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EFFECT OF PUBLIC TRUST ON TAX FRAUD IN PLATEAU STATE INTERNAL REVENUE SERVICE (PSIRS)

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ABSTRACT

The study examined Effect of public trust on tax fraud in Plateau State Internal Revenue Service (PSIRS). A survey design was adopted for the study. In this study the total population is 453 made up of 250 staff of Plateau State Internal Revenue Service (PSIRS) in Plateau State and 203 workers of some selected Small and Medium Enterprises (SMEs) in Jos Metropolis in Plateau State. Taro Yamane formula for sample size determination was used to ascertain the sample size for this study to be 212. The study employed the use of structured questionnaire as method of data collection and the hypotheses were tested using multiple regression using SPSS 26 as method of data analysis. Findings showed that Transparency has a negative significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS) and public accountability has a negative significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS). The study concludes that public trust has a negative significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS). The study recommended that the PSIRS should strengthen transparency through full automation of tax administration, public disclosure of revenue reports, and taxpayer verification systems and that the PSIRS should reinforce public accountability through staff audit trails, whistleblower channels, regular compliance audits, staff rotation, and strict sanctions for fraudulent officers. The implications of the study suggest that the study extends existing tax compliance and public administration literature by demonstrating that accountability and transparency are not merely normative ideals but measurable determinants of fraud control within subnational revenue institutions such as PSIRS.

Keywords: Public Trust, Tax Fraud, Transparency, Public Accountability

1.0 Introduction

Fraud, including tax-related fraud, is a global phenomenon that affects both developed and developing economies. According to Gbegi and Adebisi (2014), fraud is defined as an act of deception for personal gain or to cause a loss to another individual or institution. This has been a part of human behavior since the beginning of time, even in religious circles, as documented in the holy books. In the Bible, tax collectors who committed fraud or corruption were treated with contempt, disdain, and seclusion (Adekoya *et al*, 2020). According to Adefila *et al.* (2005), fraud and associated behaviors are widespread around the world. Tax fraud has become a major problem in the world, particularly in Africa and the majority of developing countries. Tax fraud

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is the most serious problem confronting tax administration, and it is exacerbated by public mistrust in Nigeria. Tax fraud is relevant because it involves tax evasion, avoidance, and noncompliance by people, businesses, and government entities (Adekoya *et al*, 2020).

Taxation is a critical revenue-generating instrument in modern economies, enabling governments to provide key public services such as education, healthcare, infrastructure, and security (Adeniyi & Babatunde, 2020). In Nigeria, state governments rely heavily on internally generated revenue (IGR) to complement federal statutory allocations. Plateau State has established the Plateau State Internal Revenue Service (PSIRS) to administer tax regulations, ensure effective tax collection, and maximize revenue inflows (Okoro, 2021). Despite its strategic importance, PSIRS' performance has been hampered by rampant tax fraud, low compliance, and widespread public suspicion of tax officials (Olaoye, *et al.,* 2022).

Public trust in tax authorities is widely acknowledged as a vital factor influencing voluntary compliance. Taxpayers are more likely to comply with their tax duties when they believe tax authorities act clearly, accountably, equitably, and in the public good (Alm & Torgler, 2011). When trust deteriorates, taxpayers turn to evasion and fraud, hurting revenue collection and distorting policy outcomes. This link between trust and tax behavior is especially important in developing countries because poor institutional frameworks and historical governance deficits undermine citizens' faith in government institutions (Ojo, 2018).

Tax fraud is a significant contributor to the estimated $30–60 billion that African states lose each year due to illicit financial flows (Michael, 2020). The majority of Africans consider paying taxes to be a civic duty, but low confidence in tax authorities who are frequently perceived as corrupt erodes compliance (Isbell, 2017). Businesses in Africa frequently use bribery or corruption to avoid paying taxes, which weakens the deterrent effects of enforcement. Across 32 African countries a 1% fall in trust correlated with a 0.22% drop in VAT efficiency; effects were worse in weak states (Telma, *et al.*, 2024). Tax revenue in Africa amounts for around 15% of GDP. However, given the enormous needs of developing African countries, this low level of tax collection poses a threat to the continent's socioeconomic progress (Munyeka & Munzhedzi, 2022).

In 2025, the Nigerian Federal Government enacted the Tax Reform Acts, 2025, which consolidated multiple tax laws into a unified legislative framework, introduced digitalised administration procedures, and established a more harmonised tax administration platform aimed at improving transparency, compliance, and revenue performance (Udofiaa, 2025; Abubakar, 2025; Foye, 2025). The reform package, which includes the Nigeria Tax Act, the Nigeria Tax Administration Act, and the Nigeria Revenue Service (Establishment) Act, aims to simplify compliance and broaden the tax base while also increasing the responsibilities of state and local revenue services to meet modernised standards (Udofiaa, 2025). Importantly, the successful implementation of these reforms will depend on regaining public trust and accountability in the tax system, as trust is a crucial driver of cooperation and voluntary tax compliance (Udeh 2025 & Otio, 2026).

In Plateau State, tax fraud can take several forms, including underreporting taxable income, making false claims, falsifying records, and taxpayer collaboration with dishonest tax administration staff (Okoro, 2021). Such activities erode public trust in the integrity of the tax system and affect revenue projections. Public scepticism in the accountability and fairness of tax systems is a major contributing factor to non-compliance and fraud, according to academic and policy literature. In addition to compliance rates, trust affects taxpayers' perceptions of the legitimacy and equity of tax authority (Brondolo, 2009).

Even though the significance of public trust is widely recognised, there is still a dearth of empirical research on how it affects tax fraud in Plateau State. The majority of studies that are currently available primarily examine tax compliance behaviour in larger national or regional contexts, frequently ignoring the institutional and sociocultural specificities that affect tax dynamics at the sub-national level (Ojo, 2018; Yakubu, 2022, Udofiaa, 2025; Abubakar, 2025). Similarly, the inclusion of strong enforcement mechanisms and transparency measures in the 2025 reforms aims to increase public trust and reduce tax fraud, but the reform's political and social acceptance may be dependent on how these trust-related elements are implemented (Udofiaa, 2025; Udeh, 2025). Considering this knowledge gap, the main objective of this study is to empirically investigate the effect of public trust on tax fraud in Plateau State to fill in this gap.

1.2 Statement of the problem

Tax fraud reduces the state's fiscal capability, undermines accountability, and distorts equity in taxing systems in both rich and poor countries. As a result, voters' trust in public institutions erodes when they believe tax systems are readily manipulated or that elites and companies cheat taxes with impunity. This erosion of public trust reveals itself in decreased tax morale, reluctance to cooperate voluntarily, and growing scepticism about the government's commitment to transparency and equitable governance (Reck & Bomare, 2022).

In Nigeria, while some taxpayers pay their taxes on time, others do not. Tax fraud is a huge problem that costs billions of naira annually. Tunde Fowler, the Executive Chairman of the Federal Inland Revenue Service (FIRS) at the time, claimed that Nigeria loses $15 billion to tax fraud as a result of numerous individuals avoiding, evading, and failing to pay taxes in the nation (Egboboh, 2019).

Tax fraud remains a persistent challenge for revenue authorities in Plateau State, weakening the state's capacity to mobilize internal resources and meet developmental obligations. Despite administrative reforms and intensified enforcement by the Plateau State Internal Revenue Service (PSIRS), reported levels of under-reporting, falsification of tax records, and evasion continue to erode revenue performance (Okoro, 2021). Concurrently, studies and anecdotal evidence suggest that public trust in PSIRS and the overall tax system is low, driven by perceptions of unfair treatment, lack of transparency, and weak accountability mechanisms (Yakubu, 2022).

A number of institutional and legal conflicts in Plateau State have resulted from worries about revenue leakages, unremitted deductions, and fraudulent tax practices. The dispute involving alleged unremitted PAYE tax, withholding tax on contracts and supplies, and development levy for 2015 and 2016 between the Plateau State Internal Revenue Service and Jos Electricity Distribution Plc is a noteworthy example (Dania & Ntem, 2025). This case demonstrates how weaknesses in compliance monitoring and institutional trust can lead to tax fraud and delayed remittances. As a result, the major issue of this study is that a considerable

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lack of public trust in tax officials correlates to increased rates of tax fraud in Plateau State. However, there is insufficient empirical evidence to support the extent to which trust drives taxpayers' tax fraud activities and interacts with PSIRS institutional processes. This gap prevents policymakers and revenue administrators from developing evidence-based solutions for reducing tax fraud, improving compliance, and increasing revenue generation. This study seeks to address the following questions:

1. What is the effect of transparency on tax fraud in Plateau State Internal Revenue Service (PSIRS)?
2. What is the effect of public accountability on tax fraud in Plateau State Internal Revenue Service (PSIRS)?

The specific objectives include:

1. To assess the effect of transparency on tax fraud in Plateau State Internal Revenue Service (PSIRS)
2. To examine the effect of public accountability on tax fraud in Plateau State Internal Revenue Service (PSIRS)

The following hypothesis were formulated in line with specific objectives of the study in null form

1. Ho_1: Transparency has no significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS)
2. Ho_2: Public Accountability has no significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS).

2.1 CONCEPTUAL REVIEW

2.1.1 Tax Fraud

According to Slemrod (2007), tax fraud is the intentional distortion or omission of information in order to lower tax liabilities, and its detection frequently relies on behavioural proxies such as underreported income, fictional transactions, and unusual accounting processes. The Organisation for Economic Cooperation and Development (OECD) define tax fraud as criminal practices such as underreporting income, exaggerating expenses, concealing assets, or using fraudulent documentation to deceive tax authorities (OECD, 2017). Tax fraud is distinguished from tax evasion by its wilful purpose to defraud tax officials. Tax fraud is the intentional and material submission of false claims or documents in connection with a tax return, or the purposeful refusal to file a return or pay taxes due (IRS, 2022). Chen (2020) states that tax fraud is considered obvious if the taxpayer is found to have: purposefully failed to file his income tax return; misrepresented the true state of his affairs in order to falsely claim tax credits or deductions; purposefully failed to pay his tax debt; prepared and filed a false return; purposefully failed to pay his tax debt; prepared and filed a false return; deliberately failed to record all revenue received, wilfully neglected to file a payroll tax report, purposefully neglected to report any cash payments provided to employees, and neglected to report and pay any payroll taxes that were withheld.

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2.1.2 Public Trust

Public trust, according to Appah and Aganaba (2024), is the public's confidence and faith in the government, institutions, and public officials to act in their best interests and carry out their tasks with honesty, accountability, and transparency. Public trust, according to Appah and Aganaba (2024), is the conviction that those in positions of authority will act in the public interest, make decisions in a fair and unbiased manner, use resources sensibly and effectively, safeguard citizens' rights and welfare, and be truthful and open in their choices and actions. Similarly, Adekoya et al. (2020) defined public trust in the context of taxes as the willingness of taxpayers to pay taxes based on their perception that the government and its representatives are trustworthy, caring, free from corruption, and capable of providing good governance for the benefit of the populace. According to Robbins and Judge (2009), trust is the optimistic expectation that someone else won't act opportunistically through words, deeds, or choices. According to Mas'ud et al. (2019), trust implies that taxpayers have a moral obligation to voluntarily pay taxes because they feel that the government and its institutions are humane, free from corruption, and govern for the welfare of the population. Gangl and Kirchler (2015) assert that trust is essential to social functioning since it is a person's willingness to take risks. Furthermore, according to Nunkoo (2015), confidence in government is a type of social capital democracy, effective legitimacy, political sustainability and good governance, and decision-making authority. According to Byaro and Kinyondo (2020), a synergistic environment between tax authorities and taxpayers is achieved through government confidence. In a synergistic environment, tax authorities will believe that people will voluntarily pay their taxes, and taxpayers will trust that the government will use tax proceeds in their best interests.

2.1.3 Transparency

Accountability and transparency are linked concepts. It describes a state of clarity and lack of uncertainty in the way assigned activities are carried out and reported. It is the state of being practically apparent, the fact that obligations are faithfully fulfilled as needed and recorded. According to Nwankwo *et al.* (2021), transparency is not so much about "substance" as it is about "appearance." Transparency is more of a personal trait than a skill and is innate in traits and attributes like leadership by example, consistency between words and deeds, trustworthiness, account presentation, style, integrity, financial rectitude, and generally being above board. Many people agree that transparency is a key factor in improving the standard of public service delivery (Bauhr & Carlitz, 2019). According to Gbegi, *et al.* (2019), transparency as an ethical principle entails carrying out moral obligations. It has to do with how transparent the government is to its people, which means that the public should be given timely and trustworthy information on the choices and actions of the government. This entails revealing governmental acts, keeping correct records, and guaranteeing that information is accessible to a variety of societal groups, including investors, researchers, communities, the media, and regular citizens (Appah *et al.*, 2024). Actualising transparency, according to Castillo and Gabriel (2020), enables stakeholders in internal and external governance to examine, access, and have

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an impact on government activities. Transparency seeks to promote greater citizen participation and hold government and governance more responsible to public scrutiny (Castillo *et al.,* 2020).

2.1.4 Accountability

According to Agyemang (2024), accountability is the obligation of an organization to give an explanation for its acts and to respond to those who have the right or authority to request such information. Furthermore, accountability has been thoroughly researched and is a subject that scholars and decision-makers routinely discuss. Two key ideas in governance are vertical accountability and horizontal accountability. Administrators must report to their superiors on their performance or the outcomes of their work within a predetermined time limit or upon request as part of vertical accountability. Holding organisations or people at the same level accountable to one another is known as horizontal accountability. According to Adegite (2010), Accountability is the duty to demonstrate that work has been completed in accordance with established guidelines and standards and that the officer appropriately reports on performance outcomes regarding designated duties and plans. Fostering a robust, democratic, and trustworthy governance system requires conducting actions in a transparent manner through due process and giving feedback. Effective governance, which includes the rule of law, efficient use of public resources, service delivery, and accountability, is the government's key responsibility (Uklala, *et al.,* 2021). Accountability can also be defined as the obligation to demonstrate, analyse, and accept ownership of performance, both in terms of attained results and methods used. Simply said, the government is accountable when it conducts its operations in an open, transparent, and responsive manner (Duenya, *et al.,* 2017).

2.2 Theoretical review

2.2.1 The Benefit Received Theory

Benefit received theory is one of the oldest ideas of public finance. Its origins can be traced back to classical economists like as Adam Smith and David Ricardo, but it was further developed in the nineteenth century by Knut Wicksell (1896) and Erik Lindahl (1919). The benefit received principle of taxation states that the tax burden on an economic entity should be directly equal to the amount of advantages it receives from government-provided public goods or services (Musgrave, 1959). In other words, consumers and businesses should pay the government for the value of the public goods and services they have received, as if they had purchased them (Nyahas *et al*, 2019). The main focus of this theory is that individuals should pay taxes in proportion to the benefits they receive from government services; taxes are viewed as a "price" for public goods; and it promotes fairness by linking payment (taxes) to usage (benefits), just as in private market exchanges. As a result, building a just and equitable tax system in which no one pays more or less than the value of the services they receive. The Benefit Received Theory is relevant to this study since it describes taxation as a fair exchange of contributions for services. Tax fraud undermines this justice by making complying people feel robbed, reducing public trust in both the tax system and political institutions.

This study is anchored on the benefit received theory because the theory implies that taxpayers and other citizens will be motivated to pay taxes if they can see the effect of the taxes paid, otherwise, inadequate infrastructure becomes a necessary justification for tax fraud.

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2.3 EMPIRICAL REVIEW

Appah and Fadah (2026) investigates the effects of public trust on voluntary tax compliance in Nigeria. The population of the study included all taxpayers in six states, and it used a survey research design. The sample size was calculated using the Cochran formula. Both primary and secondary sources of data were used, with the primary data coming from a standardised questionnaire after validity and reliability assessments. Multiple regression analysis, correlation matrices, and descriptive statistics were used to analyse the participant questionnaire replies. The results of the hypothesis test show that voluntary tax compliance in Nigeria is strongly positively correlated with procedural trust, distributive trust, committed trust, purposeful trust, and interpersonal trust. The study also demonstrated that voluntary tax compliance in Nigeria is significantly and statistically impacted by tax knowledge. The study comes to the conclusion that while purposeful and interpersonal trust increases trust in the intentions and interactions of tax officials, procedural and distributive elements improve taxpayers' perceptions of fairness. First, the study focuses primarily on voluntary tax compliance as the dependent variable rather than tax fraud. While compliance and tax fraud are related concepts, they are not identical. Voluntary compliance measures taxpayers' willingness to meet tax obligations, whereas tax fraud involves deliberate acts of tax evasion, falsification of records, underreporting of income, and other illegal practices. Consequently, the findings cannot be directly generalized to explain the determinants of tax fraud in PSIRS. Appah and Fadah (2026) make a significant contribution to understanding the role of public trust in enhancing voluntary tax compliance in Nigeria. Nevertheless, because the study concentrates on compliance rather than tax fraud and adopts a broad national scope, its applicability to the study of the Effect of Public Trust on Tax Fraud in PSIRS is limited.

Dan'azumi, et al (2021) concluded in their study that fraud risk management has positive and significant relationship with financial performance in organizations. This suggest that, risk management is very key in the resource performance of many institutions.

The moderating role of public trust in government in Bayelsa State, Nigeria was explored by Ogbomah *et al.* (2025). Structured questionnaires from a sample of 218 respondents (taxpayers) in Bayelsa State, Nigeria, made up the primary data. The results show a negative and significant relationship between exchange equity and tax evasion in Bayelsa State, Nigeria; a negative and significant relationship between horizontal equity and tax evasion in Bayelsa State, Nigeria; a negative and significant relationship between vertical equity and tax evasion in Bayelsa State, Nigeria; and a negative and significant impact on the relationship between tax justice (exchange equity, horizontal equity, and vertical equity) and tax evasion in Bayelsa State, Nigeria. It was recommended that since public confidence in the government is seen to be a major factor in tax compliance and a decrease in tax evasion, the government must genuinely combat corruption and make sure that the use of the nation's resources is accountable and transparent. While Ogbomah *et al.* (2025) successfully demonstrate that tax justice and public trust contribute to reducing tax evasion in Bayelsa State, the study's applicability to PSIRS is limited by contextual differences, reliance on self-reported data, and its narrow treatment of public trust.

Belahouaoui and Alm (2025) examined the role of artificial intelligence (AI) tools in enhancing tax fraud detection within the ambit of the OECD Tax Administration 3.0, focusing

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on how these technologies streamline the detection process through a new "Adaptive AI Tax Oversight" (AATO) framework. The use of AI in tax fraud detection is investigated using a textometric systematic review spanning the years 2014 to 2024. The approach places a strong emphasis on assessing the predictive, analytical, and procedural advantages of AI in detecting and thwarting tax fraud. The study emphasises how AI significantly improves tax administrations' operating efficiency, prediction power, and detection accuracy. Important conclusions show how the creation and use of the AATO framework enhances the process of identifying tax fraud. In addition to highlighting the ethical dilemmas and governance advantages, the implications offer tax authorities throughout the world useful advice on how to use AI to lower compliance costs and improve regulatory frameworks. The study makes recommendations for further research, notably in terms of improving AI methodology, distinguishing policy implications between high-income and low- and middle-income countries, and addressing governance and ethical concerns to promote equitable and sustainable tax administration processes. Belahouaoui and Alm (2025) make a significant contribution by demonstrating the potential of AI and the Adaptive AI Tax Oversight framework to improve tax fraud detection and administrative efficiency. However, when considered in relation to the Effect of Public Trust on Tax Fraud in Plateau State Internal Revenue Service (PSIRS), the study is limited by its technological orientation, lack of empirical evidence on taxpayer trust, and insufficient consideration of the behavioural factors that drive tax fraud. For PSIRS, public trust remains a fundamental factor that determines whether technological innovations will achieve their intended objectives in reducing tax fraud and enhancing voluntary tax compliance. Danazumi, et al., (2025) in their findings established that, both adhocracy culture and market culture have no significant effect on corporate risk disclosure practices of listed insurance firms in Nigeria.

Enrico and Heikki (2024) investigated the effect of citizens' perception of governance on tax compliance: A Cross-Country Analysis Study for 32 Sub Saharan African Countries. They used a logistic regression model with five levels of specifications using round 7 of the Afrobarometer, which includes data on Africans' views on democracy, governance, economic change, civil society, and quality of life in 32 nations. The major findings imply that perceptions of governance and attitudes toward tax compliance are positively related, with the influence varying by country. The paper presents a binary mediation approach to look at the direct and indirect effects of governance perception on individual tax compliance, with faith in institutions acting as a mediator. The findings imply that a negative image of governance may impair trust in institutions and desire to pay taxes. A major limitation of the study is its strong focus on technological innovation as the primary mechanism for reducing tax fraud. Although AI can enhance fraud detection, tax compliance behavior is not determined solely by monitoring and enforcement technologies. Public trust remains a critical determinant of taxpayers' willingness to comply voluntarily with tax obligations.

3.0 METHODOLOGY

This study adopted the survey research design. Since the main objective of the study is to determine the effect of public trust on tax fraud in Plateau State Internal Revenue Service (PSIRS), the design seemed more appropriate (Yau *et al*, 2023). In this study the total population is 453 made up of 250 staff of Plateau State Internal Revenue Service (PSIRS) in Plateau State (PSIRS website, 2025) and 203 workers of some selected Small and Medium Enterprises (SMEs) in Jos Metropolis in Plateau State. This population is appropriate because it encompasses personnel directly or indirectly involved in the matters of tax in the State. The Plateau State Internal Revenue Service (PSIRS) are custodians of tax in the State while the SMEs are the tax payers of those taxes. Particular focus is placed on staff from three key departments: Tax Audit, Accounts and Finance and Internal Audit. The sample size is determined using the Yamane (1973) formula on the application of 95% confidence level and 5% margin of error.

$$n = \frac{N}{1 + N(e)^2}$$

Where, N=population
n=sample size
e=margin of error (0.05)

Thus, sample size is

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{453}{1 + 453\,(0.05)^2}$$

$$n = \frac{453}{1 + 453(0.0025)}$$

$$n = \frac{453}{1 + 1.1325}$$

$$n = \frac{453}{2.1325}$$

n= 212.42 respondents
n = 212 approximately

Thus, a sample size of 212 respondents was scientifically determined to represent the target subpopulation. The distribution of the 212 respondents across the departments follows a stratified sampling approach with equal allocation to the departments and the tax payers of those taxes. The test statistics employed in testing hypotheses for this study is multiple linear regression analysis with the aid of SPSS 26. Multiple linear regression is to test possible effects between variables. In this study, the dependent variable is tax fraud while the independent variable is the public trust.

Model Specification

Y= α + β1x1 + β2x2 + ε where:

Y = Tax Fraud

x1 = Transparency

x2 = Public Accountability

α = Constant

ε = Error term

4.0 DATA ANALYSIS

4.1.1 Validity

Validity is the degree to which an instrument captures what it is supposed to capture. For the purpose of this study, the researcher used construct validity to address validity within the study to measure the significance of the data collection instruments related internal control and fraud prevention. Construct validity was performed to assess the extent to which test instruments actually measure what theory purports (Yusoff, 2019).

Table 1: *Average Variance Extracted (AVE)*

Variable	Average Variance Extracted (AVE)
Transparency	0.692
public accountability	0.602
Tax fraud	0.843

Source: SPSS Output v.26

AVE ranges from 0 to 1, Fornell and Larcker (1981) suggested that adequate convergent validity measure should contain not less than 50% error variance (i.e., AVE should be 0.5 or above)

4.1.2 Reliability

Reliability refers to the degree to which the results obtained by a measurement or procedure can be replicated. To ensure and ascertain the reliability of the research instrument, Cronbach's basic alpha reliability test was employed. Cronbach's alpha is most commonly used

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to access the internal consistency of a questionnaire that is made up of multiple Likert type scale and items. The strategy for addressing reliability within the study will use internal consistency by calculating Cronbach's alpha for each subscale and each total scale. Cronbach's alpha is useful for testing internal consistency in scales used in previous research studies and is used to determine if constructs are right measurements (Pallant, 2013). The Cronbach alpha composite reliability test would be used to determine the reliability of instrument. For the Cronbach alpha to be accepted as reliable it should meet a threshold of 0.7 and above. The data would be tested repeatedly, and the information is very reliable if the same result is obtained

Table 2: *Reliability Statistics*

Variables	**Cronbach's Alpha**[a]	**N of Items**
Transparency	.782	5
Public Accountability	.907	5
Tax Fraud	.802	5

Source: SPSS Output v. 26

From Table 2, the reliability test was conducted for the whole items of the latent variables based on the number of items that measured it. The variables have value of the Cronbach Alpha above 0.7. It can be inferred that the questionnaire is a reliable instrument. The result indicated that all the variables are reliable and are certified for further analysis.

Table 3: *Tests of Normality*

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Tax Fraud	.206	212	537	.898	212	275
Transparency	.265	212	.463	.882	212	.493
Public accountability	.209	212	.261	.929	212	.584

Source: SPSS Output v.26

From the result on table 3, both tests are non-significant (p>0.05). The data therefore, meets the assumption of normality.

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4.1.3 Test of Homogeneity of Variance

Parametric statistics assume that the variance is equal throughout the study population. To test for equality of variance, Field (2009) suggests the use of Levene's test. This was applied in the current study. The rule of thumb to establish homogeneity is that the Levene statistics should not be significant and the variances of all the variables shall be equal.

Table 4: *Test of Homogeneity of Variance*

		Levene Statistic	df1	df2	Sig.
Tax Fraud	Based on Mean	335.454	3	212	.000
Transparency	Based on Mean	129.834	3	212	.000
Public accountability	Based on Mean	42.739	3	212	.000

Source: SPSS Output v.26

The data employed the use of Levene's test to establish whether the variances in the groups are equal and the difference between the variance is zero as suggested by Field (2009). Homogeneity of variance is sustained when the Levene's value is not significant Field, (2009); Hair *et al.,* (2010). Table 4 indicates that the Levene's value for all the study variables are not significant implying that the assumption of the homogeneity is upheld.

4.2 Descriptive Statistics

Table 5: Descriptive statistics for the study variables

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Fraud	212	1.00	3.80	2.4312	.88516
Transparency	212	1.00	3.40	1.9525	.59811
Public Accountability	212	1.00	4.40	2.4380	.95357
Valid N (listwise)	212				

Source: SPSS Output v.26

Table 5 displays the descriptive statistics for the research variables. According to the findings, the latent variables' mean score on a 5-point Likert scale spans from 1.9525 to 2.4380, and their standard deviation falls between 0.59811 and 0.95357. The standard deviations are small relative to their respective means, implying that the statistical mean provides a good fit of the observed data.

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Table 6: Multi-collinearity

Model		Collinearity Statistics Tolerance	VIF
1	Transparency	.870	1.149
	Public Accountability	.907	1.103

a. Dependent Variable: Tax Fraud
Source: SPSS Output v.26

The multicollinearity results showed that Transparency (Tolerance = 0.870, VIF = 1.149) and Public Accountability (Tolerance = 0.907, VIF = 1.103) do not have multicollinearity issues because the tolerance values are greater than 0.10 and the VIF values are less than the threshold of 10. This demonstrates that the variables are appropriate for regression analysis, as the independent variables are associated.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712[a]	.575	.571	.50358

a. Predictors: (Constant), Transparency, Public accountability
Source: SPSS Output v.26

The percentage of independent variables that predict the dependent variable is displayed in Table 7. A high positive correlation between transparency, public accountability, and tax fraud was found, with a R value of 0.712. The independent factors account for 57.5% of the variation in tax fraud, according to the R Square value of 0.575, while the modified R Square of 0.571 reveals that 57.1% of the variation is still explained after correction. This implies that the model's explanatory ability is strong. The average divergence of the observed tax fraud values from the regression line is measured by the standard error of the estimate (0.50358). The model appears to have a respectable predicted accuracy based on the relatively low value.

Table 8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	86.301	3	28.767	58.1	.000[b]
	Residual	144.052	212	.495		
	Total	230.353	212			

a. Dependent Variable: Tax Fraud

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b. Predictors: (Constant), Transparency and public accountability
Source: SPSS Output v.26

The regression model yielded an F-statistic of 58.1 with a significance value of 0.000, which is below the standard threshold of 0.05, as shown in Table 8 above. This shows that the independent variables (transparency and public accountability) together have a significant effect on tax fraud in PSIRS, indicating that the regression model is statistically significant. Therefore, the model explained the dependent variable.

Table 9: Table of Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.937	.182		5.157	.000
	Transparency	-.124	.046	-.134	-2.696	.007
	Public accountability	-.480	.042	-.561	-11.517	.000

a. Dependent Variable: Tax fraud
Source: SPSS Output v.26

Test of Hypothesis One

The hypothesis one is restated as follows:

H_{O1}: Transparency has no significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS). The regression results indicate that transparency has a negative and statistically significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS) ($\beta = -0.124$, $t = -2.696$, $p = 0.007$). This implies that an increase in transparency leads to a decrease in tax fraud. Therefore, transparency serves as an important mechanism for reducing fraudulent tax practices within the organization. Thus, transparency has a negative significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS).

Test of Hypothesis Two

The hypothesis two is restated as follows:

H_{O2}: Public accountability has no significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS). public accountability has a negative and statistically significant effect on tax fraud in PSIRS ($\beta = -0.480$, $t = -11.517$, $p = 0.000$). The result suggests that higher levels of public accountability are associated with lower incidences of tax fraud. The magnitude of the coefficient further indicates that public accountability exerts a stronger influence on reducing tax fraud than transparency. Thus, public accountability has a negative significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS)

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4.2 DISCUSSION OF FINDINGS

The first hypothesis seeks to look at transparency and its effect on tax fraud in Plateau State Internal Revenue Service (PSIRS). From the findings, it discovered transparency has a negative significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS), given ($\beta = -0.124$, $t = -2.696$, $p = 0.007$). In the Plateau State Internal Revenue Service (PSIRS), transparency has a significant effect on tax fraud since it increases taxpayer trust and decreases opportunities for corrupt practices. Stronger transparency measures, on the other hand, such public income reports, digital payment trails, and taxpayer verification websites, are probably going to make fraud less likely. This result is in line with the empirical study conducted by Okoye et al. (2018), which discovered that tax disclosure and transparency greatly enhance tax culture and lessen tax evasion tendencies in Nigeria. However, the research of Adewale (2020) and Musa & Abdullahi (2021) did not corroborate this finding. The Benefit Received Theory provides the theoretical foundation for examining the effect of transparency on tax fraud in Plateau State Internal Revenue Service (PSIRS). The theory posits that taxpayers are more willing to comply with tax obligations when they perceive that government utilizes tax revenues efficiently for the provision of public goods and services. Transparency enhances taxpayers' ability to observe and evaluate the use of public resources, thereby reinforcing the perceived benefits received from taxation. Consequently, increased transparency is expected to reduce tax fraud by strengthening taxpayers' confidence that their tax contributions are used for societal development and public welfare. Therefore, a negative relationship is expected between transparency and tax fraud in PSIRS.

The second hypothesis seeks to look at public accountability and its effect on tax fraud in Plateau State Internal Revenue Service (PSIRS). In testing this research hypothesis reference is made to Table 5. The results revealed that public accountability has a significant effect on tax fraud in Plateau State Internal Revenue Service (PSIRS), given ($\beta = -0.480$, $t = -11.517$, $p = 0.000$). In the Plateau State Internal Revenue Service (PSIRS), public accountability has a major effect on tax fraud since procedures like oversight, external audits, and public reporting lessen the possibility of financial misbehaviour and promote moral conduct among tax authorities. Bribery, collusion, tax revenue diversion, assessment bias, and abuse of discretion are frequently made possible by weak accountability systems. The results are consistent with those of Adegbite et al. (2025), who discovered that tax responsibility greatly increases the efficacy of tax administration in Southwestern Nigeria. Nevertheless, this conclusion was not supported by other researches, such as that of Adewale (2020) and Musa & Abdullahi (2021). The Benefit Received Theory provides a theoretical explanation for the relationship between public accountability and tax fraud in PSIRS. The theory argues that taxpayers are more willing to comply with tax obligations when they perceive that government utilizes tax revenues responsibly to provide public goods and services. Public accountability enhances transparency and demonstrates the benefits derived from taxation, thereby strengthening public trust and reducing the propensity of taxpayers to engage in fraudulent tax practices. Consequently, higher levels of public accountability are expected to contribute to lower levels of tax fraud in Plateau State.

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5.0 CONCLUSION AND RECOMMENDATION

5.1 CONCLUSION

With an emphasis on the Plateau State Internal Revenue Service (PSIRS), this study examined the effect of public trust on tax fraud in Plateau State, Nigeria. It could be concluded that both transparency and public accountability significantly reduce tax fraud in Plateau State Internal Revenue Service. However, public accountability has a stronger effect on reducing tax fraud than transparency, as indicated by its larger standardized coefficient ($\beta = -0.561$) compared to transparency ($\beta = -0.134$). These results suggest that strengthening transparency measures and accountability mechanisms can substantially curb tax fraud within the revenue administration system. Together, public accountability and transparency serve as critical tools for strengthening integrity within PSIRS and improving compliance in the state's tax system. Therefore, reinforcing these mechanisms is essential for minimizing tax fraud and promoting efficient and credible revenue administration in Plateau State.

5.2 RECOMMENDATIONS

From the findings and conclusions of this study, the following recommendations are given below:

1. The Plateau State Internal Revenue Service (PSIRS) should strengthen transparency through full automation of tax administration, public disclosure of revenue reports, and taxpayer verification systems.
2. The Plateau State Internal Revenue Service (PSIRS) should reinforce public accountability through staff audit trails, whistleblower channels, regular compliance audits, staff rotation, and strict sanctions for fraudulent officers.

5.3 IMPLICATIONS OF THE STUDY

The implications of the study include:

1. **Theoretical Implications:** The study adds to current tax compliance and public administration literature by establishing that accountability and transparency are measurable predictors of fraud control within subnational revenue entities like PSIRS.
2. **Methodological Implications:** The study adds to research on constructs by empirically assessing their effects on tax fraud within a state revenue agency. The findings emphasise the need of including both perceptual and behavioural variables when examining accountability and transparency in public finance research.
3. **Practical (Policy) Implications:** The results suggest that strengthening public accountability and transparency can serve as effective policy tools for reducing tax fraud in PSIRS. Management of PSIRS should prioritize the establishment of clear reporting systems, regular financial audits, and public disclosure of revenue performance to enhance transparency and trust

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