Empirical investigation of the nexus between tax audit and taxpayers' compliance in South West, Nigeria

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Abstract
This study investigated the nexus between tax audit and taxpayers' compliance in South West, Nigeria. The study adopted a descriptive survey design with the aid of a structured questionnaire to elicit the needed information from the respondents. The population, which equally represented the sample size was all the 93 Audit and Administrative staff of the headquarters of the State Board of Internal Revenue Service (SBIR) of Ekiti, Osun and Oyo States. Descriptive and inferential statistics were used to analyse data. The hypothesis was tested with Pearson Correlation and multiple linear regression. The result indicated that tax audit has a positive and significant effect on both the voluntary and non-voluntary taxpayer's compliance in Southwest, Nigeria with their respective coefficient and significant values of 0.672 and 0.000<0.05 for voluntary tax compliance and 0.586 and 0.000<0.05 for non-voluntary tax compliance. The study, therefore, recommended that the state governments should intensify more efforts on tax audits through the employment of more competent staff and periodic training to enhance its significant effect on tax compliance level in the country.
Keywords: Tax amnesty, Tax audit, Taxpayers' compliance, Tax investigation, Tax revenue

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1. Introduction

Globally, the relevance of tax revenue to infrastructure development and government fiscal operations, regardless of geographical disparities cannot be overemphasized. This necessity for tax payment is, thus, based on legality or moral obligations. Scholars have also argued that the payment of tax should be obligatory on all residents of a nation irrespective of belief and communal status (Olaoye & Ogundipe, 2018). Given this, tax is not just a mandatory levy placed by the government on people, groups, businesses, occupations, etc., but is purposed to provide the needed financial backbone for effective functionality and statutory responsibilities of government.

Studies have, however, opined that these responsibilities of government have been hindered as a result of partial compliance with tax laws, most especially, in emerging economies like Nigeria (Obafemi et al, 2021 & Olayemi & Folajimi, 2021). The non-compliance to tax in the country is said to be a pandemic with the inability of the government to generate enough revenue. This was substantiated by Olusegun (2021), which asserted that due to taxpayers' noncompliance with tax regulations, the federal and state governments of Nigeria have not been able to generate the anticipated revenue. Accordingly, some taxpayers would pay lower taxes and even totally evade them, arguing on the premix that the economy is facing a downturn and that the governments have not been sincere in their performance of their civic responsibilities. (Olaoye & Ogundipe, 2018).

Furtherance to this, some taxpayers based their non-compliance/partial compliance on the argument that individuals and corporate bodies that pay taxes may not get the direct benefits, since the purpose of taxing is to add funds from the private sector to the government's pot of money to fulfill government's stated goals (Fani et al, 2020). Consequently, the expected taxpayers are reluctant to comply fully with tax responsibilities, leading to tax evasion. This, according to Oladele et al. (2021), reduces the revenue of the government, which at the same time hinders their developmental objectives and to Akinadewo and Akinkoye (2020), it is detrimental to economic advancement.

In Southwest Nigeria, meanwhile, the states have equally been battling with the non-compliance menace and had to apply a series of tax enforcement mechanisms. Thus, Oladele, et al. (2019), argued that informal businesses are the major culprits in this, which made the government continue to suffer a loss in tax revenue. In states like Ekiti,

Oyo and Osun, among others, developmental projects are hampered as a result of low revenue. Consequently, Olaoye and Ekundayo (2018) opinionated that Ekiti State taxpayers have not been fully complying with the tax laws, resulting in low Internally Generated Revenue (IGR). In Oyo and Osun States too, it is believed that the expected budgeted plans could not be attained on account of taxpayers' default (Oladele et al., 2019). For instance, it is opined that personal income tax is closely related to the pace of development in Oyo state but faces the herculean task of effective tax compliance (Adegbite et al., 2019). The state governments, due to the fall in the federally allocated revenue and most importantly, the IGR, thus, sought for a government bailout from the federal level (Oghuma, 2018). Given this, stakeholders have thought of the need for more concerted efforts for increased compliance with tax laws, which would lead to the upward movement of government revenue.

To frontally address this menace, governments, therefore, introduced tax enforcement strategies by way of tax audits, amnesty initiatives, and tax investigations, among others. The enforcement became necessary without which some taxpayers might not voluntarily comply with tax laws (Akinadewo et al., 2019). Tax enforcement strategies, therefore, are put in place by the government to make sure that taxpayers abide by the rules and laws relating to taxes. As noted by Oladele et al. (2019), the main goal of enforcement strategies is to utilize tax audits, tax penalties, tax investigations, and tax amnesty to make sure that the government's anticipated tax collection rises to the desired level. While the various enforcement mechanisms are stressed, the success of tax audits in tax compliance in the Southwest of Nigeria requires a more empirical investigation.

While Lagos State, one of the Southwestern states in Nigeria prioritized tax audit over the years, which has reduced the level of non-compliance to tax rules, there is still concern among scholars and other stakeholders of the effectiveness in other Southwest states as a result of the level of infrastructural development. For instance, the statistics showed that N15.42 billion evaded tax revenue was recovered in 2018 in Lagos State, and additional 1,484,405 eligible taxpayers were identified between 2013-2018 (Akinadewo & Akinkoye, 2020). The success of this tax audit in Lagos State became part of the arguments for the empirical investigation of the relationship between it and taxpayers' tax compliance among the other selected southwest states of Nigeria. Consequently, the assertions of Oladele et al. (2019) and Fani et al. (2020) affirming that different forms of enforcement strategies like tax audit are capable of stimulating an increase in the compliance level of taxpayers when

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taxpayers' compliance seem difficult, most especially in other geographical areas not yet fully explored, stimulated this study. The hypothesis, formulated in the null form will also be tested.

2. Literature Review

This paper reviewed relative articles on the associated variables in addition to the relevant theories.

Conceptual Review and Theoretical Framework

To effectively have a deeper understanding view of the variables of this study, reviews were carried out in addition to the theory underpinning it.

2.1 Conceptual Review

Diverse assertions and perception of authors to the respective variables.

Tax Audit and Tax Compliance

The use of tax audit is a level of inquiry meant to determine the level of compliance with the relevant tax provisions and to effectively drive the objectives of government in revenue tax collection. It is initiated by the tax authorities to determine the extent by which a taxpayer complies with tax laws to improve the revenue of the government and at the same time obtain documentary evidence for possible prosecution of tax evaders. Regardless of the concept of quid pro quo (something in exchange for nothing), taxpayers are still required to file their tax returns in line with the relevant tax laws. Onuoha and Dada (2016) defined a tax audit as a level of investigation aimed at determining the extent of fraud, willful default, or negligence perpetrated by a taxpayer and acquiring proof for the potential prosecution of the offender. This implies that a tax audit concentrates on discovering of possible hidden revenue sources and/or exposing flagrant non-compliance. This is mostly a post-statutory audit and filing of tax returns with the tax authorities.

Arguing in like manner, Ari et al. (2020) opined that it is an independent audit of the taxpayer's accounts, tax payments, returns, and other records is known as a tax audit. To these scholars, its objective is to determine the extent of the taxpayer's adherence to the applicable generally accepted accounting principles and standards as well as the taxpayer's level of compliance with tax laws and regulations. To Vierra and Siti (2019), however, it involves an investigation into the tax returns of a company or an individual in support of the aforementioned claim. The authors further opinionated

that the main goal could probably be for increased revenue collection rather than to manage the taxpayer. To Nguyen et al. (2020), however, a tax audit examines a taxpayer's financial records and company records to ensure that the tax amount stated is paid in conformity with tax rules and regulations. While contributing to the effectiveness of tax audits, Saffay (2019) argued that this exercise has made significant contributions to raising awareness among stakeholders, improving the self-assessment tax system, adding additional taxpayers to the tax system, and boosting the generation of tax revenue by detecting various tax system cases of abuse. The goal of a tax audit, therefore, is to evaluate if the business records are accurate and fair for tax purposes.

It is, however, argued that tax audit exercise would improve the tax compliance level either voluntarily or involuntarily. In this wise, Herman, Tarmizi, et al. (2021) argued that the tax audit is an important compliance instrument often in tax jurisdictions throughout the world since it optimizes projected tax income for governments in both developed and developing nations. Regarding this, tax audits support the government in the collection of taxes, which is critical to funding the budget and ensuring economic and financial stability. Despite the importance of tax audits, the state governments, however, seem to be handicapped by a large number of tax defaulters, which poses a serious impediment to the planned fiscal policies (Mahestyanti et al., 2018). These inform how this study is set up to examine the link between tax audit and taxpayers' compliance among the Southwestern States in Nigeria.

Voluntary and Involuntary Tax Compliance
In global economies, tax compliance is either voluntarily adhered to by the taxpayers or coerced to do accordingly. Among the states in Nigeria, however, the near apathy towards tax responsibilities has motivated their adopting more of tax audit exercises to increase the level of tax compliance. With Lagos State setting the pace for revenue drive through tax audit, other states, especially in Southwest, Nigeria have equally adopted this not only to enhance their revenue base but to eliminate tax evasion. This position aligned with Olatunji and Temitope (2018), which believed that tax audits can influence tax compliance. Wuyah et al. (2018), equally affirmed that the tax revenue of the government would be more enhanced with the use of tax audits and investigations.

In practice, tax audit covers all the selected taxpayers for the primary purpose of determining the level of compliance with the respective tax provisions. While voluntary compliance could indicate taxpayers that
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render their tax returns without being forced, the aspect of involuntary compliance could arise if infractions are observed during the tax audit exercise. That area of the violation of the tax laws, which resulted in additional tax becomes involuntary tax compliance.

2.2 Theoretical Framework
The section reviews the relevant theory that underpinned this study.

Economic Deterrence Theory
This theory is believed to have been established by two scholars; Cesare Beccaria (1764), an Italian economist and philosopher because of her writing titled *"Essay on Crimes and Punishments"* and Jeremy Bentham (1781), an English philosopher, jurist, and social reformer in his writing titled *"An Introduction to the Principles of Morals and Legislation (Introduction to the Principles)"* (Kelli, 2016). Deterrence theory insinuates that persons may be deterred from engaging in wrongdoing if the repercussions outweigh the act itself. In their study, there was a key criminology theory that asserted that people make decisions based on If they are not deterred, they will do what will make them happy and prevent discomfort, even if it means making a mistake.

Swistak. (2016), meanwhile, believed that this theory proposes that for effective deterrence of people from breaking the law, sanctions should be swift, definitive, and proportionate to the offense. Thus, deterrence theory explains that if the gains of tax non-compliance are more than the penalty if such an offender is caught, there is a high possibility that people would not be deterred from perpetrating that crime., Perabavathi and Zainol (2017) observed that the gains of not complying with tax are usually higher than the costs of not complying with tax. In line with this and the submission of scholars, within the low level of tax compliance in Southwest, Nigeria, the informal sector majorly observes that it is easier and more profitable for them not to comply with tax rules than to comply with tax rules, which increases their non-tax compliance.

The theory is, therefore, relevant to this study because it affirms that competent tax enforcement strategies in terms of tax audits can curb tax crimes.

2.3 Empirical Review
The empirical review of related literature is based on the study's aims. It must be noted that there are studies on the subject matter in Nigeria and outside her shores. There are still gaps to be filled based on geographical location, timeliness and on each of the construct that

forms the predictors and outcome variables. Numerous Studies on the possible implications of tax audits on tax compliance and revenue generation have been conducted. Findings, however, are mixed and thereby render the study inconclusive.

For example, while Ephrem (2016); Eiya et al. (2016), and Olaoye and Ekundayo (2019) reported that tax audits have a positive, considerable impact on tax compliance, Amah and Nwaiwu (2018); Saffay (2019) and Enofe et al. (2019) argued that tax audit is ineffective for increasing voluntary tax compliance and revenue generation. The mixed findings, therefore, gave the impetus to further analyze the tax audit results' effects on Nigerian taxpayer compliance. Agumas (2016) conducted a study in Ethiopia to look into how tax audits affect tax compliance. The preferred method of data analysis was the partial coefficient regression method. From the analysis, there was enough evidence to prove revealed the degree of tax compliance and the likelihood of audit detection was strongly correlated. Additional research revealed a significant correlation between tax compliance levels and the number of files that were audited. Furthermore, there was a strong association between the number of audited files, the level of tax compliance, and the risk that an audit would be discovered. Finally, it was found that when the likelihood of audit detection and the number of audited files were combined, the degree of taxpayer compliance greatly increased over the individual effect. The study that was previously examined was carried out in Ethiopia, but the current study is being undertaken in Nigeria.

Olaoye and Ekundayo (2018) conducted a study in Ekiti state, Nigerian to determine how tax audits affect tax compliance. Data from the respondents, which included employees of the Federal Inland Revenue Service and the Ekiti State Board of Internal Revenue Service Staff, was gathered using structured questionnaires. The chosen approach of data analysis was multinomial logistic regression. The data analysis technique was able to prove beyond all doubt that tax audits significantly influenced tax compliance. The reviewed study was delimited to Ekiti State while this present study covered some selected States in Southwest, Nigeria. In Indonesia, Vierra and Siti (2019) performed a study to investigate the effect of tax audit quality on corporate taxpayer compliance. The chosen method of data analysis was descriptive statistics. Surveys were utilized to gather information, which was issued to respondents comprising of corporate taxpayers registered at the Medium Tax Office in Bandung, and tax auditors working at Medium Tax Office in Bandung. From the analysis, it was unveiled that tax audit quality had a significant effect on Corporate Taxpayer Compliance. The reviewed study was limited to tax audit

quality as a predictor of taxpayer compliance and in a different continent with different ideologies to tax matters, while this present study would use tax audit but recognize the behavioral pattern of the geographical areas considered. Olaoye and Ekundayo's (2019) investigation into the impact of tax audits on tax compliance was conducted in Ekiti State, Nigeria. Regression analysis was used as part of the multinomial logistic method for data analysis. The study showed that tax audit significantly affects tax compliance. Furthermore, the multinomial regression likelihood ratio tests showed that tax accuracy and current returns had not significantly affected tax compliance during the study period, tax law had an impact on compliance, but tax procedure had no impact. The reviewed study did not segregate tax compliance into the voluntary tax compliance and non-voluntary compliance, a feat this present study hopes to achieve.

In Palestine, Majed (2019) looked at how tax auditing affects tax compliance. The content method of data analysis used was analysis. Based on the analysis, the study provided enough support to demonstrate that tax audits had a favorable and significant impact on tax compliance established and logical empirical studies. Further analysis showed that tax evasion was an international issue that affected both rich and developing nations and affected all cultures and economic systems. The current study hopes to achieve specific findings by segregating its outcome variable into voluntary compliance and non-voluntary compliance, a goal that the evaluated study fell short of.

To determine the effect of tax audits, fines, and penalties, as well as tax awareness and education, on tax compliance, Ayneshet (2020) conducted a study in Hawassa City in Ethiopia. The population comprised Hawassa City audit officers who were 50 in number. Data was obtained by structured questionnaire which were later analyzed using multiple regression analysis, descriptive statistical methods, and correlation are all used. The results provided sufficient evidence to demonstrate that the likelihood of a tax audit, as well as tax compliance was positively impacted by knowledge and education. Similarly, fines and penalties had a favorable effect on the degree of tax compliance. The current study will be conducted in Nigeria, as opposed to the previously described study, which was conducted in Ethiopia.

A study was undertaken in Vietnam by Nguyen et al., (2020) to ascertain factors that influenced tax compliance among Vietnamese firms. The methods of data analysis selected were Confirmatory factor analysis, exploratory factor analysis, and structural equation modeling

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(SEM). The methods of data analysis revealed that the likelihood of an audit, a company's reputation, and firm ownership all directly influenced voluntary tax compliance. The two factors that had the biggest impacts on tax compliance were the likelihood of an audit and the severity of the penalties. Upon further inquiry, it was discovered that the possibility of an audit, the severity of the consequence, and social norms all directly affected enforced tax compliance. Additionally, both mandatory and voluntary compliance had an impact on tax compliance, although the former had stronger results. The reviewed study examined tax compliance holistically, while this present study segregates it into voluntary compliance and non-voluntary compliance to give it a wider scope.

In Ethiopia, Nurebo et al. (2021) ascertained the effect of tax audits on taxpayers' compliance. The sample size chosen for the basic random sampling procedure was 156 respondents, although the data examined were obtained from 135 respondents who returned their questionnaire. Pearson's correlation coefficient was the chosen method of data analysis and showed that detection of noncompliance, probability of being audited and awareness of taxpayers were positive factors that influenced compliance of taxpayers significantly. Whereas, changes in government policies, the complexity of tax laws, weak and arbitrary penalties were negative factors that influenced the compliance of taxpayers significantly. While this study would be conducted in Nigeria, the study that was previously examined was carried out in Ethiopia.

The impact of tax audit on tax compliance and revenue production has been the subject of numerous studies. Though, the findings reported are mixed and thereby render the study inconclusive. The mixed findings, therefore, give the impetus to further Analyze the impact of tax audit and inquiry on Nigerian taxpayer compliance. It is suspected that when penalties are meted out to tax evaders and avoiders, it would encourage future compliance and, in turn, increase the revenue stream of the government. Empirically, this statement has been subjected to empirical research over the years. However, out of all these studies, it was only Solanke et al (2021); Oladele et al (2021) extended their studies to 2021 to reflect the latest tax reform as it concerns the Finance Act of 2020.

3. Methodology
The study area is Southwest, Nigeria. It is a geo-political zone in Nigeria that has six states namely Lagos, Oyo, Ogun, Osun, Ondo and Ekiti. Although there are many dialects even within the same states, Yoruba

is the primary language spoken there. The choice of the southwest is predicated on the empirical evidence that it is one of the most active zones for tax enforcement strategies in Nigeria and the three states chosen, Oyo, Osun and Ekiti, shares boundary with one another. This makes it easier for the distribution of the questionnaire among the states. The states were selected using purposive/ judgmental sampling techniques. The research population/sample size is the 93 members of the audit and administrative staff at the state Board of Internal Revenue (SBIR) offices of Ekiti (28), Osun (34), and Oyo (31), as stated in Table 1

Table 1: **Population/sample size of the Study**

State(s)	SBIR
Ekiti State	28
Osun State	34
Oyo State	31
Total	93

Source: Authors' Compilation from States Board of Internal Revenue (2023)

A five-point Likert Scale, a structured and close-ended questionnaire, divided into two sections, was employed to get the answers from the respondents. A pilot study was carried out along with the Cronbach Alpha on tax audit (0.756 reliability coefficients) to determine the reliability and the validity test.

Model Specification

$VCO = f(TAU)$………………………………………………………………………(3.1)

$NVC = f(TAU)$……………………………………………………………………… (3.2)

Linear representation

$VCO = \alpha_0 + \alpha_1 TAU + u$………………………………………………….. (3.3)

$NVC = \alpha_0 + \alpha_1 TAU + u$………………………………………………….(3.4)

The *a priori* expectation is that $\alpha_1 > 0$

Where: VCO is Voluntary Compliance

NVC is Non-voluntary Compliance

TAU is Tax Audit

α_0 = Intercept of relationship in the model and u = Error term

4. FINDINGS AND DISCUSSIONS

Mean, standard deviation, and basic linear regression were utilized at the 5% level of significance.

Table 2: Analysis of the Questionnaire Submitted

Questionnaires	Responses	Percentage (%)
Number of filled	92	99%
Number of Unfilled	0	0%
Number Not Returned	1	1%
Total	93	100%

Source: Field Survey (2023)

Table 2 results, which was 92 (99%), of the 93 questionnaires that were distributed were completed, while 1 (or 1%), were not. This suggests that 92 respondents, the number of completed and returned questionnaires, served as the basis for the analysis of the survey items.

4.2. Analysis of the variable

The mean and standard deviation were used to perform a descriptive analysis on each item that was raised for each of the variables.

Table 3: Analysis of Tax Audit

Items	Mean	Standard Deviation	Remark
Tax authorities have standardized programs that aid successful tax audit	3.13	1.233	Agreed
Tax audit can always expose underpayment of taxes	3.38	1.451	Agreed
The perceived skillfulness of tax auditors in discovering any noncompliance defines our level of tax compliance	2.58	1.504	Agreed
The possibility of additional tax liability resulting from tax audit is significant	2.87	1.303	Agreed
Tax Auditors show a high level of professionalism in their jobs.	2.73	1.351	Agreed
To avoid interruption in our operations caused by tax audit, we tend to be compliant	3.09	1.608	Agreed
Tax audits would reveal any tax problems.	2.59	1.513	Agreed
Due to their concern about a tax audit, taxpayers complete accurate tax filings.	2.82	1.325	Agreed
The potential to be revealed through a tax audit and this compels accurate report	2.74	1.257	Agreed

Source: Field Survey (2023)

Table 3 revealed that every respondent concurred that state-level tax authorities have a uniform procedure to help effective tax audits. Also, it was agreed that tax audit always can expose underpayment of taxes. Furthermore, it was unveiled that all the respondents agreed that the perceived skillfulness of tax auditors at discovering any

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noncompliance defines our level of tax compliance and that there is the possibility of additional tax liability resulting from tax audit is significant. Consequently, it was agreed that tax auditors at the state level show a high level of professionalism in their jobs. Also, all the respondents agreed that to avoid interruption in their operations caused by tax audit, they tend to be compliant and that during tax audit, tax irregularities would be uncovered. It was unveiled that all the respondents agreed that because they are concerned about a tax audit, taxpayers prepare accurate tax returns. Finally, it was unveiled from the table that the prospect of being discovered by a tax audit necessitates proper reporting.

4.3 Regression Analysis

There was a linear regression analysis in this section through which the researchers either accept or reject the null hypothesis. A simple linear regression was used for models one to three while multiple regression analysis was used for model four. Alongside the regression analysis, to determine if the responses of the respondents about both independent and dependent variables meet the requirements of linear regression, the normality test, heteroscedasticity test, and linearity test were conducted.

Analysis of the relationship between Southwest Nigerian taxpayers' compliance with tax audits (Voluntary and Non-Voluntary Compliance)

Table 4: Simple linear regression of the relationship between tax audit and taxpayers' compliance in Southwest, Nigeria

Voluntary Compliance					Non-Voluntary Compliance				
Var.	**Coe.**	**St. E.**	**T-test**	**Prob**	**Var.**	**Coe.**	**St. E.**	**T-test**	**Prob**
C	.192	1.034	.185	.853	C	.670	.746	.898	.371
TAU	.672	.039	17.17	.000	TAU	.586	.028	20.751	.000
R	.875				R	.909			
R-squared	0.786				R-squared	.827			
F-Stat	294.796				F-Stat	430.614			
Prob (F-stat)	0.000				Prob (F-stat)	0.000			

Source: Data Analysis (2023).

Table 4 indicated indicates a 0.672 (p=0.000-0.05) significant positive connection between tax audit and voluntary tax compliance in Southwest, Nigeria. There is a high correlation between the two variables, as indicated by the correlation coefficient value of 0.875. variables that have been detected. While the value of R2 was provided as 0.786, it suggests that tax audit could be responsible for 79% of the systematic shift in voluntary tax compliance in Southwest Nigeria.

Other variables not taken into account by this model may contribute the remaining 21% to Southwest's voluntary tax compliance.

According to the correlation coefficient in Table 4, the value of 0.909, tax audits and non-voluntary tax compliance are more closely related even though the R^2 value of 0.827 that was provided indicates that 83% of the systematic variance in non-voluntary tax compliance in Southwest, Nigeria may not be attributed to the practice of tax audit. The remaining 17% variation in the non-voluntary tax compliance in Southwest, Nigeria can be given by other factors that were left out of this model. Furthermore, it was revealed that there is a 0.586(p=0.0000.05) In Southwest Nigeria, which shows a strong and positive correlation between tax audit and non-voluntary tax compliance. Given that the provided f-statistics have a chance of being 0.0000, which indicates that the model is fit and is below the 5% level of significance employed in this investigation, serves as additional confirmation of this.

4.4 Validation of Hypothesis
H_0: In Southwest Nigeria, there is no substantial correlation between tax audit and taxpayer compliance.

Table 5: Validation of Hypothesis

Variable	Coefficient	Probability	Remark
TAU and VCO	.672	.000	Significant
TAU and NVC	.586	.000	Significant

Source: Authors' Computation (2023)

According to Table 5, the likelihood value is larger than 5%, which indicates that there is sufficient evidence to reject the null hypothesis. This suggests that tax audits and taxpayer compliance are significantly correlated. in Southwest, Nigeria.

4.5 Implication of Findings
The outcome of the analysis carried out unveiled that tax enforcement strategies captured with tax audits improve taxpayers' compliance with the laws in terms of voluntary and non-voluntary taxpayers' compliance in Southwest, Nigeria. About the discoveries made, the State Board of Internal Revenue should confidently pinpoint when and where to practice the various tax enforcement strategies to increase their efficiency in enforcing tax compliance either voluntarily or non-voluntarily among taxpayers in Southwest.

Tax audit was found to significantly and positively affect both voluntary and non-voluntary taxpayer compliance in Southwest,

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Nigeria, with coefficient and significant values of 0.672 for voluntary tax compliance and 0.586 for non-voluntary tax compliance, respectively. The corollary of these discoveries is that tax audit can't just positively influence both the voluntary and non-voluntary tax compliance in Southwest, Nigeria; it can equally ensure that it is significantly practiced. This, therefore, justifies the principle of the Invoked hypothesis of theory reasoned action in this region of the world. The likelihood of an audit has a big impact on how people report because they will report everything if they think they will be one of the auditors in that particular year. Due to tax audits aimed at the detection of tax evaders through the provision of false financial reports and prosecuting them accordingly. Thereby, taxpayers tend to comply and pay their dues to the government as and when due to avoid the greater consequences (penalty) of non-compliance.

These outcomes confirmed the *a priori* expectation that a tax audit would improve the compliance of the taxpayers both voluntary and non-voluntary in Southwest, Nigeria. This is in line with other studies like that of Agumas (2016), Eiya et al (2016), Olaoye and Ekundayo (2018), Akinadewo et al. (2019), Vierra and Siti (2019), Olaoye and Ekundayo (2019), Majed (2019), Ayneshet (2020) and Nida et al (2020). It, however, failed to corroborate the findings reported by Nurebo et al (2021) that tax audits have little impact on taxpayer compliance.

5. Conclusion and Recommendations

This study examined how tax enforcement tactics affected taxpayer compliance in Southwest, Nigeria. Taxpayer compliance was proxied with voluntary and enforced compliance. The study used a descriptive survey approach through a structured questionnaire. Considering the results of the analysis, the major finding revealed that in Southwest, Nigeria, tax audit had a positive and significant impact on both voluntary and non-voluntary taxpayer compliance, with coefficient and significant values of 0.672 and 0.00005 for voluntary tax compliance and 0.586 and 0.00005 for non-voluntary tax compliance, respectively.

It is suspected that state governments in Southwest Nigeria, have not fully embraced the nitty-gritty of enforcement strategies through tax audits to engender an increase in tax compliance. According to the results of the investigation, there is a statistically significant correlation between tax audit and taxpayers' compliance in Southwest, Nigeria.

This Study advanced understanding of the literature on the issue of finalizing the controversies surrounding tax enforcement strategies and their consequent effects on both voluntary and non-voluntary taxpayers' compliance in the Southwest, Nigeria and also provided the management of relevant tax authorities' adequate information on the nitty-gritty of each strategy to manage the tax payers' level of compliance with the law situations that warrant evasion and avoidance.

Given the results of this study tax audit encourages tax compliance in Southwest Nigeria, it is advised for the need for frequent tax auditing increases tax compliance, which raises the state government's revenue stream. To increase its major impact on the level of tax compliance in the State, it was advised that state governments expand tax audits through the hiring of more qualified staff and periodic training. Audited files that show illicit activity should also not be dismissed lightly.

Suggestions for Further Study
The Southwest region of Nigeria is the focus of this study. Further research may cover other Nigerian tax enforcement methods and the entire six states of the Southwest zone of Nigeria.

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