EFFECT OF GOVERNMENT ACCOUNTABILITY ON VOLUNTARY TAX COMPLIANCE AMONG SMALL AND MEDIUM SCALE BUSINESS IN ABUJA METROPOLIS

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Abstract

Voluntary tax compliance among SMEs in Nigeria enhances internally generated revenue (IGR), enabling infrastructure development, and ensuring business sustainability and survival. Evidence from literature showed that SMEs non-compliance with tax laws is driven by lack of government accountability, complex and high tax burdens and poor awareness of regulations. Literature has shown that transparency displayed by government of countries increased trust in government, compliance with tax laws and enhanced revenue. Therefore, this study examined the effect of government accountability and voluntary tax compliance among SMEs in Abuja Metropolis. The study adopted the survey research design and collected data through questionnaire administered to SMEs proprietors, with a population of 42,421 (Forty-two thousand, four hundred and twenty-one) and a sample size of 430. Multiple regression technique was used in analyzing the data. Findings from the study revealed a significant relationship between transparency in government, openness in government and voluntary tax compliance. The study concluded that government accountability enhanced Voluntary Tax Compliance among SMES in Abuja metropolis. The study recommended that government and its agencies should be more accountable to its citizens in terms of tax revenue utilization for the provision of infrastructure in order to enhance voluntary compliance. The government should provide education on voluntary tax compliance to SMEs in order to boost tax morale, expand tax net and achieve more sustained voluntary tax compliance that will increase revenue.

Keywords: Government accountability, transparency, openness, voluntary tax compliance, tax morale

1.0 Introduction

Government accountability significantly and positively affects voluntary tax compliance, as improved transparency, trust, and public service delivery encourage taxpayers especially Small and Medium Enterprises (SMEs) to fulfill their obligations voluntarily. When citizens perceive that tax revenues are utilized efficiently and with integrity, voluntary compliance increases, fostering a sustainable tax culture. Conversely, when accountability is low, taxpayers are often forced into compliance rather than complying voluntarily. The need to enhance voluntary tax adherence in Nigeria has led to numerous consecutive governments attempting to reform taxes. Suffice it to say that these reforms have failed to boost the anticipated rise in tax revenue over the years, and this has snowballed into an unarguable tax gap as disclosed in the country's share of income taxes in the country's complete income profile (Okere et al, 2025). Governments of the United States, the United Kingdom, France, Germany, South Africa and other developing countries, among others depend largely on tax income to finance various projects in their countries. Nigeria like many other Sub- Saharan African countries has been plagued with the lack of government accountability which has failed to promote tax compliance. This poor state of accountability has now engaged the attention of many African governments, especially in attracting foreign investments, as well as the flow of foreign direct investments inflow into any economy.

Voluntary Tax Compliance is a tax system based on taxpayers complying with the tax laws without being compelled by the tax authority to do so. Under this system taxpayers are expected to report their income, calculate their tax liability and file a tax return and this is made possible by the trust and cooperation ensuing between tax authority and taxpayer and it is the willingness of the taxpayer on his own to comply with tax authority's directives and regulations. It is a contribution made by citizens of any society to the state subject to the jurisdiction of the government, for reasons of residence or property and the revenue generated is for the provision of social goods and services for the economic growth and development of that society (Appah et al, 2023). Voluntary tax compliance is essential for ensuring increased revenue collection and sustaining public services, yet factors influencing compliance behaviour within the SMEs in the Abuja Metropolis economic segment are not yet fully understood. There are indications in Abuja Metropolis SMEs in Nigeria that the government institution at all levels is intertwined with a web of public distrust and declining public trust (Agbo & Nche, 2022; Ezeibe, et al, 2022). Okere et al, (2025) state that, on the one side, there is a large gap between the rhetoric of transparency and accountability and, on the other, a demonstrable commitment to values in political actors ' actions.

There have been studies in various regions, including Asia, America, Europe, Africa, Australia, and Sub-Saharan Africa (SSA), which have extensively investigated the determinants that shape SMEs' compliance behaviours with tax regulations. Recent studies conducted worldwide have extensively explored the determinants that influence voluntary tax compliance among SMEs in diverse regions. For example, Li et al. (2021) conducted a comprehensive survey highlighting that higher levels of tax literacy positively collate with higher compliance behaviours among SMEs, demonstrating the role of tax knowledge in tax compliance. Müller & Schmidt (2021) conducted similar studies in Europe, which examined the impact of tax literacy, and their findings reveal that improved tax knowledge is associated with improved tax compliance among SMEs, highlighting the importance of tax education and public awareness. Furthermore, studies in India, such as those by Kumar and Gupta (2022), underscore that accommodating enforcement strategies have a positive influence on SME compliance decisions. In America, Smith and Jones (2020) investigated the effects of service delivery on SMEs' tax compliance behaviour, suggesting that 'softer' approaches can positively impact SMEs' tax compliance. Furthermore, in Australia, Wang and Liu (2023) and Brown and White (2020) revealed that perceived equity is a critical determinant of compliance among SMEs, indicating the importance of equity (or fairness) in tax compliance decisions. Despite extensive scholarly efforts, there are still significant gaps such as effect of accountability on tax compliance in the literature that require further examination. Many existing studies conflate 'forced compliance', which arises from authoritative enforcement, with 'voluntary tax compliance' or 'effortless tax compliance', which is driven by intrinsic motivations (Otuya & Ofeimun, 2024; UN DESA, 2024). This conflation leads to insufficient differentiation between these distinct forms of tax compliance, leaving readers uncertain about the underlying mechanisms that influence compliance behaviours.

Tax reforms in Nigeria and Abuja Metropolis inclusive such as the Self-Assessment in Nigeria tax administration system for both SMEs and corporate entities which became effective since 2011, has not significantly improved voluntary tax compliance or brought about any significant improvement in tax revenue generation. Appiah et al., (2024) in their study explores how democratic governance principles, transparency, accountability, and participation, shape the voluntary tax compliance behaviour of SMEs. They also emphasized that in democratic societies, the relationship between the state and citizens is grounded in trust and cooperation, unlike the coercive approaches of authoritarian regimes. Democracies focus on creating structures that incentivise tax compliance, making it more equitable and sustainable.

Voluntary tax compliance hinges on good governance and public trust which is orchestrated through accountable and transparent systems that uphold quality service delivery at all spheres of governance. The value and measure of public service delivery conveyed by any government to its citizenry is presumed a reflection of the quality of governance and this influences taxpayer's morale and compliance decisions. This is so because accountability by tax authority is fundamental in influencing taxpayers to comply with tax obligations if government performs effectively and efficiently in the provision of social goods and services for the welfare of citizens (Wogo et al, 2023). Tax morale is created when there is disbelief and trust deficit in the integrity of government and governance, perception of corruption and pervasion in fiscal features and ideologies thereby stalling the willingness to oblige tax compliance responsibilities. Government accountability and fiscal integrity is indispensable for any functional tax system underpinning confidence and trust between the citizenry (tax payers) and government. Sebele-Mpofu (2020) posits that government transparency and accountability in the utilisation of public resources and revenues guarantees confidence in the tax system, and promotes positive tax morale and compliance attitude. The institutionalisation of social contract between the government and the governed largely justifies the level of voluntary attitude and attributes exuded by SMEs tax payers with regards to tax obligations and outcomes. The Nigerian experience however depicts a system that lacks credibility with the utilization of public resources to provide good governance through provision of economic, social and infrastructural facilities. An alignment exists between government accountability and voluntary tax compliance.

Tax compliance (TC) has recently become one of the important topics. For this reason, understanding the predictors of tax compliance is critical for the country, government, individuals, and organizations. Tax researchers have provided various definition of TC. The most cited definition refers to tax compliance as the act of taxpayer filing all required tax returns at the proper time and the returns accurately report tax liability in accordance with the rules, regulations and court decisions applicable at the time, the return is filed (Nurmansyah et al 2021). Tax non-compliance is existed in almost all countries. While tax non-compliance is a problem in many countries in this world, over the years, many studies on tax compliance come from developed countries Wang and Liu (2023) despite the fact that some findings from tax research suggest that tax compliance problem is more prevalent in developing countries (Young et al, 2016).

Public trust in government, is one of the factors contributing to greater tax compliance (Nurkholis et al., 2020), as tax non voluntary compliance tends to decline when society perceives government accountability as being true and fair (Nimer et al., 2022). Conversely, in environments where corruption and accountability are more perceptible, citizens tend to feel that their tax payments are unfair due to the misallocation of public resources either through diversion for illicit purposes or through inefficiency in public management leading SMEs taxpayers to adopt measures to evade taxes (Lima et al., 2022). Thus, tax evasion tends to be exacerbated in environments where corruption prevails due to the sense of injustice that permeates taxpayers' perceptions (Nimer et al., 2022). Cultural factors in Nigeria, including low trust in government, weak legal enforcement, and ethnic/religious affiliations, significantly drive non-tax compliance. Studies indicate that a culture of perceived government non-accountability and poor infrastructure encourages taxpayers to evade taxes as a form of protest, with higher evasion rates observed in certain groups. Tax revenues from SMEs are critical to achieving optimal fiscal viability of governments whether developed or developing. Overtime, the seamless mobilization of tax resources from SMEs through voluntary tax compliance has been quite a herculean task hence impeding the flow of revenue for financing public goods and services (Mbu-Ogar et al, 2023). Noami and Joel (2009) espoused that the worth of tax revenue aggregated for any fiscal purpose is contingent upon other factors, especially, the enthusiasm and willingness of taxpayers to comply with tax regulations. Government accountability explains absolute transparency, ingenuousness and openness in governments' fiscal policy frameworks. These set an atmosphere that breeds an appetite for voluntary tax compliance for extant and evolving tax policies and regulations.

Many studies have been carried out in respect of tax compliance and the factors that could influence it from varying perspectives. The main direction of most of the works done in previous studies as posited by Musa, et al (2017), and others are related to enforced tax compliance. Such perspectives have been explored by tax administrators especially in developing countries, yet with little result. Meanwhile, good governance, accountability, fiscal integrity and socio-economic factors as identified by Modugu, et al, (2012); Mbu-Ogar et al, (2023) and Ige et al, (2023). has become a very crucial aspect that needs deeper research as it is a global concept considered to be of a significant influence on tax compliance in Nigeria. Mbu-Ogar et al, (2023) are of the view that if government is assumed as an entity that is accountable and transparent, taxes will be paid voluntarily by a lot of people, which lowers the need for coercion and generally increases tax compliance.

The aim of this study is to evaluate the nexus between accountability, using transparency and openness as proxies, and tax compliance in small and medium businesses in Nigeria. This research work is conducted among SMEs in Abuja

Metropolis (FCT).

Research Questions

1. To what extent does transparency in government affect voluntary tax compliance among SMEs in FCT
2. What is the effect of openness in government on voluntary tax compliance among SMEs in FCT

Research Hypotheses

Ho1: Transparency in government does not have any significant effect on voluntary tax compliance among SMEs in FCT

Ho2: Openness in government does not have any significant effect on voluntary tax compliance among SMEs in FCT.

2. Literature Review

2.1 Conceptual Review

Voluntary Tax Compliance

Kumar and Gupta (2022) reveal that voluntary tax compliance, as opposed to forced compliance, is the willingness of taxpayers to comply with tax laws without force or threat, and this can be attained through tax rewards, service delivery, taxes, tax amnesty, and tax literacy. Tax morale is ranked as a key measure of voluntary tax compliance and taxpayer behaviour. Tax morale is defined as the intrinsic drive to pay tax obligations without fear or threat from the tax authority (Munjeyi & Fourie, 2024). Taxpayers with high morality treat the payment of taxes as moral duty–moral suasion, not as a cost. Tax compliance refers to situation whereby taxpayer has made due registration with the relevant tax authority, timely filed his tax return, disclosed all his income sources, reported all income from each income source, claimed all and only entitled reliefs and allowances, correctly computed his tax liability and timely paid his tax due to the appropriate authorities (Agbetunde, 2019). Tax compliance is deciding to pay taxes for the benefit of society and at the expense of personal benefits. Tax compliance is the willingness and ability on the taxpayer's part to obey the relevant tax laws, declare the actual income and pay the correct tax liability as assessed promptly (Sitardja &Dwimulyani, 2016). This is defined as the magnitude to which the taxpayers ensure tax obligation through payment of tax promptly according to the appropriate tax laws or regulations. This means taxpayer's prompt response to tax payments by producing and submitting tax information to the relevant tax authority based on stipulated formats. In the modern-day context, tax compliance study is credited to Allingham and Sandmo (1972), they used economics of crime approach which was developed by Becker (1968) to explain taxpayers' compliance and taxpayers' behaviour. Research shows that when taxpayers perceive tangible or reputational benefits associated with compliance, they are more likely to view the tax system positively and continue engaging voluntarily (Abu-Hassan et al., 2023; Braithwaite, 2023). Tax compliance however is promoted by so many factors which include government accountability.

Accountability

Accountability describes in clear terms, public perception of a transparent system of governance that offers quality service delivery and communicate public expectations through account rendering (Mbu-Ogar et al., 2023). Rolle (2017) espoused accountability as a link describing the magnitude of governments' pursuit of the needs and yearnings of its citizenry conscientiously. It explains public administration efficiency by manifestly implementing the burdens, request and desires of the governed through governance and authority mechanism. Perceptions of accountability are critical psychological determinants that influence taxpayers' motivation to voluntarily comply with tax laws. When taxpayers perceive the tax system as accountable, they are more likely to exhibit a high degree of voluntary tax compliance and cultivate a sense of trust and moral obligation to contribute to their share (Mebratu, 2024). It is imperative that both the governmental institutions, private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. However, this accountability differs depending on the organization and whether the decision is internal or external to an organization. Specifically, it is those that would be affected by the decisions or actions of the organization that the organization would be accountable to. Government accountability has several components, including reliability, responsiveness, inclusiveness, integrity and fairness. Reliability is the ability of government to inspire confidence and trust and reduce uncertainty and vagueness in driving the economic, social and political spheres of the citizenry and the governed. Responsiveness represents the establishment and entrenchment of viable, bespoke, accessible, efficient, effective standardized citizen-oriented public services that amptly and adequately addresses the necessities and expectations of the public. Government accountability is a major precept of good governance and representation. It expresses stewardship of the custody, effective control and management of public resources and funds held in trust for a nation's citizenry and an intrinsic element of governance in all democracies both nascent and developed. Government accountability centres on the legitimate expectations and demands reposed in institutions, management and policy makers. Carstens (2005) however posited that it is a duty, commitment, obligation or willingness to take responsibility or to account for one's engagements and actions.

Transparency

Transparency may be explained to mean a situation where reliable, relevant and timely information about the activities of government is available to the public. Transparency ensures that information is available that can be used to measure the authority's performance and to guard against any possible misuse of powers. In essence, transparency serves to achieve accountability, which means that authorities can be held responsible for their actions. The concept of good governance is based on the implied social contract, which states that citizens which provide financial support to government and its functions by paying their fair share of taxes have the right to know what happens to those taxes, how they are spent and, what tangible benefit they receive (Dickerson, 2014; Vlachos & Bitzenis, 2018). Tax information broadly refers to the data and details related to tax policies, regulations, taxpayer obligations, and government tax administration activities transparently communicated to the public (Youde & Lim, 2019). It involves not only formal statutes and legal requirements, but also encompasses explanatory materials, updates on policy changes, and practical guidance that enables taxpayers to fulfill their duties accurately and confidently (Mebratu, 2024). Effective transparency often involves clear, accessible, and up-to-date communication between the tax authorities and taxpayers. This transparency can encompass public disclosures, procedural guidelines, and exchanges between domestic and international bodies, aimed at enhancing compliance and reducing tax evasion. Thus, without transparency and accountability, trust will be lacking between a government and those whom it governs and this would result into social instability and an environment that is less than conducive to economic growth. Empirical studies consistently demonstrate that clear, public, and up-to-date tax information positively influences voluntary tax compliance across diverse taxpayer groups (Pratama, 2025). However, in many cases, taxpayers' non-compliance is not due to intentional evasion but rather because they lack access to necessary transparent information or receive non transparent inaccurate information.

Small and Medium Enterprises (SMEs)

There is no universally acceptable definition of what constitutes micro, small and medium small - scale enterprises. The term micros, small, medium and large scales are relative and differ from industry to industry. There is hardly unique or universally acceptable definition of Micro, Small and medium-sized businesses (SMEs) are widespread in both developed and developing countries since they are one of the main forces behind economic growth in both rural and urban areas. (Ogunsanwo & Fatogun, 2022). The definitions of SME vary widely from country to country and are typically based on the economic impact of SME, the policies and programs developed by certain authorities or organizations with the power to grow SME, and other factors. What is regarded as a small firm in established economies like those of the United States of America (USA), Japan, and Germany, may be a medium- or large-scaled enterprise in a developing economy like Nigeria. (Ogunsanwo & Fatogun, 2022). Inang & Ukpong (2017) however, stressed the indicators prominent in most definitions namely, size of capital investment (fixed assets), value of annual turnover (gross output) and number of paid employees. National Bureau of Statistics (NBS) claims that SMEs employ more than 84% of Nigeria's workers and comprise roughly 96% of all enterprises in the nation (NBS, 2020). They have become significant contributors to Nigeria's GDP as well; in 2017, they accounted for almost 48% of the total (National Bureau of Statistics, 2018). Though significant growth has been achieved in the MSME sector, there is still much to be done. Other challenges encountered by the sector include lack of skilled manpower, multiplicity of taxes, and high cost of doing business, among others (Oyelaran, 2020). According to the 2019 Survey report on SMEs in Nigeria conducted by the National Bureau of Statistics (NBS) in collaboration with SMEDAN, the SME sector in Nigeria is strategically positioned to absorb up to 80 percent of jobs, improve per capita income, increase value addition to raw materials supply, improve export earnings, enhance capacity utilization in key industries and unlock economic expansion and GDP growth. Because of structural inefficiencies, poor education, and a lack of faith in the government, tax compliance issues continue to exist in many emerging economies, including Nigeria (Eneh et al., 2022). In addition to being required by law, compliance is seen as a civic duty that shows how much people trust their government and how well taxes are administered (Obutor & Iyere, 2022).

Government Accountability and Voluntary Tax Compliance

Accountability strengthens the legitimacy and institutional efficiency of government activities and operations which in turn improves tax morale and voluntary compliance. Legitimizing governance quality is fundamentally associated with tax compliance. Hendra and Putra (2023) indicate that government accountability positively influences voluntary tax compliance because taxpayers who perceive that the government is transparent are more likely to recognize their civic duty and comply with tax requirements without coercion. Moreover, tax awareness positively shapes taxpayer attitudes and perceptions, which are crucial determinants of compliance behavior beyond mere legal obligations The credibility in government performance and governance quality provides huge level of satisfaction to the citizenry to comply without deploying any form of force or coercion. Government accountability is essential because taxpayers who view tax administration as fair and transparent are more inclined to comply voluntarily, viewing taxpaying as part of a reciprocal relationship rather than a burdensome imposition (Appiah et al., 2024). Good transparent communication and engagements between the government and the governed triggered by taxation and other implied social exchanges strengthen government's accountability and amplifies taxpayer's demand for transparency in government expenditures and spending, reciprocal trust and accountable policy making. Accountability presents a fertile ground for sustained tax compliance and a sense of involvement in government, thereby encouraging complete and unalloyed allegiance to all forms of obligations voluntarily.

2.2 Theoretical Review

2.2.1 Theory of Planned Behaviour (TPB)

The study adopted theory of planned behaviour (TPB) as its theoretical construct. This theory is linked to psychological theory that connects belief to behaviour. The TPB maintains three core components such as attitude, subjective norms, and perceived behavioural control, which shape human behavioural intents. The theory was elaborated by Icek Ajzen for the aim of advancing the predictive power of the theory of reasoned action. Ajzen (2006) maintains that "behavioral belief is the given outcome of the subjective probability. In Theory of Planned Behaviour, there are 3 main factors that influence a person's intention towards behavior, namely behavioral belief, normative belief, and control belief. Theory of Planned Behaviour aims to show the relationship of behaviours raised by individuals in response to something. This theory explains that the behavior that arises from an individual is due to the intention to behave. Sequentially, behaviour beliefs produce positive or negative attitudes towards an object, normative beliefs produce perceived social pressure or subjective norms and control beliefs lead to perceived behaviour control or perceived behavioural control. Things that are done to enhance tax compliance are not things that happen spontaneously. Tax compliance is a pre-planned act. The relationship between this theory and the understanding of tax compliance and government accountability is that rationality will affect the determination of tax compliance behaviour / actions as the research by Yola (2019), regarding the determinants of tax compliance the perspective of theory of planned behavior and institutional theory (Wiwit et al, 2020).

2.3 Empirical Review

Monday (2023) studied taxpayer's perception of public sector fiscal responsibility influences on voluntary tax compliance. The analysis revealed that accountability in public service, fiscal transparency in government operations, balanced budgeting without padding or surplus budgets, public information dissemination in the public sphere and government public processes and operations are key determinants of voluntary tax compliance. However, the current study is on accountability but limited to the SMEs operating in the Abuja metropolis.

Ige et al, (2023) also conducted a study to examine how transparency, accountability, and responsiveness of government influence tax compliance among Small and Medium Scale Enterprises in Nigeria. The study employed the survey research design. Data were collected from primary sources through the use of structured questionnaires distributed to the SMEs at their place of work. The study found a positive significant relationship between the independent good governance and tax compliance among SMEs in Nigeria. The study concluded that good governance is positively and statistically related to tax compliance among SMEs in Nigeria which is an indication that good governance enhances tax compliance among SMEs in Nigeria. The current study is specific on SMEs operating within the Abuja metropolis

Mbu-Ogar et al, (2023) carried out a study to evaluate the impact of government accountability, fiscal integrity and voluntary tax compliance, taking into cognizance the Nigerian perspective. The study adopted the cross- sectional research design and collected data through questionnaire administered to SMEs, artisans and tradesmen. Findings from the study revealed a significant relationship between government accountability, fiscal integrity and voluntary tax compliance and asserts that voluntary tax compliance can be induced and attained by government's pro-activeness towards accountable, transparent and integrity driven policies and programmes, robust good governance structures and efficiency practices.

Oladipo et al (2022) examined tax fairness and tax knowledge on tax compliance of listed manufacturing companies in Nigeria. The study adopted Laffer Curve Theory and survey research design was used while the population consisted of 35 firms and a sample size of 20. A total of 400 questionnaires were administered to respondents and 278 was returned for analysis. The study used tax fairness and tax knowledge as independent variable and tax compliance as dependent variable.

Questionnaire was the primary source of data collection from the sampled respondents and the results collected were analysed using correlation matrix, analysis of variance and multiple regression analysis. The results from the multiple regression analysis suggested that tax fairness revealed a negative and significant relationship with tax compliance while tax knowledge exhibited a positive and significant relationship with tax compliance in Nigeria. However, the current study is on SMEs operating in the Abuja Metropolis using variable such as transparency and openness on voluntary compliance of SMEs.

Mohammad et al. (2020) investigated impact of accountable and transparent tax administration system on voluntary tax compliance in Iran. The study indicates that an accountable and transparent tax system affects voluntary tax compliance decisions through instituting trust and public confidence. The study also revealed that political and legal accountability does not have significant impact on voluntary tax compliance.

Oladipo (2020) investigated the effect of voluntary tax compliance on public accountability and transparency, enforcement tax compliance on government efficiency, tax avoidance on corruption control and tax evasion on good governance in Nigeria. Secondary data source was explored in presenting the facts of the situation. Secondary data source was explored in presenting the facts of the situation. The secondary data were obtained from relevant literatures, Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics publications among other. Data were tested using the Ordinary Least Square Linear Regression model. The study revealed that, voluntary and compulsory tax compliance are both component of tax compliance to enhance good governance for the development of the country.

Olaniyan (2020) examined the effect of tax compliance and good governance in Nigeria. It specifically investigated the effect of voluntary tax compliance on public accountability and transparency, enforcement tax compliance on government efficiency, tax avoidance on corruption control and tax evasion on good governance in Nigeria. Secondary data were obtained from relevant literatures, Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics publications among others. The study concluded that, voluntary and compulsory tax compliance are both component of tax compliance to enhance good governance for the development of the country.

3.0 Methodology

The research design employed for the study was a survey design. It was a design which involves the use of questionnaire survey technique and testing of hypotheses gathered from primary data. The questionnaire was adapted with modifications from the works of Adebisi and Gbegi (2013), Nyahas et al (2019), Poudel, (2017), Gerxhani (2002) and Abadi and Mursiyidah (2018). The questionnaire was administered to the respondents directly to fill and return, All questions on the relevant variables were anchored on a five-point Likert scale with “1” = strongly agree and “5” = strongly disagree. According to Sekaran (2003) Likert Scale is an interval scale that specifically uses the five anchors of Strongly Disagree, Disagree, Neither Disagree nor Agree (Neutral), Agree, and Strongly Agree. The population of the study comprised of all small and medium scale enterprises (SMEs) in FCDA Abuja. According to the FCDA Small and Medium Enterprise Development Agency 2022, the total number of registered SMEs as at 31 December 2022 were 42,421 (Forty-two thousand, four hundred and twenty-one) which is the latest date on the documents of FCDA as at 31 December 2025 when the researchers obtained the population. Using the Yamane (1967) formula with a 95% confidence level, the sample size for the study is 430 and the sampling method used is the simple random sampling where the SMEs are given equal opportunities to be sampled. Cronbach’s alpha test (α) was deployed in testing the validity and reliability of the data set. The data set and hypothesis of the study were analysed using mean and multiple regression technique.

Model Specification

The study is guided by the equation model specified thus:

VTC = β0 + β1TG + β2OG + ε

Where:

VTC = Voluntary Tax Compliance

TG = Transparency in Government

OG = Openness in Government

β0, β1, β2 Regression Intercept and Coefficients

ε - Error term.

4.0 DATA PRESENTATION AND ANALYSIS

Descriptive Statistics

The descriptive analysis is seen basically from the behaviour of the descriptive statistics and the correlations. The parameters are necessary to check if the statistical mean of the data provides a good fit of the observed data (descriptive statistics).

Table 1: Descriptive statistics for the study variables

	N	Minimum	Maximum	Mean	Std. Deviation
Voluntary Tax compliance	396	2.00	4.40	3.20	.34955
Transparency in Government	396	2.00	4.00	3.00	21559
Openness in Government	396	80	4.00	2.40	.26138

Source: SPSS Output

The descriptive statistics for the study variables are presented in Table 1. The results indicate that the mean score of the latent variables range between 2.40 and 3.20 on a 5- point Likert scale, while the standard deviation ranges between 0.21 and 0.34. The standard deviations are small relative to their respective means, implying that the statistical mean provides a good fit of the observed data (Field, 2009).

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.872[a]	.686	.664	.35042

a. Predictors: (Constant), Transparency in Government, Openness in Government

Source: SPSS Output

The R value of -0.872 in table 2 shows that there isa strong and negative relationship between Transparency in Government, Openness in Government and voluntary tax compliance. This is because the value is more than 50% at 87.2%. In this case, an R value of -0.872 suggests a strong negative linear relationship between government accountability and voluntary tax compliance. It could be seen that transparency in Government and openness in government jointly explained 68.6% of voluntary tax compliance. This shows that about 68.6% changes in the voluntary tax compliance increase are jointly explained by transparency in government and openness in government while the lesser part of 31.4% are other factors not captured by the error term.

Table 3: Results of Hypothesis Testing

H	R/ship	Load	SE	t-value	p-value	Decision
H1	TG -> VTC	0.301	0.117	2.562	p<0.01	Supported
H2	OG -> VTC	0.271	0.136	1.990	p<0.01	Supported

From table 3, the study revealed that 30.1% of variance (R2) for attitude towards voluntary tax compliance in this sample, is explained by the infrastructural development constructs. In particular, the results indicated that transparency in government TG (b = -0.301, t = 2.562, p < 0.05, f2= 0.058) and openness in government OG (b = -0.271, t = 1.990, p < 0.05, f2 = 0.051), are significantly and positively associated with taxpayers' attitude towards voluntary tax compliance, although the effect is small.

Discussion of Findings

The study empirically examined the effect of transparency of government and openness of government and voluntary tax compliance in Nigeria. The findings of this study suggest that in hypothesis one, the null hypothesis was rejected and the alternative hypothesis which is that "transparency in Government has significant effect on voluntary tax compliance by SMEs in FCT" was accepted. The result of testing hypothesis one indicates that voluntary tax compliance by SMEs in FCT in Nigeria and government accountability are significantly and positively related. This is in line with the findings of Mbu-Ogar et al (2023). This means that accountability by public office holders and tax administrators contribute significantly to explaining SMEs compliance towards tax.

In hypothesis two, the null hypothesis was rejected and the alternative hypothesis which is that "There is a significant effect of openness in government and voluntary tax compliance among SMEs in the FCT." was accepted. The result of testing hypothesis two indicates that openness in government and voluntary tax compliance among SMEs in the FCT are significantly and positively related. This result was congruent with that of Ige et al, 2023; Modugu et al, 2012. According to common thinking, taxpayers' compliance is affected by the openness in government about whether they are willing to comply with tax imposed by the government or the tax authority, and whether they would willfully violate tax rules, resulting in a reduction in tax collections.

5. 0 Conclusion and Recommendations

Voluntary Tax compliance among SMEs in the FCT has gained considerable attention mainly because SMEs contribute the largest segment in the economy. Hitherto, various factors related to voluntary tax compliance have been examined to provide conclusive results. This research examined the effect of fiscal transparency on personal income tax evasion by SMEs owners. From the findings, it can be concluded that taxpayers' disposition towards voluntary tax compliance is influenced by the government ability to be held accountable in terms of transparency and openness in the process of allocating and utilizing tax revenue.

The recommendations based on the study's conclusion that:
1. Government and its agencies (IRS FCT) should be more accountable to its citizens in terms of tax revenue utilization and there should be prompt rendering of financial statement for citizens' usage and ensure that tax revenue is used on meaningful developmental projects that will improve citizens life and condition.
2. There should be proper sensitization and taxpayer education through social media, focused group sessions and seminars to enlighten the citizens on the benefits of voluntary tax compliance and government openness by the FCT Internal Revenue Service.

6. Contribution to knowledge and future research
This study has contributed to knowledge by:
1. Showing that government accountability can influence voluntary tax compliance especially among SMEs in Abuja Metropolis by using variables such as transparency and openness which has not been used by so many researchers.
2. Being among the very few which contribute to literature that tries to establish the effect of government accountability and voluntary tax compliance among SMEs in Abuja Metropolis.

For future researchers
1) In collecting data, not only using a questionnaire, but also conducting direct interviews.
2) Increase the number of respondents and research areas so that they can develop a better research

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