

# The Impact of Tax Education On Nigerian Revenue Collection

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## Abstract

Tax learning and its contribution towards revenue realization in Nigeria is learned using an extensive literature review done in this study. It reviews the effect of greater awareness and understanding of tax liability on taxpayer behaviour and compliance with taxes and government revenue generation. This review points out that tax education is critical towards instilling voluntary compliance, minimizing evasion, and persuading actors in the informal sector to join the tax payer fold. Tax education builds or increases confidence in the tax system by providing citizens with the knowledge of tax processes and benefits and in the case of the development of a tax-paying culture. The results support the need and significance of tax education in realizing optimal fiscal sustainability, particularly in the face of the need to diversify the source of Nigerian revenue beyond dependence on oil. Nevertheless, certain drawbacks, including the specific geographical coverage range and the use of secondary information was determined in the analyzed studies. To increase the effectiveness and coverage of various segments of the Nigerian population, the study suggests additional empirical studies, as well as implementation of new inclusive tax-education programs.

**Keywords:** Tax education, Revenue collection, Fiscal policy, Compliance, Taxation awareness,

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## Introduction

Taxes are part and parcel of the economic layout of a country and they play a key role of a source of income that a nation uses to fund public services and goods, social equality and stabilising the economical critical aspects. In Nigeria, where government revenue has been overly dependent on oil revenues that have made its basis of income very susceptible to international price changes, the importance of taxation and other forms of internal revenue cannot be overemphasized. Nevertheless, low taxation levels have been a persistent problem in Nigeria, which can be mostly explained by tax evasion, ineffective tax enforcement, and the overall lack of tax education among the population (Ezenagu, 2021). This is reflected in the tax to GDP ratio of the country, which is at about 6 per cent (as of 2022) compared to the average over Africa of 15 per cent showing a massive deficit in domestic resource mobilisation (OECD, 2022). This gap necessitates a strategic revolution in the way tax administrations target efficiency as tax education comes out as an important tool in addressing compliance and revenue realization.

The Nigerian tax system includes federal, state, as well as local tax authorities, which are in charge of different categories of taxes. Value Added Tax (VAT), Companies Income Tax (CIT), Petroleum Profits Tax (PPT) are examples of major national taxes which are managed by the Federal Inland Revenue Service (FIRS) whilst personal income and state duties are managed by State internal Revenue Services (SIRS). This decentralised system has however continued to be inefficient and overlapping jurisdiction, corruption, limited tax base and taxobida apathy are some of the factors pointing towards difficulties in effective revenue collection (Okoye & Ezejiofor, 2014). The limited knowledge of tax laws, tax compliance benefits, and civil responsibility issues among the citizens is one of the major causes of these inefficiencies. The reason being is that many Nigerians and in most cases those operating in the informal sector know not their tax or are not ready to pay because they cannot trust the system as the funds available in the economy are not properly utilized (Uadiale, Fagbemi & Ogunleye, 2010).

Tax education refers to the process of relaying information about taxation laws, requirements, processes, and the socio-economic value of taxation and can be a key in enhancing compliance and voluntary contribution in the tax administration. It not only fosters awareness in taxes but also in the cultivation of the tax paying culture where citizens see tax as a responsibility rather than a plight. Studies have demonstrated that tax education promotes desirable compliance behaviours in situations that the government is perceived to be transparent and delivering its services (Kirchler, Hoelzl & Wahl, 2008). It is regrettable that in Nigeria, tax education becomes marginalized because there is no formal delivery of tax education in school programs as well as during campaigns. Although efforts have been made by FIRS and other state agencies to undertake taxpayer sensitivity efforts, they are inexplicit, non-funded and lacking critical assessment of effectiveness.

The essential issue herein focused upon in terms of review is the low performance collection of taxation revenue in Nigeria as compared to the existence of laws and the administrative structures of taxation. This partly occurs because of poor levels of tax literacy and poor manner of implementing tax education programmes across demographic and occupational groups. The compliance gap extends further with a substantial section of the working population, especially in informal and rural settings, not knowing where, how and why to pay taxes (Bello & Olatunji, 2021). This review seeks to synthesise the available literature on the connection between tax education and revenue collection in Nigeria as the first objective. It is

expected to determine the impact of tax education on the rates of compliance, examine the gaps in existing education activities, and propose recommendations using the standards of best practices across the world. By this, the review helps in the realization of how this can be done through educational interventions to come up with ways in which the fiscal sustainability of Nigeria can be improved.

### **Conceptual Clarification**

#### *Tax Education*

Tax education is a conscious effort of informing individuals, businesses, and institutions on the tax regime, the taxpayers duties and the consequence of tax evasion and avoidance. It includes creation of awareness, instructional activities and advocacy programmes of increasing tax literacy. Palil and Mustapha (2011) suggest that tax education aims at enhancing the knowledge and acceptability of tax structure by the taxpayers which may lead to their better adherence. The low level of tax literacy within a population presents an issue in the Nigerian context, where the Federal Inland Revenue Service (FIRS) has embarked on efforts to improve the situation by undertaking campaigns on tax education by integrating the subject into school curriculums and reaching people through the media (FIRS, 2022). Tax education contributes towards the development of a positive culture on taxation, as well as the establishment of a culture of voluntary compliance (Olowookere & Fasina, 2013).

#### *Revenue Collection*

Revenue collection is a process where government agencies organise how to collect money of all sources especially taxes in order to fund the purchase of the society goods and services. In Nigeria, collecting revenues is mostly based on the federal government whose main body is FIRS, and sub-national levels, which entails State Internal Revenue Services (SIRS) (NBS, 2021). This process depends on a combination of many factors some of them being administrative efficiency, compliance of taxpayers, political will and public confidence. In Nigeria, revenue mobilisation is a pressing problem since they have a limited tax base, tax evasion, corruption and large unofficial sector (OECD, 2021). Ref: Enhancing tax education is increasingly perceived to be a strategic means of enhancing performance of revenues and avoiding overdependence on the fragile oil revenues (Ogbonna & Appah, 2012).

#### *Voluntary Compliance*

Voluntary tax compliance refers to the readiness of the taxpayer to abide with the laws that govern tax, accurately and properly reporting income, and paying the taxes due without any direct intervention by the tax force. Kirchler (2007) argues that voluntary compliance is not merely a legal duty; it also serves as the behavioural role where knowledge, perceived fairness and government trust have role to play. Tax education can act as the driving force of voluntary compliance because it helps to demystify complex tax processes, ease fear and ignorance and explain the rationale of taxation (Saad, 2014). In countries where enforcement is weak, especially developing countries such as Nigeria, the best way to ensure sustainability in revenue generation is to make compliance voluntary (Ali, Fjeldstad & Sjørnsen, 2014).

### **Theoretical Framework**

#### *Fiscal Exchange Theory*

The Fiscal Exchange Theory (or the principle of benefits of taxation) states that taxpayers will be more willing to pay taxes as long as they perceive tax collections to yield equivalent or commensurate goods and services by the government. According to the theory, there exists a quasi-contractual relationship between the state and the citizens (Cowell & Gordon, 1988). Alm, Jackson and McKee (1992) argue that the perception of the collected taxes being used

well makes the taxpayers more inclined to willingly pay taxes voluntarily. It is more applicable to the case of Nigeria where the citizens feel apathetic to paying taxes since they feel that there is negligence and dysregulation in all corruption in state finance (Ayuba, 2014). When combined with tax education, the theory highlights the need to sensitise citizens as regards the relationship between taxation and national development.

#### *Deterrence Theory*

Deterrence Theory has its basis in the economic model of crime by Becker (1968) and Allingham and Sandmo (1972) that argues that taxpayers will balance the payoffs to tax evasion against the payoffs to detection and punishment and act accordingly. This theory states that compliance is driven by fear of punishment in the form of fines, audits or penalties. It has been expanded into the incorporation of moral and psychological elements, though its essence is still the cost-benefit calculus. With inefficient or selective tax enforcement being the staple environment within the Nigerian setting, the deterrence effect is minimal (Adeyeye, 2013). However, tax education is additional to the deterrence mechanism, serving to heightens the consciousness of taxpayers of the punishment and the legal effects of tax non-compliance and so denotes an additional strengthening of the perceived riskiness to the taxpayers (Wenzel, 2005).

#### *Tax Morale Theory*

Tax morale is defined as the inner desire to pay tax that is influenced by moral values, cultural orientation, morale of the citizen to pay taxes and their trust in the government (Torgler, 2007). It offers social-psychological take on tax compliance that is less about enforcement and rational calculations. Voluntary compliance is high in the prevalence of high tax morale especially in societies that strongly esteem institutional trusting and democratic regulation (Luttmer & Singhal, 2014). Low tax morale has also been attributed to corruption, poor service delivery and transparency in the way money is spent in Nigeria (Okafor, 2012). Education is particularly important to improving tax morale through providing civic value education, disabusing myths about taxes, and encouraging taxpayers to participate in governance.

#### *Relevance of Theories to Tax Education and Compliance*

All the three theories give different ways based on which the influence of tax education on revenue collection can be comprehended. Fiscal Exchange Theory emphasizes the need to raise awareness of the citizens about the role of taxes in the development of society and, in this way, cause a positive attitude towards the tax system. People will be more willing to make voluntary compliance when they know the benefits they are gaining in the process. The Deterrence Theory highlights the importance of tax education on taxpayers by educating them on the legal aspects and costs of evading their taxes. Where formal education systems potentially fail to address the issue of taxes adequately, enlightenment through public sensitization can be a platform to have the deterrent information communicated among the informal sector actors.

Tax Morale Theory focuses on the identification of the ethical and normative aspects of compliance. Tax education organized to foster national pride, sense of civic duty, and transparency can also have a positive influence on the attitudes and beliefs of taxpayers, hence raising their intrinsic tax compliance motives. Altogether, those theories support the claim that tax education is not only informational, but a lukewarm strategy, which influences the behaviours of taxpayers in the rational, emotional, and civil avenues. Combining intellectual perspectives in Nigeria is important in enhancing revenue performance because it



overcomes the trust deficit that is common in the country and allows checking the effectiveness of direct enforcement tools, which are poorly developed.

### **Methodology**

This study adopted a narrative literature review approach to examine the impact of tax education on revenue collection in Nigeria. The narrative review method is particularly useful in synthesising existing knowledge from diverse studies to provide a comprehensive understanding of complex policy-related issues such as taxation. According to Ferrari (2015), narrative reviews enable a broader exploration of themes and critical analysis of findings across multiple sources, making it suitable for the integrative nature of this study.

Literature was sourced from both academic and grey literature to ensure a well-rounded understanding. Academic sources included peer-reviewed journals such as the African Tax Review, Nigerian Journal of Economic and Financial Research, and International Journal of Economics and Management Sciences. Electronic databases searched included JSTOR, Google Scholar, Scopus, and ScienceDirect. Government and institutional publications were also consulted to provide contextually grounded insights. These included reports and bulletins from the Federal Inland Revenue Service (FIRS), Central Bank of Nigeria (CBN), and the National Bureau of Statistics (NBS). Policy briefs, conference proceedings, and official publications by international tax bodies like the OECD and World Bank were also incorporated.

The inclusion criteria for selecting literature were: (1) relevance to tax education and revenue collection in Nigeria or similar developing contexts, (2) publication in English, (3) availability of full text, and (4) publication between 2010 and 2024. The selection period reflects a focus on the most recent developments in tax administration and education policy within the context of Nigeria's evolving fiscal landscape. Studies that were duplicated, lacked empirical basis, or focused exclusively on corporate taxation without reference to tax education were excluded.

A thematic synthesis approach was employed to analyse the selected literature. This involved identifying recurring themes, such as taxpayer knowledge, voluntary compliance, and the influence of education on attitudes toward taxation. Braun and Clarke's (2006) six-phase framework for thematic analysis guided the process of coding and categorising data, enabling the integration of findings across studies. This analytical method is widely accepted for literature reviews dealing with policy and behavioural outcomes (Thomas & Harden, 2008), ensuring the generation of insightful, policy-relevant conclusions.

### **Taxation and Revenue Collection in Nigeria: Historical and Policy Review**

Taxation has been a critical part of the Nigeria economy since the pre-colonial period whereby the different types of taxes were controlled by customary leaders as a form of tribute, royalty, and levy. Taxation would become an institution during the times of colonial rule, most prominently through the implementation of the Native Revenue Ordinance of 1904 in Northern Nigeria, which would later spread to the provinces in the South in the year 1917 (Odusola, 2006). Colonial system of taxation had been mainly based on enhancing revenue in support of administration and it was one of the factors of control. After independence, Nigeria had most of the colonial tax system, but with time the tax base and administrative systems were gradually extended in parallel to the changing fiscal requirements and economic priorities.

The recently developed Nigerian tax regime constitutes of the mixture of the direct and indirect taxes: Personal Income Tax (PIT), Company Income Tax (CIT), Petroleum Profits Tax

(PPT), Value Added Tax (VAT), and Customs and Excise Duties. The emergence of oil in the 1970s changed the revenue base of the country to such an extent that the country heavily relied on petroleum revenues and ignored non-oil tax revenues. This overreliance on oil undermined the tax collection and collection systems that only started getting realigned after economical crises and declining oil prices since the 1980s. This has changed in more recent years since the adoption of the National Tax Policy (2012, updated in 2017), with Nigeria starting to pay more attention to expanding its non-oil revenue base by restructuring its taxation collection and administration processes (Federal Ministry of Finance, 2017).

These efforts notwithstanding, Nigeria has one of the lowest tax-to-GDP in the world with an average of 10.86 percent in 2021 against an average of 17.5 percent in the SSA (OECD, 2022). The inefficiency in terms of tax collection is very high and there are very high levels of non-compliance. The Federal Inland Revenue Service (FIRS) data indicates a mixed nature of the revenue performance. To illustrate, Nigeria received about 4.95 trillion Naira in terms of tax revenue in 2020 and 6.4 trillion Naira in 2021 and 10.1 trillion Naira in 2022 (FIRS, 2023). The rise in tax revenue in part can be explained by digitalisation of tax processes and tax net expansion, especially with the introduction of the TaxPro Max platform in 2021. Nonetheless these numbers are also below the potential of Nigeria, which has a huge informal sector and rising population.

The Federal Inland Revenue Service (FIRS) is the major tax authority which assesses, collects and accounts tax accruing to the federal government at the level of the federation. Incorporated by the FIRS (Establishment) Act of 2007, the agency has gone through a series of reforms that have been geared toward efficiency, higher compliance and expanding the base of tax collection. It collects key taxations which comprise CIT, VAT, PPT as well as Capital Gains Tax (CGT). Other than generating revenue, FIRS is essential in making tax policy and enlightening taxpayers. State Internal Revenue Services (SIRS) On the state level, there is the responsibility of State Internal Revenue Services (SIRS) which is charged with administration of Personal Income Tax, including Pay-As-You-Earn (PAYE) on formal sector workers and direct assessment on informal sector workers. In Nigeria, every one of the 36 states has a SIRS, of different effectiveness and revenue performance. The Joint Tax Board (JTB) is an intergrative fiscal body between the federal and state tax departments, set by Section 86 of the Personal Income Tax Act. Through its taxpayer identification number (TIN) program, it establishes a national database of taxpayers and guarantees uniformity and harmonisation of tax policies and practices throughout the country.

The Nigerian tax system has many challenges even though the various institutions are in existence. Tax evasion is one of the most serious problems that is systematic and pervasive. Research has established that a significant part of the people and businesses paying taxes in Nigeria do not pay the full amount of taxable income or they do not pay anything at all, particularly, in the 60 percent plus of the Nigerian economy that is the informal sector (PwC Nigeria, 2020). Tax evasion is rife because of weak enforcement mechanisms, poor data and corruption among tax officials. In most instances, tax officials connive with the taxpayers by not assessing liabilities and instead take bribes to weaken revenue collection. The second problem is a low tax compliance level, which is strictly connected to the deficiency of awareness and education among the population. The Nigerians lack awareness of what taxes they have to pay or how tax can help them. The lack of awareness is especially high in small and medium enterprises (SMEs) and self-employed people. According to a study by Uadiale and Fagbemi (2011), lack of appropriate tax education and poor attitude towards



government accountability hinders voluntary compliance with taxes. In addition, tax complexity and the tedious filing process further discourages compliance especially in states with low capabilities to ease processes.

The tax system is also full of administrative inefficiencies. A large number of state tax authorities are not well equipped with the infrastructure, trained workforce and digital regime that helps in managing and tracking the tax collections. Irrelevancies in tax laws, duplication in the roles of the federal and state agencies cause confusion and practice repetitions. As an example, there is often tension concerning the VAT collection between the state governments and FIRS, which result in legal challenges, which further complicate administration and revenue flows (ThisDay, 2021). In addition, there is the issue of corruption. The abuse of the tax payers money leads to a loss of trust in the government and the mentality that paying taxes does not give significant returns. This was advocated by Adebisi and Gbegi (2013) who noted when citizens feel that they are not getting the needed services or infrastructure in exchange of their taxes, then they may not be willing to comply on a voluntary basis. This shortcoming of trust disrupts the social contract which is the feature of successful tax systems.

To conclude, the history of taxation in Nigeria shows that it has developed slowly, starting with informal taxes to the modernised system with institutions, the FIRS, SIRS and JTB, which collects taxes on behalf of the government. Nonetheless, some issues beyond recent positive changes, in the form of communication regarding enhanced revenue collection methods and digital channels, e.g., extensive tax dishonesty, low compliance, systemic inefficiencies, and negative community attitude, limit the practicality of the revenue collection process. To achieve the full revenue potential of Nigeria, these structural and behavioural impediments have to be overcome by instituting specific policy changes, better education of taxpayers, and enhanced institutional resources.

### **Importance of Tax Education**

Tax education becomes instrumental in creating more tax compliance and a help in a better tax revenue collection apparatus in third-world nations such as Nigeria. The degree of awareness and understanding of taxpayers regarding taxation system, their liability to the taxation system, and the usefulness of taxation also plays an important role in tax compliance. Tax education therefore, can be described as a propellant towards enhancing voluntary compliance particularly within communities where there are ineffective or rather where there are weak mechanisms of enforcement. Empirical evidence has revealed that upon the enlightenment of how taxation systems work and the importance of people paying their share of contribution to the development of a nation, people tend to pay their taxes voluntarily (Loo, McKerchar & Hansford, 2010; Kirchler, Hoelzl & Wahl, 2008).

In Nigeria where the level of tax compliance has not been optimal, tax education can fill the knowledge gap which so much contributes to attitude of indifference or outright evasion. Specifically, the Federal Inland Revenue Service (FIRS) has stated that a considerable percentage of the tax gap in Nigeria is due to ignorance or false information amongst taxpayers, especially who are in the informal sector (FIRS, 2020). In Nigeria, the informal sector which is made up of small scale traders, craftsmen, transport firms or those who do not register their enterprises also constitute a large percentage of the economy. The sector which contributes largely to the gross domestic product (GDP) is one of the sectors that cannot easily be subjected to formal taxation because of ignorance regarding taxation. Numerous players in the informal sector have an inaccurate view of tax as a forceful measure imposed

by the government without linking the mutual influence of taxation and public services (Asaolu et al., 2018). Changing the perception of the operators in the informal sector can facilitate higher compliance by educating them on why they need to pay the taxes by letting them know the better things the paid taxes will lead to better infrastructure, healthcare, education and security.

Moreover, taxes are important to develop the culture of tax responsibility in the youth and upcoming entrepreneurs through tax education. Due to internet technology, a good number of the young Nigerians are entering new businesses through small and medium enterprises (SMEs), particularly in digital and creative economies. Yet, they typically have very little knowledge of taxation policies and requirements, making them less likely or less capable to obey them. Adebisi and Gbegi (2013), have shown that young business owners often consider taxation as a burden because of their insufficient knowledge about legal frameworks of the taxation and their profit. The government can instill in the minds of a generation which values good taxation by invoking tax education through education curriculums and vocation training schemes.

In addition, the tax literacy programs toward small companies can introduce better record keeping, registration, and integration into the formal economy. This is crucial as taxpayers overlook regulatory measures imposed by the government due to the unwillingness to pay taxes in many SMEs rather than due to intentional evasion (Okoye & Ezejiofor, 2014). Sensitisation and training exercises aimed at empowering entrepreneurs with rudimentary tax expertise on calculation, payment and filing of tax, as well as awareness about possible tax benefits can largely increase the level of compliance. This further adds value to the ability of the government to generate internal government revenue without excessive dependence on oil-generated revenue, which has been volatile and non-sustainable. Also, it has been found that tax morale, or the inherent urge to pay taxes, is highly connected to tax education. The fact that when citizens are conscious about how the tax revenues are spent and how the taxes lead to nation building, the more likely people trust the tax system which has a positive effect on the compliance behaviour (Torgler, 2007). Thus, enhanced trust and responsibility can be developed through the development of transparent and long-term tax education campaigns with the help of media resources, community interaction, and institutional partnerships.

To sum up, the tax education can never be dispensed with in enhancing a better tax compliance to the tax payers, particularly, informal, young people and small business operators in Nigeria. It creates consciousness, changes perceptions and enables taxpayers to embrace the tax system positively. Tax education is an effective change tool in a country where the government is struggling to diversify its revenue base and enhance its fiscal sustainability through strategic, extensive and sustained tax education.

### **Empirical Literature Review**

#### *Tax Education and Voluntary Compliance*

The importance of tax education as an impetus of voluntary compliance is widely recognized. A survey conducted by Olowookere & Fasina among 250 taxpayers in the state of Lagos revealed that tax education programs focused on the socio-economic impact of non-compliance and openness of tax revenue expenditure had a profound impact on voluntary compliance with taxation laws in Lagos State. A survey by Sani (2023), on SMEs in six zones of Nigeria, showed that tax education has a positive effect on compliance behavior, and that, along with tax morale and incentives, it performed better than deterrence-related methods. Efosa and Amede (2024) in Edo State found that, although solely knowledge of tax law could

negatively correlate with compliance (reportedly because of the perceived complexities of the system), attitude and awareness resulting as a result of education positively influenced voluntary compliance. This is similar to results in Gombe state, where socio-psychological interventions (like religious messages) coupled with education proved to be better than punishment focus approaches. Collectively, these studies indicate that tax education is more effective in establishing voluntary compliance when it focuses not only on legal knowledge but also on attitudes, socio-cultural beliefs, and transparency.

#### *Taxpayer Knowledge and Attitude*

Awareness and attitudes of taxpayers are interdependent constructs that influence compliance. In the Edo state survey by Efosa and Amede (2018), a paradox of increased knowledge decreasing compliance at times when taxpayers were more aware of loopholes or complexity and their ability to avoid tax, but positive attitude toward taxation raised compliance. Ogoun and Ekpulu (2020) confirm it at a macro level: government expenditure on general education was positively correlated with growth in tax collections, implying that improved education leads to tax-payer mentality. Observational studies, however, claim that simple literacy, commonly absent among Nigerian adults, complicates the process of taxation, exposing them to the risks of evasion. In Akwa Ibom State, household surveys indicated that awareness campaigns and positive perceptions supported by education and trust in authorities positively affected compliance. To add this finding, a Gombe State survey of 367 self-employed taxpayers established that religiosity and peer had strong positive impact on voluntary compliance and this means that tax minds will be socially and culturally influenced

#### *Public Enlightenment and Government Campaigns*

Nigerian governments have initiated publicity drives through education programs to arouse the public and encourage voluntary tax payment. MSE non-registration (~53%) was still high across North-East Nigeria even after sensitization workshops (which demonstrates the futility of pure awareness campaigns through workshops without formal engagement and system simplification). Olowookere & Fasina have discovered in Lagos that organized tax education programs have had a considerable effect of influencing taxpayer compliance by empowering them to know the socio-economic implications of failing to pay their taxes and increasing tax visibility. Gombe State, too, used a combination of religious appeals and moral messages in taxpayer education to achieve better outcomes than in conventional campaigns. Nevertheless, there is a perception-gap: Decrease non-compliance by keeping government campaigns aligned with better accountability and confidence. In the Nigerian context, Modugu et al. affirm that the feeling of government accountability has a direct positive contribution to tax morale and voluntary payments.

#### *School Curriculum and Media Effects*

The teaching of tax through formal education and the media holds potential. A survey among 1,200 non-accounting undergraduates in both public and private universities in Mustapha et al. (2021) revealed that 94 percent of students strongly supported integrating tax education into their curricula. The students registered interests in issues such as tax culture, policy rules and regulations. Even though the authors of Ogoun & Ekpulu (2020) claim that better general educational performance enhances compliance, there is little Nigerian empirical research on tax literacy curriculum form. Media channels have the potential to bridge this divide: Olowookere & Fasina mention campaigns employing mass media development of awareness to the implications and impact of tax evasion as effective, particularly when aiming socio-economic messages. In a comparative perspective, overseas evidence informs this:

simplified tax messaging worked better in Belgium than deterrence endeavors. Formal curriculum work can be enhanced by using such tactics in Nigeria, through mainstream media and social media.

### **Challenges of Implementing Tax Education in Nigeria**

The issue of tax education in Nigeria has witnessed a lot of problems that compromise its success with regard to enhancing tax compliance and revenue collection. Among the most acute problems, there is a poor policy framework to the development of taxes-education efforts. Though the importance of tax education as a means of promoting voluntary tax compliance is understood by the Nigerian government, lack of a well-articulated national tax education policy has led to its limited scope and implementation. Taxpayer sensitisation programmes are sometimes held by the Federal Inland Revenue Service (FIRS) and State Internal Revenue Services (SIRS), but these are occasionally ad hoc and unsustainable (Ariyo & Bekoe, 2021). In the absence of a coherent and institutionalised policy, tax education is in reactive and not in proactive manner and the effect on changing long-behaviour is restricted. The problem of low literacy and access also complicates the situation with tax education in the country additionally. Literacy rate in Nigeria is about 62 per cent among adults (UNESCO, 2023) and worse in the countryside. Nigerian especially the informal sector do not have basic literacy knowledge to grasp concepts taxation or to read and comprehend taxation documentation. It is to this issue that poor access to their digital platforms adds more problem, especially where such areas have poor infrastructure. With the digital media, online content, and mobile apps becoming central to tax education, it leaves millions of Nigerians who can not access online due to the digital divide. Oyelade and Lawal (2020) note that the inappropriate digital literacy of citizens affects the efficiency of the modern tax enlightenment campaigns, which are conducted primarily on the internet. Thus, a great percentage of the population has no exact idea about the taxes they pay and the advantages of meeting their obligations.

The problem of inadequate funding and budgetary support as regards tax education is another important limitation. Financial input is also needed to achieve a thorough education programme in taxes, especially to prepare education manuals, training individuals to deliver the programme, utilising outreach efforts, and partnering with community-based organisations. Nonetheless, federal and state revenue bodies are usually confronted with budgetary constraints, which constrain their capacity to sustain public awareness campaigns. Chude and Chude (2018) report that the small fiscal amount given to the taxpayer education department under the FIRS inhibits its ability to carry out educative activities in mass patterns particularly in marginalized areas. The inability to access a wide audience due to this insufficient funding is a weakness in itself, and it takes the sting out of demystifying taxation to the ordinary Nigerian.

The corruption levels and the lack of trust in taxation officials are also a big hindrance to effective tax education in Nigeria. Corruption and lack of transparency in management of the government finance have made many Nigerians distrust government institutions. This scepticism is also offered to tax authorities which are frequently seen as either ineffective or corrupt. Consequently, despite the exposure of tax education, citizens can be unwilling to comply where they fear that their contributions will be misused. According to a study conducted by Okunogbe and Pouliquen (2022), the perception of citizens regarding the existence of corruption in tax collection adversely affected the propensity to pay taxes, despite the tax knowledge level. Not only does this lack of trust undermine the likelihood of



voluntary compliance but it also diminishes the effectiveness of education efforts as people are unlikely to perceive messages aimed at promoting tax compliance as education efforts when they are aimed at government propaganda when we want them to be serving the interests of the people.

In addition, the inadequate incorporation of tax knowledge in the official educational system of Nigeria and civic education schemes forms a striking shortcoming. Financial literacy and civic education is taught in primary and secondary education, but tax education is frequently taught or poorly handled. Adebayo and Oladipo (2019) argue that since tax education lacks a systematic program at the base level, young Nigerians fail to acquire a proper comprehension of how taxes contribute to national growth. The deficit in education continues well into the adulthood, leaving this country with a population that is uneducated not only in attitude or knowledge in regard to compliance with taxes. Conversely, nations that have succeeded in enhancing their compliance through taxes, like Rwanda and South Africa, have incorporated it in their education system, outreach programmes to the communities and civic affairs (OECD, 2021). The fact that Nigeria did not adopt a similar route remains a setback to the universalisation of tax norms and expectations amongst the citizenry.

In a nutshell, implementation of tax education in Nigeria is complex and it has intrinsic routes that are embedded in institutional, structural and socio-economic weaknesses. Inadequate policy backing, low literacy, digital and physical accessibility, budgetary allocation, corruption and absence of systemic integration into education and civic systems are together detrimental to funding a culture of tax awareness. To alleviate such concerns, some controlled policy revisions, investments in improving educational and infrastructural systems, and effort to restore confidence in tax collection agencies will have to be made.

### **Recommendations**

In enhancing revenue collection in Nigeria, a stronger sequence of strategic suggestions must be put into effect to impact the usefulness of tax learning in diverse sections of society. One place to start would be making a national strategy on national tax education. The relevant government agencies should design and implement a strategy to collaborate with educational institutions, professional bodies and civil society in the implementation of the strategy. It must seek to systematically inform the citizens into the essence of taxation, the role of taxes in national building, as well as the role and duties of the taxpayers. The plan should also consider regional and demographic disparities, being inclusive and far-reaching.

Moreover, it is crucial to integrate tax education in curricula of the basic and secondary levels of education. Teaching young learners about the idea of taxation early in life will result in a culture of self-regulatory compliance and fiscal responsibility. Through understanding of tax systems, they will have a stronger comprehensive knowledge concerning civic obligations and public finances when they grow up, which will enable them to be better and more well-rounded citizens. Well developed instructional materials, trained teachers and interactive learning methods that will enable learners to grasp the practical applicability of taxation should be used to support this inclusion.

The application of local languages in tax outreach and education campaigns is very essential in a multicultural and multilingual state like Nigeria. Delivering important tax messages using the indigenous languages will enhance the understanding among the citizens in the rural and the less educated communities. Others in these regions might not be knowledgeable of technical English and legal tax language resulting to distortion or indifference. These gaps can be narrowed through translation of education material, community radio, town hall meetings

and culturally relevant mediums, which will further promote more people to join in the tax system.

Moreover, public-private partnerships have the great potential to be used to improve the impact of tax education campaigns. To widen the scope and impact of educational programmes, the government is supposed to partner with private organisations, non-governmental organisations as well as media houses. These collaborations may allow sharing resources, bringing innovations to outreach programmes, and using the corporate social responsibility models to finance the community-focused programmes. Tax education can be provided in a more efficient, sustainable manner by using the strengths of the ODA provider (that is, expertise and networks among private actors). Periodic impact evaluations of tax education campaigns are necessary to achieve the steady improvement and relevance. All these evaluations should focus on the reach, effectiveness and behavioural changes occasioned by the campaigns. Public feedback should help improve strategies, resolve new challenges, and make sure that efforts stay consistent with the variations in the Nigerian tax environment. Monitoring will also create accountability and it will inform future investment in tax education; it will be observed regularly.

### Conclusion

The literature review of the effects of tax education on Nigerian revenue collections has uncovered vital knowledge of the effect higher awareness, and knowledge of tax systems on ordinary people and its final effect of improving revenue collection by government through compliance. All the studies reviewed unanimously demonstrate that tax education is proving to be central in influencing voluntary compliance, the attitude of taxpayers, and the level of evasion and avoidance. The concept that knowledgeable citizens have a higher chance of deriving their civic responsibility including timely and proper paying of taxes is backed up by both local and international literature. The results also show that tax education can assist in formalising informal businesses, motivating small businesses to become tax-paying and developing a more transparent and accountable tax culture in different areas of the economy. What underlies these results is the fact that tax education is part of the foundation in the quest to establish an effective and sustainable revenue system within Nigeria. Unless there are conscious and sustained education efforts, most people who pay taxes will maintain their ignorance about the laws that apply to their situations, the procedures to comply with and the rewards to reaping the fruits of paying taxes. By the literature, an informed tax base, as the literature implies, can build better interaction between the government and the people, foster fiscal responsibility and build on the populace trust in the tax system. This, again, can minimize reliance on oil income and foreign debts, therefore enhancing domestic sources of revenue generation and long-term economic sustainability. Tax education hype in fiscal sustainability in Nigeria cannot be overemphasised. As the budgetary requirements and developmental needs grow, Nigeria needs effective and varied sources of revenue. Tax education can be used as a platform to nurture a culture of taxpaying that should propel national development objectives. It makes the citizens not only know about tax laws but are also acted upon tax laws and driven by their civic duty and recognition about immediate benefits of taxation citizenship, including public services and development of infrastructure. Although valuable insights were discovered in the literature, there are some limitations to this review. Numerous studies are based on the secondary data or precise geographical scenarios, and they have potential for additional empirical research on a broader and more heterogeneous population. Furthermore, the long-term impact of tax education programmes



on revenue performance requires further study in the form of more longitudinal research studies. The future investigations should concern development of new ways of providing tax education services, evaluate their effectiveness instantly, and study their effectiveness in relation to various demographic and socioeconomic groups in Nigeria.

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