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ASSESSING TAX AVOIDANCE TENDENCY AMONG ENTREPRENEURS IN OYO SOUTH SENATORIAL DISTRICT, OYO STATE, NIGERIA

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ABSTRACT

This study assessed the impact of tax avoidance tendency among entrepreneurs in Oyo State and the resultant effects such avoidance could have on the State government resources and economy development. The study adopted a quantitative research design employing a structured questionnaire as the primary research instrument. Population of the study comprises of 2,344 registered small-scale entrepreneurs in Oyo South Senatorial District and multi stage sampling technique was adopted to draw the sample size. First, two Local Government Areas were selected from the nine local government areas, while purposive sampling technique was used to draw the sample size of 403 representing urban and rural areas. A chi-square statistical tool was used to test the null hypothesis. Findings yielded a calculated chi-square value of (X^2 = 23.64) which exceeded the critical value at the specified degree of freedom and 0.05 significance level ($X^2_{ta}b$ = 23.046). This indicates a statistically significant association between economic and social factors and the frequency of tax payment among the entrepreneurial population under study hence the outcome leads to the rejection of the null hypothesis suggesting a statistically significant relationship between economic and social variables and the frequency of tax compliance. The study therefore recommends that: government should improve the structure of tax administration system to meet the expectations and needs of entrepreneurs; transparency and accountability by tax authorities and entrepreneurs' enumeration exercise should be ensured by government; that government should strive to boost the economy; reduce tax rates; reduce poverty level; improve on basic and infrastructural facilities and authorities should block existing loopholes in tax laws; This will restore the entrepreneurs' confidence in the tax agency, thereby paying their taxes correctly and promptly.

Keywords: Entrepreneurs, Tax Avoidance, Economy, Tax administration, Tendency

Introduction

The running of government organs cannot be carried out effectively if funds are not made available. One of the major sources of funds to run these organs by most governments, all over the world, is through tax collection. This perhaps explains why Nigerian governments show great concern for taxation which is a tool for the development and growth of the society. Government needs funds to be able to execute social obligations to the public; these social obligations are not limited to the provision of infrastructure and social services. Taxes do not just constitute the principal source of government revenue but they are fundamental components of any attempts to build societies and indeed nations. That is why Sankay (2022) states that taxes constitute the principal source of government revenue and the tax revenue is the lifeblood of any government, Christensen and Murphy (2020). The efficiency and effectiveness of any government largely depends on the ability of its citizens to voluntarily discharge their tax obligations without any coercion or harassment. Avoidance of tax reduces government revenue and endangers the reputation of tax system thus, government needs to prevent tax avoidance or keep it within safety limits. The competition that exists among firms, industries and banks inclusive entrepreneurs influences the avoidance of tax so that firms can have more investment money to compete favourably in the market, Cai and Liu (2019). The paramount desire of every patriotic citizen is to uplift his society, tax payment is a demonstration of such desire, this involves helping to create consensual, accountability and representative government thus one expects that tax compliance ordinarily should not demand any form of coercion.

Tax is a compulsory levy imposed by the government authority on her subjects to meet the expenditure needs of government for economic development; tax is more than collecting revenue but also about building accountable relations between government and citizens. The general view on tax avoidance seems to suggest that wilful default in tax compliance remains a major issue in every human society, especially in developing countries such as Nigeria. As noted by Kiabel (2021), one of the greatest problems facing the Nigerian tax system is the problem of tax avoidance which is the legal utilization of the tax regime to one's advantage, to reduce the amount of tax that is payable by means that are within the law.

Tax avoidance according to Zibaghafa and Laime (2023) is the active means by which the taxpayer seeks to reduce or remove altogether his liability to tax payment without actually breaking the law. Tax avoidance involves an active means of reducing the payment of tax, the fraudulent, dishonest, intentional distortion or concealment of facts and figures; it is usually done through taking advantage of the loopholes in the tax laws without actually breaking it. Severally, the government has complained of the widespread incidence of tax avoidance and evasion in the State as companies and other taxable persons employ various tax avoidance devices to escape or minimize their taxes sometimes with the active involvement of the tax officials. Nigeria tax system which was meant to achieve core economic, political and social objectives such as revenue generation for the

sustenance of economic and social needs, control consumers demand, encourage investment and savings, field economic depression, inflation and deflation, guarantee equitable distribution of income and wealth, control the general trend of the national economy, and ensure a proper allocation of national resources has hitherto failed because of several impediments. The taxpayer may do such acts as understating the income or overstating the expenses, this is always revealed through tax audit.

Tax avoidance tendency could be one of the major social problems inhibiting development particularly in developing countries and eroding the existing welfare, by real terms, little attention seems to have been paid to the ethical issues of tax avoidance tendency in Nigeria. This has resulted in the recurrent problem of dwindling revenue generation characterized by yearly budget deficits and insufficient funds for economic growth and development at the national and state levels. Nigerian citizens lack knowledge and education about taxation thus; there is greater desire for tax avoidance and non-compliance with relevant tax laws. In this respect, the country has been more adversely affected because of absence of tax conscience on the part of individuals and companies and the failure of tax administration to recognize the importance of communication and dialogue between the government and the citizens in matters relating to taxation Zibaghafa, *et.al* (2023). Although tax avoidance are problems that face every tax system, the Nigerian situation seems unique when viewed against the scale of corrupt practices prevalent in the country (Adebisi & Gbegi, 2018).

Entrepreneurs has continued to be popular in the business world, this is because the sector serves as a catalyst for national growth, poverty reduction, economic development, improvement of rural infrastructures, improvement of the standard of living of the rural dwellers, utilization of indigenous technology and entrepreneurs all over the world can boast of being the major employers of labour. As more entrepreneurs grow in a business environment, they employ more people and contribute more to the tax net of the nation. Thus, strategies for an effective tax compliance system cannot be overemphasized as it has a direct relationship with government revenue as well as the capacity for infrastructural development of the nation as entrepreneurs are the home-grown bedrock (Aryeetey & Ahene, 2005). The negative effect of entrepreneurs' tax avoidance may lead to distortion of principle of perfect market resource allocation, income redistribution, employment generation, economic growth stagnation and far much reaching socio-economic repercussions. Accordingly, it is clear that avoiding taxes is breaching the essential principles of equality, legality, fair distribution of income and wealth, fair competition and solidarity in the field of taxes. As noted by Omer and Yetman (2007), it is not unreasonable to presume that there are some common socio-economic roots and that the characteristics of the taxpayer make him more likely to be an aggressive tax avoider. The seemingly harmless tax avoidance persons are viewed and generally approached ultimately because their avoidance behaviour may result in less revenue to the government and to the society.

With cautious, one could say that most Nigerians that are traders, business persons or professionals have the tendency for tax avoidance especially when business is not registered with tax authorities and hence, in most cases are operating in remote areas moving from one location to another freely. Considering the very large number of persons from these classes of entrepreneurs', one would expect that a large chunk of government revenue should be coming from their tax payments, but generally this seems not to be the case. Kiabel (2021) seem to confirm that in spite of the fact that the entrepreneurs' out-number paid workers, they earn as much as four times that of the formal sector employees. This confirms the submission of Torgler and Schaltegger (2006) that tax avoidance tendency is more pronounced on the part of the entrepreneurs.

The funds required by the government to finance her activities are generated from different sources including different types of taxation but unfortunately, tax avoidance has led to unfair distribution of facilities (amenities), poor management and misuse of tax collected, lack of essence of civic responsibilities on the part of the entrepreneurs and taxpayers' inaccessibility to government services. Running a government can be very expensive and governments have a wide range of responsibilities such as employment generation, investing in development and alleviation of poverty. The revenue generated from tax payments of entrepreneurs is an important stream of income for government. Entrepreneurs are small firms that are well nurtured in good business environments and are the future large conglomerates as they expand from small to large enterprises that contribute more to the economy through different individuals (Atawodi & Ojeka, 2012). Entrepreneurs being profit generating establishments are also expected to pay taxes as at when due. Putting their nature into consideration, every little resource at their disposal can make a world of difference. For this reason, some entrepreneurs choose to remain in the informal sector because they feel the cost of compliance is too high, and a considerable number of those who pay taxes only do so because they are coerced by the authorities.

The imposition and collection of taxes is simply one of the fundamental policy instruments used to achieve governmental social, economic and employment generation goals. The objectives of tax policy are similar to those of public policy in developing countries and overlap with the purposes of the tax system or the purpose of most governments. As posited by Holban (2019), tax contributes to development and welfare through three sources; it must be able to generate sufficient funds for financing public services and social transfers at a high level of quality, it should offer incentive for more employment and for an efficient and lasting use of natural resources, finally it should be able to reallocate income. As much as Oyo State government, among others, remains unable to adequately generate employment in an economy the higher would be the poverty level, hunger, frustration, low level of entrepreneurship development and associated welfare challenges such as provision of employment due to varieties of graduates who are turned out by higher institutions on yearly

basis, inability on the part of the government to establish vibrant manufacturing sectors which would have had the capacity to create employment opportunities, rural-urban migration, rapid population growth, rapid extension of educational system, all these factors naturally results in the displacement of labour (Oladele, 2021).

The place of entrepreneurs' tax in government is so vital, that it could not be neglected or eradicated, but the government's achievement to eradicate tax avoidance tendency has not been encouraging. Most previous studies have done much in the area of tax evasion among entrepreneurs but scanty to cover tax avoidance tendency among entrepreneurs which this study has covered the gap, hence this study becomes very significant. With this as the background, tax generation and administration by government is one of the most important aspects in developing economies. Hence, this study investigated how tax avoidance affected the overall effectiveness of Oyo State revenue generation for the development of economic and social status.

Purpose of the Study

The purpose of this study is to assess the tax avoidance tendency among small scale entrepreneurs in Oyo South Senatorial District, Oyo State, Nigeria. The specific objectives were:

(i) investigate the extent of entrepreneurs' tax avoidance on economic factors and rate of tax payment to the State government; and

(ii) examine the extent of entrepreneurs' tax avoidance on social factors and rate of tax payment to the State government

Research Hypothesis

The following null hypothesis was formulated for the study and tested at 0.05 level of significance:

H_O1: Oyo State entrepreneurs' Economic and Social factors will not significantly influence their rate of tax payment to the State.

Methodology

This study adopted a descriptive research design to explore entrepreneurs' tendencies to avoid tax payment to Oyo State government. The population comprised of all 2,344 entrepreneurs registered with Small and Medium Enterprises Development Association of Nigeria in Oyo South Senatorial district of Oyo State, Nigeria.

A Multi Stage sampling procedure was used to select sample for the study. At the first stage, two Local Government Areas with a total population of 650 entrepreneurs were selected from the Nine Local Government Areas in Oyo South Senatorial District of Oyo State Nigeria, through simple random sampling technique to serve as a representative of the remaining Local Governments. At the second stage, 62% of the entrepreneurs were selected from each of the two Local Government Areas; Ibadan North (urban) 288 were randomly selected while Ido (rural) 115 were randomly selected to arrive at 403 respondents representing a total of 17.20% of the entire population. In all, four hundred and three (403) respondents participated in the study.

The study employed a self-developed research questionnaire titled 'Assessing Tax Avoidance Tendency among Entrepreneurs in Oyo South Senatorial District, Oyo State, Nigeria' consisting of two (2) sections containing 23 items relating to the objectives of this study. The items were measured on Yes and No response. The face and content validity of the questionnaire was carried out by experts in the field of test measurement and Tax professionals from the Oyo State Internal Revenue Board, their comments were noted and corrections effected. The reliability of the instrument was tested using test-retest method and the result was analysed using Cronbach Alpha which yielded a reliability co-efficient value of 0.80.

403 copies of questionnaires were distributed to the respondents representing 100% but, only 322 copies of questionnaires representing 79.9% were correctly filled and successfully collected from the respondents, while 81 copies of questionnaires representing 25.15% were not retrieved. However, the researcher utilized the 322 copies correctly filled questionnaires to represent 100% as a basis for the analysis. Chi Square statistical tool was used to test the hypothesis at 0.05 level of significance.

Results

Research Hypothesis

$H_{O}1$: Oyo State entrepreneurs' Economic and Social Factors will not significantly influence their rate of tax payment to the State

Table 1 (a): Chi Square Test results: Influence of Economic factors on Oyo State entrepreneurs rate of tax payment to the State

Dependent variable (proxy for tax payment): inadequate accounting records by entrepreneurs are used to avoid tax on independent variable (Economic factors): more entrepreneurs would be willing to pay tax if tax rates are reduced.

Chi Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.341	1	0.247		
Continuity correction	858	1	0.354		
Likelihood Ratio	1.248	1	0.264		
Fisher's Exact Test				0.251	0.175
Linear-by-Linear Association	1.337	1	0.248		
N of Valid Cases	329				

The result of the analysis from Table 1 (a) Pearson Chi-Square statistic, $X^2 = 1.341$

X^2 cal = 1.342

X^2 tab = X^2v, 5% = critical region

X^2_1, 0.05 = 3.841

Decision rule: Reject H_{O1} if X^2 cal > X^2 tab otherwise accept H_{O1}

Since X^2 cal = 1.341 < X^2 tab = 3.841, we accept H_{O1}

Conclusion: Since H_{O1} was accepted, it was therefore concluded that there is no relationship between Inadequate accounting records by entrepreneurs used in avoiding tax and entrepreneurs would be willing to pay tax if tax rates are reduced.

Table 1 (b): Chi Square Test results: Influence of Economic factors on Oyo State entrepreneurs rate of tax payment to the State

Dependent variable (proxy for tax payment): inadequate accounting records by entrepreneurs is used to avoid tax on independent variable (Economic factors): high cost of transportation (goods/materials) is used by entrepreneurs to avoid tax

Chi Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.173	1	0.075		
Continuity correction	2.641	1	0.104		
Likelihood Ratio	3.034	1	0.082		
Fisher's Exact Test				0.086	0.054
Linear-by-Linear Association	3.164	1	0.075		
N of Valid Cases	327				

The result of the analysis from Table 2 (b)
Pearson Chi-Square statistic, $X^2 = 3.173$
X^2 cal = 3.173
X^2 tab = X^2v, 5% = critical region
X^2_1, 0.05 = 3.841
Decision rule: Reject H_{O1} if X^2 cal > X^2 tab otherwise accept H_{O1}
Since X^2 cal = 3.173 < X^2 tab = 3.841, we accept H_{O1}

Conclusion: Since H_{O1} was accepted, it was therefore concluded that that there is no relationship between Inadequate accounting records by entrepreneurs used in avoiding tax and high cost of transportation (goods/materials) used by entrepreneurs in avoiding tax.

Table 1 (c): Chi Square Test results: Influence of Economic factors on Oyo State entrepreneurs' rate of tax payment to the State

Dependent variable (proxy for tax payment): inadequate accounting records by entrepreneurs is used to avoid tax on independent variable (Economic factors): the poverty level in the State is used by entrepreneurs to avoid tax

Chi Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	18.745	1	0		
Continuity correction	17.225	1	0		
Likelihood Ratio	16.474	1	0		
Fisher's Exact Test				0	0
Linear-by-Linear Association	18.688	1	0		
N of Valid Cases	325				

The result of the analysis from Table 3 (c)
Pearson Chi-Square statistic, $X^2 = 18.745$
X^2 cal = 18.745
X^2 tab = X^2v, 5% = critical region
X^2_1, 0.05 = 3.841

Decision rule: Reject H_{O1} if X^2 cal > X^2 tab otherwise accept H_{O1}
Since X^2 cal = 18.75 > X^2 tab = 3.841, we reject H_{O1}

Conclusion: Since H_{O1} was rejected, it was therefore concluded that there is relationship between inadequate accounting records by entrepreneurs used in avoiding tax and poverty level in the State is used by entrepreneurs in avoiding tax.

Table 1 (d): Chi Square Test results: Influence of Social factors on Oyo State entrepreneurs rate of tax payment to the State

Dependent variable (proxy for tax payment): inadequate accounting records by entrepreneurs is used to avoid tax on independent variable (Social factors): entrepreneurs are not enlightened on the use of revenue generated from tax

Chi Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	0.26	1	0.61		
Continuity correction	0.072	1	0.788		
Likelihood Ratio	0.251	1	0.617		
Fisher's Exact Test				0.631	0.38
Linear-by-Linear Association	0.259	1	0.611		
N of Valid Cases	327				

The result of the analysis from Table 4 (a)
Pearson Chi-Square statistic, X^2 = 0.260
X^2 cal = 1.342
X^2 tab = X^2v, 5% = critical region
X^2_1, 0.05 = 3.841
Decision rule: Reject H_{O1} if X^2 cal > X^2 tab otherwise accept H_{O1}

Since X^2 cal = 0.260 < X^2 tab = 3.841, we accept H_{O1}

Conclusion: Since H_{O1} was accepted, it was therefore concluded that there is no relationship between Inadequate accounting records by entrepreneurs used in avoiding tax and entrepreneurs not enlightened on the use of revenue generated from tax.

Table 1 (e): Chi Square Test results: Influence of Social factors on Oyo State entrepreneurs' rate of tax payment to the State

Dependent variable (proxy for tax payment): inadequate accounting records by entrepreneurs are used to avoid tax on independent variable (Social factors): non-provision of social amenities is used by entrepreneurs to avoid tax.

Chi Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	0.068	1	0.794		
Continuity correction	0	1	1		
Likelihood Ratio	0.067	1	0.796		
Fisher's Exact Test				0.786	0.486

Linear-by-Linear Association	0.068	1	0.794
N of Valid Cases	326		

The result of the analysis from Table 5 (b) Pearson Chi-Square statistic, $X^2 = 0.068$

X^2 cal = 0.068

X^2 tab = X^2v, 5% = critical region

X^2_1, 0.05 = 3.841

Decision rule: Reject H_{O1} if X^2 cal > X^2 tab otherwise accept H_{O1}

Since X^2 cal = 0.068 < X^2 tab = 3.841, we accept H_{O1}

Conclusion: Since H_{O1} was accepted, it was therefore concluded that there is no significant relationship between Inadequate accounting records by entrepreneurs used in avoiding tax and non-provision of social amenities used by entrepreneurs to avoid tax

Table 1 (f): Chi Square Test results: Influence of Social factors on Oyo State entrepreneurs' rate of tax payment to the State

Dependent variable (proxy for tax payment): inadequate accounting records by entrepreneurs are used to avoid tax on independent variable (Social factors): entrepreneurs are not aware of their civic responsibilities in paying tax correctly.

Chi Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	0.053	1	0.817		
Continuity correction	0	1	0.989		
Likelihood Ratio	0.053	1	0.819		
Fisher's Exact Test				0.828	0.481
Linear-by-Linear Association	0.053	1	0.817		
N of Valid Cases	322				

The result of the analysis from Table 6 (c) Pearson Chi-Square statistic, $X^2 = 0.053$

X^2 cal = 0.053

X^2 tab = X^2v, 5% = critical region

X^2_1, 0.05 = 3.841

Decision rule: Reject H_{O1} if X^2 cal > X^2 tab otherwise accept H_{O1}

Since X^2 cal = 0.053 < X^2 tab = 3.841, we accept H_{O1}

Conclusion: Since H_{O1} was accepted, it was therefore, concluded that there is no relationship between Inadequate accounting records by entrepreneurs used in avoiding tax and entrepreneurs not aware of their civic responsibilities in paying tax correctly.

General Hypothesis Result

H_{O1}: Oyo State entrepreneurs' economic and social factors will not significantly influence their rate of tax payment to the State.

X^2 cal = 23.64

X^2 tab = 23.046

Decision rule: Reject H_{O1} if, X^2 cal > X^2 tab otherwise accept H_{O1}

Since X^2 cal = 23.64 > X^2 tab = 23.046, we reject H_{O1}

Conclusion: Since the null hypothesis was rejected, it was therefore concluded that Oyo

State entrepreneurs' economic and social factors will significantly influence their rate of tax payment to the State.

Summary of Findings

The study investigated factors influencing tax avoidance tendency among entrepreneurs in Oyo State. The results of the study revealed the following:

1. government attitude towards tax administration in Oyo State is not efficient and effective;
2. entrepreneurs' tax avoidance adversely affected Oyo State government revenue generation;
3. entrepreneurs' economic status significantly influenced their ability to pay tax correctly to the government; and
4. economic and social factors of entrepreneurs in Oyo State significantly influence lower rate of tax payment to Oyo State government

Discussion of Findings

This study assessed the effect of tax avoidance tendencies among small scale entrepreneurs in Oyo South Senatorial District. In furtherance, the study also sought to find out if Oyo State economic and social status will not significantly influence their rate of tax payment to the State. The statistical analysis as presented in Chi Square Tables revealed that proxy for tax payment when cross tabulated with economic and social status of entrepreneurs in Oyo State depicted that the economic and social status of entrepreneurs significantly influence their rate of tax payment to the State, as a result, the null hypothesis was rejected in this study. The present finding is in support of the research work of Abdulhamid, *et. al* (2024) who found significant influence on economic and social status on lower rate of tax payment. Whenever a business does not thrive due to economic and social status, the government loses revenue it would have earned from tax. The challenges influencing tax rates due to entrepreneurs' status includes economic, social, financial, regulatory, management, accounting, marketing, infrastructural, natural disaster, production technology, raw materials and personnel related problems. Also, according to these scholars, inadequacies of infrastructural facilities such as transportation networks, pipe borne water, electricity and security discouraged entrepreneurs to pay and lower tax rate. Ngalo (2021) in his study coincides with the result of this study that incessant power outage could cause under-utilization of factory capacity which adversely affects small industries. The transportation networks – roads, rail, pipe and sea are grossly insufficient and in dilapidated state. The poor state of road network in the country has led to loss of huge man hours with many businesses unable to meet up with contract and business schedules, loss of cargo and human lives through accidents. The supply of portable water is grossly inadequate and sanitation facilities for the urban and rural dwellers are inadequate. The entrepreneurs find it difficult to raise funds for investment, high foreign exchange rate, galloping inflations and unstable monetary and fiscal policies hamper entrepreneurs' development and encourage tax avoidance tendency in the economy. The exchange rate between Naira and any foreign currency especially US dollars increases cost of imported

technologies, spare parts and raw materials needed by the small-scale entrepreneurs and thus forces them to close down in the event they cannot bear the high cost. Most entrepreneurs lack conceptual, human and technical skills, whereas this is essential because managing is scientific. Majority of the small-scale entrepreneurs lack access to research facilities that can assist to fashion out modern equipment, technical and more efficient ways of doing things. Nwabuatu (2024) affirms that the high incidence of multiplicity of regulatory agencies, taxes and levies result in high cost of doing business and discourages entrepreneurs marketing strategies in an unfavourably economy leads to low sales and incurring loses. The National Policy on Micro, Small and Medium Enterprises in Nigeria, SMEDAN (2008) as cited in Ibrahim (2020) identified poor marketing information, multiple and overlapping regulatory framework which led to high costs and loss of confidence, high cost of advertisement, poor marketing infrastructures, poor quality products, weak access to market and weak demand. The Nigerian political environment is highly unpredictable, new government policies have adverse effect on small scale entrepreneurs which may force them to close down. The failure of the three tiers of government to improve the economy and provide social amenities enhances tax avoidance and the resultant effect is low tax revenue for government.

Conclusion

Tax avoidance is a very serious menace that is causing a major setback on Oyo State economic, revenue generation and social development. However, credit should be accorded to small scale entrepreneurs for the realization that it is not only white-collar-jobs that enhances self-fulfilment, wealth creation and national development. Little wonder, young graduates are taking the bull by the horn by engaging in small scale enterprises for survival though many have not trodden the direction. It is worthy of note that small sacrifice as tax payment can help our country to grow stronger and the next generation will get a better life. This study will also help everyone to realize how important tax revenue is for the economic development of a country and how we are affecting that development through tax avoidance tendency. The Nigerian tax authorities such as the FIRS, SIRS and the local government revenue committees can improve the tax compliance of individuals and business owners who are made to acquire basic tax knowledge. Also, this study has added to the existing body of knowledge on tax rates, tax knowledge and tax compliance thereby filling knowledge gaps. This, also, helps other researchers interested in the area of tax compliance.

Recommendations

The following recommendations are made in view of the findings and implication of the study:

1. Government should improve the structure of tax administration system to meet the expectations and needs of entrepreneurs and enumeration exercise of entrepreneurs should be ensured by government.
2. Transparency and accountability are virtues that all Nigerians must imbibe, the tax officials are highly required to

be transparent and corrupt free. This will restore the peoples' confidence in the tax agency, thereby paying their taxes correctly and promptly.

3. Government should strive to boost the economy and reduce the level of poverty among its citizens because where the majority of the people are poor, tax avoidance becomes inevitable.
4. Systematic development of quality infrastructural sectors and good social amenities by government will enable the entrepreneurs increase their capacity in the area of production and perform all their civic responsibilities. A welfare programme should be instituted particularly for the vulnerable (young school leavers and the aged) so as to mitigate the burden of those working.
5. Concerted efforts should be made by relevant tax agency to regularly educate the citizenry on tax law and importance of voluntary payment of tax dues correctly; while sensitization and mobilization of the people should be done regularly, through mass media, posters, handbills and advocacy visits to all the Local government areas.
6. Government should endeavour to block all existing loopholes in the tax law that encouraged tax avoidance tendency, thereby putting in place efficient and effective tax administration system and good implementation strategies.
7. Oyo State tax agency should embark on enumeration exercise of all entrepreneurs in the State in order to have a baseline data of entrepreneurs.

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