

**FACTORS AFFECTING PERFORMANCE OF iTAX IN MARGINALIZED AREAS  
OF KENYA (A CASE STUDY OF LAMU COUNTY)**

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**DECLARATION**

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

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**HDB 336-C016-2339/2016**

This research project has been submitted for examination with my approval as school supervisor.

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## **DEDICATION**

To my family members for their unconditional and constant support.

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## **ABBREVIATIONS/ACRONYMS**

<b>ADB:</b>	African Development Bank
<b>FIRS:</b>	Federal Inland Revenue Service
<b>IRS:</b>	Internal Revenue System
<b>IRAS:</b>	Inland Revenue Authority of Singapore
<b>ITAS:</b>	Integrated Tax Administration System
<b>KRA:</b>	Kenya Revenue Authority
<b>NIBBS:</b>	Nigerian Interbank Settlement System
<b>OECD:</b>	Organisation for Economic Cooperation and Development
<b>RBVT:</b>	Resource-Based View Theory
<b>SIGTAS:</b>	Standard Integrated Government Tax Administration
<b>TAM:</b>	Technology Acceptance Model
<b>TRA:</b>	Tanzania Revenue Authority

## **DEFINITION OF TERMS**

- iTax Performance:** This involves how iTax facilitates registration of taxpayers, filling of tax returns and payment of tax returns (OECD, 2015).
- Internet Availability:** Is the average percentage of time during which the taxpayers are able to access the network in order to their taxation activities (Paraschis & Raj, 2020).
- Tax Agents:** These are banks, institutions, accountants and tax consultants that prepare taxes on behalf of taxpayers (KRA, 2016).
- Itax Technical Expertise:** These are skills, abilities and knowledge needed to perform taxation procedures through the iTax system (Career Guide, 2020).

## ABSTRACT

The roll out of iTax albeit successful has encountered several bottlenecks due to inaccessibility of electricity in marginalised regions, high computer illiteracy levels and limited internet coverage. It was in the background of this problem, that the researcher sought to establish the factors affecting iTax performance in marginalised areas of Kenya, case study of Lamu County. The study was guided by the following specific objectives: To examine the effect of Internet availability on the performance of iTax in Lamu County, to assess the effect of tax agents on the performance of iTax in Lamu County and to determine the effect of technical knowledge on the performance of iTax in Lamu County. The study will be of great value to the management of KRA, to assess the progress of iTax system, researchers and academicians and even the entire government. To underpin the study findings following theories and models were used: technology acceptance model, resource-based view theory and unified theory of acceptance and use of technology was used. The study used cross-sectional research design, where 798 registered and active taxpayers were targeted. The study used Nassiuma's formulae to determine a sample size of 89 taxpayers who were sampled using simple random sampling techniques. The study used structured questionnaires to collect data from sampled taxpayers but only 73 questionnaires were fully filled and returned to the researcher. The researcher used SPSS version 24, to analysed the returned questionnaires through inferential and descriptive statistical methods. The study found out that Internet availability in marginalized areas significantly affects iTax performance. It was showed an improvement in Internet availability will lead to the improvement in iTax performance in marginalised areas, it was also showed that tax agents significantly affect iTax performance in marginalized areas ( $r = 0.721$ ,  $P < 0.01$ ). It was also determined that tax agents improvement will lead to an improvement in iTax performance in marginalised areas. The study further found out that Itax Technical Expertise significantly affects iTax performance in marginalized areas ( $r = 0.909$ ,  $P < 0.01$ ). The study also showed that an improvement in tax expertise will lead to an improvement in iTax performance in marginalised areas. The study concluded that Itax Technical Expertise, Internet availability and tax agents significantly and positively affect iTax performance in marginalised areas such as Lamu County. The study also concluded that Itax Technical Expertise, Internet availability and tax agents will lead to an improvement in iTax performance in the county. The study recommended that KRA should have a simplified iTax that is simple to both illiterate and literate taxpayers to allow them to have an ease in submitting and filing of tax returns. The study also recommends that KRA office in Lamu County should liase with cyber cafes in the county to facilitate tax returns and registration of KRA PIN.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Governments require all persons in their respective jurisdiction have the obligation to pay taxes as set out in the tax laws of every country including those in marginalized areas (Lee, 2015). It is the duty of every citizen to be tax compliant in order for them to be considered as being tax compliant by the authorities mandated to enforce given tax laws. Persons who do not declare their taxable activities and end up failing to pay the requisite taxes are considered to be non-compliant and therefore every jurisdiction has set out ways of dealing with such persons (Cobham. 2015). Common feature of tax reforms in the various tax jurisdiction globally is the use of automated systems in facilitating, accounting and collecting tax revenues. This unifies tax procedures, standardizes the payments processes and facilitates timely access to information from reliable databases. The main objective of the reforms is to strengthen revenue administration (KRA, 2012).

The rapidly increasing pace of technological development change will have a significant impact, negative and positive, indirect and direct, on tax compliance and tax revenue collection. Information communication technology, which includes computerized systems and telecommunications, looks set to reduce savings in time as well as reducing the cost of compliance and improving tax processes substantially, with, while at the same time affording customers a better service. On the other hand, the human element is affected by technological changes in different ways, by making jobs more important for some, while posing a threat to others (Lee, 2015). All the tax information systems and data bases should be integrated and to be made available to the various regions including marginalized areas to combat tax non-compliance; facilitate tax compliance and satisfy information requirements at the internal control levels and operational for the effective management of a modern tax administration (CIAT, 2011).

On the global perspective, United States of America through its Internal Revenue System (IRS), is one of the earliest adopters of online tax filing. The IRS, in recognition of the need to effectively and efficiently collect taxes with minimum disruption to taxpayers employed the use of modernized Information Technology infrastructure (IRS,2017). According to eFile LLC (2016), online filing of tax returns in the USA began as early as

1986. Initially, e-filing in the USA began as a small test program with only 25,000 tax returns being filed electronically. The system also allowed a tax refund to be wired directly to the taxpayer's bank account. It was seen to greatly reduce the chances of making an error while filing the tax return. The test program's success led to its rollout to other cities initially not covered. Four years later 4.2 million tax returns were filed in the year 1990. As at 2013, the method had become widely popular with a record of 1 billion tax returns having been filed throughout its history.

In Latin American Countries, such as Mexico, its revenue authority began implementing online tax filing systems in 1998. As at 2004, the internet system supported online tax payments and other tax transactions (Bhatnagar, 2014). Deloitte (2019) reports that only 7.8% of the internet users in Mexico actually engage in e-commerce transactions. 26.6% use the internet, exclusively, to make online payments, 29% for shopping and 44.3% engage in both kinds of transactions.

In developed countries in Asia, such as Singapore, Korea and Japan, there has been a relatively high percentage of tax returns filed through the internet compared to developing countries. In Singapore for instance, the transition from manual to online tax systems began early in the 1990s. Online tax services in Singapore are relatively well developed compared to other countries in the region. The share of small companies using e-Filing has grown steadily from 22% in 2012 to 41% in 2014 (IRAS, 2015). Revenue bodies in most of these developed economies have made substantial progress with the implementation of online tax filing for corporate income taxes and personal income taxes, although for many this has been achieved only after many years of refinement and promotion of the service offered (World Bank, 2013)

In addition, there has been increased use of online filing of tax returns by a number of developing and emerging economies such as Thailand, Mongolia and Malaysia. However, for developing countries such as Tajikistan, Philippines, Papua New Guinea, Kyrgyzstan, China, Hong Kong and Cambodia, either such services are yet to be offered or very limited progress has been made. Revenue bodies in several developing economies have made rapid advances with online tax filing in recent years. For example, up from 69% in 2011. Thailand's usage of electronic tax filing has increased from 10% to 75% for corporate income taxes between 2011 and 2013, 83% of tax returns were filed

electronically in Malaysia in 2013 (ADB, 2016). Many revenue bodies have achieved success with electronic tax filing by mandating its use for larger businesses. In developing countries in this continent such as the Maldives, the use of online tax filing began in December 2014. Its strategic priorities for the period 2015-19 include ensuring that at least 75% of tax returns are filed online and that 50% of payments are made online and enabling online filing and payment for all taxes. Papua New Guinea began the use of online filing in 2014 (OECD, 2015).

In 2018-2019, several tax reforms pertaining to electronic and online taxation aimed to increase voluntary compliance and facilitate tax compliance in various European countries. Austria decided to structurally modernise and reform its tax administration in response to developments such as globalisation and digitalisation, to reduce compliance costs by introducing easily understandable, standardised automatic services and to promote tax honesty (Álvarez-Martínez, Barrios, d'Andria, Gesualdo, Nicodème & Pycroft, 2018). While Czech Republic continued with the gradual digitalisation of tax administration with a view to implementing a simplified, taxpayer-friendly approach by 2020. The project includes setting up a virtual tax office, which will enable taxpayers to use tax forms that are pre-filled with their basic data, wage inputs from the employer and data from third parties such as banks and pension funds (Barrios, Huizinga, Laeven & Nicodème, 2012)

In Africa, Nigeria for instance modernised its tax administration services in the period between 2004 and 2013. The online system was known as Integrated Tax Administration System (ITAS). The system was launched in 2013, its main aim was to use technology to enhance tax compliance with automation of all core processes of tax administration (PwC, 2015). In December 2010, the Federal Inland Revenue Service (FIRS) was given approval by the Federal Executive Council to procure, install and implement the ITAS (Usman, 2013). The ITAS is aimed at re-engineering and automating the FIRS tax administration processes as well as the procurement, installation and deployment of the Standard Integrated Government Tax Administration Solution (SIGTAS) and hardware infrastructure (Usman, 2013). In 2015, the FIRS partnered with the Nigerian Interbank Settlement System (NIBBS) to provide for the electronic payment of taxes in Nigeria. This is an automation of all tax processes from tax registration, assessment and filing of returns to payment of taxes. The objective was to adopt an electronic system to make it

easier to pay taxes online in major cities across Nigeria (Abdulrazaq, 2015). In June 2017, the FIRS restructured the electronic tax system to operate nationwide by introducing six new electronic tax services (e-services) (Dachen, 2017).

The South African electronic tax system was introduced by the South African Revenue Service (SARS) in 2001 (Schlesinger, 2016). Initially the electronic filing process, which allows tax payers to submit their tax returns and make their income declarations online, was limited only to the payment of value added tax and pay as you earn. However, the system was expanded in 2006 to accommodate individuals who earned basic salaries and allowances; it was further expanded in 2007 to cover all individual taxpayers and to allow individuals to submit their tax returns (Jankeeparsad, 2016). Furthermore, the SARS has made considerable improvement in the e-filing system in the last few years to make it easily accessible and easy to use by taxpayers. One such innovation is the creation of a MobiSite application which allows taxpayers to submit their tax returns from their mobile phones (Mpinganjira, 2018).

Regionally, Tanzania and Uganda were early reformers of their revenue administration systems in the Eastern Africa Region (KRA, 2015). In Tanzania online filing of VAT returns was introduced in October 2012 significantly reducing the time taken to file the tax returns. Additionally, in 2013 the Tanzania Revenue Authority (TRA) launched a Revenue Gateway System, an interface between the TRA and commercial banks enabling seamless payments of taxes. In Uganda on the other hand, Muwonge (2011) notes that in the country, the Uganda Revenue Authority (URA) in 2005 developed an online tax system dubbed 'e-Tax'. Muwonge (2011) further comments that the purpose of the online tax system was to enable efficiency in the tax administration process as well as reduce the taxpayer's expenses in tax compliance.

The prominence of online tax administration in Kenya and the rest of the world is being driven by the adoption of information communication technology in all sectors of the economic development and more so spearheaded by the youthful generation who are technology savvy. The government of Kenya has widely encouraged her citizens to utilize electronic participation components that heavily relies on information communication technology in accessing public services and information (Owigar & Omwenga, 2016). The spiral effect is evidenced in the tax authorities that are increasingly relying on the

digital data from taxpayers that is selectively assessed, analyzed and collected about the taxpayer's bio data. Throughout its operation, Kenya Revenue Authority (KRA) has had a lot of transformation in the revenue collection and administration reforms from the Electronic Tax Register (ETR) in 2005, Integrated Tax Management System (ITMS) in 2007 and presently the iTax system that was introduced in October 2011 and is web based automated system for tax administration (Kenya Revenue Authority, 2012). The adoption of the iTax system by the KRA replaced manual filing of tax returns and since then the revenue collection has been increasing over the last five years (Kipkemoi, 2015).

The e-filing system commonly termed as iTax stores all relevant debit and credit data of individual accounts for accounting of tax revenues. Users have to register for personal identification number (PIN) and obtain PIN certificate online so as to be able to apply for compliance, file returns, adjust personal detail, apply for assessment, register for electronic receipts and make payment online or via bank. The platform has entirely changed on the way revenue is being administered and enabled revenue body to reach out in masses on tax registration, assessment, collection, accounting, auditing, tax monitoring and reporting (Nyaega, 2018). The platform has seen Kenya Revenue record unprecedented level of tax collection over the last three years, the recorded revenue collected in the 2017/2018 financial year was Sh. 1.48 trillion. 2016/2017 KRA collected Sh 1.365 trillion compared to Sh 1.210 trillion collected in 2015/2016 as reported by (Gatheru & Gitonga, 2018).

iTax is a web based and automated application that integrates KRA's domestic tax administration processes to offer secure electronic taxpayer registration, electronic filing, electronic payment and back office functionalities to the revenue body (KRA, 2016). The platform was launched in 2011 to replace an Integrated Tax Management System and implemented by an Indian based firm Tata. The web-based platform seeks to enhance revenue collection easier and very secure to all users. The integration of the system has reduced staff and taxpayer interaction, has enhanced accountability and reduced bribery claims. Revenue collection is the backbone of any nation's socio economic and political development in that the taxes collected are used by the government to meet short term and long-term development agenda. Initially, the Integrated Tax Management System that was incepted in 2007 and was web based posted mixed reactions on ease of use, taxpayer's dissatisfaction as well as failed to automate taxation (KRA, 2016).

## **1.2 Statement of the Problem**

The iTax system was introduced in Kenya with the aim of bringing efficiency in registration, processing and filling of tax returns and refunds, eliminating direct contact between taxpayers and revenue authority staffs hence reducing corruption loopholes and increasing tax revenue collection. The web enable system if implemented very well is deemed to adequately benefit taxpayers and increase revenue collection by reducing on the filing workload and operational costs. The taxpayers are able to utilize the services of filing in a convenient way and register tax payments at the comfort of their homes and offices (KRA, 2016).

Despite the introduction of iTax, KRA still continues to post revenues short of the treasury targets. In the financial year 2017/2018 the authority collected exchequer revenue of Kshs. 1022 billion against the treasury target of Kshs. 1,065.8 billion, but the situation is even worse in the marginalized areas such as Lamu County (KRA, 2019]. The roll out of iTax albeit successful has encountered several bottlenecks due to inaccessibility of electricity in these regions, high computer illiteracy levels and limited internet coverage. KRA has tried to partner with local cyber cafes to assist the access and use of the system, but the success of these initiatives is yet to be seen (World Bank, 2017).

Several studies on iTax and electronic taxation have been conducted in the global, regional and local context. On the global context, Fan, Qian and Wen (2017) examined the medium and short run effects of computerized VAT invoices on tax revenues in China, the study result indicated an increase in tax revenues to the government as a result of VAT invoices computerization. Lee (2016) researched on compliance and electronic tax invoicing on the Republic of Korea's. This was as a result of mandatory electronic tax invoicing by the government to bring transparency and to curb tax evasion, where it was determined that 72.9% agreed that electronic invoicing has improved taxpayer service by providing convenience of tax filing and automation of issuance invoices. Regionally, Noronaa (2016) examined the automation of tax collection by Ghana Revenue Authority involving 20 officials, where it was established that with automation there will be effective and efficient means of tax administration. Locally, Nyaegah (2018) studied the influence of itax project on tax return compliance by taxpayers in Nakuru Central Business District. Where it was revealed that 76% of the respondents attributed use of itax as being easy and convenient to file their returns. Finally, Murigu (2017), studied the

factors influencing the adoption of the iTax system among SMEs in Westlands, Nairobi County, where it was determined that SMEs felt the iTax online system was useful and that majority of the SMEs accessed internet at their business premises and found the monthly cost of internet to be affordable. Based on the reviewed studies locally, it was evident most studies on iTax in Kenya have focused on more developed counties such as Nairobi and Nakuru, thus creating a research gap on marginalised counties such as Lamu, hence this study will focus on the factors affecting performance of iTax in marginalized regions, case study of Lamu County, to bridge the existing research gap.

### **1.3 Objectives of the Study**

The study was guided by these general and specific objectives.

#### **1.3.1 General Objectives**

The main purpose of this study was to establish the factors affecting performance of iTax in marginalised areas of Kenya, case study of Lamu County.

#### **1.3.2 Specific Objectives**

The study was guided by the following specific objectives:

- i. To examine the effect of internet availability on the performance of iTax in Lamu County.
- ii. To assess the effect of tax agents on the performance of iTax in Lamu County.
- iii. To determine the effect of Itax technical knowledge on the performance of iTax in Lamu County.

### **1.4 Research Questions**

This study provided answers on the following questions:

- i. What is the effect of internet availability on the performance of iTax in Lamu County?
- ii. How does tax agents affect the performance of iTax in Lamu County?
- iii. What is the effect of Itax technical knowledge on the performance of iTax in Lamu County?

### **1.5 Significance of the Study**

This study will give insight to KRA on the progress made so far in bringing on board tax payers to the iTax online platform for ease of delivery of services and improved tax

compliance. It will enhance the understanding of the Revenue Authority of the SME sector, which will enable them develop strategies to enhance compliance. It will also point out the challenges faced by taxpayers, hence providing guidance on the issues to deal with for greater efficiency in the adoption of the iTax system.

The study will be also of great value to the government, since it relies on revenue inflows to finance its expenditure in an economy. The study will go a long way to assist in demonstrating the factors affecting adoption of technology in improving revenue inflows. This will consequently serve as a guide or reference for other government departments and ministries as they undertake modernization programs to enhance revenue inflows.

The outcomes of the study will add to the body of knowledge to readers and researches seeking knowledge or pursuing the factors influencing the uptake of technology to access tax services and meet tax obligations required by the tax laws. The study will in essence lay a basis for further studies on the performance of iTax in the revenue collection.

#### **1.6 Limitation of the Study**

The main limitation of this study was getting taxpayers who had busy schedules who did not give information and hard to reach. This was mitigated where they were given enough time to fill in the questionnaire. Further this study only focused in one marginalised county in the country hence could not be generalised to all other Kenyan marginalised areas. Finally, it only focused on three (3) factors which could partially explain iTax performance in these areas.

#### **1.7 Scope of the Study**

The study aimed at analysing the factors affecting performance of iTax in marginalized areas in Kenya, case study of Lamu County. The study targeted a population of 798 registered and active taxpayers in the county, who were given the questionnaires and provide feedback. The study was conducted at KRA Lamu Branch. The study was conducted for from July to August 2020.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

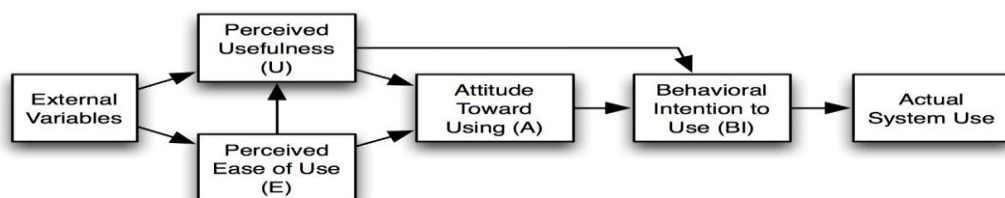
The literature review in this study gives a theoretical and empirical review of the various schools of thought on the factors affecting performance of iTax. In addition, review of study variables, critique of existing literature, research gap and finally summary of literature was captured.

#### 2.2 Theoretical Review

A theoretical framework consists of the existing theory/theories adopted by a study to underpin the relationship between the main concepts of the study (Sekaran & Bougie, 2016). This study relied on the following models and theories: Technology acceptance model, Unified theory of acceptance and use of technology and resource-based view theory.

##### 2.2.1 Technology Acceptance Model

Davis (1989) presented a theoretical model aiming to predict and explain ICT usage behaviour, that is, what causes potential adopters to accept or reject the use of information technology. Theoretically, TAM is based on the Theory of Reasoned Action (TRA). In TAM, two theoretical constructs, perceived usefulness and perceived ease of use, are the fundamental determinants of system use, and predict attitudes toward the use of the system, that is, the user's willingness to use the system. Perceived usefulness refers to "the degree to which a person believes that using a particular system would enhance his or her job performance", and perceived ease of use refers to "the degree to which a person believes that using a particular system would be free of effort" (Davis, 1989).



**Figure 2. 1: Technology Acceptance Model**

**Source: Davis 1989**

Chuttur and Gilbert (2013) examined why organizations apply technology in warehouse management. In their work, the authors identified factors as reliable measures to characterize attitudes towards warehouse service delivery. Factors enabling positive attitude were; less time, cost and avoiding personal interaction (categorized as relative benefits); and factors characterizing negative attitudes were experience, information quality, financial security, low stress, trust and visual appeal.

This model relies on two principles in understanding iTax systems, these are: perceived usefulness and perceived ease of use. It finds its relevance in the current study in that whenever making modification to the system, ease of use and usefulness of the system should be considered to encourage adoption and consequently increase efficiency, accuracy and ultimately compliance levels.

### **2.2.2 Unified Theory of Acceptance and Use of Technology**

This theory was advanced in 2003 by Venkatesh, Morris, Davis and Davis in 2003. The theory seeks to explain the link between revenue collection and adoption of electronic tax systems by the general public (Shaupp, *et al.*, 2012). It states that several behavioural facets namely: performance expectancy, effort expectancy, social influence and facilitation conditions affect the adoption of electronic systems.

Veras and Preziosi (2011) posit that the expectations by end users of availability and quality of infrastructure such as internet form the performance expectancy envisaged by the model. They further explain that effort expectancy entails the perceived ease of use and complexity of the system; the social influence includes factors such as age and gender whereas the facilitating conditions comprise the incentives given to the users of the system. In analyzing the UTAUT model, Lai (2017) explains that the performance expectancy of a technology entails five key attributes namely: the perceived usefulness of the system or technology; its ability to fit into the requirements of the job (job-fit); the relative advantage that will be gained from using the system; extrinsic motivation associated with the use of the technology; and the expected results or outcomes that will accrue from the use of the system.

This theory is of importance to this study as it guides the framework of implementing itax system in marginalised areas such as Lamu. It implies that for tax authorities to achieve improved revenue collections, they ought to put in place electronic tax systems that are

easy to use, less costly to the users and systems that complement the existing tax system without necessarily creating additional processes and procedures. In addition, the authorities need to ensure that supporting infrastructure is in place such as internet connectivity so as to make compliance with tax laws easy and fast.

### **2.3.3 Resource Based View Theory (RBVT)**

The Resource Based View Theory is an approach to achieving competitive advantage that emerged in 1980s and 1990s, after the major works published by Wernerfelt (1984), Hamel and Prahalad (1989), Barney (1991), and others. The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it. The theory prescribes that organizations position themselves strategically based on their internal resources and capabilities rather than their products and services.

In RBVT, internal resources are given the major role in helping companies to achieve higher organizational performance. Barney (1991) noted that resources which are rare, valuable, inimitable, and non-substitutable can provide sources of sustainable competitive advantages. The theory exemplifies the idea that an organization's internal resources can become a direct source of sustained competitive advantage for the organization. Therefore, managers should look inside the organization to find the sources of competitive advantage through the use of internal resources. Heery and Noon (2017) note that competitive advantage means the situation that an organization is implementing a strategy that has not been adopted by its current or potential competitors. According to Purcell and Boxall (2013) if any organization could develop extraordinary, non-imitable strategies, values and policies and practices that organization is able to achieve sustained competitive advantage which emanates the view of resources based approach.

The RBVT further argues that innovations achieve sustainable competitive advantage by accumulating and using resources to serve consumer interests in ways that are hard to substitute for or imitate. It states that successful innovations are determined not just by the innovation. Success is also the result of the people involved, the organization(s) behind the innovation, contextual factors surrounding its implementation and dissemination, and the innovation's benefits to stakeholders and the firm (Eloranta &

Turunen, 2015). The key to RBVT is the adoption of innovations which exploit to maximum effect the firm's unique resources and capabilities (Eloranta & Turunen, 2015).

This theory is of significance for the study to understand how iTax will enable effective and efficient performance of KRA functions and capabilities in KRA hence influencing the overall organizational performance positively. The theory also provides the basis of combination iTax with other business capabilities in the tax revenue collection processes.

### 2.3 Conceptual Framework

A conceptual framework is a postulated model that classifies the variables of the research into dependent, independent and moderating factors and highlights their connection (Bryman & Bell, 2015). For this study the dependent variable is iTax performance while the independent variables are Internet availability, tax agents and Itax Technical Expertise. The conceptualized connection between the main factors is as shown in Figure 2.1.

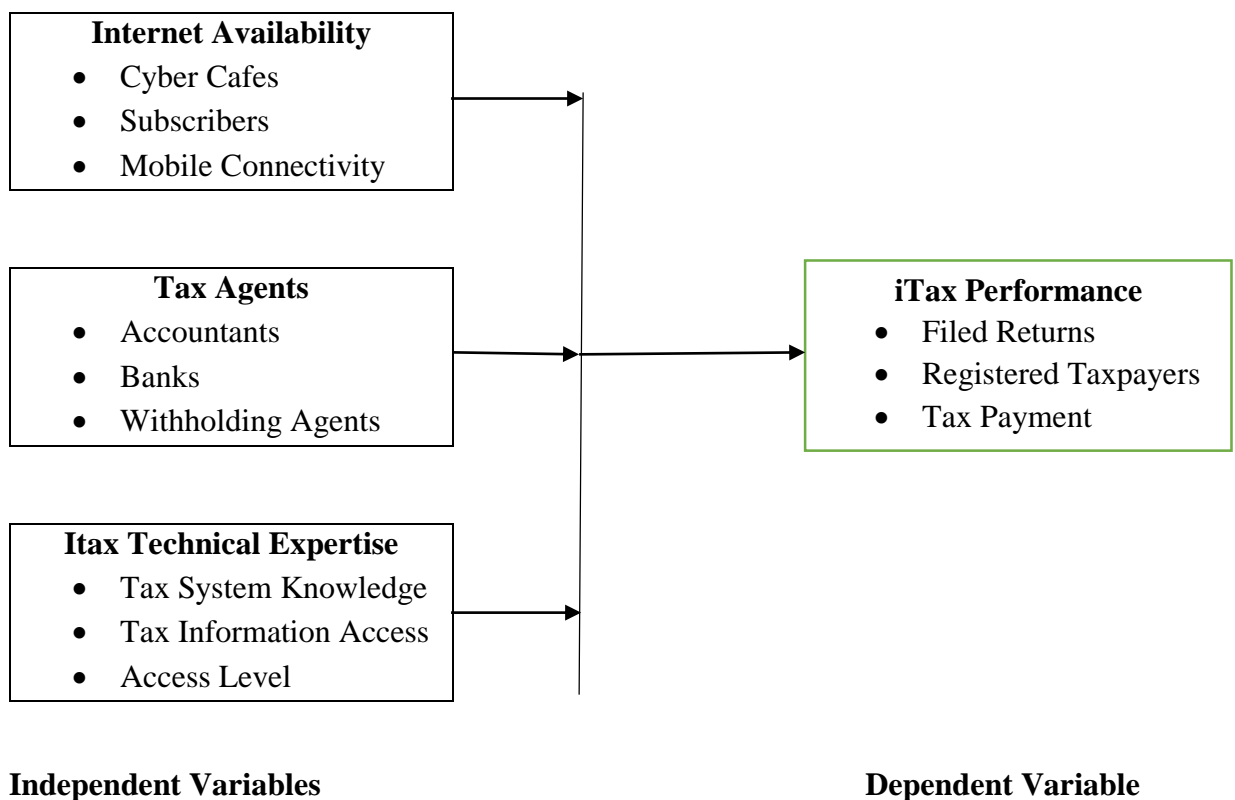


Figure 2. 2: Conceptual Framework

## **2.4 Review of Study Variables**

### **2.4.1 Internet Availability**

Internet availability is the average percentage of time during which the taxpayers are able to access the internet in order to their taxation activities (Paraschis & Raj, 2020). The availability of network facilitates the presence of KRA through iTax in the marginalised areas. Network accessibility determines communication between taxpayers and tax consultants (Fjeldstad & Heggstad 2011). Networking is increasingly becoming a commodity type of business with severe cost constraints limiting improvements to Internet availability. Thus, adding links to country wide backbone networks simply to improve availability is difficult to economically justify (Alashaikh, Gomes & Tipper, 2015).

A study done by Miniwatts Marketing Group (2015) on internet usage penetration ranks Kenya at number one in Africa with an internet usage penetration rate of 69.6% as at November 2015. Out of an estimated population of 46 million Kenyans, 32 million on average are using the internet. The study observes that this number has grown tremendously considering that in the year 2000 the internet users in Kenya were only two hundred thousand. Kenya is closely followed by Morocco and Mauritius at 60.6 per cent and 60 per cent internet penetration rates respectively. Africa on average has an internet penetration rate of 28.6 per cent.

A study was done by Souter and Kerretts (2012) on internet governance in Kenya. They analysed data from secondary sources such as published statistics and policy documents by various bodies including the government agencies. They also conducted interviews with various stakeholder groups involved in internet governance in Kenya . The study revealed that there were continuous efforts to build new infrastructure to provide internet. Key developments include the introduction of 3G and 4G services to supplement existing GPRS and EDGE services that had lower capabilities. Other developments included infrastructure sharing and connectivity into rural areas.

However, Souter and Kerretts (2012) further pointed out that despite these developments, internet users continued to face unreliable and slow connections, this was pronounced in the rural areas. In addition, the lack of electricity connection in many rural areas and numerous power outages further reduced the quality of internet service. Souter and

Kerretts (2012) also noted that indeed there was increased internet availability to individual users especially through the mobile platforms but for business purposes, many users depended on internet access in their workplaces or cybers hence the need for better internet quality.

A study was done by Nathan Associates Inc. (2013) in India on the internet's role in the performance of India's SMEs. They sampled 951 SMEs from 14 industrial clusters in 19 geographical clusters in India comprising of SMEs that use internet and those that don't. They established that SMEs not using internet were hindered by the high costs of equipment and high computer hardware prices. The SMEs felt that these costs were inhibitive. They also cited high initial internet connection costs as a barrier. The study by Nathan Associates Inc. (2013) additionally noted that internet connection costs were high because of poor infrastructure. Weak competition among the internet service providers (ISPs) was also identified as a barrier with a few players dominating the markets hence the high service costs. The study concluded that, in markets where there is competition by ISPs and improved infrastructure, the internet costs would be lower.

#### **2.4.2 Tax Agents**

These are banks, institutions, accountants and tax consultants that prepare taxes on behalf of taxpayers (KRA, 2020). KRA tax agents have a good understating of taxation system. They provide taxpayers with needed support and advice to avoid tax penalties in future. They also handle taxpayers filing issues with utmost professionalism and keep reminding taxpayers when it is time to file. Most KRA Authorized tax agents will in applying and follow up of tax compliance certificates, Rental income monthly returns, VAT monthly returns, PAYE returns filling, Withholding tax returns, help taxpayers in filing KRA tax returns, Income tax returns filing , bookkeeping and accounting and they also make follow up of remission of interest and penalties pin numbers application, among other services (KRA, 2020).

Tax agents rely heavily to the system due to their frequent usage on the e-filing system. The large transaction volumes of the tax agents in handling and engaging with their clients is also the reason of their highly dependency towards the e-filing system (Abdul -Aziz & Idris, 2017). The high demand for the tax agents in filing the taxpayer's return via e-filing system are probably due to the complexity in the tax laws and regulations as well as

several problems in the e-filing system faced by the taxpayers (Bagdad, Noor, Abd Hamid & Aziz, 2017; Saibon, Nawawi & Puteh-Salin, 2016; Santhanamery & Ramayah, 2012). Tax agents are more experienced in using electronic tax filing as they can use both online and manual in filing and submitting their clients' tax return. The usage of e-filing by the tax agents give several benefits to them in which it can shorten the time taken of tax return submission, reducing human errors, reducing postage expenses and paper works and less file storage space is needed (Aryati-Juliana, *et al.*, 2015).

However, e-filing also has several shortcomings that could affect the tax agents' performance. According to (Starkman, 2012). The information quality of e-filing problems exist when the system is not in the centralized manners where some of the information needed by the tax agents is not appearing in TAef application. Tax agents also have to face the frequent system downtime and que up in the e-filing system especially during peak period (Chen, Jubilado, Capistrano, and Yen, 2015; Chumsombat, 2014; Chandra & Ibrahim, 2015). These shortcomings might impede the overall work processes and hampering the accuracy of data in the tax preparation process. The underlying issues on the job performance of the tax agents are always associated with tax agent's cognitive skills and knowledge, for instance, their capability in obtaining clients' complete and accurate documentations and information (Takril & Sanusi, 2014).

Hashim, Hamid and Rashid (2018), developed a conceptual framework in the assessment of job performance of tax agents via e-filing system in Malaysia. The study relied on the literature review of the previous studies on the topic. It was established that functionality, information quality, infrastructure and knowledge positively influence the tax agent's performance. The study recommended that discovering factors that can be improvised by the tax authority, the e-filing system can be more efficient.

### **2.4.3 Itax Technical Expertise**

These are skills, abilities and knowledge needed to perform taxation procedures through the iTax system (Career Guide, 2020). The taxpayer requires not only access to a computer but also knowledge to utilize the electronic filing (Hussein, Mohamed, Ahlan, Mahmud, & Aditiawarman, 2015). The lack of the appropriate computer literacy levels therefore makes online tax filing expensive (Osebe, 2013). Lack of the ability to use the iTax system quickly and efficiently or lack of understanding the type of information

required by the iTax system forces taxpayers to engage third parties (Mandola, 2013). These third parties could be the cybercafé attendants and would charge premium for such services (Odongo, 2014). The net effect is that it becomes expensive to use online tax filing in contexts where the taxpayer is computer illiterate hence a preference for the manual filing (Ofori, 2019). The taxpayer may also opt to execute the electronic filling on their own despite the challenges in navigating the online system (Muhangi, 2012). The difficulties in the ability to navigate the online filing system quickly and efficiently without constantly referring to the help menus or consulting third parties results in prolonged time taken to complete the online filing (Ramoo, 2016). The tax payer may therefore be burdened by the time and effort spent learning the system and hence influence the adoption of the system (Lukwata, 2011).

Kiring'a and Jagongo (2017) indicated that technical skills of filing behaviour of the self-employed is very important. Kiring'a and Jagongo (2017) adds that the knowledge of taxation system, internet familiarity, professionals' assistance and website ease of use of tax payers are also the other factors that tax payers to be compliance. Ming-Ling & Hidayah (2015) found out that one must not ignore the mandatory skills users of the system need to have. Meade and Presley, (2012) adds that failure to consider such skills may make the intention of the system not to be realized.

Tatek (2019) studied the influence of electronic tax filing system on tax compliance in Ethiopia. The study used exploratory research design where it was a significant influence of taxpayers' technical skills of filing on tax compliance of large taxpayers. The tax knowledge, internet familiarity and skills with regard to the taxpayers understanding of the tax and professionals' assistance and website ease of use relating to the taxation system applied are important aspects of tax payers' technical skills of electronic tax filing system. The study concluded that internet familiarity and skills in which they don't need professional assistance. The study therefore infers that the technical skill of filing tax returns is a factor that influences the tax compliance. The result shows that the technical skill of filing had a significant effect on taxpayer compliance of large taxpayers at 5% significance level. The study recommended that tax authority should undertake intensive and increased sensitization of taxpayers to make them aware of the electronic tax filing, how it works and the advantages of using it so that taxpayers can understand and appreciate it.

#### **2.4.4 iTax Performance**

This involves how iTax facilitates registration of taxpayers, filling of tax returns and payment of tax returns (OECD, 2015). The intended purpose of iTax is to increase the speed of service delivery, enhance accountability and integrity through reduced opportunities for corruption, as well as reduce tax avoidance and evasion by utilizing its capabilities of electronic data matching and enhanced third party information, hence increased revenue collection (KRA, 2015). It does this by linking taxpayers to the revenue authority via an online platform whereby every taxpayer, be it a company or individual, has a unique identifier number known as a PIN (Personal Identification Number), which they can use to access and manipulate their tax details from anywhere in the world (Malonza, 2016).

The World Bank in its seminal paper on doing business (2014) presents a case for electronic tax and payment systems. In the paper, the organization lists reduced costs and collection of quality and quantity data as a key benefit to tax authorities of implementing such systems (World Bank, 2017). Phillip and Poirier (2011) add that online tax administration makes filing of returns simpler thus reducing errors arising from manual systems.

According to Bank (2013) Well-designed electronic systems can lower corruption by reducing face to face interactions. Taxpayers' voluntary compliance with the tax system is influenced by economical, institutional, social, individual and demographic variables (Adimassu & Jerene, 2015). Tax compliance has been shown to be strongly influenced by personal ethics, and research has shown that ethics are situation-specific. There may be enough difference between a traditional paper tax return filing situation and an e-filing situation to impact tax filer ethics (Becker & Lacktorin-Revier, 2018).

#### **2.5 Empirical Review**

Internationally, Fan, *et al.* (2017) examined the medium- and short-term effects of computerized VAT invoices on tax revenues in China. The study used balanced panel of manufacturing firms to show that computerization increased VAT revenues. The study that computerization increase VAT revenues. The study provided a very suggestive evidence that at least part of the decline in VAT revenues in the longer-run is likely due to firms scaling down production as a response to a decline in demand.

Lee (2016) researched on compliance and electronic tax invoicing on the Republic of Korea's. the study provided a holistic approach that harmonizes the legislative and institutional approach and the cognitive and normative approach in effectively raising tax compliance. The study concluded that the compulsory ETI that the Korean government adopted in 2011 was primarily aimed at reducing tax compliance costs and raising the transparency of business transactions. The goal was not only to adopt and integrate advances in ICT into tax administration and broaden the tax base, but also to better serve taxpayers and reduce their tax compliance cost. The study recommended that tax authorities should roll out tax information analysis systems simultaneously with the introduction of ETI so that they can fully utilize ETI's automatic self-checking mechanism in the VAT regime.

In Africa, Noronaa (2016) examined the automation of tax collection by Ghana Revenue Authority. The researcher interviewed twenty (20) officials from the Asokwa branch of Ghana revenue authority (GRA) in automation system it can be said that the automation is a powerful monitoring tool for GRA. The study found out that positive effect of automation system usage and the cost of tax administration, and effective means of revenue collection. Additionally, automation was significantly related with tax clearance time. The research makes significant empirical contribution to analyzing tax automation and administration cost, time efficiency and effectiveness of revenue collection. The study recommended that there is need for training of staff on the new system and the automated system should have very powerful backup not only within the GRA but also outside elsewhere to provide safe backup to forestall any eventuality in the event of system malfunction or failure or natural disaster.

Locally, Nyaegah (2018) studied the influence of itax project on tax return compliance by taxpayers in Nakuru Central Business District. The study adopted quantitative and descriptive methods as the research designs. Data was collected using structured questionnaires, which covered all the variables of the study from 50 individual taxpayers based in Nakuru town CBD. The study found out that majority of Nakuru town taxpayers are willingly registered online with ITax.77.8% file their own taxes individually at their own convenience. The rate of compliance is relatively high at 88% of tax payers meet their tax obligations before the deadline. Among those that have ever requested for a tax compliance certificate from KRA, 76% were given while 24% were denied. The study

recommended that increasing tax compliance on the part of KRA should involve focusing on deterrence measure in order to increase tax compliance as taxpayers are afraid of fines and penalties.

Murigu (2017), studied the factors influencing the adoption of the iTax system among SMEs in Westlands, Nairobi County. The study was designed as a descriptive study where the population was 120 SMEs located in Westlands from which a sample size of 73 SMEs was selected. Out of this sample, 62 respondents completed the questionnaires. The study found out that the SMEs felt the iTax online system was useful. They believed that the introduction of iTax was a beneficial idea. The study also found that the SMEs felt the usage of the online system would not infringe on their privacy. Additionally, that the online system would ease the process filing of tax returns. The study recommended that the Kenya Revenue Authority (KRA) conducts continuous training and sensitization of the iTax online system. There is also the need for policy interventions by the government and other financial stakeholders to facilitate financing for the SMEs who need to equip their businesses with the necessary IT infrastructure.

## **2.6 Critique of Existing Literature**

Study by Fan, *et al.* (2017) was a work in progress hence failed to establish the process of extending the model to formally show that the results carry through with full general equilibrium forces, a factor that is deductible from taxes, three factors of production and a model with monopolistic competition. Lee (2016) did not come up with accommodating measures to protect customers' rights with either the benefits of future court rulings or the experience of other countries. Noronaa (2016) study on tax automation in Ghana, relied on interview of 20 officials of GRA, hence could not be generalized.

Nyaegah (2018), respondents were not ready to disclose issues related to income for taxpayers and tax compliance are quite sensitive and taxpayers. The study relied on 50 taxpayers which is less than 10% of 1,128,338 employees in the county, hence the findings of the study cannot be generalised. Murigu (2017), study on iTax in Westlands, Nairobi failed to point out how positive perception by the SMEs of the iTax online could improve revenue collection by Kenya Revenue Authority

## **2.7 Research Gaps**

Fan, *et al.* (2017) did not establish the longer-run gains are larger than the short-run gains in VAT revenues, hence failed to show multiple mechanisms to come up with the conclusive results. Lee (2016) created a research gap on protecting the rights of customers who receive ETIs against their will under the compulsory ETI system. Nyaegah (2018) study failed to establish challenges of online filing as experienced by Nakuru taxpayers as these challenges are contributing factors to noncompliance. Murigu (2017), created a research gap on iTax adoption by SMEs in different location including other counties other than Nairobi. It also failed to establish the impact of the adoption of the iTax online system on the revenue collected by Kenya Revenue Authority.

## **2.8 Summary of Literature**

Several theories have been advanced to explain the development of taxation policy and its effect on the tax base. This paper looked into three of these theories notably the resource-based view theory, technology acceptance model and the Unified Theory of Acceptance and Use of Technology. Research has shown that iTax performance are determined by internet availability, tax agents and Itax Technical Expertise as indicated diagrammatically through conceptual framework. A look at empirical evidence shows that studies have been conducted on the factors affecting performance of iTax systems. In conclusion, most researches have looked at the qualitative aspects of compliance and adoption of iTax. These have been descriptive in nature by providing reasons encouraging or discouraging adoption of such systems. None of the existing literature, has establish factors affecting performance of iTax in marginalised. This is the gap this study seeks to fill.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter covers the following: research design, study area, target population, sample and sampling technique, research instrument, data collection procedure and finally data analysis and presentation.

#### 3.2 Research Design

Research design refers to the method used to carry out a research (Mugenda & Mugenda, 2013). The study adopted a cross-sectional survey design as a blue print to guide the research process. In cross-sectional survey, a researcher collects information from a sample drawn from a population and involves collecting data at one point in time or over a short period of time to provide a ‘snapshot’ of the variables of interest at a specific. (Churchill *et al.*, 2012). Cross-sectional studies investigated the relationships between variables and involves the selection of a relatively large sample of respondents from a pre-determined population (the target population) followed by the collection of data from the respondents. It provided information about what was happening in a population to describe what happening at the present moment.

#### 3.3 Target Population

A population is the total of all the individuals or items that have certain characteristics which are of interest to a researcher (Kothari, 2013). Furthermore, Cooper and Schindler (2016), refer to population as an entire group of individuals/objects having common observable characteristics. Borg, Gall and Gall (2017) specify two types of population as target and accessible population. Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample. Mugenda and Mugenda (2013) describes study population as a complete set of individual cases object with some common characteristics from which researchers want to generalize the result of the study. In this the population of 798 registered and active taxpayers from Lamu county.

### 3.4 Sampling Frame

Mugenda and Mugenda (2013) states that a sampling frame is a list of all items where a representative sample shall be drawn from for the purpose of research. The study sampling frame was drawn from 798 registered and active tax payers in Lamu County.

### 3.5 Sample and Sampling Technique

A sample is a portion or part of the population of interest. Wiersma (2010), states that an ideal sample should be large enough so that the validity and reliability of the data is achieved. Cohen, Manion and Morrison (2011), states that there is no exact size of the sample but these depend on the purpose of the study and the nature of the population under scrutiny. In general, though, the larger the sample the more reliable it is Wiersma (2010).

To minimize errors, Nassiuma (2000) standard formula was used to select the required sample size to represent the respondent population.

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

Where:

n = Sample Size

N= Taxpayers (798)

C=Coefficient of Variation (10%)

e= Sampling Error 1%

Hence,

$$n = \frac{798 * 0.1^2}{0.1^2 + (798 - 1)0.01^2}$$

n = 89

Therefore, the study included 89 taxpayers

This study adopted probability sampling technique since the population and location of the employees at the office are known. Specifically, simple random sampling was used to select employees who were involved in the filling of structured questionnaires. The

sample of 89 was selected on the basis of the following formula adopted from Mugenda and Mugenda (2013).

### **3.6 Data Collection Instruments**

The study used primary data and the main instrument for data collection instrument was a questionnaire, with mainly closed ended questions. According to Kothari (2013) the closed questions in a questionnaire are majorly used in limiting the respondents to the study variables while the open-ended questions enable free response and opinions from the respondents. The questionnaire was designed to address each of the variable of the study and was divided into two sections. Section A covered general information about the respondents and the contextual factors, section B was covered the study variables.

### **3.7 Data Collection Procedure**

Data collection involves the collection of research data using primary data sources through questionnaire to get information, facts, proof, truths and evidence about a research problem (Babbie, 2015). The researcher obtained an introduction letter from KESRA, Mombasa Campus and permission to collect data was sought from the state corporations. The data collection involved administration and completion of the research instrument by the various employees of the county departments. The administration of the questionnaire was done by the researcher and trained research assistants using drop and pick technique so as to facilitate the clarification and seeking of more information that arose during the data collection process. E-mails were also be used to make any clarifications that the respondents needed.

### **3.8 Pilot Study**

This is a mock study done before the main study purposely to test the data instruments. It increases the success of the main study as it helps identify and shortcomings of the research tool and fix them in time (Creswell, 2013). Nine (9) officers were randomly picked from Lamu Tax Service Office for the pilot study and to test validity and reliability of the research instruments.

#### **3.8.1 Validity**

This is how the data collecting are estimated in terms of their quality. Validity also involves how meaningfulness the research components are. When measuring behaviours

of individuals, the researcher should make sure that data collected measures what it purports to measure. A good data collection tool should measure exactly what it is intended to measure (Drost, 2011). Data collection tools were tested using the pilot study. Construct validity was examined by exposing the structured questions to experts who confirmed the tool validity. Content validity was determined using KMO and Bartlett Test was determined, where a value of above 0.5 were accepted.

### **3.8.2 Reliability**

Reliability made it possible for the assessment internal consistency among the variables of the study. Mugenda and Mugenda (2013) highlighted that repetition and consistency of measurements gives the same results from different samples. Internal consistency was determined using Cronbach Alpha, in which an alpha of above 0.7 was accepted for each component.

### **3.9 Data Processing and Analysis**

Collected data was first checked for accuracy before analysis is done. Only fully filled questionnaires were considered so as to help in testing for the distribution of data. Data was analysed using both descriptive and inferential statistics. The descriptive statistics used included percentages and frequencies. According to Kothari (2013) the clustering tendency and describing of data characteristics can be done using descriptive statistics (mean, frequency and standard deviation) and inferential statistics. Statistical Package for Social Sciences was used to compute, analyze and present the research findings. The collected data will be first coded to enable the categorization of the responses. Data was also cleaned by checking for any errors that were committed during entry.

The analysis of inferential statistics was based on the coefficient of correlation, analysis of variance (ANOVA) for model significance, coefficient of determination for model of fitness, and regression model. The model that was used to test hypotheses was multiple linear regression model. This model was used previously in other empirical studies to establish cause and effect relationships between variables

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

Y = iTax Performance in Marginalized Areas

B<sub>0</sub> = Y Intercept

X<sub>1</sub> = Internet availability

$X_2$  = Tax Agents

$X_3$  = Itax Technical Expertise

e = Error Term

$\beta_1, \beta_2,$  and  $\beta_3$  = Coefficients of  $X_1, X_2$  and  $X_3$  respectively

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter captured the research findings of the study and discussions of the results. It specifically contains the following: response rate, pilot study results (reliability and validity of the research instrument) general information, descriptive statistics (mean and standard deviation) of independent variables and dependent variable and inferential statistics (correlation coefficient, coefficient of determination, ANOVA and regression analysis).

#### 4.2 Response Rate

The researcher distributed 89 questionnaires to the registered and active taxpayers in Lamu County but only 73 questionnaires were returned. This represented a response rate of 82% of the sample size and falls within the confines of a large sample size ( $n \geq 30$ ). This provides a smaller margin of error and good precision (Anderson, Sweeney and Williams, 2013). According to Zikmund, Babin, Carr and Griffin (2012) a 50% response rate is adequate, 60% is good and 70% and above is very good. In addition, the sample size was deemed large enough making up the response rate which was deemed sufficient for the study and its generalization according to Curtin, *et. al.* (2015). Njenga (2019), studied the effect of iTax platform on KRA's revenue collection target among large taxpayers, relied on a response rate of 71% (67 KRA employees). While Murigu (2017), studied the factors influencing the adoption of the iTax online system among SMEs in Westlands, Nairobi City, relied on a response rate of 85% (62% of SMEs).

**Table 4. 1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Valid Percent</b>
Returned and Complete Questionnaires	73	82.0
Unreturned and Incomplete Questionnaires	16	18.0
<b>Total</b>	<b>89</b>	<b>100.0</b>

#### 4.3 Pilot Study Results

Pilot study was conducted on 9 randomly selected taxpayers at Lamu TSO, to establish the reliability and validity of the research instrument.

### 4.3.1 Reliability of the Research Instruments

To gauge the goodness of study variable measures, internal measures of consistency was determined through Cronbach alpha, was determined.

**Table 4. 2: Cronbach Alpha**

Variables	Number of Items	Cronbach Alpha
Internet availability	5	0.715
Tax Agents	5	0.876
Itax Technical Expertise	5	0.928
iTax Performance	5	0.908
<b>Overall Cronbach Alpha</b>	<b>20</b>	<b>0.857</b>

The measures in the study were found to be highly reliable because they all had alpha coefficients greater than the minimum acceptable alpha of 0.70 (Hair *et al.*, 2010). Internet availability had an alpha of 0.715, tax agents had an alpha of 0.876, Itax Technical Expertise had an 0.928 and finally iTax performance had an alpha of 0.908. The overall Cronbach's alpha coefficient for all the constructs in the study was 0.857.

### 4.3.2 Validity of the Research Instruments

To establish content validity, exploratory factor analysis was done through KMO and Bartlett test was done.

**Table 4. 3: KMO and Bartlett Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.726
Bartlett's Test of Sphericity	Approx. Chi-Square	6842.614
	Df	20
	Sig	0.000

The Kaiser-Meyer-Olkin (KMO) has a measure of 0.726, which is above the threshold of 0.5 as recommended by Field (2015). The Bartlett's test is significant for study constructs with Chi-Square= 20 (p-value< 0.05). Therefore, the KMO value of 0.726 and significance of Bartlett's statistic confirm the appropriateness of the factor analysis.

#### 4.4 General Information

in this section the researcher sought to determine the distribution of taxpayers in terms of the gender, age, level of education, number of years as taxpayers and means of PIN registration.

##### 4.4.1 Gender of the Respondents

The respondents were asked to indicate the gender in which they belong and the findings were depicted on table 4.4.

**Table 4. 4: Gender of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Valid Percent</b>
Male	54	74.0
Female	19	26.0
<b>Total</b>	<b>73</b>	<b>100.0</b>

It was determined that 74% (54) of the respondents were male compared with 26% (19) of the respondents who were female. It was evident that majority of taxpayers in Lamu County were males.

##### 4.4.2 Age Bracket of the Respondents

The respondents were further asked to indicate the age bracket in which they belong and the findings were shown on table 4.5.

**Table 4. 5: Age of the Respondents**

<b>Age Bracket</b>	<b>Frequency</b>	<b>Valid Percent</b>
18 to 28 years	11	15.1
29 to 39 years	34	46.6
40 to 50 years	21	28.8
51 to 61 years	7	9.5
<b>Total</b>	<b>73</b>	<b>100.0</b>

Based on the analysis it was evident that 46.6% (34) of the respondents indicated that they belong to an age bracket of between 29 to 39 years, followed by 28.8% (21) of the respondents who indicated 40 to 50 years, followed by 15.1% (11) of the respondents who indicated between 18 to 28 years and finally, 9.5% (7) of the respondents indicated

that they were aged between 51 to 61. Based on these analyses, it was evident that majority of taxpayers were aged between 29 to 39 years.

#### 4.4.3 Level of Education

The respondents were asked to indicate their highest level of education, since it determines their understanding on the research topic.

**Table 4. 6: Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Valid Percent</b>
Diploma	25	34.2
Bachelor’s Degree	37	50.7
Post Graduate Qualification	11	15.1
<b>Total</b>	<b>73</b>	<b>100.0</b>

The analysis showed that 50.7% (37) of the respondents indicated that they had a Bachelor’s Degree, followed by 34.2% (25) of the respondents who indicated that they had a diploma qualification and finally 15.1% of the respondents indicated that they had a post graduate qualification. It was evident that majority of the employees understood the factors affecting performance of iTax in marginalized areas.

#### 4.4.4 Number of Years as Taxpayer

The respondents were further asked to indicate the number of years they had worked as taxpayer in the county.

**Table 4. 7: Number of Years as Taxpayer**

<b>Number of Years as Taxpayer</b>	<b>Frequency</b>	<b>Valid Percent</b>
Less than 1 year	11	15.1
2 – 4 Years	33	45.2
5 – 7 Years	18	24.7
8 – 10 Years	7	9.6
Above 10 Years	4	5.4
<b>Total</b>	<b>73</b>	<b>100.0</b>

The analysis showed that 45.2% (33) of the respondents indicated that they had been taxpayers for between 2 to 4 years, followed by 24.7% (18) of the respondents indicated that they had been taxpayers for between 5 to 7 years, followed by 15.1% (11) of the respondents indicated that they had been taxpayers for less than 1 year, followed by 9.6% (7) of the respondents indicated that they had been taxpayers for between 8 to 10 years and finally 5.4% (4) of the respondents indicated that they had been taxpayers for above 10 years. It was evident that majority of the respondents were experienced with the taxpaying process and the iTax system.

#### **4.4.5 PIN Registration**

The respondents were finally asked to indicate how they registered their Personal Identification Number (PIN).

**Table 4. 8: PIN Registration**

<b>Means of Registration</b>	<b>Frequency</b>	<b>Valid Percent</b>
Online	56	76.7
Manually at KRA office	17	23.3
<b>Total</b>	<b>73</b>	<b>100.0</b>

It was evident that 76.7% (56) of the respondents indicated that they had registered their PIN through the online system compared with 23.3% (17) of the respondents indicated that they registered their PIN manually at KRA office.

#### **4.5 Descriptive Statistics on the Study Variables**

In this section, mean and standard deviation on the independent and dependent variables were determined.

##### **4.4.1 Internet availability**

The study sought to determine the influence of Internet availability on iTax performance in marginalized areas. Table 4.9 summarizes the respondents' level of agreement.

**Table 4. 9: Internet Availability and iTax Performance**

<b>Opinion Statements</b>	<b>Mean</b>	<b>Std. Deviation</b>
Mobile connectivity provides the main gateway to the iTax platform	4.0645	.95333
Mobile internet remains unaffordable for many taxpayers in the county	3.9032	.88544
Cyber cafes in the county assist taxpayers to apply for KRA PIN registration	3.0430	1.03119
Cyber cafes allow taxpayers to file their tax returns before the June 30 deadline	3.1828	1.02094
High number of subscribers on the network improves the accessibility of various taxpayers to the iTax platform	3.3118	1.12268
<b>Overall</b>	<b>3.5011</b>	<b>1.00271</b>

The analysis showed that the respondents strongly agreed that mobile connectivity provides the main gateway to the iTax platform with (M=4.0645; SD=0.95333). They also agreed that Mobile internet remains unaffordable for many taxpayers in the county with (M=3.9032; SD=0.88544) and they agreed that high number of subscribers on the network improves the accessibility of various taxpayers to the iTax platform with (M=3.3118; SD=1.12268). They also agreed that cyber cafes allow taxpayers to file their tax returns before the June 30 deadline with (M=3.1828; SD=1.02094) and they also agreed that cyber cafes in the county assist taxpayers to apply for KRA PIN registration with (M=3.0430; SD=1.03119). The overall mean of 3.5011 and standard deviation of 1.00271, implied that majority of the respondents agreed that Internet availability iTax performance in marginalised areas such as Lamu County and there was a high variation from the mean since the standard deviation was greater than 1. This supports the findings of Souter and Kerretts (2012), who opined that internet availability to individual users especially through the mobile platforms but for business purposes, many users depended on internet access in their workplaces or cybers hence the need for better internet quality.

#### **4.5.2 Tax Agents**

The study sought to establish the effect of tax agents on the iTax performance in marginalized areas, the results were depicted on table 4.10.

**Table 4. 10: Tax Agents**

<b>Opinion Statements</b>	<b>Mean</b>	<b>Std. Deviation</b>
Accountants in the county have good understanding of the iTax system	2.5806	1.07666
Accountants provide taxpayers with needed support and advice to avoid tax penalties	2.9785	1.34309
Banks heavily rely on the iTax system due the large transaction which they do carry out on behalf of taxpayers	2.6667	1.16408
Banks are more experienced in using iTax platform in submitting and filing their clients' tax returns	2.8495	.97742
Withholding agents are faced with the frequent iTax system downtime and que up in during peak period	2.8387	1.11599
<b>Overall</b>	<b>2.7828</b>	<b>1.33543</b>

It was evident that the respondents were neutral that accountants provide taxpayers with needed support and advice to avoid tax penalties with (M=2.9785; SD=1.34309) and they were also neutral that banks are more experienced in using iTax platform in submitting and filing their clients' tax returns with (M=2.8495; SD=0.97742). They were further neutral that withholding agents were faced with the frequent iTax system downtime and que up in during peak period with (M=2.8387; SD=1.11599) and they were neutral that banks heavily rely on the iTax system due the large transaction which they do carry out on behalf of taxpayers with (M=2.6667; SD=1.16408). They were finally neutral that accountants in the county have good understanding of the iTax system with (M=2.5806; SD=1.07666). The overall mean of 2.7828 and standard deviation of 1.33543, implied that majority of the respondents were indifference on the relationship between tax agents on iTax performance in marginalized areas and there was a strong variation from the mean since standard deviation was greater than 1. These findings to an extent cognate with the findings of Abdul -Aziz and Idris (2017), who postulated that tax agents rely heavily to the system due to their frequent usage on the e-filing system. The large transaction volumes of the tax agents in handling and engaging with their clients is also the reason of their highly dependency towards the e-filing system.

### 4.5.3 Itax Technical Expertise

The study also sought to establish the effect of Itax Technical Expertise on the iTax performance in marginalized areas. The results were presented in Table 4.11

**Table 4. 11: Technical Cooperation Procedure**

<b>Opinion Statements</b>	<b>Mean</b>	<b>Std. Deviation</b>
Knowledge of the iTax system is required for effective filing of tax returns	2.9032	1.10399
Computer literacy determines the adoption of the iTax system by various taxpayers	3.3548	.95149
Tax information access determines e-filing of tax returns	3.2043	1.09900
Tax information awareness by KRA determines the usage and understanding of the iTax system	4.0753	.08400
Access to computers is required for taxpayers to file tax returns through the tax platforms	2.9355	.96466
<b>Overall</b>	<b>3.1918</b>	<b>.84063</b>

The respondents strongly agreed that tax information awareness by KRA determines the usage and understanding of the iTax system with (M=4.0753; SD=0.08400). They agreed that computer literacy determines the adoption of the iTax system by various taxpayers with (M=3.3548; SD=0.95149) and they agreed that tax information access determines e-filing of tax returns with (M=3.2043; SD= 1.0990). The respondents were neutral that access to computers is required for taxpayers to file tax returns through the tax platforms with (M=2.9032 and SD=1.10399) and they were neutral that Knowledge of the iTax system is required for effective filing of tax returns with (M=2.9355; SD=0.96466). The overall mean of 3.1918 and standard deviation of 0.84063, implied that majority of the respondents agreed that Itax Technical Expertise affects iTax performance in marginalised areas such as Lamu and there was a low variation from the mean since standard deviation was less than 1. These findings corroborate the findings of Kiring'a and Jagongo (2017), who established that the knowledge of taxation system, internet familiarity, professionals' assistance and website ease of use of tax payers are also the other factors that tax payers to be compliance.

#### 4.5.4 iTax Performance in Marginalised Areas

On the dependent variable, the respondents were asked to determine how the trade facilitation was influenced by interagency cooperation practices and the results were as shown in Table 4.12.

**Table 4. 12: iTax Performance**

<b>Opinion Statements</b>	<b>Mean</b>	<b>Std. Deviation</b>
Registered taxpayers in the county has improved since the implementation of the iTax system	3.7692	1.06281
Service delivery through the iTax system has enhanced tax registration process	3.7949	1.39886
Filing of tax returns through the system has been improved hence reduced tax evasion	4.1538	.93298
The cost of filing tax returns has been reduced and the process has been made simpler	3.8718	1.00471
Tax payment has been improved through the system since integrity and accountability has been enhanced.	4.1795	.82308
<b>Overall</b>	<b>3.9538</b>	<b>1.0445</b>

The analysis showed that the respondents strongly agreed that tax payment has been improved through the system since integrity and accountability has been enhanced with (M=4.1795; SD=0.82308) and they strongly agreed that filing of tax returns through the system has been improved hence reduced tax evasion with (M=4.1538; SD=0.93298). They agreed that the cost of filing tax returns has been reduced and the process has been made simpler with (M=3.8718; SD=1.00471) and they agreed that service delivery through the iTax system has enhanced tax registration process with (M=3.7949; SD=1.39886). Finally, they agreed that registered taxpayers in the county has improved since the implementation of the iTax system with (M=3.7692; SD=1.06281). The overall mean of 3.9538 and standard deviation of 1.0445, implied that majority of the respondents agreed that Internet availability, tax agents and Itax Technical Expertise affect iTax performance in marginalised areas and there was strong variation from the mean since standard deviation was greater than 1, which cognates with the findings of World Bank

(2017) reports that the organization lists reduced costs and collection of quality and quantity data as a key benefit to tax authorities of implementing such systems.

#### 4.6 Correlation Analysis

Pearson correlation analysis was carried out to test the theoretical proposition regarding relationships among the independent and dependent variables.

**Table 4. 13: Pearson Correlation**

<b>Variables</b>	<b>Y</b>	<b>X1</b>	<b>X2</b>	<b>X3</b>
iTax Performance in Marginalised Areas (Y)	1			
Internet availability (X1)	0.688**	1		
Tax Agents (X2)	0.721**	0.681**	1	
Itax Technical Expertise (X3)	0.909**	0.644**	0.699**	1

**\*\* Correlation is significant at 0.01**

The correlation matrix indicated that there was a positive significant correlation between Internet availability and iTax performance in marginalised areas ( $r = 0.688$ ,  $P < 0.01$ ). This means that there is a strong significant relationship between Internet availability and iTax performance in marginalised areas. This supports the findings of Fjeldstad and Heggstad, (2011), who postulated that network accessibility determines communication between taxpayers and tax consultants. Tax agent positively iTax performance in marginalised areas. The correlation of tax agents and iTax performance in marginalised areas was also positively significant ( $r = 0.721$ ,  $P < 0.01$ ). This cognates with the findings of Abdul -Aziz and Idris (2017), who opined that tax agents rely heavily to the system due to their frequent usage on the e-filing system. Itax Technical Expertise positively predicts iTax performance in marginalised areas such as Lamu. The relationship is strong and positive; meaning enhancing Itax Technical Expertise would lead to positive achievement in iTax performance in marginalised areas. The correlation of Itax Technical Expertise was positively significant ( $r = 0.909$ ,  $P < 0.01$ ). This corroborates with the findings of Tatek (2019), who determined that technical skill of filing had a significant effect on taxpayer compliance of large taxpayers at 5% significance level.

#### 4.7 Regression Analysis

At this point multiple linear regression analysis was conducted to establish the causal relationship with the study variables.

##### 4.7.1 Coefficient of Determination

To determine the iTax performance in marginalised areas which can be explained using the independent variables and the fitness of equation 3.1 in chapter three,  $R^2$  was determined.

**Table 4. 14: Model Summary**

Model	R	R Square	Adjusted R Square	Std Error of Estimate	Durbin Watson
1	.922 <sup>a</sup>	.851	.845	.387	1.845

The analysis indicated there a strong positive relationship between the factors and iTax performance in marginalised areas, case study of Lamu ( $r=0.922$ ) The analysis further showed an  $r^2$  of 0.851, which implied that factors (internet availability, Itax Technical Expertise, tax agents) can explain only 85.1% of iTax performance in marginalised areas.

##### 4.7.2 Analysis of Variance

To determine the significance of the factors affecting iTax performance in marginalised areas, such as Lamu County and significance of equation 3.1, the study used ANOVA analysis.

**Table 4. 15: ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	218.53	3	72.84	131.01	.000 <sup>b</sup>
	Residual	38.379	69	0.556		
	Total	256.909	72			

The ANOVA model showed ( $F\{3,69\}= 131.01$ ;  $p=0.000$ ), the analysis indicated that the model was statistically significant since  $p\text{-value}<0.05$  and hence equation 3.1 was significant. Hence the factors (Internet availability, tax agents and tax expertise) significantly determines iTax performance in marginalised areas.

### 4.7.3 Regression Coefficient

A regression coefficient was carried out in order to explain the nature and relationship between each independent variables and dependent variable.

**Table 4. 16: Regression Coefficients**

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	1.083	0.266			0.000
X1	0.127	0.062	0.114	2.037	0.044
X2	0.218	0.077	0.336	2.741	0.005
X3	0.173	0.057	0.122	3.045	0.003

Based on the regression coefficient table, the specific regression equation 3.1 becomes:

$$Y = 1.083 + 0.127X_1 + 0.218X_2 + 0.173X_3$$

Where

Y= iTax Performance in Marginalised Areas

X<sub>1</sub>= Internet Availability

X<sub>2</sub>= Tax Agents

X<sub>3</sub>= Itax Technical Expertise

Table 4.16 showed that Internet availability and iTax performance in marginalised areas were positively and significantly related ( $\beta=0.127$ ;  $t=2.037$ ;  $p=0.044$ ) which means that a unit improvement in Internet availability will lead in 12.7% improvement in iTax performance, this supports the findings of Fjeldstad and Heggstad, (2011). Further the analysis showed that there was a positive and significant between tax agents and iTax performance ( $\beta=0.218$ ;  $t=2.741$ ;  $p=0.005$ ), which means that a unit improvement in tax agents will lead to significant 21.8% improvement in iTax performance in marginalised areas, this cognates with the findings of Abdul -Aziz and Idris (2017). Finally, on the relationship between tax agents and iTax performance as ( $\beta=0.173$ ;  $t=3.045$ ;  $p=0.003$ ), which means that a unit improvement in Itax Technical Expertise will lead to a significant 17.3% improvement in iTax performance in marginalised areas, this corroborates with the findings of Tatek (2019).

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter contains a summary of findings on research questions. It was followed by the conclusions drawn and the recommendations made thereof. It finally offers the suggestions for further research.

#### 5.2 Summary of Findings

##### 5.2.1 Internet Availability and iTax Performance in Marginalised Areas

Based on the analysis, it was evident Internet availability in marginalized areas significantly affects iTax performance ( $r = 0.688$ ,  $P < 0.01$ ). It was showed an improvement in Internet availability will lead to the improvement in iTax performance in marginalised areas ( $\beta=0.127$ ;  $t=2.037$ ;  $p=0.044$ ). The study also revealed that mobile connectivity provides the main gateway to the iTax platform and mobile internet remains unaffordable for many taxpayers in the county. The study also found out that cyber cafes in the county assist taxpayers to apply for KRA PIN registration and cyber cafes allow taxpayers to file their tax returns before the June 30 deadline. Finally, on this objective, it was shown that high number of subscribers on the network improves the accessibility of various taxpayers to the iTax platform.

##### 5.2.2 Tax Agents and iTax Performance in Marginalised Areas

On the second objective, it was determined that tax agents significantly affect iTax performance in marginalized areas ( $r = 0.721$ ,  $P < 0.01$ ). It was also determined that tax agents improvement will lead to an improvement in iTax performance in marginalised areas ( $\beta=0.218$ ;  $t=2.741$ ;  $p=0.005$ ). It was also showed that accountants in the county have good understanding of the iTax system and accountants provide taxpayers with needed support and advice to avoid tax penalties. The study established that banks heavily rely on the iTax system due the large transaction which they do carry out on behalf of taxpayers and banks were more experienced in using iTax platform in submitting and filing their clients' tax returns. The study revealed that withholding agents were faced with the frequent iTax system downtime and que up in during peak period.

### **5.2.3 Itax Technical Expertise and iTax Performance in Marginalised Areas**

On the final objective, it was determined that Itax Technical Expertise significantly affects iTax performance in marginalized areas ( $r = 0.909$ ,  $P < 0.01$ ). The study also showed that an improvement in tax expertise will lead to an improvement in iTax performance in marginalised areas ( $\beta=0.173$ ;  $t=3.045$ ;  $p=0.003$ ). The study revealed that knowledge of the iTax system is required for effective filing of tax returns and computer literacy determines the adoption of the iTax system by various taxpayers. The study also determined that tax information access determines e-filing of tax returns and tax information awareness by KRA determines the usage and understanding of the iTax system. Finally, the study found out that access to computers is required for taxpayers to file tax returns through the tax platforms.

### **5.3 Conclusion**

Based on the study findings and analysis, this study concluded that Itax Technical Expertise, Internet availability and tax agents significantly and positively affect iTax performance in marginalised areas such as Lamu County. The study also concludes that Itax Technical Expertise, Internet availability and tax agents will lead to an improvement in iTax performance in the county. The study further concludes that registered taxpayers in the county has improved since the implementation of the iTax system and service delivery through the iTax system has enhanced tax registration process. The study also concludes that filing of tax returns through the system has been improved hence reduced tax evasion and the cost of filing tax returns has been reduced and the process has been made simpler. The study finally concludes that tax payment has been improved through the system since integrity and accountability has been enhanced.

### **5.4 Recommendation of the Study**

Based on the study analysis, findings and conclusion, this research makes the following practical and policy recommendation:

- i. While significant gains have been made in the Kenya's broadband market with regard to internet penetration and Internet availability and infrastructure, the financing challenge experienced by taxpayers in marginalised areas in Kenya, need to be addressed. This can be done through collaboration with telecommunication companies. This will ensure that these businesses are able to

adopt the internet and adopt the iTax online system too. In the long run, higher tax compliance levels will be achieved thus ensuring higher revenue inflows for the government.

- ii. Overall, the taxpayers should be equipped through continuous IT and tax trainings and seminars. This will sharpen their IT skills and enhance their tax knowledge in a bid to enhance increased adoption of the iTax online system. These initiatives should be spearheaded by the KRA and should be done periodically to ensure the taxpayers are fully aware of their tax obligations and know how to use the iTax online system. Additionally, online support while using the system should be provided.
- iii. KRA should have a simplified iTax that is simple to both illiterate and literate taxpayers to allow them to have an ease in submitting and filing of tax returns. The study also recommends that KRA office in Lamu County should liaise with cyber cafes in the county, to facilitate tax returns and registration of KRA PIN.

### **5.5 Suggestions for Further Studies**

Based on the study analysis, it was evident that Internet availability, tax agents and Itax Technical Expertise only explain 85% of iTax performance in marginalised areas, hence future studies should incorporate additional factors. Future studies should also be conducted in other marginalised areas other than Lamu County, to facilitate generalisation of the study findings. Finally, The study recommends on further studies to determine the effect of iTax platform on revenue collection on both small and large taxpayers in Kenyan marginalised areas by Kenya Revenue Authority and the focus should be to the users of the iTax system and this are both small and large taxpayers in Kenya.

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## APPENDICES

### APPENDIX I: INTRODUCTION LETTER



ISO 9001:2015 CERTIFIED

KRA/KESRA/MSA/106

5<sup>th</sup> March 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 Customs Administration.

Name	Admission Number
TONY KALA KIEMA	HDB336-C016-2339/2016

The above mentioned student is in his final year of study at the school and currently conducting research on the **Factors affecting performance of Itax system in marginalised areas a case of Lamu 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/her collect information that relates to his research from your organization. Thank you in advance for your support and cooperation.

Yours sincerely,

**Mumia B.J.**  
**Associate Head of Research KESRA, Mombasa Campus**

## APPENDIX II: QUESTIONNAIRE

This questionnaire intends to gather information your views in establish the factors affecting iTax performance in marginalized areas, case study of Lamu County. Your participation in this study is highly welcome and your responses and statements will be handled confidentially and ethically, and your identity will be concealed in the final research report. Kindly respond to the attached questions by marking the box that represents your choice.

### **PART A: General Information**

Kindly answer all the questions either by ticking in the boxes or writing in the spaces provided.

1. Gender of Respondents: Male ( ) Female ( )

2. Age of Respondents

18-28 years 40-50 years ( )

29 – 39 years ( )

51-61 years ( )

61 years and Above ( )

3. Highest Education Attained

Diploma ( ) Post Graduate Qualification ( )

Bachelor's Degree ( )

4. Number of the years as a taxpayer

Less than 1 year ( )

2– 4 years ( )

5 – 7 years ( )

8 – 10 years ( )

Above 10 years ( )

5. How did you register for the company's PIN?

Online ( )

Manually, at a K.R.A office ( )

## **PART B: Study Variables**

### **Internet availability**

Please indicate the level of agreement with the following statement relating to Internet availability. Use the following Likert scale to rate your views whereby; (1) = strongly disagree, (2) = disagree, (3) = neither agree nor disagree, (4) = agree and (5) = strongly agree.

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Mobile connectivity provides the main gateway to the iTax platform					
Mobile internet remains unaffordable for many taxpayers in the county					
Cyber cafes in the county assist taxpayers to apply for KRA PIN registration					
Cyber cafes allow taxpayers to file their tax returns before the June 30 deadline					
High number of subscribers on the network improves the accessibility of various taxpayers to the iTax platform					

### **Tax Agents**

Please indicate the level of agreement with the following statement relating to tax agents. Use the following Likert scale to rate your views whereby; (1) = strongly disagree, (2) = disagree, (3) = neither agree nor disagree, (4) = agree and (5) = strongly agree.

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Accountants in the county have good understanding of the iTax system					
Accountants provide taxpayers with needed support and advice to avoid tax penalties					
Banks heavily rely on the iTax system due the large transaction which they do carry out on behalf of taxpayers					
Banks are more experienced in using iTax platform in submitting and filing their clients' tax returns					

Withholding agents are faced with the frequent iTax system downtime and que up in during peak period					
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### **Itax Technical Expertise**

Please indicate the level of agreement with the following statement relating to Itax Technical Expertise. Use the following Likert scale to rate your views whereby; (1) = strongly disagree, (2) = disagree, (3) = neither agree nor disagree, (4) = agree and (5) = strongly agree.

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Knowledge of the iTax system is required for effective filing of tax returns					
Computer literacy determines the adoption of the iTax system by various taxpayers					
Tax information access determines e-filing of tax returns					
Tax information awareness by KRA determines the usage and understanding of the iTax system					
Access to computers is required for taxpayers to file tax returns through the tax platforms					

### **iTax Performance**

Please indicate the level of agreement with the following statement relating to iTax Performance. Use the following Likert scale to rate your views whereby; (1) = strongly disagree, (2) = disagree, (3) = neither agree nor disagree, (4) = agree and (5) = strongly agree.

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Registered taxpayers in the county has improved since the implementation of the iTax system					
Service delivery through the iTax system has enhanced tax registration process					
Filing of tax returns through the system has been improved hence reduced tax evasion					
The cost of filing tax returns has been reduced and the process has been made simpler					

Tax payment has been improved through the system since integrity and accountability has been enhanced.					
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