Quest Journals
Journal of Research in Business and Management
Volume 5 ~ Issue 2 (2017) pp: 40-51
ISSN(Online) : 2347-3002
www.questjournals.org

Research Paper

The Perception of Tax Fairness and Personal Income Tax Compliance of Smes in Rivers State

Ferry Barineka Gberegbe[1], Adebimpe O Umoren[2]
[1]*Department Of Accountancy Kenule Beeson Saro-Wiwa Plytechnic Bori.*
[2]*Department Of Accounting University Of Uyo Uyo*

Received 21 Mar, 2017; **A**ccepted 20 Apr, 2017 © The author(s) 2017. **P**ublished with open access at **www.questjournals.org**

ABSTRACT: *The Study investigated the relationship between the perception of tax fairness and personal income tax compliance in Rivers State. The main objective of this study was to establish the relationship between the perception of tax fairness and personal income tax fairness in Rivers State. The survey design was adopted for this study. Yamane formula was used to draw the sample size of the study. Out of the 7865 registered SMEs taxpayers, 380 formed the sample for this study. The hypotheses were tested using Spearman Correlation Coefficient and Multiple Regression Analysis. The results show that distributive fairness, procedural fairness, retributive fairness and the perception of tax fairness have positive significant influence on personal income tax compliance in Rivers State. It is recommended that there should be increase in the provision of social goods and services to stimulate the level of personal income tax compliance. Finally, the researcher recommended that tax officers should apply minimal level of punishment on tax defaulters for effective tax enforcement and tax administration.*

Keywords: *Tax fairness, Personal Income Tax and Tax Compliance*

I. BACKGROUND TO THE STUDY

In the field of fiscal psychology, researchers have identified the perception of fairness as one of the most important factor that can influence tax compliance and plays a very important role in tax reporting behaviour (Kim, 2002). Fairness is recognized as an attribute of a good tax system (Tan & Chin-Fatt, 2000) and plays a very important role in tax reporting behaviour (Kim, 2002; Hartner, Rechberger, Kirchler & Scabmann, 2008., Razak & dan Adafula, 2013., Oberholzer & Stack, 2014., Damayanti, Sutrisno, Subekti & Baridwan, 2015). Therefore, if a tax system is perceived to be unfair and inequitable, it can encourage taxpayers to evade tax payment and render the tax system less successful (Richardson, 2005). This is hinged on the assumed relationship between tax compliance and public perception of fairness; as a result, perception of tax fairness is seriously recognized in tax compliance literature.

The importance of tax fairness was recognized by Adam Smith as early as 1776. His idea of fairness was that a tax payer will want to contribute towards governance based on either their 'ability to pay' or the benefits derived from government tax funded projects and programmes (Richardson, 2005). Since then, fairness is recognized as one of the attributes of a good tax system in modern taxation (Tan & Chin-Fatt, 2000). Accordingly, tax payers who are not satisfied with the treatment from tax authorities may hold resistance view (Trivedi, Shehata & Lynn, 2003., Murphy, 2005., Ho & Wong, 2008) and may not be willing to pay their tax (Murphy 2003). However, the empirical evidence suggests that the relationship between the forms of tax fairness and personal income tax compliance has not been investigated in Nigeria.

The Nigeria economy is acknowledged as the largest in Africa with a Gross Domestic Product size of $510 billion (₦81 trillion) as at 2013 (Bickerstech, 2016). Almost double the size of South African's economy, and Egyptian's economy, and 18 times the size of Ghanaian economy and Ivory Coast's economy. After its re-basing in April 2014, Nigeria GDP remained the largest in Africa with an estimated value of $510billion (Adeoti & Taiwo, 2015., Ogunride, 2016). Nevertheless, Nigeria has the least contribution of tax to GDP (6.1%) against 26.9%, 15.8%, 20.8%, 15.3% and 49% for South Africa, Egypt, Ghana, Ivory Coast and Zimbabwe respectively (Fowler, 2016). Further, the over 60% drop in oil price and over 80% decline in oil revenue in Nigeria have resulted in a steep fall in the country's earnings. With the economic downturn, tax administrators are challenged to improve the level of tax compliance (Hauptman, Horvat & Korez-Vide, 2014). Also, Government needs improved tax revenue to maintain adequate support for social goods and services (Zhang,

Andrighetto, Ottone, Ponzano & Steimno, 2016).The available statistics indicate that the average tax revenue loss in developing countries is estimated between 35% and 55% of the GDP in 2002 (Terkper, 2003). These estimates slightly increased by 14% and 27% over the 30% and 40% of GDP in 1993 (Phyle, 1998). Cobman (2005) estimated the tax revenue loss attributable to low level of compliance at $28billion in developing countries. This experience has raised concern and resulted to several studies. Most of the studies have investigated the problem from the theoretical perspective of deterrent approach (Riahu-Belkaou, 2004).

Further evidence reveals that personal income tax compliance is particularly low in Nigeria. According to Fjeldstad and Semboja (2001), half or more of the potential tax revenue remains uncollected. In Rivers State, the income tax gap is estimated at N20 billion, despite increases in penalties, disclosure requirements and enforcement resources and efforts (Rivers State Government, 2015). Rivers State has a population of over three million people and over ninety companies including Drilling Petro-Dynamics, Elf, AGIP, Texaco, Shell Petroleum Development Company of Nigeria Limited, Eternal Oil and Gas Limited, Becmic Limited, West Africa Oilfield Services Limited, First Bank Plc, Union Bank Plc, Standard Chartered Bank Plc, Monier Construction Company, Adamac Group of Companies and Bell Oil and Gas Limited among others. Despite the number of people and firms doing business in the state, the personal income tax gap was estimated at ₦35,059,169,620 in 2011, ₦14,675,705,568 in 2012 and ₦21,531,266,957 in 2013. These observations suggest that there is poor level of personal income tax compliance in Rivers State. The level of compliance is relatively enduring organization of a taxpayer's belief about tax which predisposes his action (Rogers in Fallan 1999). Cullis and Lewis (1997) observed that taxpayers reaction to a tax system and tax authority is changeable and has much to do with tax fairness. Tax fairness is built through increasing understanding about taxes (Mukhlis, Utomo & Soesetyo, 2014). This understanding is important in dealing with the benefits associated with personal income tax, tax rates and tax penalties, tax administration and tax services. Unfortunately, the relationship between the perception of tax fairness and personal income tax compliance has not been investigated in Nigeria. There is no research on the subject which focuses specifically on Nigeria. Therefore, there is need to undertake such study to close the gap.

Statement Of The Problem

Low tax compliance is a major problem for policy makers and limits the ability of government to raise personal income tax for development. Prior research indicates that the perception of tax fairness is one of the non economic factors that influence personal income tax compliance. Further, tax compliance literature also reveals that the association between the perceived forms of tax fairness and tax compliance vary with tax jurisdiction. However the relationship between the perception of tax fairness and personal income tax compliance has not been investigated in Nigeria, to the knowledge of the researcher.

The analysis of these associations is crucial given the continuing questions and uncertainty of the nature of distributive, procedural and retributive tax fairness, and personal income tax compliance linkage and the need to establish if these forms of tax fairness increase personal income tax compliance in Nigeria. This is necessary given the fact that the perception of tax fairness is measured either at individual or societal level. Therefore, this study will extend the scope of tax fairness literature by look at the Nigeria environment.

Objectives Of The Study

The main objective of this study is to establish the relationship between the perception of tax fairness and personal income tax compliance in Rivers State, Nigeria. Other objectives are:

1. To examine the relationship between perceived distributive fairness and personal income tax compliance in Rivers State, Nigeria.
2. To evaluate the relationship between perceived procedural fairness and personal income tax compliance in Rivers State, Nigeria.
3. To examine the relationship between perceived retributive fairness and personal income tax compliance in Rivers State, Nigeria.

Empirical Review

Tax Fairness And Personal Income Tax Compliance

Tax compliance literature suggests that deterrence based enforcement strategies with offenders can be counter productive in the long run and can undermine the relationship between legal authorities and those they regulate (Tyler, Sherma, Strang, Barnes & Woods, 2007). Thus, regulatory scholars have realized the importance of persuasion and cooperation as a tool for gaining compliance (Murphy, 2008). Similarly, Tyler (2006) asserts that dialogue and fair treatment with tax payers can encourage taxpayers to support the law and minimize the rate of re-offending.

Using experimental design on 37 participants, Torgler (2003) examine the association between fiscal exchange, moral suasion, positive rewards and tax compliance in Costa Rica. The findings indicate that these

factors have significant positive influence on tax compliance. In a related study, Tan and Chin-Fatt (2000) evaluate the linkage between tax knowledge, perception of fairness and tax compliance, using an experimental design on 113 students enrolled in New Zealand tertiary institutions. They observed that tax knowledge did not have significant influence on the association between the perception of fairness and tax compliance. However, they show a significant positive association between the perception of fairness and tax compliance.

Further, Faizal and Palil (2015) examine the association between fairness and individual tax compliance on 82 Malaysia participants using quantitative research method. The results from the multiple regressions reveal that procedural fairness has significant positive influence on tax compliance. On the other hand, they show that distributive and retributive fairness has positive but insignificant influence on tax compliance.

In addition, Amzi and Perumal (2008) investigate the relationship between fairness dimension and tax compliance, using a survey questionnaire on 390 Asian taxpayers. They show that general fairness, tax structure and self interest have significant positive influence on tax compliance. However, they concluded that educational and cultural differences between Malaysia and Western countries could explain the reason for the different dimensions in Malaysia.

Distributive Fairness And Personal Income Tax Compliance

Empirical studies (Kim, 2002, Verboon & Van Dyke, 2007) indicate that the perception of unfair exchange between taxpayers and the government will lead to decrease in the level of tax compliance. Thus, it is assumed that taxpayers use the benefits received from government spending as a way of explaining tax fairness.Torgler (2003) examine the relationship between fiscal exchange, positive rewards, moral suasion and tax compliance in Costa Rica. Using an experimental design on 37 participants, the researcher shows that fiscal exchange and positive rewards have significant positive influence on tax compliance. Similarly, Richardson (2005), Gillingan and Richardson (2005) conducted an exploratory cross-cultural study of tax fairness perceptions and tax compliance behaviour in Australia and Hong Kong. Using the survey approach on a sample of 407 Post graduate business students, the researcher reveal that tax fairness relating to general fairness and exchange with the government have significant positive influence on Personal Income Tax compliance. Further, they reported that there is no universal pattern that exist cross-country between the different facets of tax fairness perceptions and tax compliance. That is, the nature of influence of the forms of tax fairness on tax compliance differs among different tax regime. Collaborating the findings of Gillingan and Richardson (2005), Faizal and Palil (2015) observe that distributive fairness has positive but insignificant influence on personal income tax compliance in Malaysia. They examine the association between tax fairness and personal income tax compliance, using quantitative research method and with a sample size of 82.

Procedural Fairness and Personal Income Tax Compliance

Murphy and Tyler (2008) assert that good and fair services will encourage taxpayers to cooperate and incline with the decisions made by the tax authority. Further, Wenzel (2002) claim that the level of income tax compliance is positively influenced by procedural fairness. In contrast, Worsham (1996) argue that procedural fairness does not positively influence an individual's tax compliance.Stalans and Lind (1997) investigate the relationship between procedural fairness, tax audit and tax compliance with a sample of 70 participants interviewed from the United States (US). They show that taxpayers may enter into tax audit with less favourable view of the auditor's fairness which may influence their perception of what happens during tax audit and tax compliance. Further, Hartner, Rechberger, Kirchler and Schabmann (2008) examine the association between procedural fairness and tax compliance on a sample of 2040 Australian taxpayers using quantitative design. From the standardized regression model, they show that procedural fairness have significant positive influence on tax compliance. Similarly, case studies and in-depth semi-structured interviews were used on 26 small business tax payers in New Zealand by Yong and Rametse (2010) to evaluate the nature of relationship between procedural fairness and tax compliance. They reported that procedural fairness experienced by small business taxpayers have significant positive influence on tax compliance. The above results were collaborated by the findings by Faizal and Palil (2015). The researcher adopted quantitative research approach in exploring the way in which procedural fairness influence tax compliance. With a sample of 82 Malaysia participants, they show that procedural fairness has significant positive influence on tax compliance.

Retributive Fairness And Personal Income Tax Compliance

Although there is limited study on the way(s) that retributive fairness associate with tax compliance (Kirchler, 2007). Feld, Lars and Frey (2006) claim that retributive fairness will positively influence Personal income tax compliance. Using survey data from 652 taxpayers who have been through an enforcement experience with Australia Tax Office (ATO), Murphy (2003) investigates the relationship between tax enforcement, punishment and income tax compliance. The results show that those who perceived the ATO's

treatment on them as more stigmatic in nature were more likely to report that they evade taxes. In addition, the researcher reveals that resentment did play significant role on the relationship between perception of disapproval and subsequent tax compliance. Further, Faizal and Palil (2015) examine the relationship between tax fairness and personal income tax compliance on 82 Malaysia taxpayers. Using quantitative design and regression statistical tool, they reported that retributive fairness has insignificant positive influence on tax compliance.

Factors that Influence Tax Compliance

There is increase in the volume of research that has investigated factors that influence tax compliance (Niemirowski, Baldwin & Wearing, 2001., Alm, 2012) and tax compliance behaviour (Kirchler, 2007). Prior research suggests that factors such as legal sanctions, probability of audit, stigmatization, persuasion, self interest, opportunity, perception of tax fairness and the demography of the taxpayer may influence tax compliance. Specifically, Jackson and Miller (in Saad, 2014) identified the factors that influence tax compliance as sanctions, tax audits probability of detection, age, gender, tax rate, education, income level, occupation, peer information, source of income, attitude, ethics, tax knowledge and the perception of fairness. In 1978, IRS listed 64 factors that are likely to influence tax compliance (Alm 1999). Thus, the factors recognized vary from one study to the other and are considered important to the specific context or situation at hand (Bello & Danjuma, 2011).These are grouped into economic and behavioural factors.

Tax compliance is a major concern for tax administrators in Nigeria and has continued to record one of the lowest levels of tax compliance in Africa (CITN, 2010). The Price Water Coopers (PWC) report on "Ease of paying Taxes Ranking" show that Nigeria ranked 138 out of 183 countries investigated. Further, it indicated that the average tax compliance time in Nigeria is 936 hours as against the 318 hours benchmark for Sub-Sahara Africa and 186 hours for the Organization for Economic Cooperation and Development (DECD) countries. The contributions of income tax to total revenue in Nigeria fall from 19.8% in 1999 to 11.7% in 2008 and the tax ratio in 2009 was 11%, the lowest in West Africa and below 15% that is recommended for low income countries. The Central Bank of Nigeria (2008) reported that the contribution of personal Income Tax to total revenue of states and Local Government fall from 20.18% and 7.7% in 1999 to 12.4% and 1.6% in 2008 respectively. The level of personal income tax compliance has been "most disappointing", "non-performing" and "unsatisfactory" in Nigeria (Kiabel & Nwokah, 2009). These observations suggest that the attitude of the taxpayers is poor. The attitude towards taxation is an important factor that explains taxpayers' behaviour (Abani, 2016). Alabede, Ariffin and Idris (2011) evaluate the relationship between attitude, financial condition, risk preference and personal income tax compliance with a sample of 332 taxpayers in Abuja. The survey data was analyzed using multiple regressions. The results reveal that taxpayers attitude towards tax evasion positively influence tax compliance behaviour in Nigeria. Further they reveal that taxpayers' risk preference has strong negative influence on the association between attitude towards tax evasion and tax compliance.

Saad (2014) investigates the relationship between tax knowledge, tax complexity and tax compliance through interview on 30 New Zealand taxpayers (salary earners, retirees, entrepreneurs, a student and a welfare beneficiary), using thematic analysis the researcher shows that tax knowledge and tax complexity influence tax compliance. In consideration for proportionate taxation, Masud, Aliyu and Gambo (2014) explore the effect of tax rate on tax compliance in Africa. Using 122 observations for 2012 and 2013 on data from United State Central Intelligence Agency database World Fact book, they reveal that tax rate has negative effect on tax compliance in Africa. Further, taxpayers may consider the opportunities and risks,, and disobey tax law when the anticipated penalty of being caught is less in relation to savings to be made for non compliance. Schaver and Bajor (2007) adopt the survey approach to investigate the impact of detection risk on tax compliance on a sample of 1,063 taxpayers (students) from Bowling Green State University. The result reveals that detection risk has significant positive influence on tax compliance. In contrast to detective and punitive measures, Ayres and Braithwaith (1992) assert that tax authorities should treat taxpayers in accordance with their motivational postures. One of the greatest motivations to paying tax is for government to use tax revenue to create value that taxpayers can see (Abani, 2016). Aladebe et al. (2011) explore the relationship between risk preference and taxpayers' perception about governance quality and tax compliance on 332 taxpayers in Abuja. The survey results show that governance quality has significant positive influence on tax compliance in Nigeria. Further, they reveal that risk preference has strong negative moderating influence on the association between quality governance and tax compliance. In addition, researchers have identified the perception of fairness as one of the most important factor that can influence tax compliance and plays a very important role in tax reporting behaviour (Kim, 2002). Gillingan and Richardson (2005) examine the association between the perception of fairness and tax compliance in Australia and Hong Kong on a sample of 407 post graduate business students. The results show that the level of tax compliance is explained by taxpayers' perception of tax fairness.

Similarly, Chung and Trivedi (2003) evaluate the nature of relationship between friendly persuasions, gender and tax compliance behaviour on a sample of 112 Canadian University Students. Using experimental

design, ANOVA and correlation as research design and statistical tools respectively, they show that gender and friendly persuasion have significant positive influence on the reported income for taxations.

Research Design

The survey design is adopted for this study. It is selected because of the nature of research problem and objectives. This research design is the most appropriate design since our study involves the administration of structured questionnaire.

Population of the Study

The study population consists of all registered SMEs taxpayers in Rivers State. The number of registered SMEs taxpayers in 2016 was 7865.

Sample and Sampling Technique

Out of the 7865 registered taxpayers, the researcher adopts a sample of 380. The Taro Yamane's sampling technique was used in the determination of appropriate sample size.

Sources of Data

The data for this study was obtained from both primary and secondary sources. The primary data was obtained through the administration of the structured questionnaire. Published journal articles and textbooks were source of secondary data for this study.

Research Instrument

The primary data was obtained by means of questionnaire administered on taxpayers that either owns or work in a Small and Medium Scale enterprise. The questionnaire consists of five sections: (1) demographic, (2) tax compliance, (3) distributive fairness, (4) procedural fairness, and (5) retributive fairness.
To measure, the fairness of personal income tax, the questionnaire was used within 5-points, agreed – disagreed Likert-scale questions. The researcher asked respondents to indicate on a 1(strongly disagree) to 5(= strongly agree) scale the extent to which taxpayers applied tax fairness in tax compliance decision.

Administration of Instrument

The research questionnaire was administered and retrieved in one month. Five research assistance were engaged for the administration and retrieval of the study questionnaire.

Validity of the Research Instrument

The validity of the research instrument was established using factor analysis while the internal consistency of the instrument was established using Cronbach Alpha method of reliability. The result shows that seven components have Eigen value greater than 1 which implies that the dimensionality of the data can be explained using seven components.In addition, the 24 items on the questionnaire were found to load well on at least one of the principal components. Each of the items has loading greater than ± 0.30. Consequently, no item was deleted. Finally, the data obtained was subjected to Cronbach Alpha method and reliability coefficient of 0.77 was obtained. The reliability coefficient of 0.77 indicates that the instrument is reliable.

Method of Data Analysis

The descriptive and inferential statistical techniques were used in this study. Descriptive statistical tools such as percentages, means, standard deviation and Principal Component Factor (PCA) were used to organize, summarize, reduce and explain the characteristics of data distribution. Pearson's product moment correlation coefficient (PPMC) was used to assess the strength of the relationship between the variables. Further, multiple regression was used to test the hypotheses. Finally, correlation analysis was used to make inference before reaching valid conclusion for this study.

Test of Relationship between Perceived Distributive Fairness and Personal Income Tax Compliance

Ho_1: The perception of distributive fairness does not have positive significant influence personal income tax compliance in Rivers State. The result in table 4.3.4 reveals that the perception of distributive fairness has positive significant influence on personal income tax compliance in Rivers State. Table 4.3.4 shows that B = 0.467, P = 0.000 and P < 0.05. Further, the table indicates that F – calculated (8.101) is greater than F – critical (2.67) at 0.05 level of significance. Thus, the null hypothesis is rejected. We establish that the perception of distributive fairness have positive significant influence on the level of personal income tax compliance of SMEs in Rivers State.

Test of Relationship between Procedural Fairness and Personal Income Tax Compliance

Ho_2: The perception of procedural fairness does not have positive significant influence on personal income tax compliance in Rivers State. The findings in table 4.3.4 indicates that the perception of procedural fairness have positive significant influence on personal income tax compliance of SMEs in Rivers State. From the table, B = 0.120, P = 0.006, P < 0.05 and the computed value of F was 8.101. F – calculated of 8.101 is greater than its critical value, 2.67. Thus, the null hypothesis is rejected. We show that the perception of procedural fairness have positive significant influence on personal income tax compliance of SMEs in Rivers State.

Test of Relationship between Retributive Fairness and Personal Income Tax Compliance in Rivers State

Ho_3: The perception of retributive fairness does not have positive significant influence on personal income tax compliance in Rivers State. The result in table 4.3.4 indicates that there is positive significant association between the perception of retributive fairness and personal income tax compliance in Rivers State. The regression result is positive, B = 0.224. Thus, the null hypothesis is rejected. We establish that the perception of retributive fairness have positive significant influence on personal income tax compliance of SMEs in Rivers State.

Test of Relationship between the Perception of Tax Fairness and Personal Income Tax Compliance

Ho_4: The perception of tax fairness does not have positive significant influence on personal income tax compliance. The summary of result on table 4.3.4 shows that the F – computed (8.101) is greater than the critical value of F (2.67) at 0.05 level of significance. Thus, we reject the null hypothesis. We show that the perception of tax fairness have positive significant influence on the personal income tax compliance of SMEs in Rivers State.

Discussion of Findings

The findings of this study are discussed in this section.

Relationship between the Perception of Distributive Fairness and Personal Income Tax Compliance in Rivers State

The findings indicate that the perception of distributive fairness have positive significant association with personal income tax compliance. This result complements the findings of Faizal and Palil (2015) which show positive significant relationship between distributive fairness and tax compliance.

Relationship between the Perception of Procedural Fairness and Personal Income Tax Compliance

The result from table 4.3.4 shows a positive significant association between the perception of procedural fairness and personal income tax compliance. This is similar to the findings of Kirchler and Schabmann (2008) that reported that the perception of procedural fairness has positive significant influence on tax compliance. Further, the findings support the results of Yong and Rametse (2010), which revealed that procedural influence reported by small business taxpayers have positive significant influence on tax compliance.

Relationship between the Perception of Retributive Fairness and Personal Income Tax Compliance

The summary of results presented on table 4.3.4 show that the perception of retributive fairness have positive significant influence on personal income tax compliance in Rivers State. This collaborate the findings of Murphy (2003), which reported that the perception of retributive fairness have positive significant influence on personal income tax compliance.

Relationship between the Perception of Tax Fairness and Personal Income Tax Compliance

The result of this study indicates that the perception of tax fairness have positive significant influence on personal income tax compliance in Rivers State. This findings complements the report by Tan and Chin-Fatt (2000) that show that the perception of tax fairness have positive significant association with personal income tax compliance.

Summary

The Results Of Our Data Analysis Reveal The Following:

i. The study reveals a positive significant relationship between the perception of distributive fairness and personal income tax compliance in Rivers State. The result shows that a fair exchange between taxpayers and the government will lead to increase in the level of personal income tax compliance.

ii. The result of this study shows that the perception of procedural fairness has positive significant influence on personal income tax compliance in Rivers State. This shows that good and fair services will encourage taxpayers to cooperate and incline with the decisions made by tax authorities.

iii. The study reveals positive significant association between the perception of retributive fairness and personal income tax compliance in Rivers State. It implies that tax enforcement strategy and punishment have positive significant influence personal income tax compliance in Rivers State.

iv. The study shows that the perception of tax fairness has positive significant influence on personal income tax compliance in Rivers State. This suggests that the perceived level of fairness will enhance the level of personal income tax compliance in Rivers State.

II. CONCLUSION

The empirical examination of the nature of association between the perceived level of distributive fairness, procedural fairness, retributive fairness and personal income tax compliance in Rivers State provides evidence that addresses the research problem, research objective and research hypotheses. Descriptive and inferential statistical analyses were applied on primary data gathered through structured questionnaire on 255 taxpayers in Rivers State. Findings indicate that distributive fairness, procedural fairness, retributive fairness and tax fairness have positive significant influence on personal income tax compliance of SMEs in Rivers State. In conclusion, the result shows that distributive fairness, procedural fairness, retributive fairness and tax fairness have different level of influence on personal income tax compliance in Rivers State.

Recommendations

Drawing From The Results Of This Study, The Following Recommendations Were Made:

i. This study reveal that the perception of distributive fairness have positive significant influence on personal income tax compliance in Rivers State. Thus, it is recommended that there should be increase in the provision of social goods and services to stimulate the level of personal income tax compliance.

ii. From the findings, the perception of procedural fairness has positive significant influence on personal income tax compliance in Rivers State. This shows that fair services increase the level of personal income tax compliance in Rivers State. Thus, it is recommended that tax authorities should be friendly with the taxpayers during the process of tax enforcement.

iii. There should minimal punishment for personal income tax defaulters. This study shows that an equitable punitive measures increase the level of personal income tax compliance in Rivers State.

iv. There should fairness in the distribution of resources, in the process of tax enforcement and punishment. This study reveals that the perception of tax fairness have positive significant influence on personal income tax compliance in Rivers State.

Contribution To Knowledge

This study contributes to knowledge in the following ways:

1. The researcher investigated the relationship between the three forms of tax fairness identified by Richardson (2005) and personal income tax compliance in Rivers State. This was lacking in Rivers State.

2. The participants were drawn from taxpayers in the SMEs sub sector as against a sample of students in previous studies.

Suggestion For Further Studies

The quantitative method of research adopted for this study. Thus, the qualitative methodology is suggested for further studies. This will assist in eliminating the limitations interest in qualitative research method. Further, similar study and method is recommended in other sectors. This will assist in ascertaining the influence of the differences in experience on the association between the perception of tax fairness and person income tax compliance in Nigeria.

REFERENCES

[1]. Abani, M (2016). Building Stakeholder Support for Tax Transparency and Accountability, Paper Presented at the 18th Annual Tax Conference (ATC) of the Chartered Institute of Taxation of Nigeria (CITN), 11 – 14 May, Abuja.

[2]. Abdulrazag, M. T (1993). Principles and Practice of Nigerian Tax Planning and Management. Ilorin: Batay Publications Limited.

[3]. Abery, E. (2005). Taxing Non-Fixed Trusts, E Journal of Tax Research, 3(2) : 274 – 287.

[4]. Adeoti, O. J & Taiwo, O (2015). Effectiveness of Nigeria Tax System in Redistribution of National Income, Journal of Taxation and Economic Development, 14(1): 1 – 19.

[5]. Alabede, J., Ariffin, Z. & Idris, K (2011). Individual taxpayers' attitude and compliance behaviour in Nigeria: The moderating role of financial condition and risk preference, Journal of Accounting and Taxation, 3(5): 91 – 104.

[6]. Alabede, O. J., Ariffin, Z. & Idris, K. (2011). Public Governance Quality and Tax Compliance Behaviour in Nigeria: The Moderating Role of Financial Condition and Risk Preference, Issues in Social and Environmental Accounting 5(1/2): 3 – 24.

[7]. Alm, J. (2012). Measuring, Explaining and Controlling Tax Evasion: Lessons from Theory: Experiments and field studies, International Tax Public Finance, 19: 54 – 77.

[8]. Alm, J., Jackson, B. & McKee, M. (1992). Estimating the Determinants of Taxpayers Compliance with Experimental Data, National Tax Journal, 45(1): 107 – 114.
[9]. Alm, J., Sanchez, I. & De Juan, A. (1995). Economic and Non-economic Factors in Tax Compliance, Kyklos, 48(1): 3 – 18.
[10]. Anwar, C. & Loughran, T (1995). Testing a Bayesian Learning Theory of Deterrence Among Serious Juvenile Offenders, Criminology, 49: 667 – 698.
[11]. Ayres, I & Braithwaite, J (1992). Responsive Regulation: Transcending the Deregulation Debate. New York: Oxford University Press.
[12]. Azmi, C. A. A. & Perumal A. K (2008). Tax Fairness Dimensions in an Asian Context: The Malaysian Perspective, International Review of Business Research Papers, 4(5): 11 – 19.
[13]. Barbuta-Misu, N. (2011). A Review of Factors for Tax Compliance, International Journal of Economics and Applied Informatics, 1: 69 – 76.
[14]. Batranchea, M., Nichita, R., Batranchea, L. & Moldovan, A. B (2012). Tax Compliance Models: From Economic to Behavioural Approaches, Transylvarian Review of Administrative Sciences, 36: 13 – 26.
[15]. Bazart, C. & Bonein, A. (2014). Reciprocal Relationships in Tax Compliance Decisions, Journal of Economy Psychology, 40: 83 – 102.
[16]. Bello, B. K. & Danjuma, I (2014). Review of Models/Theories Explaining Tax Compliance Behaviour, Sains Humanika, 2(3): 35 – 38.
[17]. Blaufus, K., Bob, J.; Hundsdoerfer, J., Sielaff, C., Kiesewetter, D. & Weimann, J. (2013). Perception of Income Tax Rates: Evidence from Germany, European Journal of Law and Economics, 1-22.
[18]. Bolino, M. & Turnley, W. (2008). Old Faces, New Places: Equity Theory in Cross-Cultural Contexts, Journal of Organizational Behaviour, 29(1): 29 – 46.
[19]. Braithwaite, V (2002). Taxing Democracy. England: Ashgate Publishing Ltd.
[20]. Bronchi, C. (2002). Options for Reforming the Tax System in Greece, OECD Working Papers 193 :1 – 73.
[21]. Bulckaen, F. & Stampini, M. (2005). Commodity Tax Reform in a many Consumers Economy: A Viable Decision – Making Procedure, E Journal of Tax Research, 3(2):151 – 169.
[22]. Carsey, T. J. & Scholz, T. J (1991). Beyond deterrence: Behavioural decision theory and Tax Compliance, Law and Society Review, 25(4): 821 – 843.
[23]. Central Bank of Nigeria (2008). Annual Report and Statement of Account. Abuja: Central Bank of Nigeria.
[24]. Chartered Institution of Taxation of Nigeria (2010). Why Nigeria's Tax System is Weak .Lagos: The Punch.
[25]. Christensen, A. L., Weihrich, S. G. & Gerbing, M. D (1994). The Impact of Education on Perceptions of Tax Fairness, Advances in Taxation, 6: 63 – 94.
[26]. Chung, J. & Trivedi, U. V. (2003). The Effect of Friendly Persuasion and Gender on Tax Compliance Behaviour, Journal of Business Ethics, 47: 133-145.
[27]. Cline, J. R. & Neubig, S. T. (1999). Masters of Complexity and Bearers of Great Burden: The Sales Tax System and Compliance Costs for Multi State Retailers, Ernst and Young Economics Consulting and Quantitative Analysis: 1 – 29.
[28]. Cobham, A. (2005). Tax Evasion, Tax Avoidance and Development. United Kingdom: Finance and Trade Policies Research Centre, University of Oxford.
[29]. Cohen, J.; Manzon, B. G. & Zamora, L.V. (2015). Contextual and Individual Dimensions of Taxpayer Decision Making, Business Ethics, 126: 631-647.
[30]. Cornelissen, T. Himmler, O. & Koenig, T. (2013). Fairness Spillovers – The Case of Taxation, Journal of Economic Behaviour and Organization, 90 :164 – 180.
[31]. Cropanzano, R.; Rupp, D. E.; Mohler, C. & Schminke, M. (2001). Organizational Justice, Research in Personnel and Human Resources Management, 20: 100-113.
[32]. Cullis, J., Jones, P. & Savoia, A. (2012). Social Norms and Tax Compliance: Framing the Decision to Pay Tax, Journal of Socio-Economics, 4(12); 159 – 168.
[33]. Damayanti, N. T.; Sutrisno, T.; Subekti, I. & Baridwan, Z. (2015). The role of Taxpayers' Perception of the Government and Society to Improve Tax Compliance, Accounting and Finance, 4(1): 180-187.
[34]. Das Gupta, A., Ghosh, S. & Mookherjee, D. (2012) Tax Administration reform and Taxpayer compliance in India, International Tax and Public Finance, 11:575-600.
[35]. De Cremer, D. (2004). The Influence of Accuracy as a Function of Leaders Bias: The Role of Trust Worthiness in the Psychology of Procedural Justice, Personality and Social Psychology Bulletin, 30: 293-304.
[36]. Dickson, U. T. & Nwaobia, N. A. (2014). Impact of Heavy Taxation on Israel during Solomoric Era: Implications for Nigerian Tax System, Asian Economic and Financial Review, 2(2): 337-346.
[37]. Eisenhauer, G. J. (2008). Ethical Preferences, Risk Aversion and Taxpayer Behaviour, The Journal of Socio-Economic, 37: 46 – 63.
[38]. Elffers, H., Robben, H. S. J. & Hessing, D. J (1992). The Consequences of Different Strategies for Measuring Tax Evasion Behaviour, Journal of Economic Psychology, 8(3): 311 – 337.
[39]. Faizal, M. S. & Palil, R. M (2015). Study on Fairness and Individual Tax Compliance in Malaysia: Preliminary findings, International Journal of Business, Economics and Law, 8(1): 74 – 79.
[40]. Fallan, L. (1999). Gender, Exposure to Tax Knowledge and Attitudes towards Taxation: An Experimental Approach, Journal of Business ethics, 18: 173-184.
[41]. Farrar, J (2011). Tax Fairness in Canadian Government Budgets: How Fair is 'Fair'?, Critical Perspectives on Accounting, 22: 365 – 375.
[42]. Farrar, M. J., Donnelly, E. M & Dhaliwal, B. S. (2013). Procedural Aspects of Tax Fairness: A Content Analysis of Canadian Tax Jurisprudence, The ATA Journal of Legal Tax Research, 11(2): 21 – 37.
[43]. Feld, A., Lars, P. & Frey, B. (2006). Tax Compliance as a Result of Psychological Tax Contract: The Role of Incentives and Responsive Regulation. Working Paper 287. University of Zurich: Institute for Empirical Research in Economics.
[44]. Feld, L. P. & Frey, B. S. (2007). Tax Compliance as the Result of a Psychological Tax Contract: The Role of Incentives and Responsive Regulation, Law and Policy, 29(1): 102-120.
[45]. Fischer, C. M., Wartick, M. & Mark, M. M (1992). Detection Probability and Taxpayer Compliance: A Review of the Literature, Journal of Accounting Literature, 11(1): 1 – 46.
[46]. Fischler, C. M., Wartick, M. & Mark, M. (1992). Detection Probability and Taxpayer Compliance: A Review of Literature, Journal of Accounting Literature, 11: 1 – 49.

[47]. Fjeldstad, O. & Semboja, J. (2001). Why People Taxes: The Case of the Development Levy in Tanzania, World Development, 29(12): 2059-2074.

[48]. Fjeldstad, O.; Schulz-Herzenberg, C. & Sjursen, H. J. (2012). People's view of Taxation in Africa: The Role of Incentives and Responsive Regulation, Law and Policy, 29: 102-120.

[49]. Fowler, B (2016). Taxation of Informal Sector and Contemporary Issues in the Presumptive Tax Regime, Paper Presented at the 18th Annual Tax Conference (ATC) of the Chartered Institute of Taxation of Nigeria, (CITN), 11 – 14 May, Abuja.

[50]. Friedland, N. (1982). A Note on Tax Evasion as a Function of the Quality of Information about the Magnitude and Credibility of Threatened Fines: Some Preliminary Research, Journal of Applied Psychology, 12(1): 54 – 59.

[51]. Gerger, G., Gercek, A., Taskin, C., Baker, F & Guzel, S (2014). Determining the factors that affect taxpayers' perspective on tax administration: Research in Turkey, International Journal of Economics and Finance Studies, 6(1): 18 – 28.

[52]. Gerxhani, K. & Schram, A (2006). Tax Evasion and Income Source: A Comparative Experimental Study, Journal of Economic Psychology, 27(3): 202 – 222.

[53]. Gillingan, G. & Richardson, G. (2005). Perceptions of Tax Fairness and Tax Compliance in Australia and Hong Kong – A Preliminary Study, Journal of Financial Crime, 12(4), 331-343.

[54]. Hai, O. T. & See, L. M (2011). Intention of Tax Non-Compliance – Examine The Gaps, International Journal of Business and Social Science, 2(7): 79 – 83.

[55]. Hartner, M.; Rechberger, S.; Kirchler, E. & Schabmann, R. (2008). Procedural Fairness and Tax Compliance, Economic Analysis and Policy, 38(1): 137-152.

[56]. Haslam, S. A. (2001). Psychology in Organization: The Social Identity Approach. London: Sage.

[57]. Hauptman, L., Horvat, M. & Korez-Vide, R. (2014). Improving Tax Administration's Services as a Factor of Tax Compliance: The Case of Tax Audit, LEXILOCALIS, 1 – 17.

[58]. Hennighausen, T. & Heinemann, F (2014). Don't Tax Me? Determinants of Individual Attitudes toward Progressive Taxation, German Economic Review 16(3): 255 – 289.

[59]. Ho, D. & Wong, B. (2008). Issues on Compliance and Ethic in Taxation: What do we know? Journal of Finance Crime, 15(4): 369-382.

[60]. Hofmann, E.; Hoelzl, E. & Kirchler, E. (2008). Preconditions of Voluntary Tax Compliance: Knowledge and Evaluation of Taxation, Norms, Fairness and Motivation to Cooperate, Psychology, 216(4): 209-217.

[61]. James, S. & Alley, C. (2002). Tax Compliance, Self Assessment and Tax Administration, Journal of Finance and Management in Public Services, 2(2): 27-42.

[62]. Joulfaian, D. & Rider, M. (1998). Differential Taxation and Tax Evasion by Small Business, National Tax Journal, 51(4): 676 – 687.

[63]. Kastlunger, B., Lozza, E., Kirchler, E & Schabmann, A. (2013). Powerful Authorities and Trusting Citizens: The Slippery Slope Framework and Tax Compliance in Italy, Journal of Economic Psychology, 34: 36 – 45.

[64]. Kiabel, B. D. & Nwokah, N. G. (2009). Curbing Tax Evasion and Avoidance in Personal Income Tax Administration. A Study of the South-South States of Nigeria, European Journal of Economics, Finance and Administrative Science, 15: 16 – 61.

[65]. Kim, K.C. (2002). Does Fairness Matter in Tax Reporting Behaviour? Journal of Economics Psychology, 23: 771-785.

[66]. Kinsey, A. K., Grasmick, G. H. & Smith, W. K (1991). Framing Justice: Taxpayer Evaluations of Personal Tax Burdens, Law and Society Review. 25(1): 845 – 873.

[67]. Kirchler, E. (2007). The Economic Psychology of Tax Behaviour. New York: Cambridge University Press. P.59.

[68]. Kirchler, E. & Wahl, I. (2010). Tax Compliance Inventory TAX -1: Designing an Inventory for Surveys of Tax Compliance, Journal of Economic Psychology, 31: 331 – 334.

[69]. Kirchler, E.; Kogler, C. & Muehlbacher, S. (2014). Cooperative Tax Compliance: From Deterrence to Deference, Current Directions in Psychological Science, 23(2): 87-92.

[70]. Kirchler, E.; Niemirowski, A. & Wearing, A. (2006). Shared Subjective Views, Intent to Cooperate and Tax Compliance: Similarities between Australia Taxpayers and Tax Officers, Journal of Economic Psychology, 27(4): 502-517.

[71]. Kogler, C. & Muehlbacher, S (2005). Testing the Slippery 'Framework' among Self-Employed Taxpayers, Economic Government, 16:125 – 142.

[72]. Krejcie, R. V. & Morgan, D. W. (1970). Determining Sample Size for Research Activities, Educational and Psychological Measurement, 30: 607 – 610.

[73]. Leder, S.; Mannetti, L.; Hoelzl, E. & Kirchler, E. (2010). Regulatory fit Effects on Perceived Fiscal Exchange and Tax Compliance, The Journal of Socio-Economics, 39: 271-277.

[74]. Maciejovky, B., Kirchler, E. & Schwarzenberger, H. (2007). Misperception of Chance and Loss Repair: On the Dynamics of Tax Compliance, Journal of Economic Psychology, 28: 678 – 691.

[75]. Magner, N. R.; Johnson, G. G.; Sobery, J. S. & Welkers, R. B. (2000). Enhancing Procedural Justice in Local Government Budget and Tax Decision Making, Journal of Applied Social Psychology, 30: 789-815.

[76]. Masud, A., Aliyu, A. A. & Gambo, J. E (2014). Tax Rate and Tax Compliance in Africa, European Journal of Accounting, Auditing and Finance Research, 2(3): 22 – 30.

[77]. Milliron, V. C. & Toy, D. R. (1998). Tax Compliance: An Investigation of Key Features, Journal of American Taxation Association, 10: 84 – 104.

[78]. Milliron, V.C. & Toy, D. R. (1988). Tax Compliance: An Investigation of Key Features, The Journal of the American Taxation Association, 9(2): 84-104.

[79]. Modugu, P. K., Eragbhe, E. & Izedonmi, F (2012). Government Accountability and Voluntary Tax Compliance in Nigeria, Research Journal of Finance and Accounting, 3(5): 69 – 76.

[80]. Mukhlis, I., Utomo, H. S. & Soesetyo, Y. (2014). Increasing Tax Compliance through Strengthening Capacity of Education Sector for Export Oriented SMEs: Handicraft Field in East Java Indonesia, European Scientific Journal, 10(7): 170-184.

[81]. Murphy, K. (2003). Procedural Justice and Tax Compliance, Australia Journal of Social Issues, 38: 379-408.

[82]. Murphy, K. (2005). Regulating more Effectively: The Relationship between Procedural Justice, Legitimacy and Tax Non-Compliance, Journal of Law and Society, 32: 562-589.

[83]. Murphy, K. (2008). Enforcing Tax Compliance: To Punish or Persuade? Economic Analysis and Policy, 38(1): 113-135.

[84]. Murphy, K. & Tyler, T. (2008). Procedural Justice and Compliance Behaviour: The Mediating Role of Emotions, European Journal of Social Psychology, 39(4): 652 – 668.

[85]. Murphy, K., Bradford, B. & Jackson, J (2016). Motivating Compliance Behaviour Among Offenders. Procedural Justice or Deterrence?, Criminal Justice and Behaviour, 43(1): 102 – 118.

[86]. Niemirowski, P., Baldwin, S. & Wearing, A (2001). Thirty years of Tax Compliance Research: of what use is it to the ATO. In Walpole, M. and Evans, C (Eds.), Tax Administration in the 21st Century .St. Leonards: Prospect Media. pp. 199 – 214.
[87]. Oberholzer, R. & Stack, M. E. (2014). Perceptions of Taxation: A Comparative Study of different Population groups in South Africa, Public Relations Review, 40: 226-239.
[88]. Ogunrinde, O. S (2016). CITN/ICAN Memorandum of Understanding as Impetus to Economic Development of Nigeria, CITN News, 12: 12 – 20.
[89]. Onuegbu, H.C (2016). TUC Rivers State decries exploitative taxes, levy bills.http//allcitynews.com.ng.
[90]. Palil, M. R. & Mustapha, A. F (2011). Factors Affecting Tax Compliance in Asia: A Case of Malaysia, European Journal of Social Sciences, 5(33): 12864 – 12872.
[91]. Park, C. G. & Hyun, J. K (2003). Examining the Determinants of Tax Compliance by Experimental Data: A Case of Korea, Journal of Policy Modeling, 25(8): 673 – 684.
[92]. Plyle, D. J (1998). Tax Evasion and Black Economy. New York: St. Martin Press.
[93]. Rawlings, G (2003). Cultural Narratives of Taxation and Citizenship: Fairness, Groups and Globalization, Australia Journal of Social Issues, 38(3): 269 – 306.
[94]. Razak, A. A., & dan Adafula, C.J. (2013). Evaluating Taxpayers attitude and its Influence on Tax Compliance Decisions in Tamale, Ghana, Journal of International Accounting, Auditing and Taxation, 17(2): 67-78.
[95]. Reuben, E. & Van Winden, F (2010). Fairness Perceptions and Prosocial Emotions in the Power to Take, Journal of Economic Psychology 31(6): 908 – 922.
[96]. Riahi – Belkaoui, K (2004). Relationship Between Tax Compliance International and Selected Determinants of Tax Morale, Journal of International of Accounting, Auditing and Taxation, 13(1): 135 – 145.
[97]. Richardson, G. (2005). An Exploratory Cross – Cultural Study of Tax Fairness, Perceptions and Tax Compliance Behaviour in Australia and Hong Kong, International Tax Journal,: 11-24.
[98]. Rivers State Government (2015). Appropriation ACT.
[99]. Roth, J. A.; Scholz, J. T. & Witte A. D. (1989). Taxpayer Compliance: An Agenda for Research. Philadelphia; University of Pennsylvania Press. P.133.
[100]. Saad, N. (2012). Perception of Tax Fairness and Tax Compliance Behaviour: A Comparative Study, Journal Pengurusan, 36: 89-100.
[101]. Saad, N. (2014). Tax Knowledge, Tax Complexity and tax Compliance: Taxpayers' View, Procedia-Social and Behavioural Sciences, 109: 1069-1075.
[102]. Schauer, P. & Bayor, L (2007). The impact of detection risk has on tax compliance: An alternative view, Academy of Accounting and Financial Studies Journal, 11(2): 15 – 33.
[103]. Slemrod, J., Blumenthal, M. & Christian, (2001). Taxpayers Response to an Increased Probability of Audit: Evidence from a Controlled Experiment in Minnesota, Journal of Public Economics, 79: 455 – 483.
[104]. Smith, W. K., & Kinsey, A. K. (1987). Understanding Taxpaying Behaviour: A Conceptual Framework with Implications for Research, Law and Society Review, 21(4): 639-663.
[105]. Sour, L. (2004). An Economic Model of Tax Compliance with Individual Morality and Group Confirmity, Economia Mexicana NUEVA EPOCA, 13(1): 1 – 27.
[106]. Spicer, M. W. & Thomas, J. E (1982). Audit Probabilities and The Tax Evasion Decision: An Empirical Approach, Journal of Economic Psychology, 2(2): 241 – 245.
[107]. Spicer, M., & Becker, L. (1980). Fiscal Inequity and Tax Evasion: An Experimental Approach, National Tax Journal, 33: 171 – 175.
[108]. Stalans, L. & Lind, E. (1997). The Meaning of Procedural Fairness: A Comparison of Taxpayers' and Representatives' Views of Their Tax Audits, Social Justice Research, 10(3): 311 – 331.
[109]. Stefura, G. (2011). The Role Played by Economic and Non Economic Variables in the Analysis of Tax Compliance, Review of Economic Business Studies, 4(2): 105 – 120.
[110]. Tan, M.L. & Chin-Fatt, C. (2000). The Impact of Tax Knowledge on the Perceptions of Tax Fairness and Attitudes towards Compliance, Asian Review of Account, 8(1): 44-58.
[111]. Taylor, N. (2003). Understanding Taxpayer attitudes through Understanding Taxpayers Indentifies. In Braithwaite, V (Ed.), Taxing Democracy, Understanding Tax Avoidance and tax Evasion. Aldershot: Ashgate. P.71.
[112]. Torgler, B. (2003). Tax Morale, Rule – Governed Behaviour and Trust, Constitutional Political Economy, 26: 89 – 103.
[113]. Torgler, B. (2008). Introduction to the Special Issue on Tax Compliance and Tax Policy, Economic Analysis and Policy, 38(1): 31-33.
[114]. Trivedi, U. V., Shehata, M. & Lynn, B (2003). Impact of Personal and Situational Factors on Taxpayer Compliance: An Experimental Analysis, Journal of Business Ethics, 47: 175 – 197.
[115]. Tyler, T. R. (2006). Why People obey the law. Princeton: Princeton University Press.
[116]. Tyler, T. R.; Sharman, L.; Strang, H.; Barnes, G. & Wood, D. (2007). Reintegrating Shaming, Procedural Justice and Recidivism: The Engagement of Offenders Psychological Mechanisms in the Carneberra Drinking – and Driving Experiment, Law and Society Review, 41: 553-586.
[117]. Van Dijke, M. & Verboon, P. (2010). Trust in Authorities as a Boundary Condition to Procedural Fairness Effects on Tax Compliance, Journal of Economic Psychology, 31: 80-91.
[118]. Verboon, P. & van Dijke, M (2011). When Do Severe Sanctions Enhance Compliance? The Role of Procedural Fairness, Journal of Economic Psychology, 33: 120 – 130.
[119]. Walsh, K. (2012). Understanding Taxpayer Behaviour – New Opportunities For Tax Administration, The Economic and Social Review, 43(3): 451 – 475.
[120]. Wenzel, M (2000). Justice and Identity: The significance of inclusion for perceptions of Entitlements and Justice motive, Personality and Social Psychology Bulletin, 26:157-176.
[121]. Wenzel, M. (2002). The Impact of Outcome Orientation and Justice Concerns on Tax Compliance: The Role of Taxpayers Identity, Journal of Applied Psychology, 38: 629-645.
[122]. Wenzel, M. (2003). What is Social about Justice? Inclusive Identify and group values as the basis of the Justice Motive, Journal of Experimental Social Psychology, 38: 205-218.
[123]. Wenzel, N (2004). An Analysis of Norm Processes in Tax Compliance, Journal of Economic Psychology, 25(2): 213 – 228.
[124]. Worsham, R. G. J. (1996). The Effect of Tax Authority Behaviour on Taxpayer Compliance: a Procedure Justice Approach, Journal of the American Taxation Association, 18(2): 19-39.
[125]. Yamane, T. (1967). Elementary Sampling Theory. USA: Prentice – IN, Eagle Wood Cliffs, N. J.

[126]. Yitzhaki, S. (1974). A Note on Income Tax Evasion: A Theoretical Analysis, Journal of Public Economics, 3(2): 201 – 202.
[127]. Yong, S. & Rametse, N. (2010). The Influence of Procedural Fairness on the Small Business Entrepreneurs and their Perception of the Tax Authority: A Case Study Approach, International Review of Business Research Papers,: 487-512.
[128]. Zhang, N., Andrighetto, G., Ottone, S., Ponzano, F. & Steinmo, S. (2016). Willing to Pay? Tax Compliance in Britain and Italy: An Experimental Analysis, Plos ONE, 11(2): 1 – 14.

Descriptive Statistics of the Variables

Table 4.1 Descriptive Statistics of Variables

	Distributive fairness	**Procedural fairness**	**Retributive fairness**	**Tax compliance**	**Cronbach Alpha**
N	255	255	2552	255	
Kolmogorov–Smirnov Statistics	0.188	0.154	0.176	0.141	
Shapiro-Wik Statistics	0.944	0.904	0.854	0.954	
Sig (2 – tailed)	0.000	0.001	0.002	0.000	
P value	0.000	0.006	0.004	0.000	
Mean	4.16	4.08	4.18	4.17	
Cronbach Alpha result					0.736
Standard deviation	0.86	0.82	0.79	0.85	

The descriptive statistics of this study is presented in table 4.1. This statistics indicate that the distribution of the scores obtained for all the variables are not normally distributed.The participants show that a simple and easier to understand tax system, proper management of tax revenue, increased benefits, equitable distribution of tax burden, and low tax rates influence tax compliance.

Table 4.3.1: Spearman's Correlation Result for the Relationship between Distributive, Procedural, Retributive and Tax Compliance

			Distributive fairness	Procedural fairness	Retributive fairness	Tax compliance
Spearman's rho	Distributive fairness	Correlation Coefficient	1.000	.346**	.324**	.429**
		Sig. (2-tailed)		.000	.000	.000
		N	255	255	255	255
	Procedural fairness	Correlation Coefficient	.346**	1.000	.460**	.281
		Sig. (2-tailed)	.000		.000	.001
		N	255	255	255	255
	Retributive fairness	Correlation Coefficient	.324**	.460**	1.000	.261**
		Sig. (2-tailed)	.000	.000		.002
		N	255	255	255	255
	Tax compliance	Correlation Coefficient	.429**	.281	.261**	1.000
		Sig. (2-tailed)	.000	.001	.002	
		N	255	255	255	255

Result presented in Table 4.3.1 indicate positive relationship between distributive fairness and tax compliance ($r = .429$, $p = 0.000$, $p < 0.05$), between procedural fairness and tax compliance ($r = .281$, $p = .001$, $p < 0.05$) and retributive fairness and tax compliance ($r = .261$, $p = 0.002$, $p < 0.05$). This result shows that the more perceived the distributive, procedural and retributive fairness, the higher the level of tax compliance. It suggests that perceived level of distributive, procedural and retributive fairness enhance tax compliance among SMEs in the study areas.

Table 4.3.2: Model Summary for the regression of tax compliance using distributive, procedural and retributive fairness as the independent variables

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.398[a]	.159	.139	2.36428	.159	8.101	3	129	.000

Table 4.3.2 show an adjusted r-square of .139 which means that 13.9% of the variation in tax compliance was accounted for by distributive, procedural and retributive fairness as perceived by the SMEs.

Table 4.3.3: ANOVA Result Summary for the relationship between distributive, procedural and retributive fairness and tax compliance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	135.845	3	45.282	8.101	.000[b]
	Residual	721.087	252	5.590		
	Total	856.932	255			

Table 4.3.3 reveals that the F – calculated of 8.101 is greater than the F – critical of 2.67 at 0.05 level of significance. This means that the regressions of tax compliance using distributive, procedural and retributive fairness as the independent variables is statistically significant and are positively associated.

Table 4.3.4: Estimate of the Regression Coefficient Showing the Influence of distributive, procedural and retributive fairness on tax compliance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	15.117	2.209		6.844	.000	10.747	19.487		
	Distributive fairness	.467	.116	.353	4.024	.000	.237	.696	.849	1.178
	Procedural fairness	.120	.019	.019	6.32	.006	-.206	.246	.553	1.808
	Retributive fairness	.224	.034	.083	6.59	.004	-.161	.369	.565	1.769

Table 4.3.4 shows significant positive influence of distributive fairness (B = .467, p = 0.000, p < 0.05), procedural fairness (B = .120, p = .006, p < 0.05) and retributive fairness (B = .224, p-value = .004, p < 0.05) on tax compliance among SMEs in Rivers State. This result indicates that the fairer the perceived level of distributive, procedural and retributive of personal income tax, the more likely for people to pay their tax.
From the model, the result shows that TC = 0.47DF + 0.120PF + 0.224RF.