

Tax Compliance Behaviour in Emerging Economies: Nigeria and Brazil

Marian Enenche

Department of Accountancy, Kwara State Polytechnic, Old Jebba Road, P.M.B. 1375, Ilorin Nigeria

Received: 05.04.2026 | Accepted: 21.04.2026 | Published: 01.05.2026

*Corresponding Author: Marian Enenche

DOI: [10.5281/zenodo.19926245](https://doi.org/10.5281/zenodo.19926245)

Abstract

Original Research Article

Tax compliance is a central challenge for emerging economies, where weak institutions, large informal sectors, and low tax morale often undermine domestic revenue mobilization and sustainable development. This review synthesizes theoretical and empirical evidence on tax compliance behaviour in Nigeria and Brazil, two major emerging economies representing Africa and Latin America, respectively. It draws on economic deterrence models, fiscal exchange theory, and behavioural approaches such as tax morale and the slippery slope framework, which emphasize the roles of trust in authorities and the power of tax administrations. The review adopts a narrative approach based on peer-reviewed articles, policy reports, and comparative statistics published mainly between 2000 and 2025. It examines the structure of tax systems in both countries, key economic, institutional, behavioural, and technological determinants of compliance, and the specific manifestations of these determinants in Nigeria and Brazil. The analysis highlights how Brazil's more advanced digital infrastructure and relatively stronger enforcement coexist with persistent complexity and compliance costs, while Nigeria faces chronic structural weaknesses, informality, and governance challenges despite recent digitalization efforts. The paper concludes with policy implications and directions for future research, emphasizing the need to complement deterrence with trust-building, tax education, and simplification of tax systems to improve compliance in emerging economies.

Keywords: tax compliance, emerging economies, tax morale, fiscal policy, Nigeria and Brazil.

Copyright © 2026 The Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (CC BY-NC 4.0).

1. Introduction

Domestic resource mobilization through taxation is a cornerstone of state-building, public service provision, and long-term economic development, particularly in emerging economies that seek to reduce dependence on volatile external financing and natural resource revenues. Tax compliance behaviour, whether taxpayers accurately declare income, file returns on time, and pay taxes due-is therefore a critical determinant of governments' fiscal capacity. Persistent non-compliance and tax evasion reduce the tax-to-GDP ratio, constrain

developmental spending, and may erode the legitimacy of the state when citizens perceive widespread unfairness or impunity. Emerging economies typically face additional obstacles to compliance, such as large informal sectors, weak tax administrations, corruption, and low trust in public institutions.[5][8][1]

Nigeria and Brazil provide an informative comparative lens for understanding tax compliance behaviour in emerging economies. Nigeria is Africa's most populous country and a major oil producer, yet its tax-to-GDP ratio remains

comparatively low, reflecting narrow tax bases, pervasive informality, and governance constraints. Brazil, by contrast, has one of the highest tax-to-GDP ratios among emerging markets, supported by a complex multi-level tax system and extensive digital infrastructure for tax administration. However, Brazil also faces compliance challenges, including high compliance costs, perceived complexity, and persistent tax evasion, particularly among certain segments and in specific sectors.[3][4][7][12][10][11][5]

Theoretically, tax compliance has long been analyzed through the lens of the economic deterrence model, which posits that individuals weigh the expected benefits of evasion against the expected costs of detection and punishment. More recent approaches emphasize behavioural factors, such as tax morale, an intrinsic motivation to pay taxes- and social norms, as well as the relationship between taxpayers and authorities. The slippery slope framework synthesizes these strands by suggesting that both the power of authorities (deterrence) and their trustworthiness (fairness, transparency, service quality) jointly determine the level and type of tax compliance.[13][2][6][14][9]

This review article pursues three main objectives. First, it outlines the conceptual and theoretical frameworks most relevant to understanding tax compliance behaviour in emerging economies. Second, it provides an overview of the tax systems of Nigeria and Brazil, highlighting structural features that shape compliance incentives. Third, it compares key determinants of tax compliance across both countries, economic, institutional, behavioural, and technological-drawing policy implications and identifying avenues for future research. By focusing on two large emerging economies from different regions, the article aims to generate insights that may be relevant for other countries seeking to strengthen tax compliance as part of broader fiscal and governance reforms.

2. Conceptual and Theoretical Framework

2.1 Tax Compliance: Concepts and Types

Tax compliance can be broadly defined as the degree to which taxpayers meet their legal obligations by

filing, reporting, and paying taxes accurately and on time. In the literature, a distinction is often made between voluntary and enforced compliance. Voluntary compliance refers to situations where taxpayers comply primarily because they view taxation as legitimate and feel a moral or civic duty to contribute, while enforced compliance results mainly from fear of audits, penalties, and legal sanctions. Another distinction is between administrative compliance-relating to procedures such as registration, filing, and record-keeping—and technical or reporting compliance, which concerns the correctness of declared tax bases.[2][6][9][1][5]

Non-compliance can take several forms, including deliberate tax evasion, aggressive tax avoidance within legal grey areas, and unintentional errors due to complexity or low tax literacy. In emerging economies, the boundaries between informality and non-compliance are often blurred: many economic actors operate entirely outside the formal tax net, while others are partially compliant or engage in under-reporting. Understanding tax compliance behaviour thus requires not only examining legal frameworks and enforcement but also capturing the broader institutional and socio-economic context.[1][5]

2.2 Economic Deterrence and Fiscal Exchange

The economic deterrence model, rooted in the seminal work of Allingham and Sandmo, conceptualizes tax compliance as the outcome of a rational cost-benefit calculation under uncertainty. Taxpayers compare the financial gain from under-reporting income against the expected cost of being detected and penalized, which depends on the probability of audit and the severity of fines. In this framework, stronger enforcement-higher audit probabilities and penalties, should increase compliance. However, empirical evidence suggests that the relationship is not always linear and that enforcement alone cannot fully explain compliance patterns, particularly where tax administrations are weak or corruption is prevalent [6][9]. Fiscal exchange theory adds another dimension by emphasizing the perceived reciprocity between taxpayers and the state. When taxpayers believe that

tax revenues are used efficiently to provide valued public goods and services, and that the tax system is fair, they are more likely to comply voluntarily. Conversely, perceptions of waste, corruption, or inequity in the distribution of tax burdens can undermine tax morale and lead to higher levels of evasion, even under relatively strong enforcement.[14][9][13]

2.3 Tax Morale, Social Norms, and the Slippery Slope Framework

Behavioural approaches have extended the analysis of tax compliance beyond pure deterrence, highlighting the roles of intrinsic motivation, social norms, and trust. Tax morale—commonly defined as the intrinsic motivation to pay taxes—captures the extent to which individuals feel a moral obligation to comply and perceive taxation as legitimate. Comparative studies show that tax morale varies significantly across countries and is associated with cultural factors, institutional quality, and historical experiences with the state.[13][14]

The slippery slope framework, developed by Kirchler and colleagues, integrates economic and psychological determinants of tax behaviour by positing that tax compliance is determined by two key dimensions: the power of tax authorities (their ability to detect and punish evasion) and the trust in tax authorities (perceptions of fairness, competence, and benevolence). High power without trust may yield enforced compliance, but it risks undermining voluntary cooperation and may be costly to sustain. High trust with low power can foster voluntary compliance but may leave room for strategic evasion by opportunistic taxpayers. The framework suggests that the most stable and efficient tax systems combine sufficient enforcement with trust-building measures such as transparency, taxpayer services, and inclusive policymaking [9][2][6]. Social norms and peer effects also shape tax compliance behaviour. Individuals are influenced by their perceptions of how many others comply and whether non-compliance is socially acceptable or stigmatized. In societies where corruption is perceived to be widespread or where elites are seen as avoiding taxes, ordinary citizens may rationalize

evasion as a justified response, weakening both tax morale and the social norm of compliance [14][9][13].

2.4 Determinants of Tax Compliance

Drawing on these frameworks, the determinants of tax compliance can be grouped into four broad categories. Economic factors include income levels, tax rates, the structure of tax incentives, and the perceived costs of compliance relative to the benefits of evasion. Institutional and governance factors encompass the quality of tax administration, the rule of law, corruption, and overall government effectiveness. Behavioural and cultural determinants include tax morale, trust in government, perceptions of fairness, and social norms regarding compliance. Finally, technological and administrative factors relate to the design of tax systems, the use of digital platforms, data integration, and the ease of filing and paying taxes.[4][12][8][11][5][1]

These determinants interact in complex ways. For example, digitalization can enhance enforcement and reduce opportunities for evasion, but if implemented in a context of low trust and high perceived unfairness, it may be resisted or circumvented. Similarly, tax education and communication campaigns may strengthen tax morale, but their impact can be attenuated by persistent corruption or visible impunity for powerful evaders.[5][1]

3. Methodology

This article adopts a narrative literature review approach, synthesizing theoretical and empirical studies on tax compliance in Nigeria and Brazil, as well as comparative evidence on emerging economies. The review draws on journal articles, working papers, government reports, and international databases, primarily published between 2000 and 2025. Key databases searched include Scopus, Web of Science, SciELO, and Google Scholar, complemented by institutional sources such as international organizations and professional service firms.[7][10][1][13][5]

Search terms included combinations of "tax compliance," "tax morale," "tax evasion," "Nigeria," "Brazil," "emerging economies," "slippery slope framework," and "digital tax administration." Inclusion criteria focused on studies that provide empirical or conceptual insights into determinants of tax compliance, with particular attention to those that explicitly analyze Nigeria or Brazil. Studies that addressed related issues such as tax policy design, tax administration reform, and e-governance were included when they offered clear implications for compliance behaviour.[8][1][5]

Given the diversity of methodologies across the literature-ranging from survey-based studies and econometric analyses to case studies and policy evaluations-the review does not undertake a formal meta-analysis. Instead, it emphasizes triangulation and cross-validation of findings across sources, noting areas of consensus and disagreement. This approach is appropriate for capturing the multi-dimensional nature of tax compliance in emerging economies and for integrating insights from economics, public administration, and behavioural research.[2][6][9][13]

4. Overview of Tax Systems in Nigeria and Brazil

4.1 Nigeria's Tax System

Nigeria operates a federal tax system in which revenue-raising powers are shared among the federal, state, and local governments. The federal government is responsible for major taxes such as corporate income tax, value-added tax (VAT), and customs duties, while states levy personal income tax on individuals and certain other taxes, and local governments rely mainly on property-related levies and fees. The Federal Inland Revenue Service (FIRS) is the main federal tax authority, complemented by State Internal Revenue Services.[1][5]

Despite various reforms, Nigeria's tax-to-GDP ratio remains relatively low compared to global and regional averages, reflecting a narrow tax base, extensive informality, and challenges in enforcement. Key taxes include corporate income tax, personal income tax, petroleum profit tax, and VAT, with the latter being an important source of

non-oil revenue. However, compliance with VAT and personal income tax is limited, especially among small and medium enterprises and self-employed individuals operating in the informal sector. Weak taxpayer registration, limited audit capacity, and corruption within some tax administrations further undermine compliance.[3][8][5][1]

Recent years have seen efforts to modernize tax administration in Nigeria, including the introduction of electronic filing and payment systems, taxpayer identification numbers, and e-governance initiatives aimed at integrating databases and improving service delivery. Studies suggest that digitalization has the potential to enhance compliance by reducing transaction costs, increasing transparency, and limiting opportunities for discretionary interactions between taxpayers and officials, although implementation challenges remain.[8][5]

4.2 Brazil's Tax System

Brazil also operates a federal tax system with significant revenue-raising powers at the federal, state, and municipal levels. The tax system is characterized by a high overall tax burden relative to GDP and a complex web of taxes and contributions, including federal corporate income tax, social contributions on net profits, multiple value-added and turnover taxes at the federal and state levels, and municipal service taxes. Corporate income is subject to a combined headline rate of around one-third when federal income tax and social contributions are included, while indirect taxes such as IPI, PIS/COFINS, ICMS, and ISS create a multi-layered system with significant compliance requirements.[10][7]

Brazil is notable for its advanced use of digital tools in tax administration. The Public Digital Bookkeeping System (SPED) integrates various tax, accounting, and payroll obligations into a unified digital platform, requiring companies to submit standardized electronic invoices and returns. SPED and related e-invoicing systems enable tax authorities to cross-check data in near real time, enhancing the detection of evasion and fraud. For businesses, digitalization can reduce paperwork and improve accuracy, but it also demands significant

investments in compliance infrastructure and specialized knowledge, particularly for small and medium enterprises.[12][11][4]

Although Brazil’s tax-to-GDP ratio is substantially higher than that of Nigeria, challenges remain. The complexity and fragmentation of the system increase compliance costs and can create incentives for planning and avoidance strategies. Moreover, despite digitalization, perceptions of fairness and efficiency in public spending influence tax morale and attitudes

towards compliance, particularly in a context of political and economic volatility.[11][13][14]

4.3 Comparative Overview

Table 1 summarizes selected structural features of the Nigerian and Brazilian tax systems that are relevant for understanding tax compliance behaviour.

Table 1. Selected Features of the Tax Systems of Nigeria and Brazil

Feature	Nigeria	Brazil
Tax-to-GDP ratio	Relatively low compared to global and regional averages[3][5]	High among emerging economies, exceeding 30% of GDP[3][7][10]
Tax administration structure	Federal, state, and local; capacity and coordination challenges[1][5][8]	Federal, state, and municipal; extensive digital integration via SPED[4][12][11]
Informal sector	Large informal economy limits tax base and enforcement[1][5]	Significant informality in some sectors, but more extensive formalization and reporting[13][14]
Digitalization	Expanding e-taxation and e-governance, but uneven implementation[5][8]	Advanced digital bookkeeping and e-invoicing systems (SPED and related tools)[4][12][11]
Perceived complexity	Moderate to high; administrative bottlenecks and bureaucratic hurdles[1][5]	Very high complexity and compliance costs due to overlapping taxes[4][7][10][11]

5. Drivers of Tax Compliance

5.1 Economic Determinants

Economic conditions, including income levels, inequality, and the structure of tax rates, influence taxpayers’ ability and willingness to comply. In lower-income contexts, liquidity constraints and

subsistence needs can make compliance more burdensome, especially when tax systems rely heavily on consumption taxes that disproportionately affect poorer households. At the same time, higher-income individuals and firms may have greater capacity to engage in avoidance or evasion, particularly where enforcement is weak.[5][1]

Tax rates and perceived tax burdens also shape compliance incentives. Very high statutory rates can encourage evasion if taxpayers view them as confiscatory or unfair, particularly when combined with weak enforcement or opportunities to under-report. In Brazil, the high overall tax burden is often cited as a reason for dissatisfaction and, in some cases, non-compliance, even though digitalization has increased the risk of detection for formal-sector firms. In Nigeria, relatively lower effective tax rates coexist with high non-compliance, reflecting structural weaknesses, pervasive informality, and limited enforcement rather than tax rate levels alone.[7][10][11][13][3][1][5]

5.2 Institutional and Governance Factors

Institutional quality and governance are among the strongest predictors of tax compliance in cross-country studies. Where tax administrations are professional, transparent, and relatively free from corruption, taxpayers are more likely to perceive the system as fair and to comply, especially when they observe that others are also contributing. Conversely, perceptions of corruption, political instability, or selective enforcement can erode trust and tax morale, leading to higher evasion even when formal enforcement mechanisms exist.[9][13][2]

In Nigeria, studies highlight corruption, bureaucratic inefficiency, and weak accountability as major constraints on tax compliance. Taxpayers may doubt that revenues will be used for public benefit, and interactions with tax officials may involve informal payments or arbitrary assessments. In Brazil, governance indicators are generally stronger, and digitalization has reduced some opportunities for discretionary behaviour by officials. However, episodes of corruption scandals and political crises have also affected perceptions of fairness and the legitimacy of the tax system, with implications for tax morale [13][8][14][1][5].

5.3 Behavioural and Cultural Factors

Tax morale, defined as the intrinsic motivation to pay taxes, is shaped by cultural norms, socialization processes, and experiences with the state. Empirical

work on Brazil shows that tax morale varies with socio-demographic characteristics such as gender, religion, and education, with women, spiritualists, and more educated individuals generally displaying higher tax morale. These findings suggest that cultural and educational interventions can influence compliance behaviour, although they interact with broader institutional contexts [15][14][13].

In Nigeria, tax morale tends to be lower, reflecting widespread perceptions of corruption, limited public service provision, and a weak social contract. Nonetheless, studies indicate that tax education and awareness campaigns can improve attitudes towards tax payment, particularly when they emphasize the link between taxes and tangible public benefits. The slippery slope framework underscores that trust in authorities—built through fairness, transparency, and service quality—is a critical component of voluntary compliance [6][2][8][9][1][5].

Social norms also play a significant role in both countries. When non-compliance is perceived as widespread or socially acceptable, individuals may be more inclined to evade, believing that they are merely conforming to common practice. Conversely, visible enforcement actions against high-profile evaders and clear communication about compliance rates can help reshape norms and expectations [2][14][9][13].

5.4 Technological and Administrative Factors

Technological innovation and administrative reforms are increasingly central to tax compliance in emerging economies. Digital tax systems can reduce compliance costs, improve accuracy, and facilitate real-time monitoring of transactions, thereby increasing the perceived probability of detection and reducing opportunities for evasion. In Brazil, the SPED system integrates accounting, tax, and payroll data, enabling tax authorities to cross-validate information from multiple sources. For compliant businesses, this can streamline obligations; for potential evaders, it significantly raises the risk of detection [4][12][11][8].

In Nigeria, digitalization is less advanced but has expanded in recent years through e-filing systems,

online payment platforms, and e-governance initiatives. Empirical studies suggest that digitalization can positively influence compliance by reducing opportunities for corruption and simplifying procedures, although benefits depend on taxpayer access to technology, digital literacy, and institutional capacity to manage and secure digital infrastructure. Administrative reforms such as taxpayer identification numbers, one-stop service centres, and risk-based auditing can further enhance compliance when combined with effective human resource management and adequate resourcing of tax authorities [8][1][5].

5.5 Conceptual Framework

Figure 1 presents a conceptual framework for tax compliance determinants in emerging economies, integrating economic, institutional, behavioural, and technological factors. Economic conditions and tax policy parameters influence the perceived cost–benefit calculus of compliance, while institutional quality and governance shape both deterrence and trust. Behavioural and cultural factors—tax morale and social norms—mediate the impact of these structures, and technological and administrative features determine how efficiently and fairly the tax system operates in practice [6][9][13][2].

Figure 1: Determinants of Tax Compliance Outcomes
Guided by the Slippery Slope Framework

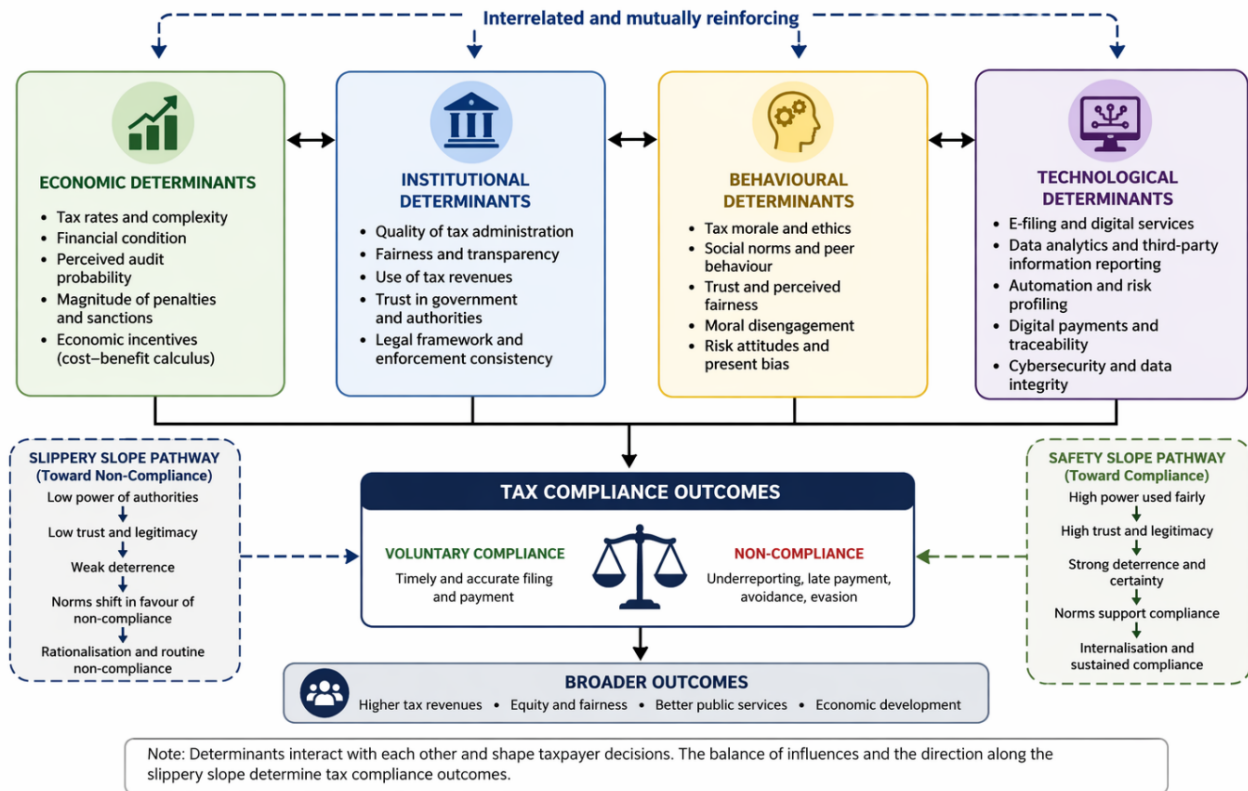


Figure 1. Conceptual Framework of Determinants of Tax Compliance in Emerging Economies

6. Tax Compliance in Nigeria

Tax compliance in Nigeria is shaped by a combination of structural, institutional, and behavioural factors that have historically constrained domestic revenue mobilization. Despite being one of Africa's largest economies, Nigeria's tax-to-GDP ratio has remained well below that of many peer countries, reflecting low compliance and a narrow tax base. The dominance of oil revenues has historically reduced pressure to develop a broad-based, efficient non-oil tax system, although volatility in oil prices has underscored the need for diversification.[3][5]

Empirical studies of Nigerian taxpayers highlight challenges such as low tax literacy, complex and sometimes opaque procedures, and negative perceptions of tax authorities. Survey-based research indicates that many small and medium enterprises and informal sector operators do not fully understand their tax obligations or the benefits of compliance, leading to under-registration and under-reporting. At the same time, taxpayers often cite corruption, harassment, and inconsistent enforcement as reasons for distrust and reluctance to engage with tax authorities.[1][5][8]

Digitalization and e-governance initiatives have been introduced to address some of these challenges. Studies on e-taxation in Nigeria suggest that electronic filing and payment can improve convenience, reduce waiting times, and limit opportunities for discretionary behaviour by officials, thereby positively influencing compliance. However, implementation has been uneven across states and taxpayer segments, with issues such as unreliable internet connectivity, limited digital literacy, and resistance to change among both taxpayers and officials constraining impact.[5][8]

Behavioural interventions, including tax education campaigns and taxpayer service improvements, have shown promise. Recent research finds that tax education positively affects compliance intentions and behaviour among Nigerian taxpayers, especially when combined with efforts to build trust in government and highlight the link between taxes and public goods. Initiatives to publicize successful uses

of tax revenues-such as infrastructure projects or social programmes-can help strengthen tax morale, although broader improvements in governance and service delivery remain necessary to sustain these gains.[1][5]

From the perspective of the slippery slope framework, Nigeria illustrates the challenges of achieving a balance between power and trust. While efforts to increase audits and enforcement have been made, limited administrative capacity and corruption can undermine their credibility, and excessive reliance on coercive measures risks further eroding trust. Building voluntary compliance requires addressing underlying governance issues, enhancing transparency, and fostering a sense of reciprocity between citizens and the state.[9][2][6]

7. Tax Compliance in Brazil

Brazil presents a contrasting case, with a relatively high tax-to-GDP ratio and sophisticated digital infrastructure, yet ongoing concerns regarding complexity, fairness, and compliance. The Brazilian tax system's multiplicity of taxes and overlapping jurisdictions generates substantial compliance costs, particularly for businesses that must navigate federal, state, and municipal obligations. This complexity can create both incentives and opportunities for tax planning, avoidance, and evasion, even as digital systems improve monitoring.[10][11][7]

Empirical research on tax morale in Brazil provides insights into behavioural determinants of compliance. A large survey-based study of Brazilian citizens finds that tax morale is influenced by socio-demographic factors, with women, spiritualists, and more educated respondents exhibiting higher intrinsic motivation to comply. The same study notes a generally neutral or partially negative attitude towards tax evasion, suggesting that while outright acceptance of evasion is limited, ambivalence persists, particularly when perceptions of corruption or misuse of public funds are salient.[15][14][13]

Brazil's SPED system and related e-invoicing platforms are often cited as examples of advanced digital tax administration. These systems require companies to issue electronic invoices, submit digital

accounting records, and integrate tax, social security, and labour information into centralized databases. The result is a dense digital trail that tax authorities can analyze to detect discrepancies, under-reporting, or fraud. For compliant firms, SPED can reduce paperwork and improve accuracy; for potential evaders, it raises the probability of detection, thus reinforcing deterrence.[12][11][4]

However, digitalization does not fully eliminate compliance challenges. Smaller firms may struggle with the technical and financial requirements of SPED, and the complexity of Brazilian tax legislation means that professional assistance is often necessary, increasing costs. Furthermore, high-profile corruption scandals and debates over the fairness of the tax system, particularly its reliance on indirect and payroll taxes, can dampen tax morale and foster scepticism about the legitimacy of the tax burden [11][14][13].

From the perspective of the slippery slope framework, Brazil combines relatively high power-with strong digital tools and enforcement capacity-with mixed levels of trust, depending on the segment of the population and the broader political context. This configuration can generate enforced compliance among formal-sector firms and higher-income taxpayers, while voluntary compliance may be weaker where trust in institutions is compromised. Policy debates on tax reform, including efforts to simplify the system and rebalance the tax mix, reflect recognition that long-term compliance requires both efficient enforcement and a tax system perceived as fair and supportive of development goals [7][10][11][2][6][9].

8. Comparative Analysis: Nigeria and Brazil

Comparing Nigeria and Brazil highlights both shared challenges and divergent trajectories in tax

compliance among emerging economies. Both countries operate federal tax systems with multiple layers of taxation and significant subnational responsibilities, and both face issues related to informality, inequality, and governance. However, Brazil's tax-to-GDP ratio is much higher than Nigeria's, reflecting greater success in mobilizing domestic revenue, albeit at the cost of complexity and high compliance burdens [10][3][7].

In terms of economic determinants, Brazil's higher income levels and more diversified economy support a broader tax base, whereas Nigeria's heavy reliance on oil revenues and large informal sector constrain the reach of the tax system. Institutional quality and governance indicators also tend to favour Brazil, despite its own challenges, contributing to relatively stronger tax administration capacity and more effective enforcement. Behaviourally, tax morale in Brazil appears moderate, with socio-demographic variation, while evidence suggests lower tax morale in Nigeria due to persistent perceptions of corruption and limited public service delivery [15][14][13][5][1].

Technological and administrative factors mark one of the starkest contrasts. Brazil's SPED and e-invoicing systems represent a mature digital infrastructure that allows for granular monitoring of transactions and integrated analysis across tax types, greatly enhancing the power of authorities. Nigeria has made progress in introducing e-taxation and e-governance tools but remains at an earlier stage of digitalization, with uneven implementation and capacity constraints limiting impact [4][12][11][8][5].

Table 2 summarizes key determinants of tax compliance and their relative influence in Nigeria and Brazil.

Table 2. Selected Determinants of Tax Compliance in Nigeria and Brazil

Determinant category	Nigeria	Brazil
Economic (income level, tax base)	Lower average incomes; narrow, oil-dependent tax base; large informal sector limits compliance[1][3][5]	Higher average incomes; diversified economy; broader formal tax base supports higher compliance[13][3][7][10]
Institutional and governance	Weaker institutions; corruption and limited administrative capacity undermine enforcement and trust[1][5][8]	Relatively stronger institutions and tax administration, though affected by political and corruption scandals[13][14][11]
Behavioural and cultural (tax morale, trust)	Lower tax morale; limited trust in government; strong perceptions of misuse of funds[1][5][8]	Moderate tax morale with socio-demographic variation; ambivalent attitudes shaped by perceptions of corruption and fairness[13][15][14]
Technological and administrative	Expanding but uneven digitalization; e-filing and e-payment systems in development[5][8]	Advanced digital infrastructure (SPED, e-invoicing); high integration of tax data across levels of government[4][12][11]

Figure 2 conceptually contrasts tax compliance trajectories in Nigeria and Brazil, illustrating how different combinations of power, trust, and digitalization can yield distinct outcomes. Brazil’s higher power and moderate trust generate relatively

higher overall compliance but at the cost of complexity and compliance burdens. Nigeria’s lower power and lower trust result in lower compliance, with wide gaps in coverage and persistent evasion, particularly in the informal sector.[14][13][3][5][1]

Figure 2: Contrasting Tax Compliance Trajectories: Nigeria vs. Brazil
 Different combinations of power, trust, and digitalization produce distinct compliance outcomes

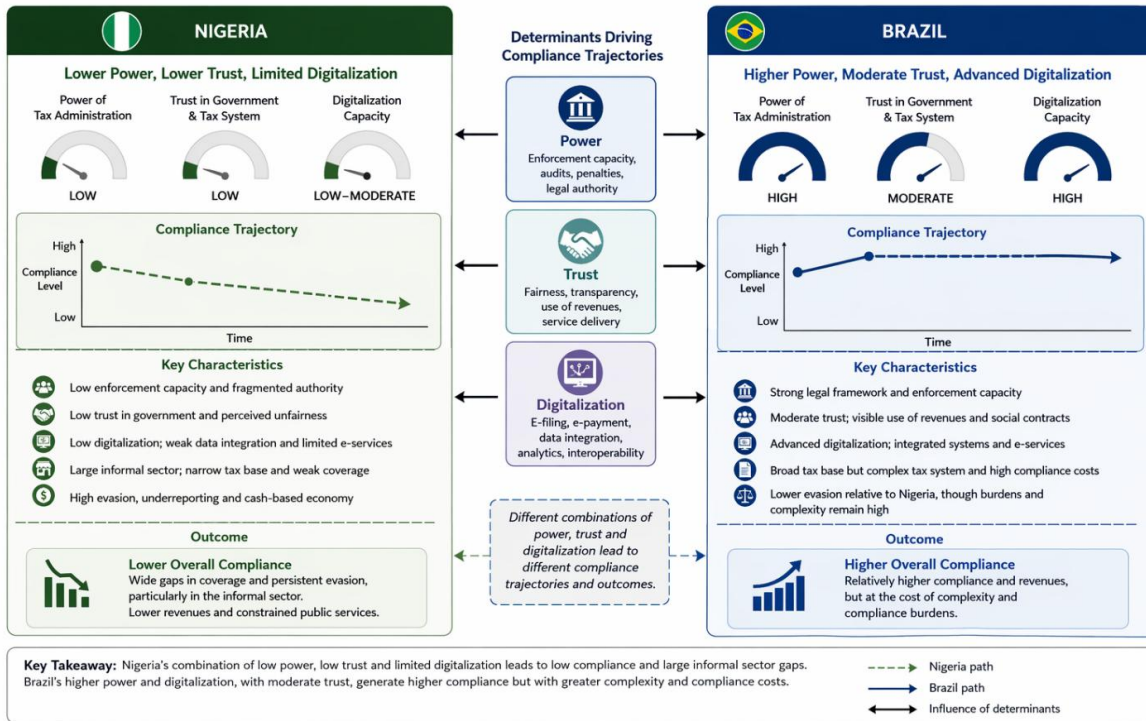


Figure 2. Stylized Comparison of Tax Compliance Trajectories in Nigeria and Brazil

9. Policy Implications for Emerging Economies

The comparative analysis of Nigeria and Brazil yields several policy implications for emerging economies seeking to strengthen tax compliance. First, enforcement capacity and digitalization are necessary but not sufficient conditions. Brazil's experience shows that advanced digital systems can greatly enhance the power of tax authorities and increase detection of evasion, but they must be accompanied by efforts to reduce complexity, support taxpayer adaptation, and ensure that compliance costs remain manageable, especially for smaller firms [12][11][4].

Second, improving institutional quality and governance is central to building trust and tax morale. In Nigeria, measures to reduce corruption, increase transparency in the use of tax revenues, and professionalize tax administrations are likely to yield significant gains in voluntary compliance. Public communication strategies that clearly demonstrate

the link between taxes and public services can help strengthen the fiscal social contract in both countries. In Brazil, addressing perceptions of unfairness in the tax mix and demonstrating progress in tackling corruption can support higher levels of tax morale and acceptance of the tax burden [13][15][8][14][5][1].

Third, tax education and taxpayer services should be integral components of compliance strategies. Evidence from Nigeria shows that tax education positively influences compliance behaviour, particularly when tailored to different taxpayer segments and delivered through accessible channels. In Brazil, the association between higher education and higher tax morale suggests that educational systems and public campaigns can cultivate norms of civic responsibility and legal compliance [15][14][13][5][1].

Fourth, simplification of tax systems can reduce opportunities for evasion and lower compliance

costs. Brazil's ongoing debates on tax reform, including proposals to consolidate multiple indirect taxes into a more streamlined value-added tax, illustrate recognition that complexity undermines both efficiency and compliance. Nigeria can also benefit from simplifying procedures, harmonizing tax rules across jurisdictions, and clarifying obligations for small and medium enterprises and informal operators [11][7][10][5][1].

Finally, emerging economies should adopt a balanced approach that leverages both deterrence and trust, in line with the slippery slope framework. Excessive reliance on coercive measures can erode trust and foster resistance, while an exclusive focus on voluntary compliance without credible enforcement may encourage opportunistic evasion. Integrating risk-based auditing, fair and predictable sanctions, and taxpayer-friendly services can help build a stable compliance culture over time [2][6][9].

10. Directions for Future Research

The review identifies several gaps and opportunities for future research on tax compliance in emerging economies. One area is the need for more micro-level behavioural studies that explore how specific interventions-such as targeted communication, nudges, or changes in default options-affect compliance among different taxpayer groups in Nigeria and Brazil. Experimental and quasi-experimental designs can shed light on causal mechanisms and inform the design of more effective policy tools [6][9][13][2].

Another area concerns the interaction between digitalization and inequalities in access to technology and administrative capacity. While digital tax systems can enhance enforcement, they may also create new forms of exclusion or burden for groups with limited digital literacy or infrastructure, such as small businesses in rural areas. Research that examines the distributional consequences of digital tax reforms and identifies strategies to mitigate adverse effects would be valuable [8][11][5].

Cross-country comparative datasets and longitudinal analyses are also needed to better understand how institutional reforms, political cycles, and

macroeconomic conditions influence tax compliance over time. Comparing Nigeria and Brazil with other emerging economies in Africa, Latin America, and Asia can help identify common patterns and context-specific dynamics, contributing to a more generalizable understanding of tax compliance in the Global South [3][14][13][5][1].

Finally, there is scope for integrating insights from anthropology, sociology, and political science into predominantly economic and administrative approaches to tax compliance. Qualitative studies that explore taxpayers' narratives, perceptions of fairness, and experiences with tax authorities can enrich quantitative analyses and provide a more holistic picture of the fiscal social contract in emerging economies.

11. Conclusion

Tax compliance behaviour in emerging economies is shaped by a complex interplay of economic, institutional, behavioural, and technological factors. The cases of Nigeria and Brazil illustrate how different combinations of these determinants can produce divergent outcomes in terms of tax-to-GDP ratios, compliance patterns, and the balance between voluntary and enforced compliance. Nigeria's challenges stem from a narrow tax base, pervasive informality, weak institutions, and low tax morale, despite recent efforts to introduce digital tools and enhance enforcement. Brazil, while more successful in mobilizing revenue through an extensive and digitalized tax system, grapples with high complexity, significant compliance costs, and ambivalent taxpayer attitudes linked to perceptions of fairness and corruption [7][10][13][3][5][1].

Theoretical frameworks such as economic deterrence, fiscal exchange, and the slippery slope model underscore that sustainable improvements in compliance require not only robust enforcement and technological sophistication but also trust, fairness, and a credible fiscal social contract. Policy strategies in both countries and other emerging economies should therefore aim to strengthen institutions, simplify tax systems, expand digitalization in inclusive ways, and invest in tax education and public communication. By combining power and

trust, governments can foster a culture of tax compliance that supports development, reduces inequality, and enhances the legitimacy of the state [14][9][13][2][6].

References

- Allingham, M. G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, 1 (3–4), 323–338. Retrieved from <https://www.sciencedirect.com/science/article/pii/0047272772900102>
- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The “slippery slope” framework. *Journal of Economic Psychology*, 29 (2), 210–225. Retrieved from <https://www.sciencedirect.com/science/article/pii/S0167487007000940>
- Martinez, AL, & Coelho, MLB (2019). Tax morals and the Brazilian citizen: An empirical study. *Cadernos EBAPE.BR*, 17 (3), 607–622. Retrieved from <https://www.scielo.br/j/cebape/a/NScjWNQfmBLWdTR3QPZXTKH/?lang=en>
- Oyedokun, GE, & Ayinde, OA (2023). Digitalization, culture, and taxpayers' compliance in Nigeria. *Journal of Economics, Finance and Management Studies*, 6 (12), 5888–5896. <https://doi.org/10.47191/jefms/v6-i12-15>
- Prinz, A., Muehlbacher, S., & Kirchler, E. (2014). The slippery slope framework on tax compliance: An attempt to formalization. *Journal of Economic Psychology*, 40, 20–34. Retrieved from <https://www.sciencedirect.com/science/article/pii/S0167487013000536>
- PwC. (2025). *Brazil – Overview*. Worldwide Tax Summaries. Retrieved from <https://taxsummaries.pwc.com/brazil>
- Santander Trade. (nd). *Brazilian tax system*. Santander Trade Portal. Retrieved April 17, 2026, from <https://santandertrade.com/en/portal/establish-overseas/brazil/tax-system>
- TMF Group. (2019, March 4). *Understanding the complexities of SPED obligations for taxes in Brazil*. Retrieved from <https://www.tmf-group.com/en/news-insights/articles/company-formation-administration/sped-brazil/>
- The Brazil Business. (2013, January 31). *All about SPED*. Retrieved from <https://thebrazilbusiness.com/article/all-about-sped-countryeconomy.com>. (nd). *Country comparison Brazil vs Nigeria: Tax revenue (% of GDP)*. Retrieved April 17, 2026, from <https://countryeconomy.com/countries/compare/brazil/nigeria?sc=XE75>
- Martinez, AL, & Coelho, MLB (2019). Tax morals and the Brazilian citizen: Empirical study. *Law & Society: Public Law – Tax eJournal*. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3327772
- Oyedokun, GE, & Ayinde, OA (2023). Digitalization, culture, and taxpayers' compliance in Nigeria. *Journal of Economics, Finance and Management Studies*. Retrieved from <https://ijefm.co.in/v6i12/15.php>
- US International Monetary Fund. (nd). *Determinants of income tax evasion*. IMF eLibrary. Retrieved from <https://www.elibrary.imf.org/downloadpdf/display/book/9780939934911/ch006.pdf>
- World Bank. (2015). *Governance and tax revenues: Institutions, participation and tax morale* (World Bank document). Retrieved from <https://pad.undp.org.mx/files/g/820dcf0c1242364677545293.44594fd/banco/archivo/171/0/gobernanza-e-ingresos-instituciones-participacion-y-moral-tributaria.pdf>
- [The impact of tax education on tax compliance among Nigerian ...](#) - This study investigates the impact of tax education (TE) on tax compliance (TC) among Nigerian taxpa...
- [Review of Personal Taxpayer's Compliance Level with Slippery ...](#) - This research used a combined approach between economic and behavioral approaches to analyze tax com...

[Country comparison Brazil vs Nigeria Tax Revenue \(%GDP\) 2026](#) - Country comparison Brazil vs Nigeria ; Taxes ; Tax Revenue (%GDP) [+], 2023, 32.0% ; Standard VAT [+...

[Understanding the complexities of SPED obligations for taxes in Brazil](#) - The SPED universe in Brazil makes tax obligations more complex.

[Digitalization, Culture, and Taxpayers' Compliance in Nigeria](#) - (2018). Measuring tax compliance among small and medium enterprises in Nigeria. International Journa...

[The slippery slope framework on tax compliance: An attempt to ...](#) - Kirchler, Hoelzl, and Wahl (2008) presented with the so-called 'slippery slope' framework a new appr...

[Brazilian tax system - Santandertrade.com](#) - Non-residents of a non-treaty country are liable for a flat rate of 25% tax on their income earned i...

[E-Governance: Enhancing Tax Compliance in Nigeria](#) - This study seeks to determine the effectiveness of e-governance in Nigeria and how it has improved t...

[\[PDF\] Slippery slope framework, tax morale and tax compliance](#) - In this paper, therefore, we first introduce tax morale and the. "slippery slope" framework into an ...

[Brazil - Overview - Worldwide Tax Summaries](#) - Quick rates and dates. Compare. Corporate income tax (CIT) rates. Headline CIT rate (%). 34 (compose...

[All about SPED - The Brazil Business](#) - Part of the federal initiative to enhance the Brazilian growth (PAC), SPED was created to integrate ...

[How Does SPED Simplify Tax Compliance for My Business in Brazilmybusinessbrazil.com › how-does-sped-simplify-tax-compliance-for-my-b...](#) - Discover how SPED (Public Digital Bookkeeping System) simplifies tax compliance for businesses in Br...

[Tax Morals and the Brazilian Citizen: Empirical Study](#) - Tax morale is an important determinant of compliance with tax legislation, so measure it and evaluat...

[Moral tributária e o cidadão brasileiro: estudo empírico - SciELO Brasil](#) - This study proposes to analyze the tax morale of Brazilian citizens. Its essential ... Tax complianc...

[\[PDF\] Tax morals and the Brazilian citizen: an empirical study - SciELO](#) - This study proposes to analyze the tax morale of Brazilian citizens. Its essential objective is to o...