere to the necessary safety and hygienic standards. NAFDAC, one of Nigeria's regulatory agencies, is in charge of assuring the caliber of packaged water products. In order to monitor and enforce adherence to safety standards, they create rules and carry out inspections.

The Nigerian government and regulatory bodies have been working to enhance sachet water production quality and regulation in recent years. This includes taking steps to impose tougher regulations, improve monitoring and testing techniques, and raise public awareness of the value of drinking clean water.

In general, sachet water contributes significantly to the availability of clean drinking water for the people of Oyo State and other regions of Nigeria. While it aids in addressing the issues of water scarcity and contamination, efforts are still being made to guarantee that the sachet water's quality and safety are consistently upheld for the benefit of the general public's health and wellbeing.

Sachet water has several and benefits in Oyo State, Nigeria. Following are some of the principal benefits and uses:

Drinking water that is easily accessible and reasonably priced is sachet water, which is a popular option among many residents in Oyo State. Due to its inexpensive price, a wide spectrum of consumers, even those with modest resources, can buy it.

Convenience: Sachet water is lightweight and easy to transport. Its portability and tiny size make it a popular option for those who are always on the move, such as commuters, students, and laborers.

Hydration: Sachet water offers a practical approach to stay hydrated all day, particularly in locations where access to clean water may be restricted or unpredictable.

Safety and Sanitation: Companies that process water, such as the National Agency for Food and Drug Administration, are in charge of producing sachet water.

Sachet water is a dependable and trustworthy alternative to unreliable public water supply in places with irregular or subpar public water supply. It provides households with a reliable source of clean drinking water, minimizing their reliance on erratic piped water supplies.

Situations of crisis: In times of crisis, such as natural catastrophes or interruptions in the water supply, sachet water can be a vital source of clean drinking water. It can be quickly drunk and dispersed, offering a short-term fix until the usual water supply is again available.

2.2 Theoretical Framework

2.2.1 Economic Deterrence Theory

The economic deterrence theory was first developed by Becker in the late 1960s. Becker used a financial model to break down illegal activity and show how taxpayer behavior is influenced by factors like the tax rate, which determines the benefits of evasion, and the likelihood of detection and penalties for extortion, which determine the expenses²⁵. This suggests that few people will avoid paying taxes if location is likely and penalties are severe. There are several corrective and alluring approaches that can be used to achieve deterrence.

The idea behind the economic deterrence theory, which is related to tax compliance, is that people and firms are more inclined to follow tax laws when the perceived costs of not doing so outweigh the advantages. According to this approach, tax rules should be enforced and administered with an eye toward having a deterrent impact by making tax evasion seem riskier and more expensive. The Economic Deterrence Theory, contends that taxpayers weigh the benefits of noncompliance, such as decreased tax liabilities or increased disposable income, against the costs of detection and facing penalties, such as financial penalties, legal repercussions, and reputational harm²⁶. Taxpayers are more likely to comply with their duties when the perceived costs of noncompliance are large and there is a high likelihood that they will be caught and punished³. In essence, the theory contends that tax authorities can affect taxpayers' behavior and raise voluntary compliance rates by effectively discouraging tax evasion through strict enforcement measures, such as audits, fines, and the provision of clear information about the repercussions of noncompliance.

2.2.2 Theory of Planned Behavior

A social psychological theory called the Theory of Planned Behavior (TPB) seeks to explain and forecast how people behave in connection to their decision-making processes. The Theory of Reasoned Action (TRA), put forth by Martin Fishbein and Icek Ajzen in 1975,

served as the foundation for the TPB, which was created by Icek Ajzen in the late 1980s. According to the TRA, a person's desire to engage in a behavior determines that conduct most of the time. The attitude a person has toward the action and subjective norms both have an impact on this purpose. Subjective norms reflect the perceived societal pressure to engage in or refrain from a behavior, whereas attitude relates to the individual's judgment of the conduct in terms of its positive or negative results.

Also, the Theory of Planned Behavior (TPB) is a social psychology theory that focuses on the attitudes, beliefs, and intentions that underpin human conduct. A researcher presented the TPB in 1985 as an expansion of the previous Theory of Reasoned Action (TRA)^{28,29}. According to the TRA, behavioral purpose determines human conduct, which is impacted by attitudes, subjective norms, and perceived behavioral control. The TPB expands on the TRA by introducing the concept of perceived behavioral control, which relates to the perceived ease or difficulty of doing the task at hand³⁰.

Behavioral intentions are the immediate antecedents of conduct, according to the TPB, and are impacted by three key factors: attitudes, subjective norms, and perceived behavioral control⁵. Subjective norms pertain to the individual's impression of social pressure to perform or not perform the action, whereas attitudes refer to the individual's favorable or negative judgment of the activity in question. The individual's apparent ease or difficulty in doing the behavior is referred to as perceived behavioral control. The TPB has been proven in research to be a valuable paradigm for understanding a wide range of human behaviors, including exercise, smoking cessation and medication adherence^{31,32}. The TPB has also been used to investigate environmental behaviors including recycling and energy conservation³³.

Ajzen developed the framework and presented the Theory of Planned Behavior in 1985, building on the TRA. Three key elements that influence behavioral intentions and subsequent behavior are incorporated into the TPB: Attitude: Similar to the TRA, attitude in the TPB refers to an individual's positive or negative assessment of execution a particular behavior. It incorporates beliefs about the likely outcomes and their evaluation, such as whether the behavior is seen as beneficial or harmful. Subjective norms: Subjective norms in the TPB capture the influence of social factors on behavior. They encompass an individual's perception of social pressure, including the expectations of significant others (such as family, friends, or colleagues) and society as a whole regarding the behavior. Perceived behavioral control (PBC): Perceived behavioral control is a concept unique to the TPB. It reflects an individual's view of the ease or difficulty of execution the behavior. It incorporates factors such as self-efficacy, resources, and situational constraints that may facilitate or hinder the performance of the behavior.

According to the TPB, these three factors collectively determine an individual's behavioral intention, which, in turn, influences the actual behavior. The TPB proposes that stronger intentions are more likely to lead to behavior, while weak intentions may result in non-performance or abandonment of the behavior. Since its introduction, the TPB has been widely used and applied in various fields, including health psychology, environmental psychology, marketing, and organizational behavior. It has been employed to understand and predict behaviors such as exercise, dieting, smoking cessation, recycling, and consumer decision-making. Over time, scholars have expanded upon the TPB by integrating additional factors or modifying its components to enhance its predictive power in specific contexts. For instance, some researchers have incorporated additional variables like self-identity, moral

norms, anticipated regret, or past behavior to improve the model's accuracy. Overall, the Theory of Planned Behavior has proven to be a valuable framework for understanding human behavior and has provided understandings into the factors that impact decision-making processes. Its application in various domains has contributed to a improved understanding of behavioral change and the development of effective interventions aimed at promoting desired behaviors. TPB critics have expressed worry about the theory's lack of attention to emotions and affect, as well as its emphasis on rational decision-making processes³⁴. Furthermore, some researchers have claimed that the TPB may not be an adequate model for understanding habits or automatic actions, as these behaviors may not be subject to conscious decision-making processes³⁵. Despite these concerns, the TPB is still a popular and prominent hypothesis in the field of social psychology research. Its emphasis on the attitudes, beliefs, and intentions that underpin human behavior has been beneficial in understanding a wide range of behaviors and designing successful interventions to encourage behavior change.

Researchers generally study actions that people report, while studies that look at behaviors that people do are few and far between³⁶. This is due to the fact that studying individual actions is time consuming and costly.

2.2.3 The Allingham and Sandmo Theory

The theory, which dates back to 1972, contends that by establishing penalties and conducting audits, the government deters tax evasion³⁷. A taxpayer will elect to disobey the law and avoid paying their taxes if they believe the cost of doing so is too low and it is unlikely, they will be discovered or the subject of an audit. A taxpayer is more likely to evade taxes if they think that the cost of compliance would be high. Tax systems and procedures that are complex and time-consuming usually encourage tax evasion. If a taxpayer thinks the tax rate

is too high and severe, they will engage in tax evasion. Tax evasion is negatively associated with likelihood of being discovered, magnitude, and of punishment and high transactional costs associated with tax laws¹¹.

The Allingham-Sandmo model, created by economists, offers perceptions into personal tax compliance behavior³⁸. The model contends that people evaluate the advantages and disadvantages of tax avoidance before making sensible judgments. In accordance with their argument, people will evade taxes when the benefits outweigh the costs, such as the risk of being caught and the associated penalties. You can consult the original publication by Allingham and Sandmo for a thorough grasp of their concept even though I am unable to provide exact in-text citations and references for their theory:

2.2.4 Theory of Crime

Crime theories attempt to explain the origins of criminal behavior while also providing a framework for understanding how criminal activity might be prevented and minimized. The social learning hypothesis, which holds that people learn criminal behavior through their contacts with others and the media, is one frequently studied theory³⁹. Individuals are more likely to engage in criminal activity if they are exposed to and learn criminal behavior from others, according to the social learning theory. This can occur as a result of direct contact with those who participate in criminal conduct or as a result of exposure to media portrayals of criminal behavior.

The social learning theory has been supported by research in the context of several types of criminal conduct, including drug addiction⁴⁰. Furthermore, the social learning theory has

been used to guide interventions targeted at reducing criminal conduct, such as cognitive-behavioral therapy programs for those struggling with substance abuse.

Critics have expressed concerns about the social learning theory's concentration on individual-level issues and its failure to address systemic elements that contribute to criminal conduct, such as poverty and inequality⁴¹. Furthermore, some scholars have claimed that the social learning theory is not a complete model for describing all types of criminal conduct as some criminal behaviors may be driven by factors other than learning and social influence⁴².

2.3 Review of Empirical Studies

Tax as a concept has received a considerable attention from researchers. Given the concept as such greater attention is not unconnected with its unique role in governance, entrepreneurship, and academic cycle. This been so, a lot of empirical studies have been carried out on the concept. Some of this empirical studies as cited bellow:

A study looked into how tax modifications affected small and medium-sized businesses' compliance with turnover tax in Nairobi's Industrial Area. A descriptive survey research design was used for the investigation. The study discovered that electronic filing and registration by taxpayers had a positive and significant impact on tax compliance in the SMEs sector. The survey found that most of the SMEs it studied used electronic tax registration and submitted their returns electronically. Taxpayers no longer had to wait in line to file their taxes at the revenue authority, which decreased the burden of tax compliance and

made filing tax returns simpler. The SMEs concurred that the implementation of iTax was the primary factor in driving compliance and, consequently, increased revenue collection⁴³.

Another study looked at how the East of Nairobi Tax District's small taxpayers' tax compliance was affected by the online tax system. A descriptive study design was used in the investigation. The study's findings showed that, even while levels of compliance varied among industries, using an online system for small taxpayers' registration, filing, and payments significantly improved their ability to comply with tax laws. According to the report, small taxpayers in the mining and mining sector didn't seem to be adopting online filing. It was discovered that the online method made it simple for taxpayers to register. While some taxpayers acknowledged that using an online system made payments more precise and their tax ledgers updated in real time, the majority voiced reservations, notably over accessibility on due dates due to server downtimes⁴⁴.

A study evaluated the effectiveness of Kenya's iTax system for tax administration the study was of a descriptive kind. According to the report, the installation of iTax increased the revenue return's fluctuation. This was credited to the uniformity, simplification, and Tax administration inefficiencies can be reduced by harmonizing tax procedures. The study found that iTax simplified and streamlined the processes for paying and collecting taxes, decreased the discretionary power of tax officials, increased predictability, alleviated the burden of compliance on businesses and individuals, and thus reduced the potential for corruption. As a result, tax administration became more effective⁴⁵.

Another researcher investigated methods to improve tax compliance among Kenyan briefcase companies. A document analysis methodology served as the study's foundation. The study made clear that in order to enforce tax compliance, there must be evidence of the use of and

adherence to the various tax rules. The study found that the primary goal of tax compliance certification was to make sure that any company doing business with the government was in conformity with all tax laws, including filing reports and paying any taxes that were due. The study found that tax compliance certificates, which were aggressively enforced and a condition for all public procurements in Kenya, had a positive impact on these enterprises' compliance⁴⁶.

Huduma Center Initiatives' strategic impact on the provision of public services to Kenya's Nakuru County inhabitants was examined by a researchers. A descriptive case study design was used in the investigation. According to the survey, efforts have had a big impact on how residents receive public services. According to the survey, Huduma Centers have lowered the expenses of using government services. One of the main accomplishments of Huduma Centres was the reduction of distances because some essential government services were made available to the populace through the counties. Huduma Centers were also firmly believed to shorten the wait time for government services. Time-saving in moving is incorporated into the Huduma Centers' design as a one-stop shop for government services⁴⁷.

A study focused on the case of the Monduli District Office when they looked into the impact of tax payer education on voluntarily paying taxes in Tanzania. A descriptive study design was used in the investigation. The study discovered that the amount of voluntary tax compliance in Tanzania was significantly influenced by education provided by print media, websites that provide taxpayer education, and workshops for tax stakeholders. Additionally, taxpayer education campaigns in print and electronic media significantly increased voluntary tax compliance. It was discovered that these tools helped taxpayers better comprehend tax regulations, including tax rates, filing and payment deadlines, among other things⁴⁸.

A study aimed to determine the impact of taxpayer education provided by KRA on tax compliance with a focus on Pay-As-You-Earn (PAYE) method of tax compliance. The survey used in this study was conducted over time. The medium taxpayers' office (MTO) manufacturing sector taxpayers were the subject of the study. In terms of their PAYE remittance and filling behaviors, the study found no statistically significant differences between taxpayers who are educated and those who are not. According to the study, there was a negligible negative correlation between the taxpayer training level and both the companies' PAYE filling patterns and the amount of PAYE tax that was remitted. The study found that tax compliance behavior was not significantly impacted by taxpayer education⁴⁸.

Another study looked on the monetary aspects of tax compliance in Malaysia. According to the research, the primary reason for the presumptive's inefficiency was that it had forgotten to broaden the economy's revenue base⁴⁹. Despite expected consequences, Russia's tax revenue had been declining over time. Additionally, it was argued that the tax code had been unfair in some way regarding presumptive tax. Unexpectedly, a researcher²⁶ argued that the introduction of presumptive taxes increased consistency in Benin, Burkina Faso, and Senegal by 3%, 1.3%, and 0.7%, respectively.

A study looked into how withholding value added tax affected Kenyan tax compliance. The study used an explanatory study design and concentrated on Kenyan taxpayers who were classified as Large Taxpayers (LTO) and Medium and Small Taxpayers (MST) by the Kenya Revenue Authority. Data was gathered from the years 2011 to 2017 across a 7-year period. According to the report, tax compliance significantly increased when Kenya's withholding VAT tax regulations went into effect. The analysis discovered that there was no discernible difference in the amount of VAT that the 25 MST/DR remitted before and after the

government implemented the withholding VAT tax. The results, however, revealed a considerable difference in the VAT the LTO remitted prior to and following the implementation of the withholding VAT⁵⁰.

A study examined how tax withholding affects tax compliance and offered ideas for data-related activities. The test involved a small-scale field investigation. The analysis revealed that tax underreporting was growing in the areas of anticipated as well as unanticipated tax under-withholding but was mostly invariant to the areas of tax over-withholding and unexpected risk abatement. Data programs or other prompts that encouraged taxpayers to participate in over-withholding would therefore probably increase compliance. According to the analysis, it may be persuasive to assist taxpayers in recalling the pain associated with paying a tax installment or the "protection" provided by prearranged reserve funds. Additionally, because unexpected increases in tax liability had been revealed⁵¹.

A study investigated the effect of increased tax enforcement activities on tax evasion by studying tax data from Denmark. Between 2007 and 2016, the authors used a unique dataset that comprised tax records and audit data for all persons in Denmark. They used a difference-in-differences technique to compare the changes in tax compliance rates between audited and unaudited persons. According to the study's findings, strengthening tax enforcement measures resulted in a considerable drop in tax evasion. The authors discovered that raising the likelihood of being audited by 10% resulted in a 2.7 percentage point decrease in the likelihood of tax evasion. Furthermore, the study discovered that the impact of tax enforcement was greater for high-income individuals and those who were previously noncompliant⁵².

A study explored the effect of giving taxpayers the option of paying taxes or making a charitable donation on tax compliance rates. The authors conducted a randomized controlled trial in France, where taxpayers were randomly assigned to one of three groups: a control group that received a standard tax bill, a group that was given the option to donate to a charity, and a group that was required to donate to a charity. According to the study's findings, giving taxpayers the option of paying taxes or making a charitable donation resulted in a considerable rise in tax compliance rates. The authors discovered that taxpayers in the option group were 7.7 percentage points more likely than those in the control group to pay their taxes on time. Furthermore, the authors discovered that the magnitude of the effect of the choice intervention was comparable to increasing the tax audit rate by 0.1 percentage point⁵³.

A study also investigated the association between corruption, tax morale, and tax evasion using a cross-country approach. The authors constructed measures of corruption, tax morale, and tax evasion for 54 nations using data from the European Values Study and the World Values Survey. The study's findings revealed that both corruption and tax morale were important determinants of tax evasion. The authors discovered that higher levels of corruption were linked to higher levels of tax evasion, whereas higher levels of tax morale were linked to lower levels of tax evasion. Furthermore, the scientists discovered that the impact of corruption on tax evasion was greater in countries with lower levels of tax morale⁵⁵.

A study used a meta-analysis to summarize the empirical evidence on the relationship between tax morale and tax compliance. The authors compiled a list of 84 papers from diverse fields, including economics, psychology, and sociology, that investigated the relationship between tax morale and tax compliance. According to the findings of the meta-

analysis, tax morale was a significant predictor of tax compliance, with a positive and significant effect size. The authors discovered that an increase in tax morale of one standard deviation was related with a 6.4 percentage point improvement in tax compliance. Furthermore, the authors discovered that the influence of tax morale on tax compliance was higher in studies that employed subjective rather than objective measures of tax compliance⁵⁶.

A study tested the hypothesis that trust in the tax authority can buffer the detrimental impacts of constrained rationality on tax compliance in a laboratory experiment. The scientists recruited 331 individuals from a Swedish online panel and randomly allocated them to one of three treatments: high-trust, low-trust, or control. Participants in the high-trust treatment were told that the tax authority was extremely trustworthy and that their tax contributions would be utilized to fund societally beneficial public goods and services. Participants in the low-trust treatment were told that the tax authority was less trustworthy and that their tax contributions would be utilized to fund government goods and services. Participants in the control condition received no information on the tax authority's credibility. The experiment's findings revealed that participants in the high-trust treatment had much greater tax compliance rates than participants in the low-trust and control treatments. Furthermore, the authors discovered that trust had the greatest impact on tax compliance for participants who had a lower cognitive ability, suggesting that trust can mitigate the negative effects of bounded rationality on tax compliance⁵⁷.

A study also investigated the effects of tax audit on tax compliance and remittance of tax revenue in Ekiti State. Low tax compliance and remittance limit the capacity of government to raise revenue for developmental purposes because the higher the revenue, the more likely government will put in place developmental plans for the enhancement of the living standard

of the people. Based on this, the study examined the effects of tax audit on tax compliance and remittance of tax revenue in Ekiti State. It specifically investigated the effect of desk audit, field audit, back duty audit and registration audit on tax compliance and remittance of tax revenue in Ekiti State. A close-ended questionnaire was used to gather the needed data and an analysis was carried out through correlation matrix and multiple regression. It was discovered that desk audit, field audit, back duty audit and registration audit had a positive significant effect on tax compliance and remittance in Ekiti State with the p-value of 0.001, 0.000, 0.000 and 0.000 respectively. Worthy of note was that field audit was the most significant predictor out of all the predictor variables. It was concluded that tax audit could engender tax compliance and remittance in Ekiti State. It was therefore recommended that Ekiti State government should intensify tax audit through the employment of more competent staffs and intermittent training in order to cause increase in tax compliance level in the State. Also, Audited files that reveal criminal act should not be taken slightly. Tax evaders and avoiders should be seriously dealt with so as to deter others from plodding the same criminal path⁵⁸.

A researcher investigated the association between tax compliance and informal labour in Ghana using a randomized controlled study⁵⁹. The taxpayers were randomly assigned to one of two groups in the experiment: a treatment group that got a tax compliance reminder letter and a control group that did not receive any reminder letter. The results of the experiment revealed that the treatment group had a much greater rate of tax compliance than the control group. Furthermore, the study discovered that the treatment impact was stronger for taxpayers who did informal labor. The treatment effect for taxpayers in the informal sector was around three times greater than the effect for taxpayers in the formal sector.

A study investigated the influence of penalties on tax compliance through a natural field experiment in Austria⁶⁰. The experiment involved sending tax reminders to a random sample of taxpayers, with some reminders having a penalty threat and others not. The experiment's findings revealed that the prospect of fines had a considerable beneficial influence on tax compliance. Taxpayers who got a reminder with a penalty threat had a 4.4 percentage point greater compliance rate than taxpayers who received a reminder without a penalty threat. This indicates an increase of 7.2% in compliance.

Researchers conducted a review of the literature to find factors influencing tax compliance and evasion behavior⁶¹. The review looked at empirical research published between 1990 and 2019 and examined a variety of factors known to influence tax compliance, such as deterrence, social norms, trust, fairness, and complexity. The review discovered that deterrent, in the form of audits, penalties, and enforcement, is a crucial factor influencing tax compliance behavior. The existence of deterrence measures was found to boost compliance rates, but the absence of such measures resulted in lower compliance rates. However, the analysis also noted that the effectiveness of deterrence tactics might be modified by factors such as the perceived likelihood of detection and the harshness of punishments.

In order to evaluate the effectiveness of reminders in promoting tax compliance in Norway two researchers undertook a natural field experiment⁶². The experiment comprised sending reminders to a group of taxpayers who had not yet filed their tax returns, while another group served as a control group. According to the study, reminders had a considerable favorable influence on tax compliance. Taxpayers who got reminders were more likely than those in the control group to file their tax forms on time. The effect was especially obvious for those who had not submitted their tax returns in recent years and who had a substantial potential

tax liability. The study also discovered that the efficiency of reminders varied based on their content. Reminders that focused on the negative consequences of noncompliance (e.g., penalties, interest charges) were more effective than reminders that focused on the positive rewards of compliance (e.g., timely refunds).

A study was conducted to look into small and medium-sized businesses' tax compliance and complexity in Bayelsa State, Nigeria. The research looked at three different areas of complexity: tax simplicity, tax service quality, and tax penalties. The exploratory research design was used in this study. The study's target sample consisted of 228 Bayelsa State small and medium enterprises that are registered with the Bayelsa State Board of Internal Revenue. The study relied on primary data collected using a well-structured questionnaire. Confirmatory factor analysis was used to look into the validity of the components in the proposed research model, and a pretesting approach was used to look into content validity. The Cronbach Alpha test statistic was used to assess the questionnaire's consistency and reliability. Finally, the overall model fit was tested using a structural equation modeling (SEM) technique. The five indices used to assess idea validity were the goodness-of-fit index (GFI), Tucker-Lewis index (TLI), root mean square residual (RMR), and $\chi^2/\text{degree of freedom}$ (χ^2/df). The researchers used Stata 13 to estimate the structural equations model (SEM). The study's findings indicated that tax simplicity and service quality had a bigger impact on tax compliance than tax penalties. As a result, the research advises that any bottlenecks and complexity in the tax system be removed in order to make it simpler for SMEs to comply willingly. In addition, tax penalties should be increased, and tax authorities should guarantee that offenders comply with the required demands through the specified channels¹⁹.

A study sought to establish how Tax Compliance influences the survival of Small and Medium Enterprises in Rwanda-A case study of medium taxpayers in Gasabo district. However, establishing the level of tax compliance by SMEs from 2018 to 2021. Specifically, the study focused on; evaluating SMEs level of tax compliance in Rwanda from 2018 to 2021, identifying the strategies that enforce tax compliance in Rwanda and examining the extent to which survival of SMEs depends on tax compliance in Rwanda. The study also revealed the significance of sensitizing taxpayers and SMEs in particular by the tax administration on how to keep financial records and books of accounts would lead to self-tax assessment hence reducing costs incurred by tax administration on tax collections. The researcher and academic community use this study as a stepping stone for further research as it is giving a basis for further academic investigation in this area, especially regarding the factors affecting the tax compliance. Theoretically, having contributed to literature and methodology of such future studies, it also prompts more researchers in this area. This study was carried out on the basis of a case study where the researcher used a descriptive research design. The total population of this study comprised of the 2250 Small Medium Enterprise taxpayers and 25 staff from RRA Gasabo block. The study analyzed primary collected data from the respondents and rely on questionnaires in the collection of the primary data. Equally, the study used secondary data relating to the effect of tax compliance on survival of small and medium enterprises in Rwanda. They included editing, coding and summarizing the data into frequencies and percentages using Statistical Package for Social Sciences (SPSS) so as to aid the researcher to meaningfully describe the distribution of responses using a few indices⁶³.

A study revealed that it was evident that the level of SMEs tax compliance is low. SMEs are extremely diverse and their tax compliance costs are influenced by a range of factors. Regression results indicated the goodness of fit for the regression level of tax knowledge and the compliance of SMEs was satisfactory in the linear regression. An R squared of 0.312 indicates that 31.2% of the variances in tax compliance of SMEs are explained by the variances in tax knowledge level in the linear model. The study made findings that escaping without any punishment after being detected for not reporting one's exact income is the greatest influence of compliance with a mean of 4.04 and a standard deviation of 0.677. Affording to pay the penalty rates because they are low is another influence to compliance with a mean of 3.95 and a standard deviation of 0.792. Fear of tax audits and prosecution is a close third influence of compliance of SMEs with a mean of 2.00 and a standard deviation of 0.600. Other key tax rate factors that influence compliance are as follows: Filing tax returns and paying taxes on time to avoid fines and penalties with a mean of 1.97 and a standard deviation of 0.714, Stiff fines and penalties for late filing with a mean of 1.97 and a standard deviation of 0.793, high chance of being detected for non-payment of taxes with a mean of 1.96 and a standard deviation of 0.761 and failure to pay taxes leading to fines and penalties. The study makes a finding that respondents having normally keep purchase invoices and other invoices/receipts of expenses for the company at a mean of 4.15 and a standard deviation 1.14 and daily financial operations of the company done by shareholders the respondent is supposed to comply with at a mean of 3.99 and standard deviation of 1.20 have the biggest influences on compliance by SMEs. Another factor that greatly influences compliance is keeping your financial records and preparing accurate financial statements would increase your tax compliance with a mean of 4.02 and standard deviation 1.17. Further

on the tax audit findings reveal some penalties and fines to be paid with a mean of 4.05 and a standard deviation of 1.01 is also a great influence of compliance. The study concluded that while charging penalties and fines to non-tax compliant has done little to avert the problem, tax auditors from RRA should put much time to discuss with taxpayers on how to declare and pay taxes on time and the type of penalties and fines they will have to pay if they failure to comply with tax laws. RRA should work hand in hand with tax advisors as they are the ones meeting taxpayers on daily basis⁶³.

In Nigeria, administrative and technological tax innovations as well as small corporation tax compliance behavior were researched were studied⁶⁵. The focus of the study was on administrative reforms is on tax structure factors, such as tax rate, tax audit, and penalties, and how they affected small businesses' compliance levels. The study evaluates the indirect effects of tax compliance costs on the small corporation tax compliance behavior with regard to technology innovations. According to the findings, administrative and technical tax reforms both increase small corporation tax compliance. Contextual gaps make it evident that a local research is required.

Determining the impact of tax reforms on company tax compliance with the Malaysia Revenue Authority was the focus of a study⁶⁶. The study evaluated the impact of administrative, policy, and technical tax reforms on company compliance at Malaysia Revenue Authority. It used a descriptive survey research design. The study conducted a census of the personnel employed by the Malaysia Revenue Authority's domestic tax division. Both descriptive and inferential statistics were used in the data analysis. The findings showed an extremely tenuous inverse link between corporate tax compliance at MRA and technology

tax improvements. The findings of the regression analysis further supported the idea that technical tax innovations had a detrimental influence on corporation compliance rates.

The effect of online tax filing on small and medium businesses (MSE) in Kenya's Kibwezi Sub-County was investigated by a group of researcher⁶⁷. In the study, medium-sized businesses in Kenya's Kibwezi Sub County were evaluated for their tax compliance. On a target population of 1,800 MSEs, a descriptive survey research design was used. The findings showed that among medium-sized businesses, online tax filing has a beneficial influence on tax compliance. Conceptual limitations are shown because the study only took a limited view of technology reforms at the revenue authority. It is crucial to take into account features of technological improvements other than online tax filing.

A study investigated the use of an Integrated Tax Management System and SME tax compliance in Nairobi County's Central Business District⁶⁸. One hundred seventy-three SMEs were studied using a sample from a descriptive survey research approach. The analysis made use of inferential statistics. To specifically describe how the Integrated Tax Management System affected tax compliance, multiple linear regression was used. Results showed that SMEs' tax compliance is influenced by an integrated tax management system. Conceptually, the study highlights the necessity to expand the evaluation to include further technical innovations aside from the Integrated Tax Management System.

The impact of administrative and policy tax reforms in Indonesia was studied by a researcher⁶⁹. While administrative adjustments were limited to raising taxpayer awareness, policy reforms addressed tax amnesty. Structural Equation Modeling (SEM) was employed in the analysis of the study. Results showed that tax amnesties, or policy tax reforms, have a favorable impact on compliance. Additionally, administrative tax improvements (better

taxpayer awareness) had a favorable impact on the level of compliance. Compliance with paying taxes will be high if the taxpayer is willing to do so.

In a study by two researchers, they investigated how big data analytics could increase the effectiveness of tax collection in the Republic of Serbia's tax administration⁷⁰. Descriptive statistics were used in the study to analyze risk indicators created using mathematical models and applicable to each taxpayer based on a particular algorithm that was created and evaluated on the data. One indication is based on the notion that monthly net individual income follows particular patterns, and any departures from the patterns can signal the risks of tax evasion. It uses data on monthly net individual income. According to the study's findings, using the indications would increase the effectiveness of detecting tax evasion, whether it was done intentionally or accidentally.

Two researchers examined the applicability of detailing its impact on compliance risk management and its use in The Netherlands' taxpayer supervision and data analytics⁷¹. This research was carried out using Netherlands Tax and Customs Administration case study. Based on the study's findings, it was determined that data analytics might enhance the fundamentals of risk management for tax compliance, which would enable management of a tax administration to make more intelligent decisions. This is especially true when tax administrations successfully employ statistical approaches to develop predictions and analyze relationships between causes and effects in compliance risk management, which influence taxpayers' propensity to adhere to the law.

In a study he discussed the potential impact of blockchain technology on taxation⁷². According to the report, blockchain technology has the power to disrupt and reorganize accounting as well as automate the payment, transfer, and asset recording processes. It also

mentioned that numerous nations had already begun to understand the possibilities of digitizing taxes, and that fresh approaches were emerging. Examples include SAF-T in Europe and real-time electronic invoicing in South America. According to the report, blockchain is one of the most promising technologies because it can deliver accurate, real-time information from multiple levels to a big audience, much like taxation, especially on an international scale. It offers prospects for greater clarity in tax management and reduces.

Two researchers examined tax compliance using data from the taxpayer education program in Rwanda⁷⁷. The idea for the study came from the fact that taxpayer education, which is intended to increase tax compliance, has received little attention in the literature. With a careful assessment of taxpayers' education on tax compliance knowledge and attitudes on tax training, it used survey data from 920 respondents in Kigali. The results showed that taxpayers' education led to a significant rise in their tax knowledge, moving them from a poor baseline of comprehension to information on compliance that was favorably received. Additionally, the outcomes demonstrated that educating new taxpayers significantly aids in forming the habit of completing tax returns.

Two researchers assessed whether tax education was beneficial or detrimental for increasing tax compliance in Hong Kong⁷⁸. This was done to clarify claims made by numerous studies, some of whom believed that tax education encourages compliance and others who believed that tax knowledge encourages tax evasion. Using 600 Hong Kong respondents, the investigation looked at tax education and whether it enhances tax compliance. According to the research model built around the data and conclusions, taxpayers cooperate if they are able and willing to view the tax system favorably as being fair and morally feel that it is proper to do so.

A researcher used a case study of Nairobi City County to examine the implications of innovation in the tax collection process on organizational performance⁵⁰. This article was written with the goal of demonstrating how businesses are upgrading their systems in an effort to improve the efficacy and efficiency of their business processes. Establishing how much time efficiency in online receipting affects organizational performance was the explicit goal. The study sampled 111 respondents from the top management, middle management, and lower management using questionnaires. The results showed that having a modernized system had a favorable correlation to organizational performance and was associated with time efficiency in receipt processing.

Studies on the tax costs on SMEs in South Africa by Economy Watch Dog found that the procedures for meeting tax requirements served as a barrier to tax compliance⁷⁹. This is due to the fact that paying taxes often took up resources that SMEs could employ to run their firms more economically. Most SMEs see their tax obligations as a growing burden since they don't have enough qualified personnel to deal with tax compliance difficulties, forcing them to pay "extra" tax charges. The majority of SMEs are not even aware of the services and tax incentives that are offered to them. The report also pointed out that a tax system might become even more complicated as a result of changes in tax laws. A glaring conclusion was that complex tax incentive programs that demand skilled

A study evaluated the efficiency of digital bistro administrators in issuing personal identification numbers from the Kenya Revenue Authority⁸⁰. The research was integrated into a compelling overall research plan. The investigation revealed that digital bistro experts complained about the type of information that the orderlies and the general public had access to. Although the professionals did not confirm the quality of the service they were receiving

from the gateway, they did note that since the Kenya Revenue Authority had stopped issuing PINs, more people were using the entryway, which resulted in higher earnings. The report found that KRA had failed to educate and raise public understanding about how the PIN issuing mechanism operated so that members

Small scale enterprise (SSE) are critical to the economic success of many countries. However, because to a lack of awareness of the legal framework and inadequate resources to execute tax compliance measures, these enterprises frequently suffer with tax compliance⁸¹. This paper will look at the legislative framework governing SSE tax compliance and how it affects business operations. Small scale enterprise tax compliance is governed by a legal framework that encompasses both national and international laws, rules, and policies. Tax codes, rules, and administrative policies are examples of national laws, whereas tax treaties and agreements are examples of international laws. The legal framework is intended to ensure that enterprises follow tax laws and regulations, as well as ensuring governments collect the income required to fund public services and infrastructure. However, because to limited resources and a lack of awareness of the legal framework, SSEs may find it difficult to comply with tax rules. Many SSEs operate on an unofficial basis, making it difficult for them to obtain the information and resources required to comply with tax rules. Furthermore, SSEs frequently lack the financial resources to invest in compliance measures such as accounting systems and tax compliance⁸².

SME tax compliance can have a significant impact. Noncompliance can result in penalties, fines, and legal action, all of which can interrupt business operations and reduce profits. Noncompliance can also have a negative impact on a company's brand, making it more difficult to recruit consumers and investors. Compliance, on the other hand, can lead to more

efficiency, openness, and responsibility, all of which can improve organizational operations and increase profitability. Compliance can also assist firms in improving their reputation, which makes it easier to acquire customers and investors. Furthermore, compliance can help SSEs access government assistance including loans, grants, and other financial aid.

Finally, the legislative structure controlling SSE tax compliance has the potential to have a substantial impact on business operations. Due to a lack of awareness and limited resources, SSEs frequently struggle with compliance. Noncompliance can result in penalties, fines, and legal action, whereas compliance can lead to increased efficiency, transparency, and responsibility. As a result, SSEs should seek to comply with tax rules and regulations, and governments should provide assistance and resources to assist SSEs in doing so⁸³.

In many countries, tax compliance is important to the success of small and medium-sized businesses (SSEs). However, due to limited tax knowledge and resources, SSEs frequently suffer with tax compliance. The purpose of this paper is to investigate the impact of tax awareness on SSE tax compliance and company operations. Tax Knowledge and Compliance: Tax knowledge consists of a comprehension of tax rules and regulations, as well as the capacity to apply such information to business operations. SSEs with extensive tax understanding are more likely to follow tax laws and regulations. SSEs with inadequate tax expertise, on the other hand, may unwittingly break tax regulations, resulting in penalties and legal action.

Tax knowledge has been demonstrated in studies to have a considerable favorable effect on SSE tax compliance. For example, a researcher⁸⁴ discovered that SSEs with greater levels of tax awareness were more likely to comply with tax rules and regulations. Similarly, SSEs with superior tax awareness had higher levels of tax compliance, according to a study done in

Pakistan⁴³. Tax expertise can also have a big impact on SSE business operations. SSEs with a strong understanding of taxation are more likely to grasp the tax consequences of their business actions, allowing them to make educated decisions that reduce tax payments. This can result in increased efficiency, profitability, and long-term viability.

Furthermore, SSEs with a high level of tax awareness are more likely to receive government help, such as tax breaks, grants, and other financial aid. This can assist them in growing and expanding their enterprises, increasing their competitiveness and contributing to economic growth. Finally, tax knowledge has a tremendous impact on SSE tax compliance and business operations. SSEs should seek to increase their tax understanding in order to comply with tax rules and regulations and benefit from government assistance. Governments should also give education and resources to help small and medium-sized enterprises improve their tax knowledge and compliance⁸⁵.

The impact of tax administration and taxpayer education on tax compliance behavior was studied. As noted in this study, the Cross River State government launched a comprehensive tax campaign across the state in order to increase revenue from income taxes. It's unclear if this has increased taxpayer compliance levels or not. In order to better understand how tax administration and taxpayer education affect tax compliance in Calabar Metropolis, a study was conducted. Its specific objective was to ascertain if tax administration and taxpayer education (represented by electronic taxpayer education, print media education, and stakeholder sensitization program) have an impact on registered small- and medium-sized firms' tax compliance (SMEs). A self-reported questionnaire was used to collect data from 213 registered SMEs under the survey research design. The multiple regression analysis was carried out to help with the hypothesis testing. The data showed that whereas print media

education had a significant but unfavorable association with SMEs' tax compliance behavior, electronic taxpayer education had a significant relationship with tax compliance. Additionally, the impact of stakeholder awareness campaigns and tax administration on SMEs' tax compliance behavior was negligible. This has ramifications for how the State Internal Revenue Service manages its efforts to raise tax revenues for the government⁸⁶.

In a study, the COVID-19 pandemic's impact on MSME tax compliance was evaluated. The COVID-19 epidemic has had a substantial effect on MSME actors, who are going through a tough time economically. This study intends to investigate how tax compliance is influenced by several factors, including the extent of tax evasion, the degree of faith in the legal system and the government, tax incentive awareness and use, and tax digitization. 195 MSME players in the Indonesian province of Kudus Regency served as the study's respondents. The study of the data used multiple linear regression. The findings indicated that while levels of faith in the legal system and the government did not have an impact on tax compliance, levels of tax evasion, tax incentive knowledge, tax incentive use, and tax digitization did⁸⁷.

In a study looking into the reasons behind tax evasion in the Amhara Region. This study is intended to look at the reasons behind tax evasion in the Amhara regional state, namely the tax administrations in Gondar, Bahirdar, and Dessie. Explanatory research designs and descriptive research designs were both used for the study's purposes, and a quantitative research methodology was used. The primary source of data for the study was a self-administered survey questionnaire given to a sample of taxpayers. Using a proportionate stratified random sampling technique, 387 business income taxpayers were randomly chosen as samples. Statistical Package for Social Scientists (SPSS) version 22.0 is used to evaluate data gathered from survey questionnaires using inferential statistical procedures. The study's

findings showed that the level of tax evasion in the region is negatively and statistically significantly impacted by the effectiveness of tax administration and public trust. The level of tax evasion in the region is positively and statistically significantly influenced by taxpayer attitudes on tax evasion and corruption in the tax system⁸⁸.

The impact of tax knowledge and technical changes in the tax system on business performance was examined using a PLS-SEM analysis. The purpose of the study was to investigate how tax knowledge affects corporate performance. The primary survey of 450 registered Indian MSMEs served as the basis for the study. The Partial Least Square Structure Equation Modeling empirical results show that tax knowledge improved operational efficiency and shielded businesses from tax evasion. Additionally, the development of the tax system's expertise and technology enabled businesses to administer and govern their taxes effectively, increasing productivity. Policymakers, governments, and enterprises may find the findings useful because thorough tax knowledge would result in prompt tax compliance and less tax evasion, avoidance, and fraud⁸⁹.

A thorough literature review on tax evasion was conducted as part of a study with recommendations for further research. A range of criteria have been used by recent research studies on tax evasion to determine how they affect the purposeful noncompliance behavior (tax evasion). A comprehensive analysis of tax evasion including all international literatures is still difficult to come by. In order to reduce tax evasion with the help of a collaborative network, the Organisation for Economic Co-operation and Development (OECD) established the Convention on Mutual Administrative Assistance in Tax Matters in 2010. As a result, this study intended to conduct a systematic literature review (SLR) to review the existing articles in the past 10 years, encapsulating 100 papers starting from 2010. The study states that

previous research has concentrated mostly on individual and economic-related aspects, with less attention paid to other elements including corporate social responsibility, digitalization of public services, and whistleblowing initiatives. This study also outlined potential directions for future tax evasion research⁹⁰.

A study carried out a systematic review on a conceptual framework for digital tax administration. The experience of the taxpayer has been improved by the largely digitized nature of tax administrations around the world. However, given the high rates of e-government service failure, it is crucial to comprehend the elements that are crucial to a digital tax system's performance. A thorough conceptual framework is built to enhance the success of digital services in tax administration. It draws on a systematic review of 96 articles from the literature on digital taxes, taxation, and information systems (IS). In designing digital services for tax administrations, policymakers should take into account fifteen topics, which are grouped into four categories: context, stakeholders, technology, and shown results. The framework should also be used as a guide for creating effective strategies and actions to integrate digital services into tax administrations. On the conceptual framework, further research possibilities are also suggested that will help us understand digital services in tax administration beyond technology acceptance models⁹¹.

A study examined the possibilities, constraints and implications of taxing the digital economy through consumption taxes (VAT) in African countries. The Fourth Industrial Revolution and the digital transformation have greatly accelerated the growth of the digital economy worldwide and in Africa. Despite the benefits of technological development, better business models, and increased digital financial inclusion, there are also drawbacks, such as the erosion of tax bases brought on by the invisibility of digital transactions. Despite being

one of the largest and fastest expanding industries on the African continent, the digital economy makes up a very small portion of tax revenue. Both developed and developing nations are struggling to identify practical strategies for raising funds from this challenging to tax economy. In an effort to increase the size of their tax bases and collect money from the digital economy, African nations have turned to withholding taxes, value added taxes, and taxes on digital services. The best way to tax the digital economy is a hot topic for discussion among policymakers, governments, development organizations, and tax organizations. This paper adds to the continuing discussion by analyzing the potential and limitations of taxing the digital economy in Africa using value added tax through a conceptual analysis based on a critical examination of the literature (VAT). The study looked at 55 articles, the majority of them recent and published between 2014 and 2022, highlighting the field's infancy. The findings on possibilities point to the existence of VAT regulation, enhanced revenue mobilization, and efficiency advantages; the findings on obstacles point to legislative ambiguities, resource limitations, and a lack of tax expertise. The consequences of utilizing VAT to collect taxes from the digital economy include higher costs for digital services, reduced access, increasing inequality, and obstacles to job creation, poverty reduction, digital financial inclusion, and the achievement of the Sustainable Development Goals⁹².

The adoption of an e-tax system as a mediator and the impact of attitudes toward an e-tax system on tax compliance by Vietnamese businesses were both evaluated in a study. Many academics around the world are concerned about the issue of tax compliance. The majority of them highlight variables that affect tax compliance, and one important variable is the acceptance of tax compliance. The relationship between attitudes toward an e-tax system, adoption of an e-tax system, and tax compliance, however, has not been the subject of many

research. Based on empirical data from Vietnamese businesses, this study sought to determine the mediating role that the implementation of an e-tax system plays in the relationship between attitudes about an e-tax system and tax compliance. The research model is suggested using the Theory of Reasoned Action (TRA). As a result, hypotheses are created, and this study uses a research sample of 435 Vietnamese businesses to conduct a quantitative analysis. The survey consists of closed-ended questions that were given to managers or tax accounting officials at businesses using three different methods: face-to-face interviews, emails, and the General Department of Taxation. Following collection, SPSS v.22 and AMOS process and analyze the data. The study uses Cronbach's Alpha as a method to evaluate the consistency or reliability of scales. The exploratory factor analysis is shown below (EFA). Regression analysis is also used to estimate the research model and assess the influence of the independent variables on the dependent variable. The two independent factors, attitude toward an e-tax system and acceptance of an e-tax, have significant direct effects⁹³.

A research in Nigeria evaluates taxpayer compliance and tax administration. In many democracies throughout the world, taxation is acknowledged as a crucial step in achieving national growth. When a country is endowed with plenty of resources, growth and development can be encouraged through economic activities that function as a catalyst for creating worthwhile employment for the populace and support the construction of social and infrastructure amenities for the nation. The majority of the government's income comes from taxes. A good tax system requires the timely and accurate payment of taxes, making it a crucial part of Nigeria's governmental finances. Tax compliance requires taxpayers to fulfill their duties to regulatory organizations. Based on a comparison of tax management in Nigeria

and a few other selected nations, there is a functional connection between tax administration and compliance. This study looked at how tax administration in Nigeria affects taxpayer compliance. The Expectancy Theory of Motivation served as the theoretical foundation for this qualitative study, which also incorporated secondary data sources. According to research, effective tax administration will boost tax compliance in Nigeria, which will increase tax collections, deter tax evasion, promote good governance, and foster efficient public administration. According to the study, tax administration and compliance should both be pursued in Nigeria for healthy public finances and overall national growth⁹⁴.

A study examined Tax Reforms and Tax Compliance Behaviour of Companies in Nigeria. The main objective of this study was to examine the impact of corporate tax reforms on compliance. Recent studies on tax compliance have been based on social and psychological theories relating to attitude and taxpayer behaviour however little is known about the various effects of the previous tax reforms on corporate taxpayer compliance from an economic perspective highlighting a Nigerian case. The Nigerian corporate tax has undergone various historic reforms since early 1990; this study specifically investigated the impact of Companies Income Tax Reform of 2007 on corporate tax compliance behaviours. The study used ex-post facto research design. Secondary data were used. Data for total annual company income tax paid and the total GDP for the respective period of study were extracted from National Bureau of Statistics records. The study covers a period of twenty years (ten years [1997-2006] before and ten years [2008-2017] after the corporate tax reform of 2007). Statistical Analysis adopted in the study was Wilcoxon Rank Sum Tests. The study found that the rate of corporate tax compliance in Nigeria after the Companies Income Tax reform of 2007 was higher than the compliance rate before the reform. This supports the thinking

that the CIT reform in 2007 brought about increased Companies Income Tax generation to the nation. The study, therefore, recommended that government needs to develop robust tax reforms and implement fiscal policy measures which encourage voluntary tax compliance⁹⁵.

A relationship between tax compliance and digitalization in Cameroon was evaluated, including the mediating role of behavioral intentions. The main objective of the study is to investigate the relationship between digitalisation and the level of tax compliance in Cameroon. The study used a causal research design with a sample size of 200 tax payers who used the online tax system and the sampling technique was the purposive sampling technique of companies and business familiar with the online tax system. The study used primary data gotten with the use of a five-point Likert scale questionnaire. The relationship between tax digitalisation and tax compliance with behavioural intentions as the mediator was analysed using Partial Least Square-Structural Equation Modeling (PLS-SEM). The results of the study revealed that, effort expectations and accessibility and reliability have a positive and significant relationship with tax compliance while the cost involved in using the e-tax system had an insignificant relationship with tax compliance. Effort expectations was partially mediated by the tax payers' behavioural intentions. The study therefore recommend that the government should make the site to be user friendly that is very easy to use and accessible by all Cameroonian tax payers⁹⁶.

The expanded theory of planned behavior (TPB) was used in the study to ascertain the owner-managers' intentions about sales tax compliance in SMEs. 385 of the 660 questionnaire copies that were delivered to the managers and owners of Jordanian manufacturing SMEs as part of the study's systematic random sampling were retrieved and deemed suitable for further analysis. Partial Least Squares-Structural Equation Modeling

(PLS-SEM) was used in the study to validate the structural model and measurement model and to determine the predictive value of the suggested model. According to the results, the analyzed firms' intents to engage in sales tax compliance were significantly influenced by their attitude toward conduct, subjective norms, perceived behavioral control, and patriotism⁹⁷.

Regarding the impact of tax amnesty, tax sanctions, and taxpayer religion on taxpayer compliance with medium-sized, small-scale, and microbusiness. This study intends to demonstrate how tax payer religiosity, tax amnesty, and tax sanction affect MSME company actors' tax compliance. Quantitative research is the method employed. by employing the multiple linear regression analysis approach with the dependent variable being taxpayer compliance on tax MSMEs and three independent factors being taxpayer religiosity, tax amnesty, and tax sanctions. The sample strategy utilized in this study was random sampling, and the population was micro, small, and medium-sized enterprises (MSMEs). In addition to questionnaires, secondary data sources included information about these issues from journals, books, and the internet. Utilizing a questionnaire, an interview, and documentation are the methods used for data collecting. Validity and reliability tests as well as hypothesis testing were employed in data analysis. Using SmartPLS software, data analysis employed the structural equation modeling approach. Based on the findings, it can be said that there is a significant relationship between taxpayer religion and their compliance with Medium Small Micro Business Taxes (MSMEs) in Indonesia, as well as a significant relationship between their compliance with tax amnesty laws and their compliance with tax sanctions laws⁹⁸.

In Kogi State, a study evaluated the impact of tax administration on the degree of SME tax compliance. The generation of tax income depends on efficient tax administration. It has

been noted that ineffective and inefficient tax administration in Nigeria is to blame for the loss of income brought on by widespread tax evasion and avoidance. Understanding the instructions in the tax package is the most frequent issue encountered by taxpayers. In Kogi State, the impact of tax administration on taxpayer compliance was evaluated in this study. The population of this study consists of taxpayers from small enterprises who are registered in Kogi State, with a sample size of 378. (378). The data were collected via a questionnaire, and the null hypotheses were tested using a one sample chi-square test. The outcome demonstrates that the degree of tax compliance in Kogi State is significantly impacted by administrative compliance costs. The study suggests that in order to increase the level of tax payment in the State, the tax authority should simplify tax administration in the areas of tax procedures, tax laws, and tax computation⁹⁹.

A study analyzed the determinants of tax administration efficiency in Nigeria based on corporate taxpayer perception. The study made an effort to assess the effectiveness of the tax administration in Nigeria using a sample of 1,210 tax payers from the country's six largest cities. With the use of PLS software, the data was analyzed using SEM, and the results showed that Accountability, Organizational Approach, Tax Laws, and Technology have a positive and significant impact on determining Tax Administrative Efficiency in Nigeria. Therefore, given their crucial roles in enhancing the effectiveness of tax administration in Nigeria, the study suggests that tax authorities should utilize additional techniques to improve the activities of Accountability, Organizational Approach, Tax Laws, and Technology¹⁰⁰.

In a study on the analysis of the tax compliance in the EU. In this study, using unbalanced panel data for the European Union (EU28) over the seven-year period 2007–2017, a Vector

Error Correction Model (VECM) analysis was developed to determine the long-term relationships between individual income tax compliance (taxpayer behavior), public trust in politicians (trust in authorities), and rule of law (power of the authorities). The findings confirm that the long-term connections between the variables are causally related. According to the VECM analysis's findings, numerous support measures are required for voluntary tax compliance, with the trust variable having a significant influence. Additionally, a Structural Equation Modeling (SEM) study was conducted utilizing an upgraded data set and variables such as taxpayer behavior, company tax compliance, and the effectiveness of the educational system. The findings of the SEM analysis highlight the variables' positive and significant influences on tax compliance¹⁰¹.

Further, evidence from Woldia City administration micro, small, and large enterprises in a study on the variables motivating taxpayers to engage in tax evasion. This study's major goal is to find out what factors lead people to engage in tax evasion. The researcher adopted a quantitative research methodology and used a descriptive and explanatory study design. Primary and secondary data have both been used in this investigation. 370 respondents were chosen using a stratified and straightforward random sample procedure from the target population of 4979. For each measurement of the variable, an exploratory factor analysis (EFA) was performed to ensure the accuracy of the data. Following factor analysis, multiple regression analysis and Pearson correlation were used to further evaluate the data. The study's findings showed that there was a statistically significant and positive association between the independent and dependent variables. Additionally, the regression analysis shows that tax fairness, tax awareness, and moral obligation greatly influence taxpayers'

decision to evade taxes, but the remaining moral obligation and subjective norms have no statistically significant impact on this decision¹⁰².

The factors that affect tax compliance and morale in Nigeria were looked at in a study. The study's goals are: governmental trust; culture; age; religion; education; and employment. The study's method of investigation was a cross-sectional research survey design. The premise for the analysis was four (4) public limited firms that are listed on the Nigerian Stock Exchange, which also served as the source of the sample size for the study. A total of three hundred and eighty-two (382) questionnaire copies were distributed as a research tool to elicit responses, and all three hundred and eighty-two copies were retrieved. To analyze the data, multiple regression was employed. The analysis revealed that in Nigeria, faith in the government, employment, religion, and age had substantial relationships with tax compliance and morale, whereas culture and education have negligible relationships. The study comes to the conclusion that the government was underperforming in terms of openness, accountability, people-oriented tax policies, and using non-economic factors to describe the concept of tax compliance. These issues need to be addressed. The study suggests that tackling the problem of tax compliance in Nigeria and assisting the government in developing better tax-related policies will benefit from a knowledge of the social psychological (demographic) characteristics of a taxpayer as they relate to tax morale¹⁰³.

In a study, the effects of simplification, deterrent, and tax compliance were evaluated. Four natural field experiments that varied how the tax administration communicated with the entire population of income taxpayers in Belgium throughout the tax process were conducted. Across tests, a clear picture emerges: deterrent messages have an additional beneficial impact, tax morale invocations are ineffective and frequently have the opposite effect of what is

intended. We can contrast simplification with conventional enforcement methods using a discontinuity in enforcement strength and the experimental variation. According to the study, simplicity is far more cost-effective and allows for significant savings on enforcement expenditures¹⁰⁴.

To determine whether a lack of tax expertise related to high instances of tax noncompliance among Zimbabwean SMEs, a quantitative research approach was employed to do this, with a sample of 35 SMEs and 40 tax officers. The results show that SMEs in Zimbabwe have a basic understanding of taxes but lack a deeper understanding of ideas like the contrast between presumed taxation and income-based taxation. However, this has little effect on their noncompliance behavior. It was discovered that in order for tax knowledge to positively influence tax compliance, tax rates and corruption must also be addressed. Despite these findings, ZIMRA should continue to educate uneducated and inexperienced SMEs on the benefits of paying taxes, as well as urge appropriate record keeping through tax payer education and social media initiatives¹⁰⁵.

2.4 Conceptual Framework

The conceptual framework for this study was created to demonstrate the connection between small-scale enterprise and small-scale enterprise tax compliance in the state of Oyo. The independent variables in this study were cost of compliance, legal framework, and tax knowledge. The dependent variable was small scale tax compliance in the state of Oyo.

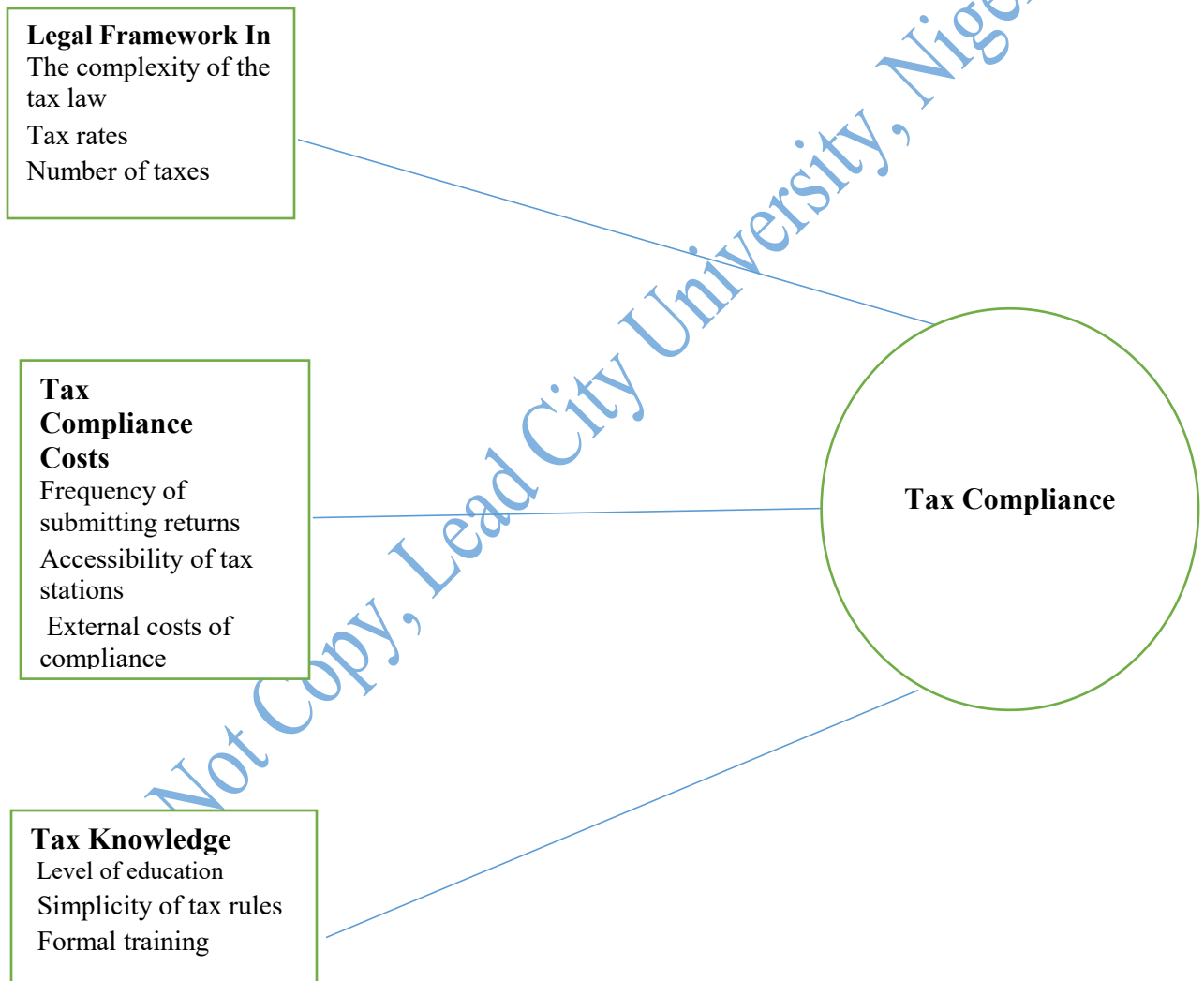


Figure 2.1: Conceptual Model

Source: Researcher's Compilation, 2023

2.5 Summary of Gaps in Literature Reviewed

Information from difference researches and studies has shown that there are series of controversies surrounding the issue of tax compliance that are yet to be resolved. This is because the issue of tax itself is complex and multidimensional. It also involves so many parties for instance personal income tax which involves an individual been it government worker or self-employed; the company tax which is mainly for small, medium and large scale enterprise and cooperate tax that deals with duties such as costume duty, import and export duty. We can also talk about value added tax VAT that is paid on consumption of certain goods.

But it been realized that prompt and appropriate payment of earnings of the already mention tax forms has not been correctly done by some of the parties concerned with this attitude of tax payer. That brings about the issue of tax compliance which is the target of this research because of this series of relevant literature from different concept relating to tax are reviewed in this research. Literature review in this research started with explanation on the meaning of tax itself. Appropriate and enough literature are equally reviewed on different areas of tax like tax compliance, tax knowledge, tax compliance cost , legal framework, tax avoidance, and tax evasion etc.

Many related study were as well reviewed in this research this section of research was brought to an end with the drawing of appropriate conceptual model in the research. Different relevant theories are equally reviewed and there relevancies to the research were identify like theory of planned behavior, theory of crime. Similarly, an appropriate conceptual model was drawn for the research. Although a lot of researches has been carried out on level of tax compliance among medium and small-scale enterprise but none has been

specifically carried out on sachet pure water factories in Oyo state. It is exactly this gap that this study intend to fill

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Chapter Three

Methodology

The research design and methodology used in the study are described in this chapter. This comprises the research design, the study's target population, study sample, data collection devices and procedures, and data analysis.

3.1 Research Design

The descriptive survey design was used for this investigation. This design was chosen. A descriptive study defines how things are in the population. Research design entails creating a blueprint for achieving objectives and answering study questions¹. The descriptive research is significant because it serves as a precursor to quantitative research designs, and the overall overview provides some valuable recommendations as to which variables should be tested quantitatively. It serves as the blueprint (guide) for data gathering, measurement, and analysis. This design was chosen because it aided in the generation of data that was all-inclusive, contextual, descriptive, in-depth and in details².

3.2 Population of the Study

Twenty-five local governments was selected across the three senatorial district of Oyo state, which is approximately 75% of all the local government in the state. The population of the study consist of the entire staff of all the pure water factories from the selected local government councils of Oyo state.

District			
Oyo North	Atisbo, Irepo, Iseyin, Kajola, Ogbomosho North, Itesiwaju, Iwajowa, Ogbomosho South, Orellope, Ori Ire, Olorunsogo, Saki East, and Saki West.	Iseyin, Ogbomosho North, Atisbo, Irepo Saki East Itesiwaju, Iwajowa Atisbo, Olorunsogo, and Saki West, Kajola	
Oyo South	Ibadan North-East, Ibadan North, Ibadan North-West, Ibadan South-East, Ibarapa Central, Ibarapa East, Ibadan South-West, Ibarapa North, and Ido	Ibadan South-West, Ibadan South-East, Ibarapa Central, Ibarapa East, and Ido, Ibarapa East	
Oyo Central	Akinyele, Atiba, Afijio, Egbeda, Oluyole, Ona Ara, Oyo East, Lagelu, Ogo Oluwa, Oyo West, and Surulere	Afijio, Akinyele, Atiba, Lagelu, Ogo Oluwa, Oluyole, Ona Ara, Egbeda	

Table 3.1: Oyo Senatorial District and Local Government

Source: Oyo State Government, 2022

3.3 Sample and Sampling Techniques

Five pure water factories will be purposively selected from each of the chosen local government councils. This implies that 125 pure water factories will be involved in the research. In each of the pure water factories, questionnaire will be administered on five staff members in each of the factories involved. Two sampling techniques will be used which are stratified and random sampling, stratified will be used for all administrative staff while random sampling will be used for other staff. This means a total number of 625 members of staff will respond to the research questionnaire

3.4 Description of Research Instrument

In this study, the primary research instrument was questionnaire. The fixed choice and open-ended item formats were employed in the development of the questionnaire items. This format was used for all questionnaire categories. The fixed choice items required respondents

to be given answers in order to eliminate the inclination to overthink. As a result, they chose the simplest option, which also afforded fewer options for self-expression. As a result, a few open-ended response items had to be mixed in with this structure. For the most part, the Lickert scale was used. The Lickert scale that was used is as follows: 1-strongly disagree, 2-disagree, 3-Agree, 4-strongly agree.

3.5 Validity of Research Instrument

Validity refers to how closely a study captures or investigates the particular idea that the researcher is trying to quantify. In other terms, the degree to which the results of data analysis are reliable accurately represent the phenomenon under research. These made it easier to make sure the questionnaires accurately reflected the study's content, were appropriate for the sample, and were thorough enough to collect all the data needed to answer the study's purpose and objectives.

3.6 Reliability of Research Instrument

Reliability is the degree to which results are constant over time and a precise representation of the entire population under study. A research instrument is deemed reliable if the findings of a study can be duplicated using a similar approach. A trustworthy instrument is one that consistently gives the desired findings when used to collect data from two samples drawn from the same population more than once. A pilot study increased the instrument's reliability. The test-retest procedure was employed. During the survey, a random sample of SSE proprietors was given questionnaires to fill out. After two weeks, they were asked to complete comparable questions. The results of The Cronbach Alpha Coefficient was used to

correlate the two tests. Instrument dependability was determined by the reliability coefficient, which was 0.7.

3.7 Administration of Research Instrument

Copies of the questionnaire was administered to the sample size calculated from the population. The researcher distributed the research instruments with the help of well-trained research assistants to ensure the questionnaire are distributed accurately and for prompt retrieval.

3.8 Method of Data Collection

Questionnaire was administered to the sample size calculated from the population. Accurate data management was performed, assuring high integrity and, at the same time, maintaining good work ethics. The university and the Oyo pure water businesses, who submitted the data, were asked for permission. Companies were warned and given assurances that the data they provided would only be used for the investigation. When the project is finished, they can ask for a copy if they would like.

3.9 Method of Data Analysis

Both descriptive and inferential statistics were used in the analysis of the data. Inferential conclusions were formed from the coding of quantitative data in the Statistical Package for Social Sciences (SPSS) data editor, and the analysis's findings were presented using descriptive statistics such response frequencies. The variables were measured using nominal and ordinal scales. Using correlation and coefficient analysis, the strength of the relationship between the dependent and independent variables was evaluated (r). The STATA 11

economic analysis program performed a logistic regression analysis. The research was able to draw conclusions from the data using inferential statistics.

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Chapter Four

Results and Discussion of Findings

This chapter presents findings and discussions on the study according to the research methodology. Data were collected both qualitatively and quantitatively. Data were analyzed using descriptive statistics, such as mean and standard deviation, and inferential statistics, such as correlation and regression.

4.1 Presentation of Data

This aspect of the chapter shows the presentation of the data collected to establish the relationship between tax structure, tax knowledge, tax compliance, of small business or enterprise focus on water industry. The results would be justified with the results obtained from the past related studies, to verify if the results are still inline or on the same trend with the past. And if not, what are the possible factors behind it after proper examinations have been done on the source(s) and the data inputted during data collection process and analysis.

Descriptive Statistics

Owners, managers, and marketers of sachet water in Oyo State received a total of 625 questionnaires. The response rate can be seen from the table below. A response rate of 97.6% was obtained from the survey, with 610 of the 625 sampled respondents completing and returning the questionnaires.

Table 4.1: Response Rate

Given questionnaires	Returned	Rate of response
625	610	97.6%

Source: Field Report 2022

Table 4.2: Background Information

Age of organization Years	Frequency	Percentage
4-5	34	27.2
6-7	36	28.8
8-9	40	32
10 above	15	12

Source: Field Report 2022

Table 4.3: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	205	33.6	33.6	33.6
Valid female	405	66.4	66.4	66.4
Total	610	100.0	100.0	

Source: Field Report 2022

Table 4.4: Educational Qualification

Educational qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Account related Courses	201	32.9	32.9	32.9
	Other courses	409	67.1	67.1	67.1
	Total	610	100.0	100.0	100.0

Source: Field Report 2022

4.2 Presentation of Test of Hypotheses

H₀₁: There is no significant relationship between tax compliance and legal framework of small-scale enterprises in Oyo state.

Table 4.5: Correlations between tax compliance and legal framework of small-scale enterprises in Oyo state

		Legal Framework	Tax Compliance
Legal Framework	Pearson Correlation	1	.790**
	Sig. (2-tailed)		.000
	N	610	610
Tax Compliance	Pearson Correlation	.790*	1
	Sig. (2-tailed)	.000	
	N	610	610

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Report 2022

Table 4.5 describes the value our correlation coefficient(r) is 0.00 value which is less than 0.05. The test hypothesis should be rejected if the test result is statistically significant (P 0.05). Therefore, we can reject our H₁: hypothesis which says there is no significant relationship between tax compliance and legal framework of small-scale enterprises in Oyo state. While we accept our alternative hypothesis which says there is significant relationship between tax compliance and legal framework of small-scale enterprises in Oyo state. In

general, there is strong positive significant relationship between tax compliance and legal framework of small-scale enterprises in Oyo state.

Ho2: There is no significant relationship between tax compliance and tax knowledge of small-scale enterprises operators in Oyo state.

Table 4.6: Correlations between tax compliance and tax knowledge of small-scale enterprises operators in Oyo state

		Tax Knowledge	Tax Compliance
Tax Knowledge	Pearson Correlation	1	.746**
	Sig. (2-tailed)		.000
	N	610	610
Tax Compliance	Pearson Correlation	.746**	1
	Sig. (2-tailed)	.000	
	N	610	610

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Report 2022

Table 4.6 shows the value of correlation coefficient(r) to be 0.746 which indicate a strong positive relationship between tax compliance and tax knowledge of small scale enterprises operators in Oyo state. The table also shows 0.00 as our P value which is less than 0.05. A statistically significant test result ($P \leq 0.05$) means that the test hypothesis is false or should be rejected. Therefore, we can reject our H_1 : hypothesis which says there is no significant relationship between tax compliance and tax knowledge of small scale enterprises operators in Oyo state.

While we accept our alternative hypothesis H_0 : which says there will be a significant relationship between tax compliance and tax knowledge of small scale enterprises operators in Oyo state. In general there is strong positive significant relationship between tax compliance and tax knowledge of small scale enterprises operators in Oyo state.

H03; There is no significant relationship between tax compliance and compliance cost of small scale enterprises in Oyo state.

Table 4.7: Correlations between tax compliance and compliance cost of small scale enterprises in Oyo state

		Compliance cost	Tax Compliance
Compliance cost	Pearson Correlation	1	.546**
	Sig. (2-tailed)		.000
	N	610	610
Tax Compliance	Pearson Correlation	.546**	1
	Sig. (2-tailed)	.000	
	N	610	610

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Report 2022

Table 4.7 shows the value of correlation coefficient(r) to be 0.546 which indicate a moderate positive relationship between tax compliance and compliance cost of small scale enterprises operators in Oyo state.

The table also shows 0.00 as our P value which is less than 0.05. A statistically significant test result ($P \leq 0.05$) means that the test hypothesis is false or should be rejected. Therefore we can reject our H₁: hypothesis which says there is no significant relationship between tax compliance and compliance cost of small scale enterprises operators in Oyo state.

While we accept our alternative hypothesis H₀: which says there will be a significant relationship between tax compliance and compliance cost of small-scale enterprises operators in Oyo state. In general, there is moderate positive significant relationship between tax compliance and tax knowledge of small scale enterprises operators in Oyo state.

H04: There is no significant relative influence among compliance cost, tax knowledge and legal frame work of small-scale enterprise on tax compliance in sachet water industry

Table 4.8: Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Tax knowledge, Compliance Cost, Legal Framework ^b		. Enter

a. Dependent Variable: Tax compliance

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.890 ^a	.802	.790	.186

Source: Field Report 2022

The correlation between the dependent and independent variables is shown in the example above by the R-value. The value in this instance is .890, which is favorable.

R-square displays the overall variation for the dependent variable that the independent factors may account for. A number higher than 0.5 indicates that the model is capable of identifying the relationship. The value in this instance is .802, or 80 %.

In multiple regression, the adjusted R-square demonstrates the generalization of results, or the variation of the sample results from the population. A minimal difference between R-square and Adjusted R-square must exist. It is satisfactory in this instance because the value is .790, which is close to .802.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.525	3	7.762	223.318	.000 ^b
	Residual	4.067	117	.035		
	Total	19.592	119			

a. Dependent Variable: Tax compliance

b. Predictors: (Constant), Tax knowledge, Compliance cost, Legal framework

P-value/Sig value: For most studies, a 95% confidence interval or 5% level of significance is utilized. As a result, the p-value should be less than 0.05. It is.000 in the above table. Therefore, the outcome is significant.

F-ratio: It reflects an improvement in variable prediction by fitting the model after accounting for model imperfection. A value greater than one indicates that the ratio of F-yield efficient model. The value in the preceding table is 223.318, which is satisfactory.

These results estimate that as the p-value of the ANOVA table is below the tolerable significance level, thus we reject H_1 hypothesis and says there is significant relative influence among compliance cost, tax knowledge and legal frame work of small-scale enterprise on tax compliance in sachet water industry.

4.3 Discussion of Findings

In the study, four hypotheses were tested under each determinant. The variables measured were statistically significant. This may be used to support the evidence on the link between tax structure, tax knowledge, tax compliance, of small business or enterprise focus on water industry. It could also be supported by the results of other studies in this area. There is a significant positive relationship between tax compliance and legal framework of small-scale enterprises in Oyo state. According to a study on Attitudes, Incentives, and Tax Compliance, the study's findings showed that, even while levels of compliance varied among industries, using an online system for small taxpayers' registration, filing, and payments significantly improved their ability to comply with tax laws¹.

The study also discovered a strong positive relationship between tax compliance and tax knowledge of small-scale enterprises operators in Oyo state. A study on Enhancing Tax

Compliance Among Briefcase Companies in Kenya, found that the primary goal of tax compliance certification was to make sure that any company doing business with the government was in conformity with all tax laws, including filing reports and paying any taxes that were due². There is a positive relationship between tax compliance and compliance cost of small scale enterprise operators in Oyo state. A study on designing a small business tax system that enhances growth discovered that giving taxpayers the option of paying taxes or making a charitable donation resulted in a considerable rise in tax compliance rates³.

Furthermore, there is significant relative influence among compliance cost, tax knowledge and legal frame work of small-scale enterprise on tax compliance in sachet water industry. A study on the economic psychology of tax behavior, noted an extremely tenuous inverse link between corporate tax compliance at MRA and technology tax improvements⁴. The findings of the regression analysis further supported the idea that technical tax innovations had a detrimental influence on corporation compliance rates.

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Chapter Five

Conclusion

5.1 Summary of Findings

In this study, Oyo State sachet water factories were used as a case study to analyze the tax compliance behavior of small-scale enterprises. The objective was to comprehend the elements that affect tax compliance in these factories and offer suggestions for raising compliance rates. Five sachet water factories were chosen, in each of the twenty-five local government councils. This were chosen out of the thirty-three local governments' area in the state. A total of six hundred and twenty-five Questionnaires were given to both administrative and marketing staff. The results showed that small-scale sachet water businesses in Oyo State have significantly low levels of tax compliance. The staff in most of the sachet factories displayed Lack of knowledge about tax compliance. It was also discovered that the perception of a heavy tax burden, compliance cost, and restricted access to tax support and education are the main causes of non-compliance. The study also identified some typical tax evasion strategies used by these businesses, like underreporting income and inflating expenses.

The conducted correlation analysis has unveiled several significant findings that shed light on the intricate dynamics between various factors and tax compliance among small-scale enterprises in Oyo state. These findings provide valuable insights into the factors that influence tax compliance behavior and can potentially guide policymakers, business owners, and researchers in understanding and enhancing tax compliance rates within this specific context.

Firstly, the analysis has revealed a robust and positive relationship between tax knowledge and tax compliance among small-scale enterprises in Oyo state. This implies that enterprises possessing a higher level of understanding about taxation regulations and procedures tend to exhibit greater compliance with tax obligations. This finding underscores the importance of promoting tax education and awareness programs among small-scale business owners, as it can contribute to fostering a culture of compliance and reducing instances of tax evasion.

Secondly, the research has established another strong positive correlation, this time between the legal framework and tax compliance of small-scale enterprises in Oyo state. This suggests that a well-defined and accessible legal framework, coupled with transparent and comprehensible taxation laws, can significantly influence businesses to adhere to their tax responsibilities. Strengthening the legal and regulatory environment can potentially lead to higher levels of voluntary tax compliance, as businesses are more likely to comply when they perceive the system as fair and conducive to their operations.

Furthermore, the analysis indicates a moderate positive relationship between compliance cost and tax compliance among small-scale enterprises in Oyo state. This finding suggests that while compliance costs can influence tax compliance behavior to some extent, they may not be the sole determinant. Businesses may be willing to bear certain compliance costs if they perceive the overall benefits of compliance, such as avoiding penalties and legal repercussions, to outweigh the costs incurred.

The research underscores that compliance cost, tax knowledge, and the legal framework collectively serve as robust predictors of tax compliance behavior among small-scale enterprises in Oyo state. This implies that a comprehensive approach, addressing multiple dimensions simultaneously, is crucial for enhancing tax compliance rates. Policymakers and

authorities should not focus solely on one aspect, but rather strive to create an environment where businesses are well-informed about taxation, find the legal framework supportive, and perceive compliance costs as reasonable in relation to the benefits gained.

In conclusion, the correlation analysis conducted on tax compliance among small-scale enterprises in Oyo state has unveiled significant insights into the relationships between tax knowledge, legal framework, compliance cost, and compliance behavior. These findings emphasize the multifaceted nature of tax compliance and call for a holistic approach that encompasses education, legal reforms, and cost management to effectively enhance tax compliance rates among small-scale enterprises in the region.

5.2 Conclusion

The primary objective of this research was to assess the extent of tax compliance within the realm of small-scale industries operating in Oyo State. Specifically, the study concentrated on the sachet water factories that constitute a notable portion of these industries. The findings of this investigation shed light on a range of crucial facts that underscore the significance of devising effective strategies to enhance tax compliance among small-scale enterprises in the state. One of the pivotal conclusions drawn from this research is the recognition that a multifaceted approach is imperative to engender substantial improvements in tax compliance rates. Focusing solely on rigorous enforcement measures is unlikely to yield substantial and sustainable outcomes. While enforcement does play a role, a more holistic strategy is necessary to cultivate a culture of tax compliance among small-scale businesses. To this end, it has become evident that a combination of various initiatives is necessary to facilitate the desired transformation. The research underscores the importance of educational activities that illuminate the benefits of tax compliance, not only in terms of contributing to the state's

revenue but also in terms of fostering a stable business environment that ultimately benefits these enterprises themselves.

Furthermore, the study highlights the significance of streamlining tax procedures. Complex and convoluted tax processes often deter small-scale businesses from engaging in compliant behavior. By simplifying these procedures, businesses are more likely to fulfill their tax obligations in a timely and accurate manner, thus contributing positively to the overall compliance landscape.

In addition to educational efforts and procedural enhancements, the research accentuates the effectiveness of targeted assistance programs. These programs can provide small-scale enterprises with the necessary guidance and support to navigate the intricacies of taxation. Such initiatives can demystify tax-related complexities and alleviate the burden on these businesses, motivating them to willingly adhere to tax regulations. Collectively, these strategies—educational activities, streamlined tax procedures, and targeted assistance programs—constitute a comprehensive framework that has the potential to bolster a culture of tax compliance among small-scale enterprises in Oyo State. By addressing the underlying challenges and providing meaningful incentives, these efforts can drive a positive shift in the mindset and behavior of businesses towards embracing their tax responsibilities.

In conclusion, the research clearly underscores the need for a more nuanced and comprehensive approach to enhancing tax compliance among small-scale industries, as exemplified by the sachet water factories in Oyo State. Recognizing that enforcement alone is insufficient, the study advocates for the cultivation of a culture of compliance through education, simplified procedures, and tailored support programs. By adopting these strategies,

the state can pave the way for increased levels of tax compliance and ultimately foster a more prosperous and cooperative business landscape.

5.3 Recommendations

According on the study's findings, the following recommendations are suggested:

Tax Education and Awareness: The government plays a pivotal role in fostering tax compliance among small sachet water businesses through the implementation of tailored tax education initiatives. Specifically tailored to this sector, these comprehensive programs are essential in imparting an understanding of the significance of tax adherence, clarifying tax responsibilities, and providing valuable insights on efficient record-keeping and accurate tax reporting.

By designing and executing such educational campaigns, the government can effectively bridge the knowledge gap that often hinders small sachet water businesses from navigating the complexities of taxation. These initiatives should underscore the advantages that tax compliance brings, including contributing to public services and infrastructure development. Furthermore, elucidating tax obligations in a simplified manner would demystify the process, enabling entrepreneurs to grasp their responsibilities more easily. Incorporating guidance on meticulous record-keeping and precise tax reporting is crucial for maintaining transparency and preventing unintentional errors. By doing so, the government can facilitate smoother operations within the sector, while also reducing the likelihood of misunderstandings and disputes. Ultimately, these programs would empower small sachet water businesses with the knowledge and tools needed to participate actively and confidently in the tax system.

In conclusion, the government's commitment to developing and implementing comprehensive tax education programs, tailored explicitly for small sachet water businesses, is a strategic approach that promotes tax compliance, clarifies obligations, and enhances the overall business environment.

Simplifying Tax Processes: Simplifying tax procedures and enhancing tax compliance processes for small businesses is crucial for fostering economic growth, reducing administrative burdens, and ensuring fair revenue collection. To achieve this, it's essential to focus on multiple fronts that collectively lead to a more efficient and effective tax environment.

Firstly, reducing administrative barriers is paramount. Small businesses often lack the resources to navigate complex tax systems, so creating straightforward and accessible guidelines is vital. Clear and concise instructions for tax registration, filing, and payment can significantly ease the burden on these businesses. The integration of digital systems offers a powerful solution. Implementing user-friendly online platforms for tax-related activities enhances convenience and accuracy, reducing the likelihood of errors. These systems can automate calculations, generate reports, and send reminders, making compliance less daunting for small business owners.

To ensure a seamless process, improving coordination between tax authorities and relevant regulatory organizations is essential. A cohesive approach prevents duplication of efforts and ensures that businesses receive consistent guidance. This collaboration can also facilitate better enforcement procedures.

The fight against tax evasion requires vigilance. Establishing robust monitoring programs that employ advanced data analytics can help identify suspicious patterns and potential evasion tactics. This allows authorities to take proactive measures to curb tax fraud.

To deter noncompliance, suitable penalties must be in place. Fines and consequences should be proportionate to the violation, sending a strong message that tax evasion is not tolerated. However, educational initiatives should also be implemented to help businesses understand their obligations and the benefits of compliance.

In conclusion, streamlining tax procedures for small businesses involves a multifaceted approach. By lowering administrative barriers, utilizing digital systems, improving coordination, implementing effective monitoring, and enforcing consequences, governments can create an environment that encourages tax compliance, supports economic growth, and ensures a fair distribution of tax burdens.

Assistance Programs: Develop tailored support programs targeted at small-scale sachet water enterprises. These initiatives aim to furnish these businesses with specialized technical aid, guidance, and capacity-enhancing workshops, facilitating their understanding of tax obligations, fostering adept record-keeping, and proficiently maneuvering through tax compliance protocols. These assistance endeavors could encompass various components. Firstly, offering comprehensible tutorials and workshops on tax regulations, enabling sachet water proprietors to grasp their fiscal duties. Secondly, furnishing hands-on guidance to cultivate precise financial documentation practices, ensuring transparent records vital for both business growth and tax compliance.

Moreover, seminars could spotlight adept tax planning, aiding entrepreneurs in navigating complex tax codes while optimizing their financial strategies. Through these initiatives, small-scale sachet water ventures would garner indispensable insights, enabling them to participate more actively and confidently in the tax compliance process. By tailoring assistance to the specific needs of these businesses, such initiatives would bridge information gaps, cultivate adept financial practices, and pave the way for these enterprises to thrive within the bounds of tax regulations. Ultimately, these efforts would foster a conducive environment for the growth and sustainability of small-scale sachet water enterprises

Collaboration and Stakeholder Engagement: Promote collaboration among tax regulatory bodies, trade associations, and relevant stakeholders to formulate tailored compliance approaches for distinct sectors. Forge alliances with small-scale sachet water enterprises through collaborative efforts like workshops, partnerships, and interactive forums. These endeavors aim to gain deeper insights into their challenges, incorporating their perspectives while shaping legislative frameworks.

By fostering synergy between tax authorities, trade associations, and stakeholders, sector-specific compliance strategies can be devised. This collaborative approach ensures that regulations resonate with the unique dynamics of industries like sachet water production. Such strategies can streamline tax processes, reduce ambiguity, and enhance adherence to tax laws. Engaging small-scale sachet water businesses through partnerships, workshops, and forums serves as a vital conduit for comprehending their concerns and viewpoints. This proactive dialogue enables authorities to craft legislation that addresses their specific needs, promoting equitable policies. Inclusion of their input ensures that regulations are practical, relevant, and feasible for implementation within the sachet water sector. Ultimately, this

collaborative paradigm contributes to a more conducive business environment. It fosters mutual understanding, encourages compliance, and nurtures a culture of constructive engagement between businesses and regulatory bodies. Through these efforts, compliance strategies can be fine-tuned to the realities of small-scale sachet water enterprises, fostering a harmonious relationship that benefits all stakeholders involved. Introduce incentives or rewards, such as tax credits or access to financial options, for law-abiding small-scale enterprises. This may promote voluntary compliance and foster an environment where tax compliance is encouraged within the industry.

The implementation of the aforementioned recommendations holds immense potential for positively impacting small-scale enterprises, particularly sachet water factories, within Oyo state. By tailoring tax education programs to the specific needs of these businesses, the government can catalyze a series of transformative outcomes that contribute to the overall socio-economic development of the region.

Firstly, the introduction of targeted tax education initiatives will play a pivotal role in fostering tax compliance among sachet water factories. These programs would elucidate the complex tax regulations in a manner accessible to business owners, thereby reducing inadvertent non-compliance. As a result, enterprises would operate within the legal framework, mitigating potential legal conflicts and fostering a culture of responsible business practices.

In parallel, the enhanced tax compliance would lead to a notable upsurge in revenue generation for the state government. With a more comprehensive understanding of their tax liabilities and obligations, sachet water factories would accurately report and remit taxes. This influx of revenue could then be channeled towards critical public services such as

infrastructure development, healthcare, education, and social welfare programs, thereby bolstering governance and quality of life for residents.

Moreover, these educational programs hold the potential to promote sustainable economic growth within Oyo state. As sachet water factories align with tax regulations, their operational transparency and financial credibility would increase. This, in turn, could attract more investors and consumers, driving business expansion and creating additional employment opportunities. The resulting economic growth would contribute to the reduction of poverty, unemployment, and income inequality, ultimately enhancing the overall socio-economic landscape of the state.

In conclusion, customizing tax education programs for small-scale businesses, specifically sachet water factories, in Oyo state would bring about a cascade of benefits. From fostering tax compliance and revenue generation to promoting better governance and sustainable economic growth, these efforts align with the state's development goals. By nurturing a conducive business environment, the government can harness the potential of these enterprises to drive progress and prosperity for both the business community and the larger population.

5.4 Contribution to Knowledge

This research endeavor aims to contribute significantly to the existing reservoir of knowledge surrounding tax compliance within the realm of small-scale enterprises. The focal point of this study revolves around a comprehensive exploration of the myriad factors that exert an influence upon the tax-compliance behaviors exhibited by these enterprises. By delving into the multifaceted dimensions of these businesses' tax-related practices, the research endeavors

to identify and analyze the variables that play a pivotal role in shaping their tax compliance strategies. The overarching objective is to unearth pragmatic and effective methodologies that can be employed to amplify tax compliance rates within the sachet water sector. By dissecting the intricate interplay between various factors—such as financial constraints, regulatory frameworks, informational asymmetries, behavioral biases, and cultural nuances—the study aims to uncover actionable insights that can be harnessed to bolster tax compliance within this particular business domain.

The ramifications of this study extend beyond the immediate boundaries of its subject matter. Through its meticulous examination of tax compliance dynamics within the context of small enterprises, the research endeavors to provide a deeper and more nuanced understanding of the intricate mechanisms that govern tax adherence behaviors. This heightened comprehension holds considerable implications for a diverse array of stakeholders. First and foremost, policymakers stand to benefit from the study's findings, as they will be armed with empirically derived insights that can inform the creation and refinement of tax policies tailored to the unique challenges and opportunities faced by small-scale businesses. By aligning regulatory frameworks with the practical realities unearthed by this research, policymakers can engender an environment that promotes not only enhanced tax compliance but also sustainable business growth. Tax authorities, too, stand to gain from this endeavor. Armed with an enriched understanding of the factors that drive—or hinder—tax compliance behaviors, tax authorities can tailor their enforcement strategies to maximize compliance rates while minimizing unnecessary friction. This alignment between compliance strategies and the underlying drivers of behavior can pave the way for a more harmonious relationship between businesses and tax collection entities. Equally important are the insights that small

business owners themselves can derive from this study. By comprehending the nuanced factors that shape their tax compliance practices, business owners can make informed decisions that align with their financial interests while also adhering to their tax obligations. This knowledge can empower these entrepreneurs to navigate the complex tax landscape more effectively, potentially leading to improved financial stability and growth prospects.

In summation, this research initiative not only seeks to expand the academic discourse on tax compliance within the purview of small-scale enterprises but also aspires to effect tangible and positive change in the real-world landscape of business operations. Through its rigorous analysis of tax compliance variables in the sachet water sector, this study endeavors to bridge the gap between theory and practice, benefiting policymakers, tax authorities, and business owners alike.

5.5 Suggested Areas for Further Research

The scope of this study was limited to Oyo state, highlighting the need for the research to be expanded to include a greater geographical area. More research in different states would add to a more thorough understanding of the association between aerobic activity and vitamin D levels in different populations. We can capture potential variances impacted by regional characteristics such as climate, lifestyle, and food habits by involving a broader range of locales. Furthermore, to strengthen the validity and relevance of the findings, it would be smart to replicate the study among a wider and more diversified set of businesses in Oyo state. This might include both large and medium-sized enterprises, providing a more representative picture of how varied work settings affect individuals' aerobic fitness exercise routines and their resulting vitamin D levels. Comparing the results from various types of

enterprises would facilitate identifying trends, potential disparities, and best practices that can be tailored to specific workplace settings.

To build on the current study's findings, the scope must be expanded to cover not only factories but also numerous other types of businesses. We can determine whether the association between aerobic exercise and vitamin D levels holds true across diverse work situations by examining different industries and sectors. This would contribute to a better understanding of how occupation, work demands, and workplace culture influence people's ability to engage in cardiovascular exercise, and hence their vitamin D levels.

In conclusion, expanding the study's geographical coverage to multiple states, including various types of enterprises in Oyo state, and conducting similar investigations across diverse industries and workplaces would contribute to a more comprehensive and nuanced understanding of the intricate relationship between aerobic and anaerobic metabolism exercise, vitamin D levels, and the role of occupation and location. This extended research would offer valuable insights for policymakers, health professionals, and individuals striving to improve their overall health and well-being.

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Appendix
Lead City University, Ibadan
Faculty of management sciences
Department accounting

Kindly respond to the questions as accurately, completely and as honest as possible.

Section A: General information

1. Company Address.....

2. Key business activity.....

3. How old is the sachet water factory?.....

- 3-4 years
- 4-5 years
- 5-6years
- 6-7years
- More than 8years

4. Number of employee in the small scale enterprise

- Casual
- Permanent
- Volunteers

Gender: Male ☐

Female ☐

Section B legal framework

Interpretation: Strongly agree SA, Agree A, Disagree D, Strongly Disagree SD.

	Questions	SD	D	A	SA
1	Legal framework of SSE in Oyo state enhances tax by entrepreneur				
2	Oyo state tax structure of SSE is too complex for total compliance by SSE operators				
3	In oyo state, SSE tax is done through special levy				
4	Oyo state SSE is expected to pay 10% of their turnover as their tax levy				

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Section C Tax compliance cost

	Questions	SD	D	A	SA
1	Tax compliance cost of SSE in Oyo state is too high for sachet water industry to break even				
2	Tax compliance requirement of SSE in Oyo state can hardly allow sachet water industry to pay tax	SD	D	A	SA
3	Tax compliance cost of SSE of Oyo state is an impediment to prompt and total tax compliance				

Section D Tax knowledge

The following taxation process is difficult to carry out

1	Tax registration	SD	D	A	SA
2	Filling of return				
3	Submitting the return to tax office				
4	Doing amendment				

Section E Tax compliance

The following strategies can be used to improve tax compliance

Introduction of friendly tax users system	SD	D	A	SA
Lowered costs of tax compliance on part of the government				
Annual turnover				
Total value of assets				
Business capital				



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Bio-data

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- B.Tech in Management and Accounting - Ladoke Akintola University of Technology, Ogbomoso, Oyo state 2011
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C. Working Experience with Dates

- International Institute of Tropical Agriculture (Unit Store Keeper) Sept. 2017- 2021
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University Compliance Certification

This is to verify that the thesis written by Victoria Olubose OLATAYO with matriculation number LCU/PG/001161, in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo State, is in full compliance with the approved University format and style.

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