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Tax Administration Practices and Compliance: Evidence from Kwara State, Nigeria

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Abstract
This study examines tax administration practices and their impact on tax compliance in Kwara State, Nigeria. Employing a cross-sectional quantitative survey design, the research utilized stratified random sampling to select 641 stakeholders from the Kwara State Internal Revenue Service (KWIRS). Data collection was conducted via questionnaires, with analysis performed using Partial Least Squares Structural Equation Modeling. The results reveal that both tax enforcement strategies and taxpayer services have significant positive effects on compliance. These findings underscore the importance of robust enforcement mechanisms and high-quality taxpayer services in fostering a compliant tax environment. Additionally, the study highlights the need for effective communication and support for tax policies to achieve desired outcomes. The research concludes that improving enforcement strategies, enhancing taxpayer services, and ensuring proper implementation and communication of tax policies are crucial for promoting tax compliance in Kwara State. The study recommends increased tax audits, improved taxpayer services, taxpayer education, and collaboration with other government agencies to enhance the overall effectiveness of tax administration. This study contributes to the existing literature on tax administration and compliance, particularly within the context of developing economies, and offers valuable insights for policymakers and tax administrators in formulating strategies to enhance tax compliance and improve revenue generation.

Keywords: Tax Administration, Taxpayer Services, Tax Enforcement Strategies, Tax Compliance, Kwara State, Nigeria.

1.0 Introduction

The mobilization of tax revenue is paramount for sustaining essential state functions, yet it presents a formidable challenge for tax authorities in developing countries. This challenge is exacerbated by factors such as inadequate tax education, diminished public trust, and suboptimal capacity utilization, which tax administrations continually endeavor to address (Johnson & Omodero, 2021). Tax compliance is critical for financing government operations, providing public services, and maintaining social welfare programs. Non-compliance can result in revenue shortfalls, fiscal inequities, and erosion of public confidence in the tax system (Johnson & Omodero, 2021).

Tax compliance is defined as the extent to which individuals and organizations adhere to tax legislation by accurately reporting their income and remitting the appropriate amount of taxes owed (Appah & Duoduo, 2023). While tax compliance is a global concern, developing nations often experience higher rates of non-compliance or lower levels of adherence. This phenomenon constrains governments' ability to generate sufficient tax revenue to meet basic expenditure requirements and drive anticipated economic growth (Beale & Wyatt, 2021). Factors such as a prevalent informal economy, distrust in government, weak enforcement, and complex tax systems contribute to low compliance rates (Okunogbe & Santoro, 2023; Mpofu, 2022).

In Nigeria, tax administration is crucial for public financial governance, with the Federal Inland Revenue Service (FIRS) handling federal tax collection and State Boards of Internal Revenue (SBIRs) managing state-level taxes (Idris, 2022). However, Nigeria's tax system is complex and hindered by administrative inefficiencies and an informal economy constituting 65% of GDP (IMF). Corruption and weak governance further exacerbate compliance issues (Audretsch et al., 2022; Oto & Wayas, 2024). However, Kwara State like other Nigerian States, faces its unique challenges in tax administration and compliance. The state has a mixed economy, with a significant portion of its population engaged in informal and semi-formal economic activities. This composition makes it difficult for tax authorities to capture all taxable entities within the state's tax net. The state's tax compliance rate is also influenced by socio-economic factors, such as poverty and unemployment, which limit the capacity of individuals and businesses to meet their tax obligations (Rashid et al., 2022).

Tax compliance in Nigeria faces several challenges that hinder effective revenue generation and economic development. One major issue is the lack of awareness and education among taxpayers. Many individuals and businesses are unaware of their tax obligations, leading to inadvertent non-compliance. This is exacerbated by the complexity and ambiguity of Nigeria’s tax laws, which create confusion and opportunities for both intentional and unintentional non-compliance (Africa Tax Review, 2023). Additionally, the informal economy, characterized by cash-based transactions and limited record-keeping, poses significant challenges for tax compliance, making it difficult to track income and enforce tax obligations (Africa Tax Review, 2023).

Tax administration in Nigeria is plagued by inefficiencies and inadequate resources. Despite over 30 years of tax administration reforms, the country still struggles with an underperforming tax system (Umar, 2018). The lack of modern technology and data analytics tools hampers the efficient processing of tax returns and identification of potential non-compliance. Moreover, corruption and bureaucratic inefficiencies undermine the effectiveness of tax administration, leading to low and unstable tax revenue generation (Umar, 2018). Strengthening the capacity of tax authorities through training and improved technology is crucial to address these challenges (Africa Tax Review, 2023). Taxpayer services in Nigeria are often inadequate, contributing to low tax compliance. The complexity of tax laws and the lack of user-friendly platforms for filing returns create challenges for taxpayers (Africa Tax Review, 2024). Modernizing taxpayer services through online portals and digital platforms, alongside continuous education, are expected to streamline processes and improve compliance.

Furthermore, tax enforcement in Nigeria is compromised by resource constraints and corruption, making it difficult to effectively implement regulations. The informal economy and widespread tax evasion further hinder enforcement efforts (Abdulrasaq & Abdullahi, 2024). Research shows that clear information and service-focused tax administration improve compliance (Kostritsa & Sittler, 2019; Alm & Torgler, 2020). Moore (2020) emphasized that improving tax compliance requires reforms that address both the effectiveness of enforcement measures and the quality of taxpayer services. Moore (2020) highlighted that enhancing tax compliance necessitates reforms targeting both the efficiency of enforcement measures and the quality of taxpayer services. In line with this, the present study seeks to evaluate the impact of tax administration practices on compliance in Kwara State, Nigeria, with a particular focus on taxpayer services and enforcement strategies.

2.0 Literature Review and Hypotheses Development

Conceptual Review

This section discusses the theoretical underpinnings related to tax administration practices and compliance. It explores the definitions, principles, and frameworks that guide tax practices and policies, offering a comprehensive overview of the factors influencing tax administration and compliance.

Tax administration practices are the systems and processes used by government agencies to manage and collect taxes. Effective tax administration is crucial for ensuring revenue collection and compliance with tax laws (Felis & Gołębiowski, 2021). Tax administration encompasses the systems, procedures, and institutions responsible for implementing and enforcing tax laws within a jurisdiction. It involves a broad spectrum of activities, including tax collection, ensuring taxpayer compliance, managing audits, resolving disputes, and offering taxpayer services. The primary aim of tax administration is to collect taxes efficiently and equitably, providing essential revenue for governments to fund public services and infrastructure. This process includes the practical application of tax policies, maintaining accurate taxpayer records, managing tax payments, and addressing non-compliance (Maruchin, 2023).

There are key components of tax administration include the implementation of tax policies, which involves applying legislation and guidelines consistently. Taxpayer registration and identification are crucial, involving the issuance of tax identification numbers and maintaining up-to-date records. Core functions include collecting taxes, monitoring compliance through audits, resolving disputes, and providing taxpayer services and education (Ellawule et al., 2024). Modern tax administrations increasingly use information technology to streamline operations, enhance efficiency, and reduce errors, such as through e-filing systems and electronic payments. Additionally, tax administrations are involved in revenue forecasting and analysis to assist in budgeting and fiscal policy planning (MKIRIMA, 2023) The objectives of effective tax administration include ensuring efficiency, equity, transparency, and integrity in the tax system. This study specifically focuses and discuss two tax administration concepts such as taxpayer services and tax enforcement strategies.

Taxpayer services can be defined as the range of support and assistance provided by tax authorities to assist taxpayers in comprehending and fulfilling their tax obligations (Rahiem & Ardillah, 2022). These services aim to make the tax process more accessible, convenient, and transparent for taxpayers, thereby promoting compliance and fostering an important association between the tax authority and the public (Rahiem & Ardillah, 2022). Key components of taxpayer services include providing information and guidance on tax laws, offering various channels for filing returns and making payments, resolving queries and issues, and educating taxpayers about their rights and responsibilities. Effective taxpayer services enhance the overall experience for taxpayers and contribute to the efficiency and effectiveness of the tax administration revenue and tax system (Iswanto, 2023)

Taxpayer services play a vital role in promoting compliance and fostering a positive relationship between tax authorities and taxpayers. Effective services can significantly increase compliance rates, revenue, as well as to build public trust in the tax system. Key aspects of taxpayer services include accessibility and convenience, which involve providing multiple channels for tax payment and support, such as online portals, call centers, and in-person assistance, making it easier for taxpayers to fulfill their obligations. The quality of these services—characterized by responsiveness, accuracy, and efficiency also directly influences taxpayer satisfaction and compliance levels. High-quality services can enhance the overall experience and encourage voluntary compliance. Additionally, support programs, such as taxpayer education initiatives and assistance with tax filing, are crucial in helping individuals and businesses understand their tax responsibilities and how to comply with them, thereby reducing the likelihood of errors and non-compliance (Masithoh & Mardikaningsih, 2022).

According to Abdulrasaq and Babatunde (2024), tax enforcement strategies refer to the measures implemented by tax authorities to ensure compliance with tax legislation and to mitigate occurrences of non-compliance. The fundamental components include regular audits and inspections to identify and rectify non-compliance, with robust audit programs being crucial for uncovering discrepancies and enforcing penalties (Tørsløv et al., 2023). The implementation of penalties and sanctions acts as a deterrent against tax evasion, with research indicating that clear and consistently enforced penalties can enhance compliance rates. Additionally, the use of data analytics and risk management techniques has become increasingly vital, allowing tax authorities to identify high-risk taxpayers and target enforcement efforts more precisely, thereby reducing the prevalence of tax evasion (Bustos et al., 2022).

Tax compliance is the adherence of individuals and businesses to tax laws and regulations, ensuring they fulfill their tax obligations accurately and timely (Bani-Khalid et al. 2022). This concept involves not only the correct reporting of income, deductions, and credits but also the timely payment of taxes and the maintenance of proper financial records, which are critical for the functioning of public services, infrastructure, and overall economic stability (Inasius et al., 2020). Non-compliance, including tax evasion and avoidance, undermines these efforts by reducing the resources available to governments, leading to penalties, legal consequences, and a potential loss of public trust in the tax system (Ismail et al., 2022; Olanisebe et al., 2023). Therefore, effective tax compliance management is crucial for fostering a culture of voluntary compliance and ensuring the efficient collection of tax revenue (Ellawule et al., 2024).

Theoretical Review

The hypotheses are developed based on the compliance and planned behavior theory. Compliance Theory has evolved through the contributions of numerous scholars over the years, with significant input from Philip Selznick and Amitai Etzioni during the mid-20th century. Compliance Theory explores the reasons behind individuals' adherence to rules and regulations, emphasizing both coercive (enforcement) and normative (moral and social) influences (Ifie et al., 2023). It posits that compliance is achieved not only through fear of punishment but also through a sense of obligation, legitimacy, and social norms. In the realm of tax policy and enforcement, Compliance Theory highlights the importance of both regulatory measures and moral persuasion in encouraging tax compliance. Effective tax policies not only establish clear rules and penalties but also foster a sense of civic duty and trust in the government. For example, transparent use of tax revenues and ethical conduct by tax authorities can enhance taxpayers' perceptions of the legitimacy of the tax system, thereby increasing voluntary compliance. Additionally, public awareness campaigns that emphasize the social benefits of tax compliance can help align taxpayers' behaviors with societal norms (Pohlmann & Starystach, 2023). The strength of Compliance Theory lies in its holistic view, recognizing both external and internal motivators for compliance. It provides a more nuanced understanding of taxpayer behavior by considering factors beyond mere deterrence. However, the theory can be challenging to apply in practice, as measuring and influencing moral and social factors can be more complex than implementing enforcement mechanisms (Burdon & Sorour, 2020).

The Theory of Planned Behavior (TPB), formulated by Icek Ajzen in 1985, posits that individual actions are predominantly influenced by intentions, which are in turn shaped by attitudes towards the behavior, prevailing subjective norms, and the perceived degree of behavioral control. Collectively, these three elements significantly influence an individual's propensity to undertake a specific behavior (Solichin & Astuti, 2021). Within the domain of taxpayer services, the Theory of Planned Behavior elucidates how taxpayers' intentions to adhere to tax regulations are molded by their perceptions of the tax system, the impact of social norms, and their assessment of the simplicity or complexity associated with fulfilling their tax responsibilities (Adhikara et al., 2022). Effective taxpayer services that simplify tax processes, provide clear information, and offer support can positively influence taxpayers' attitudes, enhance their sense of control, and ultimately lead to higher compliance rates. For instance, user-friendly online tax filing systems and responsive customer service can reduce perceived barriers and increase taxpayers' willingness to comply (Soon et al., 2020). A strength of TPB is its comprehensive approach to understanding the psychological factors influencing behavior, considering both internal and external influences. However, a limitation is that it may not fully capture impulsive behaviors or account for all situational factors that might affect taxpayers' actions (Nawafleh, 2023).

Empirical Review

Recent empirical studies have significantly advanced our understanding of tax administration practices and compliance across various global contexts. This review synthesizes findings from previous studies conducted across various geographical settings, emphasizing the intricate relationship between tax administration practices (enforcement strategies, taxpayer services) as independent variables, and tax compliance behavior as the dependent variable, which are central to this study. Eka (2019) investigated the impact of tax administration reform on tax compliance in Indonesia using a fixed-effect multiple regression model with provincial-level data. The study found a positive effect on individual taxpayer compliance but a negative effect on tax revenue due to productivity issues. In Nigeria, Rotimi, et al. (2019) focused on the effectiveness of tax enforcement tools, analyzing data from 150 respondents in Ondo State using OLS regression. Their findings revealed a positive and significant relationship between tax audits, penalties, and compliance. Weisbach (2020) conducted a theoretical investigation into the trade-off between tax administration and compliance, suggesting that enhanced tax administration can foster improved compliance. Similarly, Onoja and Odoma (2020) explored the burden of tax administration on small businesses in Kogi State, finding that administrative costs significantly affect compliance levels. In Central Kalimantan, Putra and Tjaraka (2020) highlighted that tax awareness and trust in tax authorities positively influence compliance, with tax law enforcement further reinforcing compliant behavior.

The effectiveness of tax administration emerges as a critical determinant of compliance across multiple studies. Mzalendo and Chimilila (2020) identified trust, corruption awareness, and detection ability as key factors influencing taxpayer compliance in Tanzania. Their research underscores the importance of tax education and the integration of information and communication technologies (ICT) in enhancing voluntary compliance. Interestingly, Jia et al. (2020) demonstrated how decentralization reforms in China led to reduced local tax enforcement due to conflicting incentives, highlighting the complex relationship between governance structures and tax collection behavior.

Similarly, Jerković's (2021) theoretical analysis in Croatia emphasized the crucial role of effective tax administration processes, including identification, filing, payment, and auditing, in improving overall compliance. These findings align with Hasanah et al.'s (2022) study in Indonesia, which revealed that taxpayer awareness and quality services positively impact tax revenues. Expanding the geographical scope, Demin (2022) analyzed the tax administration model in Russia, emphasizing that a balanced combination of enforcement and positive incentives is critical for effective tax administration. In Ethiopia, Alem and Tewabe (2022) critiqued the economic deterrence model used in tax administration, arguing that it is both inefficient and inequitable. The quality of tax services (QTS) has emerged as a particularly significant factor. Augustine et al. (2020) found that QTS and trust in the State Internal Revenue Service significantly influence voluntary compliance in South-West Nigeria, outweighing demographic factors such as gender, age, and education. This is further supported by Olaniyi et al.'s (2023) research in Nigeria, which showed that tax education positively impacts compliance, while

Olaniyan and Bamidele (2024) highlighted the importance of information availability in improving compliance attitudes. In their study, Ayoola et al. (2023) used OLS regression to demonstrate a significant positive relationship between tax administration and personal income tax compliance. In Indonesia, Iqbal et al. (2023) employed PLS-SEM analysis to show that tax education, law enforcement, and administrative efficiency in the energy sector all positively impact compliance.

A range of studies across different countries has examined the effects of various enforcement strategies on compliance. For instance, Research in Nigeria consistently shows positive correlations between compliance and enforcement measures. Olatunbosun (2022), Abdulrasaq and Babatunde (2024), and Egwanwor and Edor (2024) all found that strategies such as tax clearance certificates, audits, and penalties effectively improve compliance among SMEs. Ugwuanyi and Nwachukwu (2023) corroborated these findings, noting the positive impact of audits and penalties on compliance. In different approach, Studies in China reveal diverse effects of stricter tax enforcement on corporate behavior. Guanchun et al. (2022) found that it negatively affects employment, particularly in labor-intensive firms facing financial constraints. Conversely, Chen et al. (2022) showed that stronger enforcement reduces future stock price crash risk, especially in state-owned companies. Feng et al. (2022) demonstrated that it positively impacts corporate social security contributions, particularly in non-state-owned enterprises.

Meanwhile, Gallemore and Jacob (2020) revealed that increased tax enforcement is associated with growth in commercial lending and improved loan portfolio quality, particularly among banks with informational disadvantages. In his study, Zhao (2023) found that increased tax enforcement enhances earnings informativeness, especially in firms prone to non-compliance or high profitability. These findings collectively suggest that while enforcement strategies can be effective, their implementation must be carefully calibrated to avoid unintended consequences on economic activity. Recent research points towards more sophisticated, data-driven approaches to tax enforcement. Løyland et al. (2024) demonstrated the potential of risk-based tax enforcement in predicting and improving future compliance, showing how targeted audits can lead to significant reductions in self-reported deductions in subsequent filings.

This study fills several gaps in the literature by focusing on the impact of tax administration on tax compliance in Kwara State, Nigeria, a context underexplored in previous studies. While earlier research primarily examined tax compliance in other regions and countries, this study specifically evaluates the effects of taxpayer services and tax enforcement strategies in Kwara State. Based on the previous empirical findings, this study developed the following hypotheses.

HO_1: There is no significant relationship between tax enforcement strategy and tax compliance in Kwara State.

HO_2: Taxpayer services do not significantly affect tax compliance in Kwara State.

3.0 Methodology

This study employed a quantitative survey research design to analyze the impact of tax administration practices on tax compliance. This approach enables statistical analysis of numerical data that was source primarily, offering objective insights into relationships between variables. The population includes 1005 staff from the Kwara State Internal Revenue Service (KWIRS) and 4,200 registered taxpayers in Kwara State. A stratified random sampling technique was employed by this study to ensure diverse representation, with a sample size of 641, enhancing the reliability and generalizability of the findings. The sample size was determined using Taro Yamane's formula, which is given by: To calculate the sample size of 1005 staff using the following equation: $n = N/ (1+N(e)^2)$. where: N = total population size, e = margin of error (typically set at 0.05), n = sample size. Given: N=1005, e=0.05, Plug these values into the formula: $n=1005/\ (1+1005(0.05)^2)=286.9$. Rounding to the nearest whole number, the sample size required is 287. While the sample size 4,500 of registered taxpayers is 354 using Krejcie and Morgan Table of sample size determination. The total sample size is therefore equal to 641.

To test the hypotheses of this study, the model developed by Olatunbosun (2022) was adapted and adopted. Olatunbosun's research focused on the impact of various tax enforcement strategies on tax compliance among small and medium-scale enterprises (SMEs) in Northwestern Nigeria. The original model proposed by Olatunbosun (2022) is expressed as:

$TCi = \beta 0 + \beta 1TES1 + ei$……………………………..………………………………….………..equation (1)

For the current study, the linear equation model is specified as follows:

Tax Compliance (TC) = f(Tax Enforcement Strategies (TES), Taxpayer Services (TS)).

$TCi = \beta 0 + \beta 1TES1 + \beta 2TS2 + ei$…………………………………….……………..……………....equation (2)

To enhance the study, "Taxpayer Services" (TS) was added to the existing model alongside "Tax Enforcement Strategies" (TES), extending beyond Olatunbosun's (2022) focus on enforcement alone. This integration provides a more comprehensive analysis by including support services in understanding tax compliance among SMEs. Data will be analyzed using descriptive statistics for summary insights and Partial Least Squares Structural Equation Modeling (PLS-SEM) to explore relationships between enforcement, services, and compliance. SmartPLS-4 (version 4.1.0.6) would facilitate these analyses.

4.0 Results and Discussion

This section presents the data collected from the respondents, analyzes the findings, and discusses the implications in relation to the research objectives. The data presentation includes both descriptive and inferential statistics, providing a comprehensive overview of the responses gathered through the questionnaire.

Descriptive Statistics

This section provides an overview of the descriptive statistics for the variables under study, summarized in Table 1. The table presents key statistical measures, including the mean, standard deviation, excess kurtosis, and skewness. These statistics offer insights into the central tendencies, dispersion, and distributional characteristics of the data, allowing for a better understanding of the sample's overall behavior and the reliability of the measurements. This foundational analysis sets the stage for further inferential statistical tests and discussions.

Table 1: Descriptive Statistics

Name	Items	Mean	Standard deviation	Excess kurtosis	Skewness
TS-1	Accessibility of Services	4.191	0.719	0.371	-0.657
TS-2	Responsiveness to Inquiries	4.138	0.678	1.622	-0.804
TS-3	Quality of Support Services	3.926	0.854	1.249	-1.003
TS-4	Ease of Navigating Tax Processes	3.915	0.883	1.733	-1.149
TS-5	Availability of Educational Resources	4.000	0.729	2.694	-1.003
TS-6	Timeliness of Service Provision	3.872	0.828	2.400	-1.239
TES-1	Frequency of Audits	3.968	0.893	0.440	-0.757
TES-2	Penalty Enforcement Consistency	3.883	0.742	0.540	-0.601
TES-3	Use of Data Analytics in Enforcement	3.872	0.718	2.234	-0.854
TES-4	Transparency of Enforcement Actions	3.883	0.727	2.453	-0.995
TES-5	Effectiveness of Risk Management	3.894	0.722	0.891	-0.699
TES-6	Public Awareness of Enforcement Policies	3.617	0.924	0.614	-0.721
TC-1	Tax Filing Compliance level	3.298	1.100	-0.719	-0.472
TC-2	Timeliness of Payments	3.904	0.745	1.815	-0.784
TC-3	Accuracy of Tax Declarations	3.840	0.803	1.233	-0.827
TC-4	Adherence to Tax Regulations	3.755	0.930	1.686	-1.180
TC-5	Response to Compliance Notices	3.702	0.873	1.566	-1.031
TC-6	Reduction in Tax Evasion	3.840	0.748	0.581	-0.657
TC-7	Reporting compliance	3.809	0.829	-0.052	-0.537

Source: Author's Computation (2024) using SmartPLS-4.

In Table 1, the descriptive statistics for the various measures of taxpayer services (TS), tax enforcement strategies (TES), and tax compliance (TC) reveal several key insights. The mean values for most items across the categories range from approximately 3.3 to 4.1, indicating a general trend towards favorable perceptions reflecting a central tendency towards agreement or positive evaluation. The scale ranged from 1 to 5 for all items, with standard deviations varying between 0.678 and 1.478, suggesting varying levels of response dispersion. The skewness values are mostly negative, indicating a slight left skew in the distribution of responses, and the excess kurtosis values suggest the presence of heavy tails for some items, particularly in the taxpayer services and tax compliance categories.

Measurement Model

In this section, the reliability and validity of the measurement model are assessed, with the results summarized in Table 2.

Table 2: Construct Reliability and Validity

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
TC	0.828	0.836	0.874	0.537
TES	0.803	0.808	0.859	0.506
TS	0.783	0.787	0.846	0.580

Source: Author's Computation (2024) using SmartPLS4.

The results in Table 2 indicate strong construct reliability and validity for the variables Tax Compliance (TC), Tax Enforcement Strategies (TES), and Taxpayer Services (TS). Cronbach's alpha values for all variables are above 0.7, indicating good internal consistency. Composite reliability (rho_a and rho_c) values exceed 0.8 for each construct, further confirming the reliability of the measures. The Average Variance Extracted (AVE) values are above the 0.5 threshold, demonstrating adequate convergent validity, meaning that each construct explains more than half of the variance in its indicators. Overall, these results confirm the robustness and reliability of the constructs used in the study.

Discriminant Validity

In this analysis, discriminant validity is assessed using two criteria: The Heterotrait-Monotrait Ratio (HTMT) and the Fornell-Larcker criterion.

Table 3: Discriminant Validity - Hetrotrait-Monotrait Ratio Matrix (HTMT) and Fornell-Larcker Criterion (FLC)

	HTMT			**FLC**		
	TC	**TES**	**TS**	TC	TES	TS
TC				0.733		
TES	0.837			0.697	0.711	
TS	0.796	0.762		0.686	0.625	0.793

Source: Author's Computation (2024) using SmartPLS-4.

The results in Table 3 indicate satisfactory discriminant validity for the constructs, as assessed by the Hetrotrait-Monotrait Ratio (HTMT) and the Fornell-Larcker Criterion (FLC). The HTMT values for all construct pairs (TC-TES, TC-TS, and TES-TS) are below the threshold of 0.9, suggesting that the constructs are sufficiently distinct from each other. This indicates that the constructs are not too closely related, supporting their discriminant validity. The Fornell-Larcker Criterion further supports this finding, with the square roots of the Average Variance Extracted (AVE) for each construct (the diagonal values) being higher than the correlations between the constructs (off-diagonal values). This confirms that each construct shares more variance with its own indicators than with other constructs, reinforcing the evidence of discriminant validity in the model. These results validate the distinctiveness of the constructs used in the study, ensuring that the variables are measuring different aspects of tax compliance, enforcement strategies, and taxpayer services.

Collinearity Statistics (VIF), R- Square and R-square Adjusted

This sub-section discusses the collinearity statistics (VIF) and the R-square values for the model.

Table 4: Collinearity Statistics (VIF), R- Square and R-square Adjusted

Constructs		VIF
TES- -> TC-		1.643
TS- -> TC-		1.747
Quality Criteria	**R-square**	**R-square adjusted**
TC-	0.590	0.576

Source: Author's Computation (2024) using SmartPLS 4.

Table 4 shows that the Variance Inflation Factor (VIF) values for Tax Enforcement Strategies (TES) and Taxpayer Services (TS) are 1.643 and 1.747, respectively, indicating no significant multicollinearity. The R-square value of 0.590 suggests that 59% of the variance in Tax Compliance (TC) is explained by TES and TS. The adjusted R-square of 0.576 confirms the model's strong explanatory power, even after accounting for the number of predictors.

Measurement Structural Equation Model

The section on the Structural Equation Model (SEM) and hypotheses restatement analyzes relationships between constructs. Using SEM with 5,000 bootstrapped resampling iterations enhances reliability and validity, providing robust estimates of standard errors and confidence intervals, ensuring rigorous statistical testing of the model's conclusions.

Table 5: Path Coefficients

Constructs	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
TES -> TC	0.424	0.420	0.134	3.157	0.002
TS -> TC	0.424	0.428	0.085	4.977	0.000

Source: Author Computation (2024) using SmartPLS-4.

The analysis reveals a significant positive relationship between Tax Enforcement Strategies (TES) and Tax Compliance (TC), as indicated by the path coefficient of 0.424. The T statistic of 3.157, with a P value of 0.002, confirms that this relationship is statistically significant. The original sample (O) and sample mean (M) are closely aligned, at 0.424 and 0.420, respectively, suggesting consistency in the model's predictions. The standard deviation (STDEV) of 0.134 further supports the precision of these estimates. These findings underscore the importance of robust enforcement strategies in enhancing compliance among taxpayers, highlighting that effective enforcement mechanisms are crucial for maintaining the integrity of the tax system. This finding is consistent with the results reported by Gallemore and Jacob (2020), Olatunbosun (2022), Abdulrasaq and Babatunde (2024), and Egwanwor and Edor (2024), but contrasts with the findings of Guanchun, et al. (2020), which indicated that stricter enforcement negatively impacts corporate tax compliance.

The results demonstrate a strong and significant positive relationship between Taxpayer Services (TS) and Tax Compliance (TC), with a path coefficient of 0.424. The T statistic is 4.977, with a P value of 0.000, clearly indicating statistical significance. The alignment between the original sample (O) value of 0.424 and the sample mean (M) of 0.428 suggests that the model consistently predicts a strong positive influence of TS on TC. The relatively low standard deviation (STDEV) of 0.085 reflects a high level of precision in these estimates. This finding emphasizes the critical role of quality taxpayer services in fostering a compliant tax environment, suggesting that when taxpayers perceive services as accessible and supportive, their willingness to comply increases significantly. This finding aligns with outcomes from Eka (2019), Onoja and Odoma (2020), Demin (2022), Alem and Tewabe (2022), Jerkovic (2023), and Ayoola, et al. (2023).

5.0 Conclusion and Recommendations

Based on findings, the study concludes that there have been robust tax enforcement strategies and quality taxpayer services in promoting tax compliance. The significant positive relationship between TES and TC indicates that effective enforcement mechanisms, such as audits, penalties, and compliance checks, are crucial for ensuring that taxpayers adhere to tax regulations. Similarly, the study also concludes that there is the strong positive association between TS and TC highlights the role of accessible, efficient, and supportive taxpayer services in fostering a compliant tax culture. These services help taxpayers understand their obligations, reduce the complexity of the tax filing process, and enhance their overall experience with the tax authority. Based on the findings and conclusions of this study, several recommendations are proposed to enhance tax compliance in KWIRS:

i. KWIRS should invest in improving its enforcement strategies. This could involve increasing the frequency and thoroughness of tax audits, implementing stricter penalties for non-compliance, and enhancing the use of technology to track and monitor compliance. These measures can act as deterrents to tax evasion and encourage voluntary compliance.
ii. Efforts should be made to improve the quality and accessibility of taxpayer services. KWIRS could establish more taxpayer service centers, provide comprehensive online resources, and offer personalized assistance through helplines. Training programs for staff can also be organized to ensure they are well-equipped to assist taxpayers with various issues.

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