

**EFFECT OF TAXPAYER EDUCATION ON EXCISE DUTY COMPLIANCE AMONG
SMALL AND MEDIUM ENTERPRISES IN UPPER EASTERN REGION, KENYA.**

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

2019

DECLARATION

This project is my original work and has not been presented for a degree in any other University

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This project has been submitted for examination with my approval as University Supervisor

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DEDICATION

I dedicate this project to my family, friends and classmates who helped me in every step of my studies and to all my teachers who taught me everything I know date. Thank you. I specially thank my supervisor ,Dr. Bruce Ogaga who supervised this study and gave valuable feedback and advice. His assistance is greatly valued and appreciated.

ABSTRACT

Taxation is a major revenue source for governments world over ,therefore tax authorities must continuously put in place measures that ensure maximum revenue collection. Despite measures by KRA, Excise duty compliance has remained low and therefore KRA keeps falling short of its annual targets. The prime goal of this research is to determine the effect of taxpayer education on Excise tax compliance among small and medium entrepreneurs in Upper Eastern, Kenya. The general objective of the study was to determine the effect of taxpayer education on Excise duty compliance among entrepreneurs in Upper Eastern. The specific objectives were to determine the effect of mobile tax clinics, to determine the effect of print and electronic media advertisements and to determine the effect of tax training seminars on excise duty compliance. The study was guided by Optimal Tax Theory and Fiscal Exchange theory. This study adopted a descriptive research design .The target population was all the 23 registered entrepreneurs dealing in excisable goods and services in Upper Eastern. Primary data was used collect data using questionnaires and secondary data was obtained from the KRA offices in Embu. Regression and Correlation analysis was used to determine the significance and relationship of the variables. Both descriptive statistics and inferential statistics was carried out with the help of the SPSS software. The study adopted regression analysis to confirm the effect of taxpayer education on excise duty compliance. Data was presented in the form of frequency distribution tables & charts. The study results showed that indeed; mobile tax clinics, print electronic media adverts and tax training seminar enhances excise duty compliance on entrepreneurs in upper Eastern. Regression analysis was conducted; the findings revealed that Taxpayer education correlate with excise duty compliance. The findings revealed that the p value was 0% which is less than 5% which implies that the relationship between taxpayer education and excise duty compliance was statistically significant. The study recommends that there is need to enhance taxpayer education among entrepreneur in upper Eastern region using tax training seminars , since more tax training seminar enables them understand tax laws and hence comply with them. The study suggested future studies may be conducted on the influence of taxpayer education on excise duty Compliance among entrepreneurs other counties such as Nyeri, Mombasa and Nairobi.

ABBREVIATIONS AND ACRONYMS

EAC	-	East African Community
KRA	-	Kenya Revenue Authority
MTC	-	Mobile Tax Clinics
OECD	-	Organization for Economic Cooperation and Development
PIN	-	Personal Identification Number
SAS	-	Self Assessment System
SMEs	-	Small and Medium Enterprises
USD	-	United States Dollar

DEFINITION OF TERMS

Entrepreneurs	An individual who starts and runs a small business assuming all the risks and rewards. (Hamburg et al 2018)
Excise Duty	A tax imposed on goods and services manufactured in Kenya or imported into Kenya as specified in the Fifth Schedule of Excise Duty Act CAP 472.
Mobile tax clinics	These are caravans that move around a specific area while conducting taxpayer education. (Hassan 2016).
Print and electronic adverts	These are adverts done by the tax authorities to sensitize taxpayers of their obligations and to enhance taxpayer education. (Alm et al 2015).
Tax compliance	This refers to making tax payments and submitting all the relevant information about such payments on time and in the required formats. (Madigan, 2015)
Taxpayer Education	This refers to imparting tax knowledge on taxpayers so as to raise compliance levels (OECD, 2015)
Tax training seminars	These are workshops organized by revenue authorities where they train participants as a means of conducting taxpayer education (Madigan, 2015)

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ABSTRACT	iv
ABBREVIATIONS AND ACRONYMS	v
DEFINITION OF TERMS	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of the problem	5
1.3 Objectives of the Study	6
1.4 Research Questions	6
1.5 Justification of the study	7
1.6 Scope of the study	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 Theoretical literature review	8
2.3 Empirical literature review	11
2.4 Conceptual framework.....	15
2.5 Research Gaps.....	17
2.6 Critique of the study.....	17
2.7 Chapter Summary	18

CHAPTER THREE	19
RESEARCH METHODOLOGY	19
3.1 Introduction.....	19
3.1 Research Design.....	19
3.2 Target Population.....	19
3.3 Sample size and Sampling technique.....	19
3.4 Data Collection Procedure	20
3.5 Pilot Study.....	20
3.6 Reliability Test.....	20
3.7 Validity Test.....	21
3.8 Normality Test	21
3.9 Multicollinearity Test.....	22
3.10 Data Collection	22
3.11 Data Analysis	22
3.12 Operationalization of study variables	23
CHAPTER FOUR	25
DATA ANALYSIS AND INTERPRETATION OF FINDINGS	25
4.1 Introduction.....	25
4.2 Response Rate	25
4.3 Statistical Assumptions	28
4.3.1 Test of Normality	29
4.3.2 Multicollinearity Test.....	30
4.4 Descriptive Statistics.....	31
4.5 Correlation Analysis	34
4.6 Regression Analysis between Mobile Tax Clinics and Excise Duty Compliance.....	35
4.7 Regression Analysis between Print & Electronic Media adverts and Excise Duty Compliance	37

4.8 Regression Analysis between Tax Training Seminars and Excise Duty Compliance	39
4.9 Joint Effect of Tax Payer Education On Excise Duty Compliance	41
4.10 Discussion of the Findings.....	43
CHAPTER FIVE	46
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	46
5.1 Introduction.....	46
5.2 Summary of Findings.....	46
5.3 Limitations of the Study.....	47
5.4 Conclusions.....	47
5.5 Recommendations.....	48
5.6 Further Research	48
REFERENCES.....	49
APPENDICES	55
APPENDIX 1 :QUESTIONNAIRE.....	55
APPENDIX 2: DATA COLLECTION SHEET.....	59
APPENDIX 3 : LIST OF SMES	60

LIST OF TABLES

Table 3.1: Test of Reliability of Questionnaire	21
Table 3.3: Operationalization of Study Variables.....	24
Table 4.1: Years Dealing in Good &Service	26
Table 4.2: Education on Tax.....	27
Table 4.3: Annual Turnover.....	27
Table 4.4: Number of Employees	28
Table 4.5: Tests of Normality.....	29
Table 4.6: Multicollinearity Test	31
Table 4.7 : Mobile tax clinics	32
Table 4.8 : Print & Electronic Media adverts	33
Table 4.9 :Tax 3 Training & Seminar	34
Table 4.8 : Summary of Correlations Statistics of Independent and Dependent Variables	35
Table 4.9: Effect Of Tax Knowledge On Value Added Tax Compliance.....	36
Table 4.10 : Model Summary	38
Table 4.11 : Model Summary	39
Table 4.10 : Overall Effect Of Tax Knowledge, Tax Compliance Cost.....	41

LIST OF FIGURES

Figure 2.1: Conceptual framework	16
Figure 4.1: Response Rate	26

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Different scholars have come up with different definitions of tax compliance. Braithwaite (2009) defines tax compliance as the full payment of all taxes due. Tax can be measured by analysing payments made, the returns filled and the reporting done by taxpayers over a particular period.

The self-assessment system (SAS) has been widely practiced around the globe, with non-compliance behavior being a major issue. This is attributed to the shift of tax computation to taxpayers, and therefore taxpayers need to be educated on tax laws. (Kircher 2008)

Another attribute of SAS is voluntary compliance and penalties applied if taxpayers do not submit a correct tax return within the stipulated period. One possible way of ensuring tax compliance is taxpayer education (Loo 2008). Taxpayers need to be tax literate, in order to compute their tax liability responsibly. Without proper taxpayer knowledge, they may compute their taxes incorrectly and risk being penalized.

Excise tax is an indirect tax on the sale of a particular good or service such as fuel, tobacco and alcohol. Indirect means the tax is not directly paid by an individual consumer but instead levies the tax on the producer or merchant, who passes it onto the consumer by including it in the product's price. In the US, the internal revenue Services reported that \$102 Billion dollars was collected in 2016 in excise duty remittances (IRS 2017). Excise taxes are categorized as either being ad valorem or specific. Ad valorem excise taxes are fixed percentage rates applied on specified goods or services. Specific excise taxes are fixed amounts applied to certain purchases.

Revenue collection is an important determinant of the economy of any country (Malima, 2013). Government revenues allows the government to conduct its operations. (Ebeke 2010). Sufficient revenue decreases dependence of the government on donors for its development projects (Komanya, 2015).

Studies have shown that taxpayers often have little understanding of how tax systems work (Kira 2017). Using data on thirty-six African countries, Isbell (2017) found out that most respondents have difficulty computing taxes they owe the government. This is common in both small and large businesses (Nalishebo 2014). It is clear that tax knowledge is a key determinant of tax compliance and that inadequate taxpayer education inhibits voluntary compliance (Madigan 2015).

Excise duty under Kenyan law means a duty of excise imposed on goods manufactured in Kenya or imported into Kenya and specified in the Excise Duty Act. It is mainly levied in order to improve health and safeguard the environment. (Miller 2019).

1.1.1 Taxpayer education

Excise tax non-compliance is a problem for all governments world over. (Hamburg 2018). In China, the State Administration of Taxation(SAT) estimated that a total of USD 5.39 billion in taxes was lost in the year 2014 due to Excise tax non-compliance.(Chan 2013). In the United States, the Internal Revenue Service(IRS) estimated that up to USD 67 billion was lost due to non-compliance in the year 2010-2011.(Madigan 2015).This has raised the question of how to encourage Excise tax compliance.

Taxpayer education is therefore important in ensuring an increase in the compliance levels. (Palil 2010). Some entrepreneurs think they are not obligated to register because they operate a small enterprise, or because they make very little profit (Benzarti 2015). Taxpayer

education will help taxpayers to better understand tax laws and promote voluntary tax compliance (Christina et al 2010)

Taxes have an important role in the lives of Americans such that basic tax education is important for all Americans. (Richards 2010).The USA is used as a benchmark when studying compliance because it has the highest compliance rate in the world.(Joyner 2009).The Internal Revenue Service has a section on its website on ‘Understanding Taxes’ that is specifically for learners .It contains information on the history of taxes, preparation of taxes and how the tax system works. The lessons help the learners understand why the government needs tax revenue and how this revenue is used to provide services to the citizens. Such exposure at an early age is important in ensuring a change of attitude, therefore increasing compliance levels.

In developing countries, a huge portion of tax revenue remains uncollected (Bird 2012). This is especially in the informal sector, dominated by entrepreneurs. Recent trends have shown that most young people prefer entrepreneurship as opposed to white collar jobs. Most of these entrepreneurs have minimal knowledge on the tax laws and regulations (Cerqueti 2015). They therefore end up evading tax unknowingly and this creates a tax gap in the total revenue collected by the government.

1.1.2 Excise Duty Compliance in Kenya

Excise Duty Act of 2015 governs the administration of Excise duty in Kenya on excisable products (Gitahi 2016). Some of the excisable goods and services include alcohol, tobacco, cosmetics, fruit juices and mobile money transfer services. The duty is levied at different rates depending on the goods or services being supplied as specified in the First Schedule. (Machogu 2015)The Act stipulates that one shall not manufacture, import or supply excisable goods and services without a license from Kenya Revenue Authority.

Smuggling is a leading cause of excise duty non-compliance. (Komanya 2015). Smuggling could be done in several ways such as under declaring the amount or incorrectly declaring the type of goods (Cooper 2010). It also involves fake invoices, tariff code misclassification, over stated or under stated valuation and shipments (Thanasegaran2009). In the Kenyan context, Excise duty is avoided through falsifying the declaration, smuggling or using fake excise stamps. (Machogu 2015). 273725

The Excisable Goods Management System Regulations, 2017 outlines the guidelines of using excise stamp. All excisable goods, except motor vehicles, manufactured in or imported into Kenya, are required to be affixed with an excise stamp (KRA 2015). This is to deter counterfeits and to track the stamps and goods along the supply chain. It's also for accounting for the production of excisable goods and to enable anyone in the supply chain to authenticate the stamps and goods.

1.1.3 Excise Duty compliance in Upper Eastern

In this context, upper eastern will comprise of Embu and Meru Counties. Enterprises dealing in excisable goods and services in Embu and Meru are mainly dealing in financial services such as SACCOS and beverages and soft drinks such as sodas and bottled water. Excise duty compliance has been low over the years with KRA failing to reach its target collections. Most of these entrepreneurs are unaware of their excise tax obligations yet they deal in excisable goods such as motor vehicle and motorcycle parts, juices, soft drinks and alcohol. A recent trend that has also been noted is the use of fake excise stamps. Most entrepreneurs don't make an effort to visit the KRA offices so as to obtain more information on their excise duty liability and when they should pay the taxes. KRA results to coercive and expensive methods such as audits to ensure compliance.

Hostility between the taxpayers and revenue officials has also been noted. Some have resisted the use of electronic tax registers so as to alter their books. Some of the entrepreneurs are briefcase entrepreneurs with no physical address and it is therefore difficult to track them. Since it is both costly and time consuming to audit many businesses, the best method to ensure voluntary compliance would be taxpayer education.

1.2 Statement of the problem

Excise duty compliance remains low in many economies world over, with revenue authorities failing to achieve their yearly targets (Dutkowsky 2014). It is therefore important to educate taxpayers on their Excise duty obligations in order to have a fully functional tax system (Lloyd 2015). Voluntary compliance can only be brought about by proper taxpayer education (Alm 2018). Given the how valuable excisable goods are, there exists an opportunity to smuggle the goods or use fake excise stamps and avoid paying any duty. In the United States, IRS estimated that up to USD 67 billion was lost due to non-compliance in the year 2010-2011. (Walsh 2012). It is clear that more needs to be done so as to narrow this gap and ensure high compliance levels.

Countries must finance public expenditures through fiscal revenues as deficit financing is no longer feasible (Komanya 2015). It is therefore important for governments to ensure that excise duty compliance levels are high enough to provide the necessary revenue.

Excise duty compliance in Upper Eastern has also remained low despite efforts to ensure compliance. At a national level, KRA collected Sh 151.6 Million in Excise duty against a projected target of Sh 184.7 million in in the financial year 2017/2018. In 2018/2019, , KRA collected Sh 167.9 Million in Excise duty against a projected target of Sh 218.9 million .In 2017/2018 KRA collected a total of 22.6 Million in excise duty in Embu County against a target of 32.4 Million while in Meru, 42.7 million was collected against a target of 49.3

Million. In 2018/2019, KRA collected Sh 24.3 Million in Excise duty against a projected target of Sh 39.1 million in Embu County. In Meru County, KRA collected sh46.3 million in Excise duty against a target of Sh 55.6 million. This clearly shows extra measures need to be put in place in order to ensure maximum revenue collection and meet the targets. Taxpayer education will help in ensuring this since the system is purely self-assessment. Voluntary compliance is most desirable since audits will be both time consuming and expensive for the tax authorities. (Machogu 2013)

1.3 Objectives of the Study

1.3.1 General objective.

The general objective of the study was to investigate the effect of taxpayer education on Excise duty compliance among entrepreneurs in Upper Eastern

1.3.2 Specific objectives

The specific objectives of this study were;

- i) To determine the effect of mobile tax clinics on excise duty compliance
- ii) To determine the effect of print and electronic media adverts on excise duty compliance
- iii) To determine the effect of tax training seminars on excise duty compliance

1.4 Research Questions

This study was guided by the following research questions:

- i) What is the effect of mobile tax clinics on excise duty compliance?
- ii) What is the effect of taxpayer education through the electronic and print media adverts on excise duty compliance?
- iii) What is the effect of tax training seminars on excise duty compliance?

1.5 Justification of the study

The findings of this study was used by scholars to add to the existing body of knowledge of excise tax compliance as both the county and national governments as well as KRA to understand the importance of taxpayer education in enhancing excise duty compliance and bridging the tax gap. The study will also be useful in policy making to formulate policies that will be designed in a manner that will ensure maximum revenue collection and bridge the existing tax gap. The study will also be useful in managerial practice where tax managers will gain robust management skills to enhance tax collection in the various KRA stations.

1.6 Scope of the study

The study focused on enterprises dealing in Excisable goods and services in Upper Eastern. The study also focused on two counties in Upper Eastern, Embu County and Meru County. The time scope is the just concluded 2018/2019 financial year.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises of theoretical literature review, empirical literature review and the conceptual framework. It shows the effect of taxpayer education on tax compliance.

2.2 Theoretical literature review

The research was guided by two theories, Optimal Taxation Theory which evolved from Frank Ramsey and Fiscal Exchange Theory which evolved from the economic deterrence theory and the social psychological model. Optimal taxation theory talks about how to minimize distortions that occur due to taxation of a certain economic activity which makes it less desirable to engage in. Fiscal exchange theory talks about government revenues serving as a motivational factor to taxpayers to enhance tax compliance, given the services they receive from the government. The theories was support this study and show the link between the theories and the variables in this study.

2.2.1 Optimal Taxation Theory

Optimal tax theory is the study of how to design a tax to minimize distortion and inefficiency caused by raising set revenues through distortionary taxation (Saez 2016) .It highlights how best to design and implement a tax that maximizes a social welfare function subject to economic constraints. Taxes are required for provision of public goods and other government services, as well as for redistribution from rich to poor individuals. However, most taxes distort individual behavior, because the activity that was being taxed becomes less desirable. The optimization problem involves minimizing these distortions while achieving desired levels of redistribution and provision of public services.The basic premise of the theory is that if a government wishes to raise a given sum through taxation that taxes distort economic

behaviour, how the taxes should be set in order to minimize the distortion which occurs (Kira 2017).

Other factors being constant, if a taxpayer must choose between two mutually exclusive investments with the same risk and returns, the one with the lower tax will be chosen. That shows that taxes distort economic choices (Moore 2017).

Some of the many extensions to the Ramsey problem provide intuition about possible policy prescriptions. In the special case that demands for different goods are unrelated, the Ramsey rule simplifies to the inverse-elasticity rule. The inverse-elasticity rule states that tax rates should be inversely proportional to their elasticity of demand. Goods for which demand is inelastic should have a high tax rate since changing their prices does not create much distortion. Conversely, the government should set lower tax rates on price elastic goods since small price changes may create large distortions in the quantity demanded.

Equity in the optimal tax system can be introduced by having higher taxes on the goods consumed by the rich, such as alcohol. This is the reason why governments exempt groceries from their sales tax: Because poor people spend a higher portion of their income on groceries than rich people, therefore introducing fairness.

Taxpayer education is important in designing an optimal tax system. (Palil 2010). Taxpayer education is important in informing the taxpayers on their rights and obligations, which will in turn enhance excise duty compliance because taxpayers are aware of any tax reliefs and other incentives that authorities put in place in order to have an optimal tax system(Christina 2010). A tax system where taxpayers don't feel overburdened will result in higher levels of compliance.

2.2.2 Fiscal Exchange Theory

The fiscal exchange theory evolved from the economic deterrence and the social psychology model (Moore 2017). It proposes that there exists a social, relational or psychological contract between the state and the taxpayers (Fjeldstad, *et al.*, 2012). It proposes that government expenditures serve as a motivating factor for taxpayer compliance, especially when the taxpayers value the goods and services they receive from the government. The main concern of taxpayers is what they get in return for their taxes in the form of public services.

Taxpayers comply with tax laws if they are satisfied with government services. When the taxpayers are dissatisfied with the services provided by the government or when they are not pleased by how their taxes are accounted for, the compliance levels will decline. (Lubua 2014) .If the state provides good quality goods and services, the levels of voluntary compliance will rise. (Bodea 2013)

Most taxpayers cannot quantify the exact value of the public goods and services they receive from the government, they have impressions and attitudes concerning this exchange. It is therefore assumed that a taxpayer's behavior is influenced by the satisfaction of this exchange with the government. If the tax system is perceived to be unjust, tax evasion will occur and this will be the taxpayers attempt to adjust his terms of trade with the government.

The theory also proposes tax bargaining between taxpayers and the state, which is important for accountability. (Fjeldstad, *et al.*, 2012).This happens when the taxpayers are able to negotiate their tax position with the government because they can participate in the law making process. (Ayuba *et al* 2016).

Taxpayer perceptions on the tax system can be influenced through proper taxpayer education which will in turn lead to higher compliance levels as taxpayers are informed regarding the value they get for their taxes in terms of public goods and services (Fjeldstad *et al* 2012). Public participation when the government is formulating new tax policies also helps in negotiating taxpayer's position and therefore voluntary compliance is enhanced because the taxpayers feel partisan to law making process.

2.3 Empirical literature review

The empirical literature review will highlight the link between taxpayer education and excise duty compliance as per the objectives and how the variables will be measured. It will also highlight studies that have been done in the past relating to taxpayer education and excise duty compliance both globally and regionally.

Zainol et al (2018) conducted a study on Excise duty compliance and its determinants in Malaysia. It was found that penalty rate, probability of detection and tax knowledge all determine the level of excise duty compliance. High penalty rates act as deterrent to high risk evaders. However, education is key in ensuring excise duty compliance. Tax education leads to more ethical behavior when disclosing incomes therefore raising the excise duty compliance levels

Ojochogwu and Stephen (2012).assessed factors that affect tax compliance among small and medium enterprises (SMEs) in North West Nigeria. They concluded that high tax rates and complex filing procedures were the main causes of noncompliance of SMEs. They recommended that SMEs should be levied at a lower percentage to allow development and continuity in a competitive market. Tax incentives will go a long way in encouraging voluntary compliance and also attracting investors .A similar study should be done in Kenya since the SMEs in Kenya are facing a similar problem of tax noncompliance.

Marita (2019) conducted a study on the effectiveness of taxpayer education on tax compliance for SMEs in Kitengela, Kenya. The study sought to understand how taxpayer education can change the non-compliant behavior of SMEs and narrow the tax gap. The study concluded that tax compliance levels were heavily dependent on taxpayer education as taxpayers would be aware of the tax rates, fines and penalties.

Kirchler et al. (2013) developed an explanatory framework (“slippery slope”) to highlight the necessary actions of the government so as to improve tax compliance. They suggested that developing tax educational programs would greatly increase tax compliance. They also recommended penalty measures for those who resisted educational programs. Chaudry and Munir (2010) analyzed the determinants of low tax revenues in Pakistan and concluded that an increase of taxpayer education causes a decrease in tax revenue. Mutascu and Danuletiu (2013) also showed that low education levels is associated with low tax revenues.

Marti et al. (2010) showed that misinterpretation of tax laws is a major factor that causes tax non-compliance in Kenya. They concluded that an increase in taxpayer’s knowledge leads to an increase in tax compliance. Bhushan and Medury (2013) showed that salaried people in India have low level of tax literacy which results in low levels of tax compliance.

2.3.1 Mobile tax clinics and excise duty compliance

Mobile tax clinics are an innovative method used by tax authorities where the taxpayer education is brought closer to the taxpayers by caravans (Hassan 2016). This method is widely used by SARS whereby they are able to reach many taxpayers, especially in rural areas. They help taxpayers in paying taxes and explaining why taxes should be paid. (Malima 2013). The main aim is to increase compliance and tax literacy. Some of the services that the MTCs should include registration, filling and submission of tax returns and updating of taxpayers details.

Chipeta (2016) conducted a study on the effect of mobile tax clinics on tax compliance in Malawi. The study sought to evaluate the effectiveness of mobile tax clinics in expanding the tax base by reaching out and recruiting more taxpayers and therefore narrowing the tax gap. The study concluded that mobile tax clinics have the ability to expand tax bases and reach out to many taxpayers, which is crucial in conducting taxpayer education.

Njoroge (2015) conducted a similar study on the effect of mobile tax clinics on revenue collection in Kenya. The study concluded that exposure to mobile tax clinics changed the taxpayers' attitudes and they were more willing to be compliant. Well timed taxpayer education campaigns using mobile tax clinics is effective in enhancing tax compliance and revenue collection.

The use of MTCs has the potential to reach out to very many taxpayers due to the fact that services are being brought closer to the taxpayers (Mutascu 2013). An impact assessment of this strategy needs to be conducted based on the data collected by the MTCs in order to ascertain if it is a sustainable strategy of taxpayer education

2.3.2. Print and electronic media adverts and excise duty compliance

This method is one of the most popular methods of conducting taxpayer education, where tax authorities engage taxpayers through the media. In Kenya, KRA uses radio and television advertisements to remind taxpayers of their filling obligations and deadlines for meeting these obligations.

Radio programs conducting taxpayer education are also widespread in Rwanda and Zambia to educate taxpayers on their obligations. (OECD 2015). This is seen as a good non-confrontational approach to enhance taxpayer education and improve their understanding of their tax obligations (Alm et al 2015).

Cyan et al (2017) show that both TV ads and newspaper ads can increase tax filing rates but only the latter in a statistically significant way. Moreover, the estimated treatment effects of the information newspaper ads are much larger in magnitude. The discrepancy in effectiveness of the two mass media might be attributed to both the delivery device itself as well as the content of the message by the tax administration itself. They argued that newspapers readers are more educated and come from a higher socio-economic status and their tax filing rates are also higher. However, they concluded that the effect was mainly driven by the message content as opposed to the delivery device.

Young et al (2016) studied the effect of print and electronic media adverts on tax compliance in China. The study found out the effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspaper will increase awareness, tax filling and tax morale among taxpayers and enhance tax compliance levels.

Another aspect of this method is the use of social media and digital taxpayer education campaigns (Jimenez 2016). An increasing number of people are on social media and it is becoming a platform for taxpayer education and interaction with the revenue authorities. KRA should take full advantage of social media to engage with the youthful population and educate them on their tax obligations as well as provide assistance in an efficient manner which ensures compliance.

2.3.3. Tax training seminars and excise duty compliance

This is one of the most common methods revenue authorities use to promote taxpayer education (Fjeldstad 2012). In order to ensure maximum efficiency of this approach, it is best to organize such seminars for a specific group of taxpayers. This approach is widely used in South Africa, where the South African Revenue Service (SARS) provides free tax education sessions for small businesses.

Adebayo (2017) conducted a study on the effect of tax training seminars on excise compliance in Nigeria. He concluded that tax training seminars are a very effective method of conducting taxpayer education with the result being increased levels of tax compliance. Karanja (2014) also conducted a similar study in Nairobi, Kenya focusing on the effect of tax training seminars on rental income tax compliance. The study showed that stakeholder training seminars are effective in enhancing rental income tax compliance. The study recommended more tax training seminars should be organized in order to enhance compliance levels.

For such a technique to prove effective, there is need for the target audience to be very specific depending on the tax they are liable to pay. This will ensure the content delivered is specific and beneficial to the audience (Fjeldstad 2012). The size of the audience also needs to be a small population to ensure they engage properly with the facilitators. Partnering up with local institutions such as churches could also boost the attendance numbers because churches are much closer to the people than the revenue authorities and therefore they could get the word out to the people much more effectively.

2.4 Conceptual framework

A conceptual framework is a construct that shows the relationship between the variables in a study (Grant 2014). The framework helps specify and define the concepts within the problem of the study (Luse 2012). The independent variable is taxpayer education and the dependent variable is excise duty compliance. Taxpayer education will be measured by the taxpayers registered, social media engagement, electronic and print media adverts and level of attendance of taxpayer training seminars. Excise duty compliance will be measured by the payments made and the returns filed by the taxpayers as shown in Figure 2.1.

Independent Variable

Dependent Variable

Taxpayer Education

Excise Duty Compliance

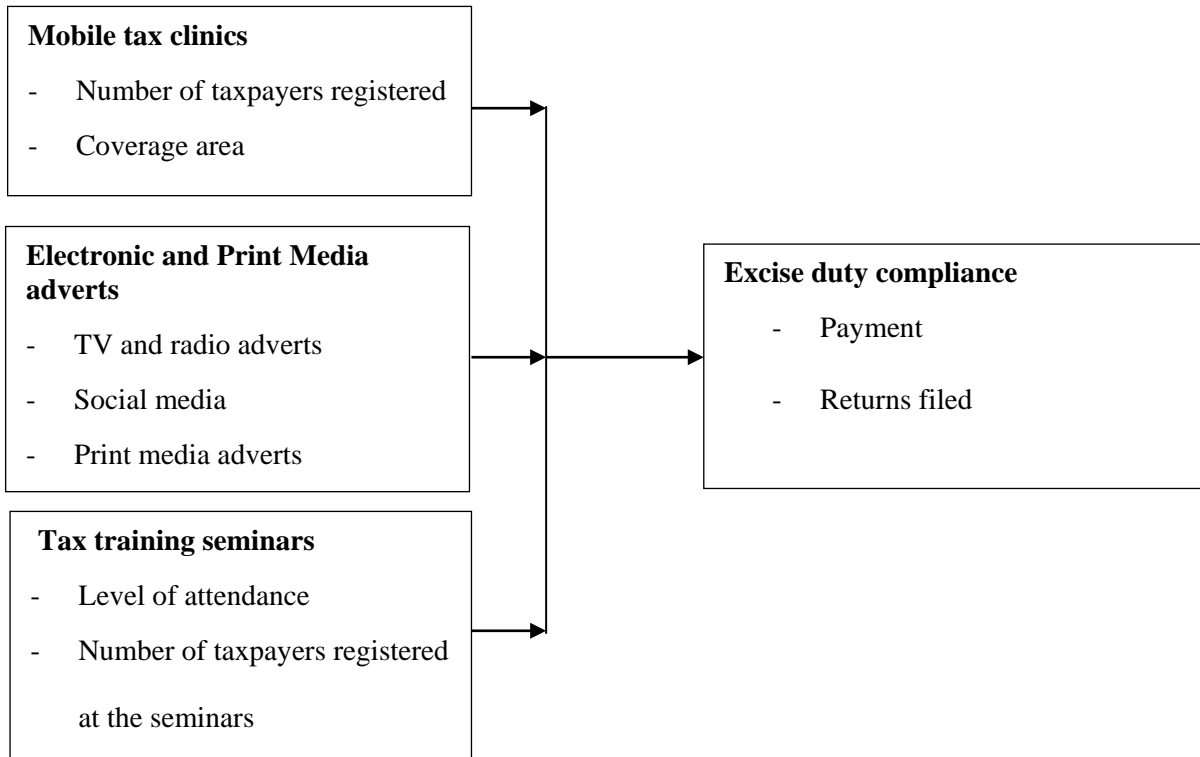


Figure 2.1: Conceptual framework

2.5 Research Gaps

Zianol (2018) focused on Excise duty compliance and its determinants in Malaysia. Chaudry (2010) studied the determinants of low tax revenues in Pakistan. Hershhal (2015) focused on the reasons for the success of collection of Excise duty in India. Yudhi (2017) studied the assessment of excise duty administration in Indonesia. These studies were focused in another context and not in Kenya thus creating a contextual knowledge gap which this study seeks to fill. Ojochogwu (2012) analyzed the factors affecting tax compliance among small and medium enterprises in North west Nigeria while Festo (2013) analyzed the effect of taxpayer education on tax compliance among SMEs in Uganda thereby creating a contextual gap this study sought to fill.

Ndirangu (2014) analyzed the effect of taxpayer education on VAT compliance by motor vehicle part dealers in Nairobi. The study sought to understand how taxpayer education would impact VAT compliance and whether enough emphasis had been put on the same. The study is different since the dependent variable is not the same. This therefore creates a conceptual gap.

2.6 Critique of the study

Previous studies by Zainol et al (2018), Young et al (2016) and Njoroge (2015) agree that governments should make efforts in ensuring that taxpayer education is done efficiently so as to promote excise duty compliance and provide government with revenues that support government operation. Zainol et al (2018) conducted a study on Excise duty compliance and its determinants in Malaysia. It was found that penalty rate, probability of detection and tax knowledge all determine the level of excise duty compliance. Tax education leads to more ethical behavior when disclosing incomes.

Njoroge (2015) conducted a similar study on the effect of mobile tax clinics on revenue collection in Kenya. The study concluded that exposure to mobile tax clinics changed the taxpayers' attitudes and they were more willing to be compliant. Young et al (2016) studied the effect of print and electronic media adverts on tax compliance in China. The study found out the effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspaper will increase awareness and result into compliance. However, no study has been done on the effect of taxpayer education on excise duty compliance for small and medium enterprises in upper eastern region, Kenya. This study sought to find out how mobile tax clinics, print and electronic media adverts and tax training seminars affect Excise duty compliance among small and medium enterprises in upper eastern region, Kenya.

2.7 Chapter Summary

This chapter highlights the theoretical framework guiding the study, where the Fiscal exchange theory and Optimal taxation theory are most suitable. Studies on Excise Duty compliance and Taxpayer education done in various countries and Kenya are also discussed with the findings and the critique of these studies highlighted in the empirical framework. Each element in the conceptual framework is also discussed so as to show the link between the independent variable and the dependent variable. The Conceptual framework highlights the linkage between the Taxpayer education and Excise duty compliance and it also shows the measures of each variable in the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the research design, target population, sample size, sampling method, data collection procedures and the analysis method.

3.1 Research Design

According to Cooper (2014) a research design as the roadmap a researcher uses as a guide for conducting a research. This study adopted a descriptive design. Cox and Hassard, (2010) defined a descriptive research as one where research data is collected without altering the study environment. Cooper, (2014) suggests that descriptive survey is best suited for studies that rely on both qualitative and quantitative data. Therefore this study is best suited to adopt the design.

3.2 Target Population

Agresti (2009) defines a study population as the subjects a researcher wishes to make inference. It is also defined as the total collection of elements a research would like to make inferences (Cox, 2010). The target population comprised all 23 registered SMEs in Embu County and Meru County dealing in excisable goods and services. The study was a census where all 23 registered entrepreneurs dealing in excise goods and services in upper Easter was applied in this study.

3.3 Sample size and Sampling technique

Since the study is a census, the sample size would be all the registered entrepreneurs dealing in Excisable goods and services in Upper Eastern region. No sampling

technique was used for this study since the population was small and it was therefore a census.

3.4 Data Collection Procedure

The research started by obtaining the letter of introduction from the school to help in conducting the research. To visit the premises of the respondents and introduce myself using the letter from KESRA. Questionnaire was used to collect primary data sent to the respondents via email or hand delivered. It consisted of close ended and open ended questions. The questionnaire was structured into the following parts: - Part 1- general information such as registration details, business experience and literacy level. Part 2 is on Mobile Tax Clinics and their reach to taxpayers. Part 3 is on the use of electronic and print media adverts in promoting tax education. Part 4 is on Tax training seminars and how helpful they are in promoting taxpayer education

3.5 Pilot Study

Descombe (2010) defines a pilot test as the initial test done to test the validity and reliability of a research instrument. It is aimed at investigating whether crucial components of the main study were feasible. It can be used to predict an appropriate sample size (Cocks 2013). For this study, ten respondents were selected .The findings were analyzed for reliability to determine whether the study itself is feasible.

3.6 Reliability Test

Sekaran (2003) stated that reliability is an indication of the stability and consistency of an instrument to measure the concept and also assess the “goodness” of a measure. The reliability analysis was done using Cronbach’s Alpha which is usually the mean of all possible split-half coefficients. The benchmark value of 0.7 is commonly used where alpha values above 0.7 are considered acceptable, above 0.8 are considered good and above 0.9 are

considered to reflect exceptional internal consistency (Mohajan 2017).Cronbach’s Alpha value of 0.7 was used as the benchmark for this study.

Table 3.1: Test of Reliability of Questionnaire

Factor	Number of Items	Cronbach Alpha score	Conclusion
Mobile & tax clinics	4	0.857	Reliable
Print & electronic Media adverts	5	0.720	Reliable
Tax training seminar	4	0.826	Reliable

Source: Survey Data (2019)

3.7 Validity Test

Validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda 1999).This study used content validity whereby questionnaires was include various questions on how mobile tax clinics, print and electronic media adverts and tax training seminars affect Excise Duty compliance. Questions were in simple language for ease of understanding and clarity. The study was also improving validity by matching the assessment measure to the objectives of the study.

3.8 Normality Test

Parametric statistics by definition assume that the data under test is normally distributed, hence the use of the measure of central tendency (Zikmund, 2010).According to Razali and Wah (2011) Shapiro-Wilk is the most powerful

normality test. Shapiro-Wilk test of more than 0.05 indicates that the data is normally distributed. The data will be subjected to a normality test to determine if it is normally distributed.

3.9 Multicollinearity Test

Multicollinearity is the undesirable situation where the correlation among the independent are strong. It increases the standard coefficients errors to get tolerance and variance inflation factor (VIF). Bowerman and Connell (2006) argued that VIF above 2.50 start to indicate relatively high levels of multicollinearity. The data in this study was subjected to a multicollinearity test to determine the correlation between the variables.

3.10 Data Collection

Data collection is the systematic process a researcher does to document data. (Cooper (2014)). The questionnaire consisted of open and close-ended questions. The questionnaires were delivered in person to respondents and also sent via mail. The purpose and structure of the questionnaire were explained to the respondents before being given the opportunity to respond to the questions. Questionnaires will be checked for completeness and coded for data entry. Secondary data was used to analyze compliance levels before and after taxpayer education. It was obtained from the KRA offices in Embu.

3.11 Data Analysis

Descriptive method was used to analyze the data. The SPSS will be used for statistical analysis. Multiple Regression analysis was used to measure the significance of the independent variables and the dependent variable. The equation was as follows

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

Where, Y= Excise tax compliance

α = Constants

β_1, \dots, β_3 = the degree with which excise tax compliance changes as the independent variable changes by one unit

X_1 = Mobile tax clinics

X_2 = Electronic and Print media adverts

X_3 = Tax training seminars

e = Error

3.12 Operationalization of study variables

The following table below gives an outline of the dependent and independent variables and how they were measured and reviewed. Taxpayer education were operationalized using mobile tax clinics, print & electronic media adverts and tax training seminar

Table 3.3: Operationalization of Study Variables

Variables	Source/Author	Data collection instrument	Measurement scale	Types of Analysis
Independent variable				
Mobile tax clinics	Hassan (2016)	Questionnaire	5 point likert scale	Quantitative
Print & electronic media adverts	Jimenez (2016)	Questionnaire	5 point likert scale	Quantitative
Tax training seminar	fjelstand (2012)	Questionnaire	5 point likert scale	Quantitative
Dependent Variable				
Excise duty Excise Duty	Act of 2015 compliance	Questionnaire	5 point likert scale	Quantitative

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter describes the actual findings as per the feedback from the respondents and which linked them to the objectives of the study. It encompasses the background information, descriptive and inferential statistics of the respondents' views of mobile tax clinics, print & electronic media adverts, tax training and Excise tax compliance.

4.2 Response Rate

Questionnaires were used to seek views of the entrepreneurs of the in upper Eastern. The researcher distributed 23 questionnaires out of which 22 were received and accepted as correctly filled which represents a 95 % response rate. Academic studies involving top management require a response rate of approximately 35 per cent is reasonable (Baruch, 2013). Saunders *et al.*, (2007) suggest that an average response rate of 30% to 40% is reasonable. While Sekaran and Bougier (2009) recommend that a response rate of approximately 60% for most research should be the goal of researchers. Based on these assertions, this implies that the response rate for this study was adequate. Figure 4.1 illustrates the level of response rate.

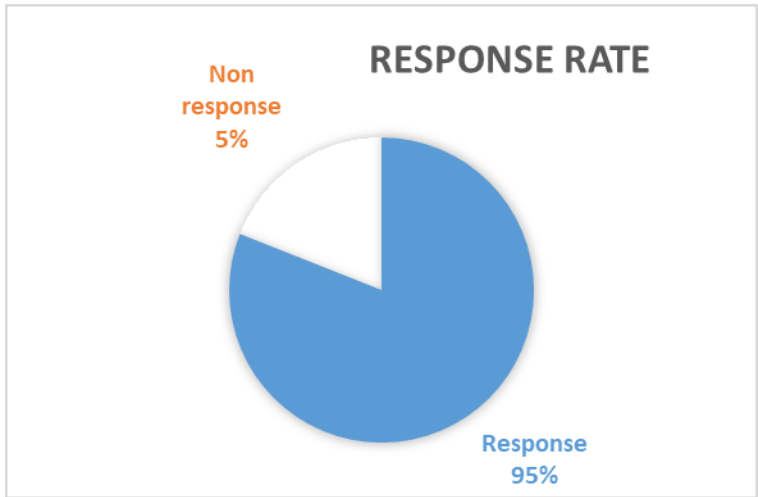


Figure 4.1: Response Rate

Survey Data (2019)

4.2.1 Years of Service

As shown on Table below, 40% of the respondents had dealt in excisable goods and services for between 0-5 years, 31.8% between 5-10 years while 27.2% for more than 10 years. This shows that majority of respondents were new entrepreneurs had dealt in excisable goods and services for 0-5 years.

Table 4.1: Years Dealing in Good &Service

Years	Frequency	Percentage
0-5 years	9	40.9
5-10 years	7	31.8
Above10 years	6	27.2
Total	22	100

4.2.2 Tax Education

As tabulated in Table below 72.7% of respondents had received tax education, while 27.2%

had had not received tax education. From the results it was realized that there majority of the respondents has received tax education. These findings suggest that respondents were literate and knowledgeable to understand the excise duty compliance questions and respond to them appropriately.

Table 4.2: Education on Tax

Education	Frequency	Percentage
Yes	6	27.2
No	16	72.7
Total	22	100

4.2.3 Average Annual Turnover

From the findings majority of the entrepreneurs in upper Eastern that is 54.5 % of them show that they have an average annual turnover of 100,000 – 500,000 Ksh, 27.2 % have an average annual turnover of less than 100,000 Ksh and lastly 18.2% have annual turnover of above 500,000 Ksh. This shows that most entrepreneurs in upper Eastern have a 100,000-500,000 sales turnover.

Table 4.3: Annual Turnover

Years of operation	Frequency	Percentage
Less than 100,000	6	27.2
100,000-500,000	12	54.5
Above 500,000	4	18.2
Total	22	100

4.2.4 Number of Employees

As shown on Table below, 50% of the respondents had between less than 10 employees, with 31.8% of respondents having between 10-30 employee while 13% have above 30 employee.

The study shows that most respondents had less than 10 employee.

Table 4.4: Number of Employees

Employees	Frequency	Percentage
Less than 10	11	50
10-30	7	31.8
Above 30	4	18.2
Total	22	100

4.3 Statistical Assumptions

Statistical tests rely upon certain assumptions about the variables used in the analysis. Osborne and Waters (2014), stated that when these assumptions are not met the results may not be valid. They further argue that this may result in a type I or type II error, or over or under-estimation of significance or effect size(s). It is therefore important to pretest for these assumptions for validity of their results. Osborne, Christensen, and Gunter (2001) observed that few articles report having tested assumptions of the statistical tests they rely on for drawing their conclusions.

According to Osborne and Waters (2014), not pretesting for these assumptions has led to a situation where there is rich literature in education and social science, but questions in to the validity of many of these results, conclusions, and assertions still exist. Testing for assumptions is beneficial as it ensures that an analysis meets the associated assumptions and

helps avoid type I and II errors (Owino, 2014). Prior to data analysis, assumptions for normality and multicollinearity were checked.

4.3.1 Test of Normality

Parametric statistics by definition assume that the data under test is normally distributed, hence the use of the measure of central tendency (Zikmund, 2010). Several statistical procedures such as correlation, regression, t-test and f-tests assume that data follows a normal distribution (Ghasemi & Zahediasl, 2012). There are several ways of testing normality such as Shapiro-Wilk, Kolmogorov-Smirnov, Lilliefors and Anderson Darling.

According to Razali and Wah (2011) Shapiro-Wilk is the most powerful normality test. This study adopted it. The findings of the tests are presented in Table below. The test was used in testing the data in this study. Shapiro-Wilk test of more than 0.05 indicates that the data is normally distributed. The study's data set was subjected to a normality test and the results are shown in Table below

Table 4.5: Tests of Normality

	Statistic	Shapiro-Wilk	
		df	Sig.
Mobile tax	0.861	22	0.63
Print & Electronic media adverts	0.967	22	0.59
Training & seminar	0.704	22	0.74
Excise duty compliance	0.832	22	0.57

a. Lilliefors Significance Correction

4.3.3 Multicollinearity Test

Multicollinearity is the undesirable situation where the correlation among the independent variables are strong. It increases the standard coefficients errors to get tolerance and variance inflation factor (VIF). In order to test for multicollinearity, VIF was computed using statistical packages for social science (SPSS). Multicollinearity increases the standard errors of the coefficients and thus makes some variables statistically not significant while they should otherwise be significant (Osborne and Waters, 2014). Tolerance is the amount of variance in independent variable that is not explained by the other independent variable.

Bowerman and Connell (2006) stated that lower levels of VIF are better while higher levels of VIF are known to affect adversely the result associated with a multiple regression analyses. The authors argued that VIF above 2.50 start to indicate relatively high levels of multicollinearity. The Variance Inflation Factor test in the study regression model ranged between 1.378 and 1.602.

These values were lower than the 2.5 level suggested by Allison (2009) as an indicator of multicollinearity; therefore, multicollinearity was not a problem on this analysis. Thus the study findings were able to fulfill the threshold mainly because Table shows that the VIF of the study were all less than 2.

Table 4.6: Multicollinearity Test

Coefficients ^a		Collinearity Statistics	
		Tolerance	VIF
Model			
Mobile tax	clinics	0.815	1.602
Print & Electronic media adverts		0.766	1.414
Training & Seminars		0.822	1.378

a. Dependent Variable: EXCISE TAX COMPLIANCE

4.4 Descriptive Statistics

4.4.1 Mobile Tax Clinics

The study sought to explain the significance of mobile tax clinics on excise duty compliance. The results showed that respondents agreed that Mobile tax clinics would help promote taxpayer education among entrepreneurs with a mean score of (4.21). The study also found that respondents agreed I would attend a mobile tax clinic in your area to increase my Excise tax knowledge with a mean score of (3.77) and I would register for a PIN if mobile tax clinics visited my area of business with a mean score of (4.46). The results showed that the respondents were in agreement that Mobile tax clinics would be effective in reaching out to entrepreneurs in your area of business with a mean score of (3.93).

Table 4.7 : Mobile tax clinics

	Mean	Std. Dev
Mobile tax clinics would help promote taxpayer Education among entrepreneurs	4.21	0.475
I would attend a mobile tax clinic in your area to increase my Excise tax knowledge	3.77	0.208
I would register for a PIN if a mobile tax unit visited my area of business	4.46	0.514
Mobile tax clinics would be effective in reaching out to entrepreneurs in your area of business	3.93	0.712
	4.09	

Survey Data (2019)

4.4.2 Print & Electronic Media adverts

The study sought to explain the role of print & electronic media adverts on excise duty compliance among entrepreneurs in upper Eastern. The results showed that respondents agreed that Electronic and print media adverts are effective in educating taxpayers on their excise tax obligations with a mean score of (4.82). The study found that respondents agreed TV and Radio adverts are scheduled at a time when most viewers are watching or listening with a mean score of (3.96) and KRA has done enough to engage with taxpayers on social media to educate them on their tax obligations with a mean score of (3.74). The results showed that the respondents were in agreement that Print media (newspapers) would be an effective means of promoting taxpayers education with a mean score of (2.93). A mean score of (3.13) showed that KRA has done enough to educate taxpayers through electronic and print media adverts.

Table 4.8 : Print & Electronic Media adverts

	Mean	Std. Dev
Electronic and print media adverts are effective in educating taxpayers on their excise tax obligations	4.82	0.495
TV and Radio adverts are scheduled at a time when most viewers are watching or listening	3.96	0.328
KRA has done enough to engage with taxpayers on social media to educate them on their tax obligations	3.74	0.411
Print media adverts (newspapers) would be an effective means of promoting taxpayers education	2.93	0.172
KRA has done enough to educate taxpayers through electronic and print media adverts	3.13	0.278
	3.71	

4.4.3 Tax Training & Seminar

The study sought to explain the role of tax training seminar on excise duty compliance among entrepreneurs in upper Eastern. The findings showed that respondents agreed that I would be willing to attend a tax training seminar if KRA organized one near you with a mean score of (4.82). Further the study revealed that respondents agreed I would be willing to be registered as a taxpayer at the end a tax training seminar with a mean score of (3.96) and I would be willing to encourage your fellow entrepreneurs to attend a tax training seminar with a mean score of (3.74). The results showed that the respondents were in agreement that I can educate my fellow entrepreneurs on their tax obligations and the benefits of being excise compliant after attending a tax training seminar with a mean score of (2.93).

Table 4.9 :Tax 3 Training & Seminar

	Mean	Std. Dev
I would be willing to attend a tax training seminar if KRA organized one near you	4.32	0.495
I would be willing to be registered as a taxpayer at the end a tax training seminar	3.96	0.328
I would be willing to encourage your fellow entrepreneurs to attend a tax training seminar	3.90	0.411
I can educate my fellow entrepreneurs on their tax Obligations and the benefits of being excise compliant after attending a tax training seminar	2.03	0.172
	3.55	

Survey Data (2019)

4.5 Correlation Analysis

Correlation analysis measures the degree of relationship between variables. Pearson correlation analysis was used to analyze the relationship between study variables. A correlation coefficient value (r) in the range of 0.1 to 0.29 is considered weak, 0.3 to 0.49 is considered moderate while 0.5 to 1.0 is considered strong extracts from O'Brien, 2007. Table below indicate that print & electronic media adverts had the highest correlation with excise duty compliance (r= 0.519), mobile tax clinics is positively correlated with excise duty compliance (r= 0.485), Tax training seminar is positively correlated with excise duty (r= 0.327), Thus print & electronic media adverts had a strong relationship with excise duty compliance.

Table 4.8 : Summary of Correlations Statistics of Independent and Dependent Variables

	Excise duty compliance	Mobile tax clinics	Print electronic media adverts	Tax training seminar
Excise duty compliance	1			
Mobile tax clinics	0.485**	1		
Print electronic media adverts	0.519**	0.350**	1	
Tax training seminar	0.327**	0.398**	0.423**	1

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

Survey Data (2019)

4.6 Regression Analysis between Mobile Tax Clinics and Excise Duty Compliance

4.6.1 Model Summary

The results are discussed under this section. As shown on Table below the study noted that R was 0.598 which shows that mobile tax clinics have a positive correlation with excise duty compliance up to 59.8%. Mobile tax clinics caused variations in excise duty compliance by 37.2% or ($R^2 = .372$). The results further reveal that even if the study adjusts the model would still account for 36.1% (Adjusted R Square, 0.361) of excise duty Compliance. The remaining 62.8 % of the variation was caused by other factors not included in the model. The mobile tax clinics was statistically significant with P-value =0.000< 0.05). On the basis of these results the objectives were supported

Further ANOVA tests were conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The findings in Table

4.9 show an F value of 41.321 with a significance level of 0.000 which is less than the p value of 0.05, hence establishing the model is statistically significant. The implication is that mobile tax clinics contribute significantly to changes in the excise duty compliance.

**Table 4.9: Effect Of Mobile Tax Clinics On Excise Duty Compliance
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598 ^a	.372	.361	.31673

ANOVA^a

Model		Sum of Squares	Mean Square F	Sig.	
	Regression	16.213	6.471	41.321	.000 ^b
1	Residual	13.346	0.285		
	Total	29.559			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
	(Constant)	0.275	0.368		3.005	.000
1	Mobile tax clinic	0.634	0.456	0.598	2.567	.000

a. Dependent Variable: Excise Duty Compliance

b. Predictors: (Constant), Mobile Tax Clinics

4.7 Regression Analysis between Print & Electronic Media adverts and Excise

Duty Compliance

4.7.1 Model Summary

The results are discussed under this section. As shown on Table below the study noted that R was 0.726 which shows that print & electronic media adverts have a positive correlation with excise duty compliance up to 72.6%. Print & electronic media adverts caused variations in excise duty compliance by 58% or ($R^2 = .580$). The results further reveal that even if the study adjusts the model would still account for 56.7% (Adjusted R Square, 0.567) of excise duty Compliance. This shows that model was that the remaining 42% of the variation was caused by other factors not included in the model. The print & electronic media adverts was statistically significant with P-value =0.007< 0.05). On the basis of these results the objectives were supported

Further ANOVA tests were conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The findings in Table 4.10 show an F value of 11.437 with a significance level of 0.000 which is less than the p value of 0.05, hence establishing that the relationship is statistically significant. The implication is that print & electronic media adverts contributes significantly to changes in the excise duty compliance.

Table 4.10 : Effect of Print and Electronic Media adverts on Excise Duty Compliance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.726 ^a	0.580	0.567	0.1246

a. Predictors: (Constant), Print & Electronic Media adverts

ANOVA				
Model	Sum of Square	Means Squares	F	Sig.
Regression	12.346	0.949	11.437	0.000
Residual	18.917	0.333		
Total	31.263			

a. Dependent Variables: Excise Duty Compliance

b. Predictor: (Print & Electronic Media adverts)

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
(Constant)	2.165	0.418		2.047	.000
1 Print & electronic media adverts	0.432	0.396	0.726	3.328	.007

a. Dependent Variable: EXCISE DUTY COMPLIANCE

4.8 Regression Analysis between Tax Training Seminars and Excise Duty

Compliance

4.8.1 Model Summary

The results are discussed under this section. As shown on Table below the study noted that R was 0.812 which shows that tax training seminar have a positive correlation with excise duty compliance up to 81.2%. Tax training seminar caused variations in excise duty compliance by 63.9% or ($R^2 = .639$). The results further reveal that even if the study adjusts the model would still account for 61.4% (Adjusted R Square, 0.614) of excise duty Compliance. This shows that model was that the remaining 36.1% of the variation was caused by other factors not included in the model. The relationship was statistically significant with P-value = 0.003 < 0.05). On the basis of these results the objectives were supported.

Further ANOVA tests were conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The findings in Table 4.11 show an F value of 14.264 with a significance level of 0.000 which is lesser than the p value of 0.05, hence establishing the relationship is statistically significant. The implication is that tax training seminar contributes significantly to changes in the excise duty compliance.

Table 4.11 : Effect of Tax Training Seminars on Excise Duty Compliance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.812 ^a	0.639	0.614	0.5643
a. Predictors: (Constant), Tax Training Seminar				
ANOVA				
Model	Sum of Square	Means Squares	F	Sig.
Regression	6.537	0.449	14.264	0.000

Residual	20.126	0.467
Total	26.663	

- a. Dependent Variables: Excise Duty Compliance
- b. Predictor: (Tax Training Seminar)

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	5.658	0.663		4.837	.000
1 Tax Training Seminar	0.560	0.409	0.812	5.547	.003

a. Dependent Variable: EXCISE DUTY COMPLIANCE

4.9 Joint Effect of Tax Payer Education On Excise Duty Compliance

4.9.1 Model Summary

The findings in Table below, revealed that mobile tax clinics, print & electronic media adverts, tax training seminar correlate with excise duty Compliance up to 82.6% ($R=0.826$) and accounts for a variation of 68.7% ($R^2=0.687$). This implies that 31.3% of the change in

Excise Duty Compliance was caused by other factors which were not included in the model.

The findings further reveal that even if the results adjust, the model would still account for 67.1% (Adjusted R^2 , 0.671) variation of Excise Duty Compliance

Table 4.12 Overall Effect Of Mobile tax clinics, Print & Electronic Media adverts On Excise Duty Compliance

Model	Unstandardized Coefficients		Standardized Coefficients		Sig
	B	Std. Error	Beta	T	
(Constant)	0.268	0.351		0.613	0.006
Mobile tax clinics	0.292	1.257	0.214	0.543	0.000
Print & electronic Media adverts	0.312	0.654	0.297	3.419	0.004
Tax Training Seminar	0.456	0.329	0.356	0.126	0.000
R	0.826				
R Square	0.687				
Adjusted R Square	0.671				

F	49.640
Sig	0.000

Dependent Variable: Excise duty Compliance

Regression equation:

$$Y = 0.268 + 0.292 X_1 + 0.312 X_2 + 0.456 X_3 + \varepsilon$$

4.9.2 Analysis of Variance

Further ANOVA tests were conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The findings from Table above an F statistics value of 49.640 with a significance level of 0.000 which was less than 0.05, significance level and it implies model is statistically significant. The overall of implication of the model is that independent variables contribute significantly to changes in the dependent variable.

4.9.3 Test of Research Questions

The first question was what is the effect of mobile tax clinics on excise duty compliance among entrepreneur in upper Eastern? Mobile tax clinics have a positive relationship effect on excise duty compliance among entrepreneur in upper Eastern. The results on Table above revealed that p value was less than 0.05, $\rho=0.000$ which implies that relationship was statistically significant.

The second question was what is the effect of taxpayer education through the electronic and print media adverts on excise duty compliance among entrepreneur in upper Eastern? Print & electronic media adverts have a positive relationship effect on excise duty compliance among entrepreneur in upper Eastern. The results on Table above revealed that p value was less than 0.05, $\rho=0.004$ which implies that relationship was statistically significant

The third question was what is the effect of tax training seminars on excise duty compliance among entrepreneur in upper Eastern? Tax training seminar has a positive relationship effect

on excise duty compliance among entrepreneur in upper Eastern. The results on Table above revealed that p value was less than 0.05, $\rho=0.000$ which implies that relationship was statistically significant

4.10 Discussion of the Findings

This chapter presents discussion of the results of various tests carried out on the study. The results of each of the questions in this study will be discussed.

4.10.1 Effect of Mobile Tax Clinics on Excise Duty Compliance

The first objective of the study was to determine the effect of mobile tax clinics on excise duty compliance among entrepreneur in upper Eastern. The objective had a corresponding question which asked what is the effect of mobile tax clinics on excise duty compliance. From the findings of the study they indicate that mobile tax clinics was statistically significant at a p value of 0.000 which is less than 0.05 the convectional probability significance level, $p= 0.00 < 0.05$.

Similar findings were revealed by Chipeta (2016) evaluated effects of tax mobile clinics on tax compliance in Malawi. The study concluded that the tax bases had grown more rapidly due to mobile tax clinics. Njoroge (2015) studied the mobile tax clinics on revenue collection in Kenya. The study found improved revenue towards tax compliance for respondents exposed who attended mobile clinics. The conclusion was that well-timed mobile tax clinics can enhance revenue collection

4.10.2 Effect of Print & Electronic Media adverts on Excise Duty Compliance

The second objective of the study was to determine the effect of print & electronic media adverts on excise duty compliance among entrepreneur in upper Eastern. The objective had a corresponding question which asked what is the effect of print & electronic media adverts on excise duty compliance? From the findings of the study they indicate that mobile tax clinics

was statistically significant at a p value of 0.004 which is less than 0.05 the conventional probability significance level, $p = 0.00 < 0.05$.

Similar findings were revealed by Cyan et al. (2017) who did a study on the effects of mass media campaigns on individual attitudes towards tax compliance; quasi-experimental evidence from survey data in Pakistan. The study found improved perceptions towards tax compliance for respondents exposed to the TV and newspaper advertisements. The conclusion was that well-timed mass media campaigns can enhance voluntary tax compliance. Young, et.al (2016) on his paper sought to review research about China's print & electronic media adverts on tax compliance. The study found out the effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspaper will increase awareness, tax filling and tax morale among taxpayers and enhance tax compliance

4.10.3 Effect of Tax Training Seminar on Excise Duty Compliance

The third objective of the study was to determine the effect tax training seminar on excise duty compliance among entrepreneur in upper Eastern. The objective had a corresponding question which asked what is the effect of tax training seminar on excise duty compliance? From the findings of the study they indicate that mobile tax clinics was statistically significant at a p value of 0.000 which is less than 0.05 the conventional probability significance level, $p = 0.00 < 0.05$.

The result concurred with findings of Adebayo (2017) on the effect of tax training on excise duty compliance in Nigeria and found out that tax excise with greater emphasis on the

various kinds of training and seminars will enhance tax compliance. Karanja (2014) study reveals similar findings the study was carried out in Nairobi to determine the effect of tax training seminars on rental income tax compliance a case study of Nairobi landlords.

The findings showed that stakeholder's training & seminars are positively related to tax compliance on rental income. The study recommended that the government should do more training to tax payers on the importance of tax compliance

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, a summary of findings is presented together with conclusions. This study sought to examine the effect of taxpayer education on excise duty compliance among entrepreneur in upper Eastern. The aim was to assess mobile tax clinics, print & electronic media adverts and tax training seminar on excise duty compliance among entrepreneur in upper Eastern.

5.2 Summary of Findings

The study revealed that all aspects assessed had an effect on excise duty compliance among entrepreneur in upper Eastern

5.2.1 Effect of Mobile Tax Clinics on Excise Duty Compliance

The first objective was to determine the effect of mobile tax clinics on excise duty Compliance. Correlation analysis showed that mobile tax clinics and excise duty Compliance are positively and significantly associated. Also the Regression analysis shows there was a positive significant relationship between mobile tax clinics and excise duty compliance

5.2.1 Effect of Print and Electronic Media adverts on Excise Duty Compliance

The second objective was to determine the effect of print on electronic media adverts on excise duty Compliance. Correlation analysis showed that print and electronic media adverts and excise duty Compliance are positively and significantly associated. Also the Regression analysis shows there was a positive significant relationship between print & electronic media adverts and excise duty compliance

5.2.2 Effect of Tax training Seminars on Excise Duty Compliance

The third objective was to determine the effect of tax training seminar on excise duty Compliance. Correlation analysis showed that tax training seminar and excise duty Compliance are positively and significantly associated. Also the Regression analysis shows there was a positive significant relationship between tax training seminar and excise duty compliance

5.3 Limitations of the Study

The study was limited by various ways since it was done in upper Eastern during rainy seasons. This means that most roads was impassable for long hence posed difficulties in accessing the respondents. The study was constrained by unwillingness of the respondents in giving information as consequence of unexplained fear especially by tax administrators due to the crackdown that was going on about tax evasion. However, some of the limitations were overcame by employing strategies such as visiting respondents on motorbikes, operating within budget and also informing the respondents on the importance of the study

5.4 Conclusions

The study aimed at investigating the effect taxpayer education on excise duty compliance among entrepreneur in upper Eastern. Based on the findings the study made the following conclusion. The results also indicated that education through training and mobile clinics had effect on excise duty compliance. This finding also concludes that print & electronic media adverts at revenue authorities' do results to impact on excise duty compliance. However, the findings also point out that revenue authority need to pay attention to other factors apart from taxpayer education in order to greatly impact on excise tax compliance.

5.5 Recommendations

Based on the study findings, the study recommends that the public should be educated through tax training seminars. Public awareness need to be enhanced on the benefits of paying tax to change the attitudes of tax payers on tax remittance. Tax payers should be educated to understand that they should pay taxes due within the prescribed period from the date of issue of the Notice of Assessment or within the stipulated period. Mobile tax clinics had the weakness significant influence on the excise duty Compliance, thus KRA should emphasis more on mobile tax clinics on excise duty compliance

5.6 Further Research

Future studies may be conducted on the influence of taxpayer education on excise duty Compliance among entrepreneurs other counties such as Nyeri, Mombasa and Nairobi. The study relied much on primary data to study the effect of mobile tax clinics, print & electronic media adverts and tax training seminars on excise duty compliance. Primary data at times may be misleading as it only measures respondent's opinions and it may not be possible to quantify the results in actual numbers. Further research may include employing secondary data from tax authorities to model excise duty compliance.

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APPENDICES

APPENDIX 1 :QUESTIONNAIRE

SECTION 1: GENERAL INFORMATION.

1. How long have you been dealing in Excisable goods and services?

0 – 5 years [] 5 – 10 years [] Above 10 years []

2. Have you received any form of tax education in the past?

Yes [] No []

3. What is your average annual turnover?

Less than 100,000 [] 1000,000 – 500,000 [] Above 500,000 []

4. How many employees do you have?

Less than 10 [] 10 – 30 [] Above 30 []

SECTION 2: MOBILE TAX CLINICS AND EXCISE DUTY COMPLIANCE

Please tick appropriately

Question	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
Mobile tax clinics would help promote taxpayer education among entrepreneurs					
I would attend a mobile tax clinic in your area to increase your Excise tax knowledge					
I would you register for a PIN if a mobile tax unit visited your area of business					
Mobile tax units would be effective in reaching out to entrepreneurs in your area of business					

SECTION 3: PRINT AND ELECTRONIC MEDIA ADVERTS AND EXCISE DUTY COMPLIANCE

Please tick appropriately

Question	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
Electronic and print media adverts are effective in educating taxpayers on their excise tax obligations					
TV and Radio adverts are scheduled at a time when most viewers are watching or listening					
KRA has done enough to engage with taxpayers on social media to educate them on their tax obligations					
Print media adverts (newspapers) would be an effective means of promoting taxpayers education					
KRA has done enough to educate taxpayers through electronic and print media adverts					

SECTION 4: TAX TRAINING SEMINARS AND EXCISE DUTY COMPLIANCE

Please tick appropriately

Question	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
I would be willing to attend a tax training seminar if KRA organized one near you					
I would be willing to be registered as a taxpayer at the end a tax training seminar					
I would be willing to encourage your fellow entrepreneurs to attend a tax training seminar					
I can educate my fellow entrepreneurs on their tax obligations and the benefits of being excise compliant after attending a tax training seminar					

APPENDIX 2: DATA COLLECTION SHEET

Number of registered SMEs dealing in Excisable goods and services in Upper Eastern region	23 SMES
National Excise Duty revenue targets for the financial years 2017/2018 and 2018/2019	2017/2018 – 184.7 Million 2018/2019 – 218.96 Million
Total Excise duty revenue collected in 2017/2018 and in 2018/2019	2017/2018 –151.67 Million 2018/2017 -167.9 Million
Excise duty targets for Embu County in 2017/2018 and in 2018/2019	2017/2018 – 32.4 Million 2018/2019- 39.1 Million
Excise duty targets for Meru County in 2017/2018 and in 2018/2019	2017/2018 – 49.3 Million 2018/2019- 55.6 Million
Excise revenue collected in Embu County in 2017/2018 and in 2018/2019	2017/2018 – 22.6 Million 2018/2019- 24.3 Million
Excise revenue collected in Meru County in 2017/2018 and in 2018/2019	2017/2018 – 42.7 Million 2018/2019- 46.3 Million

APPENDIX 3 : LIST OF SMES

S/N	ENTERPRISE NAME	REGION	ACTUAL	TARGET
1	EMBU LOCAL GOVT EMPLOYEES SAVINGS & CREDIT SOCIETY LIMITED	Embu	24,377,152	39,101,317
2	RUKURIRI TEA GROWERS SACCO LTD	Embu		
3	DAIMA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Embu		
4	NAWIRI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Embu		
5	MWINGI MWALIMU SACCO	Embu		
6	MOUNTAIN SLOPES COMMERCIAL SERVICES LIMITED	Embu		
7	MWIETHERI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Embu		
8	COOL BREEZE AGENCIES COMPANY LIMITED	Embu		
9	IMENTI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED	Meru	46,381,012	55,632,026
10	NDOSHA CS&CS LTD.	Meru		
11	BI-HIGH SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD	Meru		
12	DHABITI SACCO LTD	Meru		
13	TRANS NATION SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Meru		
14	YETU SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Meru		
15	SOUTHERN STAR SACCO SOCIETY LIMITED	Meru		
16	THAMANI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD	Meru		
17	NYAMBENE ARIMI CO-OPERATIVE SAVINGS AND CREDIT SOCEITY LTD	Meru		
18	MAUA METHODIST HOSPITAL SACCO	Meru		
19	CENTENARY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Meru		
20	NEXUS SACCO SOCIETY LIMITED	Meru		
21	KIERA HILLS LIMITED	Meru		
22	NYAMBENE MINERAL WATER LIMITED	Meru		
23	TIMES U SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED	Meru		