

AN ASSESSMENT OF TAX POLICIES AS MEASURES FOR EFFECTIVE TAX COMPENCY IN AN ORGANISATION IN UGANDA, CASE STUDY OF VISION FOR AFRICA

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ABSTRACT

The study examined the Tax policies and tax compliancy of Vision Africa. The study shall assess the tax policies in Vision Africa, examined out if tax payers are aware of all their tax obligations and policies and to analyze the problems affecting tax payers and their business. A case study research design was employed and a sample size of seventy (60) staff was used. The study also employed a self-administered questionnaire to employees in the tax collection and Vision Africa department as the primary data collection tools. While data analysis conducted with the aid of SPSS software all objectives for the study were explained using a scale ranging from those who strongly agreed, agreed, to those who strongly disagreed, disagreed and then those who are not sure. Key finding revealed that tax compliance significantly influences the performance of tax policies which coincided with the qualitative results which indicated that members within the tax policies sector have been able to enhance their knowledge on taxation and tax administration had a strong positive association with performance of Vision for Africa. The researcher therefore recommends tax administration should use current tax reform to reduce tax complexity with Tax authorities should focus and help taxpayer during filing taxes returns information and tax assessment should be low in order to avoid business out of the market, the rates should also be well known by the tax payer.

Key words: Tax Policies, tax administration and Tax component

Background of the study

Vision for Africa is an international organization based in Kayunga Mukoko Uganda, an organization with the aim of providing education to needy children in Africa and giving them hope for the future with the help of many who have given and donated (Tumusabe et al., 2022). Most tax authorities around the world conduct a combination of processing, servicing, enforcement, litigation and sometimes legislative activities (Brian & Jacob, 2023), many of which are aimed at improving tax compliance (Osuman & Julius, 2023). In carrying out these activities, it is important for the tax administrator to be able to determine whether these activities are achieving the desired results, including whether they have any impact on compliance (Tasha et al., 2023). Any examination of compliance

measurement raises a number of issues, including definitions of compliance. The study is to follow Friedman's theory of ability to pay theory, this theory was developed due to the shortcomings of the benefit and sacrifice theories of taxation (Sarah et al., n.d.). This is the most popular and commonly accepted principle of equality or justice in taxation, that is, the citizens of a country should pay taxes to the government according to their ability to pay. It seems very reasonable and fair that taxes should be levied based on the taxable capacity of an individual (Ramadhan et al., 2023). For example, if the taxable capacity of person A is greater than that of person B, the former should be asked to pay more taxes than the latter (Fred et al., 2023).

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Tax administration refers to the implementation of a selection of tax instruments to be applied in the administration of tax matters in a particular area/country or region (Okello A, 2007). Tax administration includes the assessment and collection of taxes and the enforcement of liability. So, it is the structure or procedure or identification of potential taxpayers, determination, collection and laws governing taxation (Audrey & Julius, 2023).

Therefore, much attention should be paid to critical aspects of tax administration such as staffing, training, administrative procedure and information collection and use (Christopher et al., 2022). Tax administrators are responsible for all key functions of tax

administration, which include taxpayer services, registration, collection, collection, return processing, filing enforcement, audit, refunds, and objections (Rose & Enock, 2023). It is the income that a business has from its normal business activities, usually from the sale of goods and services to customers. It is also referred to as sales or turnover (Jane et al., 2023). Some companies receive income from interest, royalties or other fees. Tax compliance is providing tax information at the right time and ensuring that returns accurately reflect tax liability (George & Alex, n.d.). Compliance is therefore a constant challenge for all companies when it comes to accurate calculations and timely tax payments.

Problem statement

whereas the taxes collected by the government are meant to generate revenue, they should be allocated through the provision of services to the general public; health services, roads, schools and electricity to help improve the nation, especially its people (Rose & Enock, 2023). These rates appear to be on a downward trend in terms of tax payers' compliance and willingness to pay, which has led to the liquidation of some businesses, businesses and organizations such as Shoprite, Africell, games and closures in Uganda, leading the researcher to explored more about tax policy measures related to effective tax compliance of organizations in our selected case study (Robert et al., 2023). In Uganda, the Uganda Revenue Authority was created to perform the role of tax administration (Alex & Kazaara, 2023). It was organized to perform the agency's core functions of tax collection, taxpayer audit, internal audit (Innocent et al., 2023), financial management, enforcement, legal and regulatory affairs, as well as central tax administration and compliance (Paskal & Andrew, 2023). . . Tax administration is vital in that it affects taxpayers' compliance in fulfilling their rights to pay taxes, thereby increasing government revenue collection and improving the national budget through maximizing revenue collection (Brian & Jacob, 2023). In Uganda, small businesses are seen as key to the country's economic growth. It contributes 75% (HP) and accounts for 90% of the private sector, creating jobs estimated at 2.5 million, improving living standards (Wasswa et al., 2023).

Objectives of the study.

1. To assess the tax policies and the performance of revenue collection in Vision Africa.
2. To examine out if tax payers are aware of all their tax obligations and policies and the level of tax Compliance among Tax payers/organization
3. To establish the relationship between Tax Compliance and Revenue Collection.
4. To analyze the problems affecting tax payers and their business

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Methodology.

The study assumed a cross-sectional and quantitative research design. This was used to describe, observe and examine the findings to come up with conclusions and recommendations for the study. In order to assess the tax policies as measured for effective tax complacency 60 respondents targeted to participate in the study. Purposive sampling was used as the sampling technique to collect the required information from the respondents. The study involved 60 respondents that respondents included staff members from URA in the Revenue Department, and tax payers from vision for Africa considering time factor constraints and other factors. The researcher collected both primary and secondary data. Primary data was collected by the help of questionnaire and interviews. The study used a 5-point Likert scale to measure the variables which are Tax Compliance and Domestic Revenue Collection to come up with findings. This ranged from strongly agree to strongly disagree (strongly agree, agree, not sure, disagree, and strongly disagree). All the statistical data analysis was performed under STATA and Pearson's linear correlation index was used in order to correlate taxation and growth of Vision for Africa (Nelson et al., 2022). The index was selected because it measures the degree and direction of the relationship between variables.

Results.

Relationship between tax awareness and tax compliance

Table 1: Relationship between tax awareness and tax compliance

Statement	F	SA	F	A	F	NS	F	D	F	SD
Information about taxes is always readily available to the tax payer.	16	27%	20	33%	0	0%	15	25%	9	15%
The business entity is aware of its tax obligation.	19	32%	22	39%	4	7%	10	17%	5	8%
Lack of information affect business' tax compliance	20	33%	40	67%	0	0%	0	0	0	0%
The business entity is able to correctly calculate the tax amount payable based on the available information	25	42%	20	33%	0	0%	10	17%	5	10%

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Source: Researcher, 2022

27% of the respondents strongly agreed to the statement that information about taxes is always readily available to the tax payer, 33% to agreed, none were undecided, while 25% disagreed and 15% strongly disagree. This is an indication that there is a positive relationship between tax awareness and tax compliance (Kazaara & Christopher, 2023). Majority of the respondents were in agreement 71% that business entity is aware of its tax obligation, 32% strongly agreed that internal work place diversity helps in decision making, 39% to agreed, 7 % were undecided, 17% disagreed while 8% strongly disagreed with the statement. The business entity is able to correctly calculate the tax amount payable based on the available information 42% strongly agreed with the statement, 33% agreed, 0% were indecisive and 10% disagreed while 17% strongly disagreed with the statement (Faith et al., 2023).

Effect of tax administration on tax compliance

Table 2: Tax administration on performance tax compliance

Statement	F	SA	F	A	F	NS	F	D	F	SD
Tax administration Procedures are used to identify taxpayers fare	11	19%	18	30%	14	23%	9	15%	8	13%
Tax authorities sensitize taxpayers on how to submit their tax liabilities.	10	17%	20	33%	7	12%	12	20%	11	18%
Tax payers pay them Liabilities in time.	9	15%	19	32%	13	22%	10	16	9	15%
URA employs competent tax enforcement team	30	50%	20	34%	5	8%	5	8%	0	0%

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Tax enforcement team are guided on how to treat taxpayers, especially in fields.	9	15	21	35	10	17	10	23	6	10
Tax administration ensures tax compliance by small business taxpayers.	10	17	22	36	16	27	6	10	6	10
The administrative costs used to collect taxes from small taxpayers are efficient.	8	13	24	40	10	17	10	17	8	13
Taxpayers are aware of tax liabilities.	9	15	17	28	16	27	11	18	7	12

From the study findings above in table 4 indicated that tax administration also has a positive effect on tax compliance. It was found out that statements; Tax administration Procedures are used to identify taxpayers fare had 19% of the respondents who strongly agreed (Brighton et al., 2023); 30% agreed, 23% were not sure, 15 % disagreed and 13% strongly disagreed. Tax authorities sensitize taxpayers on how to submit their tax liabilities by creating favorable conditions for tax compliance had, 17% of the respondents who strongly agreed, 33% agreed, 12% were not sure, 20% disagreed and 18% strongly disagreed. Tax payers pay their liabilities in time had 15% of the respondents who strongly agreed, 32% agreed, 22% were not sure, 16% disagreed and 15% strongly disagreed. (Damasus et al., 2023)

Relationship tax policies and tax compliance

Correlation results of tax compliance and tax policies

Pearson correlation coefficient established the extent to which tax compliance influences the tax policies in Vision for Africa, Kampala, and the results are shown in table 6 below.

Table 5: Correlation matrix for tax compliance and the performance of tax policies

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		Tax compliance	Performance of Vision for Africa
Tax compliance	Pearson Correlation	1	.55**
	Sig. (2-tailed)		.000
	N	.60	60
Performance of Vision for Africa	Pearson Correlation	.55**	1
	Sig. (2-tailed)	.000	
	N	60	60

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

The study findings table 3 above show that tax compliance significantly affects the performance of tax policies in Vision for Africa since p- value (.000) is less than the significance level of 0.01. The correlation coefficient is (0.55) which implies that there is a strong positive relationship between tax compliance and the performance of tax policies (Nelson et al., 2023). Therefore, according to the results, tax compliance has a statistically significant moderate positive effect on the performance of tax policies. Results from the quantitative findings indicated that tax compliance significantly influences the performance of tax policies which coincided with the qualitative results which indicated that members within the tax policies sector have been able to enhance their knowledge on taxation where by URA through the umbrella body KACITA has engaged the traders to ease provision of taxpayer services,

Summary

Findings on tax assessment and tax compliance. furthermore, the researcher conducted research seeking to find out the effect of tax assessment one of tax compliance on performance of organizations and it was found out that the former had a great impact on the latter. This view of this, respondents urged that much as the government has labored to ensure equality in taxation through progressive tax rates, this has just been in theory rather than practical. Research conducted on tax policies shows that there is a positive relationship between tax compliance and performance of small business enterprises in Vision for Africa. The researcher also wanted to find out whether tax administration would have an effect on performance of Vision for Africa, and it was found out that the effect was strong positive

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association. this sense the researcher found that tax collectors usually storm and close off peoples' licenses without giving any notice and research conducted on tax policies shows that that there is a positive relationship between tax compliance and tax policies on organizations in Vision for Africa.

Conclusion

The researcher concluded that there was a significant effect among the two variables. This is because when tax policies are favorable to a tax payer, they consider it to be fair which will lead them to pay their liabilities in time and is in line with (Brian & Jacob, 2023). In a similar manner, the researcher conducted research in view of determining the effect of tax ministration on tax compliance, this conclusion is evidenced by the fact that there should be a relatively fair administrative procedure that allow small tax payers to submit their tax liabilities with ease. The research conducted on the effect tax assessment on tax compliance, the researcher concluded that if an assessment of business is properly done, a tax payer will equally pay their liabilities easily and in time when ensuring great performance for their businesses.

Recommendation of the study

From the findings it is recommended that tax administration should reduce criminal aspects of tax evasion with well know tax measures. Further, tax administration should use current tax reform to reduce tax complexity with Tax authorities should focus and help taxpayer during filing taxes returns information.

Tax assessment should be low in order to avoid business out of the market, the rates should also be well known by the tax payer.

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