

**Tax Education and Voluntary Tax Compliance among Small and Medium Enterprises (SMEs) in
South-West Nigeria: A Perception Study**

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Management & Social Sciences, Lead City University, Ibadan, Oyo State, Nigeria**

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Accounting**

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Certification

This is to certify that Opeyemi Olamide OLULEYE with the matriculation number LCU/PG/005319 carried out the research work titles: Tax Education and Voluntary Tax Compliance among Small and Medium Enterprises (SMEs) in South-West Nigeria in the Department of Management and Accounting, Faculty of Management & social Sciences, Lead City University, Ibadan, Nigeria for the award of Master of Science Degree (MSc.) in Accounting and this has not been previously submitted.

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Dedication

This work is dedicated to God Almighty, whose grace and unfailing love have made it possible.

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Abstract

This study examines the effect of tax education on voluntary tax compliance among Small and Medium Enterprises (SMEs) in South-West Nigeria. SMEs are vital to national growth, yet compliance with tax obligations remains low, limiting government revenue mobilisation. While enforcement and penalties have been studied extensively, less attention has been given to the role of tax education in shaping compliance behaviour. A survey research design was adopted, and structured questionnaires were administered to SME operators across Lagos, Oyo, Ogun, Osun, Ondo, and Ekiti States. Stratified random sampling ensured representation, and data were analysed using descriptive statistics, correlation, and regression models. Theories of planned behaviour, social learning and Economic Deterrence guided the study, suggesting knowledge and perceptions of fairness strongly influence compliance attitudes. Findings from Chapter 4 show that 68% of respondents agreed tax education improved their understanding of filing procedures, while 72% reported increased awareness of obligations. Regression analysis confirmed a positive and statistically significant relationship between all independent variables and their respective compliance dimensions: Tax Procedure Knowledge on Filing Compliance ($p=0.004$); Awareness of Tax Obligations on Payment Compliance ($p=0.006$); Simplified Tax Procedures on Reporting Accuracy ($p=0.037$); Digital Tax Literacy on Registration Compliance ($p=0.022$); and Tax Education on Overall Tax Compliance ($p=0.000$). Tax Education was the strongest predictor, confirming improved knowledge directly increases taxpayers' willingness to register, file, and remit taxes. The study also recorded a high response rate of 87.50% (350 valid responses). Descriptive statistics indicated generally strong compliance behaviours, filing compliance (mean score 4.11) and payment compliance (mean score 4.08). In addition, SMEs demonstrated moderate digital literacy (overall mean 3.49), largely through recognition of taxation as a civic duty, though purely voluntary willingness was lower. However, challenges such as inadequate outreach, limited digital access, and mistrust of government utilisation of revenue were identified. The study concludes that tax education is a key determinant of voluntary compliance among SMEs in South-West Nigeria. It recommends that tax authorities intensify taxpayer education campaigns, leveraging workshops, SME associations, and online platforms. Strengthening education and simplifying processes will foster higher compliance, sustainable revenue generation, institutional trust, and economic development.

Keywords: Tax Education, Voluntary Compliance, SMEs, South-West Nigeria, Taxation

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