The Effect of Taxpayer Education on Tax Compliance in Kenya.(a case study of SME's in Nairobi Central Business District)

Gitaru, Kelvin

University of Nairobi, School of Economics

1 July 2017

EFFECT OF TAXPAYER EDUCATION ON TAX COMPLIANCE IN KENYA

(THE CASE OF SMEs IN NAIROBI CENTRAL BUSINESS DISTRICT)

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

Appendix I:

LIST OF ABBREVIATIONS AND ACRONYMS

CBD   Central Business District

DC   Developing Countries

IC   Industrialized Countries

ICT   Information Communication Technology

IT   Information Technology

KRA   Kenya Revenue Authority

PAYE   Pay As You Earn

PIN   Personal Identification Number

SAS   Self-Assessment Systems

SMEs   Small and Medium Enterprises

SPSS   Statistical Package for Social Sciences

VAT   Value Added Tax

OPERATIONAL DEFINITION OF TERMS

Small tax payer: This is a category of tax payers characterized by business turnover of (less than Kshs.500 million per year), small capital, sole employment structure, unspecialized merchandize and majority of them does not often comply with tax matters.

Taxpayer education: This refers to programs aimed at teaching taxpayers about their tax rights, responsibilities and legal requirements. Also refers to the method of educating the people about the whole process of taxation and why they should pay tax.

Tax compliance: This refers to the willingness of a taxpayer to comply with the tax rules of his country, for example by declaring income, filing a return, and paying all the taxes due and in a timely manner.

Tax Information: The knowledge or facts provided about taxes.

ABSTRACT

Tax is a very important aspect in any country. Revenue collected from taxes enables a country to provide services for its citizens and also development of its economy. However, Kenya does not collect as much revenue as it should. SMEs in particular have the potential of generating a lot of revenue for the government but this is not the case. This poses a significant problem to the government and the country's growth as a whole. Therefore, this study aimed at assessing the effect of taxpayer education on tax compliance in Kenya, the case of SMEs in Nairobi CBD. The study established the effect of electronic taxpayer education, print media tax payer education, and stakeholder engagement on tax compliance. The target population was SMEs in Nairobi CBD Tax area. The study object was SMEs conducting business within Nairobi CBD. Data was collected by administration of pretested questionnaires to the owners of SMEs business. Data was analyzed using both descriptive and inferential statistics. The nominal and ordinal data was collected using questionnaires and later subjected to quantitative analysis using Statistical Package for Social Sciences. Data was presented in the form of frequency distribution tables & graphs. The study results showed that indeed; electronic taxpayer education, print media tax payer education, and stakeholder engagement, influences tax compliance among SMEs in Nairobi's CBD area. Correlation Matrix was done to determine the correlation between the independent variables. The results showed that stakeholder's sensitization is positively related to the taxpayers' education to correctly calculate the tax compliance, with a correlation coefficient of 0.810. The study recommended that; there was need to improve on tax compliance in SMEs because they are below average, through intensive tax. For SMEs to improve their tax compliances, those involved in their tax matters need knowledge and skills to interpret the various tax laws and regulations. Tax compliance procedures should be simplified because in most cases they are found to be very complicated by SMEs, especially for those who do not keep proper books of account and sometimes do not understand the tax laws in order to reduce the compliance costs in terms of money and time. Small and Medium Enterprises should be levied lower amounts of taxes. The government should consider increasing tax incentives and exemptions. Reduce compliance costs, curb corruption, and improve on accountability and accessibility of KRA services.

CHAPTER ONE: INTRODUCTION

1.1   Background of the study

Tax is defined as a compulsory levy imposed by a government or a government appointed body (tax authority) on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return. On the other hand, tax may be viewed as a cost to the tax payer whether as an individual or a corporate body. However, there is a conflict in taxation whereby tax payers' desire to minimize costs and maximize profit, while government's desire is to maximize revenue through enhanced tax compliance. To strike a balance between the taxpayer and the tax collector, the latter need to come up with strategies and methods of simplifying tax procedures and requirements. One such strategy is the use of enhanced tax payer education. (Lymer and Oats, 2009).

Andreoni, Erard, and Feinstein (1998) claimed that tax compliance should be defined as taxpayers' willingness to obey tax laws in order to obtain the economic equilibrium of a country. Kirchler (2007) perceived a simpler definition in which tax compliance is defined as the most neutral term to describe taxpayers' willingness to pay their taxes willingly and honestly. Improved collection of taxes enables the Kenya government to provide fundamental services such as; Education, Medical services, improved infrastructure like roads and bridges, rural electrification, youth and women development funds, higher education loans board (HELB) funds and National budgetary expenditures to ensure Kenya's sovereignty by avoiding over dependence on donor funding who may impose rigid conditions.

Tax evasion can be defined as the failure by a person or business to comply with the tax obligations. It is a serious challenge to tax authorities in both the developed and developing countries. It diminishes the mobilization of resources that governments need to invest in critical areas of social and personal development including health, education and infrastructure development (Cummings, 2007). In 2011, it cost governments' worldwide about 5.1 % of their Gross domestic Product (GDP). Even in the most advanced economies in the world, tax evasion undermines revenue collection substantially (Rile, 2011). Among the three East African countries of Kenya, Uganda and Tanzania their informal economy constituted 33% of the GDP in the year 2011, while for Kenya it represented 7% of total government expenditure. The tax burden in Kenya would thus be high, standing at about 20.9%. If the Kenya government is to increase its social expenditure, then it needs to reduce tax evasion in the informal economy (Griffiths, 2005).

Taxpayer education can be described as a method of educating the people about the whole process of taxation and why they should pay tax (Aksnes, 2011). It assists taxpayers in meeting their tax obligations to the government. This means that the primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. According to Misra (2004), the main objective of tax payer education is in three folds: impart knowledge as regards tax laws and compliance; change taxpayer's attitude towards taxation and increase tax collection through voluntary compliance. With Kenya Revenue Authority (KRA) as the main tax authority, Taxpayer Education Unit was formed in the year 2005. It was formerly known as Taxpayer Services under the Commissioner for Corporate Support Services. It then moved to the Marketing & Communication Division in 2008 as a section mandated with internal and external

education. Its function is compiling and disseminating effective practices through advocacy programs to stakeholders and taxpayers.

In Kenya, taxpayers are categorized as small, medium or large depending on their business turnover or levels of income. Irrespective of one's category, taxpayers in Kenya are required to comply with VAT, PAYE, Income Tax, Withholding Taxes and Customs duties in equal measure.Small and Medium enterprises (SMEs) are engines of growth, vital to most economies. Micro businesses and SMEs account for 95% of firms in most countries. In Kenya SMEs represent a vital part of the economy, being the source of various economic contributions through the generation of income via exporting, providing new job opportunities, stimulating competition, engine for employment, contribution to GDP, aid industrial development, satisfy local demand for services and introducing innovation and support to large firms with inputs and services. In 2014, 80% of jobs created were dominated by SMEs. The term micro and small enterprises (MSEs) or micro, small and medium enterprises (MSMEs), is used to refer to SMEs in Kenya. Under the Micro and Small Enterprise Act of 2012, micro enterprises have a maximum annual turnover of Ksh 500,000 and employ less than 10 people. Small enterprises have between Ksh 500,000 and 5 million annual turnovers and employ 10-49 people. Medium enterprises are not covered under the act, but have been reported as comprising of enterprises with a turnover of between Ksh 5 million and 800 million and employing 50-99 employees. SMEs' close proximity to their customers enables them to acquire knowledge in a more direct and faster flow compared to larger firms.

Tax Education to the SMEs becomes necessary when the objective of raising tax revenue, at the changing environment; particularly from the official tax assessment is considered (Normala, 2007). At the same time, achieving tax compliance and improving revenue generation is not an

easy task. However, this problem can be minimized through tax education (Allingham and Sandmo, 1972; Kimungu and Kileva, 2007). Some observed evidence on the ground shows that there have been hostilities between the taxpayers and tax collectors on issues relating to tax compliance. For example, tax evasion cases reported in Kenya's local newspaper (Daily Nation, July 7, 2006, page 3) showed an outward resistance from taxpayers, for instance, the recent protest by taxpayers over implementation of Electronic Tax Registers (ETR). Hostility towards tax compliance date back to the History of Taxation, "Taxes are considered a problem by everyone. Not surprising, taxation problems date back to the earliest recorded history" (Director, Taxworld Organization, April 7, 1999).

Kenya Revenue Authority   has given special attention on the SMEs by simplification of the tax laws procedures, formation of associations, annuals taxpayers appreciation day (Taxpayers month), and integrity enhancement as among the strategies (Kimingu and Kileva, 2007). Due to the fact that Nairobi comprises of diverse population in which many people fall under the informal (jua kali) sector where tax compliance is a real issue that needs to be addressed by the revenue agencies. The non-compliance may be unintentional, where the taxpayer is not aware of his/her tax obligations or fails to fulfill his/her tax obligations due to ignorance of tax laws and procedures or may be intentional due to the compliance attitudes. It is expected that, tax education will assist taxpayers to understand tax laws and procedures as well as creating positive tax compliance attitude (Christina, Deborah and Gray, 2003).

Taxpayer education will provide necessary tax knowledge to the SMEs which would enable them to comply with the tax matter and change the perceptions and attitudes towards tax compliance by creating more positive attitudes. Tax education component is expected to deal with non-

compliance practice among the Small and Medium Enterprises (SMEs) in Nairobi CBD. This study was carried out within Nairobi Central Business District (CBD) of Nairobi County.

1.2   Statement of the problem

Low tax compliance is a major concern for the policy makers in many developing countries. This is because it limits the capacity of governments to raise revenue for developmental and recurrent expenditure purposes (Togler, 2003). This means that the higher the revenue to the government, the more likely the government will provide more services to enhance the standard of living of the people. Tax payer education is a tool designed to enable taxpayers to understand tax laws and procedures. It involves training of special units within the revenue departments; for providing education, counseling and support to the taxpayers, through different media which include newspapers, television, radio programs, websites, seminars and front desk help, these create more room to disseminate key information to the taxpayers. (Fjeldstad and Ranker, 2003).

Taxpayer education has provided a comprehensive awareness and information that has promoted partnership and voluntary compliance and further maximised revenue collection for national growth and development as well as broadening the tax base. For instance, As at midnight of Tuesday (30th June) 2015, the KRA's, taxpayer recruitment drive, anchored on online tax filings, had managed to register approximately two(2) million iTax users heralding a new dawn in the use of information technology systems for tax administration, this has broadened the tax base and increased the revenue generated (KRA media briefing, 2015). Greater education potentially increases compliance, as educated taxpayers are more aware of their responsibility as well as the sanctions to be imposed if they were not compliant with tax laws. Education levels become more important in increasing tax compliance across countries. One of the measures to increase

voluntary compliance is by assuring that taxpayers have a certain level of qualifications, ability and confidence to exercise their tax responsibility (Mohani, 2003).

Tax evasion hampers Kenya's government revenue collection, thus, inefficiency in government spending because it diminishes the capacity of the state to mobilize domestic revenues, resources that are needed for investments. In 2010, for example the amount lost to tax evasion represented about twice the amount the country spent on health care. Tax evasion also damages the country's growth capacity by discouraging both local and foreign investors. The high tax rate and burden in Kenya, which is related to the high levels of tax evasion, is the leading disincentive to business activity (Karingi, 2005).

A report by Kenya Parliamentary Budget Office (2010) shows that in 2008 the government could have increased the tax base by approximately Kshs.79.3 billion if the tax evasion among SMEs was addressed. According to the KRA annual report for year ended 2012, the amount lost in form of taxes was Ksh 108 billion which can be directly attributed to the informal sectors and SMEs. (K.R.A, Annual Tax Report, 2013). The SMEs are continuously expanding and has the potential to increase the revenue flows which have been otherwise left out of the tax bracket. Generally, if the informal sector remains untaxed, and as more people transition into the sector, the government is likely to continue losing billions of shillings. Such a scenario will impact on government's ability to achieve its revenue targets and consequently its development agenda.

The question as to why some people pay tax while others do not has raised a lot of concern among economists, governments and tax administrators. Tax revenues have, for quite some time, remained low relative to the number of both registered and non-registered firms and individuals who are legally qualified to pay taxes. Continued low revenue collection levels for government

is detrimental to economic development of this nation. (Cobham, 2005). A large segment of the informal sector, especially the SMEs in Nairobi CBD exhibit low tax compliance levels. This is a great loss of revenues meant for public expenditure. It is for this reason that this research was undertaken to identify the effect of taxpayer Education on tax compliance among small and medium enterprises in Nairobi Central Business District. It was also instructive to note that there was little research that has been done in this area. In this context SMEs in Nairobi's CBD exhibit low tax compliance levels and this required an understanding on how taxpayer education can boost tax compliance, to enable the government to improve on its tax collection among the SMEs in Nairobi CBD.

Most of the studies in the area of tax compliance have concentrated on how to change the taxpayer behaviour towards more compliance using a mix of strategies, such as audit, deterrent measures of penalties and fines, as well as quality service delivery strategies. Only few studies have concentrated on how tax compliance behaviour is affected by one individual factor holding constant other influencing factors. What is not clearly brought out among the studies is the effect of taxpayer education among the SMEs especially those falling within Nairobi CBD. The characteristic nature of SMEs poses a threat to the voluntary tax compliance. Tax education is being provided as one of the tool to enhance voluntary tax compliance among the entrepreneurs in the SMEs. Education on the level of voluntary tax compliance on SMEs, has not been fully elaborated as a method of enhancing tax compliance among the taxpayers, other strategies, such as audit, investigations and use of the presumptive taxes have been relied on to promote tax compliance among the SMEs. However, such methods cost a lot of money and time to the Revenue Authority. It may be possible that the increase in voluntary tax compliance is solely from other influencing factors than tax education (Revenue Performance Report,

2007/2008).While an attempt was made to establish the role of education in voluntary tax compliance, there were gaps in knowledge that required further studies. This study was carried out to further understand the effect of taxpayer education on tax compliance among the SMEs in Nairobi CBD, Kenya.

1.3   Objectives of the study

1.3.1   General objective

The general objective of this study was to establish the effect of taxpayer education on tax compliance among small and medium enterprises in Nairobi Central Business District.

1.3.2   Specific Objectives

i. To determine the effect of electronic taxpayer education on tax compliance among SMEs in Nairobi CBD.

ii. To determine the effect of print media on tax compliance among Small and Medium Enterprises in Nairobi CBD.

iii. To determine the effect of stakeholder sensitization programme on tax compliance among SMEs in Nairobi CBD.

1.4.1   Research Questions

In order to address the objective of the study, the researcher sought to answer the following research questions:

1. What was the effect of electronic taxpayer education on tax compliance among Small and Medium Enterprises in Nairobi CBD?

2. What was the effect of print media on tax compliance among the SMEs in Nairobi CBD?

3. What was the effect of stakeholder sensitization programme on taxpayer education on Tax Compliance among SMEs in Nairobi CBD?

1.5   Scope of the Study

The study was limited to small and Medium Enterprises in Nairobi CBD which is within the county of Nairobi. The population of Nairobi which is the capital city of Kenya is about 7 million Kenyans. The target population for this study was those taxpayers who deal with Small and medium businesses within the Nairobi CBD. This helped in conducting the research on time, as opposed to large population which if adopted, could take more time and resources in drawing conclusion.

1.6   Significance of the study

It is anticipated that the results of this study will provide concepts and grounds on which to develop a framework for exploring tax compliance behavior among SMEs. The Government of Kenya and its revenue collection body (Kenya Revenue Authority) will gain more knowledge resulting from this study in its effort to design suitable tax policies for SMEs. The research is useful to the business community and organization's management teams for purposes of knowing the tax compliance environmental factors and how the conditions can be improved or dealt with. Finally, the research will be of interest to scholars and researchers who may require developing and/or advancing their knowledge in the field of tax compliance and administration.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter comprises of theoretical literature review, empirical literature review, and conceptual framework and concluded by presenting a statistical model.

2.2 Theoretical Literature

It is commonly said that tax and death are inevitable in life. However, history has shown that individuals do not like paying taxes, and they take a variety of actions to reduce their tax liabilities, for example, by interpreting tax rules to their own advantage. A major concern that has been raised by taxpayers for not voluntarily complying with tax laws is that governments are not accountable to the taxes collected (Onuba, 2012). Low levels of tax compliance in developing countries to a great extent- have been attributed to low levels of tax payer education. Azubike (2009) argues that lack of information and enlightenment for taxpayers is a major problem as they are not sufficiently educated and enlightened on the provisions of the various tax laws.

Questions about tax compliance are as old as taxes themselves and will remain an area of discovery as long as taxes exist. There is almost no civilisation that did not tax. Six thousand years ago, tax history started with records on clay cones in Sumer, with the inscription, "There were the tax collectors" (Adams, 1993). "History has shown that there has always been a reluctance to pay tax. A major reason for this attitude is that the taxpayer does not always perceive that he receives any benefits from parting with his hard earned cash. Most citizens, however, realise that state expenditure for the purpose of creating or maintaining national infrastructures, such as services and roads, is a necessity. But, citizens object to having to finance unnecessary state expenditure. In this regard, everyone has his own understanding of what is unnecessary. Taxpayers feel that whatever is contributed by way of tax is mostly squandered away and the social responsibilities the government is expected to discharge get neglected. The government's bad image because of its failure to discharge functions is a great disincentive for paying taxes.

The theories of tax compliance assume that psychological factors including morals and ethical concerns are also important to the taxpayers. There are several theories which have been expounded to explain tax compliance. The two theories explained here are theory of planned behaviour and economic deterrent theory.

2.2.1 Theory of Planned Behaviour

This is a psychological theory that links beliefs and behaviour, tries to explain human behaviour. The concept was proposed by Icek Ajzen to improve on the predictive power of the theory of reasoned action by including perceived behavioural control. According to this theory, the behaviour of individuals within the society is under the influence of definite factors which originate from certain reasons and emerge in a planned way. The ability to perform a particular behaviour depends on the fact that the individual has a purpose towards that behaviour (behavioural intention). Behavioural intention in turn depends on three factors that is Attitude towards the behaviour, Subjective norms and Perceived behavioural control.

These three factors are also under the influence of behavioural beliefs, normative beliefs and control beliefs. The focus of this theory therefore is on the taxpayer's morals and ethics. The theory suggests that a taxpayer may comply even when the probability of detection is low. As opposed to the economic theories that emphasize on increased audits and penalties as solutions to compliance issues, psychological theories lay emphasis on changing individual attitudes towards tax systems.

2.2.2 Economic Deterrence Theory

Economic Deterrence theory is a theory under criminology and was developed by Becker (1968). This theory is based on the concept that, if the consequence of committing a crime outweighs the benefit of the crime itself, the individual will be deterred from committing the crime. This is founded in the idea that all individuals are aware of the difference between rights and wrong and the consequences associated with wrong or criminal behaviours. Proponents of deterrence theory believe that people choose to obey or violate the law after calculating the gains and consequences of their actions.

Economic Deterrence model, one of the economic based models was developed by Allingham and Sandom (1972) who extended the expected utility model of criminal activity originated by Becker (1968) to the tax arena. This model incorporates the concept of an economically rational taxpayer who will evade taxation as long as the pay-off from evading is greater than the expected cost of being caught (Allingham and Sandmo (1972).

2.3 Empirical Literature

2.3.1 Tax compliance

Compliance refers to fulfilling all tax obligations as required by the tax laws. There has been no charging of taxes proportionately among small and medium enterprises (SMEs) internationally. High compliance costs, inadequate understanding, high tax rates and tax penalties are some of the variables that can lead to tax evasion and tax fraud. Their size, nature and operation make the issue of tax compliance critical among the SMEs. They are not well established in terms of resources and expertise. (Williams and Round, 2009)Persons fail to comply with tax laws either willingly or unwillingly. They include tax resisters and tax protesters. Tax protesters attempt to evade the payment of taxes using alternative interpretations of the tax law, while tax resisters

refuse to pay a tax for conscientious reasons. SMEs are characterized by size, uncertainty, innovation and evolution. Proper understanding of SMEs would require a good understanding of its operations (Webley, 2004).

Students are the leaders of tomorrow and therefore it is also a fact that SMEs are the blue chips companies of tomorrow. Most well established companies started as small and medium enterprises. Therefore, the stepping stone of big companies is likely to be small and medium enterprise. Developing countries like Kenya should heavily encourage the SMEs and other private sectors in order to promote the business performance within and outside Africa. Their problem was addressed to the letter in order to create a very conducive environment for them to operate. In other words they should be looked from the eye of success but not from the eye of failure. A conducive environment for the business is the best because economy wise the country tend to grow (Hijattulah and Pope, 2008).

The fundamental purpose of taxation is to raise revenue. In order to achieve this objective the tax system should be effective and efficient to ensure that SMEs are not negatively affected. The society should also not complain. Many of the difficulties with the tax authorities are the consequence of poorly set tax systems and policies. Proper research should be done before employing any tax policy in order to have properly working tax system. The objective of a tax policy should be to abide with tax laws. (James and Alley, 2004).

Most of the Kenya SMEs enterprises operate within the informal economy, a sector previously referred to as informal sector, or in the Kenya context, Jua Kali. The Kenya Labour Force Survey Report of 1998/99 indicates that the sector covers all semi-organized and unregulated activities that are small scale in terms of employment. The report noted that the SMEs activities are largely

undertaken by self-employed persons or employees with few workers in the open markets, in market stalls, in both developed and undeveloped premises and also on street pavements (ROK, Labour Force Survey, 2003). Hall& Harvie (2003) argued that small and medium enterprises play an important role in creating jobs, social uplifting and building a flexible and adaptable base for an internationally competitive economy. SMEs are stipulated to attract significant attention from policy makers in terms of industrial renewal, employment creation, export growth and productivity in the economy of the country. The contribution of SMEs in developed countries is also very important and it is considered as the main source of employment and income generation (Shelley, 2004).Therefore, the contribution of SMEs is highly recognized at the global level and this has alerted authorities around the world to give more focus on SMEs (Eeden, 2004) .According to RoK (2012) SMEs contributed to seventy percent of the Gross Domestic Product (GDP) in 2011 in Kenya.

The SMEs sector in Kenya employs over 80% and is currently receiving a lot of government attention as it's seen as the solution to the crippling unemployment especially for the youth. Over 65% of Kenyan population is youthful and unemployed. In 2008, Kenya experienced the post-election violence which left over 1,000 people dead and 500,000 displaced. And while this might have been politically instigated, the fuel was the youth unemployment and the grinding poverty. This realization has re-energized the government's resolve to address the unemployment with such initiatives as kazi kwa vijana. The SMEs in Nairobi CBD are characterized by a variety of shops,
including;restaurants,bars,boutiques,foodvendors,electronic,cybers,chemist,salon/barbers, Shoe shines, transport (taxi), airtime, tailoring, small scale industries, hotels and guest houses and provision of social services such as health, recreational and educational facilities. The informal

sector is estimated to constitute 98% of business in Kenya, contributing 30% of jobs and 3% of Kenya's GDP. The government recognizes the role of the informal sector and seeks ways to integrate these businesses into the formal sector. According to the *2017 Doing Business in Kenya* report, the ease with which businesses can be registered has a bearing on the number of entrepreneurs who start businesses in the formal sector, leading to jobs and more government revenue (Adefolake Adeyeye, 16th December 2016). The legal requirements for registration of an SME include registration of the company name with the Registrar of Companies, acquiring a Personal Identification Number (PIN) and Value Added Tax (VAT) with the Kenya Revenue Authority (KRA), Trade License with the ministry of Trade, and finally the Local authority licenses. Nonetheless, SMEs within Nairobi CBD take an advantage of their small sizes by not declaring and submitting their tax return to the Kenya Revenue Authority, most of them are tax noncompliant. Taxpayer education is undertaken to make them more knowledgeable on importance of paying taxes to the government.

2.3.2 Electronic Taxpayer Education and Tax Compliance

Christina, Deborah and Gray (2003), conducted a study to determine the economic and behavioural factors affecting tax compliance among taxpayers. The objective of the study was to determine the economic and behavioural factors affecting the tax compliance among tax payers with tax penalty amnesty system. Using questionnaires administered to the participants of this amnesty program, the respondents identified factors that made them not to pay their taxes due, within the statutory period and not declaring the correct taxable income as; complexity of the tax laws, ability to pay, ignorance of the tax laws and the perceptions of high tax rates and unfairness of the tax system. According to (Sas, 2007) a holistic view of taxpayers through use of electronic means would facilitate compliance by use of dynamic comprehensive approaches. Study

supports that this approach would enable an organization gain a single view of the tax payer; increase auditor efficiency; enhance policy analysis ability and improve performance management.

Lai Ming; Ling Nuruld and Hidayah Aham and Nawawi, (2010), sought to examine the ICT skills needed by a fresh accounting graduate when first joining a tax firm; to find out usage of electronic tax (e-tax) applications in tax practice; to assess the rating of senior tax practitioners on fresh graduates' ICT and e-tax applications skills; and to solicit tax practitioners' opinion regarding integrating ICT skills and tax software into a tax course. The study adopted survey research design that was conducted online by use of questionnaires. The study found out that knowledge of ICT and electronic tax systems among students had positive impact on compliance. Such electronic media `broadcast or storage media that take advantage of electronic technology may include television, radio, internet, fax, CD-ROMs, DVD and any other media that requires electricity or digital encoding of information. Electronic media is often used in contrast with print media'.

2.3.3 Print Media Taxpayer education and tax compliance

Angus Young, et.al, (2016) paper sought to review research about Kenya's individual tax compliance. While empirical research in this jurisdiction is still in its infancy, the scale of the problem might be under estimated, or at least over looked. The effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspapers will enhance awareness, tax filing, and ultimately tax morale among the tax payers.

Clear scope of work- Periods and records to be covered have been clearly defined under tax laws which are advertised under print media channels, Returning of confiscated tax payers records;

the law requires KRA to return such records within 6 months. Reports are now standardized containing relevant and key information. Reports shall now be digitally and centrally filed with all concerned departments having access. This will help in compliance follow-ups and avoiding repeat of audits. (http://www.kenyaflowercouncil.org).

2.3.4 Stakeholder sensitisation programme and tax compliance

Kenya Revenue Authority (KRA) holds workshops to sensitize tax payers on tax compliance. This is usually conducted under stakeholder engagement strategy with objectives of; enhancing the taxpayers understanding needs and concerns by collating and analyzing views and opinions from such engagements to inform the Authority's continued transformation and risk mitigations efforts across all levels of the Authority, enhance taxpayers' understanding of the Authority's administrative process by educating the taxpayers about their obligations and how to fulfill them and communicating clearly the outcomes or benefits of interventions and innovations by KRA that reduce transaction cost and time.

The following activities are also conducted i) Stakeholder Mapping including the ranking of all possible stakeholders in order of their influence on tax compliance, ii) Identifying, organizing and facilitating appropriate structured meetings in the form of forums conferences, peer reviews and workshops, iii) Drawing Memoranda of Understanding between KRA and identified stakeholders to formalize partnership agreements and collaboration efforts and lastly responding to queries and requests for information from all stakeholders and partners. (http//www.kra.go.ke/portal). SMEs in Nairobi CBD are key stakeholders in tax matters and can affect or be affected by tax organization's actions, objectives and policies, as such taxpayer education through seminars and other stakeholder methods help them to be more tax compliant.

2.4 Conceptual Framework

Conceptual framework is a written or visual presentation that "explains either graphically, or in narrative form, the main things to be studied, the key factors, concepts or variables and the presumed relationship among them (Miles et al, 1999). It can also be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Wong and Wai-Yee, 2015). The figure below shows the conceptual model depicting the nature of relationship between the independent variables and the dependent variable.

As shown on figure I below, the Independent variables of the study will be tax education measured in terms of the use of electronic taxpayer education, print media form of taxpayer education, and stakeholder sensitization programme taxpayer education in the form of seminars and workshops towards taxpayer education programs adopted by KRA in Nairobi CBD. Electronic taxpayer education will be measured in terms of access to Internet, ease of use and access to iTax, flexibility of the electronic system and access to online educative materials. Print taxpayer education was measured in terms of type of publication (newspaper, banner, leaflet or books), access to the publications, and quantity of educative information in the publication, usability of the published information and complexity of the printed educative material.

Independent Variables   **Dependent Variable**

Electronic taxpayer education-
Advertising and internet news, iTax,
CD-ROMs. DVD

Print media tax payer education-
Newspapers, Magazines, prospects
Pamphlets,, Booklets,

Stakeholder Sensitization -

Seminars, workshops and cultural
events

Tax compliance

- Registration of new taxpayers
- Timely Filing returns
- Correct Declaration
- Timely payment

19
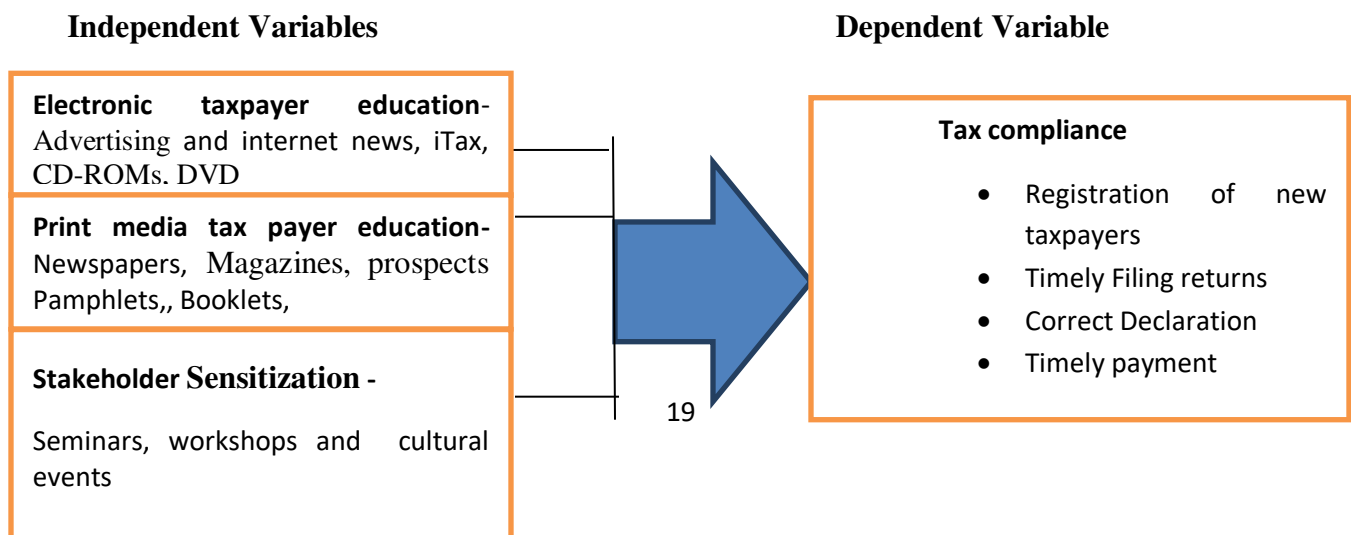
The seminar and workshop programme was measured by the total number of workshop programs/seminars carried out yearly, frequency of the workshops, attendance of small taxpayers in these programmes/seminars, and the perceived quality of educative information given at the workshops or seminars. The dependent variable is tax compliance. It was argued that when independent variables are put at play, the result was compliance. This was measured in terms of more citizens recruited and registered as taxpayers, increase in number and accuracy of tax returns filed and timely declarations and payment of taxes which lead to more tax collection.

2.5 Statistical Model Specification

The model which was used in the analysis provided the extent to which the independent variables affect dependent variable, further, data was tested for normality, multi-collinearity and linearity test.

The multiple regression model which was used in this study is stated as;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where,

Y = Tax Compliance

α = Constants

$\beta_1 \ldots \beta_3$ = the slope which represents the degree with which tax compliance changes as the independent variable change by one unit variables.

X_1 = electronic taxpayer education (advertisement and news)

X_2 = Print media taxpayer education

X_3 = Stakeholders engagements

ε = error term

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines how the research was conducted. It contains the research design, target population, sampling design and procedures, data collection instruments and data analysis.

3.2 Research Design

The study employed a descriptive research design. According to Kothari (2012), descriptive research design includes enquiries on phenomena or association among them and describes the data in order to draw conclusions about the population being studied. Descriptive approach was

integrated with survey design so as to collect comprehensive qualitative and quantitative data that enriched the outcome of the study.

3.3 Target Population

The study targeted small and medium enterprises in Nairobi CBD. The study focused on 140 SMEs taxpayers within Nairobi CBD.

3.4 Sample Design

This research used stratified random sampling method in gathering information from the respondents. Stratified random sampling technique ensured that all categories of SMEs in Nairobi CBD are included in the sample. Stratification achieved this by grouping the heterogeneous population into homogenous subsets which ensured representativeness. Random sampling technique was then used to sample individual taxpayers within the stratum as it eliminates bias since each member of the target population had an equal chance or probability of being selected.

3.5 Data Collection Procedure

The study collected both primary and secondary data. Questionnaires were used with open and close-ended questions for qualitative and quantitative data. Questionnaires were considered, as they are less costly, required less administration effort inherent in instruments like interviews and useful in obtaining objective data (Marshall and Rossman, 2006).Secondary data were used based on most documented and stored materials' information.

3.6 Data Analysis and Presentation

The filled-in questionnaires were edited for consistency. The data generated was qualitative and quantitative. Frequency tables were produced and presented by use of tables, graphs & barcharts in order to explain the effect of taxpayer education on tax compliance among SMEs in Nairobi CBD. Therefore, descriptive analysis techniques was used; consistent with the research design. Using Package for Social Sciences (SPSS 21), the quantitative data were coded to enable the responses to be grouped into categories. Descriptive statistics such as frequencies and percentages were adopted to summarize the data. A correction analysis is performed to determine the effect of the independent variables on the dependent variable.

CHAPTER FOUR: DATA ANALYSIS AND STUDY RESULTS

4.1 Introduction

This chapter gives an overview of the data collected from the research respondents, analysis findings and interpretation. The findings are organized and presented in line with the research questions.

4.2 An overview of the data collected

One hundred and forty (140) questionnaires were issued. Out of the total number of questionnaires issued out, 110 questionnaires were filled out by respondents and received by the researcher. The responses represented 79% of the questionnaires issued out. This percent was adequate for the researcher to carry out an analysis and draw conclusions that were a good representation of the respondents' feeling.

4.2.1 Demographic Information of Respondents

Table 1 presents information on the gender of the respondents. As shown, about 41% of the respondents were male while 59% were female. A graphical representation of the same information is presented in figure 2.

Table 1: Gender of Respondents

Gender	Frequency	Percentage	Cumulative percentage
Male	45	41	41
Female	65	59	100
Total	110	100	
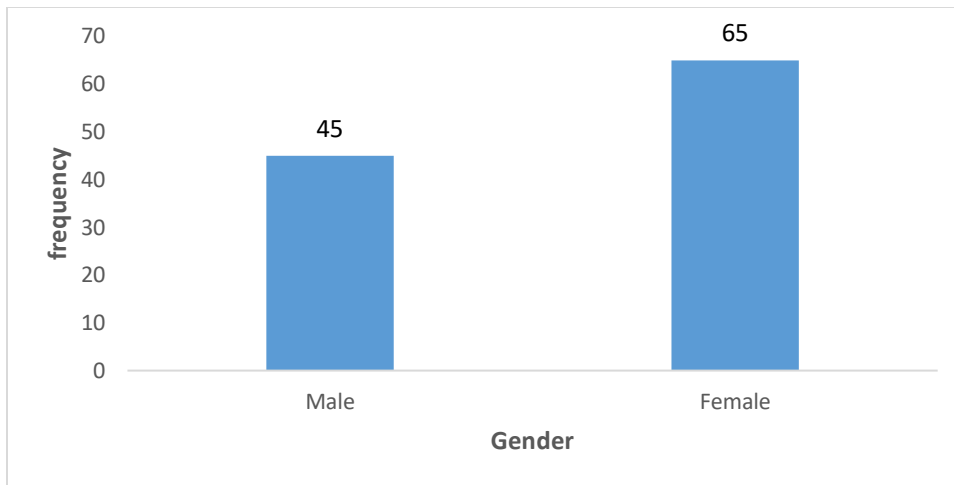
Figure 2: Bar graph representing gender of the respondents

4.2.2 Age of the respondent

The table 2 below shows the age of the respondent.

Table 2: Age of respondents:

Age	Frequency	Percentage	Cumulative percentage
10-25	25	23	23
25-34	40	36	59
35-44	35	32	91
45-54	10	9	100
Total	110	100	

From the table above, the highest percentage of age respondents was 36% who were individuals of age bracket of 25-34 while only 9% of the respondents where aged between 45-54 years. A graphical presentation of the age of the respondents is shown in figure 3.
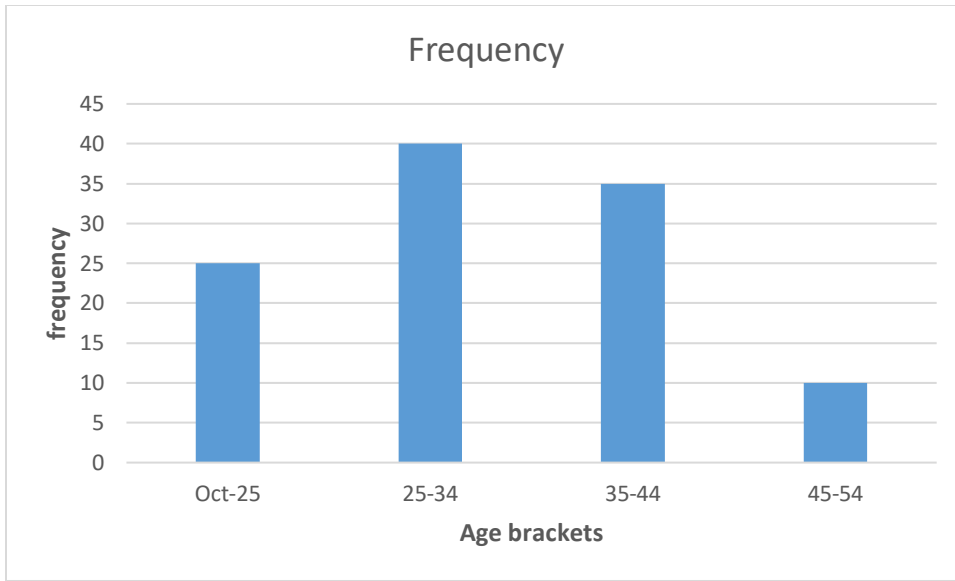
Figure 3: Bar graph representing the age bracket of the respondent

4.2.3 Tax Registration

The study inquired whether the respondents business possessed a KRA PIN. This was to determine whether the business was registered for tax purpose as the PIN is a mandatory requirement for operating businesses. The responses are presented in table 3; As shown above in table three, 91% of the respondents have KRA PIN numbers.

Table 3: KRA PIN Number possession

Response	Frequency	Percentage	Cumulative percentage
Yes	100	91	91
No	10	9	100
Total	110	100	
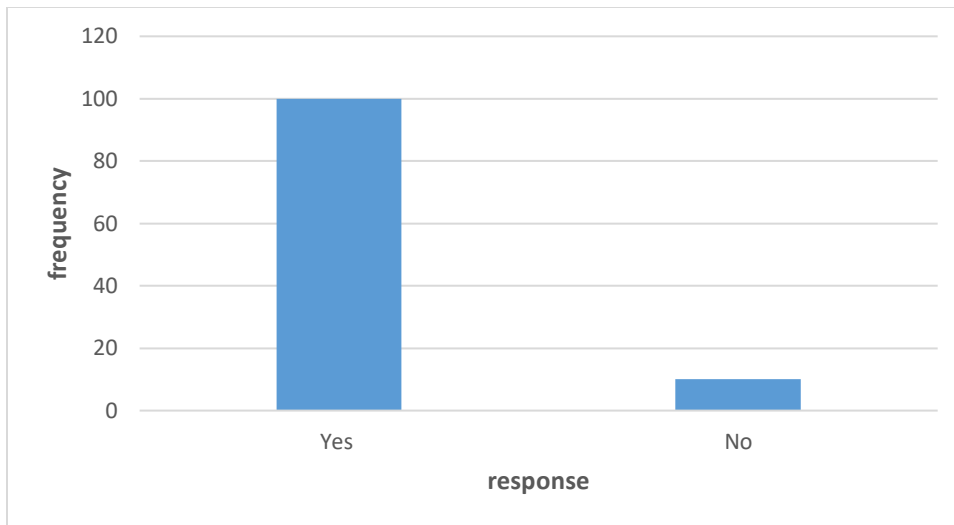
Figure 4: KRA PIN Number possession

4.4.1 Tax Obligation

The researcher sought to determine the SMEs tax obligation as shown in the table below; -

Table 4: Data collected on tax obligation

Tax Obligation	Frequency	Percentage
Turnover tax	13	12
Value added tax	29	26
Income tax	15	14
Pay as you earn	31	28
Corporation tax	12	11
Withholding tax	10	9
Total	110	100
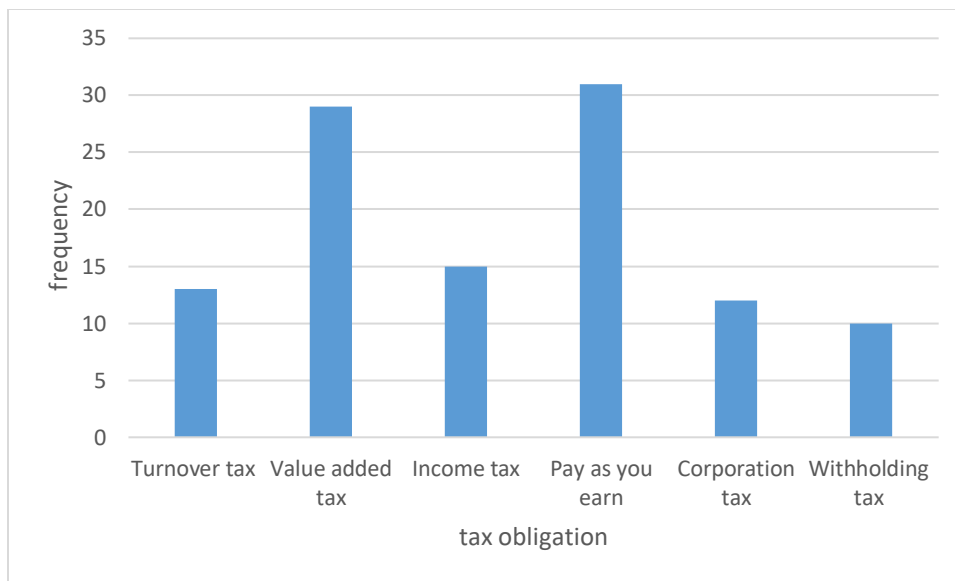
Figure 5: Tax Obligation

As shown above the highest percentage of tax obligation was pay as you earn with 28% then value added tax with 26%.

4.5 Knowledge on Filing of tax returns

The researcher also reviewed the aspect of assistance of taxpayer's when filing of tax returns. The table below shows the responses of the SME business individuals.

Table 5 filing tax returns

Filing tax returns	Frequency	Percentage
I get assisted	101	92
I don't get assisted	9	8
Total	110	100

28
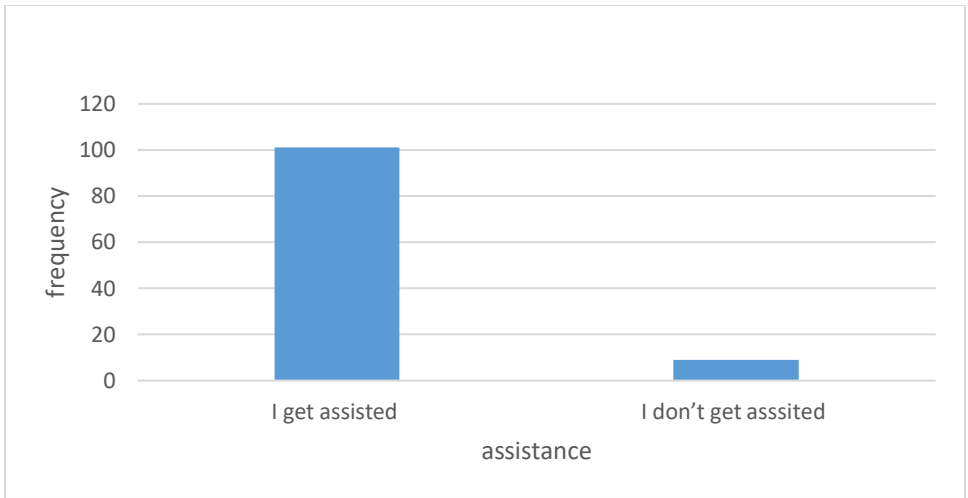
Figure 6: Filing tax returns

From the above table 92% of the respondents are assisted to file their returns, 8% of the respondents were not assisted to file their returns.

4.5.1 Awareness of tax returns filing due date

Table 6: Awareness of tax returns filing due date

Due date awareness	Frequency	Percentage
I am aware	40	36
I am not aware	70	64
Total	110	100

Figure 7: Awareness of tax returns filing due date

From the above table it is evidenced that 36% of the respondents were aware of the due dates of filing tax returns, while 64% of the respondents were not aware of the due date.

4.6 Tax Payer Education and Training facilitated by KRA to taxpayers

The study looked into the issue of SMEs tax payer's awareness on taxpayers' education trainings conducted by KRA in order to promote tax compliance among its taxpayers. The findings are presented in the table below.

Table 7: Awareness of tax payer education

Tax payer education	Frequency	Percentage
I am aware	30	27
I am not aware	80	73
Total	110	100
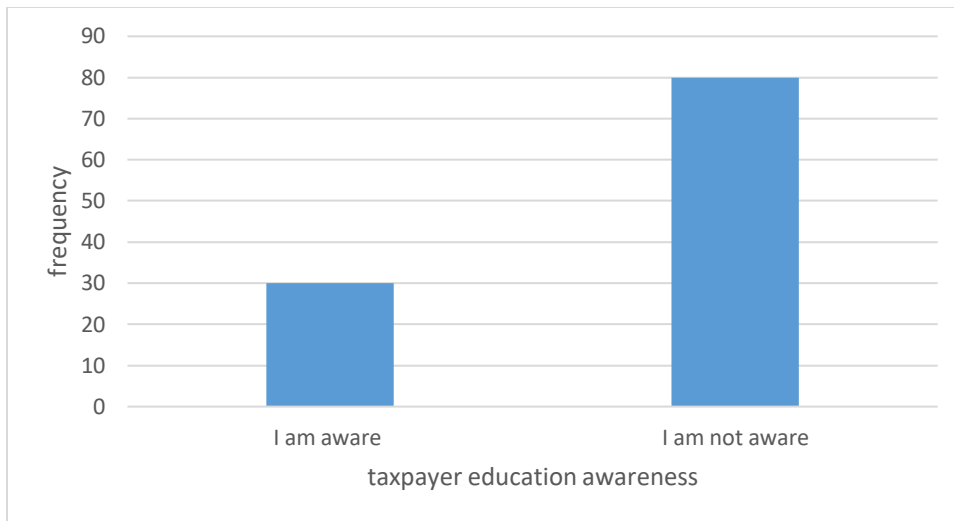
Figure 8: Awareness of tax payer education

From the table above 27% of the respondents were aware of the tax payer education conducted by KRA while 73% were not aware of the tax payer education conducted by KRA.

4.6.1 Tax payer education training programs

The respondents were requested to indicate the areas trained on by KRA when he/she attended the KRA taxpayers' training. The results of the findings are shown in the table below:-

Table 8: KRA Trainings program of Tax Payer Education

Tax training	Frequency	Percentage
KRA PIN registration	85	77
Records keeping	5	5
Payments of taxes	9	8
Filing of returns through iTax system	11	10
Total	110	100
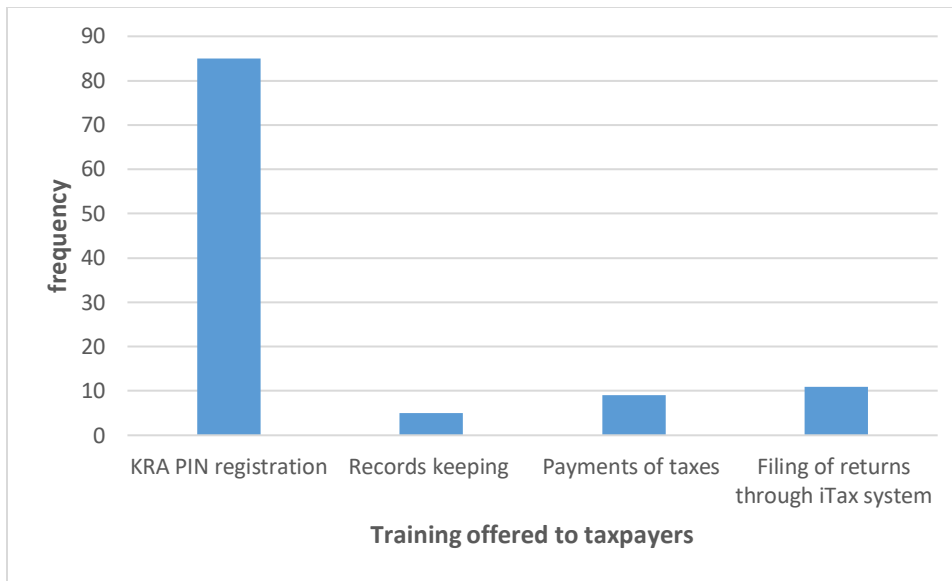
Figure 9: Trainings offered to taxpayers

The above table shows training of the SME's on KRA PIN registration has been a success given that, it has a percentage of 77%.

4.6.2 KRA information sharing to Taxpayers

The researcher inquired from the respondents to state whether they were aware of the taxpayer's information sharing methods used by KRA in promoting tax compliance among taxpayers in Kenya. The table below showed the results of the findings: -

Table 9: Modes of training

Modes of training	Frequency	Percentage
Stakeholders sensitization	5	5
Print media tax payer education	45	40
Electronic tax payer education	60	55
Total	110	100
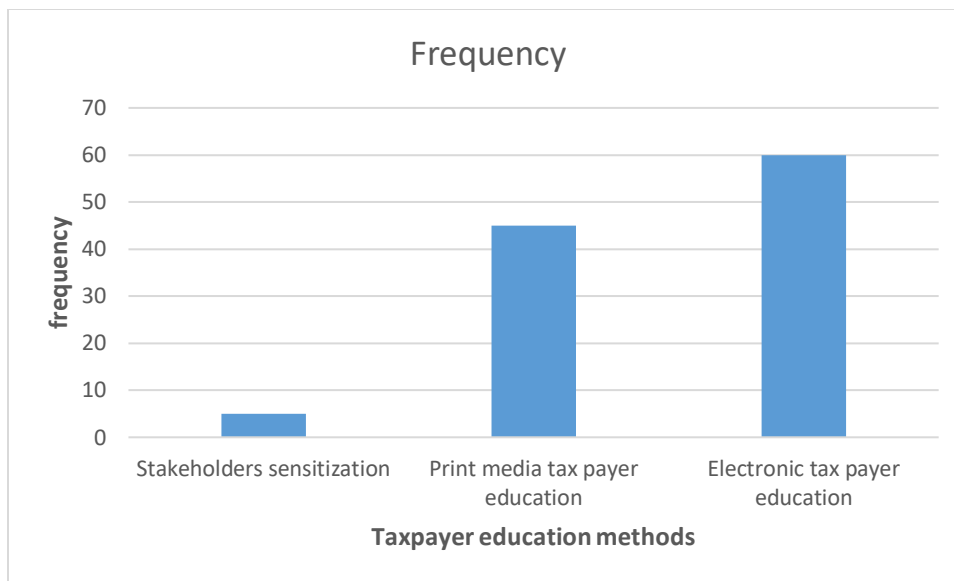
Figure 10: Taxpayer education methods

From the above table 55 % of the respondents are tax compliant because of the training received from electronic tax payer education while only 5% got to be tax compliant by stakeholder's sensitization.

4.7 Tax compliance

Table 9 willingness to pay taxes

Willingness to pay tax	Frequency	Percentage
Strongly agree	50	45
Agree	45	41
Neutral	2	2
Disagree	8	7
Strongly disagree	5	5
Total	110	100
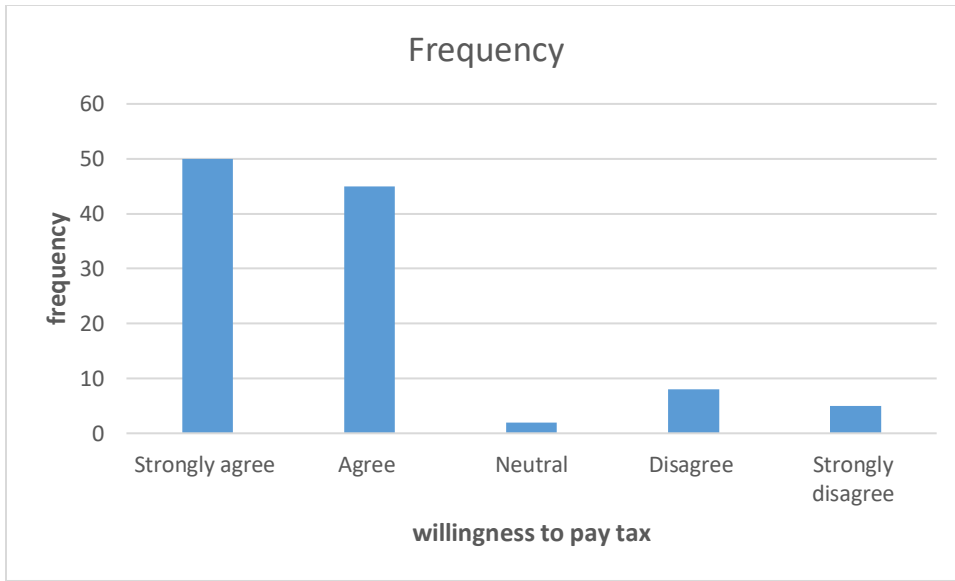
Figure 11: Willingness to pay taxes

From the above table 45% of the respondents strongly agreed to comply while 5% of the respondents strongly disagreed on tax compliance, this is because the tax payers are generally not willing to pay taxes. 7% of the respondents disagreed to tax compliance because the system used for filing and submitting returns is unfriendly to tax payer usage. 2% of the respondents were neutral to compliance of tax because they felt like tax revenues were not spent on public services as should be.

These study findings affirmed that taxpayers will readily accept any new system introduced, if they have ample knowledge to understand the system. Thus, education programs organized by the tax authority or other public education institutions are needed to enhance taxpayers' ability to understand Self-assessment system and to increase their confidence in fulfilling their responsibilities as taxpayers. Greater education is directly linked to a likelihood of compliance.

4.8 Correlation Matrix

Table 10: Correlation between the dependent and independent variables

		Stakeholders Sensitization	Print media tax payer education	Electronic tax payer education.
Stakeholders sensitization Pearson Correlation	1		.810**	.725**
Sig. (2-tailed)			.000	.000
N	110		110	110
Print media tax payer education Pearson Correlation	.810**		1	.547**
Sig. (2-tailed)	.000			.000
	110		110	110
Electronic tax payer education. N			.547**	
Pearson	.725**			1
Sig. (2-tailed)	.000		.000	
N	110		110	110

Analysis of correlation showed that stakeholder's education is positively related to the taxpayers' education to correctly calculate the tax compliance with a correlation coefficient of 0.810. As evident on the matrix, the correlation coefficient is within the acceptable range of between -1 and

1 this implies that the independent variables are suitable to predict on the effect on the dependent variable.

In conclusion, tax compliance could be influenced by educating taxpayers of their social responsibilities to pay and thus their intention would be to comply. As a behavior problem, tax compliance depends on the cooperation of the public. There are greater gains in assisting compliant taxpayers meet their fiscal obligations rather than spending more resources pursuing the minority of non-compliers. SMEs entrepreneurs are able to understand their tax obligations when there is an aspect of fairness and tax benefits that can be received in real terms. There is a positive relationship between the level of tax knowledge and tax compliance. A major recommendation was that tax education should start at primary level with an emphasis on promotion of voluntary compliance.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter the research findings were summarized, then conclusion and recommendations to the study were drawn for future studies. The study aimed at determining the effect of taxpayer education on tax compliance among SMEs in Nairobi central business district.

5.2 Summary and Conclusions

Compliance could be influenced by educating taxpayers of their social responsibilities to pay and thus their intention would be to comply. As a behavior problem, tax compliance depends on the cooperation of the public. There are greater gains in assisting compliant taxpayers meet their fiscal obligations rather than spending more resources pursuing the minority of non-compliers. SMEs entrepreneurs are able to understand their tax obligations when there is an aspect of fairness and tax benefits that can be received in real terms. There is a positive relationship between the level of tax knowledge and tax compliance. The non-compliance may be unintentional, where the taxpayer is not aware of his/her tax obligations or fails to fulfill his/her tax obligations due to ignorance of tax laws and procedures or may be intentional due to the compliance attitudes.

The study findings affirmed that taxpayers will readily accept any new system introduced, if they have ample knowledge to understand the system. Thus, education programs organized by the tax authority or other public education institutions are needed to enhance taxpayers' ability to understand Self-assessment system and to increase their confidence in fulfilling their responsibilities as taxpayers.

On the effect of electronic tax payer education on the tax compliance, the Kenya Revenue Authority should keep up with the mode of training they use since 55 % of the respondents are tax compliant because of the training received from electronic tax payer education linked to a likelihood of compliance.

In conclusion taxpayer education is necessary to increase public awareness especially in areas concerning taxation laws, the role of tax in national development, and especially to explain how and where the money collected is spent by the government. In order to achieve this objective, the tax system should be effective and efficient to ensure that SMEs are not negatively affected. The society should also not complain. Many of the difficulties with the tax authorities are the consequence of poorly set tax systems and policies. Proper research should be done before employing any tax policy in order to have properly working tax system. The objective of a tax policy should be to abide with tax laws.

5.3 Recommendations

"Governments need money. Modern governments need lots of money." (Steinmo 1993:1) Collecting this money is a tricky problem because incentives for tax evasion are pervasive. Governments have tried various approaches to tackling this problem. I recommend the following policies to tackle the problem: Positive rewards; - Material rewards usually come in the guise of lotteries. For instance, Taiwan operates a Receipt-based tax lottery to increase sales tax (VAT) compliance since the 1950s. China introduced a VAT-lottery in the 1990s (Wan 2010). More recently, some European countries followed suit including Malta, Slovakia, Portugal, and Romaniaii (Fooken et al. 2014). Local authorities in Peru and Indonesia raffle off bicycles, cars, and TV-sets to incentivize payments of property taxes and motor vehicle taxes. Martin and Dolan (2010) recently suggested a lottery scheme to increase timely submissions of income tax

declarations in the US. I believe using this approach will make the SMEs to be tax compliant in Kenya.

The ministry of education has to introduce taxpayers' education and try to include the public finance and taxation course in the curriculum of all departments. This is because, tax is one of the major sources of revenue for a government which is used in general to finance public expenditures and if tax education influences tax compliance attitude of tax payers, the tax course (similar to civics and ethics) must be provided as a common course for all.

Greater education potentially increases compliance; as educated taxpayers are more aware of their responsibility as well as the sanctions to be imposed if they were not compliant with tax laws. Education levels become more important in increasing tax compliance across countries. One of the measures to increase voluntary compliance is by assuring that taxpayers have a certain level of qualifications, ability and confidence to exercise their tax responsibility.

5.4 Limitations of the study

Since the method used to collect data was questionnaires, people may read differently into each question and therefore reply based on their own interpretation of the question –thus, what is 'good' to someone may be 'poor' to someone else, therefore there is a level of subjectivity that is not acknowledged, there is a level of researcher imposition, meaning that when developing the questionnaire, the researcher is making their own decisions and assumptions as to what is and is not important, thus, there are questions which could be of great importance in the research but were not included in the questionnaire. Out of the one hundred and fourty questionnaires I administered only one hundred and ten were replied thus, questionnaires have a very low reply

rate. This could seriously bias the results, as there could be systematic differences between those who do and don't reply.

REFERENCES

Adams, C., (1993). For Good & Evil. The Impact of Taxes on the Course of Civilization

London: Madison Books. Retrieved from on 18th October 2015

Aksnes, F. (2014). Tax Compliance, Enforcement and Taxpayer Education. Paper

Presented at a Workshop organised by International Centre for Tax and Development, in Maputo,

March, 30 – 31.

Aldehayyat, J. S. and Anchor, J. R. (2010). Strategic Planning Implementation and Creation of

Value in the Firm. Strategic Change, 19, Pg. 163-176.

Anderson, N. J. (2002). The role of metacognition in second language teaching and learning.

ERIC Digest. Education Resources Information Center.

Atkinson, H. (2006). Strategy Implementation: A Role for the Balanced Scorecard? Management

Decision, Vol. 44 Issue: 10, Pg. 1441-1460.

Azubike, J.U.B. (2009) 'Challenges of Tax Authorities, Tax Payers in the Management of Tax

Reform Process.' The Nigerian Accountants. Vol. 1, pp. 323 – 338.

Bantel, K. A., & Osborn, R. N. (2001). The influence of performance, environment and size on

the identifiability of firm strategy. British Journal of Management, 6(4), 235-248.

Brown. R.E., and Mazur. M.J. (2003) Curbing Corruption and Promoting Transparency in Tax

Administration. Washington: National Academy Press.

Central Bureau of Statistics [CBS]. 2003. Report of the 1998/99 Labour Force Survey. Nairobi:

CBS.

Cha, S. E., & Edmondson, A. C. (2006). When values backfire: Leadership, attribution, and disenchantment in a values-driven organization. Leadership Quarterly, 17, 57−78

Chemers, M. M. (2000). Leadership research and theory: A functional integration. Group Dynamics: Theory, research and practice, 1, 27−43.

Dobni C. B., & Luffman, G. (2003). Determining the scope and impact of market orientation profiles on strategy implementation and performance. Strategic Management Journal, 24(6), 577-585.

Elbanna AR (2006) The validity of the improvisation argument in the implementation of rigid Technology. Journal of Information Technology, 21, p. 165-175

Ewan Ferlie, Jean Hartley, Steve Martin, 2004 Changing public service organizations: current perspectives and future prospects

Hackman, J. R., & Wageman, R. (2005). When and how team leaders matter. Research in Organizational Behavior, 26, 37−74.

Hambrick, C. D. & Cannella, A.A. Jr. 1989. Strategy Implementation as Substance and Selling. The Academy of Management Executive, 3(4), 278-285.

Misra, R. (2004). A Thesis on:"The Impact of Taxpayer Education on Taxpayer Education on Tax   Compliance in South-Africa".

 Olowookere, J. K., & Fasina, H. T. (2013). Taxpayers' Education: A Key Strategy in Achieving Voluntary Compliance in Lagos State, Nigeria. *European Journal of Business and Management*, *5*(10), 146-154.

Republic of Kenya [ROK]. 2003b. `Sessional Paper No. 3 of 2003 on Small Enterprises and Jua Kali Development'. Nairobi: Ministry of Planning and National Development.Nairobi: Government Printer.

Republic of Kenya [ROK]. 2003a. Economic Recovery Strategy for Wealth and Employment Creation 2003 – 2007. Nairobi: Ministry of Economic Planning and National Development. Nairobi: Government Printer.

Appendix I: Questionnaire

This questionnaire is designed to collect data on the effect of taxpayer education on tax compliance in Kenya. The data shall be used for academic purposes only and it will be treated with the confidentiality it deserves.

Section A: Demographic Information

1. Gender

   Female [ ]   Male [ ]

2. Indicate where you fall among the following age brackets (years)

   Below 25   [ ]

   25-34   [ ]

   35-44   [ ]

   45-50   [ ]

   Above 51   [ ]

3. Level of education

   Secondary Certificate   [ ]

   Diploma level   [ ]

   Bachelor 's Degree Level   [ ]

Masters Level   [ ]

PhD   [ ]

Section B: Tax Registration

1. Do you have a KRA PIN number?

   Yes [ ]   No [ ]

2. When did you register for a KRA PIN number?

   2013 or before   [ ]

   2014 or after   [ ]

3. If registered in 2013 and before, have you migrated to the itax system?

   Yes [ ]   No [ ]

4. What is your tax obligation?

   Turnover tax (TOT)   [ ]

   Value added tax (VAT)   [ ]

   Income tax (IT)   [ ]

   Pay as you earn (PAYE)   [ ]

   Corporation tax (CT)   [ ]

   Withholding tax (WT)   [ ]

Section C: Filing Tax Returns

1. Do you file your tax returns?

   Yes   [ ]   No   [ ]

   If yes, when did you last file your returns?

   Yes   [ ]   No   [ ]

2. Are you aware of the due dates for filing your tax returns?

   Yes   [ ]   No   [ ]

   If yes, what is the due date? _____

3. Have you ever been penalized for filing your returns late?

   Yes   [ ]   No   [ ]

   If yes, did you pay the penalty fee?

   Yes   [ ]   No   [ ]

4. What is the amount charged for failing to file or filing your returns late?

   Ksh 1,000   [ ]

   Ksh 1,200   [ ]

   Ksh 10,000   [ ]

   Ksh 12,000   [ ]

Section D: Tax payer education and trainings

1. Are you aware of any tax payer education programs conducted by KRA?

   Yes   [ ]   No   [ ]

   If yes, have you attended any of the tax payer education programs?

   Yes   [ ]   No   [ ]

2. Which of these areas of tax payer education trainings have you been trained on?

KRA PIN registration   [ ]

Filing tax returns through itax system   [ ]

Records keeping   [ ]

Payment of taxes   [ ]

3. Do you maintain any financial records for your day to day activities in your business?

Yes   [ ]   No   [ ]

4. Who prepares your business records?

Self   [ ]

Clerk / Accountant   [ ]

Other   [ ]

5. Who files your tax returns?

Self   [ ]

Clerk / Accountant   []

Other   [ ]

6. Have you ever been penalized for wrong record keeping?

Yes   [ ]   No   [ ]

7. Please rate the following statements in regards to Taxpayer awareness programs.

Rate on a scale of 1-5 where; 1 = Not at all

                                 2 = To a less extent

                                 3 = To a moderate extent

                                 4 = To a great extent

<div align="center">5 = To a very great extent</div>

	1	2	3	4	5
Taxpayer awareness has enlightened the public on the need to pay taxes					
Taxpayer awareness has enabled tax payers file their returns easily					
Taxpayer awareness programs by KRA have resulted into increased tax base and revenue collection					
Taxpayer sensitization has played a vital role in changing the attitudes of taxpayers.					
Workshops are more detailed and provide ample time for the public to conceptualize ideas					
Good record keeping is very important in a business so as to facilitate correct filing of taxes					

8. To what extent are the following modes of training used by KRA effective in achieving the objective of educating the tax payers?

	Very Great Extent [5]	Great Extent [4]	Moderate Extent [3]	Little Extent [2]	No Extent [1]

Stakeholder sensitization					
Print media taxpayer education					
Electronic taxpayer education					

Section D: Tax Compliance

1. Please rate the following statements in regards to Tax Compliance.

   Rate on a scale of 1-5 where;

   1= Strongly agree

   2= Agree

   3= Neutral

	1	2	3	4	5
It is unfair to pay taxes					
Tax laws should be respected					
Tax revenues are not spent on public services as should be					
Tax rates are too high					
There are dishonest tax collectors					

Several tax items are levied at the same time					
The system used for filing and submitting tax returns is unfriendly to tax payers usage					
Taxpayers are generally not willing to pay taxes					
Taxpayers who perceive the tax authorities' enforcement actions to be ineffective are less compliant					
The non-compliance of other taxpayers has a negative impact on the behavior of compliant tax payers					
Tax payers including you may commit non-compliance as long as your non-compliance is consistent with in-group expectations and norms					

4=

Disagree

5= Strongly disagree

Thank you for your time and cooperation.