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Public Perception of the Tax Policy and Practice Under Democratic Governance of Reverse Development

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Abstract: *The paper examined the public perception of the tax practices under democratic governance in Edo State between 2007 and 2015. Although, taxation and democracy mutually reinforce each other, because taxation creates room for the accountability by governments, while democracy makes people voluntarily pay their taxes. However, it has been found from the literature that because most governments in developing countries rank relatively low in the scale of good governance in term of accountability, responsiveness to citizens' needs and establishing institutional capabilities, they tend to engage in coercive state building and transfer such powers to tax authorities which use coercive methods and strategies to collect tax revenues. Therefore, this paper considered the public perception of the tax policies and practices of Edo State during the democratic period of 2007 to 2015 with regard to the tax policies, coercive tax authorities, and amendments to the personal income tax Acts of 2011. The sampling population was made up of 284 respondents from the formal (public and private sectors) and the informal sectors. The survey method was employed to collect data from the respondents. The data analysis and testing the hypotheses were based on the chi-square, t-tests and the analysis of variance. The findings revealed that the public had positive perception of the tax policy and the amendments to PITA of 2011, while they had a non-negative negative perception of the coercive tax authorities in collecting tax. Besides, the demographic factors were found to have a significant influence on the public perception, but the interaction of gender with age, education, ethnicity, sector and religion had no significant influence on the coercive tax authorities. The paper concluded that democratic governments should be more accountable and responsive to the citizens' needs to improve voluntary tax compliance and reduce coerciveness by the State and tax authorities.*

Key words: *Tax Policy, Tax Authority, Democratic Governance, Informal Sector, Coercive, Government, Taxation, Consultants*

INTRODUCTION

Taxation and democracy have been seen to be mutually reinforcing processes because tax has been thought to lead to democracy, and democracy legitimates and enhances the collection and efficiency of tax collection. Citizens are much more likely and able to hold their government accountable if they pay tax because taxation takes away earned income which pushes loss averse citizens to sanction corrupt and non-accountable officials (Martin, 2013 & 2014). In other words, taxation helps fostering the democratic accountability because if governments are perceived to be accountable, more people will pay tax voluntarily. This will reduce the need for coercion, and lower the cost of tax collection, and vice versa if the government is perceived as not accountable (Rakner & Gloppen, 2002a & b). Moore (2007) argued that governments are more accountable and responsive to their citizens when they are dependent on them for revenue. He argued that there is some strong consistent connection between the ways governance is financed, and the ways they govern.

This has been foundational to mainstream Anglo-American interpretations of the emergence of the representative government and democracy in United Kingdom and the United States. Good governance has three operational dimensions which tend to complement and reinforce one another. These are: 1) the responsiveness of states to citizens' needs; 2) the accountability of states through the existence of institutionalized mechanisms including electoral democracy and others where the state elites can answer the citizens in the way they used the authority given to them and may be rewarded or sanctioned by the virtue of how that authority was used; and 3) the capability of states to determine and respond the citizens' needs and wants; this comprises political capability to determine needs, and frame and nurture bargaining, and compromise among competing interests; and the organizational or bureaucratic capacity to settle sensible policies, deliver public services, and enforce the authority of the state. Governments in developing countries have been found to be relatively low on these three dimensions of good governance due to the dependence on natural export, foreign aid, etc (Moore, 2004).The dependence of governments on unearned income is likely to have adverse effects on their accountability, responsiveness and capability.

Taxation is considered essentially as an instrument for state formation (Tilly, 1992), economic growth (Gemmel, 1987), shaping state-citizens relation (Levi, 1988; Moore, 1998) and developing state capacity to deliver services (Semboja & Therkildsen, 1995). D'Arcy (2012) has concluded that taxation is primarily a matter of state-building activities that are inherently coercive; but democracy gives citizens the ability to resist, thereby forcing states into lower intensity state-building activities, in the least politically divisive areas. With regard to taxation, democracy constraints the ability of the revenue authorities to widen the tax net and consolidate its ability to coerce, and thus forcing them to focus their attentions on the least politically divisive areas.

The existing theories on the relationship between taxation and democracy has been found to be positive; though this has been predicated on the West's long experience where the state became strong even before it became democratic. The same is not true for most of developing economies with "reverse" development, where the state needs to democratize to consolidate statehood (Mansfield & Snyder, 2007; Fukuyama, 2007). Thus, the state would be weak with small tax net and high free riders. Therefore, it would build coercive institutions to be able to collect tax from citizens who would have few or no incentives to comply, and the services received in return for paying tax would be poor. In fact, the poor capacity of the state would be trapped in low efficiency equilibrium where the incentive to collect lax was low (Fjeldstad, 2001; Juul, 2006). Empirical findings of the relationship between taxation and democracy using samples from developed and developing countries have shown contradictory results (Boix, 2001).

The democratic government in Edo State between 2007 and 2015 embarked on a lot of infrastructural developments as well as tax revenues drive in order to deliver so-called "dividends" of democracy to the citizens. Most of the existing tax and amounts paid for them such as land use charge, capital gain tax, motor licensing, consumption tax, registration of business premises, schools, hospitals, etc. were reviewed upward, and in some cases the taxes paid were increased by a wide margin. In order to ensure the accountability, efficiency, and an effective treatment of tax matters and tax payers, the Edo State government employed the services of a reputable consultancy firm and compliance professionals to assist the Edo State Internal Revenue Service (EIRS) towards the full implementation of the new revenue administration policy of Edo State government. The EIRS and the consultants were in charge of tax and revenue collection. And, while the EIRS was in charge of the formal sector, and collected the personal income tax, land use charge, capital gain tax, stamp duties, consumption tax, pool betting, motor licensing etc., the tax consultant was in charge of collecting tax in the informal sector which included the commercial vehicle drivers, okada riders, market women, petty traders etc. Although, there was a remarkable increase in the internally generated revenues during the period, there were arguments and public outcries against some of the newly introduced taxes like the land use charge and the coercive methods used by the tax authorities and consultants to collect taxes. In the bid to meet their targets, they decided on the use of threat, road blocking, sealing of premises and so. There was also corruption in the process of tax administration. Therefore, the objective of the paper was to examine the public perception of the tax polies and the activities of EIRS and the tax consultant in Edo State during the democratic period from2007 to 2015.The rest of the paper has been divided into four sections. The immediate section has reviewed the literature on the coercive state building, problems and challenges of the Nigerian tax system and the tax compliance challenges and management of the informal sector. Section three dwells on the methodology adopted for the study. Section four includes the data analysis and the test of hypotheses. The last section is the conclusion and recommendations.

Coercive State building of Governments in developing countries

Most governments in developing counties or reverse development states including Nigeria tend to transfer their constraints in coercive state building to tax authorities which help them to collect taxes in different, coercive and aggressive ways in order to expand the state reach, control the borders and expand the operations to the periphery, registering taxpayers, and set up capable enforcement mechanisms like prosecution, sealing premises of defaulters and tying processing of documents for lands, travel, vehicles, etc for tax clearance, mounting road blocks, and penetrating the informal sector. It has been argued that in democratizing environments, the building of institutional capacity and political legitimacy would enable the government to easily generate revenues from citizens. However, the use of confiscatory or coercive forms of revenue extraction has been considered incompatible with and foreign to the long-term process of democratic consolidation (Rakner & Gloppen, 2002a; Moore & Rakner, 2002). Mckerchar and Evans (2009) have argued that the tax administration in developing countries is generally weak with tax evasion, corruption and coercion.

Moore (2007) gave five reasons why public authorities in developing countries are motivated to tax coercively which included: First, taxation is always potentially coercive and state agents have the authority to require citizens to hand over money (take bribe), with no firm guarantee of the reciprocity, in situations when they are perceived to have little or no choice. Second, the structure and organization of economies matter. It is difficult to actually collect taxes from low-income agrarian economies organized in small enterprises that lack formal and bureaucratic structure, and operate without extensive use of banking systems and written or electronic records of economic transactions without resorting to arbitrariness and coercion. The cost of the collection is not separable from the assessment, potential tax laws, and potential taxes in law. Third, the coercive potential is inherent in the tax relationship, and the paucity of juicy tax bases exists in poor agrarian societies; Fourth, the local government has been neglected, and Fifth, the pressure to meet annual revenue collection targets agreed with the international organizations like the IMF. Table 1 presents the effects of broad taxation on the governance of states.

Table 1. Effects of Broad Taxation on the governance of States.

	Immediate Effects	Immediate Effect	Direct Governance Outcomes
A	The State becomes focused on obtaining revenue by taxing citizens	1.The state is motivated to promote citizen prosperity	More responsiveness
		2.The state is motivated to develop bureaucratic apparatuses and information sources to collect taxes effectively.	More bureaucratic capability
B	The experience of being taxed engages citizens politically.	(Some) taxpayers mobilize to resist tax demands or monitor the mode of taxation and the way the state uses tax revenue.	More accountability
C	As a result of A and B, states and citizens begin to bargain over revenues and exchange willing compliance by taxpayers for some institutionalized influence over the level and form of taxation and the uses of revenue (that is, public policy).	(i) Taxes are more acceptable and predictable, and the taxation process is more efficient	More responsiveness and political and bureaucratic capability
		ii) Better public policy results from debate and negotiation.	More responsiveness and political capability
		(iii) Wider and more professional scrutiny of how public money is spent.	More accountability
		(iv) The legislature is strengthened relative to the executive (assuming one exists)	More accountability

Source: Moore (2007)

The Nigeria's Tax System

Ariyo (1997) identified some of the causes of the low productivity of the Nigerian tax system including: inefficiencies in the tax administration and collection system, complex legislations and apathy on the part of those outside the tax net. Tax evasion was rampant prior to the amendment to PTIA in 20111. The tax evaders were helped by the underdeveloped, inefficient tax system, corruption and the weak institutional framework (Okoye & Odia, 2012). Odia and Ogiedu (2013) enumerated the reasons for tax evasion including: high tax rate, low probability of tax evaders, incidence of corruption, failure of government, lack of transparency and accountability in governance and mismanagement of tax revenue, lack / low tax education and enlightenments. They found the high tax rate, religious discrimination, corruption and unfair tax system to be the foremost for religious groups to evade tax. Nkecha (1997) also pointed to weak tax administration plagued with insurmountable problem, insufficient and complex lax legislations and lack of civic responsibilities among the tax payers.

Odia (2014) has found that increased use of threats and intimidation by tax officials, less friendly and coercive tax environment, bad governance and corrupt political leadership, unfair tax system and rate in Nigeria have highly negative impact on personal income tax compliance. He found the age of taxpayers, tax audit, reporting system by tax authorities, friendly and less coercive tax system, fair tax payment, corrupt leaders and bad governance to be significant factors affecting PIT compliance in Nigeria. According to Onyeukwu (2010), the tax complexities and the autonomy of each state in tax administration has brought about multiplicity of tax burden on the tax payer. Owing to these weakness in the Nigerian tax system, there were needs for reforms. Somorin (2014) concluded that the various (five) reforms from 1978 to date have had significant outcomes which included restructuring of the Federal and State tax authorities, enactment of the National Tax Policy, new tax laws and amendments to existing tax legislation and so on.

According to Moore (2007), tax policy addresses some aspects of three big questions including: 1. How much money should government gather as tax? 2. How should the tax burden be distributed among actual or potential taxpayers? and 3. How can the potential adverse economic costs of taxation be contained or minimized? Abiola and Asiweh (2012) argued that most tax policy changes in Nigeria are without adequate consideration of the taxpayers, administrative arrangement and cost plus the existing taxes thereby affecting the effective implementation and goal congruence of the nation's tax system.

It has been argued that corporate and personal income taxes create distortion (Gordon, 2010). High tax rate can discourage investment, distort the demand and supply of labor, hence reduce or impair productivity. Similarly, very low tax may impact on education as a larger population will prefer to work rather than school.

The PITA of 2011 was meant to enhance a more equitable system, redistribute income, introduce a simplified tax process that encourage voluntary tax compliance and increase revenue to the government (Akhidime & Abusomwan, 2011).It helped to harmonize the existing realities in the Nigerian economy with the objectives of the National Tax Policy which include: tax burden reduction, equitable income distribution, promotion of tax compliance, and a radical shift from direct to indirect tax (Joint Tax Board, 2012). Odia (2014b) examined the taxpayers' perception of the amendments to PITA of 2011 and considered whether it was related to tax fairness, tax compliance, income inequality and general tax administration. He found that whereas perception of tax fairness, compliance and general administration had positive and significant relationship with PITA amendment, income inequality was negatively related. The finding agreed with Chu, et al. (2000) who found that developing countries have not be able to use tax and transfer policies to effectively reduce the level of income inequality.

Tax compliance and management in the informal sector

According to Ilaboya (2014) taxation and tax management of the informal sector remains a fundamental problem in Nigeria and globally even it has high revenue potentials of between 60 -65 % of GDP and very high employment and new job creation in developing countries. Mbaye (2014), and Ordonez (2010) argued that it has become difficult to ignore the huge revenue potentials of the informal sectors and their potential benefits for economic growth and development. Abiola and Asiweh (2012) posited that large tax payers in the informal sectors in Nigeria do not want to pay tax. This group of taxpayers believe only civil servants should do so. Abiola (2007) reported that the tax compliance level of the informal sector was less than 27%. The challenges of the informal sector have included: the resources constraints, high illiteracy and low level of awareness, low tax morale, lack of information and record on their transactions, multiplicity of taxes and corruption (Ilaboya, 2014).The challenges of the informal sector have included its small size, mistrust and weak structural dialogue between tax agents and tax payers; between the informal and the government, the lack of access to policy updates, the lack of participation in the reform processes (Abdullahi, 2014 ; Budget Focus, 2012).

Research Hypotheses

1. There is no significant relationship among the respondents in their perception of (a) the tax policies, (b) PIT (Amendment Act) of 2011 and (c) the coercive tax authorities.
2. There is no significant differences in the public' perception of the problems of personal income tax, tax policies, tax administration, coercive tax rate and tax authority under the democratic governance in Edo State between 2007 and 2015 based on the interaction of Gender with (a) Tribe (Major v Minority) (b) Education (Non-graduate v Graduate) (c) Age (Below 40 years v Above 40 years)
3. There is no significant difference on respondents' perception of the problems of personal income tax, tax policies, tax administration, coercive tax rate and tax authority under the democratic governance in Edo State between 2007 and 2015 based on the interaction of gender with (a) sector/employment groups (b) religious beliefs and (c) Income levels.

Methodology

This section explains the method which was used to determine the taxpayers' perception of the tax policy and practices of the democratic government of Edo State between 2007 and 2015. The target population for this study comprised of the respondents who were 18 and above in the public, private and informal sectors of the Nigerian economy. According to 2006 population census conducted by the National Population Commission, about 87 million Nigerians were 8 years and above while about 4 million people in Edo State were 18 years and above. Therefore, the population size of approximately 4 million was relevant.

Yamani's (1964) formula [$n = N/[1+(N \varepsilon^2)]$] was used on a population of approximately 4,000,000 Edo citizens, with an error limit of 5%, the sample size was 399. Notwithstanding, a total of 700 copies of the questionnaire were administered to the respondents drawn from seven organizations in the public, private and informal sectors. The seven organizations were Nigerian Airport Authority, Edo State Board of Internal Revenue (public organizations), Okomu Oil Palm Company Pls and Wellspring University (private organizations), Oregbeni Market, Okada riders and commercial bus drivers (informal sector).The justification for choosing these organizations was based on their unique role in the provision of social services and an avenue for gainful employment for the people. Furthermore, a total number of 100 questionnaires was administered in each of the seven chosen organizations. Of the 700 copies of questionnaires sent out to respondents, only 284 were fully completed and returned representing 40.6% response rate. They were used for data analysis.

The survey research design was used for data collection through copies of questionnaires administered to the respondents. The questionnaire was divided into two parts. The first part contained questions on socio-demographic and background information of respondents such as gender, age, marital status, educational qualification, income group and ethnicity. The second part was divided into five sections. Section one contained four items that were meant to elicit information on problem(s) confronting the administration of personal income tax. Section two had five items that provided information on the perception of the various tax policies (e.g. Land Use Charge, etc) in operation in Edo State. Section three contained 4 questions that were meant to get information on the perception of the Personal Income Tax (Amendment) Act, 2011.Section four of the questionnaire asked questions that provided information on the perception of the tax rate- whether it was high and coercive. The last section of the questions provided information on the perception of the tax authority whether it was coercive or not. The Likert-scale method of questionnaire was employed to collect the views of the respondents. Since it enabled the researcher to ask respondents on how strongly they agreed or disagreed with a statement. The chi-square (x^2), independent t-test and two/three way analysis of variance (ANOVA) statistical methods were employed to test the hypotheses

Data Analysis and Discussion of Results

This section deals with the presentation and analysis of the data. The first section covers the demographic and background characteristics of the respondents. The second section covers the analysis of the questionnaire responses, test of hypotheses and discussion.

Demographic characteristics of respondents.

Table 2. Socio-demographic attributes of Respondents

Category	Frequency (N =285)	(%)
GENDER:		
Male	197	66.0
Female	87	34.0
AGE GROUPS:		
18-29 years	127	42.3
30-39years	113	37.7
40-49years	38	12.7
50year and above	22	7.3
MARITAL STATUS:		
Married	124	41.3
Single	163	54.3
Divorced	10	3.3
Others	3	1.0
RELIGION:		
Christian	219	73.0
Muslim	77	25.7
Traditional	4	1.3
None	0	0
EMPLOYMENT/SECTOR:		
Private organization	112	37.3
Public organization	97	32.3
Self employed/Informal	91	30.4
EDUCATION:		
Primary	16	5.3
Secondary	40	13.3
Graduate	146	48.7
Post graduate and above	70	23.3
Others	28	9.3
ETHNICITY:		
Hausa	21	7.0
Ibo	80	26.7
Yoruba	90	30.0
Minority	109	36.3

Source: Field Study (2015)

Of the total sample, the majority of the respondents were male (66%), between the age bracket of 18-39 years (80%), single (54%), Christians (73%), graduates and post-graduate holders (72%). About 32.3% of the respondents worked for the government (public sector), 37.3% worked for private organizations (private sector) while 30.4% of the respondents were self-employed (that is, informal sector). The respondents were asked to state whether they belonged to the management (upper) class, supervisory (middle) class and other (lower) class of the society. The middle class constituted 63%, the lower class (25%) while the upper class had 12%. There were four categories in which the ethnicity was delineated as Hausa, Ibo, Yoruba (majority tribes) and the minority tribes which comprised other tribes than Hausa, Yoruba and Ibo. Table 2 shows that 7.0% of the respondents were Hausa, 26.7% were Ibo, and 30.0% were Yoruba while 36.3% belonged to the minority group.

Test of Hypotheses

1. **Public perception of the tax policies, PIT (Amendment Act) of 2011 and tax authorities**

Table 3 indicates the results of testing the first hypothesis of the study.

Table 3. Test of Hypothesis one

Hypotheses	Calculated χ^2	Critical $\chi^2_{0.05}$ value	Remark on Null Hypothesis
H1a.There is a negative perception of the various tax policies (land use charge, consumption tax, motor licensing, etc) in Edo State.	486.49	21.026	REJECT
H1b.There is a negative perception of the Personal Income Tax (Amendment) Act of 2011.	876.50	21.026	REJECT
H1c. The tax authority is not coercive in Edo State	12.26	21.026	ACCEPT

2. There is no significant difference on the respondents' perception of the problems of the personal income tax, tax policies, tax administration, coercive tax rate and tax authority in the democratic governance in Edo State between 2007 and 2015 based on (a) Gender (Male v Female (b) Tribe (Major v Minority) (c) Education (Non-graduate v Graduate) (d) Age (Below 40 years v Above 40 years)

Table 4. Mean values for the various categories of Gender, Tribe, Education and Age

HYPOTHESES		Categories*	Gender	Tribe	Education	Age
H2a	PITAPROB	1	3.0470	3.06	2.98	3.04
		2	3.0345	3.00	3.07	3.06
H2b	TAXPOLICY	1	2.9687	2.89	3.14	2.98
		2	2.7902	2.94	2.79	2.77
H2c	PITA2011	1	2.9162	2.86	2.87	2.87
		2	2.7759	2.90	2.88	2.87
H2d	TAXRATE	1	2.8611	2.82	2.93	2.86
		2	2.9816	3.03	2.87	2.99
H2e	TAXAUTHORITY	1	2.9298	2.82	2.87	2.93
		2	2.7672	2.98	2.89	2.76

* Note: Gender:1= male, 2= female; Tribe: 1= major tribes- hausa,Yoruba & igbo,2=minority/other tribes; Education: 1=non-graduates, 2= graduates; Age: 1= below 40 , 2 = above 40

From Table 4, the male, minority ethnic group, well-educated and individuals below 40 tend to see the tax authorities as being more coercive. The males also believed that there are problems with PITA the tax policy, and the amendment to PITA of 2011 is commendable

Table 5 .Test of Hypotheses Two

	Gender	**Tribe**	**Education**	**Age**	**REMARK ON NULL HYPOTHESIS**
PITAPROBLEM	0.131 (0.896)	0.624[a] (0.533)[b]	1.003 (0.317)	0.201 (0.841)	ACCEPT
TAX POLICY	2.419** (0.016)	0.614 (0.540)	4.893 *** (0.000)	2.822* ** (0.005)	REJECT ; ACCEPT FOR ONLY TRIBE
PITA2011	2.504** (0.013)	0.795 (0.427)	0.177 (0.859)	0.063 (0.949)	ACCEPT ; REJECT FOR ONLY GENDER
COERCIVE TAX RATE	-1.446 (0.149)	2.669*** (0.008)	0.721 (0.471)	1.583 (0.114)	ACCEPT; REJECT FOR ONLY TRIBE
COERCIVE TAX AUTHORITY	1.914* (0.057)	2.016** (0.045)	0.240 (0.810)	2.051** (0.041)	REJECT;ACCEPT FOR ONLY EDUCATION
INTERACTION OF GENDER WITH OTHER VARIABLES					

		Gender * Tribe	Gender * Education	Gender * Age	
COERCIVE TAX AUTHORITY	-	1.073c (0.370)	1.308 (0.267)	1.089 (0.354)	No significant effect of interaction between gender and other variables (tribe, education and age) on coercive tax authority

Note: a= t-values, b = p values , c= F values

Using the two-way ANOVA, the interaction of gender with age, education, religion, ethnicity and income level has no significant relationship with the coerciveness of the tax authority. . Table 5 presents the results of testing the second hypothesis of the study.

3. There is no significant difference on respondents' perception of the problems of personal income tax, tax policies, tax administration, coercive tax rate and tax authority under the democratic governance in Edo State between 2007 and 2015 based on the interaction of gender with (a) sector/employment group (b) religious beliefs and (c) Income level.

Table 6. Test of Hypothesis Three

	,Sector/employment	Religion belief	Income Group	Remark on Null Hypothesis
PITAPROBLEM	13.732)*** (0.000	2.428* (0.066)	3.794 *** (0.005)	ACCEPTED FOR ONLY SECTOR
TAX POLICY	1.690 (0.152)	0.581 (0.628)	2.790 ** (0.027)	ACCEPTED FOR SECTOR AND RELIGION
PITA2011	2.266* (0.062)	3.232** (0.023)	1.941* (0.104)	REJECTED FOR ALL
COERCIVE TAX RATE	0.578 (0.678)	0.522 (0.668)	1.225 (0.288)	ACCEPTED FOR ALL
COERCIVE TAX AUTHORITY	0.371 (0.829)	1.785** (0.027)	7.560 ** (0.000)	ACCEPTED FOR SECTOR ONLY
INTERACTION OF GENDER WITH SECTOR,EDUCATION AND INCOME GROUP				
	Gender *Sector	Gender * Religion	Gender * Income level	
COERCIVE TAX AUTHORITY	1.337 (0.263)	0.509 (0.602)	0.992 (0.372)	Not significant effect of the interaction of variable with Gender on coercivice tax authority. ACCEPT HYPOTHESES.

Note a = ANOVA value, b= p value

Table 6 reveals that the interaction of gender with sector, income group and religious and income level has no significant relationship with the coerciveness of the tax authority.

Summary of Findings

The paper examined the perception of taxpayers on the various tax policies in operation, personal income tax (amendment) act, 2011; and tax authorities/administrators in Edo State. The main objective of the study was to determine the perception of personal income taxpayers on the tax policy of Edo State government between 2007 and 2015. The findings showed that:

1. There was a positive perception on the various tax policies such as consumption tax, stamp duty, motor licensing, capital gain tax, etc, and personal income tax (amendment) act, 2011 in Edo State.
2. Taxpayers perceived tax authorities/ administrators to be non-coercive. This finding differed from the existing literature position that tax authorities in developing countries are coercive.
3. There was no significant difference in the public perception of problems associated with PITA and the socio -demographic factors of gender, age, education, and ethnicity.
4. There was a significant difference in the public perception of problems associated with PITA and the socio - demographic factors of gender, sector, religious beliefs and income.
5. The interaction of gender with other demographic variables has no significant relation with the coercive tax authority.

Conclusion and recommendations

The paper examined the taxpayers' perception of the tax policy of the democratic governance Edo State between 2007 and 2015. Empirical findings indicated that the personal income tax (amendment) act, 2011 and other various tax policies were positively perceived by the taxpayers. However, the taxpayers had a non-negative perception of the tax authorities/ administrators despite the coercive manner that they used to collect tax revenues during the period.

Based on the findings, the following recommendations that may guide the tax programme, policy formulation and implementation of democratic government that seek to increase the positive perception of the taxpayers on tax policies and practices of the tax authorities, have been given:

1. Democratic governments need more accountability and responsiveness to the citizens' needs, and they need to improve the governance by representation, inclusiveness and participation.
2. Tax officials should be exposed to the adequate and continuous training and the best international policies of tax collection in democratic environments.
3. The tax officials should also be improved in their operational strategies, and they need to reduce the level of coerciveness, threats and intimation, but carry out their tax duties in a more efficient and professional manner.
4. Tax authorities should maintain a close relationship with the people and explore such relationship to bring more people especially in the informal sector into the tax net.
5. Frequent tax enlightenment campaigns and trainings should be encouraged, so that the general public can fully understand taxation issues, changes in the law filing obligation and so on.
6. There is a need to provide strong tax payer's services, particularly during tax filing stage because if tax payers do not understand what their obligations are, any intervention to enforce compliance will be perceived as unfair.

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