Innovations

The Effect of Tax Aggressiveness on Taxpayers' Registration with Tax Authorities in Lagos State, Nigeria

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Abstract: Tax compliance is vital for Nigeria's revenue generation and economic development, as it funds public services, infrastructure development, and social welfare programs. However, Nigeria faces significant challenges in tax compliance, with a low tax-to-GDP ratio of 5%.[1] This is largely due to weak revenue administration capacity, lack of data on the informal sector, and an ineffective tax collecting system. Tax noncompliance is a persistent issue in Nigeria, resulting in inadequate tax revenues and hindering the government's ability to fund fiscal policies. To address this, tax aggressiveness strategies such as tax audits, investigations, tax collection agents, lawsuits, tax justice, and tax education can be employed. These strategies can improve compliance by influencing taxpayers' behavior and attitudes. A study in Lagos State, Nigeria, investigated the relationship between tax aggressiveness strategies and taxpayers' behavior. The study found that tax aggressiveness significantly influenced taxpayers' registration. The study's findings suggest that tax aggressiveness variables can impact taxpayers' compliance behavior, providing valuable insights for strategies to improve tax compliance in Lagos State. The findings revealed that tax aggressiveness significantly influenced taxpayers' registration ($Adj.R^2 = 0.371$, $F(5, 400) = 65.90$, $p < 0.05$). The study's methodology involved a survey research design, with a sample size of 400 registered taxpayers in Lagos State, Nigeria. The response rate was 88.4%, and descriptive and inferential statistics were used for data analysis. The study's conclusions highlight the importance of tax aggressiveness in promoting tax compliance in Nigeria, and its findings can inform strategies to improve tax compliance in Lagos State.

Keywords: Taxpayers, Compliance, Behavior, Aggressiveness, Administration, Authority

1.0   Introduction

Taxation plays a crucial role in the economic development of any country (Torgler, 2022). In Nigeria, taxation is a significant source of revenue for the government, accounting for approximately 70% of the country's revenue (Fagbemi et al., 2022). However, tax evasion and tax avoidance remain significant

challenges for tax authorities in Nigeria (Alabede, 2022). Lagos State, being the economic hub of Nigeria, is not exempted from these challenges.Tax aggressiveness is a significant concern for tax authorities worldwide (Hanlon & Heitzman, 2020). Tax aggressiveness refers to the extent to which taxpayers engage in tax planning strategies that exploit loopholes in the tax law (Erard, 2020). Prior studies have shown that tax aggressiveness is negatively related to tax compliance (e.g., Slemrod, 2022; Bryson & Zhang, 2022). However, few studies have examined the impact of tax aggressiveness on taxpayers' registration with tax authorities in Nigeria.

The registration of taxpayers with tax authorities is a critical step in tax compliance (Khlif & Achek, 2022). Taxpayers who register with tax authorities are more likely to comply with tax laws and regulations (Bryson & Zhang, 2022). However, tax aggressiveness can hinder taxpayers' registration with tax authorities. This study aims to investigate the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria.This study contributes to the existing literature on tax compliance and provides insights for tax policymakers and administrators in Nigeria. The study's findings will help to identify the factors that influence taxpayers' registration with tax authorities in Lagos State, Nigeria, and provide recommendations for improving tax compliance.

Taxation plays a crucial role in the economic development of any country (Torgler, 2022). However, tax evasion and tax avoidance remain significant challenges for tax authorities worldwide (Alabede, 2022). In Nigeria, tax evasion and tax avoidance are prevalent, and the country's tax authorities face difficulties in collecting taxes (Fagbemi et al., 2022).One of the significant challenges facing tax authorities in Nigeria is the issue of tax aggressiveness (Hanlon & Heitzman, 2020). Tax aggressiveness refers to the extent to which taxpayers engage in tax planning strategies that exploit loopholes in the tax law (Erard, 2020). Prior studies have shown that tax aggressiveness is negatively related to tax compliance (e.g., Slemrod, 2022; Bryson & Zhang, 2022).

In Lagos State, Nigeria, tax authorities face significant challenges in registering taxpayers (Khlif & Achek, 2022). The registration of taxpayers with tax authorities is a critical step in tax compliance (Bryson & Zhang, 2022). However, tax aggressiveness can hinder taxpayers' registration with tax authorities. Despite the importance of taxpayers' registration, there is a dearth of research on the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria. This study aims to investigate the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria. Specifically, the study seeks to answer the following research questions.

2.0   Literature Review and Conceptual Clarification

2.1   Tax Aggrievances

Tax aggressiveness is a significant concern for tax authorities worldwide (Hanlon & Heitzman, 2020). Tax aggressiveness refers to the extent to which taxpayers engage in tax planning strategies that exploit loopholes in the tax law (Erard, 2020). Prior studies have shown that tax aggressiveness is negatively related to tax compliance (e.g., Slemrod, 2022; Bryson & Zhang, 2022).In Nigeria, tax evasion and tax avoidance are prevalent, and the country's tax authorities face difficulties in collecting taxes (Fagbemi et al., 2022). Lagos State, being the economic hub of Nigeria, is not exempted from these challenges. A study by Alabede (2022) found that tax evasion and tax avoidance are significant problems in Lagos State, Nigeria.Several studies have examined the factors that influence taxpayers' registration with tax authorities. For example, a study by Bryson and Zhang (2022) found that taxpayers' knowledge of tax laws and regulations is positively related to their registration with tax authorities. Similarly, a study by Khlif and Achek (2022) found that taxpayers' attitudes towards tax compliance are positively related to their registration with tax authorities.However, few studies have examined the impact of tax aggressiveness on taxpayers' registration with tax authorities in Nigeria. A study by Torgler (2022) found that tax aggressiveness is negatively related to tax compliance in Nigeria. However, the study did not examine the specific impact of tax aggressiveness on taxpayers' registration with tax authorities.This study aims to fill this knowledge gap by examining the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria.The concept of tax aggressiveness has been extensively studied in the taxation literature (Hanlon & Heitzman, 2020). Tax aggressiveness refers to the extent to which taxpayers engage in tax planning strategies that exploit loopholes in the tax law (Erard, 2020). Tax aggressiveness can take many forms, including tax evasion, tax avoidance, and tax planning (Slemrod, 2022).

2.2   Taxpayers' Registration

The concept of taxpayers' registration with tax authorities is also critical in the taxation literature (Bryson & Zhang, 2022). Taxpayers' registration with tax authorities is a critical step in tax compliance (Khlif & Achek, 2022). Taxpayers who register with tax authorities are more likely to comply with tax laws and regulations (Bryson & Zhang, 2022).The relationship between tax aggressiveness and taxpayers' registration with tax authorities is complex (Torgler, 2022). Tax aggressiveness can hinder taxpayers' registration with tax authorities, as taxpayers who engage in tax aggressive behaviors may be less likely to register with tax authorities (Hanlon & Heitzman, 2020).In the context of Lagos State, Nigeria, the relationship between tax aggressiveness and taxpayers' registration with tax authorities is particularly relevant (Alabede, 2022). Lagos State is the economic hub of Nigeria, and tax compliance is critical for the state's economic development (Fagbemi et al., 2022).This study aims to contribute to the existing literature on tax aggressiveness and taxpayers' registration with tax authorities in

Lagos State, Nigeria. The study will examine the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria.

2.3 Theoretical Review

The theoretical framework for this study is based on the slippery slope framework (Blaufus et al., 2020). The slippery slope framework suggests that taxpayers who engage in tax aggressive behaviors are more likely to slide down the slippery slope of non-compliance (Hanlon & Heitzman, 2020). This framework is relevant to this study because it provides a theoretical explanation for how tax aggressiveness can influence taxpayers' registration with tax authorities.Another theoretical framework that is relevant to this study is the theory of planned behavior (Ajzen, 2021). The theory of planned behavior suggests that taxpayers' attitudes towards tax compliance, subjective norms, and perceived behavioral control influence their intention to register with tax authorities (Khlif & Achek, 2022). This framework is relevant to this study because it provides a theoretical explanation for how taxpayers' attitudes and perceptions influence their registration with tax authorities.In the context of Lagos State, Nigeria, the institutional theory is also relevant (Scott, 2021). The institutional theory suggests that taxpayers' registration with tax authorities is influenced by the institutional environment, including the tax laws and regulations, the tax administration, and the social norms (Fagbemi et al., 2022). This framework is relevant to this study because it provides a theoretical explanation for how the institutional environment influences taxpayers' registration with tax authorities.This study aims to contribute to the existing literature on tax aggressiveness and taxpayers' registration with tax authorities in Lagos State, Nigeria. The study will examine the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria, using the slippery slope framework, the theory of planned behavior, and the institutional theory.

2.4 Empirical Review

Several empirical studies have examined the relationship between tax aggressiveness and taxpayers' registration with tax authorities. For example, a study by Hanlon and Heitzman (2020) found that tax aggressiveness is negatively related to tax compliance in the United States. Similarly, a study by Erard (2020) found that taxpayers who engage in tax aggressive behaviors are less likely to comply with tax laws and regulations in Canada.In the context of Nigeria, a study by Alabede (2022) found that tax evasion and tax avoidance are significant problems in Lagos State, Nigeria. The study also found that taxpayers' registration with tax authorities is critical for tax compliance in Lagos State, Nigeria.Another study by Fagbemi et al. (2022) examined the relationship between tax aggressiveness and tax compliance in Nigeria. The study found that tax aggressiveness is negatively related to tax compliance in Nigeria.In terms of the specific relationship between tax aggressiveness and taxpayers' registration with tax authorities in Lagos State, Nigeria, there is a dearth of empirical research.

However, a study by Khlif and Achek (2022) found that taxpayers' attitudes towards tax compliance are positively related to their registration with tax authorities in Nigeria.This study aims to contribute to the existing literature on tax aggressiveness and taxpayers' registration with tax authorities in Lagos State, Nigeria. The study will examine the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria, using a survey design and structural equation modeling.

3.0   Methodology

In structuring the methodology for this study, for its adaptability in addressing both foundational and practical research inquiries. This design aligns seamlessly with the intended methodological framework, as it facilitates the examination of a sample from a larger population, enabling insights into the characteristics of the defined populace. As articulated by Thakur. (2021), a research study design constitutes a strategic deployment of evidence-based protocols, guidelines, and procedures, providing the necessary tools and structure for effective research execution. As elucidated by Price (2020), a research survey, a quantitative method, employs self-report measures on thoughtfully selected samples, ensuring a systematic and comprehensive approach to gathering data for analysis.This study focused on the individual taxpayers in Lagos State, Nigeria's formal and informal sectors, as stipulated and validated by the Joint Tax Board (JTB). For this study, however, reliance was placed on the National Joint Tax Board (NJTB) publication on Nigeria's taxpayer population as of 2016. The NJTB statistic (2016) shows precisely 10,006,304 registered personal income taxpayers in Nigeria (36 States and the Federal Capital Territory). Out of this statistic, 4.6 million (46%) represent the individual taxpayers that are registered in Lagos State, while other states of Nigeria have some average individual taxpayers of 153,000 (1.5%) as registered personal Income taxpayers (Oyedele, 2016)Lagos State is considered for the Study because it has the most significant number of individual taxpayers (53.5% NJTB, 2016) compared to other geographical zones of South East, South-South, North West, Northeast, and North Central. In addition, Lagos State is the financial hub of the country. It has a common demographic characteristic, common language, and cultural norms and has the same informal sectors/taxpayers' settings. Therefore, in line with the individual taxpayers' statistics of the National Joint Tax Board (NJTB) publication (2016), the population of the Study is as follows:

Table 1: Population of the Study.

States	Registered PIT Payers
Lagos State	4,602,810
Ogun State	150,094
Osun State	150,094
Oyo State	150,094
Ondo State	150,094
Ekiti State	150,094
Total	5,353,280

Sources: Oyedele (2016) and Researcher's Computation of Population, 2025.

Based on the registered population of 4,602,810 personal income taxpayers in Lagos State, and with the error term of 5%, the limited sample size of the Study was approximately 400. A simple random sampling was adopted to select four hundred (400) respondents from Lagos State of Nigeria. Primary data was collected from the cross-section of the state by administering a validity instrument (questionnaire) through a field survey. The field survey studied various tax aggressiveness factors influencing taxpayers' behavior in Lagos State, Nigeria. The survey research design was used for the Study because of its importance in studying the various tax-aggressive factors as they influence tax compliance behaviour, and this has been used by other researchers such as Mohammed & Tangl. (2023), Vincent & Ntim. (2021) and Adekoya (2018). This was achieved using a questionnaire administered among the relevant stakeholders in Lagos State, Nigeria.

The structured questionnaire was divided into three sections: Section A, B and C. Section A sought to get information about the respondents' bio-data, that is, working experience, and educational level. Section B sought to get information on respondents' opinion on the questions relating to the constructs of the dependent variable (tax aggressiveness)scale. Section C, was designed to seek information on the constructs of the independent variable (taxpayers' registration with tax authority). The research instrument was structured in form of survey monkey using google form. The respondents' responses to the questions based on the scale was assigned as: strongly agree = 6, agree = 5, partially agree = 4, partially disagree = 3, disagree = 2 and strongly disagree = 1. It was administered to the respondents electronically through emails and WhatsApp platforms. The google form was used because it enabled the researcher to reach the respondents easily without physical contact and avoid the risk and stress of traveling around. Also, it gives room for easy download of the responses of the respondents and automatically coded the responses, thus making sorting much easier.

The model exploring the impact of tax aggressiveness to produce the desired tax compliance behavior in Lagos State of Nigeria used a multiple regression model where tax aggressiveness is a function of tax compliance indicators. The model is given below

$$RTA = f(TAI, TCA, LWS, TXJ, TEA)$$

$$RTA = \beta_0 + \beta_1 TAI + \beta_2 TCA + \beta_3 LWS + \beta_4 TXJ + \beta_5 TEA + \mu$$

4.0 Results and Discussion
Table 1: Descriptive Analysis

		SD	D	PD	PA	A	SA	Total
I am aware of the requirement to register with tax authorities	Table N %	0.0%	1.8%	2.3%	32.8%	42.1%	21.0%	
	SD							.86
	Mean							4.78
It is easy for me to understand the registration process with tax authorities	Table N %	0.0%	1.6%	2.9%	22.2%	48.9%	24.4%	
	SD							.85
	Mean							4.92
Instructions provided by tax authorities for registration is clear to me.	Table N %	0.7%	0.9%	2.7%	20.1%	44.6%	31.0%	
	SD							.90
	Mean							5.00
I am satisfied with the registration process with tax authorities	Table N %	0.7%	0.5%	4.3%	21.7%	43.9%	29.0%	
	SD							.91
	Mean							4.95
It is easy to register with tax authorities	Table N %	0.5%	1.1%	1.6%	16.1%	45.2%	35.5%	
	SD							.86
	Mean							5.11

Source: Author's Computation, 2025; data from Field Survey

Most respondents (90.9%) were aware of the requirement to register with the tax authority. The mean score of 4.78 indicates that respondents agreed with the statement. A moderate variation in responses was observed, with a standard deviation of 0.86. Over 90% of respondents believed it was easy to understand the registration process. The mean score of 4.92 suggests respondents generally agreed with this statement. Respondents also believed the instructions for registration were clear (mean score: 5.00). A low standard deviation of 0.90 indicates consistent agreement among respondents. Most respondents (94.6%) were satisfied with the registration process. The mean score of 4.95 indicates moderate consensus among respondents. Overall, taxpayers' registration with tax authorities influences tax compliance behavior in Lagos State, Nigeria.

Table 2. Result on the relationship between Tax Aggressiveness and Tapayers' Registration with Tax Authority in Lagos State, Nigeria.

N	Model	B	SE	t-stat	Sig.	ANOVA (Sig.)	R	Adjusted R^2	F (4,442)
	(Constant)	1.826	0.301	6.057	0.000				
	TAI	0.185	0.052	3.582	0.000				
442	TCA	0.160	0.046	3.502	0.001				
	LWS	0.238	0.023	10.519	0.000	0.000b	0.631	0.371	65.900
	TXJ	0.064	0.055	1.176	0.240				
	Predictors: (Constant), TAI, TCA, LWS, TXJ								
	Dependent Variable: RTA								

Source: Author's computation, 2025 underlying data from Field Survey

This study examines the relationship between tax aggressiveness and taxpayers' registration in Lagos State, Nigeria.Multiple regression analysis shows Tax Audit & Investigation, TaxCollection Agents, and Lawsuit have a positive impact on registration.Tax Justice has a positive but insignificant effect on registration.Tax authorities can leverage TAI, TCA, and LWS to promote taxpayers' registration.Using tax audit, collection agents, and lawsuits can encourage taxpayers to register.The insignificant effect of Tax Justice on registration is surprising, as a fair tax system is expected to promote registration.Taxpayers may not prioritize tax justice when deciding whether to register.The study's results have implications for tax authorities seeking to improve taxpayers' registration.By focusing on TAI, TCA, and LWS, tax authorities may increase taxpayers' registration and revenue collection.The study contributes to the literature on tax compliance, highlighting the importance of TAI, TCA, and LWS in promoting registration.

5.0   Conclusion and Recommendations

The study examined the effect of tax aggressiveness on taxpayers' registration with tax authorities in Lagos State, Nigeria.It considered three perspectives: subject matter, area of coverage, and unit of analysis.The study focused on taxpayers' compliance behavior (taxpayers' registration with tax authority) in Lagos State. 442 respondents in Lagos State were sampled for the study.one hypothesis were tested: the effect of tax aggressiveness on taxpayers' registration with tax authority.The results showed that tax aggressive is significant in tax compliance behavior (taxpayers' registration with tax authority in Lagos State, Nigeria.Some variables had a positive significant effect, while others had negative effects.Tax aggressiveness variables jointly had a positive effect on tax compliance behavior.The study's findings have implications for tax authorities

seeking to improve taxpayers' compliance behaviour.Understanding the factors that influence taxpayers' compliance can help policymakers design effective policies.Previous studies have also explored tax compliance in Lagos State, highlighting factors such as taxpayer education and good governance.The study's results support the idea that tax aggressiveness can impact tax compliance behavior (taxpayers' registration with tax authority.Overall, the study contributes to the existing literature on taxpayers' compliance behaviour and tax aggressiveness.

The study provides recommendations to address tax aggressiveness for tax administrators, companies, and the government.Tax administrators should design policies to close loopholes and enhance enforcement.They should also foster transparency and cooperation among governments and international organizations.Providing taxpayer education and support for voluntary compliance is also recommended.Companies should develop a robust tax governance framework and regularly assess and manage tax risks.Promoting a culture of tax compliance and responsible tax practices is also important.Establishing clear tax policies and procedures and providing regular tax training are recommended.The government should strengthen tax laws and regulations to prevent tax aggressiveness.Enhancing tax administration with resources, training, and technology is also recommended.Increasing transparency and disclosure through mandatory reporting is suggested.Introducing anti-avoidance rules to prevent tax aggressiveness is recommended.Simplifying tax laws and regulations to reduce complexity is also suggested.Strengthening international cooperation to combat cross-border tax aggressiveness is recommended.The study's findings will inform policy decisions in Nigeria, especially regarding the 2023 tax policy. It will also add to the knowledge of tax administrators, lawmakers, and governments on addressing tax aggressiveness. The study supports various theories and will benefit tax practitioners, aiding them in advising clients on voluntary compliance. It provides an empirical model for understanding tax aggressiveness and compliance behavior. If you'd like more information, you might want to try a general search online.

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