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Socio-Economic Issues and Tax Compliance Behaviour: An Analysis of Residential Areas in Lagos State, Nigeria

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ABSTRACT

Due to its immense role in ensuring economic stability is achieved, tax and tax compliance is and continually will be a very important issue not only for government and policy makers but for researchers as well. Most taxpayers, individuals and corporate entities alike are presumed to be negatively inclined towards paying taxes and no one looks forward to paying taxes without complaining. Socio-economic status (income level, educational level, and employment status), social economic issues (income inequality, poverty level, and informal economy), government policies and tax administration effectiveness were considered in determining how Lagos state residents residing in various areas are tax compliant. Using a Federal Government institution as case study, descriptive statistics and regression analysis were used to determine how these variables affect the tax compliant level of Lagos state residents and the study found that socio economic status, socio economic issues as well as government policies has no statistical impact on tax compliance. However, effective tax administration possesses a statistically significant impact on how compliant Lagos State residents are to paying taxes. The study concluded that policymakers should reconsider strategies aimed solely at altering socioeconomic conditions or adjusting tax policies to improve tax compliance rate amongst all social classes in Lagos State.

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1. INTRODUCTION

The growth and development of any country generally depends on the revenues obtained from the economic ventures and investments in which it participates, and categorized to be one of the notable sources of a country's national revenue are taxes (Alshira'h, Alsquor, Alsyouf & Alshirah, 2020). A compulsory levy by the government through on its subjects' income, capital, and consumption are referred to as taxes (Anyaduba & Otulugbu, 2019). This levy is made on individual's income (monthly salary, business profit, earned interest, dividends, discounts, or royalties) as well as corporate income (company profit, capital gains, and capital transfer) (Bello, 2001). Governments often requires finances to invest in as well as maintain public infrastructure, improve health care, make education available to all, and provide diverse public services. Due to this, there is a need to constantly enhance tax revenue so as to boost development and growth (Bird, Jorge and Benno, 2008). The ability of any government in generating the revenue needed from taxes is based on an efficient and functional tax administration system. Although there are other ways for revenue generation, taxation is the most powerful since no government can function without funds (Alshira'h and Abdul-Jabbar, 2020). However, an efficient tax system cannot be realized without efficient assessment, collection, as well as accounting procedures.

In most developing nations as well as Nigeria, tax compliance issues present a significant issue to effective tax administration, thereby influencing the fiscal system and revenue generation. Paleka, Karanovic & Stambuk (2023) claim that achieving a significant tax compliance level is a worldwide challenge as well as a primary requirement for a stable environment and economy. The prevalent challenge of poor revenue profiles in these countries is often encapsulated by what is commonly referred to as the "tax compliance puzzle." This phenomenon is observed across both individual taxpayers and businesses, who are evaluated by tax authorities through the implementation of the Direct Assessment System (DAS), as discussed by Etim, Umoffong & Bassey, 2020. Alm (2019) posited that different things motivate taxpayers to act in a compliant manner, economic factors; social factors; psychological factors, or a combination of these three factors determines taxpayer's behavior. Nigeria, being a developing country, faces numerous socio-economic challenges that directly impact its tax compliance landscape. Some of the key socio-economic issues in Nigeria include: high level of poverty, income inequality, informal economy, and corruption. These factors can influence tax compliance behavior as individuals and businesses becomes less inclined towards tax obligations when faced with economic hardships. Additionally, the informal economy is prevalent in Nigeria, making it challenging for tax authorities to effectively capture and tax all economic activities. Corruption is another critical socio-economic issue in Nigeria, with its pervasive nature affecting various facets of the society. This includes tax administration, where corrupt practices may undermine the effectiveness of tax collection efforts. Furthermore, Nigeria's socio-cultural diversity and regional disparities may play a cogent role in shaping compliance behavior. Different regions may have varying socio-economic conditions, cultural attitudes towards taxation, and levels of trust in the government. It is on this premise that this study aims to explore the connections between poverty, income inequality, corruption, and the informal economy, shedding light on how these factors influence tax compliance behavior using high, medium and low-class residential areas in Lagos State, Nigeria as a case study. It is believed that analyzing these factors will provide insight into designing region-specific policies to improve tax compliance behavior.

2. STATEMENT OF THE PROBLEM

Due to the increasing rate of tax non-compliance and its effect on government's capability to amass taxes, scholars have placed an increased emphasis on the subject in the past few decades. Especially in most developing nations like Nigeria, where pervasive tax avoidance and evasion threaten domestic revenue bases, taxpayer non-compliance is a persistently expanding global problem that is not presently being managed (IMF 2011; McKerchar & Evans 2009). Complex nature of Nigeria's socio-economic landscape, characterized by income inequality, unemployment, and poverty, raises questions about how these factors impact tax compliance. Even after several tax system reforms, fast developing economies with the most powerful tax authorities typically experiences non-compliance which prevents them from being able to solely finance their operations (Samuel & Vismanadham 2013). According to D'attoma, Volintiru & Malezieux (2020), government revenues can surely be increased if tax compliance is better achieved without increasing tax rates. Furthermore, every tax system experiences issues of tax avoidance and evasion, a situation where taxpayers leverage on legal loopholes to reduce or completely evade taxes (Abreha & Kahase 2014). In a recent study by Tilahun & Yidersal (2014), they revealed that the perceived equity and fairness in tax system, perceived governmental spending, change in government policy, magnitude of fines & penalties, constraints on personal finance, and referral groups are some factors that majorly impact tax compliance. These factors are different from region to region, country to country, state to state, and also from person to person (Kirchler, Hoelzl, and Wahl, 2008) and this has resulted in tax compliance generating significant attention amongst researchers due to increased non-compliance and its consequence on the ability of government to generate public revenue. It is on this premise and given the lack of recent and adequate literature that this study examined the impact various socio-economic issues have on tax compliance behavior with an emphasis on high, medium, and low-class residential areas in Lagos State, Nigeria with focus on the following objectives:

i. Investigate the impact of individual Nigerians' socio-economic status on their compliance with tax regulations in Lagos State, Nigeria.
ii. Examine the impact of socio-economic issues on tax compliance behavior in Lagos State, Nigeria.
iii. Analyze the impact of government policies in influencing tax compliance behavior in the context of socio-economic issues in Lagos State, Nigeria.
iv. Enumerate the impact tax administration have in influencing tax compliance behavior in the context of socio-economic issues in Lagos State, Nigeria.

3. LITERATURE REVIEW

3.1 Conceptual Review

3.1.1 Tax Compliance

Sitardja & Dwimulyani (2016), described tax non-compliance as taxpayers' inability and unreadiness to conform to relevant and available tax laws, make known their accurate income, and promptly remit their accurate tax liability assessment. Tax compliance can be said to be the taxpayer's readiness and willingness to abide to relevant laws through accurate and voluntary income declaration, paying tax due at the appropriate date and filling tax returns. Franzoni (2000) reported in his study that tax law compliance involves accurate tax base reporting, detailed tax liability computation, prompt tax returns filing, and subsequent payment. Any contrary taxpayer behavior results in non-compliance. According to Mc. Barnett (2003), tax compliance can be viewed in three ways: committed, capitulative, and creative compliance. Committed compliance is taxpayers' willingness to carry out his / her tax obligations without any form of complaint, capitulative compliance is taxpayers' reluctance to discharge tax obligations, and creative compliance also known as tax avoidance is any act by the taxpayer to reduce tax payable by reclassifying income and deductible expenditure within the confines of the law. Some studies including Loo (2006), categorized tax non-compliance into intentional and unintentional behavior.

3.1.2 Socio-Economic Status

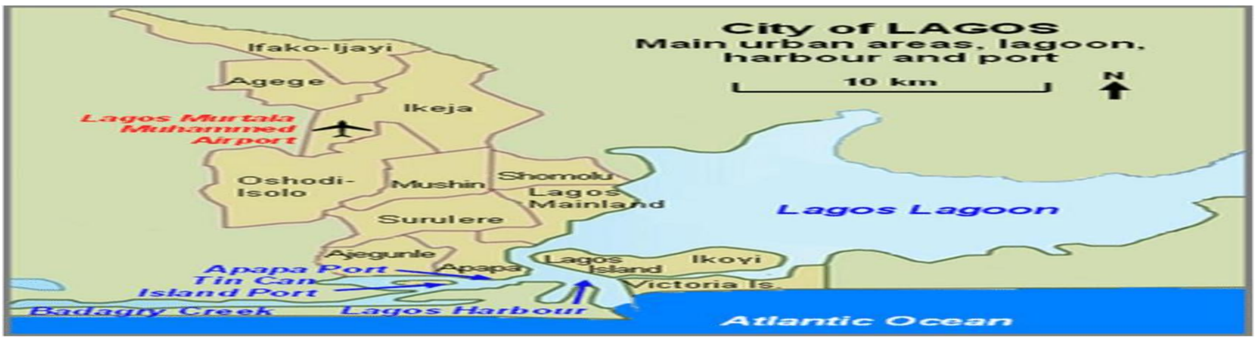
Social economics or socio-economics is a subset of economics with focus on the connection between social / societal behavior and economics (Behabib, Bisin & Jackson, 2010). Its primary concern is with the synergy that exists between social / societal processes and economic activity in a particular society. LeGrand & Robinson (2016) posited that socio-economics details how a particular social / societal group or socio-economic class operates in a society including their deeds as consumers. A socio-economic class is a group with similar features which may include social / societal and economic standing, level of education, profession, and ethnicity. According NCVHS (2017), education, income, and occupation are three key measures in determining an individual's socio-economic status. In addition, APA (2018) suggested family size consideration since the number of providers and dependents in a domestic unit possess an effect on the household'/s financial security. APA (2018) further stated that any individual's socio-economic status can greatly impact their academic attainment and financial / economic security.

3.1.3 Socio-Economic Issues

Tax compliance behavior in Nigeria is influenced by a complex interplay of socio-economic factors, creating a challenging environment for effective revenue generation and governance. Azubike (2009) opined that some of the significant socio-economic issues affecting tax compliance in Nigeria are the high level of poverty and income inequality. Nigeria, despite being rich in natural resources, grapples with widespread poverty, and a large proportion of the population struggles to meet basic needs. This economic disparity fosters a sense of resentment among citizens, making them hesitant to comply with tax laws. Taxpayers have been described as rational economic evaders who would gauge the price and value of tax non-compliance while attempting to reduce their tax liability by purposely under-reporting their income to benefit tax savings if tax authorities will not detect them (Torgler & Schneider, 2005). When individual taxpayers perceive that their financial burdens are already heavy, tax compliance becomes an additional strain, leading to avoidance/evasion as well as engaging in informal economic activities to avoid detection. Moreover, the informal economy plays a pivotal role in Nigeria's socio-economic landscape as a major portion of the country's economic activity occurs outside formal channels, making it challenging for tax authorities to track and collect revenue since transactions are done with cash allowing them to evade taxes easily. The lack of a robust regulatory framework in the informal sector and inadequate enforcement mechanisms contribute to a culture of non-compliance. Furthermore, there is a perception among Nigerians that the government does not adequately utilize tax revenues for public utilities as the revenue ends up in the hands of corrupt politicians. This perception diminishes the social contract between citizens and the government, reducing the motivation for tax compliance. Addressing this issue will require transparent fiscal policies, effective public financial management, and clear communication about how tax revenues contribute to public welfare.

3.1.4 High, medium, and Low-Class Residential Areas of Lagos State

Lagos State, situated in the south-western region of Nigeria is both the most populous and smallest state in the region. It is bordered to the south by the Benin bight and west by the Benin Republic international border. It borders Ogun state on the northern side and this makes it the singular Nigerian state to have border with just one state (Lagos State Ministry of Environment, 2022). As a major Nigerian economic center and Africa's fifth largest economy, Lagos state houses the head offices of conglomerates and banks in the country. World Bank (2018), categorized it as a state with the lowest case of extreme poverty. Lagos state offers an array of residential areas that cater to the discerning tastes of those seeking luxury living as well as less luxurious, average, and low-class levels (Lagos State Ministry of Culture and Tourism, 2018). With a population of 15, 946, 000 in the year 2023 which signifies a 3.63% growth rate from the year 2022, Lagos residents are presented with the option of residing either on the Island or the mainland (Lagos State Bureau of Statistics, 2023). Lagos Mainland districts include: Ebute-Meta, Yaba, Surulere, and Ikeja. Others are: Mushin, Shomolu, Maryland, Oshodi, Agege, Oworonsoki, Ikotun, Isolo, Iju Ishaga, Egbeda, Ketu, Ipaja, Bariga, Ikorodu, and Ejigbo. On the Island, the prominent districts include: Lagos Island, Victoria Island, Ikoyi, Eko Atlantic city, Lekki – Ajah corridor, and Epe.



Source: Lagos State Bureau of Statistics (March 2025)

4. EMPIRICAL AND THEORETICAL REVIEW

4.1 **Empirical Review**

Studies have been carried out concerning socio-economic issues and tax compliance in Nigeria, some of the studies are empirically reviewed hereunder.

Oboh & Eromonsele (2018) in their 1980-2014 study examined the relationship between taxation and income inequality in Nigeria. Data was gotten from secondary sources and ex-post facto research design was employed for data analysis. It was determnind that indirect tax is negatively related to income inequality while direct taxes are not, emphazizing the ability of direct taxes to widen the gap existing between the priviledged and the less priviledged in Nigeria. Taxation and income inequality in Nigeria was the focus of Anyaduba & Otubugbu (2019) study. The study focused on years 1990 till 2016 using VAT, CED, PPT, and CIT using secondary sources of data and ex-post facto research design, the result showed that VAT, CED, and PPT has a significantly positive relationship with GINI, even though VAT and CED were not individually significant. CIT on the other hand has a negative significant impact on GINI and the study concluded that only CIT reduces income inequality. Mannan, (2020) in a Bangladesh study, examined factors affecting individual income taxpayer's compliance attitude using individual income taxpayers from Dhaka's fifteen zones. Ordered logistic regression (OLR) model was used for data analysis and it revealed that fairness, tax penalties, and taxpayer's perception of government spending possess a positively significant relationship with compliance. Examining individual and socio-economic factors as tax compliance determinants in the Self-Assessment System (SAS) of tax administration in Akwa Ibom State, Nigeria, Etim, et al (2020) collected registered taxpayers' data with the State Board of Internal Revenue Service (SBIRS). 80.8% variation in tax compliance level was accounted for by personal financial constraint, awareness of offense/penalties, tax rates, and ethics/attitudes of taxpayers. Dibie (2020) looked into the tax policy compliance determinants in Nigeria, analyzing the relationship existing among tax law knowledge, corruption, and tax compliance. Using both questionnaire and interview as data collection instrument, the study posited that a strong positive correlation exists between knowledge of tax law, corruption, and tax evasion. Tax effect on income inequality in Nigeria (1980 to 2018) was the focus of Omesi and Appah (2021). Using secondary data which was analyzed using econometric methods, results revealed a significantly negative relationship amongst personal income tax, company income tax, and income inequality; a negative but statistically insignificant relationship between value-added tax and income inequality; a positive but statistically insignificant relationship exists between value-added tax, government spending on education & health and income inequality. Ige, Igbekoyi, and Dagunduro (2023) on their part using the role of socio-economic factors as a moderating role studied the effect of good governance on tax compliance among SMEs in Nigeria. Using regression analysis, the study found a significantly positive relationship between good governance and tax compliance and concluded that good governance enhances tax compliance among SMEs in Nigeria. Most studies that have been carried out has not looked at socio-economic issues, socio-economic status, government policies as well as tax administration and moderating factor and this presented a literature gap that needs to be filled, hence this study with hypothesis below:

i. There is no significant impact between individual Nigerian's socioeconomic status and their compliance with tax regulations in Lagos State, Nigeria.
ii. Socioeconomic issues do not impact tax compliance behavior in Lagos State, Nigeria.
iii. Government policies have no significant impact on tax compliance among individuals facing socio-economic challenges in Lagos State, Nigeria.
iv. The effectiveness of tax administration have no significant impact on tax compliance among individuals facing socio-economic challenges in Lagos State, Nigeria.

4.2 Theoretical Framework

4.2.1 Institutional theory

The 1970 institutional theory which was introduced by John Meyer and Brian Rowan explores how formal as well as informal structures within societies shape individuals' behavior and organizations' practices. Applied to socio-economic issues and tax compliance behavior, institutional theory posits that individuals and businesses conform to established norms, rules, and expectations embedded in social and economic institutions. In the context of tax compliance, individuals and businesses adhere to tax regulations not only due to fear of legal consequences but also because of societal expectations and norms surrounding fiscal responsibility. Institutional pressures, such as the perceived legitimacy of tax laws and the influence of social networks, significantly impact tax compliance behavior. Governments and tax authorities play a crucial role in shaping these institutional pressures through the creation and enforcement of tax policies. Additionally, institutional theory highlights the role of cultural and historical factors in shaping tax compliance. Societal attitudes toward taxation, trust in government institutions, and perceptions of fairness all contribute to the formation of institutional norms that influence individuals' willingness to comply with tax obligations. In summary, institutional theory provides a framework for understanding how socioeconomic issues influence tax compliance behavior by emphasizing the role regulations, social norms, and societal expectations play in shaping individuals' and businesses' decisions regarding tax obligations.

5. MATERIALS AND METHODS

This study adopted a descriptive research design. The entire 1044 members (as at June 2024) of staff of Yaba College of Technology formed our population from which the sample was derived as they reside in all parts of Lagos State. The Taro Yamanes sample size formula was utilized in determining the sample size of 202 taxpayers working with Yaba College of Technology and residing in various residential areas of Lagos State, Nigeria. Data collection was through primary sources using a structured Likert scale questionnaire (Google Form) designed to elicit appropriate responses on the subject matter from our sample. The questionnaire was validated by an expert while the reliability will be established using the Cronbachs Alpha method of testing reliability. Descriptive statistics, inferential statistics, and multiple regression analysis were used for data analysis to detect the connections between our variables. Inherent limitations in self-reported data constitutes the major research study limitation as biased and socially desirable responses by respondents may impact the accuracy of findings.

6. RESULTS

6.1 Presentation of demographic data

Table 1(a): Gender Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	117	61.3	61.6	61.6
	Female	73	38.2	38.4	100.0
	Total	190	99.5	100.0	
Missing	System	1	.5		
Total		191	100.0		

Source: Survey (2025)

Table 1(a) presents the frequency analysis for gender distribution and this shows that of the 191 respondents, 117 are male which represents 61.3% and 73 are female which represents 38.2%.

Table 1(b): Age Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 – 25	21	11.0	11.1	11.1
	26-35	14	7.3	7.4	18.4
	36 – 45	51	26.7	26.8	45.3
	46 – 55	55	28.8	28.9	74.2
	56 – 65	46	24.1	24.2	98.4
	Above 65	3	1.6	1.6	100.0
	Total	190	99.5	100.0	
Missing	System	1	.5		
Total		191	100.0		

Source: Survey (2025)

Table 1(b) presents the frequency analysis for age distribution. It shows that of the 191 respondents, 55 are aged between 46 – 55 which represents 28.8% and constitutes the highest percentage.

Table 1(c): Respondents Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ND/NCE	6	3.1	3.2	3.2
	HND/B.SC	102	53.4	53.7	56.8
	Master’s degree	49	25.7	25.8	82.6
	PhD	22	11.5	11.6	94.2
	Others	11	5.8	5.8	100.0
	Total	190	99.5	100.0	
Missing	System	1	.5		
Total		191	100.0		

Source: Survey (2025)

Table 1(c) presents the frequency analysis for respondents’ educational qualification. This shows that 53.4% (102 respondents) possess a first degree, 25.7% (49 respondents) have a master’s degree, and 11.5% (22 respondents) possess a doctoral degree.

Table 1(d): Respondents Cadre

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Junior Staff	30	15.7	15.8	15.8
	Senior non-academic staff	105	55.0	55.3	71.1
	Academic staff	37	19.4	19.5	90.5
	Management Staff	18	9.4	9.5	100.0
	Total	190	99.5	100.0	
Missing	System	1	.5		
Total		191	100.0		

Source: Survey (2025)

Table 1(d) presents the frequency analysis for respondents' cadre. This shows that 55% (105 respondents) are senior non-academic staff, 19.4% (37 respondents) are academic staff, 15.7% (30 respondents) are junior staff, and 9.4% (18 respondents) are management staff.

Table 1(e): Income Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below N50, 000.00	15	7.9	7.9	7.9
	N50, 001.00 - N100,000	22	11.5	11.6	19.5
	N100, 001 – N300, 000	88	46.1	46.3	65.8
	N300, 001 - N500,000	43	22.5	22.6	88.4
	Above N500, 000	22	11.5	11.6	100.0
	Total	190	99.5	100.0	
Missing	System	1	.5		
Total		191	100.0		

Source: Survey (2025)

Table 1(e) presents the frequency analysis for respondents' income distribution. This shows 88 respondents which represents 46.1% earn between N100, 001 – N300, 000. 43 respondents which represents 22.5% earn between N300, 001 – N500, 000. 22 respondents which represents 11.5% each earns above N500, 000 and between N50, 001 – NN100, 000. 15 respondents which represents 7.9% earns below NN50, 000.

6.2 Descriptive Statistics

Table 2: Frequency/Percentages, and Mean/Standard Deviations

ITEM	SD	D	N	A	SA	Mean
Tax Compliance Beh	-	21/11	132/69.1	37/19.4		3.0842/0.54749
Socioeconomic Status		7/3.7	107/56	74/38.7	2/1	3.3737/0.57491
Socioeconomic Issues.		4/2.1	79/41.4	101/52.9	6/3.1	3.5737/0.59303
Government Policies		30/15.7	105/55	54/28.3	1/0.5	3.1368/0.66842
Tax Administration		23/12	112/58.6	52/27.2	3/1.6	3.1842/0.65284

Source: Survey (2025)

Table 2 represents the descriptive statistics obtained from the study which includes the mean and standard deviation obtained for each variable of the study.

6.3: Inferential Statistics

Table 3 (a) The hypotheses of the study stated earlier in this study is tested in this section stated in their null form.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.605	.350		7.447	.000
	Tax Administration	.203	.069	.242	2.954	.004
	Socio-Economic Status	.020	.071	.021	.284	.777
	Socio-Economic Issues	-.082	.067	-.089	-1.236	.218
	Government Policies	.019	.065	.023	.292	.771
a. Dependent Variable: Tax Compliance						

Source: Survey (2025)

Hypothesis 1

Ho There is no significant impact between individual Nigerian's socioeconomic status and their compliance with tax regulations in Lagos State, Nigeria.

Decision: The results on table 3(a) (β = 0.020; p = 0.777) show that socioeconomic status have 0.020 (2%) effect on tax compliance behaviour of Lagos State residents. With a *p*-value of 0.777, the effect is not significant, so we uphold the null hypothesis stating infer that socioeconomic status have no significant effect on tax compliance behaviour of people in Lagos State, Nigeria.

Hypothesis 2

Ho Socioeconomic issues do not impact tax compliance behavior in Lagos State, Nigeria.

Decision: The results on table 3(a) (β = - 0.082; p = 0.777) show that socioeconomic issues have 0.082 adverse (-8.2%) effect on tax compliance behaviour of Lagos State residents. With a *p*-value of 0.218, the effect is also not significant. The null hypothesis is therefore upheld to infer those socio-economic issues does not possess any significant effect on tax compliance behaviour of people in Lagos State, Nigeria.

Hypothesis 3

Ho Government policies have no significant impact on tax compliance among individuals facing socio-economic challenges in Lagos State, Nigeria.

Decision: The results on table 3(a) (β = 0.019; p = 0.771) show that government policies have 0.019 (1.9%) effect on tax compliance behaviour of Lagos state residents. With a *p*-value of 0.771, the effect is also not significant. So we should uphold the null hypothesis to infer that government policies have no significant effect on Lagos state residents tax compliance behaviour.

Hypothesis 4

Ho Effectiveness of tax administration have no significant impact on tax compliance among individuals facing socio-economic challenges in Lagos State, Nigeria.

Decision: The results on table 3(a) (β = 0.203; p = 0.004) show that tax administration have 0.203 (20.3%) effect on tax compliance behaviour of Lagos State residents. With a *p*-value of 0.004 which is lesser than 0.05 (5%), therefore the effect is considered significant. The null hypothesis is therefore rejected and the alternative hypothesis accepted to infer that tax administration effectiveness significantly impact tax compliance behaviour of Lagos state residents. The implication is that any unit of improvement in tax administration from the efforts of tax authority and government will induce tax compliance amongst taxpayers in Lagos by 23%. Hence, tax administration is a major factor to be given priority when examining tax compliance determinants amongst taxpayers, especially in Lagos state.

Table 3(b): Random effects regression analysis on the impact of all independent variables on tax compliance behavior in Lagos State.

Model Summary							
Model	R	R Sq.	Adjusted R^2	Std. Error	DF	F	Sig.
1	.268[a]	.072	.052	.53313	4/189	3.580	.008[b]
a. Dependent Variable: Tax Compliance b. Predictors: (Constant), Government Policies, Socio-Economic Status, Socio-Economic Issues, Tax Administration							

Source: Survey (2025)

Decision: The results of the regression analysis testing the hypotheses (R^2 = 0.072; Adjusted R^2 = 0.052; F =3.580; P = 0.000) on table 3(b) show that the independent variables (Government Policies, Socio-Economic Status, Socio-Economic Issues, and Tax Administration) collectively have a 0.072 significant effect on tax compliance behavior of Lagos State residents.

7. DISCUSSION OF FINDINGS

7.1 Impact of individual Nigerian's socioeconomic status on their compliance with tax regulations in Lagos State, Nigeria. It was determined by the study that socioeconomic status does not significantly impact tax compliance behaviour of people living in Lagos. This suggests that, although there exists a small positive effect of socioeconomic status on tax compliance, this is found not to be significant. Hence, it is not a factor to be given priority when examining the tax compliance determinants amongst taxpayers in Lagos state. The finding is contrary to the findings of Etim, Umoffong, & Bassey (2020) a study carried out in Akwa Ibom state and implies that residents of Lagos states notwithstanding their residential location does not consider their socio-economic status when complying with tax laws and regulations.

7.2 Impact of Socioeconomic issues on tax compliance behavior in Lagos State, Nigeria. It was determined that socioeconomic issues do not significantly impact tax compliance behaviour of people in Lagos State. This suggests that, although there a small negative effect of socio-economic issues on tax compliance, this is found not to be significant. Hence, socioeconomic issues are not factors to be given priority when examining the tax compliance determinants among Lagos state taxpayers. This finding is contrary to the findings of Etim, Umoffong, & Bassey (2020) a study carried out in Akwa Ibom state. The implication is that Lagos state residents' socio-economic issues does not affect the rate of their tax compliance not withstanding their residential areas.

7.3 Impact of Government policies on tax compliance among individuals facing socio-economic challenges in Lagos State, Nigeria. This study found that government policies does not significantly impact tax compliance behaviour of people in Lagos State. This suggests that, although there a small positive effect of government policies on tax compliance, this is found not to be significant. Hence, government policy is not a factor to be given priority when examining the tax compliance determinants among taxpayers in Lagos state no matter their residential area.

7.4 Impact of tax administration effectiveness on tax compliance among individuals facing socio-economic challenges in Lagos State, Nigeria.

The study determined that tax administration effectiveness impact significantly on Lagos state residents tax compliance behaviour. Any unit of improvement in tax administration from the efforts of tax authority and government will induce a higher tax compliance level amongst Lagos state taxpayers by 23%. Hence, effective tax administration is a major factor to be given priority when examining the determinants of tax compliance among taxpayers, especially in Lagos. The finding is supported by Dibie (2020), Manan (2020), and Ige, Igbekoyi, & Dagunduro (2023). The implication is that tax administration effectiveness is a core factor that determines the compliance of taxpayers in Lagos State no matter their residential area or class.

8. CONCLUSION

The findings of this study indicate that socioeconomic issues, socioeconomic status, and government policies have no significant influence on tax compliance behaviors. This challenges common assumptions that financial circumstances and regulatory frameworks are primary drivers of compliance. Instead, it suggests that tax administration effectiveness may play more important roles in determining how individuals approach tax obligations. In light of these findings, policymakers should reconsider strategies aimed solely at altering socioeconomic conditions or adjusting tax policies to improve compliance. A more holistic approach that addresses the underlying attitudes and beliefs about taxation could prove more effective in fostering a culture of compliance. Ultimately, understanding the complex dynamics of tax behavior will be essential for designing interventions that promote equitable and effective tax systems.

9. RECOMMENDATION

From the observation, findings, and results gathered from this study, the following courses of action are recommended:

i. Evaluate the effectiveness of existing tax policies on tax compliance and identify alternative strategies that could enhance taxpayer engagement, regardless of socioeconomic status.
ii. Tax administration should be made constantly effective to ensure maximum rate of tax compliance amongst Lagos State residents.
iii. Explore the role played by technology and digital platforms in ensuring tax compliance, especially how online services as well as software applications may mitigate barriers faced by low-income individuals.
iv. Investigate the effectiveness of different incentive structures, such as tax rebates or credits, on compliance behaviors among various socioeconomic groups in Lagos State.
v. Government policies should be made to balance out the socio economic status of Lagos State residents as well as favor the government to ensure maximum tax revenue generation.

10. CONTRIBUTION TO KNOWLEDGE

The findings of this research made additional contributions to knowledge in several ways which include provision of empirical evidence to the relevant question on "**SOCIO-ECONOMIC ISSUES AND TAX COMPLIANCE BEHAVIOUR**. The study examined the impact of socio-economic issues, socio economic status, government policies and tax administration on tax compliance behavior amongst people living in different residential areas of Lagos State. It has also added to the existing literature and information on socio economic issue as it impacts tax compliance behavior of federal government workers living in Lagos State.

11. SUGGESTION FOR FURTHER STUDIES

This study has identified other exploratory areas of research that need to be investigated to increase the understanding of how socio-economic status and issues affects tax compliance behavior amongst Lagos State residents. This study focused on federal government paid workers which can be extended to state government as well as local government paid workers residing in Lagos

State. Also, the study limited its scope to a particular institution, further studies can look into all federal government owned institution and parastatals in Lagos State to get a broader view. Others include: conduct a longitudinal study to assess how tax compliance behaviors evolve over time and whether socioeconomic factors have delayed effects; include a more diverse demographic sample to explore potential variations across different groups, such as age, gender, and ethnicity.

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