FAIRNESS PERCEPTION AND COMPLIANCE BEHAVIOUR OF SALARIED TAXPAYERS IN NIGERIA

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Abstract

This study examines the fairness perception and compliance behaviour of salaried taxpayers in Nigeria. Structured questionnaire were used to elicit respondents` response from the field. The data generated were tested using the Z- test statistical tool. Our results show that there is a positive relationship between types of occupation, and source of income and compliance behaviour of salaried taxpayers. Financial responsibilities, income rate and tax rate have negative relationship with compliace behaviour of salaried taxpayers. We recommended that tax authorities should introduce tax policies that will cussing the effect of taxpayers that have many dependents and those that are into menial jobs.

INTRODUCTION

Taxpayers' behavior towards tax system has attracted lots of concerns by tax authorities in most nations especially in developed countries. However, the results of study on tax payer behaviour are inconclusive in developed countries because most of these counties concentrate on one side of the coin studies, that is, how tax collection will increase government revenues. The works performed in western world fail to take into cognize the compliance behaviour of tax payers. Some are of opinion that tax systems in developed countries are specialized and leave no room for non-compliance of tax payment by citizens. Others authors suggest that tax payers in developed have no reason to resist payment of tax because their governments translate the money collected from tax into conspicuous infrastructural development. However it worthy to know that hostility towards tax authorities can be dated back to the Roman empire, in 60A.D, when Boadecia queen of East Anglia led a revolt against what he called corrupt tax in Great Britain. Even though the western world give the impression that tax compliance behaviour is not an issue for discussion in modern times. This assertion has been proven to be false by Black Prince in Post-Revolution America and by repulsive attitude of Americans toward Tax Act of 1864.

Spicer and Lundstedt (1976) explain that when tax is unfair tax payers are more likely not comply with the tax laws. A tax system becomes grossly unfair when payers are required to pay taxes that are beyond their income baseline. According to Porcano (1984) taxpayers' needs and ability to pay are the important factors that determined the fairness of a tax system. Kirchler

(2007) opines that at the group level, the taxpayers are interested on the fairness of treating their groups compare to other groups, when a group perceived that it is not fairly treated in respect to tax burden in relation to other groups the members of that group automatically become non-compliance to the tax law in question. Kirchler (2007) further stresses that at societal level, the taxpayers are concerned with the fairness of tax system of the whole society, where they perceived the tax system to be unfair, tax non-compliance is likely to increase in that society.
The Nigerian tax system can traced back to 1904 in colonial era .After the amalgamation of the Northern and Southern protectorate in 1914 the British authority introduced the collection of taxes into Nigeria . Northern and Southern Nigeria recorded high level compliance while Eastern Nigeria exhibited non-compliance behaviour .In 1927 women in Aba (in Eastern Nigeria) took to the street to express their displeasure on tax system they o termed an unfair and gross exhortative tax system .In recent times there have been reported cases of instances where tax collected were beaten up by taxpayers for what they termed 'unfair tax allocation' by tax authority. This repulsive behaviour is commonly displaced by markets women and transporters who pay tax levies on daily basis. Many believed that salaried workers' reactions toward tax are at all times positive because their taxes are deducted at source. However, this assertion has also been proven to be wrong in real live situations. Anecdotal shows that not all salaried workers taxes are ducted at source. Some private enterprises do not deduct taxes at source because of the meager amount they pay to their staffers as salaries. This study aimed at ascertaining the factors that determine the tax compliance of salaried workers in the Nigerian private sector.

LITERATURE REVIEW

FINANCIAL RESPONSIBILITY AND TAX COMPLIANCE BEHAVIOUR

Financial condition of individual may have positive or negative effect on the relationship between his/her attitude and compliance behaviour. Bloomquist (2003) reports financial commitment is one of the major deterrents to tax compliance because individual taxpayer with meagre financial resources may be tempted by his bad financial condition to be noncompliant where the expenses of his household are more than his income. Stack and Kposowa (2006) report financial dissatisfaction is significant determinant of tax evasion. Torgler (2003) argued that the financial situation of the individual may create a sense of distress particularly when payment is to be made including taxes and that individual may perceive the payment of tax as a strong restriction as a result this may increase the incentive for tax dishonesty. Bloomquist (2003) also identified financial strain as one of the sources of taxpayer's stress and said that individual taxpayer with meager salary will automatically boycott payment of tax . Stack and Kposowa (2006) also report financial dissatisfaction as a significant predictor of tax noncompliance.

INCOME LEVEL AND TAX COMPLIANCE BEHAVIOUR

The impact of level of income on salaried payer compliance behaviour is not yet established. Anecdotal evidence shows that high paid workers have high non-compliance tendencies because of the unwillingness to part with huge sum of money in the name of tax. For example a highly paid worker will find it extremely difficult to pay a tax of one hundred thousand naira from his huge salary. Slemrod (1985) found a negative relationship between income level tax compliance in United States of America using archival data. In same vein Weck-Hannemann and Pommerehne (1989) found a negative relationship between income level and compliance behavior using archival data on Swiss taxpayers. Lang, Nöhrbah, and Stahl (1997) investigated

the impact of income level on compliance of German salaried earners' compliance behaviour using combined survey data. The results reveal highly paid citizens were particularly prone to evade and avoid taxes. Furthermore Baldry (1987) found lower compliance rate among higher income earners. On the contrary Fishlow and Friedman (1994) found a positive relationship between income level and salaried earners' compliance behaviour using archival-empirical data from Argentina, Brazil and Chile. Feinstein (1991) compared pooled data from the 1982 and 1985 TCMP and found no significant effects of income on tax compliance. Park and Hyun (2003) found out the impact of income levels on tax compliance behaviour of Korean workers. Their findings reveal that there is no significant relationship between income level and tax compliance behaviour

TAX RATE AND TAX COMPLIANCE BEHAVIOUR

Extant literature shows that tax compliance is high when tax rates are low. Clotfelter (1983) reports that is there is a negative relationship between tax rate and compliance behaviour using US taxpayers' data from the 1969 TCMP. Consistently, Lang , Nöhrbah, and Stahl (1997) discover a negative relationship between compliance and high marginal tax rates for German taxpayers. Alm,Jackson and Mckee(1992) report that high tax rates have negative on tax compliance behaviour .In the vein Friedland, Maital and Rutenberg (1978) report what happens when tax rate varied between subjects (25% and 50%).Their result shows that there is a negative relationship between compliance behaviour and tax rate. Moser, Evans III, and Kim (1995) investigate the place of perceived fairness in finding the impact of tax rates on tax compliance behaviour . Their findings reveal that tax rate has negative impact on compliance behaviour situations where tax payers felt that rate is inequitable.

However, Yitzhaki (1974) also finds a negative relationship between tax rate and tax compliance behaviour. Sanchez, and De Juan (1995) reported that Spanish tax payers were more compliant when tax rate increased over time. Baldry (1987) finds out there is no significant relationship between tax rate and tax compliance behaviour. The impact of tax rate on compliance behaviour of salaried tax payers is inconclusive

METHODOLGY

3.2PULATION AND SAMPLE

The population for this study comprises all private firms in Benin City.

The sample size one hundred and fifty respondents from selected at random from twenty private firms. Copies of questionnaire were distributed to staffers of the selected private firms. It was discovered that seven copies of the questionnaire were returned by the respondents.

3 .3 SOURCES OF DATA

The primary data was used in the study. The primary data was obtained by administering questionnaire to elicit information from staff selected private firms in Nigeria . One hundred and fifty copies questionnaire were distributed respondents of the selected firms.

3.4RESERACH INSTRUMENT

The research instrument for this research is the Likert-type questionnaire and two way questionnaire. This is a specific type of multiple choice questions suitable for obtaining the respondents evaluation or assessment of an object. It indicates the extent to which respondent agree or disagree with a given statement.

3.5 RELIABILITY AND VALIDITY

Validity of the research instrument was checked by calculating its content validity index (CVI) which was found to be above 0.5.To ensure reliability of the instrument and to build confidence that the instrument will yield good results, the researcher will perform cronbach's alpha tests on the Likert scales used in the instrument.

METHOD OF DATA ANAALYSIS

Before we analyze our statistical data, we performed some preliminary statistical test such as descriptive statistics and correlation matrix. Simple Z- test used to test the hypotheses . The data were coded using fried coding method. The coded data were analysed by SPSS 2.1 soft ware .

MODEL SPECIFICATION

On the basis of the relevant literature and theoretical support aforementioned, the regression models which only incorporate non-compliance opportunity variables are presented below:

$TC = \beta_1 IS + \beta_2 IL + \beta_3 OC + FR + TR$

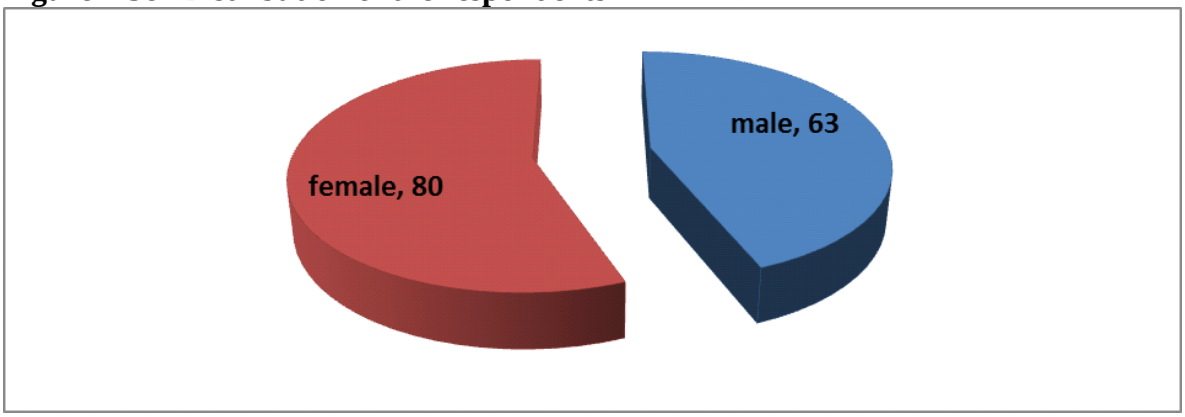
where:

TC = Tax compliance; *IS* = Income source;
IL = Income level; *OC* = Occupation; TR=tax rate
FR = Financial responsibility;.
β_0= is the intercept, β_1-β_n is coefficient, and *U*

PRESENTATION AND ANALYSIS OF DATA

4.1.1 Analysis of Bio-data

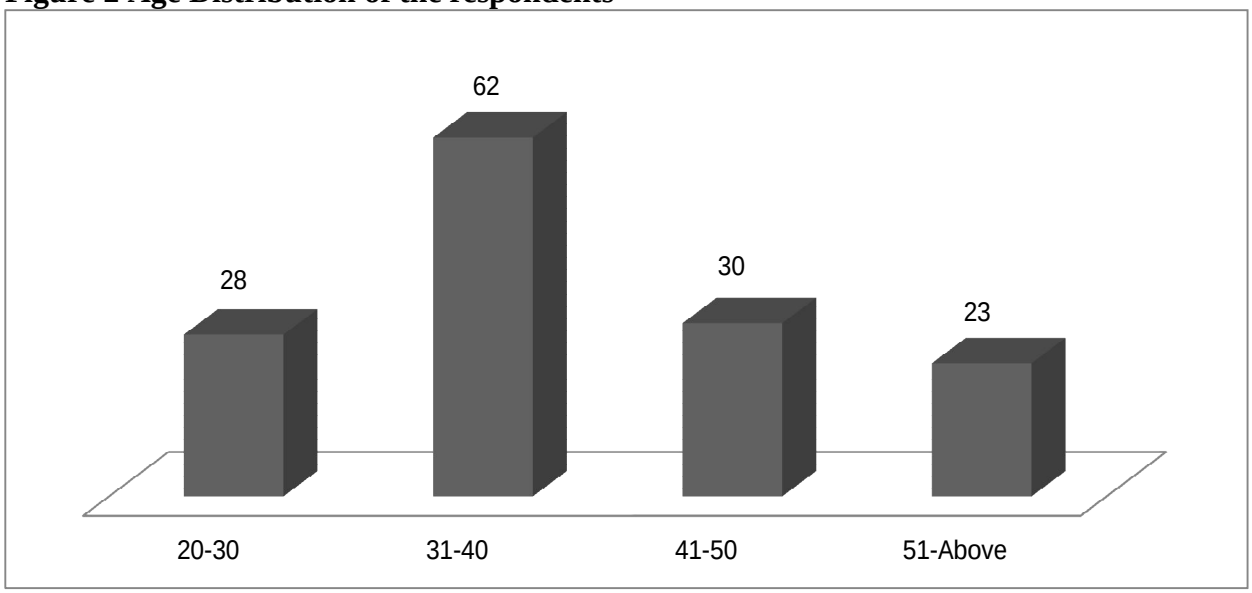
Figure 1 Sex Distribution of the respondents



Source: Researchers survey, 2014.

From the analysis of the responses retrieved, of the 143 respondents whose responses were used for the analysis, 80 of the respondents were female which represents 55.9% of the sample while 63 of the respondents were males which represent 45.1% of the sample.

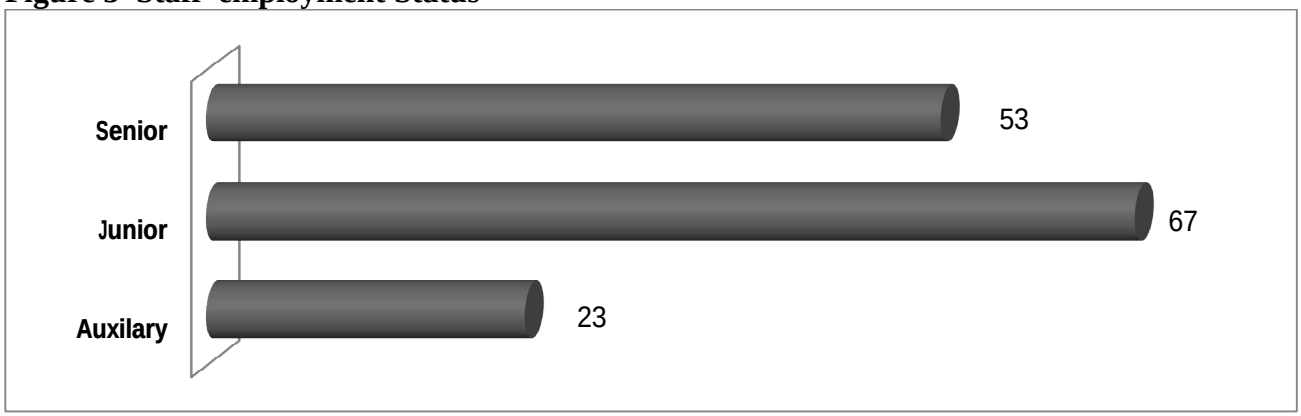
Figure 2 Age Distribution of the respondents



Source: Researchers survey, 2012.

From the analysis of the responses retrieved, of the 143 respondents whose responses were used for the analysis, 28(19.58%) of the respondents were within the age range of 20-30 while 62(43.4%) of the respondents were in the age range of 31-40 years. Furthermore, 30 (20.97%) of the respondents were in the age range of 41-50 while 23(16.08%) were in the range 51-above.

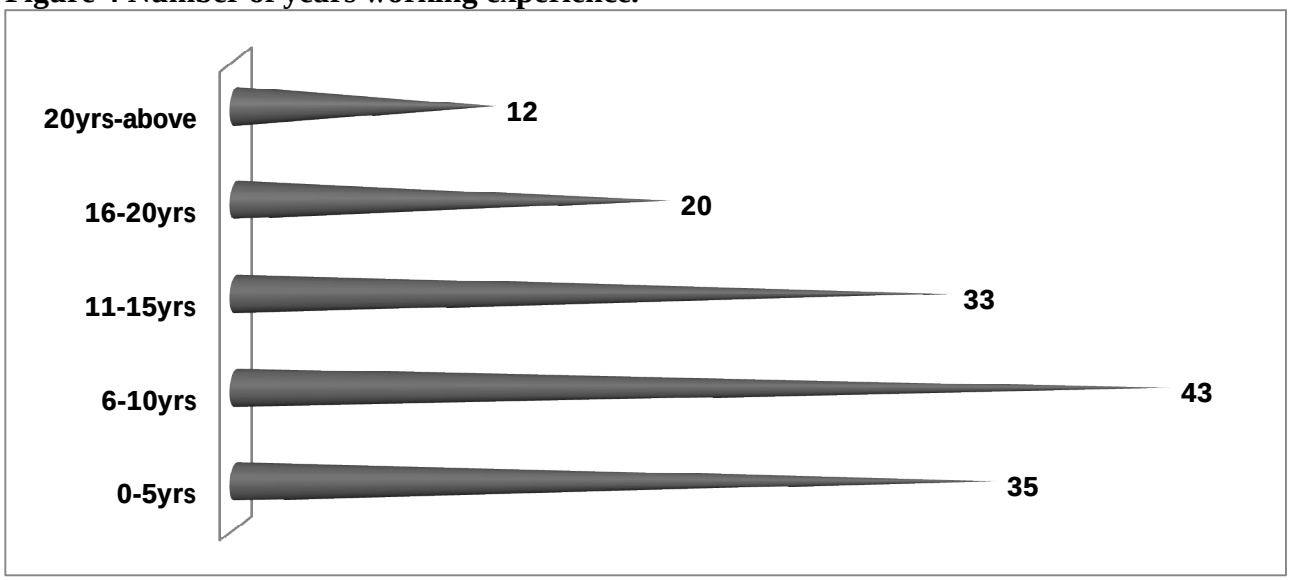
Figure 3 Staff employment Status



Source: Researchers survey, 2014

From the analysis of the responses retrieved, of the 143 respondents whose responses were used for the analysis, 53(37.06%) of the respondents are senior staff, 67(46.85%) of the respondents are junior staff while 23(16.08%) of the respondents are auxiliary workers

Figure 4 Number of years working experience.



Source: field survey, 2014

From the analysis of the responses retrieved, of the 143 respondents whose responses were used for the analysis, 35(24.48%) of the respondents have working experience between 0-5yrs while 43(30.06%) have working experience between 6-10 yrs. Furthermore, 33(23.07%) have working experience between 11-15yrs, 20 (13.986%) have working experience between 16-20yrs and 12 (8.391) have working experience between 20yrs and above.

4.2 TEST OF HYPOTHESES

Test of hypothesis one

H1:There is no significant relationship between salary earners' types of occupation and tax compliance behavior.

Table 1. Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Statement 5	143	1.7413	1.53693	1.00	5.00
Statement 1	143	1.5622	1.57426	1.00	5.00

Source: SPSS Output (2014)

The descriptive statistics above shows that the mean response for statement 1 is 1.56 which indicates that most of respondents agreed to the statement that the till low amongst stakeholders. The standard deviation of 1.57426 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively. The descriptive statistics also shows that the mean response for statement 5 is 1.7413 which indicates that most of respondents strongly agreed to the statement that a lot of agree that occupation affect level of compliance. The standard deviation of 1.53693 is an indication of the

degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively.

Table 2 Contingency Table for Statement 1

	Observed N	Expected N	Residual
Strongly agree	41	28.6	12.4
Agree	40	28.6	11.4
Undecided	5	28.6	-23.6
Disagree	29	28.6	.4
strongly disagree	28	28.6	-.6
Total	143		

Source: SPSS Output (2015)

The table 24 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 12.4, agree has a residual value of 11.4, undecided has a residual value of -23.6, disagree has a residual value of .4 and strongly disagree has a residual value of -0.6. The largest residual in absolute values is observed for those who were chose "strongly agree" while the lowest residual is observed for those who chose "undecided" option.

Table 3 Contingency table for Statement 5

	Observed N	Expected N	Residual
Strongly agree	13	28.6	-15.6
Agree	46	28.6	17.4
Undecided	36	28.6	7.4
Disagree	33	28.6	4.4
strongly disagree	15	28.6	-13.6
Total	143		

Source: SPSS 2.0 Output (2015)

The table 25 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of -15.6, agree has a residual value of 17.4, undecided has a residual value of 7.4, disagree has a residual value of 4.4 and strongly disagree has a residual value of -13.6.

Table 4 Chi-square Test Statistics

	Statement 5	Statement 1
Chi-Square	29.413[a]	27.105[a]
Df	4	4
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 28.6.
Source: SPSS Output (2015)

Table 26 presents the results for the chi-square test statistics. As observed, all the statements are all significant at 5% level as the asymptotic value of 0.00. Specifically, statement 5 has a chi-square and asymptotic value of 29.43 and .00 respectively. Statement 1 has a chi-square and asymptotic value of 27.1 and 0.00 respectively. All the asymptotic values are less than the alpha value of 0.05 at 5% significance level and the calculated chi-square also exceeds the theoretical value at 5%. In the light of the above, we reject the hypothesis there is no significant relationship between salary earners' types of occupation and tax compliance behaviuor.

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HYPOTHESIS TWO

H0: There is no significant relationship between income level and tax compliance behavior.
In testing the hypothesis, the study employs the chi-square statistics technique. This examines the size of the discrepancy between observed and expected values. Again, in conducting the analysis, we shall utilize the SPSS statistical package.

Table 6. Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Statement 9	143	2.2308	1.26542	1.00	5.00
Statement 6	143	1.5734	1.45103	1.00	5.00

Source: SPSS 20.0

The descriptive statistics above shows that the mean response for statement 9 is 2.2308 which indicate that most of the respondents disagreed that income does determine tax compliance. The standard deviation of 1.26542 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively. The descriptive statistics also shows that the mean response for statement 6 is 1.5734 which shows that more the respondents agreed that workers in low income bracket do not like to pay tax . The standard deviation of 1.45103 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively.

Table 7 Contingency table for Statement 6

	Observed N	**Expected N**	**Residual**
Strongly agree	42	28.6	13.4
Agree	40	28.6	11.4
Undecided	10	28.6	-18.6
Disagree	24	28.6	-4.6
strongly disagree	27	28.6	-1.6
Total	143		

Source: SPSS 20.0

The table 28 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 13.4, agree has a residual value of 11.4, undecided has a residual value of -18.6, disagree has a residual value of -4.6 and strongly disagree has a residual value of -1.6. The largest residual in absolute values is observed for those who chose agree option.

Table 8 Contingency table for Statement 9

	Observed N	Expected N	Residual
Strongly agree	5	28.6	23.6
Agree	40	28.6	11.4
Undecided	28	28.6	-0.6
Disagree	29	28.6	0.4
strongly disagree	41	28.6	12.4
Total	143		

Source: SPSS 20.0

The table 29 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 23.6, agree has a residual value of 11.4, undecided has a residual value of -0.6, disagree has a residual value of 0.4 and strongly disagree has a residual value of 12.4. The largest residual in absolute values is observed for those who those that chose "agree".

Table 9 Chi-square Test Statistics

	Statement 9	Statement 6
Chi-Square	29.629[a]	13.888[a]
Df	4	4
Asymp. Sig.	.000	.000

Table 9 presents the results for the chi-square test statistics. As observed, all the statements are all significant at 5% level as the asymptotic value of 0.00. Specifically, statement 9 has a chi-square and asymptotic value of 29.143 and .00 respectively. Statement 6 has a chi-square and asymptotic value of 13.888 and 0.00 respectively. All the asymptotic values are less than the alpha value of 0.05 at 5% significance level and the calculated chi-square also exceeds the theoretical value at 5% .

In the light of the above, we reject the null hypothesis that states there is no significant relationship between income level and tax compliance behavior.

HYPOTHESIS THREE

H0: There is no significant relationship between source of income and tax compliance behavior.

In testing the hypothesis, the chi-square statistics is employed. It examines the size of the discrepancy between observed and expected values. Again, in conducting the analysis, we shall utilize the SPSS statistical package. The descriptive statistics, contingency tables and chi-square test statistics are presented below;

Table 10 Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Statement 22	143	2.5245	1.49097	1.00	5.00
Statement 23	143	1.2937	1.50039	1.00	5.00

Source: SPSS 20.0

The descriptive statistics above shows that the mean response statement 22 is 2.5245 which indicate that the average responses to statement 22 seem to cluster around the "agree" option. The standard deviation of 1.49097 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively. The descriptive statistics above also shows that the mean response statement 11 is 1.2937 which indicates that the average responses to statement 3 seem to cluster around the "strongly agree" option. The standard deviation of 1.500 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively.

Table 11. Contingency table for Statement 22

	Observed N	**Expected N**	**Residual**
Strongly agree	41	28.6	12.4
Agree	40	28.6	11.4
Undecided	0	28.6	-28.6
Disagree	34	28.6	5.4
strongly disagree	28	28.6	-0.6
Total	143		

Source: SPSS 20.0

The table 32 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 12.4, agree has a residual value of 11.4, undecided has a residual value of -28.6, disagree has a residual value of 5.4 and strongly disagree has a residual value of -0.6. The largest residual in absolute values is observed for those who chose "agree".

Table 12Contingency table for Statement 23

	Observed N	**Expected N**	**Residual**
Strongly agree	61	28.6	32.4
Agree	25	28.6	-3.6
Undecided	0	28.6	-28.6
Disagree	19	28.6	-9.6

strongly disagree	38	28.6	9.4
Total	143		

Source: SPSS 20.0

The table 33 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 32.4, agree has a residual value of -3.6, undecided has a residual value of -28.6, disagree has a residual value of -9.6 and strongly disagree has a residual value of 9.4. The largest residual in absolute values is observed for those who were indifferent and chose "strongly agree" option.

Table13 Chi-square Test Statistics

	Statement 22	Statement 23
Chi-Square	48.713[a]	67.664[a]
Df	4	4
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 28.6.

Source: SPSS 20.0

Table 34 presents the results for the chi-square test statistics. As observed, all the statements are all significant at 5% level as the asymptotic value of 0.00. Specifically, statement 22 has a chi-square and asymptotic value of 48.713 and .00 respectively. Statement 22 has a chi-square and asymptotic value of 67.664 and 0.00 respectively. All the asymptotic values are less than the alpha value of 0.05 at 5% significance level and the calculated chi-square also exceeds the theoretical value at 5% In the light of the above, we reject the hypothesis that there is no significant relationship between source of income and tax compliance behavior

HYPOTHESIS FOUR

H0: There is no significant relationship between financial responsibilities and tax compliance behavior of salary earners .

In testing the hypothesis, the chi-square statistics is employed. It examines the size of the discrepancy between observed and expected values. Again, in conducting the analysis, we shall utilize the SPSS statistical package. The descriptive statistics, contingency tables and chi-square test statistics are presented below;

Table 14 Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Statement 13	143	2.2245	1.34097	1.00	5.00
Statement 14	143	1.4937	1.10039	1.00	5.00

Source: SPSS 20.0

The descriptive statistics above shows that the mean response statement 13 is 2.2245 which indicate that the average responses to statement 13 seem to cluster around the "agree" option. The standard deviation of 1.34097 is an indication of the degree of dispersion of the total

responses from the mean response. The maximum and minimum values are 1 and 5 respectively. The descriptive statistics above also shows that the mean response statement 14 is 1.4937 which indicates that the average responses to statement 3 seem to cluster around the "strongly agree" option. The standard deviation of 1.100 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively.

Table 36. Contingency table for Statement 15

	Observed N	Expected N	Residual
Strongly agree	8	28.6	20.6
Agree	28	28.6	-0.6
Undecided	32	28.6	3.4
Disagree	47	28.6	18.4
strongly disagree	25	28.6	-3.6
Total	143		

Source: SPSS 20.0

The table 32 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 20.6, agree has a residual value of -0.6, undecided has a residual value of 3.4, disagree has a residual value of 18.4 and strongly disagree has a residual value of -3.6. The largest residual in absolute values is observed for those who were indifferent and chose "agree".

Table 16 Contingency table for Statement 16

	Observed N	Expected N	Residual
Strongly agree	3	28.6	-25.6
Agree	23	28.6	-5.6
Undecided	34	28.6	5.4
Disagree	47	28.6	18.4
strongly disagree	36	28.6	7.4
Total	143		

Source: SPSS 20.0

The table 37 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of -25.6, agree has a residual value of -5.6, undecided has a residual value of 5.4, disagree has a residual value of 18.4 and strongly disagree has a residual value of 7.4. The largest residual in absolute values is observed for those who were who "disagree" option.

Table 17 Chi-square Test Statistics

	Statement 13	Statement 14
Chi-Square	38.713[a]	57.664[a]
Df	4	4
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 28.6.

Source: SPSS 20.0

Table 34 presents the results for the chi-square test statistics. As observed, all the statements are all significant at 5% level as the asymptotic value of 0.00. Specifically, statement 13 has a chi-square and asymptotic value of 38.713 and .00 respectively. Statement 14 has a chi-square and asymptotic value of 57.664 and 0.00 respectively. All the asymptotic values are less than the alpha value of 0.05 at 5% significance level and the calculated chi-square also exceeds the theoretical value at 5% . In the light of the above, we reject the hypothesis that there is no significant relationship between financial responsibilities and tax compliance behavior of salary earners.

HYPOTHESIS FIVE

H0: There is no significant relationship between tax rate and salary earners' compliance behaviour

In testing the hypothesis, the chi-square statistics is employed. It examines the size of the discrepancy between observed and expected values. Again, in conducting the analysis, we shall utilize the SPSS statistical package. The descriptive statistics, contingency tables and chi-square test statistics are presented below;

Table 18 Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Statement 19	143	1.7245	1.39097	1.00	5.00
Statement 20	143	1.4937	1.21039	1.00	5.00

Source: SPSS 20.0

The descriptive statistics above shows that the mean response statement 19 is 1.7245 which indicate that the average responses to statement seem to cluster around the "agree" option. The standard deviation of 1.39097 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively. The descriptive statistics above also shows that the mean response statement 20 is 1.4937 which indicates that the average responses to statement 3 seem to cluster around the "strongly agree" option. The standard deviation of 1.2103 is an indication of the degree of dispersion of the total responses from the mean response. The maximum and minimum values are 1 and 5 respectively.

Table 19. Contingency table for Statement 20

	Observed N	**Expected N**	**Residual**
Strongly agree	31	28.6	2.4
Agree	29	28.6	0.4
Undecided	11	28.6	-17.6

Disagree	47	28.6	18.4
strongly disagree	22	28.6	-6.6
Total	143		

Source: SPSS 20.0

The table 40 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of 2.4, agree has a residual value of 0.4, undecided has a residual value of -17.6, disagree has a residual value of 18.4 and strongly disagree has a residual value of -6.6. The largest residual in absolute values is observed for those who chose "disagree".

Table20 Contingency table for Statement 19

	Observed N	Expected N	Residual
Strongly agree	26	28.6	-2.0
Agree	24	28.6	-4.6
Undecided	25	28.6	-3.6
Disagree	41	28.6	12.4
strongly disagree	27	28.6	-1.6
Total	143		

Source: SPSS 20.0

The table 41 shows the observed and expected frequencies as well as the residual for the responses. As observed the expected frequency is 28.6 for all categories of the responses however, the residual is different for the categories. As observed strongly agree has a residual value of -2.0, agree has a residual value of -4.6, undecided has a residual value of -3.6, disagree has a residual value of 12.4 and strongly disagree has a residual value of-1.6. The largest residual in absolute values is observed for those who chose "disagree" option.

Table 20 Chi-square Test Statistics

	Statement 19	Statement 20
Chi-Square	54.713[a]	75.664[a]
Df	4	4
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 28.6.

Source: SPSS 20.0

Table 41 presents the results for the chi-square test statistics. As observed, all the statements are all significant at 5% level as the asymptotic value of 0.00. Specifically, statement 19 has a chi-square and asymptotic value of 54.713 and .00 respectively. Statement 20 has a chi-square and asymptotic value of 75.664 and 0.00 respectively. All the asymptotic values are less than the alpha value of 0.05 at 5% significance level and the calculated chi-square also exceeds the

theoretical value at 5% . In the light of the above, we reject the hypothesis which states that there is no significant relationship between tax rate and salary earners' compliance behaviour

CONCLUSION AND RECOMMENDATIONS

The study is at finding the factors that determine the compliance behaviour of salaried taxpayers in Nigerian private sector. Our result shows that there is a significant relationship between salaried earners'compliance behaviour and type of occupation .This implies that workers doing menial jobs are likely to be non-compliant .Secondly, the result reveals that there is a significant relationship between source of taxpayer income level and tax compliance behaviour .This implies that income level is a determinant of taxpayers' compliance behaviour . There result further shows there is a significant relationship between financial responsibilities and tax compliance behavior of salary earners in Nigeria private sector. Finally , our result reveals that there is a significant relationship between tax rate and the salary earners' in the Nigerian private sector compliance behaviour .

We recommended that tax authorities should introduce tax policies that will cussing the effect for taxpayers that have many dependents. Those below salary baseline should be exempted from paying tax.