

**FACTORS INFLUENCING TAX COLLECTION BY KENYA REVENUE AUTHORITY
IN MVITA SUB-COUNTY.**

MARY KAHAKI KARIUKI

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ECONOMICS,
ACCOUNTING AND FINANCE OF THE SCHOOL OF BUSINESS IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF POST
GRADUATE DIPLOMA IN TAX ADMINISTRATION OF THE JOMO KENYATTA
UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

JULY 2020

DECLARATION

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

Mary Kahaki Kariuki

HDB336-C016-0451/2018

Signature.....

Date

This research project has been submitted for examination with my approval as the Supervisor.

Gilbert Biwott

Supervisor

Signature.....

Date

DEDICATION

I dedicate this research work to my family members my late dad Mr. George Kariuki, mum Jane Wambui, and siblings Mary Wangari, Emma Mwhaki and Dennis Njoroge and my adorable gentleman Mr. Askontita. I love you all.

ACKNOWLEDGEMENT

Am thankful to the Almighty God for his grace and enabling me get this far. I wish to thank my supervisor Mr. Gilbert Biwott for his guidance throughout this project, which was irreplaceable. My genuine gratitude goes to my lecturers at Kenya School of Revenue Administration whose enlightenment during coursework got me interested in this subject in particular Mr. Andrew Sululu. My utmost appreciation goes my adorable gentleman Mr. Askontita for giving me humble time, encouragement and support during this tiresome period. My mum Jane Wambui, and siblings Wangari, Emma and Dennis for their support and inspiration whenever I felt like giving up. I also express special gratitude to my friends and colleagues for their patience, encouragement, and support.

TABLE OF CONTENTS

DECLARATION	i
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF APPENDICES	viii
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ACRONYMS/ ABBRIVIATION	xi
DEFINITION OF TERMS	xii
ABSTRACT	xiii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem	5
1.3 Objective of the Study.....	6
1.3.1 General Objective	6
1.3.2 Specific Objectives	6
1.4 Research Questions	6
1.5 Justification of the Study.....	7
1.6 Scope	7
1.7 Limitation of the Study	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Theoretical Review	8
2.2.1 The Theory of Optimal Taxation.....	8
2.2.2 Psychological Theory	9
2.2.3 Institutional theory.....	10
2.3 Conceptual Framework	11
2.4 Review of Variable.....	12

2.4.1 Taxpayer Education	12
2.4.2 Technological Tax Reforms	13
2.4.3 Tax Administrative Reforms	14
2.4.4 Revenue Collection.....	15
2.5 Empirical Review	16
2.6 Critique of Existing Literature	17
2.7 Research Gaps.....	18
2.8 Summary	18
CHAPTER THREE	19
RESEARCH METHODOLOGY	19
3.1 Introduction	19
3.2 Research Design	19
3.3 Population.....	19
3.4 Sampling frame	20
3.5 Sample and sampling technique.....	20
3.6 Data Collection Instruments.....	21
3.7 Data Collection Procedures	22
3.8 Pilot Testing	22
3.8.1 Validity	22
3.8.2 Reliability	23
3.9 Data Analysis	23
CHAPTER FOUR.....	24
RESEARCH FINDINGS AND ANALYSIS	24
4.1 Introduction	24
4.2 Response rate.....	24
4.3 Pilot Results.....	24
4.3.1 Reliability Analysis	25
4.3.2 Validity Results	25
4.4 Demographic Characteristics of the Respondents.....	26
4.4.1 Level of Education.....	26
4.4.2 Work Experience	26

4.5 Descriptive Analysis	27
4.5.1 Taxpayer Education on Revenue Collection	27
4.5.2 Technological Tax Reforms	28
4.5.3 Tax Administrative Reforms	29
4.5.4 Revenue Collection.....	31
4.6 Correlation Analysis.....	32
4.7 Regression Analysis	33
4.7.1 Model Summary	33
4.7.2 Analysis of Variance	33
4.7.3 Multiple Regression Coefficient.....	34
CHAPTER FIVE	36
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION.....	36
5.1 Introduction	36
5.2 Summary	36
5.2.1 Taxpayer Education.....	36
5.2.2 Technological Tax Reforms	36
5.2.3 Administrative Tax Reforms	37
5.3 Conclusion.....	37
5.4 Recommendations	38
5.5 Suggestions for Further Studies	39
REFERENCES.....	40
APPENDICES	43

LIST OF APPENDICES

Appendix I: Letter of Introduction44
Appendix II: Questionnaire45

LIST OF TABLES

Table 3.1: Sample Size20

LIST OF FIGURES

Figure 2.1: Conceptual Framework.....11

LIST OF ACRONYMS/ ABBRIVIATION

ATO	Area Tax Offices.
DRMS	Dynamic Risk Management System.
DTD	Domestic Tax Department.
EAC	East Africa Community.
EGMS	Excisable Goods Management System.
ETR	Electronic Tax Register.
GDP	Gross Domestic Product.
GPRS	General Packet Radio Service.
GRA	Ghana Revenue Authority.
ICT	Information Communication Technology.
ITA	Income Tax Act.
ITO	Integrated Tax Offices.
KESRA	Kenya School of Revenue Administration.
KRA	Kenya Revenue Authority.
Ksh	Kenya Shillings.
KMA	Kenya Association of Manufacturers.
LTO	Large Taxpayer Office.
MNE	Multi National Enterprises.
NRS	National Revenue Secretariat.
OECD	Organization for Economic Corporation and Development.
PIN	Personal Identification Number.
RAGB	Revenue Agencies Governing Board.
SME	Small and Medium Enterprises.
SPSS	Statistical Package of Social Science.
VAT	Value Added Tax.
VAA	VAT auto assessment.
IMF	International Monetary Fund.
URA	Uganda Revenue Authority.
UK	United Kingdom.

DEFINITION OF TERMS

- Taxpayer Education:** Taxpayer education refers to the process of teaching the populace procedures of taxes and the motives of paying tax (Gitaru, 2017).
- Technological Tax Reforms:** Technological tax reforms refers to techniques, systems, and strategies caused and influenced by scientific invention aimed at solving tax issues. (Chulkov, 2017).
- Tax Administrative Reforms:** Tax administrative reform is the structure that supports day today management of taxes which involves tax systems, structures, management, and leadership (Gichuki, 2015).
- Revenue Collection:** Is the process through which the government generates finance mainly through tax collection from its citizens to fund its development agendas (OECD, 2018).
- Tax Policies:** These are tax laws put in place by a jurisdiction to govern assessment and collection of revenue by a state (Macharia, 2014).
- Tax Reform:** These are legislated processes put in place by the state aimed at achieving accountable and transparent tax administration and better policies to stimulate revenue collection (Ondimu, 2015).

ABSTRACT

Tax reforms plays a vital role in improving tax collection systems in order to maximize revenue collection to meet the social responsibilities and also fasten economic growth aimed at achieving vision 2030. The major tasks facing the government is the effort to motivate or rather force taxpayers to comply with all the existing tax laws. Despite the undisputed good intentions by Kenya Revenue Authority and a general increase in legislative capacity, tax revenue has unsuccessful shown any mark of dramatic increase hoped for. The aim of the study therefore, was to investigate effect of tax reforms on revenue collection by Kenya Revenue Authority in Mvita Sub-County. The study sought to assess the effect of taxpayer education, to evaluate the effect of technological tax reforms and to determine the effect of administrative tax reforms on revenue collection by Kenya Revenue Authority in Mvita Sub-County. The study was guided by psychological theory, the theory of optimal taxation, and institutional theory and adopt descriptive cross-sectional study. The target population under this study will be all 1691 SMEs in Mvita Sub-County as contained in the Mombasa County database. Structured questionnaires were used in data collection while descriptive and inferential statistics used to analyze the findings. A multiple linear regression model was used to show the link between tax reforms and revenue collection by Kenya Revenue Authority in Mvita Sub-County. The study findings showed that all the tax reforms had a positive and significant individual effect on revenue collection in Mvita Sub-County. Results on the combined effect of tax reforms on revenue collection by Kenya Revenue Authority revealed that taxpayer education reforms, technological tax reforms and administrative tax reforms had a joint positive and significant effect on revenue collection in Mvita Sub-County. The study therefore concluded that implementation of effective tax reforms simultaneously was likely to improve the level of revenue collection by Kenya Revenue Authority. The study recommended that Kenya Revenue Authority should ensure all revenues reforms are available on their websites to enhance easy retrieval. There is need for more automation and adoption of systems that further simply the tax compliance process such as easy access to tax information and its entire tax systems. There is need for carrying out assessments of the effectiveness of different programs, which will ensure that comparisons made and the best combination of programs conducted.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Tax is an enforced fiscal charge imposed upon persons by the state with the sole purpose of fund numerous civic expenditures (Ondimu, 2015). Tax can also be viewed as a cost to the taxpayer whether individual or cooperate body. There is a conflict in taxation whereby taxpayers desire to minimize cost and maximize profit while government desire to maximize revenue through enhanced compliance. To maximise revenue and minimise cost, the government has improved efficiency of tax administration by employing competent personnel and embrace modern technology in tax collection. These are some of the reforms instituted by Kenya Revenue Authority to simplify tax collection processes.

According to Ondimu (2015), tax reforms are legislated processes put in place by the state aimed at achieving larger goals of accountability and transparent tax governance through improved revenue collection and better policies. Its main aim is to widen the tax base and decrease of tax costs or additional substances that contract the tax base. Tax reforms involves formulation of new laws that govern collection of taxes and changing tax administration consequently decrease tax evasion and avoidance (Ebi & Ayodele, 2017). Tax administration ensures that persons who should pay tax are registered and a system put in place to identify defaulters, also a procedure of determining a person's tax liability should be in place such as self-assessment. For reforms to work appropriately, policy reforms and administrative reforms should go hand in hand to increase tax compliance amongst the populace.

Many governments have set up tax system reforms worldwide, frequently with the intention of reforming various tax systems into something more economical and liberal. The most comprehensive tax reforms began back in the 1980s which saw states change tax legislations and administration of taxes into a more friendlier and easier to manage system. Henry George an American economist is the father of global tax reforms back in the 19th century when he started the global movement for tax reform aimed at abolishing all systems of taxation apart from the solitary tax on value of land. This movement although it diminished, can be seen in various countries across the sphere such as, Taiwan, Singapore, New Zealand, Australia and Hong Kong (Ombati, 2018).

Tax reforms in Philippines saw a new Act come into law cited as Republic Act No. 10963 in 2017. This package introduced saw lowering in personal income tax and expansion of the value added tax base by revoking most exemption that were provided in various special laws. Excise duty was imposed on tobacco and petroleum products, automobiles, harmful cosmetics, sugared beverages and non-essential (Duterte, 2019). Tax reforms in Georgia saw personal income tax imposed at a flat rate of 20%, corporate income tax was reduced to 15% and value added tax at 18%, while excise duty was imposed on only four types of products that is fuel, alcohol, tobacco and cars (Jandieri, 2019). In 1986, landmark tax reform in the United States was passed in the Tax Reform Act of 1986, the Tax Cuts and Jobs Act of 2017 was also passed by the senate in 2017 and the tax reform bill which was sanctioned by the congress was signed up into law by President Donald Trump. Other significant tax reforms have been applied in Australia (personal income tax), Italy (corporate income tax and Poland personal and corporate income taxes) in other nations, tax reforms in the recent years have been insignificant and often piecemeal manner (OECD, 2018).

The Centre for Tax Policy and Administration Organization of the Economic Cooperation and Development is working with states across Africa to advance tax systems that replicate the good principles of accountability and transparency. Additionally, Tax Administration Forum of Africa has brought together tax administrators around the region to deliberate challenges and preeminent practices on tax policy. African governments need to embrace a complete evaluation of the existing tax structure with an aim of coming up with suitable tax reforms. The states must not only increase the tax rates but also widen the tax base in certain occasions to net the vast informal sector exists in numerous sub-Saharan African nations. They need also to simplify tax laws so as to give investors more confidence as absence of transparency and instability in tax policies scares both local and foreign investors. Fast-growing economies should strengthen their tax administrations so that they can achieve long-term fiscal stability that most African government desire (Yusuf, 2019).

Nigeria launched the national tax policy document in 2012, which cut personal income tax to 17.5% and company income tax to 20%, and tactically increasing value added tax to 15%. Additionally, different Area Tax and value added tax Offices merged and named Integrated Tax Offices (Ovunda, 2018). A report by Reuters (2019), shows that Egypt is in the process of amending its value added tax and income tax laws because of a large informal economy and widespread avoidance. In Ghana Value Added Tax was reintroduced in 1998 under the

VAT Act, 1998 and the Value Added Tax Regulations, 1998 that replaced the Sales and Service Taxes. The Revenue Agencies Governing Board was introduced to replace the National Revenue Secretariat to represent a slice tax management reforms. In the year 2009 through Act 791, GRA was effectively established and fully integrated as an all-inclusive tax agency headed by the Commissioner General (Bekoe, Danquah, & Senahey, 2016).

The desire for improved tax system and financial support from the International Monetary Fund (IMF) and the United Kingdom (UK) has led to tax reforms in East Africa. Major tax reforms were implemented in Uganda in 1990s aimed at addressing the fiscal challenges they faced. The Uganda Revenue Authority (URA) was incorporated in 1991 as an independent tax collection agency, with a view to expand tax administration. The VAT brought up in 1996 to in the place of Sales Tax and Commercial Transaction Levy. A new Income Tax Act was legislated in 1997 and in 2009; the URA developed a whistle blowing policy for enhancing internal integrity. Also in the 1990s, Tanzania tax reforms included lowering both personal income tax and the top marginal corporate tax rate to 30 per cent, launched value-added-tax in 1998, and in 2004, a new Income Tax Act was passed to widen the tax base and lower the tax burden, which had self-assessment and anti-avoidance measures (Kim & Kim, 2018).

From the mid-1980s, the government has initiated tax reforms aimed at enhancing voluntary tax compliance, widening tax bases and improve tax administration. There has been various changes in the legislation both piecemeal and comprehensive in an effort to improve her tax collection system thus increasing revenue collection. Some of the reforms that Kenya has done include taxation of real estate sector by using new ICT that can pinpoint property and trace property-owners to pay their rental returns, improve approach to categorize and tax high net worth individuals and work with other authorities through tax information exchange agreements to do joint audits. An extensive Dynamic Risk Management System (DRMS) will be established, executed, and incorporated with all applicable tax systems to target resources for high-end undertakings and enable improved competence and effectiveness.

Kenya Revenue Authority was legislated in the year 1995 as part of the administration reforms to be the principal revenue collector on behalf of the Kenyan government. Its primary goal is to bring the country into financial autonomy through effective and efficient tax revenue mobilization. Its purpose is to assess, administer, collect, and enforcement all laws and regulations related to revenue and its core values are trustworthy, ethical, competent and

helpful (KRA, 2015). It is divided into departments with Domestic Taxes Department (DTD) charged with the duty to collect and account for domestic taxes. The department is headed by a Commissioner who is accountable for collection of domestic taxes, manage departmental resources and budgets, motivate staff to deliver high impact performance and counter possible and potential tax evasion.

Kenya Revenue Authority has laid all the necessary mechanisms and structures to collect revenue proceeds from the mining, as it is an emerging sector, refurbish enforcement approach to address cyber-crimes, safeguard revenue and enhance voluntary compliance. Fundamental initiatives undertaken comprises of; Application of automated risk-based audit through all tax categories with electronic selection and flagging compliance risks; Use of electronic third party statistics to intensify prospective of exposure of non-registered tax-payers. Increasing the collection of businesses activities for which the personal identification number (PIN) will be mandatory for use as a means of increasing the potential for detection. This will force voluntary compliance from persons since their businesses activities can be easily monitored by the revenue authority. In addition, persons who do not have personal identification numbers will find it hard to transact consequently force them to apply for their Kenya Revenue Authority PIN certificate to enable them carry out their businesses smoothly.

Mvita Sub County is a sub division on Mombasa County with five wards namely; Mji wa Kale, Tudor, Tononoka Ward Shimanzi, and Majengo. It has a population of 143,128 people according to the Kenya National Census 2019 majority of whom are employees of various organizations around the Mombasa region who live there temporarily as tenants. Most of the businesses around the area are predominantly small and medium size enterprises mostly consisting of kiosks, hotels and salons. It also house one of the largest higher learning institution in Mombasa, Technical University of Mombasa, which offers subjects in engineering, business and sciences certificate, diploma, degree and PhD levels although mostly in the School of Business.

Mvita Sub County being a cosmopolitan has experienced tax issues both local and international. Its inhabitant are well educated and in income earning bracket through their employment, businesses or both hence tax reforms taking place has an effect in their daily lives. This ranges from income tax reforms through their businesses and employment to VAT and excise duty reforms through consumption of both vatable and excisable products and

services. This mentality of populace digging for ways and means of avoiding tax has led to policy makers to device ways and means of strengthening tax collection systems to minimize tax leakages. With the interaction of all kind people makes this area ideal to conduct our research as they are well placed to understand tax reforms.

1.2 Statement of the Problem

Tax play a major role in the growth of any economy and an increase in tax compliance translates to growth of an economy. Tax reforms improve tax compliance thus improving government ability to mobilize domestic revenues and resources for investment purposes (Chilibasi, 2014). The question as to why some people pay tax while others do not has raised a lot of concern among economists, governments and tax administrators alike, and would tax reforms enhance tax compliance? There is strongly evidence that suggest that it is far easier to tax the formal sector than the informal, which, by one core definition, is de facto outside the tax system. Thus, there is need to adopt an ideal tax policy so as to ensure voluntary tax compliance. TOT was introduced in Kenya in 2008 so as bring SMEs sector into the tax net. KRA has undertaken a number of reforms to improve tax compliance among SMEs. Some of the reforms include strengthening administrative capacity of the tax system, taxpayers' e-registration and e-filing, introduction of stifle tax penalties and enhance taxpayer education and taxpayer services (Musyoka, 2019).

Despite these measures taken by Kenya Revenue Authority to expand revenue collections through establishment of reforms and modernization programs, annual revenue targets have not been met. In 2017/2018, Kenya Revenue Authority missed its target by 95.2 billion shillings collecting 1.44 trillion shillings against a projected target of 1.53 trillion shillings. A report by OECD (2018), indicates that developing countries' tax revenue proportion to GDP is less than 17% which is much lower than that of developed countries with 35%. Multi-national enterprises are also known to have an aggressive legal interpretation to take advantage of legislation loopholes to minimize their tax liability. Government expenditure has further escalated with the introduction of devolved system of governance calling for policymakers to look for systems of increasing government revenue. This call for studies to establish if tax reforms have any effect on revenue collection and whether or not it is the reason there could be a shortfall in revenue collection.

There are few studies done on factors influencing tax collection by Kenya Revenue Authority and their reviews showed the existence of mixed findings. Mwiti (2016), found in general a high and positive relationship between tax reforms and tax compliance however, tax penalties

and technical support were found not correlated to tax compliance. A study by Mulago (2017) showed an inverse relationship between tax reforms and tax compliance which contradicted the findings of Musyoka (2019) who found out that tax reforms had a positive and significant effect on voluntary tax compliance among SMEs in Nairobi County. However, Musyoka (2019) also noted that the electronic tax register suffers a huge non-compliance by taxpayers since the tax administrators don't have enough capacity and resources to monitor the electronic tax register machines. Also, in as much as companies file their return online not all companies file their correct tax liability, others manipulate their tax liability for other gains. Hence, this study was crucial in addressing the inconsistencies and bridging the existing knowledge gaps.

1.3 Objective of the Study

1.3.1 General Objective

To investigate factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County.

1.3.2 Specific Objectives

- i. To assess the influence of taxpayer education reforms on tax collection by Kenya Revenue Authority in Mvita Sub-County.
- ii. To evaluate the influence of technological tax reforms on revenue collection by Kenya Revenue Authority in Mvita Sub-County.
- iii. To determine the influence of tax administrative reforms on revenue collection by Kenya Revenue Authority in Mvita Sub-County.

1.4 Research Questions

- i. How does taxpayer education reforms influence tax collection by Kenya Revenue Authority in Mvita Sub-County?
- ii. How does technological tax reforms influence tax collection by Kenya Revenue Authority in Mvita Sub-County?
- iii. How does tax administrative reforms influence tax collection by Kenya Revenue Authority in Mvita Sub-County?

1.5 Justification of the Study

The investigation sought to examine factors influencing tax collection by KRA in Mvita Sub-County. It will be of great importance to academicians and researchers as it will aid at adding knowledge to the body of research hence other researchers and scholars will be able use these findings to further their studies in this field. The outcome of this study will not only deliver vital evidence for further research in this area but also add to current literature on tax reforms and tax collection. The general public and tax-payers will also benefit from this study as they will have an insight on government taxation policies, rules and regulations as they will understand how and why taxation affects them hence resulting to increased compliance. The government and policy makers will benefit from the study, as it will give them an overview on the policies formulated whether they are working or not. This will go a long way into ensuring that there is adequate revenue leading to sustainability to boost the big four agenda as well as fastening economic growth aimed at achieving vision 2030.

1.6 Scope

The purpose of this study was to investigate the factors influencing tax collection by Kenya Revenue Authority in Kenya. Due to inadequacy in finances, the study limited itself to assessing the effect of taxpayer education reforms, technological tax reforms and administrative tax reforms and was carried out in Mvita Sub-county due to the enormity of Mombasa County. The study targeted the taxpayers and Kenya Revenue Authority staff in Mombasa and it was conducted in the month of January 2020.

1.7 Limitation of the Study

The main challenge was inputting the data collected into the Statistical Package for Social Sciences and subsequent interpretation of the results generated. To correct this flaw, the researcher contacted an expert to ensure generation and interpretation of findings accurately.

The other challenge was failure of some respondents in answer questions with frankness fearing the information they give might be used against them in leading to prosecution. To alleviate this, the researcher assured them of confidential and ethical treatment of the information.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review is the backbone of any academic research (Ogola, 2018). This chapter will look at the theoretical review, conceptual framework, and review of variables, empirical review, and critique of existing literature, research gaps, and a summary for the whole chapter

2.2 Theoretical Review

This discusses the various theories that scholars have come up with to explain various models, which include psychological theory, the theory of optimal taxation, and institutional theory.

2.2.1 The Theory of Optimal Taxation

It aims at studying ways in which taxation systems are deliberated and executed in order to minimize distortion and inefficiency in the market under certain constraints. According to Gachanja (2012), it addresses problems like; must the administration use revenue or product and service taxes? Within product and service taxes, in what way would tax rates vary amongst the commodities? How tolerant must a tax system be? Gentry (2019), states that optimal tax theory incorporates variety of tax models, which focuses on particular features of the system. To start with, it demands collections of realistic taxes for the state, for instance commodity taxes, and specifically excludes lump-sum taxation, which will not interfere with the economic. Secondly, it states how persons will react to taxes. Human beings have inclinations to products and leisure while companies possess a particular expertise for production of merchandises and they often meet at a perfect competitive market. Finally, the government has an objective of minimizing tax burden caused by tax systems in the process of raising revenue (Gachanja, 2012).

Uniform commodity tax possess the charm to raising the whole values by similar degree, consequently not misleading the comparative costs of other goods. The major problem is that commodity taxes cannot openly tax leisure and it adopts a perfectly elastic supply curves such that incidence of tax falls entirely on customers. For direct taxes, the focus is predominantly on labor income relatively to saving decisions or capital income. There are linear and non-linear (general) income taxes from which the administration can choose from to concurrently increase revenue while redistribute wealth amongst the income groups. The ideal selection of

parameters will be dictated by the public's inclinations for reallocation as briefed by the social welfare utility. How much sensitivity of personal labor supply choices are to variations in the after tax earnings; how much revenue the government needs to raise; and the dispersal of pre-tax earnings in the country, which controls the disparity of the pre-tax distribution of proceeds (Gentry, 2019).

The optimal theory is significant to this study as policy makers will rely on it to determine the tax rates applicable without distorting the market. This system is mostly used in the excise duty taxes where the taxes of excisable products is raised as the have inelastic demand. In addition, income tax has been used primarily to redistribute the income and raise revenue as stated in the theory. The criticism of uniform commodity tax is the inverse-elasticity rule, which will result to higher rates on necessities, as they frequently have comparatively inflexible demands.

2.2.2 Psychological Theory

Psychology theory implies that tax obligations are conformed to due to the influence of psychological factors such as ethics and morality as key among other factors. Psychology theory highlights on altering taxpayers' attitudes towards tax systems to increase tax compliance whereas economic theories place emphasis on increased audits and imposing penalties to discourage non-compliance. According to this theory, taxpayers comply with tax laws even when the probability of detection is marginal. Tax morale is dubbed as the single factor that influences a person to conform to tax obligations. As a basis of tax behavior, tax morals purpose at explaining how and why a taxpayer morality impacts his tax behavior (Mwiti, 2016).

Tax evasion can be accredited to the tax morale hence taxpayers would be persuaded to be tax compliant if their colleagues condemn tax evasion. Taxpayers are most probable to conform to their tax obligation requirements if their families, relations and associates comply with these obligations. Likewise, taxpayers will evade taxes when they sense other persons are successfully getting away with tax evasion hence in simple terms, a culture that accepts tax evasion would encourage tax evasion. Taxpayers will in the long run comply with their tax obligations when they sense that the government is democratic, truthful, and participatory and also when the taxpayers feel that they play an important part in governance (Musyoka, 2019).

Psychology theory is significant to this because most of the governments are compelled by the desire to intensify tax compliance. For psychology based taxpayers, it is done in most cases by increasing taxpayer education and reducing operational costs of return filing by application of technology. Musyoka (2019), argue that amnesty offer and the subsequent participating is one technique of enlightening the taxpayers on the processes and legal repercussions of evasion. The criticism of Psychology theory is the difficulty to accurately quantify the ethical and morality of taxpayers hence challenging for the government to timely increase or reduce compliance measures.

2.2.3 Institutional theory

The theory highlights how current organizations are influenced by their environments which emphasizing on “the societal rules, philosophies, customs, and beliefs as the basis of pressure on organizations. It is built on the notion of legitimacy rather than on efficiency as the principal goal of organizations. The stated environment includes regulatory structures, governmental agencies, professionals, courts, interest groups, public opinion, laws, rules, and social values”. Institutional theorist assumes that any institution has to fit into its own environment. Nonetheless, there exist fundamental features of organizational activities and environment not completely addressed by institutional theory that make the approach problematic to entirely understand organizations and their surroundings; the organization being dependent on external resources and the organization’s capability to adapt to or even change its environment (Munene & Nduru, 2016).

The theory emphasizes on how modern organizations depend on their environments. From a linear perspective, it is postulated that this theory holds that organizations are affected by institutions built in much wider environments (Marquis & Tilcsik, 2016). It is believed that all institutional theoretical claims identified at higher levels are used to explain processes and outcomes at lower levels of analysis. It is asserted that institutionalists are likely to avoid both individual-level explanations and explanations situated at the same level of analysis.

Institutional theory is relevant to the study since Kenya Revenue Authority operations are influenced by different institutions; notably political institutions. As such, the systems put in place to administer tax and their implementation is partly politically instigated. The same must be in line with relevant legislations which should include public participation in the whole process most especially through taxpayer education

2.3 Conceptual Framework

The conceptual framework is created to determine associations between tax reforms and revenue collection. According to Olaleye (2016), it's an outline used by researchers to suggest the connections among independent and dependent variables. The conceptual framework is as shown below:

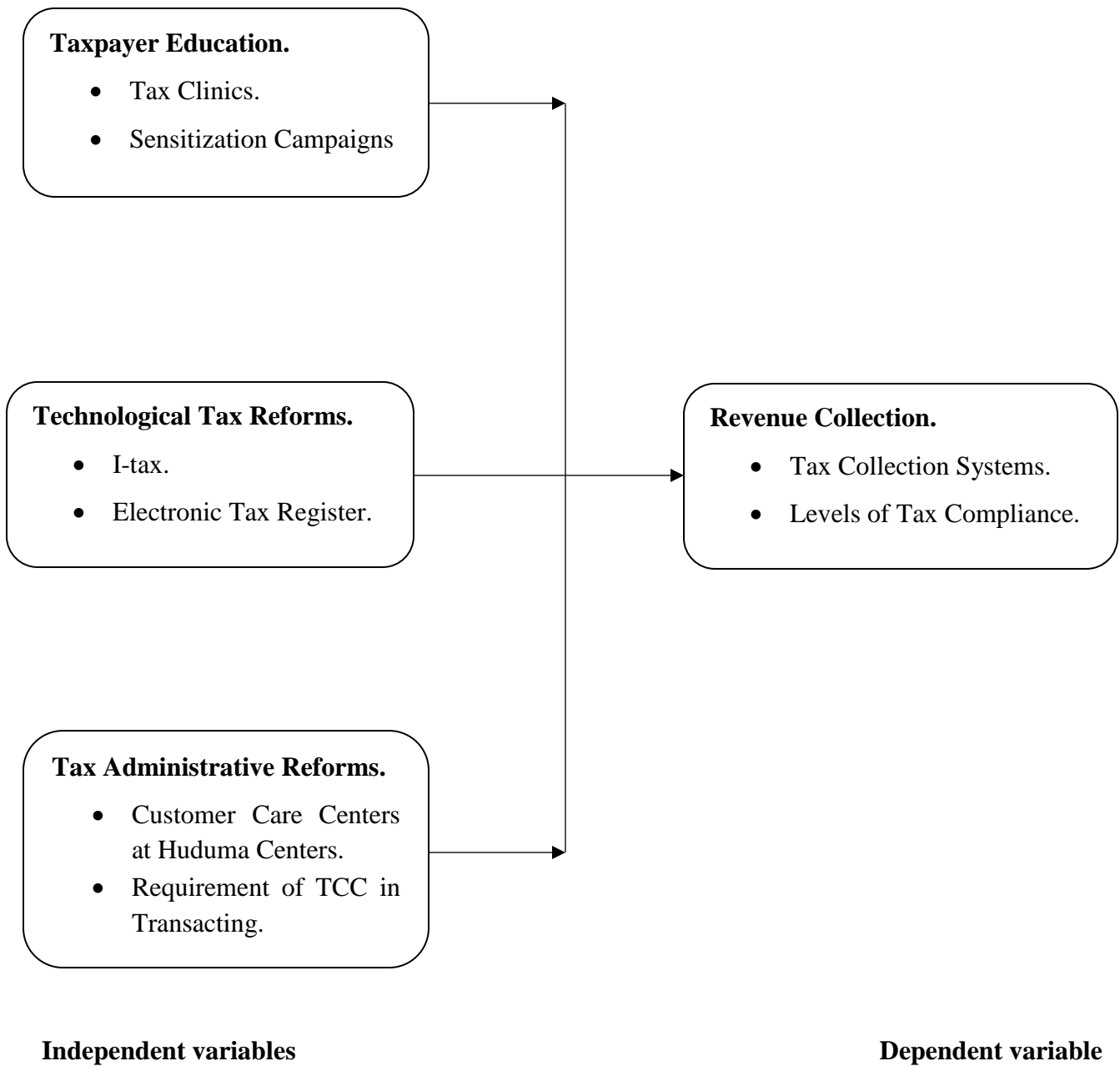


Figure 2.1: Conceptual Framework

2.4 Review of Variable

2.4.1 Taxpayer Education

According to Gitaru (2017), taxpayer education refers to the process of teaching the populace procedures of taxes and the motives of paying tax. This means the primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. It will equip them with appropriate education on tax issues, leading to voluntary tax compliance and reduced administration cost. Taxpayer education is aimed at providing necessary tax knowledge to people, which will assist them to conform to tax laws and regulations and alter their mindset and perceptions towards voluntary compliance by generating constructive attitudes. This will reduce conflicts between taxpayers and administrators on matters to do with compliance, which has always been a problem to everyone in society.

Tax clinics are organized practices whereby taxpayers are taught on various tax issues and they are permitted to air their grievances and make suggestions on improvement of tax administration (Musyoka, 2019). The main intention of tax clinics is promotion of public awareness on essential tax returns programs seeking to encourage taxpayers to comply with their tax obligations. Acceptance of the fairness of taxation is deriving from identification with the state and general confidence that its tax system treats everyone equitably. Tax clinics benefits taxpayers as they seems to achieving greater clarity, less complexity, simpler and fairer tax structure. Taxpayers achieve greater degrees of compliance owing to factors such as adequate understanding of the tax laws; proper bookkeeping hence they don't over or under pay tax.

Kenya Revenue Authority usually holds workshops to sensitize taxpayers on tax compliance and is done under stakeholder engagement strategies. According to Gitaru (2017), sensitization campaigns are conducted by mapping stakeholder by ranking in order of their influence on tax compliance, organizing suitable structured meetings in the form of forums conferences, peer reviews and workshops, then drawing a memoranda of understanding between KRA and identified stakeholders to formalize partnership agreements and collaboration efforts and lastly responding to queries and requests for information from all stakeholders and partners. Sensitization campaigns can also take place through print and electronic media. Print media rely on use of tax info magazines, and newspapers while electronic technology comprises of TV, radio, internet, fax and any other media.

2.4.2 Technological Tax Reforms

Technology refers to techniques, systems, and strategies which are caused and influenced by scientific invention that are used for practical purposes to supplement human capabilities. (Chulkov, 2017). The swift surge of technology development and the emergence of the digital world has shaped new operational modes across the industrial divide creating new opportunities and challenging the present boundaries (Adnderson, 2012). Kenya Revenue Authority has not lagged behind in the employment of technology in tax administrations thus streamlined operations to broaden the tax base and reduce tax evasion subsequently improving revenue collection. Some of the technology the tax authorities have implemented includes I-Tax, Integrated Customs Management System, Excisable Goods Management System, electronic tax register and Cargo Scanner Management Solution among others as a tactical device to revenue collection through reduction of operational costs and increased efficiency.

I-tax is a web-based secure application system introduced by Kenya Revenue Authority to streamline tax collection process which is a fully-integrated and automated for administration of domestic taxes (KRA, 2012). It enables taxpayer to register their PIN, file returns, generation of payment slips to enable tax payments and inquiries of tax status with real-time monitoring of taxpayer information and accounts. I-tax has aided taxpayers in streamlining tax procedures and making it easier for compliance, reduce time taken to get tax information and also when dealing with revenue staffs, restructuring business procedures leading to efficiency and boost the ability for KRA and taxpayers to account for taxes. According to Kang'ethe (2017), the number of Kenyans who filed their tax returns went up by 75% growing from 1.2 million to 2.1 million in the year 2017 and the number is projected to go up further.

An electronic tax register is as a conventional cash registers designed to have security structures that warranty the trustworthy of the fiscal memory (Chege, 2016). It has an entrenched fiscal, write once, read only fiscal memory. The hardware is verified to conform to certain provisions, consequently harder to destroy or manipulate critical information. The records stored there in are well protected even in circumstances of blackout or malicious attempts by a person of bad will

2.4.3 Tax Administrative Reforms

Tax administration is the structure that supports day today management of tax and involves tax systems, structures, management, leadership and organizational processes that supports a tax agency to meet its principal mandate (Gichuki, 2015). Tax administration involves assessment of tax, ascertaining of tax liabilities based on existing tax laws, tax collection, prosecution and penalty sanctions on taxes. It is an important aspect and tax experts need to shape tax administration reform that can identify bottlenecks so as to ensure effective tax collection.

In the wake of devolution, it is now possible to access Kenya Revenue Authority services in various parts of the country, courtesy of various offices at Huduma Centers and contacts. Considering recent trends in the global economy, every Kenyan is bound to use Kenya Revenue Authority services every other time making Kenya Revenue Authority I-tax contacts, which is the organization's online platform, inevitable. Gone are the analogue days when long queues limited to weekdays for a few hours was the only way of accessing Kenya Revenue Authority services. With the present-day modernity being a reality, Kenya Revenue Authority telephone number, address, mail, and fax are now available for prompt communication and accessing essential services without necessarily visiting the block and mortar premises, unless it is mandatory for you to go there in person to access a specific service (KRA, 2012).

A tax compliance, otherwise known as a tax clearance certificate is an official document issued by Kenya Revenue Authority, as proof of having filed and paid all your taxes which is issues application. Tax compliance certificates is issued to taxpayers seeking tenders with Government Ministries and Institutions, employees leaving service or seeking new job opportunities, taxpayers seeking liquor licenses, to clearing and forwarding agents among others. Taxpayers seeking tax compliance certificate must be compliant in: filing of tax returns on or before the due date for all applicable tax obligations, payment of tax on or before the due date and clearance of all outstanding tax debts (Gichuki, 2015). The verification of the authenticity of tax compliance certificate can be done through I-tax thus reducing chances of document forging. Requirement of tax compliance certificates in transacting and accessing services in government departments has reduced chances of tax evasion making taxpayers to be tax compliant.

2.4.4 Revenue Collection

Revenue collection is the process through which the government generates finance mainly through tax collection from its citizens to fund its development agendas (OECD, 2018). Tax collection is divided into domestic taxes and custom duty. In direct taxes, the burden falls on the taxpayer, it cannot be transferred to another, they include individual income tax, corporate tax while on indirect tax, the burden of tax falls on the final consumer, and they include value added tax, and excise duty. To maximise tax collection and minimise cost, the government has improved efficiency of tax administration by employing competent personnel and embrace modern technology in tax collection.

Tax collection system is a framework that's legally enforced to assess and collect taxes by the government (Ondimu, 2015). The three forms of tax systems, progressive, proportional and regressive tax systems. In progressive system, those with higher earnings pay an increasingly higher percentage of tax as their incomes rise aimed at moderate general income inequality in the society and income tax conforms to this principle. In proportional system, each person contributes equal percentage of their earnings as tax, shorn of the consideration of high or low earnings. This tax system has been criticized because it transfers unfairly burden the low-income earners and value added tax comply with this principle in Kenya. Regressive tax results into a decline in the rate of tax as the taxable amount increases and vice vasa. The low earners will contribute a greater proportion of their earnings as tax than higher earners. In Kenya, excise duty commonly known as sin tax follows this principle.

Levels of tax compliance involves tax registration, filing of tax returns on or before the due date for all related tax obligations, payment of tax on or before the due date and clearance of all unsettled tax debts (Kiring'a & Jagongo, 2017). Persons who comply with all these are issued with a tax compliance certificate that is valid for a period of twelve months, which is a proof that they have complied with all tax obligations. Tax compliance certificate is useful mostly when; taxpayers are seeking for tenders with government institutions, employees are seeking for new job opportunities, taxpayers seeking liquor licenses and clearing and forwarding agents.

2.5 Empirical Review

A study by Mwiti (2016), on effect of tax reforms on compliance with turnover tax among small and medium enterprises in Industrial Area, Nairobi. The specific objective of this study were to estimate the effect of online tax filing, taxpayer education, taxpayer's technical support, tax penalties and simple tax regime on tax compliance. The study used descriptive survey research design and a questionnaire to collect data. The study shows in general a high and positive relationship between tax reforms and tax compliance. That is tax reforms including tax rate regime, taxpayers' training and education and online tax filing has positive effects (increases) tax compliance in SMEs sector. However, tax penalties and technical support were found not correlated to tax compliance. The study recommends that the small traders should be made to understand the tax administration through the turnover tax training and education so that they are encouraged to pay taxes promptly. Kenya Revenue Authority also need to train taxpayers on how to calculate the tax payments and balancing their accounts afterwards, how to fill in the files/forms while registering and filing for the turnover tax and being taught the benefits that accrues from many businesses complying with the tax payment. In addition, Kenya Revenue Authority need to lower and simplify tax regime so as to improve tax compliance.

A study done by Musyoka (2019), on the effect of tax reforms on voluntary tax compliance among small and medium enterprises in Kenya: a case of Nairobi County. The specific objectives of the study were to establish the effect of technological tax reforms, to examine the effect of taxpayer education, to determine the effect of administrative tax reforms and to establish effect of tax policy reforms on voluntary tax compliance among small and medium enterprises in Nairobi County. The study applied a mixed methods research design and data were collected using semi-structured questionnaires and structured interview guides. The study findings indicated that the combined effect of tax reforms on voluntary tax compliance among these businesses revealed that technological tax reforms, administrative tax reforms, taxpayer education reforms and tax policy reforms had a joint positive and significant effect on voluntary tax compliance among SMEs in Nairobi County. The introduction of administrative tax reforms has increased corporate tax compliance in several ways that included the self-assessment system and voluntary compliance. In addition the tax payers are also aware of their rights and obligations as taxpayers. The technological reforms have revolutionized corporate tax compliance. Due to I-tax the taxpayers are able to file

their returns fast and on time and also able to view the ledgers and interrogate their tax issues. However it can be noted that the electronic tax register suffers a huge non-compliance by tax payers since the tax administrators don't have enough capacity and resources to monitor the ETR machines. Also, in as much as companies file their return online not all companies file their correct tax liability, others manipulate their tax liability for other gains.

A study by Mulago (2017), on the effect of tax reforms on corporate tax compliance to Kenya Revenue Authority. His specific objectives were to determine the effect of administrative tax reforms, to assess the effect of policy tax reforms and to establish the cost of technological tax reforms on corporate tax compliance. Descriptive case survey research design was used and primary data were collected using a structured questionnaire. The results demonstrated a moderate positive correlation between administrative tax reforms and corporate tax compliance. The findings illustrated a strong inverse correlation amongst policy tax reforms and corporate tax compliance and a weak inverse correlation between technological reforms and corporate tax compliance. The study recommendation includes exploitation of technological advancements in coming up with solutions to tax related problems, automation and adoption of systems that further simplify the tax compliance process, sensitize taxpayer regarding their M-Service, devise ways of increasing the attendance rates of their tax payer education programs, and a door to door taxpayer education and registration strategy in order to reach out to as many taxpayers as possible.

2.6 Critique of Existing Literature

The results of the study by Musyoka (2019), showed that technological reforms have revolutionized corporate tax compliance but noted that electronic tax register suffers a huge non-compliance due to inadequate capacity and resources to monitor the electronic tax register machines. The study fails to give recommendations on how this issues should be tackled so as to minimize the non-compliance enjoyed by taxpayers. However, the conclusions contradict the conclusion of the study by Mulago (2017), who concluded that tax reforms had a weak inverse effect on corporate tax compliance in Kenya and that tax reforms in place had not achieved the intended purpose. The study fails to close the knowledge gap induced by inconsistency in existing empirics' on how tax reforms affect revenue collection by Kenya Revenue Authority.

2.7 Research Gaps

There are few studies done on effect of tax reforms on revenue collection by Kenya Revenue and their reviews showed the existence of mixed findings. Mwiti (2016), found in general a high and positive relationship between tax reforms and tax compliance however, tax penalties and technical support were found not correlated to tax compliance. A study by Mulago (2017) showed a weak inverse correlation between technological reforms and corporate tax compliance which contradicted the findings of Musyoka (2019) who found out that technological tax reforms had a positive and significant effect on voluntary tax compliance among SMEs in Nairobi County. However, Musyoka (2019) also noted that the electronic tax register suffers a huge non-compliance by tax payers since the tax administrators don't have enough capacity and resources to monitor the electronic tax register machines. Also, in as much as companies file their return online not all companies file their correct tax liability, others manipulate their tax liability for other gains. Hence, this study was crucial in addressing the research problem and bridging the existing knowledge gaps.

2.8 Summary

This chapter looked at the various theories that influence tax reforms on revenue collection. A conceptual framework was drawn to speculate the relationships amongst the dependent and independent variables. There was also an in-depth evaluation of variables under study and an empirical assessment of previous studies relevant to the study. An empirical review was done where past studies relevant to the study were reviewed which led to a critique and finally resulting to research gaps which the current study aims to bond.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter scrutinized all the techniques and approaches that were used in the study. They included research design, sampling techniques, data collection, piloting testing, and data analysis.

3.2 Research Design

The research design is fundamentally the blueprint of carrying out any research work (Ogola, 2018). It is a collection and arrangements of circumstances under which analysis of data aims at combining significance to the research purpose that is precise and to the point in procedure. Descriptive research design was preferred because the subject are observed in a completely neutral and unchanged natural environment and answer the questions, who, when, how, and where, regarding the present status of the topic under study. The importance of the descriptive research design is its capability of minimizing bias and maximizing reliability of gathered evidence (Kiarie, 2018). According to David (2012), descriptive research is useful when researcher wants to determine the degree to which independent variables affect the dependent variables. The study employed a descriptive cross-sectional survey, aimed at measuring features that elicit knowledge, ideas, attitude, behaviors, character traits, and preferences of individuals in a population at only a single point in time. Cross-sectional studies usually pose less ethical challenges, are economical and easy to conduct.

3.3 Population

Population is the whole group of components with which inferences are to be made and it includes all potential cases that are of great importance to a study (Maritim, 2019). The target population under this study will be all 1691 SMEs in Mvita Sub-County as contained in the Mombasa County database. The mentioned population was involved in domestic tax collection and payment hence affected by tax reforms in one way or another.

Table 3.1 Target Population

Category	Target Population
General trade, Whole, Retail, Stores	383
Transport, storage and communication	81
Accommodation, Catering and Entertainment	439
Professional and Technical services	619
Pharmaceuticals and Health Services	96
Workshops, Industry plants	73
Total	1691

3.4 Sampling frame

Sampling frame is a list from the entire population from which we draw our sample (Zamboni, 2019). The sampling frame for this study was a list of all SMEs in Mvita Sub-County as contained in the Mombasa County database.

3.5 Sample and sampling technique

According to Zamboni (2019), a sample is a proportion of the whole population under study. Its advantages include speed, accuracy, less cost, and quality data. Sampling is the selection of some of the items from the target population consequently, draw conclusion about the entire inhabitants (Kiarie, 2018). Stratified random sampling technique will be employed and the population grouped into strata consisting of general trade and retail stores; transport, storage and communication; accommodation, catering and entertainment; professional and technical services; pharmaceuticals and health services; and workshops, industry plants. Stratified random sampling is suitable as it forms and splits the population into strata and cases selected randomly (Neuman, 2014). The study used Yamane sampling formula and the sample size as shown below assuming confidence level of 90% and precision level of $e = 0.05$. This was in tandem with (Osebe, 2013) who found the formula to be easy to understand and use based on the confidence interval selected.

Yamane sampling formula:

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

Where;

N- is the population size.

n- is the sample size.

e- is the level of precision.

$$\frac{1691}{1 + 1691(0.1)^2} = 323$$

Table 3.2 Sample Size

Cluster	Target Population	Sample Size
General trade, Whole, Retail, Stores	383	73
Transport, storage and communication	81	15
Accommodation, Catering and Entertainment	439	84
Professional and Technical services	619	118
Pharmaceuticals and Health Services	96	19
Workshops, Industry plants	73	14
Total	1691	323

3.6 Data Collection Instruments

Data collection methods is a way of collecting evidence that include behavior, attitude and perception from respondent (Cooper & Schindler, 2014). The study used a set of structured questionnaire as a tool for data collection, adopted on grounds that it is an appropriate data collection instrument from a large population (Kothari, 2014). A close-ended questionnaire was used to gather primary data, selected because it capture suitable data related to the research problems, it is easy for the respondents to answer, answers are easy to compare, code and statistically analyze. A five-point

Likert scale was used to answer questions from section B to E, as it allowed respondents to give answers with a degree of agreement making answering the questions easier.

3.7 Data Collection Procedures

According to Macharia (2014), this is the logical assemblage of anticipated data appropriate to the study using data collection instruments such as questionnaires interviews, participant observations, and focus group discussion. The study used primary data collected through structured questionnaires issued using drop-off and pick-up method. This was in tandem with Neuman (2014), who found the suitability of primary data as statistics are collected afresh for the first time hence original in character and can bring out variances from existing data if any. The researcher sought for authorization to carry out the study from the management offices and reassurance were given to all the respondents that the data they will give will be treated with utmost discretion. The researcher booked for appointment so that the questionnaires were administered at agreed time to avoid inconveniences.

3.8 Pilot Testing

Pilot testing is conducted to detect and identify any flaws in research design and data collection instruments (Cooper & Schindler, 2014). It was conducted to assess whether respondents understood the research instruments, they will be comfortable with the questions and approximation the time taken to respond the questionnaires. Pilot testing was done by pre-testing the questionnaires on 14 Kenya Revenue Authority employees who did not take part in the main study. It is essential in ensuring validity and reliability of the questionnaires. Minor amendments were done on the questionnaires before they were administered to the respondents.

3.8.1 Validity

Validity comprises of the degree in which attained results from data analysis essentially characterize the phenomenon under study (Appah, 2016). Validity test was conducted through factor analysis using Kaiser-Meyer-Olkin Measure and Bartlett's Test.

3.8.2 Reliability

Reliability is the magnitude to which any quantifying process gives similar and equivalent consistent outcomes when done repetitively; (Ondimu, 2015). The problems to be tested for reliability included, data collection time, data collection methods, accuracy level and sources of data using Cronbach's Alpha.

3.9 Data Analysis

Data analysis is the method through which the researcher makes a complicated process simple and useful for end users by bringing meaning, order and structure to mass data collected (Ogola, 2018). Quantitative statistics was assembled, tabulated, coded and examined using Statistical Package for Social Science version 25. The computed information was analyzed and presented using descriptive statistics and inferential statistics will use correlation and regression analysis. The R squared analysis was used to measure the goodness of fit of the model being assessed. Multiple linear regression analysis was carried out to determine the form of the mathematical model that defines the relationship between the dependent and independent variables. The multiple regression formula is presented as shown below;

Regression model:

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

Where;

Y – Revenue Collection.

β_0 – Constant Term.

$\beta_1, \beta_2, \beta_3$ – Correlation Coefficients.

X_1 – Taxpayer Education.

X_2 – Technological Tax Reforms.

X_3 – Administrative Tax Reforms.

ϵ – Error term.

CHAPTER FOUR RESEARCH FINDINGS AND ANALYSIS

4.1 Introduction

The chapter presents analysis and discussion of the findings presented by the researcher. The study sought to investigate the effect of tax reforms on revenue collection by Kenya Revenue Authority in Mvita Sub-County. The study had three objectives which dictated the composition of research questions and a questionnaire used to gather data for the research.

4.2 Response rate

The study recorded an 87.50% response rate indicating 84 out of the 96 questionnaires which issued were positively returned for data collection, while 12 questionnaires representing 12.50% of respondents failed to return theirs. This response rate was sufficient for data analysis as Maritim (2019), pointed out that for generalization purposes, a response rate of 50% is satisfactory, 60% is good and above 70% is excellent for comprehensive data analysis.

Table 4.1 Questionnaire Response Rate

	Frequency	Percentage
Respondent	84	87.50
Non-respondent	12	12.50
Total	96	100

4.3 Pilot Results

Pilot testing was conducted to detect errors in data collection instruments and make amendments on the questionnaires before they were administered to the respondents. Pilot testing was predominantly essential in guaranteeing validity and reliability for the questionnaire.

4.3.1 Reliability Analysis

Reliability is the degree to which any quantifying process gives similar and equivalent consistent outcomes when done repetitively (Ondimu, 2015). The problems that were tested for reliability are, data collection time, data collection methods using Cronbach's Alpha from the SPSS version 25 on all the variables. The analysis produced Cronbach's alpha values above 0.70, therefore will offer reasonably consistent results and consider the instrument reliable.

Table 4.2 Reliability Results

Scale	Cronbach's Alpha	Comments
Taxpayer Education	0.791	Accepted
Use of Technological tax reforms	0.746	Accepted
Tax Administrative Reforms	0.801	Accepted
Revenue Collection	0.815	Accepted

4.3.2 Validity Results

Validity consist of the degree to which the results attained for data analysis for all intents and purposes characterize the phenomenon under study (Kothari, 2014). Validity test was conducted through factor analysis using Kaiser-Meyer-Olkin Measure and Bartlett's Test. Factor analysis' most crucial role is to decrease excessively correlated data and substitute with uncorrelated variables (Olaleye, 2016). Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0.751, more than 0.60, which signifies suitable items for each factor. Bartlett's Test of Sphericity taking a 95% significance level, p-value of $.000 < 0.05$, indicates that the correlation matrix is considerably different from the identity matrix, and the correlations between the variables are zero as a result, the factor analysis was valid.

Table 4.3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.751
Bartlett's Test of Sphericity	Approx. Chi-Square	879.378
	Df	14
	Sig.	.000

4.4 Demographic Characteristics of the Respondents

4.4.1 Level of Education

Majority of the respondents had an undergraduate degree which was 48.81% of the respondents, 33.33% had a diploma, while 13.10% had a postgraduate and 4.76% had a secondary school certificate. These results infer that majority of the respondents are professionally capable of understanding the content of the questionnaire, implying they are fully armed with the essential skills and knowledge. Additionally, the researcher had an assurance of high quality data collection since all the respondents who positively returned the questionnaires were capable of reading and understanding the content of the questionnaire before giving their views.

Table 4.4: Level of Education

	Frequency	Percentage
Secondary	4	4.76
Diploma	28	33.33
Degree	41	48.81
Postgraduate	11	13.10
Total	84	100

4.4.2 Work Experience

Majority of the respondents had worked experience of between 4-9 years, which was 44.05%, then between 9-15 years were 30.95% and below 3 years were 15.48%, finally, above 15 years were 9.52%. The results infer that, majority of the respondents both workers and taxpayers, possesses

adequate work experience in their respective field, which is an important element for effective service delivery and understanding of tax reforms taking place.

Table 4.5: Work Experience

Scale	Frequency	Percentage
Below 3 years	13	15.48
4-9 years	37	44.05
9-15 years	26	30.95
Above 15 years	8	9.52
Total	84	100

4.5 Descriptive Analysis

4.5.1 Taxpayer Education on Revenue Collection

On assessment of influence of taxpayer education on tax collection by KRA in Mvita sub-County, the respondents agreed that, tax clinics have aided in training taxpayers on how to comply with tax laws, with a mean of 3.92 and a standard deviation of 1.24. They agreed that tax clinics have played a key role in providing taxpayers with necessary technical support from KRA officials, with a mean of 3.65 and a standard deviation of 1.20. Further, they agreed that tax seminars have provided taxpayers with a chance to air their grievances and make suggestions on service improvement, with a mean of 4.05 and a standard deviation of 1.35. Finally, they agreed that taxpayer sensitization campaigns have played a vital role in changing taxpayers' attitude towards payment of taxes, with mean of 3.95 and standard deviation of 1.25.

The mean is 3.89 inferring majority agreed that taxpayer education increases revenue collection by Revenue Authority with a small variation of 1.26. The result was in tandem with Mwiti (2016), who stated KRA need to train taxpayers on how to calculate their tax payments and balancing their accounts afterwards, how to fill in the files/forms while registering and filing for the turnover tax and being taught the benefits that accrues from many businesses complying with the tax payment. Musyoka (2019), further stated that taxpayer education reforms had a positive and significant effect on voluntary tax compliance among SMEs in Nairobi County. The study found out that taxpayer

education reforms increased the businesses' knowledge of their tax obligations and also enhanced their easy understanding of how and why to file and remit their taxes.

Table 4.6: Taxpayer Education Mean & Standard Deviation

	Mean	Standard Deviation
Tax clinics have aided in training taxpayers on how to comply with tax laws.	3.92	1.24
Tax clinics have played a key role in providing taxpayers with necessary technical support from Kenya Revenue Authority officials.	3.65	1.20
Tax seminars have provided taxpayers with a chance to air their grievances and make suggestions on service improvement.	4.05	1.35
Taxpayer sensitization campaigns have played a vital role in changing taxpayers' attitude towards payment of taxes.	3.95	1.25
Total	15.57	5.04
Average	3.89	1.26

4.5.2 Technological Tax Reforms

On evaluation of influence of technological reforms on tax collection by Kenya Revenue Authority in Mvita Sub-County, the respondents agreed that, filing of returns on I-tax has made it easy for taxpayers to make tax remittances conveniently and on time, with a mean of 4.02 and a standard deviation of 1.24. They agreed that the introduction of I-tax system has reduced direct contact between taxpayer and tax officials decreasing chances of them colluding, with a mean of 4.05 and a standard deviation of 1.18. Further, they agreed that tax liability and refunds have significantly reduced since the inception of electronic tax register machine, with a mean of 4.09 and a standard deviation of 1.26. And finally they agreed that real time monitoring of transaction made through the electronic tax register has helped reduce tax cheats hence increasing revenue collection, with a mean of 3.97 and standard deviation of 1.28.

The mean is 4.03 inferring majority agreed that technological tax reforms increases tax collection by KRA, with a small variation of 1.24. The findings were in agreement with Musyoka (2019), who stated that technological reforms have transformed corporate tax compliance, by use of I-tax system, taxpayers are able to file their returns fast and on time, view ledgers and interrogate their tax issues. The findings of this study however contradicted those of Mulago (2017) who found that while technological reforms in particular I-tax was a key factor in enhancing corporate tax compliance, its effectiveness was weak to influence corporate tax compliance. According to the study not all companies filed their correct tax liability, others manipulated their tax liability for other gains.

Table 4.7: Technological Tax Reforms Mean & Standard Deviation

	Mean	Standard Deviation
Filing of returns on I-tax has made it easy for taxpayers to make tax remittances conveniently and on time.	4.02	1.24
The introduction of I-tax system has reduced direct contact between taxpayer and tax officials decreasing chances of them colluding.	4.05	1.18
Tax liability and refunds have significantly reduced since the inception of electronic tax register machine.	4.09	1.26
Real time monitoring of transaction made through the electronic tax register has helped reduce tax cheats hence increasing revenue collection.	3.97	1.28
Total	16.13	4.96
Average	4.03	1.24

4.5.3 Tax Administrative Reforms

To determination of influence of tax administration reforms on tax collection by KRA in Mvita Sub-County. The respondents agreed that, taxpayers are able to conveniently access the needed tax services provided by customer care centers placed at Huduma centers, with a mean of 3.64 and a standard deviation of 1.29. They agreed that KRA's customer care centers have been able to provide sufficient support in solving tax compliance difficulties, with a mean of 3.96 and a standard deviation of 1.18. Further, they agreed that verification of the authenticity of tax compliance

certificate through I-tax has helped reduce document forging resulting to tax compliance, with a mean of 3.84 and a standard deviation of 1.16. Finally, they agreed that requiring tax compliance certificates in transacting and accessing services in government departments has reduced chances of tax evasion, with a mean of 3.89 and a standard deviation of 1.22.

The mean is 3.84 inferring majority agreed that tax administrative reforms increases revenue collection by Kenya Revenue Authority, with a small variation of 1.22. This was in tandem with Musyoka (2019), who found out that the introduction of administrative tax reforms has increased corporate tax compliance in several ways that included the self-assessment system and voluntary compliance. The call centers enhanced their efficiency in meeting their tax obligations, their timeliness in complying with tax obligations and enhancing the timeliness in addressing their concerns as taxpayers. On the other hand the findings of this study agreed with those of Mulago (2017), who found a moderate correlation between administrative tax reforms and corporate tax compliance.

Table 4.8: Tax Administrative Reforms Mean & Standard Deviation

	Mean	Standard Deviation
Taxpayers are able to conveniently access the needed tax services provided by customer care centers placed at Huduma centers.	3.65	1.29
Licensing and registration has led to easier monitoring of the excise duty players leading to higher tax compliance levels.	3.96	1.18
Verification of the authenticity of tax compliance certificate through I-tax has helped reduce document forging resulting to tax compliance.	3.84	1.16
Requiring tax compliance certificates in transacting and accessing services in government departments has reduced chances of tax evasion.	3.89	1.22
Total	15.34	4.85
Average	3.84	1.21

4.5.4 Revenue Collection

To investigation of factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County, the respondents agreed that, individuals who perceive the tax collection systems to be fair are more likely to file their correct taxes on time, with a mean of 3.97 and a standard deviation of 1.19. They agreed that automation of tax collection system by Kenya Revenue Authority has led to increase in revenue collection, with a mean of 3.86 and a standard deviation of 1.26. Further, they agreed that tax awareness programs by Kenya Revenue Authority have led to improved levels of tax compliance, with a mean of 3.79 and a standard deviation of 1.27. Finally, they agreed that simplified tax collection systems has led to higher levels of tax compliance resulting to increased revenue collection, with a mean of 3.62 and a standard deviation of 1.18.

The mean is 3.81 inferring majority agreed that tax reforms increases revenue collection by Kenya Revenue Authority, with a small variation of 1.23. The findings supports the results of Musyoka (2019), who stated that tax reforms had a positive impact on revenue productivity as it increases efficiency and simplified the tax collection system. Mwiti (2016), further concurred that training of both taxpayers and tax officials will increase tax compliance in Industrial Area, Nairobi.

Table 4.9: Revenue Collection Mean & Standard Deviation

	Mean	Standard Deviation
Individuals who perceive the tax collection systems to be fair are more likely to file their correct taxes on time.	3.97	1.19
Automation of tax collection system by Kenya Revenue Authority has led to increase in revenue collection.	3.86	1.26
Tax awareness programs by Kenya Revenue Authority have led to improved levels of tax compliance.	3.79	1.27
Simplified tax collection systems has led to higher levels of tax compliance resulting to increased revenue collection.	3.62	1.18
Total	15.24	4.90
Average	3.81	1.23

4.6 Correlation Analysis

The researcher analyzed the association between dependent and independent variables using Karl Pearson correlation analysis. The significance of correlation is to define the magnitude to which changes in the value of an element is associated with changes in another. The correlation coefficient ranges between +1 and -1, with +1 signifying a perfect positive correlation, -1 denoting a perfectly negative correlation while 0 specifying no correlation at all (Kothari, 2014).

Table 4.10: Person Correlation Matrix

		Revenue Collection	Taxpayer Education	Technological Tax Reforms	Administrative Tax Reforms
Revenue Collection	Pearson Correlation	1			
	Sig. (2-tailed)	.			
	N	85			
Taxpayer Education	Pearson Correlation	.662**	1		
	Sig. (2-tailed)	.002	.		
	N	85	85		
Technological Tax Reforms	Pearson Correlation	.635**	.536**	1	
	Sig. (2-tailed)	.000	.000	.	
	N	85	85	85	
Administrative Tax Reforms	Pearson Correlation	.568**	.691**	.679**	1
	Sig. (2-tailed)	.000	.003	.001	.
	N	85	85	85	85

** Correlation is significant at the 0.05 level (2-tailed).

The analysis showed a positive Pearson correlation between revenue collection and taxpayer education of 0.662 and a p value of 0.002 which was statistically significant. The positive relationship shows that the introduction of the various taxpayer education reforms has a potential significance in enhancing revenue collection by Kenya Revenue Authority. Further, a positive Pearson correlation between revenue collection and technological tax reforms of 0.635 and a p value

of 0.000 which was statistically significant. The positive relationship shows that the introduction of the various technological tax reforms has a potential significance in enhancing revenue collection by Kenya Revenue Authority. And finally a positive Pearson correlation between revenue collection and administrative tax reforms of 0.568 and a p value of 0.000 which was statistically significant. The positive relationship shows that the introduction of the various administrative tax reforms has a potential significance in enhancing revenue collection by Kenya Revenue Authority.

4.7 Regression Analysis

4.7.1 Model Summary

In the model, the value of (R) is 0.780, which shows the presence of variance shared between the dependent and independent variables. The value R Square which is a goodness-of-fit of the model has a value of 0.609 suggesting that 60.9% of the relationship is described by the variables under study subsequently, 39.1 was contributed by other factors not studied in this research.

Table 4.11: Model Summary

Model	R.	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780	.609	.589	2.265

- a. Predictors: (Constant), Taxpayer Education, Technological and Administrative Tax Reforms
- b. Dependent variable: Revenue Collection.

4.7.2 Analysis of Variance

Analysis of variance is a technique for testing the difference between diverse groups of data for homogeneity. The essence of ANOVA is to break down the total amount of variation in a set of data into the amount attributed to chance and the one attributed to specified causes. While F- test is also used in the context of analysis of variance for judging the significance of multiple correlation coefficients (Osebe, 2013). The model has a p-value of 0.000 less than 0.05 which shows that the regression model was statistically significant in predicting how taxpayer education, technological and administrative tax reforms affect revenue collection in Mvita Sub-County. Based on confidence level of 95%, the investigation indicated a relatively high reliability of the results obtained as the regression model had a 0.05 probability of giving a wrong prediction.

Table 4.12: Analysis of Variance

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	646.76	3	215.59	42.03	.000
	Residual	415.19	81	5.13		
	Total	1061.95	84			

- a. Predictors: (Constant), Taxpayer Education, Technological and Administrative Tax Reforms
- b. Dependent variable: Revenue Collection.

4.7.3 Multiple Regression Coefficient

According to Olaleye (2016), multiple regression is the process of determining the statistical association between two or more variables. It was conducted to determine the relationship between revenue collection and taxpayer education, technological and administrative tax reforms.

Table 4.13: Multiple Regression Coefficient

Model	1	Unstandardized Coefficients.		Standardized Coefficients.		
		B	Std. Error	Beta	t	Sig.
	(Constant)	2.762	.542		5.096	.000
	Taxpayer Education	.224	.056	.378	4.000	.000
	Technological Reforms	.316	.071	.470	4.451	.000
	Administrative Reforms	.198	.059	.263	3.356	.002

- a. Predictors: (Constant), Taxpayer Education, Technological and Administrative Tax Reforms
- b. Dependent variable: Revenue Collection.

The established regression equation was

$$Y = 2.762 + 0.224X_1 + 0.316X_2 + 0.198X_3$$

Technological tax reforms X_2 ($\beta = 0.316$, $p < 0.05$) has the strongest relationship with revenue collection followed by taxpayer education reforms X_1 ($\beta = 0.224$, $p < 0.05$), and lastly administrative tax reforms X_3 ($\beta = 0.198$, $p < 0.05$). All three variables significantly predicted revenue collection. The beta coefficients in the regression model shows that all the tested variables had a positive relationship and statistically significant with p-values of less than 0.05.

The regression equation above shows that holding all other factors (taxpayer education, technological and administrative tax reforms) constant, performance of revenue collection would be 2.762. Taxpayer education positively related to revenue collection with β value of 0.224 at a significant level of 0.000. This means that taking all other variables to be zero, a unit increase in taxpayer education will lead to a 22.4% increase in revenue collection. Technological tax reforms positively related to revenue collection with β value of 0.316 at a significant level of 0.000. This means that taking all other variables to be zero, a unit increase in the technological reforms will lead to a 31.6% increase in revenue collection. Finally, administrative tax reforms positively related to revenue collection with β value of 0.198 at a significant level of 0.002. This means that taking all other variables to be zero, a unit increase in administrative tax reforms will lead to a 19.8% increase in revenue collection.

This results agrees with the findings of Musyoka (2019), that technological tax reforms, administrative tax reforms and taxpayer education reforms had a joint positive and significant effect on voluntary tax compliance among SMEs in Nairobi County. Mwiti (2016) argued that tax reforms including tax rate regime, taxpayers' training and education and online tax filing has positive effects on tax compliance in SMEs sector. However, tax penalties and technical support were found not correlated to tax compliance. While results by Mulago (2017), demonstrated a moderate positive correlation between administrative tax reforms and corporate tax compliance and a weak inverse correlation between technological reforms and corporate tax compliance.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The key purpose of the study was to investigate the factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County. In the previous chapter, we made efforts to analyze and report the results of the data collected. This section is sub-divided into summary of findings, conclusions, recommendations and suggestions for further studies.

5.2 Summary

Generally, the study sought to investigate the factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County. The theoretical and empirical literature on revenue collection and tax reforms were broadly studied, and a comprehensive conceptual framework for the relationship among dependent and independent variables formulated which dictated composition of the questionnaire. The questionnaire was tested for reliability using Cronbach's alpha coefficient and validity using Kaiser-Meyer-Olkin Measure and Bartlett's Test. A sample size of 96 nominated and a structured questionnaire used to gather data from the respondents recording a response rate of 84.38% representing 81 respondents. The data was analyzed using inferential and descriptive statistics.

5.2.1 Taxpayer Education

The study sought to assess the influence of taxpayer education on tax collection by Kenya Revenue Authority in Mvita Sub-County. There was a positive significant linear relationship between taxpayer education and revenue collection by Kenya Revenue Authority. Taxpayer education has a significant effect on revenue collection by Kenya Revenue Authority in Mvita Sub-County. The significance of the regression was tested and the findings led to the conclusion that taxpayer education positively influenced tax collection by Kenya Revenue Authority in Mvita Sub-County.

5.2.2 Technological Tax Reforms

The second objective sought to evaluate the influence of technological tax reforms on tax collection by Kenya Revenue Authority in Mvita Sub-County. The results of correlation showed that there was a positive significant linear relationship between technological tax reforms and revenue collection

by Revenue Authority. The significance of the regression was tested and the results showed that there was a significant influence of technological reforms on revenue collection by Revenue Authority in Mvita Sub-County.

5.2.3 Administrative Tax Reforms

The third objective sought to determine the influence of administrative tax reforms on tax collection by Kenya Revenue Authority in Mvita Sub-County. The results of correlation showed that there was a positive significant linear relationship between administrative tax reforms and revenue collection by Kenya Revenue Authority. The significance of the regression was tested and the findings indicated that administrative tax reforms positively influenced revenue collection by Kenya Revenue Authority in Mvita Sub-County.

5.3 Conclusion

The study shows that tax clinics have aided in training taxpayers on how to comply with tax laws. Tax clinics have played a key role in providing taxpayers with necessary technical support from Kenya Revenue Authority officials. Tax seminars have provided taxpayers with a chance to air their grievances and make suggestions on service improvement. Finally, taxpayer sensitization campaigns have played a vital role in changing taxpayers' attitude towards payment of taxes. The regression model demonstrated that taxpayer education reforms is positively correlated to revenue collection by Kenya Revenue Authority with $\beta = 0.224$ at significant level of 0.000.

The findings illustrates that, filing of returns on I-tax has made it easy for taxpayers to make tax remittances conveniently and on time. The introduction of I-tax system has reduced direct contact between taxpayer and tax officials decreasing chances of them colluding. Further, tax liability and refunds have significantly reduced since the inception of electronic tax register machine. And finally real time monitoring of transaction made through the electronic tax register has helped reduce tax cheats hence increasing revenue collection. The regression model illustrated that technological tax reforms is positively correlated to revenue collection by Kenya Revenue Authority with $\beta = 0.316$ at significant level of 0.000.

Finally, the findings demonstrate that taxpayers are able to conveniently access the needed tax services provided by customer care centers placed at Huduma centers. Kenya Revenue Authority's customer care centers have been able to provide sufficient support in solving tax compliance difficulties. Further, verification of the authenticity of tax compliance certificate through I-tax has helped reduce document forging resulting to tax compliance. Finally, the requirement of tax compliance certificates in transacting and accessing services in government departments has reduced chances of tax evasion. The regression model indicated that administrative tax reforms is positively correlated to revenue collection by Kenya Revenue Authority with $\beta = 0.198$ at significant level of 0.002.

Based on the empirical evidences and outcomes of the analysis, there is positive and statistically significant association between tax reforms and revenue collection by Kenya Revenue Authority. This suggests that Kenya Revenue Authority can maximize revenue collection by improving revenue administration and legislations governing tax collection to create an enabling and sound revenue collection environment. Likewise, taxpayer education with an aim of providing necessary knowledge to taxpayer will enable them conform to tax laws and regulations and also alter their mindset and perceptions towards voluntary compliance by generating constructive attitudes.

5.4 Recommendations

The study makes these recommendations:

1. Kenya Revenue Authority should ensure all revenues reforms are available on their websites to enhance easy retrieval.
2. Information communication technology systems should be by maintained highly trained experts to minimize break downs that would delay operations.
3. There is need for more automation and adoption of systems that further simplify the tax compliance process such as easy access to tax information and its entire tax systems.
4. The tax authority should ensure that they have adequate personnel at their call centers who are well versed in all issues related to tax in order to ensure that all tax payers queries are quickly responded especially during emergencies and at all times and that there are no cases of misguidance.

5. Kenya Revenue Authority should devise ways of increasing the attendance rates of their tax payer education programs besides increasing the tax related content and knowledge that is passed on to tax payers.
6. There is need for carrying out assessments of the effectiveness of different programs which will ensure that comparisons are made and the best combination of programs conducted.

5.5 Suggestions for Further Studies

This study investigated factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County. The findings demonstrated that tax reforms positively influenced revenue collection by Kenya Revenue Authority in Mvita Sub-County. The variables were restricted to taxpayer education, technological and administrative tax reforms and only 60.9% of the relationship was described by the variables under the study. The study may well be extended in details on each variables such as tax policy reforms. In addition, a repetition of this study should be conducted using a larger sample size, in other parts of the country and using a combination of other data-collecting instrument such as interviews and focus group discussions to help in counter checking the evidence provided.

REFERENCES

- Appah, E. (2016). Tax Compliance Intentions and the Behaviour of the Individual. *Research Journal of Finance and Accounting*, 7(13), 213-221. doi:31809-34686-1-PB%20
- Bekoe, W., Danquah, M., & Senahey, S. K. (2016). Tax reforms and revenue mobilization in Ghana. *Journal of Economic Studies*, 522-533.
- Business Dictionary. (2019, November 15). *Business Entity*. Retrieved from BusinessDictionary.com: <http://www.businessdictionary.com/definition/business-entity.html>
- Chappelow, J. (2019, November 15). *Keynesian Economics*. Retrieved from Investopedia: <https://www.investopedia.com/terms/k/keynesianeconomics.asp>
- Chilibasi, D. C. (2014). *Effect of Value Added Tax Reforms on Revenue Collection in Kenya Revenue Authority, Kenya*. University of Nairobi Press.
- Cooper, D., & Schindler, P. (2014). *Business Research Methods* (12th ed.). McGraw-Hill.
- Duterte, R. (2019, November 15). *Tax Reform for Acceleration and Inclusion Act*. Retrieved from Wikipedia, The Free Encyclopedia: https://en.wikipedia.org/wiki/Tax_Reform_for_Acceleration_and_Inclusion_Act
- Ebi, B. O., & Ayodele, O. (2017). Tax Reforms and Tax Yield in Nigeria. *International Journal of Economics and Financial Issues*, 3(7), 768-778.
- Fjeldstad, O., Bøås, M., Julie, B. B., & Kvamme, M. (2017). Building Tax Systems in Fragile States: Challenges, Achievements and Policy Recommendations. *Journal of Chr. Michelsen Institute and Norwegian Institute of International Affairs*, 10(3), 416-423. doi:10.5823/j.ijfa.20180702.03
- Gachanja, D. (2012). *The Effect of Tax Reforms and Economic Factors on Tax Revenues in Kenya*. University of Nairobi Press.
- Gale, W. (2019, November 15). *Effects of Income Tax Changes on Economic Growth*. Retrieved from The Brookings Institution and Tax Policy Center: https://www.brookings.edu/wp-content/uploads/2016/06/09_Effects_Income_Tax_Changes_Economic_Growth_Gale_Sa mwick.pdf
- Gentry, W. (2019, November 15). *A Set of Normative Prescriptions for Tax Policy Usually Based on Maximizing Social Welfare for a Given Revenue Requirement*. Retrieved from Optimal taxation: <https://www.urban.org/sites/default/files/publication/69521/1000539-optimal-taxation.pdf>
- Gitaru, K. (2017). *The Effect of Taxpayer Education on Tax Compliance in Kenya. (A case study of SME's in Nairobi Central Business District)*. UTC.
- Jandieri, G. (2019). *Tax Reforms in Georgia 2004-2012*. Tbilisi Press.

- Kenyanya, M. N. (2012). *Impact of Tax Reforms on Revenue Productivity in Kenya*. Nairobi: Kenyatta University Press.
- Kiarie, W. (2018). *Effects of Technology on Customs Performance at the Port of Mombasa*. Mombasa: Jomo Kenyatta University of Agriculture and Technology Press.
- Kim, S., & Kim, T. (2018). Tax Reform, Tax Compliance and State-building in Tanzania and Uganda. *Africa Development*, 34-64.
- Kiring'a, S. E., & Jagongo, A. (2017). Impact of Online Tax Filing on Tax Compliance among Small and Medium Enterprises in Kibwezi Sub-County, Kenya. *International Journal of Current Research*, 9(1), 196-206.
- KMA. (2019, November 15). *The Excise Duty (Excisable Goods Management System) Regulations, 2017*. Retrieved from Kenya Association of Manufacturers : <http://kam.co.ke/excise-duty-excisable-goods-management-system-regulations-2017/>
- Kothari, C. R. (2014). *Research methodology: Methods and Techniques, Third Edition*. New Delhi: New Age International Publishers.
- Macharia, B. (2014). *Factors Influencing Adoption of Value Added Tax in Social Commerce in Kenya; A Case of Kenya Revenue Authority*. Nairobi: United States International University Press.
- Maritim, D. (2019). *Factors Influencing Residential Rental Income Tax Compliance by Landlords in Embakasi East Constituency*. Unpublished PGD Thesis Jomo Kenyatta University of Agriculture and Technology.
- McIntosh, K. A. (2017). *What is Transfer Pricing Policy?* Royalty Range Publishers.
- Mulago, L. G. (2017). *The Effect of Tax Reforms on Corporate Tax Compliance to Kenya Revenue Authority*. Kenya College of Accountancy University Press.
- Munene, R., & Nduru, D. (2016). Effect of Tax Reforms on Revenue Collection at Customs and Border Control Department of Kenya Revenue Authority. *Journal of Business and Management*, 18(4), 61-66.
- Neuman, W. L. (2014). *Social Research Methods: Qualitative and Quantitative Approaches* (7th ed.). London: Pearson Education Limited.
- OECD. (2018). *Governance, Taxation, and Accountability*. Geneva: Organisation for Economic Cooperation and Development Publishers.
- Ogola, P. (2018). *Strategic Internal Factors Affecting Customs Revenue Collection in Kenya Revenue Authority at the Port of Mombasa*. Unpublished PGD Thesis Jomo Kenyatta University of Agriculture and Technology.
- Olaleye, M. O. (2016). *Effect of Tax Incentives on Foreign Direct Investment in Listed Nigerian Manufacturing Companies*. Jomo Kenyatta University of Agriculture and Technology Press.

- Ombati, A. (2018). *The Effect of Tax Reforms on Efficiency of Revenue Collection in Kenya*. Nairobi: University of Nairobi Press.
- Omondi, F. (2013). *Value Added Tax Reforms and Revenue Productivity in Kenya (1990 – 2010)*. Nairobi: University of Nairobi Press.
- Ondimu, O. (2015). *Effects of Tax Reforms on Compliance of Small and Medium Enterprises in Kenya; Case of Kisumu Town*. Nairobi: Kenyatta University Press.
- Osebe, P. R. (2013). *An Analysis of Factors Affecting Tax Compliance in the Real Estate Sector in Kenya*. Kabarak University Press.
- Ovunda, A. S. (2018). Burning Issues in the Nigeria Tax System and Tax Reforms on Revenue Generation: Evidence from Rivers State. *International Journal of Finance and Accounting*, 7(2), 36-45. doi:10.5923/j.ijfa.20180702.03
- Reuters. (2019, November 15). *Egypt to Consider Valued Added Tax and Income Tax Reforms*. Retrieved from Gulf Business: <https://gulfbusiness.com/egypt-consider-vat-income-tax-reforms/>
- Stankevicius, E., & Kundeliene, K. (2017). Theoretical Approach to Tax-payers' Segmentation. *Contemporary Issues in Business, Management and Education '2017*, 128-135.
- Yusuf, K. (2019, November 15). *Africa Turns to Tax Reform*. Retrieved from The Global Body for Professional Accountants: <https://www.accaglobal.com/my/en/member/member/accounting-business/2017/01/insights/africa-tax.html>
- Zamboni, J. (2019, November 15). *What is the Meaning of Sample Size?* Retrieved from Sciencing: <https://sciencing.com/meaning-sample-size-5988804.html>

APPENDICES
Appendix I: Letter of Introduction



Kenya School of Revenue
Administration



**KENYA REVENUE
AUTHORITY**

ISO 9001:2015 CERTIFIED

KRA/KESRA/MSA/106

5th January 2020

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: REQUEST TO COLLECT RESEARCH DATA

This is to certify that the following is bona fide student of the Kenya School of Revenue Administration Mombasa Campus undertaking Post Graduate Diploma in Tax Administration.

Name	Admission Number
Mary Kariuki	HBD336-C016-0451/2018

The above mentioned student is in her final year of study at the school and currently conducting research on “**FACTORS INFLUENCING TAX COLLECTION BY KENYA REVENUE AUTHORITY IN MVITA SUB-COUNTY.**” The student is in the process of gathering data and thereafter, compile a report that will strictly be used for academic purposes only. The School would therefore like to seek your permission to allow him collect information that relates to his research from your organization.

Thank you in advance for your support and cooperation.

Yours sincerely

Mumia B.J.

For Principal– KESRA, Mombasa Campus



Tulipe Ushuru Tujitegemee !



Appendix II: Questionnaire

This questionnaire seeks to collect data in respect to a study that seeks to investigate factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County. The study is purely for academic purpose only, and any information you provide will be treated with **utmost confidentiality** and will only be published as anonymous statistical data.

Kindly request you to spare a few minutes and fill this questionnaire and thank you for your cooperation.

Section A: Background information.

1. Which is your highest level of education?

- i. Secondary
- ii. Diploma
- iii. Degree
- iv. Postgraduate

2. Please tick the sector you belong to:

- i. General trade, Whole, Retail, Stores
- ii. Transport, storage and communication
- iii. Accommodation, Catering and Entertainment
- iv. Professional and Technical services
- v. Pharmaceuticals and Health Services
- vi. Workshops, Industry plants

3. Job Experience

- i. Below 3 years
- ii. 4 – 9 years
- iii. 9 – 15 years
- iv. Above 15 years

Section B: Factors influencing taxpayer education on tax collection by Kenya Revenue Authority in Mvita Sub-County.

Kindly express the extent to which you agree or disagree with the following statement and indicate the one that describes your position under the scale given below.

Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5).

No.	Statement	1	2	3	4	5
a.	Tax clinics have aided in training taxpayers on how to comply with tax laws.					
b.	Tax clinics have played a key role in providing taxpayers with necessary technical support from Kenya Revenue Authority officials.					
c.	Tax seminars have provided taxpayers a chance to air their grievances and make suggestions on service improvement.					
d.	Taxpayer sensitization campaigns has played a vital role in changing taxpayers' attitude towards payment of taxes.					

Section C: Factors influencing technological tax reforms on tax collection by Kenya Revenue Authority in Mvita Sub-County.

Kindly express the extent to which you agree or disagree with the following statement and indicate the one that describes your position under the scale given below.

Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5).

No.	Statement	1	2	3	4	5
a.	Filing of returns on I-tax has made it easier for taxpayers to make tax remittances conveniently and on time.					
b.	The introduction of I-tax system has reduced direct contact between taxpayer and tax officials decreasing chances of them colluding.					
c.	The tax liability and refunds have significantly reduced since the inception of electronic tax register machine.					
d.	Real time monitoring of transaction made through the electronic tax register has helped reduce tax cheats hence increasing revenue collection.					

Section D: Factors influencing administrative tax reforms on tax collection by Kenya Revenue Authority in Mvita Sub-County.

Kindly express the extent to which you agree or disagree with the following statement and indicate the one that describes your position under the scale given below.

Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5).

No.	Statement	1	2	3	4	5
a.	Taxpayers have been able to conveniently access the needed tax services provided by customer care centers placed at Huduma centers.					
b.	Kenya Revenue Authority's customer care centers have been able to provide sufficient support in solving tax compliance difficulties.					
c.	Verification of the authenticity of tax compliance certificate through I-tax has helped reduce document forging resulting to tax compliance.					
d.	Requiring tax compliance certificates in transacting and accessing services in government departments has reduced chances of tax evasion.					

Section E: Factors influencing tax collection by Kenya Revenue Authority in Mvita Sub-County.

Kindly express the extent to which you agree or disagree with the following statement and indicate the one that describes your position under the scale given below.

Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5).

No.	Statement	1	2	3	4	5
a.	Taxpayers who perceive the tax collection systems to be fair are more likely to file their correct taxes on time.					
b.	Automation of tax collection system by Kenya Revenue Authority has led to increase in revenue collection.					
c.	Tax awareness programs by Kenya Revenue Authority have led to improved levels of tax compliance.					
d.	Simplification of tax collection systems has led to higher levels of tax compliance resulting to increased revenue collection.					