

Taxation And Performance of Small-Scale Businesses in Kisoro District: A Case Study of Kisoro Municipality**Asiimire Apophia¹, Babirye Shamirah²****1, 2 Metropolitan International University****ABSTRACT**

The major objective of this study lied in finding out whether there was a relationship between taxation and performance of small-scale businesses in Kisoro municipality, Kisoro district. Other objectives included: To determine the level of taxation in Kisoro district, Kisoro municipality and to determine the level of small-scale businesses in Kisoro municipality, Kisoro district. The study included 78 respondents who were small scale traders, 01 local council III C/man, and 01 as commercial officer of the District SPSS Software was used to analyze data in the study. It was found out is a very strong positive relationship between Taxation and Performance of small-scale businesses at $r = 0.885$ and since the sig. value (.000) was far less than 0.01, which is the maximum level of significance required declaring a significant relationship between Taxation and Performance of small-scale businesses, this implies that the level of Taxation greatly affects the level of Performance of small-scale businesses. The respondents were asked the types of businesses in Kisoro Municipality and 55.0% of the study respondents were operating retail businesses, 26.7% were operating wholesale businesses and only 18.3% of the sampled respondents in Kisoro Municipality were running/operating medium enterprises. The researcher also found out that the reasons behind as to why most people in Kisoro municipality operate retail businesses includes; retail businesses require less capital to start up, they don't need a lot of labour, they bring profits easily and they are easy to manage. The researcher found out that most people in this area had spent more than ten years while operating small scale businesses in Kisoro Municipality.

The researcher recommended the government to give directives to districts so that they reduce on the taxes that the impose on the local people. The researcher recommends the small-scale business owners to invest in much capital in their businesses so that they grow and start operate on a large scale

Key words: Taxation, Performance and Businesses.**Background of the study**

According to (Tasha et al., 2023a), taxation means the act of assessing or imposing a tax by a tax authority. In India, the system of taxation as we know it today has been in effect in one form or another since ancient times (Brian & Jacob, 2023). There are references to various tax measures in both Manu Smriti and Arthasastra. Manu, the ancient sage and lawgiver, declared that according to the Sastras a king could levy taxes. The wise sage advised that taxes should be related to the entity's income and expenditure (Kazaara & Christopher, 2023). However, he warned the king against excessive taxation and stated that both

extremes of either total absence of taxation or excessive taxation should be avoided (Tasha et al., 2023). According to him, the king should arrange the collection of taxes so that the subjects do not feel the pinch of paying taxes. He stipulated that merchants and artisans should pay 1/5 of their profits in silver and gold, while farmers should pay 1/6, 1/8, and 1/10 of their produce, depending on the situation (Allan et al., 2023). Manu's detailed analysis on this topic clearly shows the existence of a well-planned tax system, even in ancient times (Innocent et al., 2023). Not only that, taxes were also levied on different classes of people

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such as actors, dancers, singers and even dancers. Taxes were paid in the form of gold coins, livestock, grain, raw materials and also by providing personal services (Ramadhan et al., 2023). According to American economist Richard A. Musgrave, taxation, the imposition of mandatory taxes on individuals or entities by governments. Taxes are collected in almost all countries of the world, primarily to raise revenue for government spending, although they also serve other purposes (Growth et al., 2023). Taxation continued to evolve as Greek civilization overtook much of Europe, North Africa, and the Middle East in the centuries leading up to the Common Era (Collins,

& Hussey, 2003). The Rosetta Tablet, a clay tablet discovered in 1799, was a document of new tax laws enacted by the Ptolemaic dynasty in 196 BC (Tasha et al., 2023b). Named after its leader Ptolemy V, the kingdom was the product of Alexander the Great's legendary conquest of vast territories, resulting in a fusion of ancient Greek and other languages (Anthony et al., 2023). Thus, the text of the Rosetta Tablet was written in both Greek and Egyptian hieroglyphic script, and its discovery served as a breakthrough in the decoding of one of the oldest forms of written language (Denis & Sophie, 2023).

Problem statement

The problem lied in finding out whether there was a relationship between taxation and performance of small-scale businesses in Kisoro market, Kisoro district.

General objective of the study

To find out whether there is a relationship between taxation and performance of small-scale businesses in Kisoro district, Kisoro municipality.

Specific objectives of the study

The specific objectives of the study were;

1. To determine the level of taxation in Kisoro district, Kisoro municipality.
2. To determine the level of small-scale businesses in Kisoro municipality, Kisoro district
3. To find out whether there is a relationship between taxation and performance of small-scale businesses in

Kisoro municipality, Kisoro district.

Research questions

1. What is the level of taxation in Kisoro district, Kisoro municipality?
2. What is the level of small-scale businesses in Kisoro municipality, Kisoro district?
3. What is the relationship between taxation and performance of small-scale businesses in Kisoro municipality, Kisoro district?

Methodology.

The study adopted a triangulation of a case study design and a cross-sectional survey design, also deploying both qualitative and quantitative techniques to analyze data. A case study design was selected because the researcher neither had time nor financial resources to conduct a national survey of all Districts. The researcher considered Kisoro Municipality in Kisoro District in order to examine the relationship between taxation and the development of small-scale businesses. Therefore, the research study was carried out from Kisoro Municipality and the target

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population of the researcher included; the small scale traders who have involved in business for 5-years basing on valid trading licenses (2017-2022) and who have at least completed S.4 and above basing on their senior four certificates and will be used as the primary respondents, local council III Chairperson and the commercial officer as the key informants of the researcher and the target population of 28 respondents out of the total of 30. In addition to this, one local council III Chairperson, commercial officer and the small-scale traders were interviewed by asking them to answer both closed and open-ended questions in the semi-structured questionnaire. The study sample comprised of 28 respondents out of 30 of the total population, this was derived from using the Solvin's formula as analyzed. The different two methods were used to collect data which included questionnaire and interview method. These were used to collect data from all industrial workers and community members from Hima cement factory, Kasese district. The validity of the instruments was established under the guidance of the supervisor (Dr. Arinaitwe Julius). To establish the reliability of the research instruments, the researcher carried out a pilot test of the instruments using another similar group with the same characteristics as the one targeted in the study. Quantitative data analyses were carried out using a software application called Statistical Package for Social Scientists (SPSS) (Nelson et al., 2022). Cross tabulations, Pearson's correlation coefficient, regression, and ANOVA tests and analyses were carried out on the data to examine the relationships between assessment of learning and student academic performance (Victoria et al., 2023). Qualitative data was organized according to themes identified from research questions and analyzed using content analysis. Data from interviews were organized and presented inform of report.

Results.

The level of Taxation in Kisoro Municipality, Kisoro District

This Section describes the independent variable (Taxation). The independent variable was addressed in Section B of the questionnaire for respondents.

Table 1: Show the level of taxation

	N	Range	Minimum	Maximum	Mean	Std. Deviation
LEVEL OF TYAXATION						
Valid N	60	2.00	1.00	3.00	3.4200	.81039

The mean percentage concerning the level of taxation in Kisoro Municipality was **34%**. The mean is close to code 4 of the Likert scale hence indicating that there is a high level of taxation in Kisoro Municipality. The level of taxation in Kisoro Municipality was also analyzed using frequency distributions and percentages where 71.7% of the respondents agreed that the level of taxation in Kisoro Municipality is very high and this was due to high taxes charged on different businesses, 18.3% argued that the level of taxation in Kisoro Municipality is at a high level, 5.0% argued that the level of taxation is at a very low level and 5.0% revealed that the level of taxation in Kisoro Municipality is low.

The level of performance of small-scale businesses in Kisoro Municipality

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This Section describes the dependent variable (Small scale businesses). The dependent variable was addressed in Section C of the questionnaire for respondents.

Table 2: The level of performance of small-scale businesses

	N	Range	Minimum	Maximum	Mean	Std. Deviation
LEVEL OF PERFORMANCE OF SMALL-SCALE BUSINESSES	60	2.00	1.00	3.00	4.7000	.78895
Valid N						

The mean percentage concerning the level of performances in Kisoro Municipality was 47%.

The mean is close to code 5 of the Likert scale hence indicating that there is a high level of performance of small-scale businesses in Kisoro Municipality. The mean is very high hence indicating that there is a high level of performance of small-scale businesses in Kisoro Municipality. The level of performance of small-scale businesses in Kisoro Municipality was also analyzed using frequency distributions and percentages where 68.3% of the respondents agreed that the level of performance of small scale businesses in Kisoro Municipality is very high and this is witnessed by many small scale retail shops in Kisoro Municipality (Innocent et al., 2023), 21.7% argued that the level of performance of small scale businesses in Kisoro Municipality is at a high level, 3.3% argued that the level of performance of small-scale businesses is at a very low level and 6.7% revealed that the level of performance of small-scale businesses in Kisoro Municipality is low.

Relationship between Taxation and Performance of small-scale businesses

Table 3: Showing Pearson Correlation between Taxation and Performance of scale businesses

		Taxation	Small scale businesses
Taxation	Pearson Correlation	1.00	.885
	Sig. (2-tailed)		.000
	N	60	60
Small scale businesses	Pearson Correlation	.885	1.00
	Sig. (2-tailed)	.000	
	N	60	60

Table 3 indicates that there is a very strong positive relationship between Taxation and Performance of small-scale businesses at $r = 0.885$ and since the sig. value (.000) was far less than 0.01 (Nelson et al., 2023), which is the maximum level of significance required declaring a significant relationship between Taxation and Performance of small-scale businesses, this implies that the level of Taxation greatly affects the level of Performance of small-scale businesses.

Discussion of Findings

The mean percentage concerning the level of taxation in Kisoro Municipality was 34%. The mean is close to code 4 of the Likert scale hence indicating that there is a high level of taxation in Kisoro Municipality. The level of taxation in Kisoro Municipality was also analyzed using frequency distributions and percentages where 71.7% of the respondents agreed that the level of taxation in Kisoro Municipality is very high and this was due to high taxes charged on different businesses, 18.3% argued that the level of taxation in Kisoro Municipality is at a high level, 5.0% argued that the level of taxation is at a very low level and 5.0% revealed that the level of taxation in Kisoro Municipality is low. The mean percentage concerning the level of performances in Kisoro Municipality was 47%. The mean is close to code 5 of the Likert scale hence indicating that there is a high level of performance of small-scale businesses in Kisoro Municipality (Alex & Kazaara, 2023). The level of performance of small scale businesses in Kisoro Municipality was also analyzed using frequency distributions and percentages where 68.3% of the respondents agreed that the level of performance of small scale businesses in Kisoro Municipality is very high and this is witnessed by many small scale retail shops in Kisoro Municipality, 21.7% argued that the level of performance of small scale businesses in Kisoro Municipality is at a high level, 3.3% argued that the level of performance of small scale businesses is at a very low level and 6.7% revealed that the level of performance of small scale businesses in Kisoro Municipality is low (Faith et al., 2023).

There is a very strong positive relationship between Taxation and Performance of small-scale businesses at $r = 0.885$ and since the sig. value (.000) was far less than 0.01, which is the maximum level of significance required declaring a significant relationship between Taxation and Performance of small-scale businesses, this implies that the level of Taxation greatly affects the level of Performance of small-scale businesses.

Conclusion of the findings

Objective one aimed at finding out the level of taxation in Kisoro Municipality, Kisoro district. The researcher concluded on this objective from the findings that the level of taxation is very high and this is witnessed by the

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high taxes charged businesses in Kisoro Municipality. Objective two aimed at finding out the level of performance of small-scale businesses in Kisoro Municipality. The researcher concluded on this objective that the level of performance of small-scale businesses is high and this is witnessed by many people involving in small business in Kiso Municipality. The third objective aimed at establishing at the relationship between Taxation and performance of small-scale businesses in Kisoro Municipality, Kisoro district. The there is a very strong positive relationship between Taxation and Performance of small-scale businesses at $r = 0.885$, this implies that the level of Taxation greatly affects the level of Performance of small-scale businesses.

Recommendations of the study

On the basis of the findings of this study and conclusions drawn, the following are the recommendations regarding the relationship between Taxation and performance of small-scale institutions in Kisoro Municipality, Kisoro district

The researcher recommended the government to give directives to districts so that they reduce on the taxes that they impose on the local people.

The researcher recommends the small-scale business owners to invest in much capital in their businesses so that they grow and start operate on a large scale.

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