

Tax Education and Tax Compliance among Informal Sector Operators in Bayelsa State, Nigeria

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A Low tax Compliance is now a serious issue in most developing economies. This is because it
B affects revenue generation which adversely affects the realization of government objectives.
S To achieve and sustain tax compliance especially in the informal sector has become a source
T of concern among government and scholars have not been able to find a lasting solution to it.
R Scholars, tax authorities and policy makers are still pondering on how to find a solution to it..
A The study examined the influence of tax education on tax compliance among informal sector
C operators in Bayelsa State, Nigeria. In carrying out the study, literature were reviewed, four
T objectives, four research questions and four hypotheses were proposed, answered and
analysed respectively. The research design adopted in the study is the cross-sectional survey
design, using 237 registered self-employed taxpayers from the informal sector. Data were
collected through structured questionnaire and analysed using descriptive statistics and
multiple regression in SPSS. The findings revealed that legal tax education significantly
improved returns filing and tax payment compliance, while procedural tax education exerted a
positive and significant influence on both compliance dimensions. It was concluded among
others that, improving taxpayers' legal understanding and practical knowledge of tax
procedures promotes voluntary compliance and strengthens domestic revenue generation. It
thus recommended sustained taxpayers' enlightenment campaigns, simplified filing
procedures, and continuous collaboration between the Bayelsa State Internal Revenue Service
and informal sector associations.

Keywords: Tax and Legal Education, Procedural Tax Education, Tax Compliance, Informal Sector, Bayelsa State.

1. Introduction and Background of the Study

Tax revenue remains the most sustainable source of government finance because it provides resources for infrastructure, healthcare, education and other public services. Despite its importance, Nigeria continues to record one of the lowest tax-to-GDP ratios in Africa, reflecting weak voluntary compliance particularly among informal sector operators. The informal economy accounts for a substantial share of employment and commercial activity, yet many self-employed individuals remain outside effective tax administration due to inadequate knowledge of tax laws, limited awareness of filing procedures and poor interaction with tax authorities. Recent studies argue that taxpayer education encourages voluntary compliance by improving understanding of legal obligations and practical procedures. However, empirical evidence distinguishing legal tax education from procedural tax education among informal sector operators in Bayelsa State remains limited. This study therefore investigates the effect of these two dimensions of tax education on returns filing and tax payment compliance.

Studies such as Aremu and Siyanbola (2021) and Twum et al. (2020), on personal tax education and tax compliance indicated that there is a significant positive effect between tax education and tax compliance in the informal sector. However, the timing, methodology, socio-cultural environment and the respondents used in those previous studies are different from the current study. Irrespective of these, some issues have rarely been studied. For example, studies that pay specific attention not only to the aggregate tax education and tax compliance but also to the fundamental components of tax education (such as general tax education, legal tax education,

procedural tax education & electronic tax education) and components of tax compliance (such as tax registration compliance, taxable income reporting compliance, returns filing compliance & tax payment compliance) in informal sector.

These gaps in knowledge limit the understanding of personal income taxpayers in the informal sector on how they can pin down their tax compliance and tax education difficulties to specifics and this poses a potential compliance risk. The gaps limit the understanding of the education component of tax authorities on how they can optimize their tax education content and experiences for taxpayers in the informal sector so as to meet their specific tax education needs and this as well creates a potential compliance risk.

Research Objectives

Examine the effect of legal tax education on returns filing compliance.

Determine the effect of legal tax education on tax payment compliance.

Assess the effect of procedural tax education on returns filing compliance.

Evaluate the effect of procedural tax education on tax payment compliance.

The research questions and hypotheses are in tandem with the research objectives.

2. Literature Review

Tax education refers to structured programmes through which taxpayers acquire knowledge of tax laws, rights, responsibilities and compliance procedures. It is increasingly recognised as a behavioural strategy for promoting voluntary tax compliance. Legal tax education focuses on understanding tax legislation, penalties, taxpayer rights and statutory obligations, while procedural tax education equips taxpayers with practical skills such as registration, record keeping, completion of returns and approved payment procedures. Tax compliance in this article is viewed as taxpayers' willingness and ability to file accurate returns and pay assessed taxes promptly without coercion.

The objective of taxation is the generation of revenue to meet fiscal needs. Taxation is therefore, a compulsory transfer of money or occasionally of goods and services from private individuals, institutions or groups to the government. Tax is levied on wealth, income, property, goods and services, or in the form of surcharge on prices of commodities.

According to Okezie (2019), tax is a way of making persons, individuals and companies contribute money through legalized levies, according to their level of income or some other criteria, to a common fund of government, for the purposes of running the affairs of the state. Tax according to the Institute of Chartered Accountants of Nigeria (ICAN) (2021) is compulsory contribution levied by a sovereign power on the incomes, profits, goods, services or property of individuals and corporate persons, trusts and settlements for maintenance of law and order, provision of infrastructure, health and education of the citizens, or as a fiscal tool for controlling the economy. According to National Tax of Nigeria (2017), Tax is "a monetary charge imposed by the government on persons, entities, transactions or properties to yield revenue.

The structure of Nigerian tax system deals with classification and types of taxes. One of the bases for classification is incidence of tax (i.e. who bears the burden of tax payment) and basically there are direct tax and indirect taxes. Direct tax is a form of tax assessable directly on the taxpayers who are required to pay tax on their property, income or profit etc. Types of direct tax are personal income tax, company income tax, capital gains tax, education tax and petroleum profit tax. On the other hand, indirect taxes are those which are imposed on commodities before they reach the consumer, and are paid by those upon whom they ultimately fall, not as taxes, but as part of the selling price of the commodity (ICAN, 2021). Indirect taxes include value added tax, stamp duties, excise duties and customs duties. For this study, taxation is limited to personal income tax.

The Concept of Personal Income Tax Act (PITA) in Nigeria

According to Personal Income Tax (Amendment) Act (2011), personal income tax is a tax imposed on the incomes of individuals, communities and families. Personal Income Tax (PIT) is a direct tax imposed on the income of individuals in employment or in self-employment. Every individual who earns income in Nigeria either from employment or self-employment is subject to tax under Personal Income Tax Act. This tax is collected by state governments (State Boards of Internal

Revenue) from those that are resident in their various states, regardless of whether they are federal, state, local, private or self-workers.

The Federal Inland Revenue Service collects this tax from residents of the Federal Capital Territory Abuja as well as persons employed in the Nigerian Army, the Nigerian Navy, the Nigerian Air Force, the Nigerian Police other than in a civilian capacity, officers of the Nigerian Foreign Service and non-residents who derive income or profit from Nigeria - whether in her formal or informal sector. In this study personal income tax is limited to self-employment in the informal sector.

For good compliant behaviour, individual taxpayers and potential taxpayers in the informal sector should have good knowledge and understanding of the rules and laws governing their tax class. Without laws in the land, there would be a state of lawlessness (disorderliness, chaos, distortion etc) and eventually objectives would not be achieved. By extension, without laws in our tax system, taxpayers would not comply with their tax obligations. In view of this, government of every nation deemed it necessary to give tax practice a legal backing. In Nigeria, the imposition of any form of tax on citizens took the form of promulgation of laws by the authority during the colonial era and beyond.

According to Okezie (2019), there was a major legislation on tax, the Income Tax Ordinance 1940 and these Direct Taxation Ordinance, 1940 repealed all the previous ordinances. In 1943, two tax ordinances, Direct Tax Ordinances and Income Tax Ordinances were enacted which repealed the 1940 tax ordinances. In 1954, tax administration in Nigeria was regionalized. The Eastern Region was the first to introduce an income tax in 1956. The western Region followed the Eastern Region in 1957 while the Northern Region maintained the Direct Taxation Ordinance of 1943 as amended.

In 1960, Nigeria had her independence and in 1961, the Federal Government passed three major tax laws namely:

Federal Income Tax Act (FITA) 1961, Income Tax Management Act (ITMA) 1961 and Companies Income Tax Act (CITA) 1961.

Income Tax Management Act (ITMA) 1961, was a model for all the personal income tax laws operational in regions. In 1993 Republican constitution, all the regions enacted in 1962, took over the administration of income tax of persons resident in their regions but excluding Limited liability companies. In bringing a national uniformity into personal income tax, on 1st February, 1975, the Federal Military Government promulgated the Income Tax Management (Uniform Tax Provisions etc) decree, No. 7 of 1975. This Tax unified all tax rates, allows and allowances throughout the country.

The Concept of Tax Education

Ellis (2019) quoted South African President Nelson Mandela as saying "Education is the most powerful weapon which you can use to change the world". Education empowers an individual with practical knowledge and understanding that would enable such individual to achieve meaningful success for himself and for the society. By extension, tax education may change taxpayers' tax mentality, beliefs, attitudes and behaviours positively or negatively depending on its provision or lack towards the taxpaying public.

For taxpayers or potential taxpayers in the informal sector who have little or no tax knowledge to be able to understand and operate a tax system, tax can be a complex issue to them. Taxpayers should have firm grip of their tax rolls, responsibilities and rights for proper compliance. When this is lacking or inadequate, tax compliance faces a significant challenge (Moore, 2019; OECD, 2021). However, providing a sustainable, sufficient, effective and result-oriented tax education to the taxpaying public would enable them navigate complex tax issues (Ligomeka, 2019) and develop positive tax compliant decision for good tax habits.

According to Mutie (2020), tax education is the provision of tax knowledge and skills for the purpose of changing taxpayers' negative attitude and perceptions towards a tax system.

Similarly, the international Federation of Accountant (IFAC, 2022) sees tax education as the provision of tax information to taxpaying public to enable them understand how the tax system works, the rights and obligations of taxpayers and how taxpayers can effect change of the tax system.

To OECD (2021), tax education is a key tool for the promotion of voluntary tax compliance culture needed for the mobilization of tax revenue to achieve the sustainable Development Goals

(SDGs). OECD (2021) further revealed three steps to tax education as: teaching taxpayers, which involves building new tax knowledge and tax skills and providing in-dept tuition, communicating to taxpayers, which involves raising awareness in taxpayers of their tax duties, rights, deadlines and management of tax fund, assisting taxpayers, which involves practical support in using internet tools and services for tax compliance.

For the purpose of this study, tax education is streamlined to personal income tax education while personal income tax education is part of personal income tax administration. The purpose is to sensitize the taxpaying public on existing and new tax codes, the relevance of tax payment, tax compliance procedures and e-taxation. A high-quality personal income tax education would enhance tax thinking, deepens tax knowledge, enhances taxpayer's personality, modifies taxpayer's tax attitude, trains specific personal income tax skills and informs personal income taxpayers' compliant decisions. According to Mascagni and Santoro (2018), personal income tax education is a component of personal income tax compliance which shares knowledge regarding the personal income tax system with taxpayers personal income tax education as it is applied in this study is as defined by Mascagni and Cantoro (2018) which is the sharing of personal income tax knowledge, information and skills with taxpayers to enhance their tax compliant behavior in the informal sector. Such personal income tax knowledge is expected to change non-compliant behavior of personal income tax-payers in the informal sector in Bayelsa State. It changes the behaviour of an individual taxpayer by changing the way he/she takes compliance decision. Also in this study, personal income tax education has four (4) dimensions General Tax Education, Legal Tax Education.

Legal Tax Education (LTE)

There are sources of tax law - the primary source such as acts and the secondary source such as regulations, orders, circulars and decisions etc. Taxes including personal income tax in Nigeria are established by laws. Personal income tax laws established the tax authorities and their jurisdictions, the personal income tax rate, the tax base and as well define the taxable persons. From time to time, new tax laws are promulgated and old ones are amended to meet present economic realities, these new and amended personal income tax laws should be communicated to the taxpayers/ potential taxpayers in the informal sector for their prompt compliance.

The reason being that most taxpayers/ potential taxpayers lack indebt knowledge and understanding of personal income tax law, system and administration (Borpmann and Ramutumbu, 2019), especially in the informal sector as Susyanti and Askander (2019) found a positive effect of taxation knowledge and understanding on tax compliance among small and medium enterprises. What their findings mean is that an increase in the knowledge and understanding of tax laws could lead to an increase in the taxpayers' compliance level.

It means that legal tax education generate the knowledge and understanding of legal terminologies in personal income tax laws, it also produces declarative knowledge of facts and rules of personal income tax legislation. Legal tax educations also generate the knowledge of claims reporting and awareness of sanctions in the personal income tax system.

Twum et al. (2020) revealed that knowledge of tax right and responsibilities and awareness of tax sanctions have a positive significant relationship with taxable income reporting compliance in the informal sector in Ghana. Similarly, Kitula-Mende (2021) indicated that awareness and understanding of tax laws had a positive significant relationship with tax compliance behaviour of taxpayers.

Procedural Tax Education (PTE)

Procedural tax education generates procedural tax knowledge and understanding required by taxpayers to be tax compliant. Procedural tax education equips taxpayers with the skills to navigate the tax processes. The aim of procedural tax education is to give procedural guidance and technical know-how to the taxpaying public for the actualization of personal income tax compliance culture in the informal sector.

Procedural tax education is an important dimension of taxpayer education that focuses on taxpayers' understanding of the practical processes, administrative requirements, and operational procedures involved in fulfilling tax obligations. Unlike general tax awareness, which focuses mainly on understanding the existence and purpose of taxation, procedural tax education provides taxpayers

with the necessary knowledge and skills required to perform specific tax-related activities such as taxpayer registration, tax assessment, preparation and submission of returns, calculation of tax liabilities, documentation, and payment of taxes through approved channels. In this regard, procedural tax education enables taxpayers to transform tax knowledge into actual compliance behaviour.

According to Bornman and Ramutumbu (2019), tax knowledge consists of different components, including general tax awareness, knowledge of tax laws, and procedural knowledge required for compliance. The authors emphasized that taxpayers may understand the importance of taxation but still fail to comply effectively if they lack practical knowledge about how to perform tax-related activities. Therefore, procedural tax education bridges the gap between knowing tax obligations and being able to successfully execute those obligations.

The Concept of Tax Compliance

Over the years, great amount of attention has been paid to the issue of tax compliance globally by public policy makers and researchers. This has led to different concepts of tax compliance. Tax has been conceptualized in this study as personal income tax. On the other hand, compliance can be voluntary or involuntary (enforced by tax authorities) and for the purpose of this study, compliance is conceptualized to be voluntary, which is willingness to promptly comply with tax obligation according to law without any form of coercion. However, Yasa et al. (2020) differentiates between (a) committed compliance, that is taxpayers' willingness to pay personal income taxes with a commitment without complaining, (b) capitulate compliance, referring to personal income taxpayers who surrender under coercion to fulfill their tax obligations and (c) creative compliance which arises as a result of loopholes or gaps in personal income tax laws which the taxpayer uses to legally reduce his tax burden.

Returns Filing Compliance

Returns filing compliance is one of the measures of tax compliance. It is one of the four fundamental tax compliance obligations of a taxpayer. Returns filing compliance measures the percent of required tax returns that taxpayers are timely and willing to file without being compelled to do so. According to FIRS (2020), tax returns filing is the submission of tax returns by a taxpayer to a relevant tax authority or office or administrator in a manner stipulated by law and in tandem with the laid down administrative procedures. The same FIRS (2020) saw a tax return to be a report (taxable income reporting) prepared by a taxpayer that contains relevant information on his tax transactions for a given period of time for the good purpose of complying with the tax laws, regulations and procedures.

Similarly, Kagan (2022) said that a tax return is a form or forms filed with a relevant tax administrator that accounts for the incomes, expenses, and other relevant tax information of a taxpayer for a particular period of time in a manner prescribed by law. In most countries of the world, tax returns are filed annually by an individual taxpayer or business entity taxpayer with the taxpayer providing tax-related information such as his filing status, dependent information and other financial information that are tax-natured.

Tax Payment Compliance

According to Shiferaw and Tesfaye (2020), tax payment compliance is taxpayers' capacity and willingness to comply with tax laws by paying the correct amount of taxes on time. It is the process of fulfilling the personal income taxpayer's civil obligation of correct payment of tax liability as required by law in a timely manner without coercion. It is the last step in the tax compliance cycle.

Tax payment compliance is the ability of the individual and corporate entities to remit all tax obligations promptly. Voluntary tax compliance culture enhances payment compliance (Schonharl et al., 2023) especially in the informal sector.

Personal income tax payment compliance promotes public finance as it makes money available for public spending. Tax payment compliance helps in the sustenance of world economies including Nigeria. Government at all levels (federal, state and local council) cannot make meaningful impact in the achievement of sustainable development goals without taxpayers especially those in the informal sector fulfilling their personal income tax obligation of tax payment on time. It is this tax

payment compliance that contributes to the Gross Domestic Product (GDP) of Nigeria and the Nigerian states. At times, the issue is not whether informal operators pay tax. How do they pay taxes and to whom do they pay their taxes are all matters of fiscal importance. This is because there is a lot of informal tax collection in the informal sector and the proceeds do not go to the government and do not form part of the country's official GDP thereby reducing the tax-to-GDP ratio of Nigeria (Ubohme, 2021, October 18).

Theoretical Review

Theory of Social Reconstructionism – Theodore Brameld

This theory was propounded at the University of Chicago, United States of America by Theodore Brameld in the year 1928. The reconstructionism theory believes that education must work hand-in-hand with other social institutions such as economy, culture, polity, public finance etc. The point the reconstructionism theory stresses on, is that education as a knowledge generator and behaviour modifier should bring about reformism in the lives of those who are committed to it. Once an individual undertakes education, there is every tendency for such an individual to have a change of mindset, attitude and behaviour from the state of negativism to positivism.

The implication of this educational theory as a basis for this study is that when self-employed personal income taxpayers in the informal sector undertake tax education, their tax mentality, tax attitude and tax behaviour will improve or change from negativism to positivism as they become compliant taxpayers. When there is adequate provision of personal income tax education and information to personal income taxpayers in the informal sector, all things being equal, there will be a high level of personal income tax compliance and vice versa (Agusti & Rahman, 2023). Thus, education as a knowledge generator modifies behaviour. Tax education will reduce non-compliance behaviour of informal sector taxpayers to its barest minimum as it enlightens them on the need for positive attitudes towards tax compliance. Thus, this study is anchored on education theory.

Empirical Review

Some empirical studies that are relevant to the concepts and variables of this study are reviewed under this sub-heading. It is worthy of note that certain conditions like provision of education as a knowledge generator and behaviour modifier or its lack, changes the behaviour of an individual. The effect of tax education on tax compliance behaviour has been studied in the recent past.

Dewi (2019) examined the influence of taxation knowledge and taxpayer awareness on tax compliance of private entrepreneurs in Indonesia. The population of the study was 7,355 out of which 93 were selected for study using convenience sampling technique. Multiple linear regressions were used to analyze data collected and results revealed that tax knowledge affects tax compliance while tax awareness of taxpayers did not affect their tax compliance.

Sebele - Mpfu and Chinoda (2019) investigated taxpayers' knowledge, attitudes, perceptions and their influence on tax compliance behaviour of sugarcane farmers in Zimbabwe. After data were collected from primary and secondary sources, they were analysed using descriptive qualitative methods and having employed an exploratory approach, the results proved among other things that tax knowledge generated from tax education has a significant effect on tax compliance of sugarcane farmers in Zimbabwe. But whether this significant effect skewed to positivism or negativism was not made clear.

Nichita et al. (2019) carried out an empirical analysis of the impact of tax literacy on tax compliance in Romania. The study obtained data from 358 respondent taxpayers and the data were analysed using moderation analysis. Results revealed that tax literacy is one of the key determinants of tax compliance in Romania. The study concluded by submitting that government and tax authorities should endeavour to raise the tax literacy of taxpayers since the more tax literate they become, the more willing they are to comply with their tax obligations.

Tantriangela and Setyowati (2023) assessed tax literacy and tax compliance. The objective was to sharpen the concept of tax literacy in the context of raising tax compliance. Qualitative method was used and it was discovered that tax literacy which is related to tax knowledge-general, procedural and legal knowledge; reading about taxation and social values improves tax compliance. However, the

study was not quantitative in nature.

Naape (2023) assessed tax knowledge, tax complexity and tax compliance in South Africa. The study used self-structured questionnaire as data collection instrument to collect data from personal income taxpayers who were participants in the study. Descriptive analysis, inferential statistics and binary logistic regression were used to analyse data and results submitted that tax knowledge leads to tax compliance.

According to Dall' Amad and Adu (2020), Nigerian informal sector contributes 18.83% - 57.5% of her GDP. This, contribution as high as it is would not necessarily translate to high tax revenue unless operators in the sector carry out their civic duty of tax payment (Moyse & Isiadinso, 2018). The informal sector and the self - employed in Nigeria account for more personal income tax payers than the formal sector (Monge & Ahung, 2020), it then means that any policy aimed at maximizing personal income tax compliance should target the self - employed and the informal sector.

Olabisi et al. (2020) and Awa (2022) studied the effects of informal sector tax revenue on capital development and discovered that tax compliance in the informal sector would boost revenue generation and contributes in the capital development of Lagos, Nigeria.

However, developing the appropriate tax system that will effectively rope into the tax net as many self - employed taxable people as possible is always difficult. This is because a number of these have been identified as contributing to the difficulty in taxing the self - employed which include but not limited to the difficulty in estimating the informal sector activities on the goods and labour market, because the individual the individuals engaged in these activities wish not to be identified (Monye & Ahung, 2020). Lack of accountability, poor awareness and enlightenment (Osemebe et al., 2020) and as a result, there has always been the difficulty on the part of tax administrators in reaching out to the self - employed which make them highly non - compliant to personal income tax regulations (Adedeoye et al., 2022).

According to Turner (2020), informal sector is that part of economy that is made up of activities without official recognition and record. Turner (2020) further posited that informal sector in any country depends on the following factors:

- Government regulation.
- Nature of economic activities.
- Employment status.
- Work location.

To Anuillar and Lopez - Guerrero (2020), informal sector refers to goods and services outside of government regulated economic activities and protected - labour relations. Informal sector is faced with troubles and sometimes is unmanageable as it is not properly taxed and mentioned by government (Padmasalhi & Aruna, 2022).

Similarly, Monye and Ahung (2020) Sees informal sector that is made up of business and employees that do not understand why they need to comply with their legal tax obligations. It could be this reason that Adedeoya et al., (2020) recommended tax education in this sector.

In this study, therefore, any sector characterized with loss of personal income tax revenue due to low level of personal income tax morale and non - compliance with personal income tax laws and regulations which includes all market- based legally produced goods and services that are intentionally hidden from government, is termed informal sector. This unorganized and unofficial sector spans economic activities such as trading, transportation, construction, agriculture, livestock, food preparation, credit facilities, mechanical and electrical work, dressing – making, footwear, distilleries, gold and silver smiting, traditional healing, professional services, contracts, real estate, barbing salon, makeup artist, business centers, coaching centers, graphic designing, welding, laundry, photo studio, sporting bet, printing press etc.

Knowledge Gap

Literature revealed that tax compliance has received a growing attention in academic as well as public life. Irrespective of this, some issues have rarely been studied. Even when they are studied, most of the studies were carried out in other socio-cultural environments and sectors (other than the

informal sector).

Although most literature reviewed, examined the relationship between tax education (as single variable) and tax compliance (as single variable), there is lack or inadequate research on how different dimensions of personal income tax education such as general tax education (GTE), Legal tax education (LTE), procedural tax education (PTE) and electronic tax education (ETE) impact the four mutually-exclusive parts of tax compliance such as tax registration compliance (TRC), taxable income reporting compliance (TIRC), returns filing Compliance (RFC) and tax payment compliance (TPC) in the informal sector.

Even most of the studies on the relationship between tax education as a single variable and tax compliance also as a single variable, found that a relationship exists between the two integrated variables but were not able to establish whether such relationships were cause-effect or not. Many of the studies reviewed, showed overwhelming positive effect of tax education on tax compliance. But what was not too clear was the amount of the variations in the dependent variables (tax compliance measures) caused or explained by the independent variables (tax education dimensions) in the informal sector as they relate to personal income tax.

Another revelation from literature review was the fact that research on the effects of tax education dimensions on tax compliance parts in the Nigerian informal sector with particular reference to Bayelsa State is still rather under-developed.

These research gaps limit the understanding of personal income taxpayers in the informal sector on how they can pin down their tax education and tax compliance difficulties to specifics and this poses a potential compliance risk. The gaps limit the understanding of the education component of tax authorities on how they can optimize their tax education content and experiences for taxpayers in the informal sector so as to meet their specific tax education needs and this creates a potential compliance risk. The identified gaps in knowledge also limit the understanding of tax policy-makers on how they can optimize personal income tax policies in the informal sector vis-a-vis personal income tax education to achieve voluntary tax compliance culture that will enable government to generate enough revenue for the development of the society and the good life of the taxpayers and the entire citizenry and this poses a great compliance risk.

3. Methodology

The study adopted a cross-sectional survey research design. The population comprised 1,005 registered self-employed personal income taxpayers operating within the informal sector in Bayelsa State. Using the Taro Yamane formula, a sample size of 237 respondents was selected through proportionate sampling across occupational groups. Primary data were collected with a structured questionnaire based on a five-point Likert scale. Instrument validity was established through expert review, while reliability produced satisfactory Cronbach's alpha coefficients above the acceptable threshold. Data were analysed using descriptive statistics and multiple regression with SPSS version 25 at a 0.05 level of significance.

4. Data Presentation, Analysis and Discussion of Findings

Hypothesis	Beta	t	Sig.	Decision
LTE → Returns Filing	0.412	6.84	0.000	Supported
LTE → Tax Payment	0.365	5.91	0.000	Supported
PTE → Returns Filing	0.338	5.47	0.000	Supported
PTE → Tax Payment	0.451	7.26	0.000	Supported

The regression results reveal that both dimensions of tax education positively and significantly influence tax compliance. Legal tax education improved taxpayers' understanding of statutory responsibilities, resulting in better returns filing and timely tax payment. Procedural tax education demonstrated the strongest effect on payment compliance, indicating that practical knowledge of filing and payment procedures substantially enhances voluntary compliance among informal sector operators.

The findings support behavioural taxation literature which argues that informed taxpayers are more likely to comply voluntarily. The positive effect of legal tax education agrees with previous

evidence that awareness of tax laws and penalties encourages accurate filing behaviour. Likewise, the significant influence of procedural tax education confirms that simplifying administrative procedures and educating taxpayers on practical compliance processes reduce errors, uncertainty and non-compliance. The results reinforce the argument that taxpayer education should complement enforcement strategies in developing economies.

Legal Tax Education

Mean and Standard Deviation of Legal Tax Education

Items	Mean	Std. Deviation	Decision
I understand the tax laws applicable to my business activities	4.01	0.82	Agree
I am aware of my responsibilities as a taxpayer	4.15	0.76	Agree
I understand penalties associated with tax non-compliance	3.74	0.91	Agree
Tax authorities provide information about taxpayer obligations	3.68	0.95	Agree
I know the importance of paying taxes to government	4.21	0.70	Agree
Grand Mean	3.96	0.83	Agree

Interpretation

The results indicate that respondents agreed that they possess knowledge of tax laws and obligations. The grand mean of 3.96, which is above the decision benchmark of 3.00, suggests that informal sector operators have considerable awareness of legal tax requirements.

Procedural Tax Education

Mean and Standard Deviation of Procedural Tax Education

Items	Mean	Std. Deviation	Decision
I understand how to register for tax purposes	3.82	0.88	Agree
I know how to calculate my tax obligations	3.61	0.97	Agree
I understand procedures for filing tax returns	3.75	0.84	Agree
I know available channels for tax payment	3.90	0.79	Agree
Tax officials provide guidance on tax procedures	3.55	1.02	Agree
Grand Mean	3.73	0.90	Agree

Interpretation

The findings indicate that respondents agreed that procedural tax education influences their understanding of tax processes. The grand mean of 3.73 indicates that most informal sector operators possess knowledge of tax registration, filing procedures, and payment channels.

Returns Filing Compliance

Mean and Standard Deviation of Returns Filing Compliance

Items	Mean	Std. Deviation	Decision
I file my tax returns within the required period	3.71	0.91	Agree
I provide accurate information during tax filing	3.88	0.83	Agree
I submit required tax documents when requested	3.69	0.89	Agree
I comply with annual tax filing obligations	3.77	0.86	Agree
I keep records required for tax filing	3.64	0.98	Agree
Grand Mean	3.74	0.89	Agree

Interpretation

The result indicates that informal sector operators demonstrate a relatively high level of compliance with tax filing requirements. The grand mean of 3.74 shows that respondents generally

comply with tax return submission obligations.

Tax Payment Compliance

Mean and Standard Deviation of Tax Payment Compliance

Items	Mean	Std. Deviation	Decision
I pay my taxes when due	3.86	0.82	Agree
I pay the correct amount of tax assessed	3.72	0.89	Agree
I avoid delaying tax payments	3.65	0.94	Agree
I voluntarily pay applicable taxes	3.79	0.87	Agree
I comply with tax payment procedures	3.81	0.85	Agree
Grand Mean	3.77	0.87	Agree

Interpretation

The findings suggest that respondents demonstrate positive tax payment behaviour. The grand mean of 3.77 indicates that informal sector operators generally comply with tax payment requirements.

Test of Hypotheses

H01: Legal tax education has no significant relationship with returns filing compliance among informal sector operators in Bayelsa State.

Pearson Correlation between Legal Tax Education and Returns Filing Compliance

Variables	Legal Tax Education	Returns Filing Compliance
Pearson Correlation (r)	1	0.642
Sig. (2-tailed)		0.000
N	225	225

Decision: Since the significance value (0.000) is less than 0.05, the null hypothesis is rejected.

Interpretation

The result indicates a significant positive relationship between legal tax education and returns filing compliance. This implies that increased awareness of tax laws, taxpayer responsibilities, and legal obligations improves the likelihood that informal sector operators will comply with tax filing requirements.

H02: Procedural tax education has no significant relationship with tax payment compliance among informal sector operators in Bayelsa State.

Pearson Correlation between Procedural Tax Education and Tax Payment Compliance

Variables	Procedural Tax Education	Tax Payment Compliance
Pearson Correlation (r)	1	0.688
Sig. (2-tailed)		0.000
N	225	225

Decision: Since the significance value (0.000) is less than 0.05, the null hypothesis is rejected.

Interpretation

The result shows that procedural tax education has a significant positive relationship with tax payment compliance. This means that taxpayers who understand registration procedures, payment channels, and tax processes are more likely to comply with tax payment obligations.

Regression Analysis

Multiple Regression Analysis of Tax Education and Tax Compliance

Dependent Variable: Tax Compliance

Predictor Variables	Beta (β)	t-value	Sig.
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Predictor Variables	Beta (β)	t-value	Sig.
Legal Tax Education	0.341	5.214	0.000
Procedural Tax Education	0.426	6.781	0.000

Model Summary

R	R ²	Adjusted R ²	F-statistic	Sig.
0.724	0.524	0.519	122.43	0.000

Interpretation

The regression result indicates that tax education dimensions jointly explain approximately 52.4% of variations in tax compliance among informal sector operators. Procedural tax education recorded the stronger contribution ($\beta = 0.426$), suggesting that practical knowledge of tax procedures has greater influence on compliance behaviour than general legal awareness.

5. Conclusion and Recommendations

This study demonstrates that tax education is an effective policy instrument for improving tax compliance within the informal sector. Both legal and procedural tax education significantly enhance returns filing and tax payment compliance, suggesting that voluntary compliance can be strengthened through continuous taxpayer enlightenment rather than relying solely on sanctions. It is therefore recommended that:

Government should expand legal tax education through regular workshops and community outreach.

The government should simplify tax filing and payment procedures for self-employed taxpayers.

Develop multilingual taxpayer education materials for informal businesses.

Government should strengthen collaboration between tax authorities and trade associations.

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