

Abstract

In today's competitive, fast-paced business landscape, getting the most out of available resources is not an option but rather a requirement. Organizations are taking a highly proactive approach to systems modernization and operations in an effort to increase efficiency and effectiveness in their operations. There is an increasing need by the government to collect much revenue by way of taxes to face the increasing financial expenditures budgeted by the country. The objective of the study was to determine the relationship between system modernization and revenue collection at the Kenya Revenue Authority in Kenya with regard to the Simba System. This study employed descriptive study design. The study used secondary data collection. The study utilized KRA Customs data for four financial years before and after Simba System. The period selected was from July 2001 to June 2009. The data was analyzed using Statistical Package for Social Sciences (SPSS) and presented in figures and tables.

The study findings established that that the number of transactions and the revenue collected increased after the implementation compared to the years before the implementation. The study findings also established that the revenue collected was directly related to number of transaction but inversely related to inflation, operating costs and exchange rates and that there was a strong relationship between system modernization and revenue collection at the Kenya Revenue Authority in Kenya with regard to the Simba System.

From the study it was evident that System modernization enhances Revenue Collection and thus it should be encouraged. This study recommends that policy makers should ensure that there is stable equilibrium for the exchange rates as they adversely affect the revenue collection process. In addition, the policy makers need to evaluate the best exchange rate policy for optimal economic development. The study further recommends that the policy makers come up with policies to control the inflation rate in Kenya as it negatively affects the entire revenue collection process