THE EXTENT OF TAXPAYERS' NON-COMPLIANCE BEHAVIOUR AMONG TAXPAYERS OF KENYA REVENUE AUTHORITY (K.R.A) SOUTHERN REGION

BY

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DECLARATION

This management research project is my original work and has not been presented for a degree award in any other university.

Signed ……..Date…….

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D61/70633/2008

This management research project has been submitted for examination with my approval as the university supervisor.

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Am so much grateful to God who has Faithfully guided and strengthened me to its completion, in Him I can do all things (Philippians 4:13)

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God bless you all.

DEDICATION

This project is dedicated to my late loving, caring and inspiring parents, Mr. and Mrs. Harrisson Kiiru Mbogo.

ABSTRACT

The objective of the study was to establish the extent of tax non compliance behavior among Kenya revenue taxpayers in the Southern region. The study sought to determine factors that lead to non compliance as well as the strategies applied to combat the same.

The study applied descriptive research design. The population of the study comprised of all business enterprises in the Southern region. A sample of 30 was drawn, each station targeted 10 respondents who were either the owners or the senior managers of the business enterprises. Primary data was collected using a questionnaire. The questionnaire was structured into three sections: section one captured the background information, section two covered factors leading to non compliance and the last section captured the strategies applied to combat non compliance as well as any other relevant comment related to the study. Data was analyzed quantitatively and qualitatively using Statistical Package for Social Sciences (SPSS). Descriptive statistics including percentages and Mean Scores and standard deviation were done to determine the extent of non-compliance.

This study established that corruption is the major factor leading to non compliance. It was also clearly pointed that most respondents don't understand the online filling system. Most businesses in the region were not having the pin numbers as well as having unregistered businesses. As a result the management in the region should create awareness by organizing regular seminars to sensitize the people about the importance of tax compliance as well as educating them about the online filling system. Management should also be organizing impromptu visits to business enterprises.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Brown and Mazur (2003) stated that tax compliance is multi-faceted measure and theoretically, it can be defined by considering three distinct types of compliance such as payment compliance, filing compliance, and reporting the tax returns as required by the law. Cobham, (2005), noted that, tax compliance is a problem to many countries as measured by tax to GDP ratio although it has been improving for many countries. It has promoted radical tax reforms in countries like Kenya (Bird and De Jantscher, 1992). As a result of this Taxpayers' behavior towards tax system has evoked great attention among many Revenue Authorities in the World especially in Developed Countries.

Trivedi and Shehata (2005) argued that tax compliance behavior is explained by two theories which are; - economic based theories, which emphasize incentives, and psychology-based theories which emphasize attitude. Tax compliance typically relies on voluntary self-assessment, which requires taxpayers to calculate their own tax liability and voluntarily to pay the amount due. For income taxes, there are three kinds of noncompliance: failure to file tax returns; underreporting of taxable income (either through underreporting income or overstating deductions); and failure to pay established liabilities. Tax scholars often distinguish between tax minimization, tax avoidance, and tax evasion, but no precise lines divide this continuum of conduct

Tax noncompliance is socially harmful. Most obviously, tax noncompliance reduces tax revenues, which is a bad thing if one believes that legitimately elected governments should be able to carry out their policies as they choose. Tax noncompliance also can distort labor markets, as when people select jobs to dodge taxes. Efforts to avoid taxes (like efforts to increase compliance) are deadweight losses to society. Tax evasion can create unfairness and can fuel perceptions of rampant cheating that undermine respect for government. Left unchecked over time, these perceptions would tend to snowball as more people conclude that cheating is common, normal, and inviting (Trivedi and Shehata, 2005).

Economic theories of tax compliance are also referred to as deterrence theory. Economic theories suggest that taxpayers "play the audit lottery," i.e. they make calculations of the economic consequences of different compliant alternative, such as whether or not to evade tax; the probability of detection and consequences thereof, and choose the alternative which maximizes their expected after tax return/profit (possibly after adjustment for the desired level of risk). The theories suggest that taxpayers are amoral utility maximizers hence; economic theories emphasize increased audits and penalties as a solution to compliance problems. Economic based studies suggest that taxpayers' behaviour is influenced by economic motives such as profit maximization and probability of detection (Erard and Ho, 2002; Cobham, 2005).

1.1.1 Extent of tax compliance

Trivedi and Shehata (2005) found that the primary goal of a revenue authority is to collect the taxes and duties payable in accordance with the law and to do this in such manner that will

sustain confidence in the tax system and its administration. The actions of taxpayers - whether due to ignorance, carelessness, recklessness, or deliberate evasion - as well as weaknesses in a tax administration mean that instances of failure to comply with the law are inevitable. Therefore, tax administration should have in place strategies and structures to ensure that non-compliance with tax law is kept to a minimum. Revenue authorities have a central role (and vested interest) in ensuring that taxpayers and other parties understand their obligations under the revenue laws. For their part, taxpayers and others have an important role to play in meeting their obligations as, in many situations, it is only they who are in a position to know that they may have an obligation under the law While the exact obligations placed on a taxpayer are going to vary from one taxation role to another and from one jurisdiction to the next, four broad categories of obligation are likely to exist for almost all taxpayers, irrespective of jurisdiction. 'Compliance' will essentially relate to the extent to which a taxpayer meets these obligations.

These broad categories of taxpayer obligation includes registration in the system, timely filing or lodgment of requisite taxation information, reporting of complete and accurate information (incorporating good record keeping), and payment of taxation obligations on time. If a taxpayer fails to meet any of the above obligations then they may be considered to be non-compliant. However, there are clearly different degrees of non-compliance. So how compliance risks should be prioritized? How should a revenue authority decide which non-compliant behavior can be tolerated and which requires immediate action? For example, under the definition given above, non-compliance may be due to unintentional error as well as intentional fraud - and might include overpayment of tax. In addition, a taxpayer may technically meet their obligations but compliance may be in question due to interpretational differences of the law. In such

circumstances, clarity of the taxation law represents a category of risk to be addressed - either by changing the law or changing the way in which it is administered (Trivedi and Shehata, 2005).

1.1.2 Kenya Revenue Authority (K.R.A)

The Kenya Revenue Authority was established by an Act of Parliament (Cap. 469) on July 1, 1995 for the purpose of enhancing mobilization of Government revenue, while providing effective tax administration and sustainability in revenue collection. Before 1995, the revenue collection functions of the Government were distributed among at least five different ministries and/or Departments. Lacking in co-ordination, their performance was characterized by inefficiency and low levels of accountability. The rationale behind the establishment of the Authority arose from the need to enhance efficiency, transparency and accountability in this critical area of the public sector. The main objective of the establishment of K.R.A, therefore, was to streamline the public revenue-generation function by bringing the relevant agencies under the umbrella of the central finance agency, the Ministry of Finance. This restructuring was expected to provide an effective administration for the enhanced mobilization of Government revenue in a sustainable manner. In particular, the functions of the Authority are to; assess, collect and account for all revenues in accordance with specific laws set out in the first part of the First Schedule and the revenue provisions of the second part of the First Schedule, advise on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws, perform such other functions in relation to revenue as the Minster (for Finance) may direct.

In the year 2003/04, K.R.A collected Ksh. 229 billion against a target of ksh 221 billion thus registering a revenue surplus of Ksh. 8 billion and a growth of 13.7 per cent, over the amount collected in the previous year. Kenya revenue authority collected a total of Kshs. 534.4 billion during the Financial Year 2009/10 against a target of Kshs. 545.2 billion, this now brings the question of tax compliance, the revenue is not in a position to fully meets its targets because non-compliance. especially for the current budget of almost one trillion shillings and a revenue target of Kshs. 641.212 billion for the 2010/11 financial year the study of tax compliance is very vital. In the same instance for the government to achieve the vision 2030 the rate of compliance must be up to standard (www.kra.go.ke, 2010).

One of the biggest challenge affecting the revenue authority is corruption which stems from inappropriate relationships" between KRA staff and tax payers, according to the authority boss. Over the last 18 months, the Authority has taken disciplinary action against members of staff for corruption, theft, fraud and complicity in tax evasion. Among the initiatives taken include introduction of online services in lodgment of customs entries, import declaration application, filing of income tax and VAT returns and payment of taxes. Revenue authority is also working on Integrity Action Plan undertaken jointly with the World Customs Organization and the Commonwealth Secretariat for working towards eradicating corruption at the Kenya revenue authority.

The study will cover small and medium enterprises within the southern region. K.R.A is administrative along five regions namely; Southern, Central, Northern, Rift Valley, and Western

regions as part of revenue administration reform and modernization program. Southern region is very significant for it contributes about 25 per cent of the total revenue collected. This region comprises of stations such as Mombasa, Malindi, Kilifi, Lamu, Kwale and Lungalunga. Kilindindi port is also situated there which serves as a major entry and exit point of exports and imports, as a result this plays a very significant role in revenue collection, its also served with two major airport as well several container freight services (www.kra.go.ke, 2010).

1.2 Statement of the problem

Tax evasion is said to occur when individuals deliberately fail to comply with their tax obligations. According to Trivedi and Shehata (2005), economic theories suggest that taxpayers "play the audit lottery," i.e. they make calculations of the economic consequences of different compliant alternative, such as whether or not to evade tax; the probability of detection and consequences thereof, and choose the alternative which maximizes their expected after tax return/profit (possibly after adjustment for the desired level of risk). The theories suggest that taxpayers are amoral utility maximizers hence; economic theories emphasize increased audits and penalties as a solution to compliance problems. Economic based studies suggest that taxpayers' behavior is influenced by economic motives such as profit maximization and probability of detection (Erard and Ho, 2002; Cobham, 2005).

The resulting tax revenue loss may cause serious damage to the proper functioning of the public sector, threatening its capacity to finance its basic expenses. Although tax compliance is a major concern for all governments and analytical investigation of tax evasion can be traced as far back as the work, one of the pioneers of 'law and economics'. Kinsey (1989*)*, the problem was long

segregated from the main body of economics and left essentially to the attention of tax authorities and jurisprudence. The modern use of economic tools for the analysis of tax compliance can be credited to Allingham and Sandmo (1991), who extended the influential work of Becker (1968) on law enforcement to taxation using modern risk theory. In the decades since, the literature on tax evasion has blossomed (as witnessed by the voluminous bibliography enclosed). Probably no aspect of tax compliance has escaped at least preliminary scrutiny. Tax compliance, according to Cobham (2005), is a problem to many countries as measured by tax to GDP ratio although it has been improving for many countries. Kenya is ranked among low-income countries or low with hard task of ensuring efficient and effective tax administration. In order to ensure tax compliance, hence raising more revenue.

Brown and Mazur (2003), noted that, factors resulting to non compliance can be classified into two, being the economic and behavioural factors, economic factors includes factors such as the financial burden which comes as a result of poverty, though this has been so much disputed its also argued that those who feel they are in greater hardship may feel more motivated to commit fraud. Pyle (1994) found that most of their sample committing fraud felt driven towards it in order to reduce their financial difficulties. Cost of compliance is argued to contribute to non compliance these include the time taken to complete requirements, the cost of having to rely on accountants and the indirect costs associated with the complexity of tax legislation.

Behavioral factors leading to non compliance include such as gender, age, education level, moral compass, industry, personality, circumstances, and personal assessment of risk; Cobham (2005),

found that some of the strategies that can be used to combat non compliance are acting with fairness and integrity, make taxpayers' obligations clear, voluntary compliance, providing incentives, demonstrating efficient use of resources by the authority, promote effective record-keeping, establishing fiscal exchange by political decision-making procedures as well as exercising sanctions when appropriate.

The purpose of Kenya Revenue Authority (K.R.A) is assessing, collecting, administration and enforcement of tax laws with professionalism governed by integrity and fairness, though taxpayers exhibit varying levels of tax non compliance. And thus this calls for more study. Apart from unpublished study by Simiyu (2003) whose objective was to identify factors influencing taxpayers' voluntary compliance among local authorities, the researcher was not aware of any other study that has been carried out to establish how taxpayers' attitudes influence tax compliance behavior. The challenge of lack of knowledge of tax Compliance behavior towards a tax system is serious on the grounds that it may have played part in the Ksh.10.8 billion short fall in 2009/2010 targets, (www.kra.go.ke, 2010).

Therefore addressing this knowledge gap is the primary purpose of this study. It was for this reason that this study attempted to find out how taxpayers' attitudes influence tax compliance behavior in the southern region which contributes about 25 per cent of total collection, and is also the major entry and exit point of import and exports which serves the East and central Africa.

Studying the behavior of the taxpayers would be of much significant to the authority as it would assist in formulating and implementing more effective strategies in combating tax non compliance as many authorities fail to achieve their targets if the strategies laid out are not successfully implemented. This study seeks to answer the following questions.

1. What is the extent of non compliance?

2. What are the factors that contribute to non compliance?

3. What strategies K.R.A use in preventing non compliance?

1.3 Research objectives

The objectives of the study will be to:

1. Establish the extent of non compliance.

2. Establish factors that contribute to non compliance.

3. Establish strategies that K.R.A use to combat non compliance behavior.

1.4 Importance of the study

The research highlight the extent of tax compliance in Southern region, It contributes about 25 per cent of the total tax collected by the K.R.A, thus the region is very significant and its contribution can't be neglected the result of the paper will help the authority understanding the factors that result to high rate of non compliance, it will also find out strategies that can be implemented so as to raise the compliance rate, this will assist the authority in achieving its objectives, goals and targets. The findings will also as well assist other regions and KRA in

understanding the behavior of taxpayers and thus combating this with formulating and implementing effective strategies.

Future researchers will also use this study as a basis for further research. The findings of this research shall provide literature review that the researchers can use so as to enhance their studies. It will as well assist me as a researcher in my career and professional growth.

CHAPTER TWO: LITERATURE REVIEW

2.1 Managing and improving tax compliance

The major goal of a revenue authority is to collect the taxes and duties payable in accordance with the law and to do this in such manner that will sustain confidence in the tax system and its administration. Brown and Mazur (2003) stated that the actions of taxpayers -whether due to ignorance, carelessness, recklessness, or deliberate evasion - as well as weaknesses in a tax administration mean that instances of failure to comply with the law are inevitable. Thus tax administration should have in place strategies and structures to ensure that non-compliance with tax law is kept to a minimum. These broad categories of taxpayer obligation are: registration in the system, timely filing or lodgment of requisite taxation information, reporting of complete and accurate information (incorporating good record keeping), and payment of taxation obligations on time. If a taxpayer fails to meet any of the above obligations then they may be considered to be non-compliant.

2.2 Factors influencing non compliance

The research literature identifies two broad approaches to the problem of compliance. Brown and Mazur (2003) stated that the first stems from an economic rationality perspective and has been developed using economic analysis. The second is concerned with wider behavioral issues and draws heavily on concepts and research from disciplines such as psychology and sociology. However, each approach can be valuable in terms of understanding tax compliance and the issue is to determine how the two approaches might be used to reinforce each other.

2.2.1. Economic factors

Financial burden; There appears to be a relationship between the amount of tax owed and compliance behavior. For example, if a business owner has a tax liability that can easily be paid they may be willing to comply. However, if the liability is large-potentially threatening the viability of the business - the owner may avoid paying at all or try to adjust the data reported so as to incur a smaller (but incorrect) tax liability; The simplest answer to why people commit fraud is that the motivation is economic. The question is, is it because of need, greed, or an entitlement culture? Financial strain affects people differently according to their personal strain, which may explain why not everyone attempts benefit fraud and shows that the reason for fraud goes beyond needing the money: those who feel they are in greater hardship may feel more motivated to commit fraud, but it is significant that not more people at a given level of income commit fraud. Lower income does not lead to fraud (Yaniv, 1986).

Wenzel (2005) found that most of their sample committing fraud felt driven towards it in order to reduce their financial difficulties. A qualitative study of people who had had a sanction found that, while the motivations for committing fraud varied among the research participants, the sample included people who took part-time jobs to make ends meet or to help them financially through Christmas and other times of high expenditure. They identified a group they termed the 'deliberates', deliberately committing fraud, but some of whom were acting out of need because of benefit being too low. Etchberry (1992), interviewed benefit fraud investigators and found that they agreed that the reason motivating undeclared earning was need, stemming from poverty or long-term unemployment.

The cost of compliance; Taxpayers appear to face a number of common costs of having to comply with their tax obligations over and above the actual amount of tax they pay. These include the time taken to complete requirements, the cost of having to rely on accountants and the indirect costs associated with the complexity of tax legislation. These can include 'psychological' costs such as stress that comes from not being certain that they have met all of the tax rules or even knowing what those rules are.

2.2.2. Behavioral factors

Wenzel (2004) stated that while many taxpayers comply with their tax obligations, some do not. Individual factors influencing behavior include gender, age, education level, moral compass, industry, personality, circumstances, and personal assessment of risk. Taxpayers who believe 'the system' is unfair or who have personal experiences of 'unfair' treatment are less likely to comply. If a taxpayer has the opportunity not to comply and thinks that there is only a minimal risk of being detected, he or she will take the risk. This presumably accounts for the greater under-reporting of certain types of income. For example, salary and wage income is usually highly 'visible' to a tax authority because of third party reporting. Some people view tax avoidance as a game to be played and won: they like to test their skill in avoiding their obligations and avoiding being caught.

Wenzel, (2002), noted that if a person believes that non-compliance is widespread they are much more likely not to comply themselves. Studies indicate that it is effective in reducing non-compliant behavior to ensure that taxpayers have an accurate understanding of the compliance behavior of others. Personal norms are the intrinsic motivations or the feeling of obligation

which motivates a person without being forced or paid externally. Personal norms have a social basis, being based in large part on the social learning process Personal norms need not be understood as stable and enduring personality characteristics, but, because of their social nature, as depending on and varying with groups and social norms at a given point in time (Wenzel, 2004). While deterrence theory continues to be popular as a framework for understanding tax compliance, the notion of voluntary taxpaying and 'intrinsic motivation to pay taxes' has attracted considerable attention The intrinsic motivation to pay tax may come from the desire to be a good citizen or from the desire to contribute to the common good. The first represents duty or obligation to the state, and is a genuinely felt desire to do the right thing as a citizen. The second represents duty or obligation to one's fellow human beings, and is a genuinely felt desire to share resources with those who do not have them, to make sure that the basic needs of all are met, and to protect the rights of the most vulnerable (Cowell, 1990).

2.3 Strategies for combating non compliance

2.3.1 Act with fairness and integrity

Wallschutzky (1984*)*, noted that a number of empirical studies have shown that compliance is nurtured by trust. The key to creating trust for a revenue authority is to act in ways that the community will experience to be fair. People's judgments about trust are linked to their evaluations of the procedures by which authorities act. The term 'procedural justice' is used to describe the perceived fairness of the procedures involved in decision-making and the perceived treatment one receives from the decision-maker. Evidence shows that people who feel they have been treated fairly by an organization will be more likely to trust that organization and be

inclined to accept its decision and follow its directions. The perceived fairness of an organization is to a great extent based on personal experience from earlier encounters, other people's experiences and media reports. This suggests that an authority should treat citizens fairly and respectfully, listening to them and providing clear explanations for different actions. Treatment must also be even-handed and consistent: the perception that one group has been dealt with more or less favorably than another will rapidly undermine trust. Perception that an authority is trustworthy (or untrustworthy) has also been shown to be a function of whether the authority trusts (or distrusts) those from whom they are demanding cooperation and compliance. If those being regulated are treated as trustworthy, they will be more likely to repay this respect by voluntary compliance with fair requirements.

2.3.2 Taxpayers' obligations clear

If taxpayers do not understand what their obligations are, any intervention to enforce compliance will be perceived as unfair. Jackson and Milliron (1986), noted that the first step in considering how to address a specific non-compliant behavior should be to review whether or not the appropriate steps have been taken to make obligations clear - meaning transparent, easy to understand, simple and non-confusing. Such a process might include consideration of the following issues: Is the law clear? If not, is an amendment or additional legislation required? Are the authority's administrative requirements clear? Are clear interpretative products, such as interpretive rulings, readily accessible? Are there clear information products available, at relevant levels of detail, in the language of the taxpayer? Are these products accessible in the taxpayers' channels of choice? Has there been adequate communication and marketing of the information available? Has this included publication in relevant industry or community vehicles?

Are effective support services available to meet taxpayers' needs? (E.g. telephone enquiry services, web services, educational field visits.

2.3.3. Make it easy to comply

Experience tells us that the majority of taxpayers want to comply with their taxation obligations (within cultural and social norms). The appropriate response from a tax administration perspective is, therefore, to make it easy for them to do so. The attention to new businesses in various jurisdictions is simply an example of attempts to make it easy for taxpayers to comply by clearly advising them of their taxation obligations at the commencement of their business lives. Wallschutzky (1984*)* noted that making it easy to comply can, potentially, include all the initiatives an authority might take to improve service delivery. For example, in recent years, many authorities have sought to expand the range of electronic services (e-services) provided and have seen a rapid increase in the number of taxpayers and tax advisers taking advantage of the ease and convenience they provide. In many countries, the administrative burden of tax compliance has been shown to fall more heavily on small businesses than on large businesses.

2.3.4 Exercise sanctions when appropriate

Auerbach (2006), argued that taxpayers move up and down the continuum of the compliance pyramid for a variety of reasons. These reasons (drivers) are what revenue authorities attempt to identify through risk assessment process. Experience has taught us that overall, it is a more cost effective proposition to achieve compliance by increasing the numbers of taxpayers at the lower levels of the pyramid. Thus, the challenge for authorities is to employ strategies that progressively move taxpayers down the continuum to the lower levels. While the revenue authority's preferred strategy will be one of self-regulation or voluntary compliance (at the base

of the pyramid), the greatest leverage the authority can exert towards that outcome comes from taxpayers knowing that the authority has the power and will use it (at the top of the pyramid) to punish those who do not comply. The threat of severe punishment is most effective when it is used in conjunction with a hierarchy of lesser sanctions. Sanctions are important, not as much as a deterrent, but as a mechanism to convince people that others are complying.

2.3.5 Make powers and activity visible

Auerbach (2006), continued to argue that a revenue authority must not only have powers of credible enforcement, but must also communicate effectively its use of these powers. This 'aura' of power helps give the authority as an institution its credibility and allows individual officers more freedom to be co-operative with individual taxpayers. How might perception of an authority's legitimate power be enhanced? Strategies that may help to achieve this outcome include encouraging media reports of successful prosecutions, publishing information that provides taxpayers with early warning of behavior that may be regarded by the authority as non-compliant. This kind of 'alert' may, for example, provide reports of court or tribunal decisions or interpretive rulings by the authority on matters of law or administrative practice, sending 'leverage' letters advising taxpayers that the authority is aware of a specific risk and inviting a specific response. Such letters have dual utility: they prompt compliant behavior from the potentially non-compliant (deterrence) and they support the perception among the compliant that their compliance is not in vain: wrongdoers are being pursued (reinforcement), and exercising vigilance in follow-through of known defaults in relation to basic obligations of registration, filing, reporting and payment. At some point, leniency in extending time to pay becomes counterproductive in promoting voluntary compliance.

2.3.6 Provide incentives

Murphey (2004), stated that one area of influence that is not used to any great extent by revenue authorities is that of incentives as a tool to achieve compliance. However, initial research evidence that would suggest that '…individual responses to positive incentives are greater than the responses to deterrence factors. A reward given to taxpayers for correctly fulfilling their duties, changes the relative prices in favour of paying taxes, and against evading them. Based on standard economic theory it may be expected that rewards change the relative prices such that paying taxes becomes more attractive than evading taxes. This does, however, not necessarily mean that the effect is so large that it can be identified empirically. This holds in particular if the reward given is of small size. The cost of giving rewards has to be compared with the cost of other incentives, in particular with the cost involved with punishment. To be cost effective, rewards must raise net tax revenues, that is, gross revenues after deducting the cost of rewards.

2.3.7 Promote effective record-keeping

One of the keys to more effective treatment of the risk to revenue collection from the 'shadow' or 'cash' economy is better record keeping by taxpayers and third parties. Better record keeping increases the visibility of cash by creating an audit trail. One of the most effective counter measures to money laundering and tax evasion is for citizens and organizations to take steps to establish the identity of people they transact with and to keep adequate records of transactions such as invoices and receipts. The potential 'win-win' for the revenue authority is that good record keeping is an important element of running a successful business -the foundation of good financial control. The challenge for the authority in establishing record-keeping requirements is

to strike the right balance between the value to the business and the cost of compliance. Demands must be consistent with what is required for good business practice (Feld and Frey, 2002).

2.3.8 Escalating the severity of enforcement

While the overall strategy of a revenue authority should be to encourage voluntary compliance, it must have a range of tools, graduated in severity, to deal with non-compliance. These must be applied and be seen to be applied -as appropriate, in relation to the level of risk. Strategies that progressively escalate the level of sanctions might include some or all of the following:

2.3.9 Demonstrating efficient use of resources

Field, et al (2006*)* argued that revenue authority needs to maximize its use of the resources at its disposal to enhance client compliance. Resources are not only human but also include all other related outlays, expenditures and the use of our capital. Effective allocation of resources applies at the macro and micro level. First, it should determine how limited resources are spread across all programmed areas. Second, it will determine how resources are allocated to individual client programmed strategies. It will include the selection and training of staff necessary to carry out a treatment strategy and the use of corporate systems and equipment. The fiscal exchange between the state and its citizens requires that citizens' tax payments are met by public services provided by the government. According to the benefit principle of taxation, taxes are prices for certain public goods. However, the benefit principle does not necessarily imply that income redistribution becomes impossible and only infrastructural goods as well as public consumption goods are provided by the state.

2.4 Involve stakeholders in implementation

Collaborative design of a treatment strategy can contribute significantly to its ultimate success. Potential participants in the design process include representatives from the target industry, market segment or sub-group, tax professionals such as accountants and book-keepers, and representatives from other government agencies, lobby groups and community associations. There are three main benefits of adopting a co-design approach. First, securing the support and co-operation of key stakeholders may be crucial in gaining the leverage you need to influence compliance behavior. Second, the more that interested parties can engage in dialogue around a specific issue, the greater the potential for the strategies devised to be both innovative and workable. Third, if the authority is seen to be genuine in its desire to build partnerships with the community, the potential by-product is enhancement of the authority's credibility and trustworthiness. Dialogue provides feedback to the revenue authority on its performance and helps maintain perceptions of fairness and trust. (Slemrod, 2002).

2.4.1 Ensuring effective execution

Execution of any specific compliance treatment strategy and the authority's overall compliance programmed must deliver procedural justice. That means it must be fair, impartial and consistent and that taxpayers' individual circumstances are taken into account. The authority's corporate values and policies can be instrumental in guiding the behavior of individual officers at the time of strategy implementation. Murphey (2004), noted that to maintain the public's trust and confidence and to pursue effective programmed results, the revenue authority must ensure that its people have the knowledge, skills and support needed to work effectively. Any specific

treatment strategy may require specialized training and learning. In combination with a skilled staff, an authority needs appropriate systems and procedures in place to support staff in applying the chosen strategy.

2.4.2 Establishing fiscal exchange by political decision-making procedures

The fiscal exchange relationship between taxpayers and the state therefore depends on the politico-economic framework within which the government acts. Alm, et al, (1992), argued that rational egoists should vote for the lowest control intensities and fines that are necessary to ensure compliance. However, voting may also serve as a signal by the government or by the other taxpayers that the taxpayer is treated in a friendly way in the tax evasion game and that the norm of reciprocity is followed. Slemnod (1992), argues that people comply with the law in general if they perceive as fair the process that leads to this law. Direct political participation therefore particularly activates public spiritedness of taxpayers.

2.4.3 Encouraging voluntary compliance

In order to manage and improve compliance with tax and other relevant laws, Cobham (2005), noted that revenue authorities need to adopt an administrative approach that encourages voluntary compliance within a-cooperative and participative regulatory environment. Such an approach recognizes that almost all jurisdictions rely, at least to some extent, oneself-assessment, given that a system based on reviewing every event or transaction that may have taxation implications would be too intrusive, time-consuming and costly. It also recognizes that modern revenue administration is founded on managing risk - responding quickly to circumstances and leveraging the impact of interventions. Evidence has been presented earlier that taxpayers are

more likely to increase voluntary compliance when they believe that the revenue authority acts in a way that is fair and reasonable (Uglow, 1984). While taxpayers' value being trusted themselves, they want to know that the authority carries a big stick to deal with others who cannot be trusted. In this way, responsive regulation builds community confidence and belief in the legitimacy of the tax system.

CHAPTER THREE: RESEARCH METHODLOGY

3.1 Research Design

The study employed a descriptive research design; this is because the study was meant to help the researcher to get information that describes existing phenomenon by asking individuals about their perceptions, attitudes, behaviors or values (Mugenda and Mugenda, 1999). Descriptive research aims at determining the what, who, where, why, when and how of a phenomenon which is the concern of this study.

3.2 Target Population

The target population for this study was all business enterprises in the Southern Region (Mombasa, Kwale, Kilifi, Malindi, Lamu, and Lungalunga). Southern region contributes about 25 per cent of the total revenue collected, it also serve as the major entry and exit point of export and import, as a result it plays a very significant role in revenue collection (www.kra.go.ke, 2010).

3.3 Sample and sampling procedure

The researcher used a sample size of 30 business enterprises in 3 stations namely; Mombasa, Malindi, and Kilifi, in Southern region. Ten respondents were selected using convenient sampling from each of the 3 stations from the southern region. The basic idea about sampling is that by selecting some of the elements in a population, we draw conclusion about the entire population (Cooper et.al, 2003). The 3 stations have been used because of the high cost that may be incurred in traveling to the rest of the stations.

3.4 Data Collection

Primary data was collected using an open and close ended questionnaire that was administered to the respondents. The questionnaire was divided into three parts; section A, B and C. Section A was designed to gather general information of the respondents, Section B provided answers to the research questions and section C provided relevant comments of the respondents. The questionnaire was self administered to 10 senior managers or business owners in each station (one senior manager or the business owner in each business enterprise). The researcher distributed the questionnaires to the selected stations in their work stations through hand delivery or via e-mail followed by a phone call, respondents were given about a week to respond.

3.5 Data analysis

Data analysis is the extraction of meaningful of information from the raw data (Mugenda and Mugenda, 1999). Data collection was edited for completeness and consistency and was analyzed quantitatively and qualitatively. Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS). Descriptive statistics including percentages, Mean Scores and standard deviation were used to determine the extent of non-compliance.

CHAPTER FOUR: DATA ANLYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the research. The objective of the study was to investigate the extent of tax non compliance behavior among Kenya revenue taxpayers in Southern region. The study targeted 30 respondents, all of them responded to the questionnaire, constituting 100 per cent response rate. Descriptive statistics which include frequencies, percentages, mean and standard deviation was used to analyze data. Spss (Version 12) software was used in capturing and analyzing data.

4.2 Background information

The background information entailed the age of respondent, gender, marital status, business registration, pin number possession and filling of tax returns.

The researcher sought to investigate the age of the respondents. The results are presented below

Table 1: Age of the respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
21-25	4	13.3	13.3	13.3
26-30	12	40.0	40.0	53.3
31-35	5	16.7	16.7	70.0
36-40	5	16.7	16.7	86.7
41-45	1	3.3	3.3	90.0
46-50	3	10.0	10.0	100.0
Total	30	100.0	100.0	

N=30

From table 1, the findings showed that the majority of the respondents as indicated by 40 per cent were between the age of 26-30 years followed by the age bracket of between 31-35 and 36-40 which constituted 16.7 per cent From this information, the researcher concluded that there are more young people going into business at an early age and this is the group that should be most targeted as far as tax non compliance is concerned.

Table 2: Gender of the respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	16	53.3	53.3	53.3
Female	14	46.7	46.7	100.0
Total	30	100.0	100.0	

N=30

The study also investigated the gender of the respondents, from the findings in table 2 it was clear that the majority of the respondents were men which is represented by their higher percentage of 53.3 per cent. However there is a very small difference between the two percentages, indicating that the information is a representative of both genders.

Table 3: Marital status

Status	Frequency	Percent	Valid Percent	Cumulative Percent
Single	13	43.3	43.3	43.3
Married	13	43.3	43.3	86.7
divorced	3	10.0	10.0	96.7
widowed	1	3.3	3.3	100.0
Total	30	100.0	100.0	

N=30

From table 3 the researcher sought to investigate the marital status of the respondents, from the findings the researcher found that single and married constituted the highest response rate of 43.3 per cent respectively, this shows that not only those who are married are involved in business enter prices but as well as the single.

Table 4: Business registration

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	19	63.3	63.3	63.3
No	11	36.7	36.7	100.0
Total	30	100.0	100.0	

N=30

The researcher wanted to find out whether the respondents had their businesses registered, from table.4 it was clear that 63.3 per cent had their businesses registered while 36.7 per cent had not registered their businesses. From this study its clear that non compliance is still high as represented by 36.7 per cent of those who had not registered.

Table 5: Pin number possession

	Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Yes	21	70.0	70.0	70.0
No	9	30.0	30.0	100.0
Total	30	100.0	100.0	

N=30

From table 5 the researcher wanted to find the number of those who had the pin number, from the investigation it was clear that 70 per cent of the respondents had the pin number while 30 per cent were operating the businesses without the pin number, from this study its clear that we still have a big number of people in business enterprises without the pin numbers and this can explain the reason as to why the tax non compliance rate is still high.

Table 6: Reasons for not having the pin number

Attribute	Frequency	Percent	Valid Percent	Cumulative Percent
Don't know procedure	1	3.3	3.3	3.3
Business not well established	5	16.7	17.7	20.0
Not well informed	5	16.7	16.7	36.7
Not applicable	13	43.3	43.3	80.0
Even mps don't pay	3	10.0	9.0	90.0
Have no time to get pin	3	10.0	10.0	100.0
Total	30	100.0	100.0	

N=30

The researcher wanted to find out why majority of those who are in business do not have the pin number. 16.7 per cent of the respondents argued that their businesses were not well established, and also they were not well informed about its purpose. The least was 10 per cent who said that they had the allegiance that even the Members of parliament don't pay so they felt they should not comply.43.3 per cent did not indicate whether they had the pin numbers.

Table 7: Filling tax returns

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	19	63.3	63.3	63.3
no	11	36.7	36.7	100.0
Total	30	100.0	100.0	

N=30

The researcher wanted to find out the number of respondents who filled their tax returns, 63.3 per cent of the respondents were filling their returns, while 36.7 per cent were not and thus leading to non compliance.

Table 8: Reason for not filling tax returns

Attribute	Frequency	Percent	Valid Percent	Cumulative Percent
Complex online system	7	23.3	23.3	23.3
Don’t understand procedure	5	16.7	16.7	40.0
Not applicable	11	36.7	36.7	76.7
Business not well established	7	23.3	23.3	100.0
Total	30	100.0	100.0	

N=30

The researcher requested the respondents to state the reason for not filling their tax returns, from the finding in table 8 above 36.7 per cent were submitting their returns,23.3 per cent argued that the online system of filling returns was much complicated, from this finding the researcher concludes that the government through K.R.A should organize regular seminars to educate the tax payers about the online filling system.

Table 9: Reasons for tax non- compliance

Attribute	Frequency	Percent	Valid Percent	Cumulative Percent
Corruption	12	40.0	40.0	40.0
Inadequate awareness	1	3.3	3.3	43.3
Complex filing procedure	7	23.3	23.3	66.7
Inadequate Law enforcement	4	13.3	13.3	80.0
In accountability	3	10.0	10.0	90.0
Poor technology	3	10.0	10.0	100.0
Total	30	100.0	100.0	

N=30

From the table 9, the researcher found that corruption was the major reason for tax non compliance with 40 per cent followed by complex online filling procedure with 23.3 per cent while inadequate awareness was the least rated factor with 3.3 per cent. The findings showed that

corruption discourages business people not to comply and 3.3 per cent demonstrated that people are already aware about tax compliance.

Table 10: Promoting tax non compliance

Attributes	Frequency	Percent	Valid Percent	Cumulative Percent
Awareness seminars	7	23.3	23.3	23.3
Eradicating corruption	8	26.7	26.7	50.0
Providing incentives	3	10.0	10.0	60.0
Imposing Penalties	4	13.3	13.3	73.3
Tax compliance in school curriculum	3	10.0	10.0	83.3
Accountability	5	16.7	16.7	100.0
Total	30	100.0	100.0	

N=30

To promote the rate of compliance K.R.A, should embark on fighting corruption (26.7 per cent), create awareness through conducting seminars (23.3 per cent), be accountable(16.7 per cent) and 13.3 per cent of the respondents felt that penalties should be imposed against tax evaders. 10 per cent of the respondents felt that tax compliance may be incorporated in school curriculum

Table 11: Level of satisfaction with K.R.A services

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	10	33.3	33.3	33.3
No	20	66.7	66.7	100.0
Total	30	100.0	100.0	

N=30

From the findings in table 11, 33.3 per cent of the respondents indicated that they were satisfied with the services provided by K.R.A southern region, 66.7 per cent were not satisfied

Table 12: Factors leading to dissatisfaction with K.R.A services

Attribute	Frequency	Percent	Valid Percent	Cumulative Percent
Simplify tax procedure	9	30.0	30.0	30.0
Decentralize K.R.A services	7	23.3	23.3	53.3
Friendly relationships with taxpayers	9	30.0	30.0	83.3
None	1	3.3	3.3	86.7
A lot of paperwork	4	13.3	13.3	100.0
Total	30	100.0	100.0	

N=30

From the findings in table 12 the researcher sought to investigate the factors which should be used to discourage non-compliance. 30 per cent of the respondents argued that tax procedures should be simplified as well as establishing friendly relations with the tax payers, 23.3 per cent felt that K.R.A services should be decentralized.

The researcher sought to find out from the respondents what factors prevent them from complying to the Kenya revenue authority regulations. A likert scale was used, of 1 – 4 where 1 represented strongly disagree, 2 disagree, 3 agree and 4 strongly agree. In this analysis a high mean indicated a more level of agreement while a low mean indicated a low level of agreement. A standard deviation of less than 1 indicated a more clustering about the mean in the responses, implying that the respondents were in agreement while a standard deviation greater than 1 indicates dispersion meaning that the respondents did not concur.

Table 13: Factors leading to non compliance

Attribute	N	Minimum	Maximum	Mean	Std. Deviation
Not well informed	30	1.00	4.00	2.7333	0.54667
Technological awareness	30	1.00	4.00	2.3667	1.03335
Don't understand	30	1.00	4.00	2.0333	1.15917
High rate of corruption	30	1.00	4.00	2.9667	0.43417
Poverty	30	1.00	3.00	1.3333	1.41259
Society norm	30	1.00	3.00	1.1333	1.18855
Too expensive	30	1.00	4.00	1.4667	0.81931
Dissatisfaction	30	1.00	4.00	1.4333	0.77385
Valid N (list wise)	30				

N=30

From the above table, the researcher found out that most respondents (2.9) felt that corruption was the major factor leading to non to compliance, followed by lack of information (2.7) and lack of technological awareness (2.3). The rest of the respondents however felt that society norm factors (1.1), contribute least.

The standard deviation of the most popular factor which is corruption was less than 1 indicating a high level of agreement among the respondents, the rest which had a standard deviation greater than 1 indicated that the respondents did not concur in their responses.

4.3: Strategies for preventing non Compliance in Southern Region

Attribute	N	Minimum	Maximum	Mean	Std. Deviation
Taxpayers	30	1.00	2.00	1.1000	0.30513
Easy to comply	30	1.00	11.00	1.4667	1.85199
Incentives	30	1.00	4.00	1.6333	0.96431
Integrity	30	1.00	2.00	2.6667	1.06134
Recordkeeping	30	1.00	4.00	1.1667	0.46113
Resources distribution	30	1.00	4.00	2.0000	0.94686
Stakeholders	30	1.00	3.00	1.5000	0.68229
Seminars	30	1.00	2.00	1.2000	0.40684
Penalties	30	1.00	4.00	1.5000	0.90019
Political decisions	30	1.00	4.00	1.0667	0.25371
Relation with K.R.A	30	1.00	4.00	1.5667	0.89763
Voluntary compliance	30	1.00	3.00	2.3667	1.12903
Valid N (list wise)	30				

N=30

The respondents were asked to indicate the strategies that would be most appropriately for preventing non-compliance from a set of attributes that was provided, and rate this on a scale of 1-4. The findings below indicate that, integrity with the highest mean of 2.6 was the best strategy, followed by encouraging voluntary compliance with a mean of 2.3. The least popular strategy was involvement of political decisions followed by establishing a closer relationship between K.R.A and tax payers. However the standard deviation of the highest mean of 2.6 was greater than 1 meaning that the respondents did not quite agree with each other. The standard deviation of less than 1 in the other responses represented the groups that were in agreement.

4.4 Other suggestions

Respondents were also asked to give their opinion regarding Kenya revenue authority. The following represents the attributes given by respondents.

From the findings below, 20 per cent of the respondents felt that impromptu visits would be the most effective in ensuring tax compliance is adhered to, followed by those who felt that people should be charged with high penalties (16.7 per cent). While 3.3 per cent respondents felt that piracy and money laundering was playing a role in tax non compliance and thus should be eradicated.

Table 14: Other Suggestions

Attribute	Frequency	Percent	Valid Percent	Cumulative Percent
Tax compliance in school curriculum	3	10.0	10.0	10.0
Pin no. be made mandatory	4	13.3	13.3	23.3
Impromptu visits	6	20.0	20.0	43.3
Rewards	1	3.3	3.3	46.7
High penalties	5	16.7	16.7	63.3
Accountability and transparency	1	3.3	3.3	66.7
Arrogant staff	2	6.7	6.7	73.3
Work closely with KACC	4	13.3	13.3	86.7
CCTV cameras	2	6.7	6.7	93.3
Piracy and money laundering	1	3.3	3.3	96.7
Delayed services	1	3.3	3.3	100.0
Total	30	100.0	100.0	

N=30

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

From the analysis and data collected the following discussions, conclusions and recommendations were made. Guided by the objectives in summary, the study shows that the respondents who participated in the study were quite aware about the extent of tax non compliance in the southern region, factors leading to non compliance as well as the strategies that can be used in combating non compliance.

5.2 Conclusions

The response rate was good as 100 per cent of the targeted respondents participated. From the research, the study revealed that more young people are much involved in business enterprises as represented by 40 per cent who are between the age of 26-30 years, as a result Kenya revenue authority should target this age gap and recruit them as tax payers. The study also revealed that there was not a big margin between the male and female as male constituted 53 per cent and female 46 per cent, it's not a gender dominated region, as a result the management of the Southern Region should not discriminate on gender when checking tax non compliance.

The study also revealed that 63.3 per cent of the respondents had their business registered while 37.3 per cent had not. From the study it is clear that a good number of the respondents do not

comply as their business are not Regis tered. K.R.A's management in southern region should focus on unregistered business enterprises and take actions so as to comply with regulations. 70 per cent of the respondents have pin numbers while 30 per cent had not. The 30 per cent respondents argued out that their businesses were not well established the procedure of acquiring the pin number was complicated and were not informed about the importance of acquiring a pin number. The researcher hereby recommended pin number be a mandatory to all businesses and the K.R.A southern region should carry out massive campaigns to create awareness.

Corruption with 40 per cent was the major reason why there was low tax compliance rate in southern region, followed by complex online filling procedure (23.3 per cent) and inadequate law enforcement (13.3 per cent). To improve tax compliance KRA should fight corruption, create awareness on tax compliance impose and execute high penalties and propose for tax compliance be incorporated in school syllabus.

From the study it's clearly spelt that 33.3 per cent of the respondents were satisfied with the services they were offered KRA southern region, as a result the researcher recommended that the online filling procedure should be simplified. Among the factors leading to non-compliance according to the findings, corruption with a mean of 2.966 and a standard deviation of 0.43 was the major factor, followed by lack of technological awareness with a mean of 2.36 and a standard deviation of 1.03 while lack of information on matters of tax compliance had a mean of 2.73 and a standard deviation of 0.546. The researcher recommended that K.R.A southern region staff should upheld integrity and accountability, provide relevant information to its clients in order to

comply with tax rules and work closely with Kenya anti- corruption commission. They should also organize regular seminars to educate tax payers especially on filling procedures. Refresher courses should be conducted to empower the staff with adequate knowledge and how to improve their relations with tax payers. KRA should also work on modalities of encouraging voluntary compliance.

In enhancing tax compliance other strategies that KRA can apply are, impromptu visits to business enterprises as quite a good number of respondents claimed their business were not well established and thus they had not complied. CCTV cameras should be introduced in all business enterprises and more so the Kilindini port as this will also enhance security. Customer relations and improved services to clients should be encouraged as some claimed that some staff is arrogant and rude.

From findings in chapter 4 and discussions in this chapter it can be concluded that corruption is a major block towards tax compliance and thus their is need to review on the strategies of eradicating it. Most tax payers seems not to understand the online filling system which they claimed its highly complicated and thus KRA southern region should educate customers by conducting seminars and conferences. There was need to decentralize K.R.A services as this will lead to customer satisfaction. Impromptu visits should be highly executed as the study showed many businesses were not yet registered. High penalties should also be imposed on tax non compliant as this can as well act as a warning to other new as well as existing tax payers. KRA,

southern region should as well work with other government agencies to make it mandatory for anybody establishing a business enterprise to have a pin number.

5.3 Recommendation for further research

This study focused on the extent of tax compliance in KRA, Southern region. their is a room for similar study to be undertaken on other regions such as Central, Rift valley, Eastern, Western as this will give a nationwide outlook of tax compliance. Since the study focused on all business enterprises, the researcher recommends another study on small medium enterprises which are coming up as most of them argued that they were not well established basing it a reason of non-compliance.

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Appendix 1: Respondent's letter.

Daniel Karanja Kiiru
P.O Box 90-00600
Nairobi
dankiirus@yahoo.com
Date:25 /09/10

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi in the Faculty of Commerce undertaking a Master Degree in Business Management (MBA – Strategic Management). As a partial requirement to complete my degree program, I am undertaking a Management Research on **the extent of taxpayers non-compliance behaviour among taxpayers of Kenya revenue authority (K.R.A) Southern region**

The information in this questionnaire will be treated with utmost confidentially and will not be used for any other purpose apart from its intended academic use.
Looking forward to your positive response.
Thank you.
Yours Faithfully,

Daniel Karanja Kiiru.	DR. GAKURU WAHOME
MBA STUDENT	SUPERVISOR.

APPENDIX II: QUESTIONNAIRE

I am a postgraduate student at the School of Business, university of Nairobi. I am carrying out a research project for partial fulfillment of the M.B.A degree; kindly answer all the questions as accurately as you can

SECTION A:

1. Name of the respondent (optional)……

2. Age bracket 18-25yrs [ ] 26-30yrs [ ] 31-35yrs [ ] 36-40yrs [ ]
41-45yrs [ ] 46-50yrs [ ] over 55yrs [ ]

3. Gender Male [ ] Female [ ]

4. Marital status single [ ] married [ ] divorced [ ] widowed [ ]

5. Is your business enterprise registered Yes [ ] No [ ]

6. Do you have a pin number Yes [ ] No [ ]

7.If your answer is No above please explain the reason……
……
……..

8. Do you normally file your tax returns Yes [ ] No [ ]

9. If your answer is No above please explain the reason(s)……..
……
……
……

SECTION B

10. Why do you think Southern region have low tax compliance rate?
……
……
……

……
……
……
…….

11. What do you think K.R.A should do to promote the rate of compliance in Southern region?

……
……
……
……
……
……
……..

12. Are you satisfied by the services you get from the K.R.A in southern region in discouraging non compliance? Yes [ ] No [ ]

13.If No above what do you think should be done, please explain…….

……
……
……
……

14. To what extent do you agree or disagree with the following statements on the factors leading to non compliance in southern region. **(4-Strongly agree 3- Agree. 2- strongly disagree. 1. Disagree)**

FACTORS LEADING TO NON COMPLIANCE	**1**	**2**	**3**	**4**
poverty/financial burden				
dissatisfaction with the KRA				
Its too expensive to comply and that's why people don't comply				
Norm contributes to non compliance				
People don't comply because they are not well informed on the procedures				
Corruption contributes to high rate of non compliance				
Most people don't understand what is tax compliance				
Lack of technological awareness i.e. online filling of returns				

SECTION C

15. To what extent do you agree or disagree with the following statements on the strategies for preventing non compliance in southern region **(4-Strongly agree 3- Agree. 2- strongly disagree. 1. Disagree)**

Statement	1	2	3	4
Act with integrity and fairness				
Make taxpayers' obligations clear				
Make it easy to comply				
Provide incentives				
Promote effective record-keeping				
Demonstrating efficient use of resources				
Involve stakeholders in implementation				
Organizing frequent seminars on tax compliance				
Imposing high penalties for non compliance				
Establishing fiscal exchange by political decision-making procedures				
Having a closer relationship between KRA and taxpayers				
Encouraging voluntary compliance				

Please make any other relevant comment about this study…….

……

……

……

……

Thank you very much for completing the questionnaire.