

**FACTORS INFLUENCING TAX COMPLIANCE AMONG SOLE
PROPRIETORS, A CASE OF EMBAKASI SOUTH
CONSTITUENCY IN NAIROBI CITY COUNTY, KENYA**

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DECLARATION

This research project is my original work and has not been presented for a post graduate diploma in any other academic or non-academic institution

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Declaration by university supervisor

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DEDICATION

This research project is happily dedicated to my parents for their great mentorship and wonderful upbringing.

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I give special thanks to Almighty God for so many blessing including time a healthy life to undertake this study and the entire course. Secondly, I thank my parents, Mr and Mrs. Mutisya for their support. I cannot fail to thank my supervisor Mr. Aineah Makanga who has been instrumental in making this project a piece of quality work of research.

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DEFINITION OF TERMS

Book keeping- book keeping refers to the process of maintaining accounting records for various use such as retrieval of tax records to facilitate tax filing and assessments (Arhin, 2018).

Cost of compliance- These are assorted expenses that a taxpayer incurs in the process of filing returns and payments of taxes and they include audit and tax fees, paperwork and internet fees (Manual & Xin, 2016).

Sole proprietors- these are business models that are owned by one person who doubles as the manager.

Tax Compliance- Tax compliance depict where a taxpayers stays true to their tax obligations for instance registering for tax in line with the law requirements, filing tax returns as and when they fall due and payment of taxes in line with the law (Merima, Fjeldstad, & Sjursen, 2014).

Tax penalties and interests- According to Oladipupo and Obazee (2016) tax penalties and interests are extra charges that are levied when a taxpayer fails to comply with a certain tax obligations. Penalties are usually a flat figure or a percentage of taxes not paid.

Tax- tax is a charge on income and or property and whose payment is not optional (Subramaniam, Vaicondam, & Nadarajan, 2019).

LIST OF ABBREVIATIONS

EPZ-	Export Processing Zone
KIPPRA-	Kenya Institute for Public Policy Research and Analysis
KNBS-	Kenya National Bureau of Statistics
KRA-	Kenya Revenue Authority
SMEs-	Small and Medium Enterprises
SPSS	Statistical Package for Social Science
VAT	Value Added Tax

ABSTRACT

Global trends in tax compliance among self-employed individuals shows a low trend. In Kenya, the situation is similar in that there is a wide gap between tax compliance from small ventures in comparison to large taxpayers. Whilst the studies on tax compliance in Kenya are voluminous, few have focused on sole proprietors. At the overall, this study endeavored to establish the factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya. Specifically, three variables were tested, that is, penalties and interests, book keeping, and costs of compliance. The ability to pay theory, optimal taxation theory and economic deterrence theory presents a good theoretical underpinning of this study. This study used descriptive research design since this type of design suits the purpose of the study. A descriptive technique shows how variables interconnects. All the sole proprietors at the East of Nairobi Tax Service Office formed the target population for this study. The sampling frame composed of all 147 sole proprietors whose annual Value Added Tax payments was more than Kshs. 400,000 in the year 2018/2019. The sample size for this study was 107 sole proprietors in East of Nairobi Tax District. The 107 sole proprietors were selected using simple random technique. A questionnaire was used to source data from the sole traders in the study site. The questionnaires had close ended questions. This study used descriptive statistics and regression analysis. Data analysis was done using SPSS. Presentation of findings was done using charts and in tabular forms. The study obtained a response rate of 71 %. Results indicated that penalties and interest and book-keeping positively and significantly influenced tax compliance among sole proprietors in Embakasi South constituency. On the hand, cost of compliance had a negative and significant bearing on tax obedience. The study recommended that penalties and interests with regard to tax defaults and tax evasions need to be retained when tax reforms are being done by the National Treasury of the government of Kenya. Also, Kenya Revenue Authority needs to sensitize sole proprietors on the value of book keeping as it fosters tax compliance and also simplify tax filing process as it was revealed that cost of compliance negatively influenced tax compliance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

One of the sources through which governments earn revenue is through collection of taxes from individuals and corporates. Tax is a crucial revenue source for governments in both first world countries and also in the emerging economies (Subramaniam, Vaicondam, & Nadarajan, 2019). As such, tax compliance receives a lot of consideration from tax administrators and in academia. This is because, improved tax compliance among taxpayers would lead to more revenue for governments and this can lead to accelerated economic growth. Governments require financial resources to expedite the various constitutional mandates such as provision of health services and security, construction of roads and rails, education services among other activities (Brockman, Genschel, & Seelkopf, 2016). For this reason, without much income, economic growth will stall. As a result, various stakeholders in the field of taxation have often been bothered by the question of what really influences tax compliance.

Various literature has been documented in order to present the exact contextual framework of tax compliance. More so, it has been of great interest among experts in tax in determining reasons why tax evasion occurs and what can be done to mitigate the menace. In the United States, tax evasion occurs among corporates and the Federal Tax department has threatened to disclose those entities that engage in tax evasion to the general public (Alm, Bernasconi, Laury, Lee, & Wallace, 2017). These disclosures are reasoned to have a potential of motivating corporations to be compliant as it acts like a form of deterrence. Notably, businesses ride on public trust and if this trust is impaired, loss of business is inevitable.

Similarly, tax evasion is a multifaceted concept that is influenced by personal norms and enforcement policies in the United States (DeBacker, Heim, & Tran, 2015). In India, tax evasion is at an all-time alarming level due to taxpayers engaging in tax evasion scams and schemes majorly through unaccounted incomes (Sharma & Jaspal, 2018). Literature at the regional level also shows that tax compliance is a major concern to governments. For instance, in Nigeria, tax evasion is rampant and the government has been forced to commence several reforms such as use of electronic data capturing tools in order to improve obedience to tax regulations (Anju, 2018). In Ghana, tax evasion deprives the government so much income that can be used to steer the country forward in terms of economic flourishing (Dzaka & Ameyaw, 2016). Ideally, improved tax compliance enhances revenue collection which is a crucial source of public finance in most states.

Where tax evasion is rampant, governments struggle to provide social amenities and other development infrastructures. Whilst there are significant pivotal reforms being undertaken in terms of tax administration by the government of Zambia tax compliance is still greatly compromised (Soneka & Phiri, 2019). The situation in Kenya is not different from that of other countries. Tax is a main source of government revenue in Kenya (Wang'ombe & Abdul, 2018). Tax compliance is not at the best levels which can be evidenced by the consistent failure of the Kenya Revenue Authority (KRA) to meet its tax targets for the last decade. In order to avert tax evasion, the government, through KRA has over time developed various strategies whose goal is to curb tax evasion. With improved tax compliance, the government can reliably finance most of its activities through internally generated revenue and reduce reliance on foreign aid and borrowings (Obongo, Memba, & Oluoch, 2018). Broadly,

it is the confluence of the so many factors that influences tax compliance in a given sector at any point in time.

1.1.1 Tax Compliance

To comply is to obey some regulations. In this regard, tax compliance would therefore depict where a taxpayers stays true to their tax obligations. There are several tax obligations that are expected from the taxpayer for instance registering for tax in line with the law requirements, filing tax returns as and when they fall due, and payment of taxes in line with the law(Merima, Fjeldstad, & Sjurson, 2014). It is this obedience that constitutes tax compliance. Levels of tax compliance are often different from one business to another, one individual to another, and from one country to another. This is because there are different aspects which play a pivotal role in determining whether people and corporations fulfil their tax obligations(Anju, 2018). It is in the interest of the government to enhance tax compliance as it is bound to increase revenue which is vital to provision of a wide array of goods and services.

Whilst tax compliance can be instilled persuasively or coercively, it is not clear which method works best(Zakir & Hubbard, 2016). Coercive means focuses on threats and instilling fear to taxpayers through use of such tools like penalties and interests, public disclosure on non-compliance, and closure of business(Akhand, 2018). On the opposite side lays persuasive methods that are noted to be diplomatic facilitations tools whose aim is to motivate taxpayers to make good their obligations.

These tools includes incentives such as tax holidays, breaks, exemptions, waivers and amnesties (Shimeles, Gurara, & Woldeyes, 2017). Improvement in tax compliance leads to more taxes which is the end point of taxation. For instance, in Kenya, the KRA motto is in Swahili which can be loosely translated to mean that payment of

taxes leads to self-dependency. It is for this reason that tax compliance forms the main objective of tax administrators in any given country.

1.1.2 Factors Influencing Tax Compliance

Adherence to tax regulations is influenced by a wide variety of factors which could be specific to individuals or applicable at national level. This means that, tax compliance among taxpayers' changes from one to another due to several reasons. Tax compliance comes at a cost and thus where these costs are too high, they may discourage taxpayers from fulfilling their tax obligations(Eichfelder & Hechtner, 2017). These costs may be attributed to expenses incurred in filing returns such as printing costs and cost of paying tax experts in cases where it is complex for taxpayers to comply on their own. Therefore, tax systems need to be structured in a way that obligations can be met with ease. Too much costs in tax compliance would hinder most people from complying with tax regulations since in itself, tax is as an out flow from the business.

Without proper records, tax compliance becomes elusive since computing the tax liabilities becomes a difficult task (Nagel, Huber, Praag, & Goslinga, 2019). In this regard, records need to be available and in accessible formats that can be used to generate tax returns. As such, accessing income and expenses records for tax purposes is crucial as tax obligations are often under strict time deadlines. In the circumstance that records can be retrieved in a timely fashion, then filing returns can be easier and perhaps this can enhance tax compliance. Where tax returns are not filed within the stipulated timelines, penalties and interest are charged to the defaulters.

Penalties and interests are meant to act as deterring factors against tax evasion and non-fulfilment of tax obligations(Daniel, Akowe, & Awaje, 2016). There are

proponents of this arguments that where tax penalties and interests are set at high rates, they are likely to lower tax evasions. On the other hand, some argue that too much penalties and interests do not foster compliance but rather harden tax evaders.

Tax compliance, therefore, is undoubtedly a function of various factors which can be noted to operate at personal or industry or even at the national levels. More importantly, all these factors do not act in unison but rather act as a combination. For instance, tax education may improve obedience to tax rules but this must be coupled with the individuals' desire and willingness to comply (Abdul & Wang'ombe, 2018). Similarly, some factors are intrinsic and measuring their effects singly may be futile. It is for this reason that researches on tax compliance take several factors and tests them with the aim of evaluating what exactly influences tax compliance. Tax administration carries a lot of weight since it depicts the ease and costs of complying.

1.1.3 Sole Proprietors in Kenya

Sole proprietors are those type of businesses that are managed by owners owing to their small sizes in terms of operations. However, there are large sole proprietorship forms of businesses in Kenya albeit being few. Thus, sole proprietors in Kenya are small ventures which provides goods and services with the aim of filling the gap that is left by large corporates. For instance, entities such as general shops, kiosks, food retailers and motor vehicle garages are common entrepreneurial projects in Kenya. Their importance is paramount as they create employments for many people while at the same time leading to economic growth (Kenya National Bureau of Statistics, 2016). Ideally, these ventures are categorises under the Small and Medium Entreprises (SMEs) and they are pivotal in provision of goods and services to people.

In Nairobi, where Embakasi South constituency is located, these forms of businesses are many. There are more than two hundred and sixty eight micro and small enterprises that are registered in Nairobi City County (KNBS, 2016). Among these ventures, an estimated 193, 165 are registered as sole proprietors.

A further scrutiny of these businesses reveals that are about 2, 506 that are registered as sole proprietors at the East of Nairobi Tax district (Kenya Revenue Authority, 2019). This instant study focused on sole proprietors in Embakasi South Constituency.

1.2 Statement of the Problem

Tax evasion has plagued most governments across the globe in that revenue collections levels have continued to plummet despite the ever increasing development and economic needs of countries (Ameyaw *et al.*, 2015). Evidently, non-compliant activities such as tax evasion hamper ability of the government to mobilize revenue for crucial investments and providing public goods. As a result, economic growth is highly compromised due to low levels of investments due to presence of disincentives occasioned by lack of infrastructures(Wasao, 2014). The tragedy of it all is that the government is forced to engage in massive external borrowing which poses a threat to its sovereignty as foreign governments increasingly meddle in the country's affairs lest they withdraw funding. Global trends in tax compliance among self-employed individuals shows a low trend. In the United States, not more than 50 % of self-employed individuals comply with tax rules and this makes it difficult for the tax department to assess them due to non-disclosed income(Kamleitner, Korunka, & Kirchler, 2012). In Nigeria, sole proprietors' tax compliance is about 6 % which is very low(Aladejebi, 2018).

In Kenya, the situation is similar in that there is a wide gap between tax compliance from small ventures in comparison to large taxpayers. Specifically at the East of Nairobi Tax District, there are 127 cases under review by the KRA concerning non-compliance by sole proprietors (KRA, 2019). This shows that tax evasion levels is high. In the financial year 2017/2018, the KRA did not achieve its tax targets by Kshs. 172 billion since the actual tax collected was Kshs.1.5 trillion.

Compliance with VAT regulations is 65 %, income tax is 72% while small businesses compliance is estimated at 48 % for the registered business while the massive of sole proprietorships are outside the tax net (KIPPRA, 2018).Whilst the studies on tax compliance in Kenya are voluminous, few have focused on sole proprietors. Korir, et al., (2015) evaluated the determinants of tax compliance, case of small taxpayers in Western Kenya and revealed that tax burden, equity, complexity, fairness and cost of complying influences tax compliance small taxpayers in Kisumu and Kakamega. Thiga and Muturi (2015) assessed small and medium enterprises in Kiambu and reported that two variables, that is, tax rates and compliance costs were statistically significant in determining tax compliance.

Wasao (2014) focused on SMEs at the East of Nairobi tax district and reported that adoption of online filing improved tax compliance. Mukabi (2014) assessed compliance to turnover tax in Nairobi County and revealed that among the key factors were knowledge and perceptions towards the tax system.Having taken into consideration the fewness of the studies done among sole proprietorships, the different methodologies adopted by prior studies and variations in results of the studies, this current study seeks to assess factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

To establish the factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya.

1.3.2 Specific Objectives

- i. To establish the effect of penalties and interests on tax compliance among sole proprietors in Embakasi South Constituency.
- ii. To find out the effect of book keeping on tax compliance among sole proprietors in Embakasi South Constituency.
- iii. To evaluate the effect of cost of compliance on tax compliance among sole proprietors in Embakasi South Constituency.

1.4 Research Questions

- i. How does penalties and interests affect tax compliance among sole proprietors in Embakasi South Constituency?
- ii. Does book keeping affect tax compliance among sole proprietors in Embakasi South Constituency?
- iii. What is the effect of cost of compliance on tax compliance among sole proprietors in Embakasi South Constituency?

1.5 Justification of the Study

Whilst there are empirical evidence on determinants of tax compliance in Kenya, few have narrowed down to sole proprietors and therefore making this study justified. Secondly, tax compliance remains a key concern for governments since high levels can be linked to more revenue. Thus, this studies need to be done in order to document on what can be done in order to enhance compliance levels. The contribution of sole proprietors in sustainable economic development in Kenya is vital and therefore factors that inhibit their adherence to tax laws need to be studied. Further, the contribution to theory of taxation, management practice and policy is immense.

This study undoubtedly contributes immensely towards the existing theories of taxation. This study focused on determining the factors influencing tax compliance, the case of sole proprietors in Embakasi South Constituency. Knowledge has therefore been documented in this study which can increase general knowledge on taxation hence perhaps leading to improved tax compliance.

Additionally, policy makers at the National treasury may use the findings of this study valuable as it can provide a basis for policy formulation in respect to taxation of sole proprietors. Evidence- based policy have proven to be quite resourceful in matters of governance. This current study provides evidence on how some selected factors influence tax compliance among sole proprietors.

Lastly, the management practice may value this study in that it can be utilised in making management decisions. For instance, the management of Kenya Revenue Authority may use the findings to make reforms that can address the short comings that compromise on tax compliance as far as the selected factors are concerned.

1.6 Scope of the Study

This study entailed an assessment of factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya. Conceptually, the explanatory variables were penalties and interests, book keeping and costs of compliance. This study was carried out in Embakasi South and proposes to use primary data through administration of questionnaires. The time scope was 2018/2019 financial year of the Kenya Revenue Authority. The study was undertaken for a period of twelve weeks.

1.7 Limitations of the Study

Whilst the researcher tried to undertake the study under the best conditions, two limitations were encountered. Foremost, the study failed to achieve a 100 % response rate. However, the achieved response rate of 71 % was statistically sufficient to make inferences. This was occasioned by respondents reluctant to fill the questionnaire as they were afraid that the information was to be remitted to the Kenya Revenue Authority. This good response rate was achieved when the researcher assured the respondents that confidentiality of information sourced from them was to be kept during and after the field data.

Secondly, use of sampling technique has its own natural weakness in that the sample size may fail to act a representative of the population. To mitigate this, the study used a scientific method in sample size determination. These two limitations, however do not jeopardize the integrity of the research and as such it can be used to make policy that may improve tax obedience which directly increases government revenue.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In order to operationalize variables and provide a detailed understanding of variables, literature review is pertinent to a given study. Therefore, this section entails a discussion of theories that relevantly define variables under theoretical foundation. In addition, prior studies closely related to this current one are identified with the view of establishing research gaps. An interrelationship between variables is shown under the section themed conceptual framework. Towards the end of this chapter, a critique of prior studies was done and research gaps idealized.

2.2 Theoretical Review

A good research has a theoretical foundation. Ability to pay theory, optimal taxation theory and economic deterrence theory presents a good theoretical underpinning of this study.

2.2.1 The Ability to Pay Theory

The Ability to Pay Theory is a theory of taxation that was developed by Mill in the 1880s and its basic tenet is that individuals should pay taxes to the government in a manner that they are not burdened by the obligations (Chauke, Mathebula, & Sebola, 2017). In this respect, this theory indicates that individuals should support the activities of the government through payment of taxes. However, paying taxes should be limited to their ability to pay. In other words, taxation should be levied in accordance to individuals paying ability with regard to their income. As per this theory, those who are capable of paying more taxes should therefore pay more irrespective of whether they stand to gain or not by paying such taxes(Zingales, 2017).

This theory is based on the idea of “sacrifice” and that those who have more income should pay more taxes in order to compensate for those who may not be able to pay the taxes (Azmi & Bee, 2010). It is important to note that by paying taxes individuals and corporates remain with less disposable income which they could have used for own consumption, or, for investments. This sacrifice is thus done for the greater good of the state. Tax revenue should be used judiciously and economically for provision of public goods and services. The theory of ability to pay denoted that people with equal amount of incomes should be taxed similarly and in equal measures (Ameyaw & Dzaka, Determinants of tax evasion: empirical evidence from Ghana, 2016). In so doing the tax system should be regarded as being fair and this may enhance compliance among taxpayers.

Tax is levied by the government in order to provide public finance. It is for this reason that individuals should be taxed to facilitate the construction of school, infrastructure, and electrification among other social amenities(Addo, Salia, & Nakyea, 2017). Individuals should pay taxes in respect of their ability to pay such that they are not overburdened by the taxes. Moreover, this theory denotes that taxation is a compulsory

levy and that there is no commercial or semi commercial relationship between the state and the people of the state (Chauke, Mathebula, & Sebola, 2017). The theory views that paying of taxes should not be a burden but should be a contribution by the citizens towards the welfare of the state. Therefore, tax rates would go hand in hand the relativity to pay.

Contribution of this theory towards the conceptualization of variables of this study is substantial. The ability to pay theory views that tax needs to be fair in all manners. This includes the tax rates which ought to commensurate with the ability of people to pay and also the cost of complying need not be too much.

As such relevance of this model is due to its significance in providing information on the third variable of this study that seek to establish the effect of cost of compliance on tax compliance among sole proprietors in Embakasi South Constituency.

2.2.2 Optimal Taxation Theory

The theory was initiated by Frank Ramsey and posits that taxation in an economy should be able to optimize the social benefit government function in a particular economy (Saez, 2018). The optimal theory of taxation assumes that social planning is combination of all the utilities of individuals in a particular society. The theory views social welfare as a function of the individual utilities that make the societal utility. The theory adopts a function of social welfare that is nonlinear to individual utilities. Nonlinearity in the theory caters for social planning that culminates to a more equally distribute utility (Keen & Slemrod, 2017).

In this respect to reduce the problem facing the revenue collection, the theory assumes that every individual in the society has similar needs and preferences with indifference on leisure and consumption. More than often the similarity assumption is taken a notch

higher by another assumption that completely identical individuals make up the state economy (Katare, Serebrennikov, Wang, & Wetzstein, 2017). The government therefore has to choose the tax system that maximizes revenue collection in as much as it takes care of the social welfare, given that the society does utilize the benefits provided by the tax system. The optimal theory views that the taxation systems are to be set in a way that does not distort the market (Fleurbaey & Maniquet, 2018). This means that an optimal tax system is that which promotes investments among the citizens and does not reduce the utility of items that are needed by the taxpayers. Taxation is thus an element of utility and constraints and there is a need to strike a balance between the two since individuals are supposed to pay taxes to the states with the expectations from the state.

The theory indicates that the taxation authority and the taxpayers are the social planners who should plan tax system with the aim of increasing utility (Keen & Slemrod, 2017). The social planner thus assumes that everyone in the society has the same preferences with respect to goods and services.

The relevance of this theory to this study is twofold. Foremost, it presents information on the dependent variable which is tax compliance. It identifies the tenets that ought to characterize a good tax system in respect to administration and its effect on entrepreneurship. Secondly, this theory presents a good argument in favor of all the independent variables. For instance, maintaining books of accounts that are the source documents for tax records should be simple and not burdensome to taxpayers. Still, cost of complying should be kept at optimum levels in order to motivate taxpayers to file returns and pay taxes. Penalties and interests should be structured in a way that they deter tax evasion. A fairly perfect combination of all these factors greatly improve compliance levels.

2.2.3 Economic Deterrence Theory

Tax payers are assumed to be moral profit-seeking agents. If they would find a way of evading tax without or with low probability of being caught, they would evade taxes ceremoniously (Pomeranz, 2015). Deterrence theorists state that taxpayers always make a balancing act and use economic rationale as regards their compliance with tax obligations. If there is a probability that they would get caught, they would assess if they can sustain the costs, implications and punishments of being caught and make a decision to evade or comply (Murphy, Bradford, & Jackson, 2016). If the payoff from tax evasion exceeds the expected cost of being nabbed, then there is incentive to evade tax. This behaviour is what motivated deterrence theorists to front economic deterrence as a means of increasing tax compliance.

According to various economic deterrence theorists, there is a positive correlation between economic deterrence and deterrence of tax evasion (Mendoza, Wielhouwer, & Kirchler, 2017). The use of threats, force, and coercion can increase tax compliance as taxpayers wouldn't want to be on the receiving end of such acts by the tax authorities. Thought of being caught, the punitive punishments that would follow, penalties that would arise and the legal consequences that would follow would condition the taxpayer to complying with their tax obligations (Hichem & Achek, 2015).

Fundamentally, the relevance of this theory is high as it presents information on various mechanisms that can be employed to deter tax evasion. The major proposition of this model is that coercive procedures enhances tax compliance. In this regard, it connects well with the first objective of this study which seeks to establish whether penalties and interest plays a role in tax compliance among sole proprietors in

Embakasi South Constituency. The theory posits that taxpayers when threatened with legal sanctions, they are likely to adhere to tax regulations.

2.3 Conceptual Framework

A diagram that shows a presentation of the hypothesis that shows the potential impact of variables on other variables is known as conceptual framework. In this respect a conceptual framework identifies variable types. This study had three independent variables which were tax penalties, book keeping and cost of compliance. On the right side, the dependent variable is shown and was tax compliance.

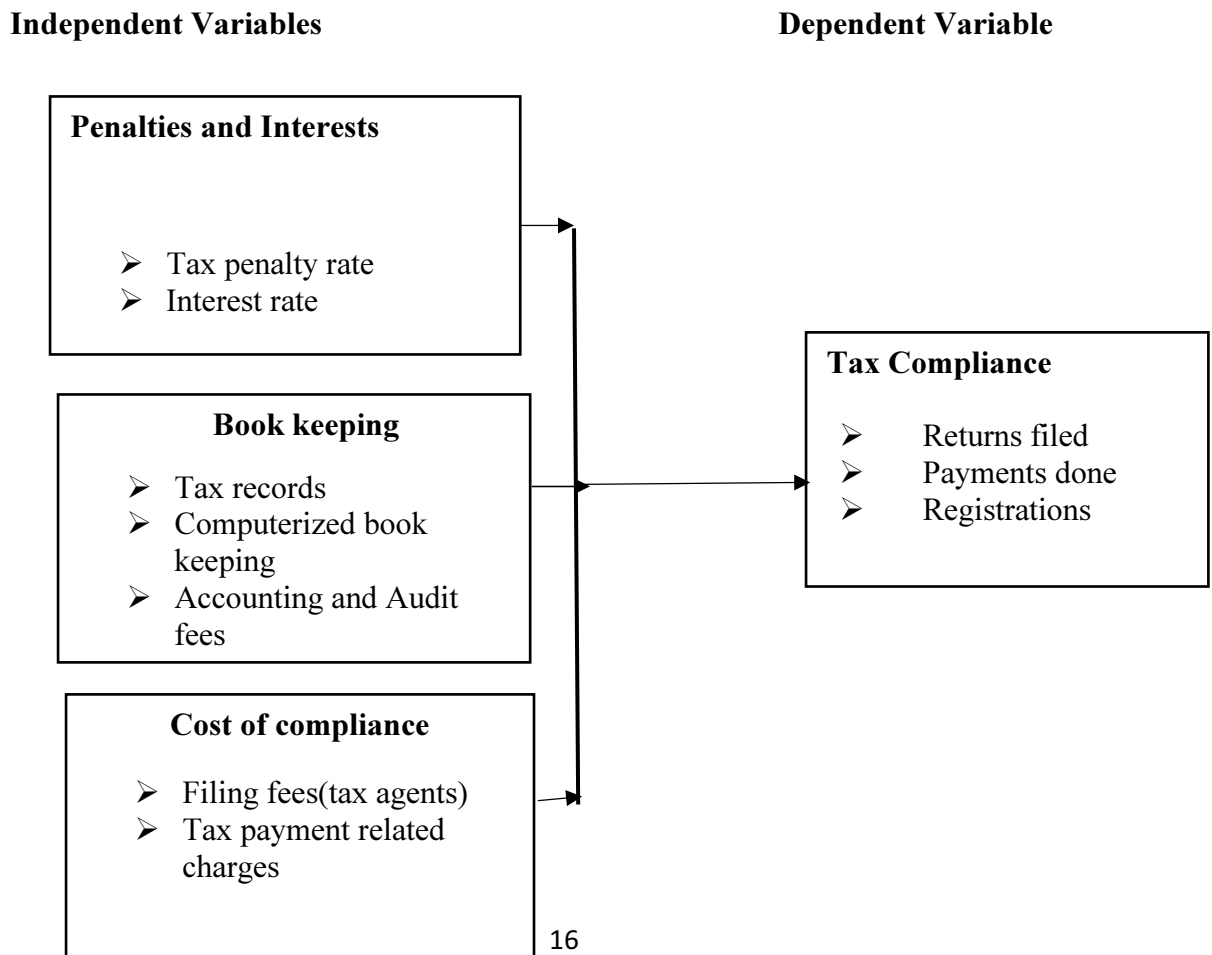


Figure 2. 1 Conceptual Framework

2.4 Empirical Review

2.4.1 Tax Penalties and Interest and Tax Compliance

Ameyaw, *et al.*, (2015) were concerned with evaluating what factors play a role in tax compliance in Ghana. Their study was based in Accra, Ghana. In particular, they needed to establish role of tax-related policies on adhering to the same among SMEs. 200 questionnaires were administered to the owners of SMEs to aid in the gathering of data. A multiple regression analysis models were used in the analysis of data gathered. Results showed that policies such as hefty fines were not a motivating factors towards tax complying among Ghanaian taxpayers.

Oladipupo and Obazee (2016) carried out an enquiry to find out how tax penalties affected the compliance of tax for small and medium enterprises in Nigeria. The main goal of the enquiry was to establish the effect of tax payer's awareness and penalties on tax obedience among small and medium sized enterprises in Nigeria. The researchers used a survey research Design. Primary records were used for the study whereby research enquiry forms were used to assemble the required data. The collected data was analysed by use of ordinary least square regression method. It was established from the enquiry that tax awareness had a major impression on tax obedience while tax penalties had a small influence on tax obedience by small and medium enterprises in Nigeria.

Mutema, Wadesango and Mhaka (2018) investigated the tax compliance of SMEs in the developing countries. Secondary data was used in this study whereby a review of the main factors affecting the compliance of tax amongst the SMEs was self-assessed. The research revealed that not only lack of knowledge about tax but also the relationship between the tax authority and the taxpayer affected the noncompliance of tax. The tax noncompliance according to the research was characterized by the following factors; income of the taxpayer, tax knowledge, tax morale and norms, psychology factors and economic factors.

Adhiambo and Theuri (2019) sought to report on whether tax awareness and cost of complying played any role on tax compliance of small ventures in Nakuru. Primary data was used in this research whereby structured questionnaires were administered to 302 sampled licensed small scale traders. Secondary data was obtained from the taxpayers register at KRA and journals from World Bank. Two types of methodologies were employed, that is, descriptive models and inferential statistics. All three variables tax awareness, education and costs were reported to play a role on tax compliance.

2.4.2 Book Keeping and Tax Compliance

Inasius (2019) examined the factors that influenced compliance of tax among the SMEs in Indonesia as required by the tax authorities. Administration of questionnaires was done to a sample of 328 small taxpayers in Jakarta. Conclusion was that knowledge on tax positively impacted on record keeping and thus enhancing compliance. In addition, equity and fairness and the cost of compliance such as auditing improved tax compliance among the Indonesian taxpayers.

Olaoye, Ayeni, and Alaran (2017) were motivated at assessing the effect of tax knowledge, information and administration on the taxpayer's compliance of Block Moulding firms in Nigeria. Primary data was obtained from the questionnaires obtained. Ordinary least square regression method was used to analyze the data obtained. Tax information and knowledge had positive important effects on the tax compliance while administration of tax had an insignificant relationship on the tax compliance.

Arhin (2018) sought to assess the effect of record keeping on tax compliance in Ghana. The study was a case of hotels in Ghana. The main purpose of the study was to examine record keeping practices. One hundred and nine respondents were used at the data collection phase. A regression model was used where coefficients showed that recording keeping positively impacted on tax compliance.

2.4.3 Cost of Compliance and Tax Compliance

Manual and Xin (2016) examined the compliance of tax acts amongst the self-employed taxpayers and how knowledge on tax and the cost of compliance influenced to the abiding of tax compliance. Questionnaires were distributed to the 150 sampled self-employed taxpayers through online.

Regression and descriptive statistics models were used to analyze the information obtained. The researchers concluded that knowledge on tax and costs on compliance are not important determinants in respect to tax complying levels of the sampled taxpayers.

Daniel, Akowe and Awaje (2016) purposed to assess the behaviour of small ventures in Bassa local government in Nigeria. First hand data was obtained through the questionnaires which were self-administered to the 197 sampled small scale

enterprises owners. Majorly, data was processed in descriptive statistics. Results indicated that psychological factors that affected compliance of tax were the complexity of tax, the compliance cost, and responsibility of tax and the fairness of tax. It was concluded from the research that psychological and demographical aspects significantly played a role in tax compliance.

Bernard, Memba, and Oluoch (2018) were motivated to assess tax compliance among firms in the EPZ of Kenya. Purposely, the review examined costs of complying among the entities in the zones. Questionnaires were administered among 152 registered companies. A multiple regression which forms inferential statistics and descriptive statistics were used to analyze the data gathered. Costs of tax compliance refer to the cost of hiring experts for the aim of staying true to tax regulations and auditing functions costs. Tax compliance was operationalized to refer to the abiding of the general rules that govern the rules of tax such as payment and filing of taxes by the taxpayers. Results indicated that cost of compliance on tax is very significant to the tax compliance.

Abdul and Wang'ombe (2018) assessed the measures of tax compliance cost on the behavior of tax compliance among medium and large corporate taxpayers. Structured questionnaires were administered to 200 sampled tax managers or the accountants to aid in the collection of primary data. Correlation and regression models were used to aid in the drawing of inferences from the variables obtained. The findings of this research concluded that tax compliance significantly declined with increase in cost of

tax compliance. This implies that when taxpayers have knowledge about tax this aids in the decline of non-tax compliance among the medium and large corporate owners.

2.5 Critique of Existing Literature

Whilst several researches have been done on tax compliance, they are not conclusive in terms of conceptualization. This is because, the studies used different combinations of variables and different methodologies were used. Ameyaw, *et al.*, (2015) were concerned with evaluating what factors play a role in tax compliance in Ghana. Although they showed that fines did not foster compliance, their study had one independent variable, that is, tax policy which does not present a clear influence of other variables in respect to tax compliance. Oladipupo and Obazee (2016) carried out an enquiry to find out how tax penalties affected the compliance of tax for small and medium enterprises in Nigeria. The study revealed that tax penalties had low influence on fostering tax obedience. Similarly the study focused on one major variable.

Mutema, Wadesango and Mhaka (2018) investigated the tax compliance of SMEs in the developing countries. The study used secondary data from the sampled countries. Tax compliance follows some intrinsic behavior hence it is best to employ primary data or both data types.

Olaoye, Ayeni, and Alaran (2017) were motivated at assessing the effect of tax knowledge, information and administration on the taxpayer's compliance of Block Moulding firms in Nigeria. The study did not expressly seek to establish effect of book keeping on tax compliance. This study did seek to establish the effect of bearing of book keeping on tax obedience. Manual and Xin (2016) examined the compliance of tax acts amongst the self-employed taxpayers and how knowledge on tax and the

cost of compliance influenced to the abiding of tax compliance. Only descriptive statistics were used. This current study utilized both techniques in order to obtain subtle results.

Bernard, Memba, and Oluoch (2018) were motivated to assess tax compliance among firms in the EPZ of Kenya. This was done for major corporates and not for small ventures. Abdul and Wang'ombe (2018) assessed the measures of tax compliance cost on the behavior of tax compliance among medium and large corporate taxpayers. Data was obtained from tax managers who may not be the individuals bearing the tax burden. Adhiambo and Theuri (2019) sought to report on whether tax awareness and cost of complying played any role on tax compliance of small ventures in Nakuru. The study did not use similar variables as used in this one and the source of secondary data was obtained from journals and not from the taxpayers themselves. This current study used data from taxpayers' records and first-hand data was obtained through administration of questionnaires.

2.6 Summary of Literature Review

This chapter has presented an in-depth discussion of theoretical and empirical foundations of this study. Under theories, the study is anchored on three fundamental theories of taxation, that is, ability to pay theory, optimal taxation theory and economic deterrence theory. Prior studies have been discussed and a critiques presented.

While there are studies done on tax compliance in the global, regional and local perspectives, more need to be done since there is a need to provide a common ground on what factors influences tax compliance. Different methodologies have been

adopted and therefore this study is justified as it compared and contrasted the results with those of others.

2.7 Research Gaps

Whilst it is evident that tax compliance has been studied at the global, regional and local levels, there is need for more studies. Inasius (2019) examined the factors that influenced compliance of tax among the SMEs in Indonesia as required by the tax authorities. Conclusion was that knowledge on tax positively impacted on record keeping and thus enhancing compliance. This was in Indonesia which is in Asia and this instant study was done in Kenya. Ameyaw, *et al.*, (2015) were concerned with evaluating what factors play a role in tax compliance in Ghana. Fines were proved to have little impact on tax compliance. Their study was done in Ghana, which is in West Africa and this current one is based on East Africa.

Oladipupo and Obazee (2016) carried out an enquiry to find out how tax penalties affected the compliance of tax for small and medium enterprises in Nigeria. It was established from the enquiry that tax awareness had a major impression on tax obedience while tax penalties had a small influence on tax obedience by small and medium enterprises in Nigeria. This may be true to Nigeria only. Olaoye, Ayeni, and Alaran (2017) were motivated at assessing the effect of tax knowledge, information and administration on the taxpayer's compliance of Block Moulding firms in Nigeria. The variables assessed are different from those of this instant study.

Bernard, Memba, and Oluoch (2018) were motivated to assess tax compliance among firms in the EPZ of Kenya. This was done for major corporates and not for small ventures. Abdul and Wang'ombe (2018) assessed the measures of tax compliance cost

on the behavior of tax compliance among medium and large corporate taxpayers. Data was obtained from tax managers while this instant study got data from the taxpayers.

Adhiambo and Theuri (2019) sought to report on whether tax awareness and cost of complying played any role on tax compliance of small ventures in Nakuru. The study was done among small businesses included small companies. This current study considered sole proprietors only. Evidently, there is a gap in terms of the conceptual and contextual framework with respect to tax compliance which forms the basic need of this study. Studies have not considered sole proprietors but has focused on small and medium enterprises which include small companies that may have experienced management.

Equally, global and regional studies have yield different results as shown under empirical review making this study important. In consideration of this gaps in literature, this study sought to establish the factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya. Explanatory variables of this study were penalties and interests, book keeping and costs of compliance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

A comprehensive plan that was used to conduct the research with respect to data collection mode and data analysis mechanism forms the main theme of this section. Research methodology is critical area of a study as it shows the actions that a researcher undertakes in order to achieve the purpose of the study. More so, identification of the model to use in establishing the subtle role the selected factors is explained in this chapter.

3.2 Research Design

The way data is collected and data analysis done is called research design (Krishnaswamy & Satyaprasad, 2010). This definition indicates that a research design is a step by step plan that is strictly followed in order to collect data and analysis the raw data with the aim of getting inferences. Inferences are those generalizations that can be made after careful analysis of data.

This study used descriptive research design since this type of design suits the purpose of the study. A descriptive statistics shows how variables interconnects (Sekeran, 2011). For this reason, the researcher has sought to use descriptive statistics in order to communicate the findings of the study that seeks to evaluate and documents factors influencing tax compliance among sole proprietors in Embakasi Constituency.

3.3 Target Population

All units that are unique and identifiable compose the target population (Krishnaswamy & Satyaprasad, 2010). Therefore, target population is composed of those entities that are similar and forms the concern of the researcher. In other words, target population is the items that the researcher wants to make inferences about. All the sole proprietors at the East of Nairobi Tax Service Office formed the target population for this study.

3.4 Sampling Frame

A list of all elements in the population in which a sample is taken from (Sekeran, 2011). This study will have a sampling frame of all sole proprietors at the East of Nairobi Station that are under review in Embakasi South Constituency. This frame will enable determination of a sample size since population is so vast hence a census is not feasible. A sampling frame facilitates randomization since the frame is selected on the basis of having as many possible features as those in the population. The sampling frame will be all 147 sole proprietors whose annual Value Added Tax payments was more than Kshs. 400, 000 in the year 201/2019.

3.5 Sampling Technique and Sample Size

To sample is to select a subset of the population for data collection activity. Where population is small, then it is recommended that a census be done. A sample is a subset of the population (Cooper & Schindler, 2014). This study used probabilistic sampling method that is of scientific nature which is set as:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = sample size N = population size e = the level of precision $\mathbf{1}$ = Constant

The confidence level was 95%.

$$n = \frac{148}{1 + 148(0.05)^2}$$

=107 sole proprietors

This indicates that the appropriate sample size for this study was 107 sole proprietors in East of Nairobi Tax District. The 107 sole proprietors were selected using simple random technique.

3.6 Data Collection Instrument and Procedure

The process through which the variable observations are picked for data analysis is called data collection procedure (Cooper & Schindler, 2014). A questionnaire was used to source data from the sole traders in the study site. The questionnaires had close ended questions. These are questions that have predetermined answers and thus limits respondents from diverting outside the objective of the study (Sekaran & Bougie, 2013). The questionnaires were self-administered to the sole traders to increase the response rate. The questionnaire had several parts which was arranged in respect to the objectives. Part one collected data of demographic nature about the respondents while the other four parts collected data objective-wise. Closed ended questions were used in order to curtail the responses towards some predetermined answers. Use of closed ended questions ensure that the respondents does not deviate from the expectations of the researcher (Kombo & Tromp, 2011). In line with this, the Likert's scale were used for each question and the respondents will be required to rate as per their own views. The scale was Strongly Agree=5, Agree=4, Undecided=3, Disagree=2 and Strongly Disagree=1.

3.7 Pilot Testing

Research involves setting objectives and identifying data type to use in order to achieve the overall aim. In case primary data is to be used, then pilot testing becomes an integral part of a research. Pilot testing is equally known as reconnaissance as it aims at testing whether tools for data collections are working and also enables the researcher to plan for other resources such as finances and time required in the actual study (Cooper & Schindler, 2014).. Few questionnaires were taken to the study site in order to test on time and resources need during the actual study.

3.7.1 Reliability Test

Inferences are made from analyzed data and thus there is a need for the tool used to be reliable. The consistency of the tool in yielding similar results after repeated trials has often been referred to as reliability (Heale & Twycross, 2015). In this respect, reliability evaluates the usefulness of data collected. While there are various forms of reliability, this study tested internal reliability which is also known as internal consistency. In so doing, the Cronbach alpha was used. A statistic of more than 0.700 for each set of questions representing each objective (for a questionnaire) is usually taken to mean that the tool has internal consistency (Sekaran, 2011).

3.7.2 Validity Test

Data collected need to be evaluated on the basis of the expectations and this is what validity seeks to achieve. As such, validity tests whether actual data meets the expectations of the users and that it can validly be used in making inferences about a phenomenon (Leung, 2015). Specifically, this study used content validity which seeks to evaluate whether meaningful inferences can be made from data collected (Heale & Twycross, 2015).

To improve on quality of data, the researchers constructed a draft questionnaire and seek the services of tax expert in proofreading and editing it. This improved the validity of the questionnaire.

3.8 Data Analysis and Presentation

Data analysis refers to the process of getting inferences about the objective of the study. Data analysis is critical as it encompasses running data through a series of procedures in order to achieve the objective of a given study (Cooper & Schindler, 2014). For instance, this study used a descriptive statistics and regression analysis. Data analysis was done using SPSS. The regression model is specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where

Y = tax compliance

β = Constant

$\beta_1, \beta_2, \beta_3$ = Coefficients that depict the nature of effect of the variable

X_1 = penalties and interest

X_2 = book keeping

X_3 = cost of complying

e = error

3.9 Operationalization and Measurement of Study Variables

Different variables' are operationalized and their measurements are presented on Table 3.1

Table 3. 1 Operationalization and Measurement of Study Variables

Variables	Type of Variable	of Indicators	Data collection Instrument and Measurement Scale	Type of Analysis
Penalties and Interest	Independent	Penalties Interest Additional assessments	Questionnaire and Ordinal Scale (Likert's	Quantitative and Regression analysis
Book keeping	Independent	Accountants fees Reports retrieval	Questionnaire and Ordinal Scale (Likert's	Quantitative and Regression analysis
Cost of compliance	Independent	Professional fees Returns processing fees	Questionnaire and Ordinal Scale (Likert's	Quantitative and Regression analysis
Tax Compliance	Dependent	Returns filed Registration	Questionnaire and Ordinal Scale (Likert's	Quantitative and Regression analysis

CHAPTER FOUR

DATA ANALYSIS AND INTERPREATION

4.1. Introduction

The aim of this section is to present the results that were obtained upon data processing which was done in both descriptive and inferential statistics. Primarily, data was sourced from respondents through use of questionnaires. This part of the study equally contains interpretation of the results and discussion of the outcomes of the study.

4.2. Response Rate

A sample of 107 respondent taxpayers had been scientifically selected where 83 of them agreed to fully fill the questionnaire and upon data cleaning 76 of them were found to be fit for use in data processing. This provided a response rate of 71 % that was sufficient and excellent for data analysis. Figure 4.2 is a pie chart showing this information.

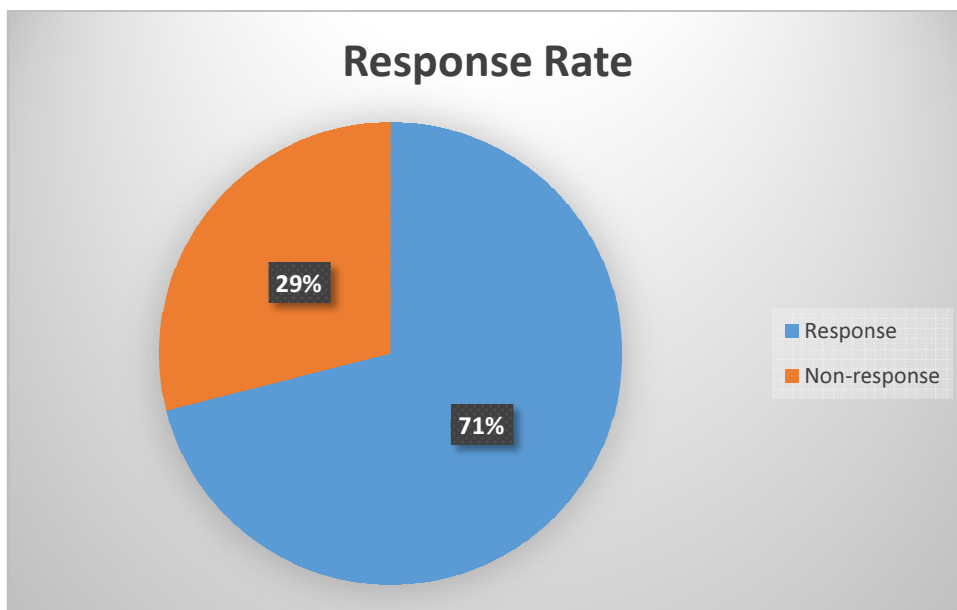


Figure 4. 1 Pie Chart-Response Rate

4.3. Reliability of Data

Reliability evaluates the usefulness of data collected. While there are various forms of reliability, this study tested internal reliability which is also known as internal consistency by use of Cronbach's alpha.

Table 4. 1 Reliability Statistics

	Cronbac h's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Penalties and interest	.855	.853	5
Book keeping	.841	.846	6

Cost of compliance	.802	.841	6
Tax compliance	.886	.893	3

With reference to Table 4.1, tax rates and penalties, book keeping, cost of compliance and tax compliance had a Cronbach alpha statistics of 0.855, 0.841, 0.802 and 0.817 respectively. As the minimum threshold is 0.700, then the tool was fit for collecting data on factors influencing tax compliance among sole traders in Nairobi City County, case of Embakasi South Constituency.

4.4. Demographic Characteristics

4.3.1 Gender of the Respondents

Figure 4.2 shows the results for analysis on gender of respondents. As presented on Figure 4.2, most of the respondents were male at 67.1 % and females were 32.9%. What this results means that a majority of sole proprietors in Embakasi South constituency that were registered for tax purposes were male. It could also indicate that most men are in business than women in Nairobi City County.

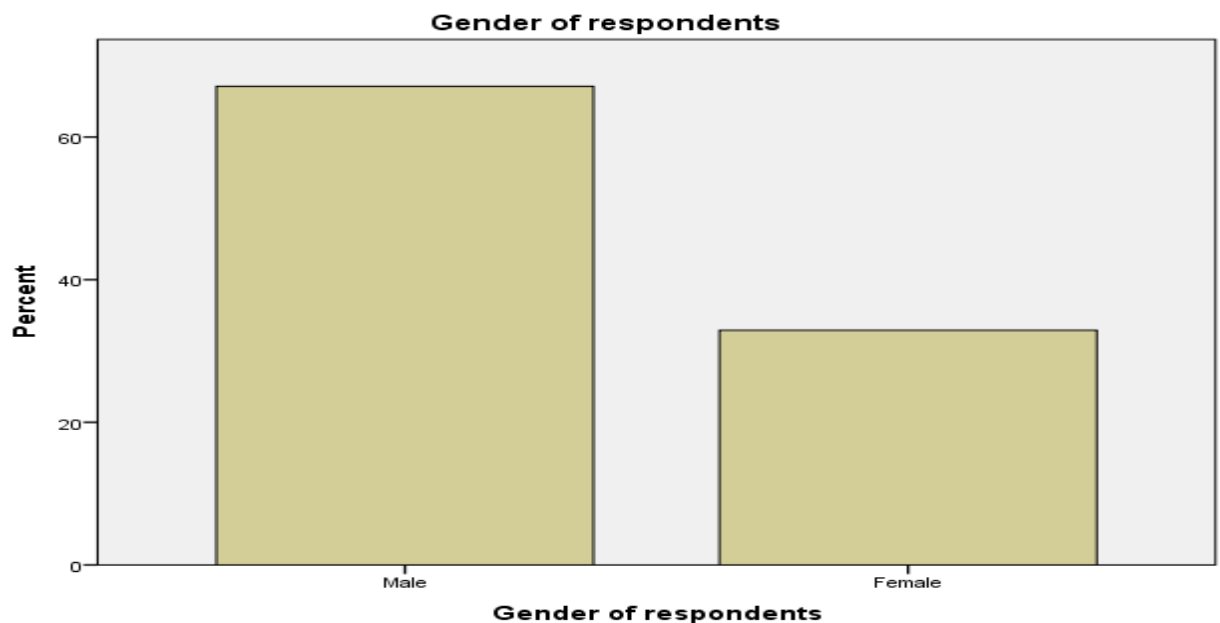


Figure 4. 2 Gender of Respondents

4.3.2 Age of Respondents

Table 4.1 shows the results that were obtained on processing data on age of respondents.

Table 4. 2 Respondents' Age

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Vali	Below 20 years	2	2.6	2.6	2.6
d	21-30 years	23	30.3	30.3	32.9
	31-40 years	44	57.9	57.9	90.8
	41-50 years	7	9.2	9.2	100.0
	Total	76	100.0	100.0	

As shown on Table 4.2, most of the respondents were aged between 31-40 years at 57.9%, followed by those between 21-30 years at 30.3 %, those between 41-50 years were 9.2 % and those below 20 years were 2.6 %. This outcome indicates that sole proprietors in Embakasi South Constituency were of different age sets. As such, it can be inferred that people of different ages can engage in income generating activities such as sole proprietorships and pay taxes, which goes a long way towards generation of public revenue.

4.3.3 Working Period of the Respondents

Figure 4.3 presents results on working period of respondents.

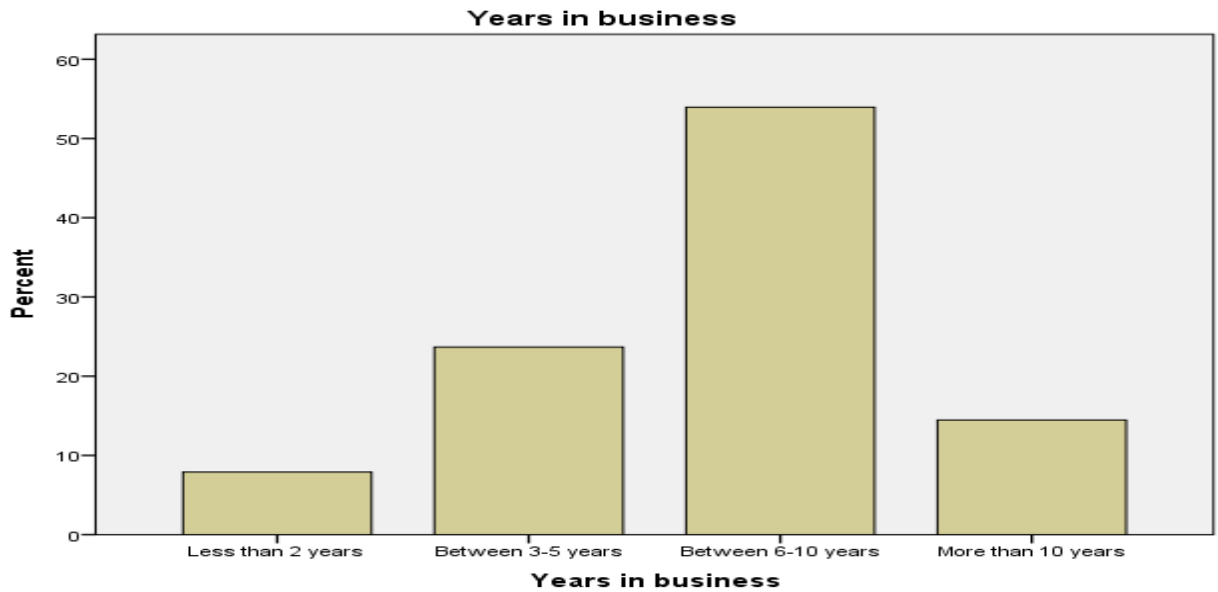


Figure 4. 3 Respondents' Years in Business

Results shown on Figure 4.3 indicates that majority of the sole proprietors had been in business for between 6-10 years at 53.9 %, between 3-5 years at 23.7%, more than 10 years 14.5 % and for less than 2 years at 7.9 %. What this means is that the sole proprietors had been in business for a long time and therefore they could understand the details as contained in the data collection instrument. Also, it infers that the sole traders were fit to act as the respondents of this study in that they had engaged in business long enough to reasonably understand the Kenyan tax systems and tax regulations.

4.3.4 Education of Respondents

Figure 4.4 shows the results on education attained by the sole traders. As presented on Figure 4.4, most traders had college certificates at 48.7 %, followed by those with first degrees at 28.9 %, those with secondary and lower qualification were 13.2 % and those with postgraduate education were the least at 9.2 %. What these results infer is that the traders were adequately knowledgeable to comprehend the questionnaires and to fill them appropriately.

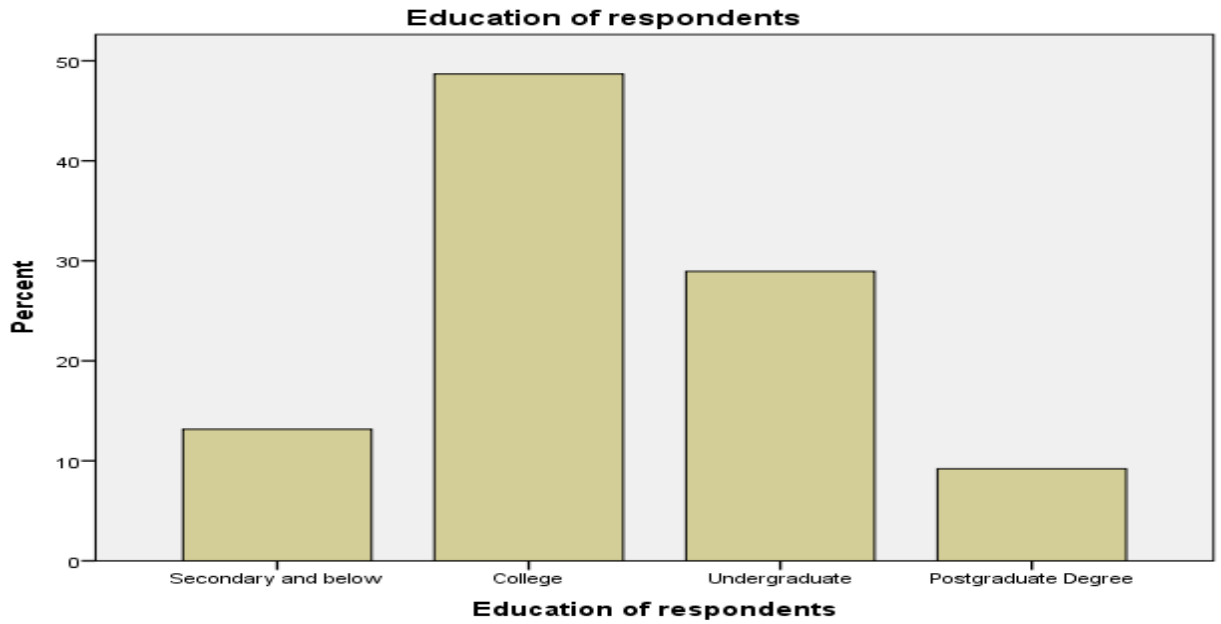


Figure 4. 4 Education of the Respondents

4.5. Effect of Penalties and Interest on Tax Compliance

The first variable was themed penalties and interests and as such the objective was to establish the effect of penalties and interests on tax compliance among sole proprietors in Embakasi South Constituency. Results of this aim are presented on Table 4.3

Table 4. 3Penalties and interest and tax compliance

Statement on penalties and interests	N	Mean	Std. Deviation
Rates of penalty for taxes is high and this makes me comply with tax regulations in order to avoid the extra charges.	76	4.68	.468
Interest on unpaid taxes is high which makes me pay taxes due within the stipulated time.	76	4.36	.534
Penalties and interests deter tax evasion	76	4.21	.471
Payment plans of taxes enable me clear my tax balances.	76	4.29	.512
Time allowed to pay penalties and interest is sufficient.	76	4.18	.453

With reference to Table 4.3, the outcome indicates that respondents agreed with the statement that Rates of penalty for taxes is high and this makes them comply with tax regulations in order to avoid the extra charges as shown by the mean of 4.68 with a standard deviation of 0.468. This means that penalties are a good deterrence factor on tax evasion as they make sole traders fulfil their tax obligations. Equally, the mean of 4.36 with a standard deviation of .534 shows majority of the traders agreed that interest on unpaid taxes is high which makes them pay taxes due within the stipulated time. What this infers is that interest on principal tax due makes traders comply with tax payment regulations.

On whether, penalties and interests deter tax evasion, results shows a positive response as denoted by the mean of 4.21 with a standard deviation of 0.471. This shows that use of coercive means as exhibited by penalties and interest tends to improve compliance among business owners. Similarly, the trader agreed that payment plans of taxes enable them clear their tax balances as shown by the mean of 4.29 and standard deviation of 0.512. It infers that where payments plans are adopted, tax compliance is improved among the sole traders. A high mean of 4.18 with a standard deviation of 0.453 was achieved on whether Time allowed to pay penalties and interest is sufficient. This reveals that time allowed to penalties was sufficient. At the overall, it can be noted that penalties and interest plays a role on tax compliance among the sole proprietors in Embakasi South Constituency.

4.6. Effect Book keeping on Tax Compliance

The second aim was to find out the effect of book keeping on tax compliance among sole proprietors in Embakasi South Constituency. Results of this aim are presented on Table 4.4

Table 4. 4 Effect Book keeping on Tax Compliance

Statements on Book keeping	N	Mean	Std. Deviation
Computerised book keeping improve improves tax compliance.	7 6	4.26	.500
Online tax system has made compliance convenient and easy.	7 6	4.08	.356
Tax filing requires records that can be processed easily from my accounting system hence enabling me to comply easily.	7 6	4.11	.386
Use of skilled book keepers improves accuracy of tax records and this makes me avoid additional assessments.	7 6	4.33	.526
I can maintain tax records on my own and this reduces the costs of complying to most of tax obligations	7 6	4.17	.551
Accountancy and audit fees for annual returns are high and this demotivates me from employing their services	7 6	4.34	.530

With reference to Table 4.4, respondents agreed that computerised book keeping improve improves tax compliance as shown by the mean of 4.26 with a standard deviation of 0.500. This infers that use of accounting software improves tax compliance. On whether, the online tax system has made compliance convenient and easy, respondents agreed with the statement as shown by the mean of 4.08 with a standard deviation of 0.356. As such, the online tax system can be noted to improve tax compliance as it makes the process efficient. Notably online systems are aimed at reducing the costs and time spent in doing tasks. A high mean of 4.11 with a standard deviation of 0.386 on if tax filing requires records that can be processed easily from their accounting system hence enabling the respondents to comply easily shows an agreement with the statement. This denotes that with proper book keeping, tax compliance is bound to improve.

Also, results revealed an agreement with the statement on whether use of skilled book keepers improves accuracy of tax records and this makes the respondents avoid

additional assessments. This findings is supported by the mean of 4.33 and standard deviation of 0.526. It can therefore be inferred that book keeping if done appropriately can enhance obedience to tax regulations. A high mean of 4.17 with a standard deviation of 0.551 was obtained on whether the respondents could maintain tax records on their own and if that reduced the costs of complying with most of tax obligations. As such, in the circumstance that the traders could maintain records on their own they were likely to comply more. This is because, it saved on book keeping fees. Results also revealed that accountancy and audit fees for annual returns are high and this demotivates the respondents from employing their services.

This finding is supported by the mean of 4.34 with a standard deviation of 0.530. Notably, hiring of accountants to do book keeping at the year-end may be costly and this is the reason it deter sole proprietors from complying with tax laws.

4.7. Effect of Cost of Compliance on Tax Compliance

The third aim was to evaluate the effect of cost of compliance on tax compliance among sole proprietors in Embakasi South Constituency. The outcome of this objective is depicted on Table 4.5

Table 4. 5 Effect of Cost of compliance on Tax compliance

Statement on cost of compliance	N	Mean	Std. Deviation
Tax agents' fees are high which makes tax compliance expensive.	76	4.37	.727
Processing returns is expensive and this impairs my efforts to remain tax compliant.	76	4.21	.524
Time spent in processing returns and filing taxes is a lot.	76	4.37	.585
Paperwork needed in tax compliance is expensive hence inhibiting my tax compliance.	76	4.42	.548
Hiring tax experts is costly and this prevents me from fulfilling my all my tax obligations	76	4.12	.399
Computer costs incurred in tax filing and	76	4.09	.372

processing payments are high and this discourages me from complying

With reference to Table 4.5, respondents agreed that Tax agents' fees are high which makes tax compliance expensive in line with the mean of 4.37 and standard deviation of 0.727. As such, tax agent's fees were deemed high and this compromised on the sole traders' willingness to comply with tax regulations. Similar results were noted on processing returns is expensive and this impairs their efforts to remain tax compliant as supported by the mean of 4.21 with a standard deviation of 0.524. This indicates that cost of filing was expensive thus limiting tax compliance willingness of respondents.

A mean of 4.37 with a standard deviation of 0.585 was obtained on whether time spent in processing returns and filing taxes was a lot. This is to mean that processing returns used time that would have otherwise been spent in other income generating activities.

Respondents also agreed with the statement on whether paperwork needed in tax compliance is expensive hence inhibiting their tax compliance. This is inferred from the mean of 4.42 with a standard deviation of 0.548. Tax filing requires a handful of paper works and this as for the sole proprietors was a hindrance towards their tax compliance. Hiring tax experts was noted to be costly and this prevented the respondents from fulfilling my all their tax obligations as shown by the mean of 4.12 and standard deviation of 0.399. As such, tax compliance was compromised if the fees asked by tax experts were high. On whether, computer costs incurred in tax filing and processing payments are high and this discourages me from complying, respondents agreed with the statement as depicted by the mean of 4.09 with a standard deviation of 0.372. Tax compliance involves returns processing which is done online meaning that

internet subscription is vital towards swift compliance. The taxpayer may be forced to acquire computers and printers to process the returns. The respondents indicated that these costs were not friendly as far as tax compliance was concerned.

4.8. Tax Compliance

The results on assessment of tax compliance is presented on Table 4.6

Table 4. 6 Tax Compliance

Tax Compliance	N	Mean	Std. Deviation
I file all my tax returns as required by the law	76	2.07	.250
I register for new tax obligations when I meet the threshold	76	2.05	.225
I always pay my tax due in good time as stipulated by the law	76	2.03	.161

With reference to Table 4.6, respondents indicated that they did not file all returns as required by the law as shown by the mean of 2.07 with standard deviation being 0.250. This is an indication that tax compliance among the sole proprietors was not at the best levels. Equally, respondents disagreed that they register for new tax obligations as they achieved new thresholds as shown by the low mean of 2.05 with a standard deviation if 0.225. As such, it can be deduced that the taxpayers did not register willingly for new tax bases as required by the law. Also, the study revealed that the respondents disagreed with the statement on if they paid all tax dues in good time as required by the law.

4.9. Inferential Statistics

Inferential statistics were employed in ascertain the extent and nature of relationships between the selected factors and tax compliance. Before regression analysis was done, diagnostic tests were done in order to ensure that none of the assumptions of linear

regression was violated. This section has the results of these tests which included test of autocorrelation, multicollinearity, normality and correlation analysis.

4.9.1 Test of Autocorrelation

This is a measure that seeks to test whether observations of single variables are similar due to time. This indicates that autocorrelation is a correlation of observations of the same variable due to time lags. It is a major issue since it renders regression findings not valid. The study used Durbin-Watson test of autocorrelation whose findings are as shown on Table 4.7

Table 4. 7 Autocorrelation

Model	R	R Square	Model Summary ^b		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.803 ^a	.645	.512	1.05795	1.736

a. Predictors: (Constant), cost of compliance, Book keeping, Penalties and interest
b. Dependent Variable: Tax compliance

As shown on Table 4.7, the Durbin Watson was 1.736 which shows that the data set did not have autocorrelation. As a rule of thumb, a DW statistics of between 1 and 3 indicates the absence of autocorrelation.

4.9.2 Multi Collinearity Test

Multicollinearity can be defined as the existence of correlation among the independent variables. The study used Variance Inflation Factor in testing for presence of multicollinearity. The results are tabulated on Table 4.8

Table 4. 8 Multicollinearity Test

Model	Coefficients ^a	Collinearity Statistics	
		Tolerance	VIF
1	Penalties and interest	.312	3.205
	Book keeping	.509	1.963

Cost of compliance	.426	2.349
a. Dependent Variable: Tax compliance		

The rule of the thumb is that VIF of less than 10 indicates no multicollinearity. With reference to Table 4.8, the VIF statistics were 3.205, 1.963 and 2.349 for penalties and interest, book keeping and cost of compliance respectively. Hence multicollinearity problem was ruled out.

4.9.3 Measures of Normality

Normality is a measure of whether a given set of data exhibits normal characteristics.

This study used the Jarque-Bera Statistics of Skewness and Kurtosis.

Table 4. 9 Skewness and Kurtosis

	N	Mean	Skewness		Kurtosis	
	Statisti	Statisti	Statisti	Std.	Statisti	Std.
	c	c	c	Error	c	Error
Penalties and interest	6	3.6200	-2.392	.845	5.795	1.741
Book keeping	6	4.2150	-.031	.845	-2.259	1.741
cost of compliance	6	4.2633	-.213	.845	-2.466	1.741
Tax compliance	6	1.0250	.001	.845	-3.332	1.741
Valid N (listwise)	6					

Table 4.9 indicates that penalties and interest had a skewness of -2.392 and kurtosis of 5.795, book keeping had a skewness of -0.031 and kurtosis of -2.259, cost of compliance had kurtosis of -0.213 and statistic of -2.466 while tax compliance had a skewness of 0.001 and kurtosis of -3.332. In line with the results, the data was normally distributed. The rule of the thumb is that normally distributed data has a skewness of -3 to +3 where Kurtosis is between -10 to 10.

4.9.4 Model Summary

Table 4.10 presents the results for the model summary that was obtained on data analysis.

Table 4. 10 Model Summary

Model	R	R Square	Model Summary ^b		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.803 ^a	.645	.512	1.05795	1.736

a. Predictors: (Constant), cost of compliance, Book keeping, Penalties and interest
b. Dependent Variable: Tax compliance

Table 4.10 shows R, R² and adjusted R². R is the correlation among the dependent variable and predictors. R² is the coefficient of determinations that describes the extent to which the predictor influence variations in dependent variables while adjusted R² describes the extent of influence between the variables on addition of variables in the equation.

The R of 0.803 shows strong correlation among the variables. The R² of 0.645 shows that 64.5 % of variations in tax compliance is influenced by changes in penalties and interest, book keeping and cost of compliance. This means that other factors account for 35.5 % of variations in tax compliance among sole proprietors in Embakasi South constituency.

4.9.5 ANOVA Test

The significance of the model was ascertained by undertaking an analysis of Variance. The results are presented on Table 4.11

Table 4. 11 ANOVA test

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.066	3	1.355	1.211	.042 ^b
	Residual	2.239	2	1.119		
	Total	6.305	5			

a. Dependent Variable: Tax compliance
b. Predictors: (Constant), cost of compliance, Book keeping, Penalties and interest

Table 4.11 shows a P-value of 0.042 which shows that the overall model was significance in explaining the variations in tax compliance among taxpayers in Embakasi South Constituency. Data was processing at 95 % confidence level which means that a statistic of below 0.05 is significant.

4.9.6 Regression Model

Table 4.12 shows the results for coefficients that show the extent and nature of relationship among the variables.

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.347	22.530		.681	.566
	Penalties and interest	.249	.475	.396	.524	.012
	Book keeping	8.768	5.946	.871	1.475	.028
	cost of compliance	-5.521	5.109	.698	-1.081	.043

a. Dependent Variable: Tax compliance

Table 4.12 shows the coefficients of the regression model that were obtained. The regression model is specified as follows:

$$Y = 15.347 + 0.249X_1 + 8.768X_2 - 5.21X_3 + e$$

15.347 is tax compliance in absence of the study variables, +0.249 is the increase in tax compliance in response to a unit increase in penalties and interest, +8.768 is the increase in tax compliance in response to a unit increase in book keeping, -0.521 is the reduction in tax compliance in response to a unit increase in cost of compliance.

Additionally, the P-values on the last column on the Table 4.1 reveals that all these variables had significant role in tax compliance since the significance statistic were less than 0.05 in all cases. Therefore, it can be inferred that penalties and interest, book keeping and cost of compliance have a statistically significant role on tax compliance among sole proprietors.

4.10. Discussion of Findings

The first objective sought to establish the effect of penalties and interests on tax compliance among sole proprietors in Embakasi South Constituency. Results indicated that penalties and interest significantly influences tax compliance among the sole traders. The Coefficient was 0.249 at a P-value of 0.012 which infers that there is a positive effect of penalties on tax compliance. Further, this effect is statistically significant as the test of significance was successful. Penalties and interests are deterrent factors to tax evasions that are employed by revenue authorities in order to improve obedience towards tax regulations. As such it is a coercive mean that deter tax evasion from taxpayers.

Similar results were noted by Ameyaw, *et al.*, (2015) who were concerned with evaluating what factors play a role in tax compliance in Ghana and revealed policies such as hefty fines were not a motivating factors towards tax complying among Ghanaian taxpayers. Also, Oladipupo and Obazee (2016) carried out an enquiry to find out how tax penalties affected the compliance of tax for small and medium

enterprises in Nigeria and established from the enquiry that tax awareness had a major impression on tax obedience while tax penalties had a small influence on tax obedience by small and medium enterprises in Nigeria.

The second objective of the study sought to establish the effect of book keeping on tax compliance among sole proprietors in Embakasi South Constituency. Results indicated that book keeping plays a role in influencing tax obedience. The Coefficient was 8.768 at a P-value of 0.28. This result manifests that book keeping promotes adherence to tax regulations. Book keeping entails keeping of accounting records in retrievable forms. As such where such records can be accessed easily, affordably and in a timely fashion, taxpayer can process tax returns and adhere to tax rules. The influence of book keeping was reported as statistically significant as the test of significance was successful (P-Value <0.05).

Similar results were obtained by Inasius (2019) who examined the factors that influenced compliance of tax among the SMEs in Indonesia as required by the tax authorities and concluded that knowledge on tax positively impacted on record keeping and thus enhancing compliance. Also, Olaoye, Ayeni, and Alaran (2017) were motivated at assessing the effect of tax knowledge, information and administration on the taxpayer's compliance of Block Moulding firms in Nigeria and reported that tax records and information processing had a significant bearing on tax obedience.

Thirdly, this study aimed at evaluating the effect of cost of compliance on tax compliance among sole proprietors in Embakasi South Constituency. Based on results, it was deduced that cost of compliance does influence tax compliance. More

specifically, cost of compliance has a negative and statistically significant influence on obedience towards tax regulations among sole traders in Embakasi south.

This inference is supported by the coefficient of -5.521 with a P-Value of 0.43. Cost of fulfilling tax obligations, if too high, can demotivate tax compliance. This is because, tax compliance involves processing returns and tax records in order to ascertain the tax liability, and, if the process takes much time and is costly, then taxpayers may be discouraged.

In a similar study done in Malaysia by Manual and Xin (2016) who examined the compliance of tax acts amongst the self-employed taxpayers and how knowledge on tax and the cost of compliance influenced to the abiding of tax compliance concluded that knowledge on tax and costs on compliance are not important determinants in respect to tax complying levels of the sampled taxpayers. In Kenya, Adhiambo and Theuri (2019) sought to report on whether tax awareness and cost of complying played any role on tax compliance of small ventures in Nakuru and reported that costs, awareness and education attainment had a major bearing on tax compliance. Similarly, Bernard, Memba, and Oluoch (2018) were motivated to assess tax compliance among firms in the EPZ of Kenya and noted that cost of compliance on tax is very significant to the tax obedience.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This section entails a summary of results as per the specific aims of the study, conclusions drawn thereof and pertinent recommendations to policy making and management practice. In addition, the chapter documents the limitations that characterizes this study and finally a suggestion of further studies is made.

5.2 Summary of Findings

The main purpose was to establish the factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya. In achieving this general aim, the study employed descriptive statistics and inferential statistics. Three variables were assessed. These were, penalties and interest, book keeping and cost of compliance. A summary of the outcome is presented here.

5.2.1 Effect of Penalties and Interest on Tax Compliance

The first objective aimed at establishing the effect of penalties and interest on tax obedience. Results of descriptive statistics showed that penalties and interest had a role on adherence to tax laws among the sole traders. It was noted that penalties and interest rates were high thus deterring tax evasion. Payment plans and time offered to clear penalties and interest were ample hence leading to tax obedience. These results were in line with inferential statistics results that established that penalties and interests had a positive bearing on tax obedience. The regression results showed that there was a positive influence of penalties and interests on tax obedience showing that the variable acts as a deterrence towards tax evasion.

5.2.2 Effect Book Keeping on Tax Compliance

The second objective sought to find out the effect of book keeping on tax compliance among Sole proprietors in Embakasi South Constituency. Descriptive statistics showed that book keeping fosters tax compliance among the sole traders. This is because, inferences pointed that use of computerized book keeping was found to foster compliance, online tax systems made compliance convenient, tax records required to be maintained were not too many and that, accountancy and audit fees were high. Similarly, these results were echoed by the regression model which revealed that there was a positive effect of book keeping on tax compliance among sole traders in Embakasi. This is indicative that good book keeping can improve tax obedience.

5.2.3 Effect of Cost of Compliance on Tax Compliance

The third aim was to evaluate the effect of cost of compliance on tax compliance among sole proprietors in Embakasi South Constituency. Result from descriptive statistics indicates that cost of compliance was high and this demotivated taxpayers in the tax region. This is due to the results that indicated that tax agent's fees were high, processing returns was expensive, time spent had an opportunity cost, hiring tax experts was expensive and that computer costs were high. On the side, on the regression model, these findings were confirmed in that cost of compliance had negative bearing towards tax obedience among sole proprietors in Embakasi South Constituency.

5.3 Conclusion

These conclusions are informed from the results of data analyzed so far presented under findings of the study. A conclusion is therefore made for each objective as informed from the outcome of data analysis.

5.3.1 Effect of Penalties and interest on Tax Compliance

The study concludes that penalties and interest is a factor that influence tax compliance in among sole proprietors in Embakasi South Constituency. Additionally, the influence of penalties and interest on tax compliance is statistically significant and positive. Further insights led to the conclusion that penalties and interest improves tax compliance in among sole proprietors in Embakasi South Constituency. This is to suggest that penalties and interest as a theoretically coercive means, deters cases of tax evasions. Hence, penalties and interest can be prudently applied to improve tax obedience among sole proprietors in Nairobi City County.

5.3.2 Effect Book keeping on Tax Compliance

The study concludes that book keeping is a factor that influences tax obedience in among sole proprietors in Embakasi South Constituency. Additionally, book keeping positively influences tax obedience among sole proprietors in Embakasi South Constituency. More so, book keeping was revealed to be a statistically significant factor of tax obedience. Book keeping simplifies the burden of tax compliance as tax records can be retrieved easily, timely and affordably.

5.3.3 Effect of Cost of Compliance on Tax Compliance

The study concludes that cost of compliance is a factor that influences tax obedience in among sole proprietors in Embakasi South Constituency. Additionally, cost of compliance negatively influences tax obedience among sole proprietors in Embakasi South Constituency. More so, cost of compliance was revealed to be statistically significant factor of tax obedience. This is because too much costs would make tax compliance expensive and this may hamper the efforts of sole proprietors in making good their tax compliance duties.

5.4 Recommendations

In line with the results and conclusions drawn, a number of recommendations towards policy formulations were made.

It is recommended that penalties and interests with regard to tax defaults and tax evasions need to be retained when tax reforms are being done by the National Treasury of the government of Kenya. This is because, in the study it was established that penalties and interests acts a deterrence factor towards tax evasion practices.

Secondly, the Kenya Revenue Authority need to sensitize sole proprietors on book keeping and maintenance of accounting and tax records. This is because, in the study it was established that book keeping improves tax obedience. This can be done through sensitization programs in which traders can be trained on basic book keeping.

Lastly, the study recommends that the Kenya Revenue Authority needs to simplify tax filing process as it was revealed that cost of compliance negatively influenced tax compliance. Where too much costs are incurred in tax filing process, this can discourage the sole proprietors thus hampering efforts to willingly fulfill tax obligations.

5.5 Areas for Further Studies

The general objective of this study was to establish the factors influencing tax compliance among sole proprietors, a case of Embakasi South Constituency in Nairobi City County, Kenya. Results showed that penalties and interest, book keeping and cost of compliance influence tax compliance among sole proprietors. Another study can be done among sole proprietors in another county in Kenya in order to

compare results. Such a study together with this one can be used to make policies that can be applicable at nation-wide level.

It is equally suggested that another study be done using larger taxpayers such as limited companies in order to develop a broader perspective of tax compliance in Embakasi South Constituency. Additionally, a study can be done in which more variables such as tax awareness and perception towards the Kenyan tax system can also be incorporated in the model.

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APPENDICES

Appendix A: Letter of Introduction

My Name is Francis Mutisya and I am undertaking a study titled “Factors Influencing Tax Compliance among Sole Proprietors, A Case of Embakasi South Constituency In Nairobi City County, Kenya”.

Kindly fill in the attached questionnaire appropriately. All information is for school use only and none will be used for any other reason whatsoever.

Thank you,

Francis Mutisya.

Appendix B: Questionnaire

This questionnaire seeks to collect data on the topic titled “**Factors Influencing Tax Compliance among Sole Proprietors, A Case of Embakasi South Constituency in Nairobi City County, Kenya**”

Kindly fill as appropriate.

Section A: Demographic Features of the Respondents.

1. Kindly indicate your Gender

a) Male ()

b) Female ()

2. Please indicate your age?

(a) Below 20 years ()
)

(b) between 21-30 years ()

(c) Between 31-40 years ()
)

(d) between 41-50years ()

(e) Above 50 years ()

3. Please indicate the highest level of education completed.

(a) Secondary and below ()

(b) College ()

(c) Undergraduate degree ()

(d) Postgraduate ().

4. Kindly indicate how long you have been in business?

- a) Less than 2 years () (b) between 3-5 years ()
 c) Between 6-10 years () (d) More than 10 years ()
).

Section B: Penalties and Interest and Tax Compliance

Kindly indicate your rate on a scale of 5-1, where 5= strongly agree, 4=agree
 3=neutral 2=disagree 1=strongly disagree.

Penalties and Interest and Tax Compliance	5	4	3	2	1
Rates of penalty for taxes is high and this makes me comply with tax regulations in order to avoid the extra charges.					
Interest on unpaid taxes is high which makes me pay taxes due within the stipulated time.					
Penalties and interests deter tax evasion					
Payment plans of taxes enable me clear my tax balances.					
Time allowed to pay penalties and interest is sufficient.					

Section C: Book keeping and Tax Compliance

Kindly indicate your rate on a scale of 5-1, where 5= strongly agree, 4=agree
 3=neutral 2=disagree 1=strongly disagree.

Book keeping and Tax Compliance	5	4	3	2	1

Computerised book keeping improve improves tax compliance.					
Online tax system has made compliance convenient and easy.					
Tax filing requires records that can be processed easily from my accounting system hence enabling me to comply easily					
Use of skilled book keepers improves accuracy of tax records and this makes me avoid additional assessments.					
I can maintain tax records on my own and this reduces the costs of complying to most of tax					
Accountancy and audit fees for annual returns are high and this demotivates me from employing their					

Section D: Cost of Compliance and Tax Compliance

Kindly indicate your rate on a scale of 5-1, where 5= strongly agree, 4=agree

3=neutral 2=disagree 1=strongly disagree.

Cost of Compliance and Tax Compliance	5	4	3	2	1
Tax agents' fees are high which makes tax compliance expensive.					
Processing returns is expensive and this impairs my efforts to remain tax compliant.					
Time spent in processing returns and filing taxes is a lot					
Paperwork needed in tax compliance is expensive hence inhibiting my tax compliance.					
Hiring tax experts is costly and this prevents me from fulfilling my all my tax obligations					

Computer costs incurred in tax filing and processing payments are high and this discourages me from complying					
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Section E: Tax Compliance

Kindly indicate your rate on a scale of 5-1, where 5= strongly agree, 4=agree
 3=neutral 2=disagree 1=strongly disagree.

Tax Compliance	5	4	3	2	1
I file all my tax returns as required by the law					
I register for new tax obligations when I meet the threshold					
I always pay my tax due in good time as stipulated by the law					

Appendix C: List of Sampling Frame

	Name	Station	Nature	VAT Paid
1	James Gacoka	East Of Nairobi	Others Not Defined	24,540,547.00
2	Joseph Kinyanjui Kaara	East Of Nairobi	Others Not Defined	11,820,568.00
3	Mansur Muathe Issa	East Of Nairobi	Legal	9,124,304.00
4	Jatinder Singh Thethy	East Of Nairobi	Architects Quantity Surveyors	6,311,854.00
5	Iqbal Singh Bharaj	East Of Nairobi	Engineers	5,624,659.00
6	David Kagema Mureithi	East Of Nairobi	Others Not Defined	5,263,666.00
7	Pravin Mavji Patel	East Of Nairobi	Accountants	4,140,207.00
8	Rajesh Vithalani	East Of Nairobi	Others Not Defined	3,901,838.00
9	Martin Otieno Onyango	East Of Nairobi	Architects Quantity Surveyors	3,659,952.00
10	Zainab Zulfikar Khimjee	East Of Nairobi	Business Lady	3,654,921.00

11	Mungu Josiah Gilbert	East Of Nairobi	Legal	3,564,792.00
12	Rasugu Japhethi Nyamboki	East Of Nairobi	Others Not Defined	3,122,916.00
13	Umesh Somchand Raja Shah	East Of Nairobi	Others Not Defined	3,083,679.00
14	Mansukhalal Juthalal Vaja	East Of Nairobi	Director	3,019,879.00
15	Wairimu Kinyanjui	East Of Nairobi	Others Not Defined	2,897,242.00
16	Erick Okongo Mogeni	East Of Nairobi	Legal	2,846,891.00
17	Joseph Anthony Obado Adera	East Of Nairobi	Lawyer	2,689,783.00
18	Ismail Sulub Yusuf	East Of Nairobi	Others Not Defined	2,653,574.00
19	Rebeccah Wanjiku Munene	East Of Nairobi	Others Not Defined	2,374,443.00
20	Sherali Gulamhussein Habib Parpia	East Of Nairobi	Businessman	2,369,729.00
21	Zahid Abdul Sattar Suleman	East Of Nairobi	Employee	2,359,607.00
22	Richard Musyimi Mbalya	East Of Nairobi	Others Not Defined	2,233,133.00
23	Nyagah Boore Kithinji	East Of Nairobi	Others Not Defined	2,220,424.00
24	Ravji Shivji Ramji Patel	East Of Nairobi	Businesss	2,199,706.00
25	Edward Njoroge Murimi	East Of Nairobi	Accountants	2,074,488.00
26	Julius Murichu Gituara	East Of Nairobi	Accountants	2,060,997.00

27	Benson Khaemba Mbaisi	East Of Nairobi	Architects Quantity Surveyors	2,041,321.00
28	Michael Wambugu Wainaina	East Of Nairobi	Business	1,980,442.00
29	Simeon Mwangi Kariuki	East Of Nairobi	Engineers	1,961,874.00
30	Robert Morara Oronyi	East Of Nairobi	Medical	1,916,728.00
31	Ernest Njenga Kiruku	East Of Nairobi	Business	1,898,395.00
32	Joyce Wairimu Mwangi	East Of Nairobi	Others Not Defined	1,882,011.00
33	Ismail Hassan Maalim	East Of Nairobi	Entrepreneur	1,860,523.00
34	Gopal Karsan Vekeria	East Of Nairobi	Wholesale Trade	1,844,996.00
35	Yanquan Zhai	East Of Nairobi	Engineers	1,820,087.00
36	Abraham Marabu Wekesa	East Of Nairobi	Others Not Defined	1,809,666.00
37	Jayendra Kumar Lakha Mshibhai Shah	East Of Nairobi	Director	1,802,962.00
38	Josphat Gachaki	East Of Nairobi	Business	1,793,275.00
39	Liaquat Ali Khan	East Of Nairobi	Businessman	1,715,311.00
40	Yunis Haji Omar	East Of Nairobi	Legal	1,712,313.00
41	Jasbinder Pal Singh Chana	East Of Nairobi	Engineers	1,677,600.00
42	Orlando Mario Da Costa Luis	East Of Nairobi	Accountants	1,670,715.00

43	Maryanne Mwhaki Mwangi	East Of Nairobi	Business	1,612,044.00
44	Khimji Jadva Vastani	East Of Nairobi	Fabricator	1,610,261.00
45	Anil Devchand Samat Shah	East Of Nairobi	Businessman	1,601,160.00
46	Kamaldeep Singh Bhachu	East Of Nairobi	Employee	1,590,426.00
47	Charles Benedict Mwongela	East Of Nairobi	Legal	1,571,063.00
48	Jonathan Bowen Havelock	East Of Nairobi	Legal	1,513,058.00
49	Josephine Wanza Kivaa	East Of Nairobi	Accountants	1,490,324.00
50	Meshak Matengo Nyagweth	East Of Nairobi	Accountants	1,443,124.00
51	Shobha Ramaiya Chandrasey Mulji	East Of Nairobi	Accountants	1,414,963.00
52	Peter Nyutu Gitau	East Of Nairobi	Others Not Defined	1,318,314.00
53	Dodhia Vijay Jayntilal	East Of Nairobi	Businessman	1,299,089.00
54	Francis Maina Ndugire	East Of Nairobi	Others Not Defined	1,295,340.00
55	Zlifikar Jiwa Nathoo Rajwani	East Of Nairobi	Partner	1,256,726.00
56	Ronald James Pirie	East Of Nairobi	Others Not Defined	1,238,888.00
57	Peter Thumbi Waihura	East Of Nairobi	Computer Repairs Services	1,214,175.00
58	Philip Mukora Ngugi	East Of Nairobi	Farmer	1,152,920.00
59	Vinod Gopal	East Of	Others Not	1,119,512.00

	Rabadiya	Nairobi	Defined	
60	Helen Munyiva Nguli	East Of Nairobi	Marketing	1,118,615.00
61	Joseph Waruiru Muigai	East Of Nairobi	Accountants	1,095,347.00
62	Kartik Radha Krishnan	East Of Nairobi	Accountants	1,084,825.00
63	Rafiq Ahmed Alimohamed Esmail	East Of Nairobi	Engineers	1,084,417.00
64	Abdi Haji Gulleid	East Of Nairobi	Cleaning	1,074,934.00
65	Jack Nsubuga	East Of Nairobi	Accountants	1,060,886.00
66	Santokh Singh Assi	East Of Nairobi	Others Not Defined	1,058,140.00
67	Edwin Owino Oduor	East Of Nairobi	Engineers	1,054,542.00
68	Reuben Guvoga Madadi	East Of Nairobi	Others Not Defined	1,049,419.00
69	Arif Abdulla Sameja	East Of Nairobi	Unemployed	1,047,353.00
70	Balwinder Singh	East Of Nairobi	Others Not Defined	1,039,946.00
71	Patel Chimanlal Somabhai	East Of Nairobi	Director	1,021,947.00
72	Rasikkumar Daihyabhai Patel	East Of Nairobi	Others Not Defined	1,003,972.00
73	Joseph Githaiga Mwangi	East Of Nairobi	Business Man	945,706.00
74	Jeremiah Wanjohi Maina	East Of Nairobi	Others Not Defined	904,357.00
75	Amrik Singh Birdi	East Of Nairobi	Engineers	902,499.00

76	Niketa Pratulchandra Soni	East Of Nairobi	Accountants	900,603.00
77	Lawrence Koome Nkoro	East Of Nairobi	Businessman	893,911.00
78	Eric Wambua Musembi	East Of Nairobi	Others Not Defined	881,342.00
79	Mansukhlal Lakhamshi Shah	East Of Nairobi	Director	874,667.00
80	Julius Nduati Thindi	East Of Nairobi	Accountants	865,148.00
81	Sachin Singh Choda	East Of Nairobi	Businessman	854,298.00
82	James Chege Njoroge	East Of Nairobi	Business	850,989.00
83	Samuel Njoroge Njihia	East Of Nairobi	Business Man	849,499.00
84	Ernest Njuki Mwangi	East Of Nairobi	Others Not Defined	844,570.00
85	Naran Devji Patel	East Of Nairobi	Business	841,288.00
86	Boniface Mwangi Muriuki	East Of Nairobi	Self Employed	826,145.00
87	Palminder Kaur Anoop Singh	East Of Nairobi	Real Estate	803,855.00
88	Hirani Mahesh Harji	East Of Nairobi	Others Not Defined	802,343.00
89	Patel Bharatkumar Laljibhai	East Of Nairobi	Others Not Defined	799,636.00
90	Amish Kamlesh Julka	East Of Nairobi	Accountants	791,902.00
91	Peter Nyaga Kairo	East Of Nairobi	Others Not Defined	787,079.00
92	Tom Mutei	East Of	Legal	776,257.00

		Nairobi		
93	Catherine Nyachomba Njoroge	East Of Nairobi	Businesswoman	767,079.00
94	Makambi Allan Kilibwa	East Of Nairobi	Certified Public Secretaries	760,222.00
95	Jane Monthe Nzioka	East Of Nairobi	Self Employed	758,224.00
96	Anita Basweti Omanga	East Of Nairobi	Student	736,096.00
97	Lornspaul Njagi Nyaga	East Of Nairobi	Farmer	721,353.00
98	Simon Kamaiitha Gichohi	East Of Nairobi	Engineers	695,173.00
99	Kirit Bhupatrai Mavani	East Of Nairobi	Others Not Defined	687,632.00
100	Abdi Adan Hanshi	East Of Nairobi	Businessman	662,238.00
101	Stephen Githinji Kamau	East Of Nairobi	Businessman	660,401.00
102	Jaswinder Singh Kalsi	East Of Nairobi	Architects Quantity Surveyors	652,561.00
103	Joseph Mucheke Kamau	East Of Nairobi	Businessman	639,792.00
104	Kundan Singh Rupra	East Of Nairobi	Businessman	612,038.00
105	Kiran Kumar Mavji	East Of Nairobi	Others Not Defined	607,912.00
106	Joseph Wabori Gitari	East Of Nairobi	Business	606,400.00
107	Geoffrey Mungai Thiongo	East Of Nairobi	Others Not Defined	598,993.00
108	Rose Waruinu Muthemba	East Of Nairobi	Others Not Defined	596,262.00

109	Lea Gasser	East Of Nairobi	Consultant	593,517.00
110	Dickson Mariita Obwocha	East Of Nairobi	Others Not Defined	591,825.00
111	Mohammed Mbarak Mohammed	East Of Nairobi	Others Not Defined	586,595.00
112	Kishore Gordhandas Jadavji	East Of Nairobi	Others Not Defined	585,012.00
113	Simon Kamau Waweru	East Of Nairobi	Others Not Defined	558,954.00
114	Mary Waithiegeni Chege	East Of Nairobi	Others Not Defined	555,055.00
115	Michael Mwangi Runjugi	East Of Nairobi	Others Not Defined	553,448.00
116	Kamlesh Raichand Shah	East Of Nairobi	Others Not Defined	551,000.00
117	Gamdoor Singh Panesar	East Of Nairobi	Businessman	543,984.00
118	Benson Muturi Ng'Ang'A	East Of Nairobi	Others Not Defined	527,625.00
119	John Kingori Kariuki	East Of Nairobi	Legal	524,489.00
120	Harun Muthua Mwangi	East Of Nairobi	Others Not Defined	519,540.00
121	Abdul Manan Kassam	East Of Nairobi	Business	512,451.00
122	Brian Mbugua Githere	East Of Nairobi	Engineers	508,992.00
123	Regina Joy Wambui Muriithi	East Of Nairobi	Business	500,000.00
124	Eric Maindi Abong'O Kudwoli	East Of Nairobi	Business Man	496,257.00

125	Titus Otieno Koceyo	East Of Nairobi	Others Not Defined	492,372.00
126	Amina Mohamed Ali	East Of Nairobi	Rental	491,000.00
127	Victor Odhiambo Omwanda	East Of Nairobi	Accountants	485,266.00
128	Valji Govindbhai Patel	East Of Nairobi	Others Not Defined	485,064.00
129	George Ng'Ang'A Mbugua	East Of Nairobi	Others Not Defined	483,669.00
130	Maina Wachira	East Of Nairobi	Legal	482,155.00
131	Dick Omondi Ndiewo	East Of Nairobi	Engineers	464,463.00
132	George Nyamu Kariuki	East Of Nairobi	Engineers	461,516.00
133	Daniel Njoroge Ndungu	East Of Nairobi	Business Man	459,836.00
134	Timothy Samuel Wainaina Ngugi	East Of Nairobi	Accountants	453,442.00
135	James Kihara Kimari	East Of Nairobi	Engineers	451,921.00
136	Mohamed Ashfaque	East Of Nairobi	Others Not Defined	442,337.00
137	Joseph Mwangi Wangombe	East Of Nairobi	General Supplies	437,866.00
138	Willis Otieno Agingu	East Of Nairobi	Businessman	436,359.00
139	Vinod Karsan Vekariya	East Of Nairobi	No	435,916.00
140	Francis Mwangi Macharia	East Of Nairobi	Others Not Defined	428,970.00
141	Douglas Kanuri	East Of	Others Not	428,819.00

	Wambugu	Nairobi	Defined	
142	Venansio Muriuki Kanyana	East Of Nairobi	Engineers	415,185.00
143	Abdul Razak Haji Abdalla	East Of Nairobi	Accountant	412,300.00
144	Trushrkumar Vasudev Patel	East Of Nairobi	Business	411,372.00
145	Hasna Mbone Mudeizi	East Of Nairobi	Legal	408,547.00
146	Harpal Singh Patti	East Of Nairobi	Mechanic	402,626.00
147	Sultanali Hasham Lalji Nurani	East Of Nairobi	Businessman	402,495.00