

**TAX EDUCATION ON REVENUE COLLECTION AS A PERCEPTION OF TAX PAYERS. A CASE
STUDY OF KIWATULE DIVISION WAKISO DISTRICT**

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ABSTRACT

The purpose of the study was to investigate the role of tax education on revenue collection as a perception of tax payers in Kiwatule Wakiso Division. The study was based on the findings from 33 respondents out of the sample size of 40. The objectives of the study were to evaluate the effectiveness of tax education in Local Governments Wakiso District, to establish the level of Revenue performance in Local Governments, to establish the relationship between tax education and level of Revenue performance in Kiwatule Wakiso district. Data was collected from the accountants and accounting assistants of Kiwatule in Wakiso District. The findings of the study in this report indicated that majority of the respondents informed the researcher that they would be sensitized about tax education in business seminars and on posters/banners. Respondents also informed the researcher that there was a very high relationship between tax education and revenue collection. The study had focused on the effectiveness of taxpayer's education in revenue collection by URA. Although improved revenue collection is a function of many strategic measures, this study was limited to the single aspect of taxpayer education, Therefore, further research is proposed to determine the effectiveness of other strategic measures such as staff training, reforms and modernization of operations, institution of management contracts, and attainment of quality.

Key words: tax education, revenue collection, perception and tax payers

Background to the Study

Tax administration referred to the implementation of the choice of tax instruments that was applied in the management of tax related matters in specified area/ country or region (Tasha et al., 2023). Tax administration entailed on assessment and collection of taxes and enforcement of liability (Brian & Jacob, 2023). It was therefore a structure or procedure or identification of potential taxpayers, assessment, collection, and laws governing taxation. Therefore, a great deal of attention was paid to critical aspects of tax administration such as staffing, training, administration procedure, collection and use of information (Ramadhan et al., 2023). The tax administrators were responsible for all key tax administration functions which included taxpayers' services, registration, collection, enforcement, returns processing, filing enforcement, audit, refunds and objections (Moses et al., 2023).

Revenue was the income that a business had from its normal business activities, usually from the sale of goods and services to customers. Revenue was also referred to as sales or turnover. Some companies received revenue from interest, royalties, or other fees. Tax compliance was the provision of tax information at the proper time and ensured

Received: 15.10.2023

Accepted: 20.10.2023

Published on: 30.10.2023

Corresponding: Author: research.miu.ac.ug/publications

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that returns accurately reported the tax liability (Alex & Kazaara, 2023). Therefore, compliance was a constant challenge for all companies in terms of accurate computation and timely payment of tax. Uganda revenue Authority was formed to perform the task of tax administration. It was organized to accomplish the basic functions of tax collection agency, taxpayer audit, internal audit, financial management, enforcement, legal and regulatory affairs and also central tax administration and compliance (Ramadhan et al., 2023). Tax administration is vital in that it influences taxpayers' compliance in fulfillment of their rights of paying taxes, hence increasing government revenue collection and improves the national budget through maximization of revenue collection. In Uganda Small and Medium enterprises (SMEs) are were seen as critical for economic growth of the country. contributing 75% of (H)P and constituting 90% of the private sector, creating employment estimated at 2.5 million, improving standards of living and ensuring social and political stability (Mark et al., 2023). It has been observed however, from previous taxation studies that several SMEs in developing economies are non-tax compliant in spite of major reforms (Collins et al., 2023), since they cannot easily be located by tax administration, yet they pay less tax than their fair share of tax (Ahrned & Braithwaite, 2017). Inadequate knowledge and skills about tax procedures are the major qualities of most SMEs in Uganda, as most owners hire incompetent family members to keep proper financial records (Turyatemba et al., 2022). Compliance of taxpayers was one of the concerns relating to raising public finances. It had pertinent overtime as revenue turnover had been seen to improve in Uganda (Frank et al., 2023). The continued series of tax reforms had contributed to the continual improvement of the average filing ratio, to 70.3% of domestic taxes in financial year 2006/2017 (URA 2017) though highlighted that it was just slightly higher than the target 70%. Education and perceived tax fairness are some of the effects to tax compliance (Racheal et al., 2023).

Statement of the Problems

Tax education determines the taxpayer's willingness to pay taxes especially when the taxpayer is aware of the implications and costs of non-compliance (Christopher, Muhindo, et al., 2022). An inefficient tax education weakens the willingness of the taxpayers to comply and creates 5 room for political manipulation and in the process, government loses revenue (Paul et al., 2023). Uganda Revenue Authority has made significant effort to increase VAT collections by performing above forecast as a result of education efficiency, enhanced integrity drives, public education programmers and other initiatives (Kajina, Commissioner URA, New vision Feb, 24th 2011) Despite of the measures taken by government in reforming tax education in Uganda, tax compliance is still low due to the fact that the tax system is still complicated and non-transparent because of comprehensive changes in the tax structure (rates and bases) in recent years (Kazaara & Christopher, 2023). Despite the implementation of modern systems and procedures for investor support, ranging from introduction of c-tax, taxpayer's education services and faster handling of complaints, the total amount collected remains lower than the targeted (Kazaara & Christopher, 2023). Probably this was attributed to non-tax compliance of the tax payers among other factors. Persistent low levels of compliance can cause government's failure to realize the required targets for financing the national budget (Annet et al., 2023).

Received: 15.10.2023**Accepted: 20.10.2023****Published on: 30.10.2023*****Corresponding: Author: research.miu.ac.ug/publications***

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Unless this is addressed, it may lead to a national crisis. Therefore, the study is prompted to assess the effect of tax education on domestic revenue collection.

Specific objectives

1. To evaluate the effectiveness of tax education in Local Governments in Wakiso District
2. To establish the level of Revenue performance in Local Governments.
3. To establish the relationship between tax education and level of Revenue performance in Kiwatule Wakiso district

Methodology**Research design**

Both a descriptive and exploratory research design was used since the research was to find out the relationship between tax educations on revenue collection

Sampling design

Due to the limited funds and time to carry out the research, the researcher only considered a sample of the population. Elements in the population included (officials of Wakiso Districts, Sub-counties of Wakiso Districts, in the assessment and collection departments and some taxpayers.

The researcher got information quickly, fairly and inexpensively from a population as the use of probabilistic sampling which was the more important element. The researcher needed to make decisions under time constraints and using probabilistic sampling was highly time consuming

Table 1 Sample structure of the researcher*Table 1: Sample structure of the researcher*

Category	Target Population	Sample Size
Accountants	10	05
Accounts assistant	05	05
Sub county chiefs	08	08
Councilors	10	08
Parish chiefs	20	14
Total	53	40

3.5 Sample size

The researcher used a sample size of 40 respondents that was 05 accountants, 05 account assistants, 08 Sub County chiefs, 08 Counselors and finally 14 Parish Chief of Kiwatule Division in Wakiso District.

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Data collection, methods and instruments

The study based on self- administered questionnaires, which were suitable for getting information where most of the respondents were busy. To increase response rate, the questionnaires were made simple but comprehensive. Control questions were built in the 16 questionnaires to ensure correctness and consistence of respondent's answers. Open ended questions were used being provided to stimulate the respondents to provide more information and comments that were helpful to the study.

Measurement

Measurement of the dependent variable was total revenue from individual tax, this was done by determining whether (Kiwatule District) office collected the exact amount of tax targeted, collected more than the amount estimated or collected less than the amount of tax estimated. This was done by subtracting the amount of taxes estimated from the amount of tax collected under collection or over collection were considered an appropriate measure of effectiveness of tax administration policies. Under collection implied ineffectiveness in the tax administration policies. The aim was to determine whether there was under or over collection which ascertained whether tax administration policies were related to total Revenue tax performance.

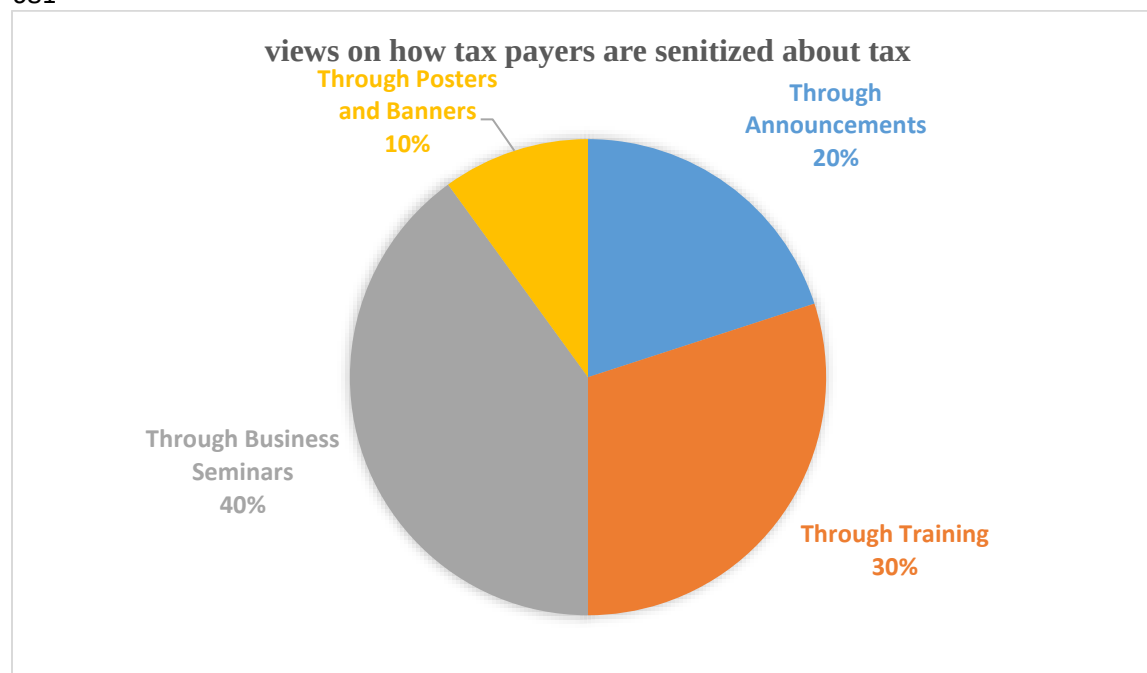
Data analysis

After collecting the questionnaire from the respondents, the researcher went ahead to edit the responses with the view of checking for completeness and accuracy. The data was then coded and reduced in preparation for further processing. Frequency tables were used to draw and percentages derived for easy analysis of the data using SPSS (Nelson et al., 2022).

RESULTS

How Tax payers are sensitized about taxes

Figure 1: How tax payers are sensitized about taxes



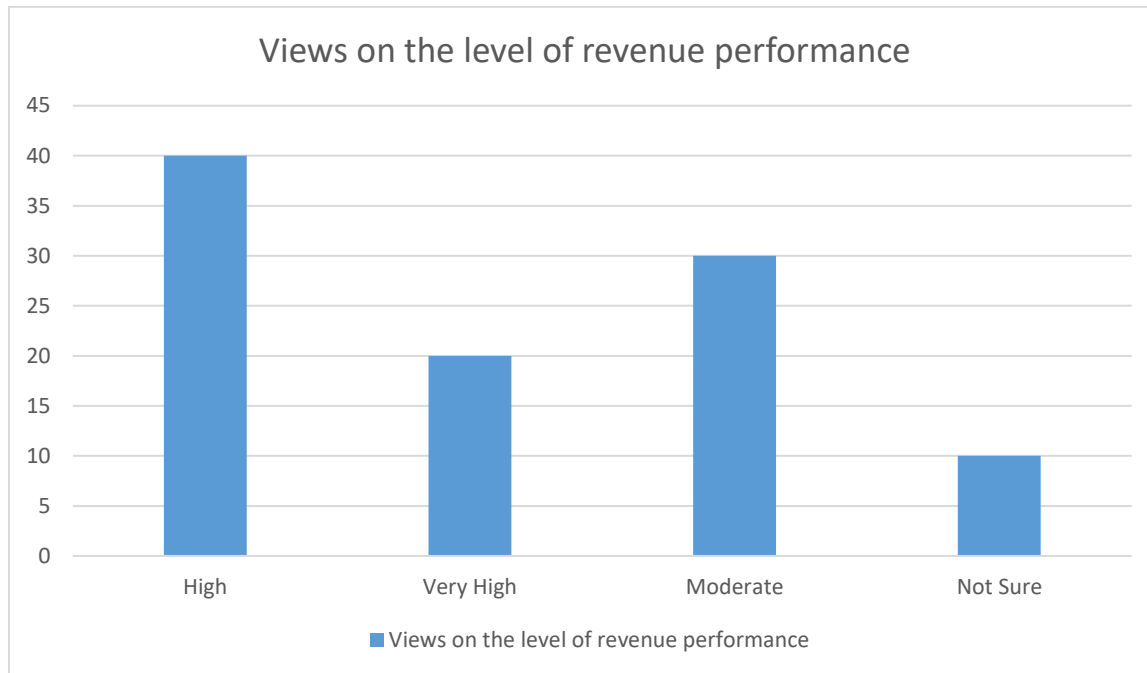
Source: Field Data 2021

According to the figure 1 above, the findings of the study presented results indicating that 30% of the respondents presented results indicating that through training, the tax payers were always sensitized about taxes during trainings (Christopher, Moses, et al., 2022). 40% of the respondents informed the researcher that through attending business seminars tax education was also taught to the business people. The findings of the study also presented results indicating that through announcements many of the business people got to know more about the tax education through listening to the announcements and finally 10% of the respondents presented results indicating that through putting the tax education regulations on posters and banners in the public places (Ramadhan et al., 2023).

Level of Revenue Performance

Figure 2: Views on level of revenue performance

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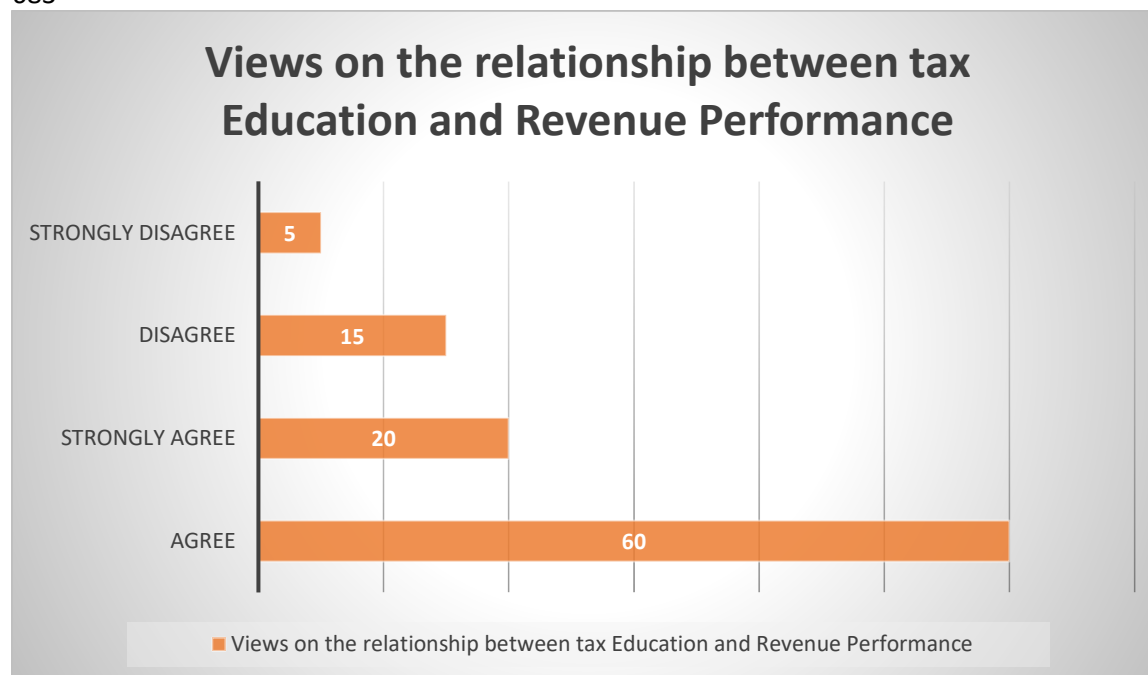


Source: Field Data 2021

The figure 2 above clearly indicated that 40% of the respondents presented results showing that the level of revenue performance was high followed by 20% of the respondents who presented results indicating that 30% of the respondents presented results showing that the level of revenue performance was moderate and finally the 10% of the respondents presented results indicated that they were not sure of the level of revenue performance in Kiwatule Wakiso District.

Relationship between tax education and revenue performance

Figure 3: Views on the relationship between tax education and revenue performance



Source: Field Data 2021

According to the figure 3 above, the findings of the study revealed that 60% of the respondents presented results to the researcher indicating that they agreed that there was a relationship between tax education and revenue performance, 20% of the respondents however presented results indicating that they strongly agreed that there was a relationship between tax education and revenue performance, 15% of the respondents presented results to the researcher showing that they disagreed with the fact that there was a relationship between tax education and revenue collection in Kiwatule Kampala Division.

Conclusions

In conclusion, the findings of the study presented results indicating that In relation to the findings of the study, the researcher found out that majority of the respondents presented results to the researcher indicating that they agreed that there was a relationship between tax education and revenue performance, some other respondents however presented results indicating that they agreed that there was a relationship between tax education and revenue performance, some of the respondents presented results to the researcher showing that they disagreed with the fact that there was a relationship between tax education and revenue collection in Kiwatule Kampala Division.

Basing on the findings of the study, majority of the respondents informed the researcher that payer education was very relevant in their business careers followed by some of the respondents who presented results to the researcher indicating that tax payer's education was relevant. Some other respondents presented the results to the researcher indicating that tax payer education was irrelevant. However, some of the respondents presented results to the

Received: 15.10.2023

Accepted: 20.10.2023

Published on: 30.10.2023

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researcher that tax payer education was very irrelevant and finally according to the findings of the study very few of the respondents were not sure on whether tax payer education was relevant, irrelevant, very relevant and finally very irrelevant.

Recommendations of the study

The study had focused on the effectiveness of taxpayer's education in revenue collection by URA. Although improved revenue collection is a function of many strategic measures, this study was limited to the single aspect of taxpayer education. Therefore, further research is proposed to determine the effectiveness of other strategic measures such as staff training, reforms and modernization of operations, institution of management contracts, and attainment of quality

In order to achieve maximum benefits from its taxpayer education programs. URA should strive to implement some of the following measures: improve service delivery options to taxpayers; facilitate participation by all sectors and categories of taxpayers; simplify the tax process; increase the scope of electronic tax services; deliver focused taxpayer education programs and guidance instructions to taxpayers; formulate measures to increase the participation of taxpayers in the tax; and ensure timely response to the dynamics affecting revenue collection from time to time. The Authority should also focus on maintaining a good corporate image to ensure that its training programs are perceived in good light by the taxpaying public.

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Received: 15.10.2023**Accepted: 20.10.2023****Published on: 30.10.2023****Corresponding: Author: research.miu.ac.ug/publications**

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