

**TAX POLICY AND BUSINESS PERFORMANCE: IN CENTRAL EQUATORIA
STATE, JUBA COUNTY, SOUTH SUDAN.**

BY:

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**A THESIS REPORT PRESENTED TO THE COLLEGE OF HIGHER DEGREES AND
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SEPTEMBER, 2014

DECLARATION A

I John Buol Anyieth declare that this work entitled "Tax Policy and Business Performance: in Central Equatoria State; Juba County, South Sudan"

Is my work and has not been presented for a Degree or any other academic award in any University or Institution of Learning.



Mr. John Buol Anyieth Yai

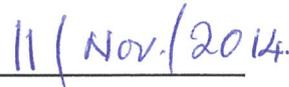
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DECLARATION B

I confirm that this research Thesis of John Buol Anyieth, entitled "Tax Policy and Business Performance: in Central Equatoria State; Juba County, South Sudan." Was Carried out by the candidate under my supervision and approval.



Signature



Date

Dr. KINYATTA STANLEY (BA, MA, DIDS, Ph.D. Econ.)

DEDICATION

I dedicate this work to dear late Elizabeth Yar Mabior, Rachael Akuol Reec and their sons.

ACKNOWLEDGEMENT

First and foremost I thank God Almighty for He had been with me though out my study period which had not been easy because of other reasons beyond my imagination.

With due respect, many thanks goes to the Ministry of Trade, Industry and Investment of the Republic of South Sudan for both financial and technical support during my struggle for this achievement in life. My gratitude's to all the staff of the Ministry and on the top of the list, the undersecretary. Without the technical mentoring of Dr. Kinyata Stanley my, supervisor I would have not accomplished this work. Through his fatherly advice of the most senior supervisor, his professional guidance has given me encouragement to complete this thesis.

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LIST OF ACRONYMS

CES	Central Equatoria State
CNPC	Chinese National Petroleum Company
CPA	Comprehensive Peace Agreement
CSR	Corporate Social Responsibility
GNI	Gross National Income
GOSS	Government of Southern Sudan
ICSID	Center for the Settlement of Investment Disputes
IFC	World Bank's International Finance Corporation
MDGs	Millennium Development Goals
MNE	Multinational transnational enterprises
NCP	National Congress party
RSS	Republic of South Sudan
SOEs	Competition from state Owned Enterprises
SPLM/A	Sudan people Liberation Movement/Army
US	United States of America
VAT	Value Added Tax

ABSTRACT

The study examined Tax Policy and business performance: in Central Equatoria State, Juba County, South Sudan. The study was guided by three objectives: to assess the extent of tax policy in Central Equatoria State, Juba South Sudan; to find out the level of business performance in Central Equatoria State Juba, South Sudan; to investigate the relationship between tax policy and business performance in Central Equatoria State Juba, South Sudan. The researcher used a descriptive survey design, Random Sampling Method. A self-administered; questionnaires were used as the main method of data collection.

In terms of geographical area, this research was conducted in the Republic of South Sudan in Central Equatoria State, and Juba. The research covered the Ministry of Trade, Industry and Investment, Directorate of Foreign Trade, Ministry of Justice, office of the Business Registrar, Ministry of Finance and Economic Planning, Directorate of Taxation, South Sudan National Chamber of Commerce, State Ministry of Commerce and Industry, central Equatoria as well as Juba's local Government Administration.

It was found out by the researcher that the current Tax Policy being applied has no significant effect on business growth in Central Equatoria State. This was reflected by the average mean score of 1.82 and standard deviation of 0.30103. This means that the effect of tax policy in Central Equatoria State was moderate on the business performance in Juba.

The researcher found that many government institutions were collecting taxes in the same way which amounted to double taxation. Therefore, the prices for goods and services are higher in Central Equatoria State, Juba South Sudan.

Therefore, the overall researcher's recommendation is for the government both national and the state to revise their existing tax policies and constitute new one with business accommodation because people wanted reform in taxation system currently in place. They wanted high prices to come down by availing hard currency to the business persons.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

1.1 Background

South Sudan, with an estimated population of 8.3 million, is bordered by Ethiopia to the east, Kenya, Uganda, and the Democratic Republic of the Congo to the south, and the Central African Republic to the west. At 644,329 sq. km, it is roughly the size of France, but with just under 1/3 of the population, giving it a population density that is less than one tenth of neighboring Uganda. The population is very young, with 16% under the age of five-years-old, 32% under the age of 10-years-old, 51% under the age of 18-years-old and 72% under the age of 30.3 years old. The population is largely rural with 83% residing in rural areas.(africaneconomicoutlook.org)

1.1.1 Historical Background

South Sudan, the world newest country became officially the Republic of South Sudan and previously known as Southern Sudan, is a landlocked Country in east-central Africa region on the 9th July 2011 after a landmark referendum in January 2011. It Capital city is Juba which is the seat of the Government of the Republic of South Sudan.(sudantibune.org)

South Sudan, with an estimated population of 8.3 million, is bordered by Ethiopia to the east, Kenya, Uganda, and the Democratic Republic of the Congo to the south, and the Central African Republic to the west. At 644,329 sq. km, it is roughly the size of France, but with just under 1/3 of the population, giving it a population density that is less than one tenth of neighboring Uganda. The population is very young, with 16% under the age of five-years-old, 32% under the age of 10-years-old, 51% under the age of 18-years-old

and 72% under the age of 30.3 years old. The population is largely rural with 83% residing in rural areas.(africaneconomicoutlook.org)

The Government of Southern Sudan began earnestly working on the development of Southern Sudan (as it was then known) after the signing of the CPA in July 2011, with the support of development partners. However, the task was extremely challenging. It had virtually no road or water infrastructure then, and no paved roads in and outside of its capital of Juba. Structures for service delivery were practically nonexistent, (africaneconomicoutlook.org)

1.1.2 Theoretical Background

The Socio-Political Theory

Adolph Wagner advocated that social and political objectives should be the deciding factors in choosing taxes. Wagner, like most Germans of those days, did not believe in individualist approach to a problem. He wanted that each economic problem should be looked at its social and political context and an appropriate solution found thereof. The society consisted of individuals, but was more than the sum total of its individual members. It had an existence and entity of its own which needed preservation and taking care of. Accordingly, a tax system should not be designed to serve individual members of the society, but should be used to cure the ills of society as a whole. Wagner, in other words, was advocating a modern welfare approach in evolving and adopting a tax policy. He was specifically in favour of using taxation for reducing income inequalities.

He maintained that private property and inheritance were the result of state policies and not because of any God-given rights. The state, therefore, had the right to control the ownership of property and its inheritance in the interest of the society as a whole. Wagner's ideas, though much criticized at that time, are now the hall-mark of fiscal policies of modern states. These days, it is widely accepted that taxation should be used to curb inequalities. Progressive taxation is the rule rather than an exception. A modern government believes that tax policy should be effectively used for several purposes such

as fighting cyclical fluctuations, unemployment, production of undesirable goods and services, monopolistic and restrictive trade practices, hoarding, and so on. It is believed that taxation can also be used in bringing about a more balanced growth as between different regions. H L Bhatia (2011)

1.1.3 Conceptual Background

A tax is a compulsory levy payable by an economic unit to the government without any corresponding entitlement to receive a definite and direct quid pro quo from the government. It is not a price paid by the tax-payer for any definite service rendered or a commodity supplied by the government. H L Bhatia, (2011).

“Tax policy” can be defined as a government’s attitude, objectives, and actions with respect to its tax system. Presumably, tax policy reflects the normative standards that the government deems most important. Business in a free enterprise system; depends on factors both in the economy within individual companies. The most important of these factors include; productive resource, profits, and completion. The world book Encyclopedia, (1985)

Smith was highly critical of trade barriers because they decreased specialization, technological progress, and wealth creation. He also recognized that imports enable a country to obtain goods it both cannot make as cheaply, while exports are made for someone else and are only useful if they lead to imports. The modern view of trade shares Smith’s dislike of trade barriers for mostly the same reasons. Although international economists recognize that there are limitations to the application of theory, the vast majority of economists shares a strongly held preference for free and opens markets. .(James Gerber, 2002)

The best policy for the world as a whole is free trade. Under such a policy, each nation will specialize in the production of the commodity that it can produce most efficiently and, through exchange, each nation will gain. (i.e. will be able to consume more goods and services than possible in the absence of trade). In the real world, however, most nations impose some restrictions on the free flow of trade. While invariably justified on national

welfare grounds, trade restrictions are usually advocated by and greatly benefit a small minority of producers in the nation at the expense of a mostly silent majority of consumers.(Dominick Salvatore, 1998)

1.1.4 Contextual Background

One of the keys to Smith's story of wealth creation is access to foreign markets. If no one is willing to import, then every company is limited by the size of the national market. In some cases, that may be large enough (The United States or China), but in most cases it is not. Small-and medium-sized countries cannot efficiently produce every item they consume. Holland for example, has always imported a large share of its goods and has depended on access to foreign markets in order to earn money to pay for imports. .(James Gerber, 2002)

The government of the Republic of South Sudan (RSS) officially encourages foreign direct investment, and has made some progress in recent years to open the market to foreign companies. The U.S. government's long-standing sanctions against the Sudan were officially removed from applicability to newly independent South Sudan in December 2011, and senior RSS officials participated in a high-level international engagement conference in Washington, D.C., to help connect foreign investors with the RSS and South Sudanese private sector representatives. Until January 2012, oil production accounted for 98 percent of the government's revenues. The shutdown of oil production in late January 2012, due to a dispute with Sudan through which oil exports were transported by pipeline, radically reduced government revenue; tax and customs revenues, through better collection, have since increased to around 12 percent of the current government budget. The government is now looking to increase investment in non-oil sectors, including agriculture, mining, and teak wood exports. .(<http://www.state.gov>.press release: 2013)

1.2 Statement of the problem

According to World Bank's 2011 Doing Business report, economy of Juba, South Sudan's capital is ranked 159 among 183 economies on its "ease of doing business" scale. The legal framework governing investment and private enterprises remains underdeveloped. Despite RSS efforts to attract foreign investment, investors face an extremely challenging investment climate due to multiple taxes.

The three levels of government in Central Equatoria State and in particular Juba County which is the seat of the government of the Republic of South Sudan suffered multiple taxes regime. Central Government has its own taxes, State with its difference taxes as well as the County local authorities levy taxes on the same businesses operating in Central Equatoria State.

1.3 Research Objectives

1.3.1 General Objective:

1. To correlate government tax policy and the business performance in central Equatoria State, Juba South Sudan.

1.3.2. Specific objectives

1. To assess the extent of tax policy in Central Equatoria State, Juba South Sudan.
2. To find out the level of business performance in Central Equatoria State Juba, South Sudan.
3. To investigate the relationship between tax policy and business performance in Central Equatoria State Juba, South Sudan.

1.4. Research Questions

1. What is the extent of tax policy in Central Equatoria State, Juba South Sudan?
2. What is the level of business performance in Central Equatoria State, Juba South Sudan?
3. Is there a significant relationship between tax policy and level of business performance in Central Equatoria State, Juba South Sudan?

1.5. Hypothesis

There is no significant relationship between tax policy (IV) and business performance (DV)

1.6. Scope of the study

1.6.1. Geographical Scope

In term of geographical area, this research was conducted in the Republic of South Sudan, in Central Equatoria State, and Juba. The research covered the Ministry Trade, Industry and Investment, Directorate of Foreign Trade, Ministry of Justice, office of the Business Registrar, Ministry of Finance and Economic Planning, Directorate of Taxation, Central Equatoria State Chamber of Commerce, State Ministry of Commerce and Industry, central Equatoria as well as Juba's local Government Administration.

1.6.2. Theoretical Scope

This study is based on the Socio-Political Theory of Adolph Wagner. He advocated that social and political objectives should be the deciding factors in choosing taxes. Wagner, like most Germans of those days, did not believe in individualist approach to a problem. He wanted that each economic problem should be looked at its social and political context and an appropriate solution found thereof. The society consisted of individuals, but was more than the sum total of its individual members. It had an existence and entity of its own which needed preservation and taking care of. Accordingly, a tax system should not be designed to serve individual members of the society, but should be used to

cure the ills of society as a whole. Wagner, in other words, was advocating a modern welfare approach in evolving and adopting a tax policy. He was specifically in favour of using taxation for reducing income inequalities. H L Bhatia (2011)

Smith's four Canons of Taxation

- A good tax should be equitable;
- Convenient for people to pay;
- Certain in application'
- And economical for the government to collect. Alka Gupta, (2001)

These four cannons show the problem in the Republic of South Sudan Tax System.

1.6.3. Content Scope

The independent variable for this study is Tax policy and its dependent variable is business performance. Hence, the study sought to determine whether Tax policies do influence the way the business perform in Central Equatoria State, South Sudan.

1.6.4. Time Scope

The time frame to this study report was scheduled as follows:

May 12, 2014 was the beginning date for research proposal and it was completed within July, 2014. The data collection and its analysis were done from August, 2014 to September, 15th 2014. The submission for the thesis was in September, 2014.

1.7. Significance of the study

The findings of this study will benefit the following institutions:

South Sudan National Chamber of commerce

The findings will enable the chamber to plan their business activities and use them as a bargaining power with the authorities in both Government of the Republic of South Sudan and Central Equatoria State Government.

The Government of the Republic South Sudan

The findings of this research report will be useful to the government and hence help to improve on the regulatory methods; hence the government will be able to collect more revenue for development. The government policy makers will benefit from the findings by using the statistical findings when debating business policies in the Assembly.

Academicians

The researchers will benefit from the findings of this research report as the gap left can be filled by any of the academician with interest in the tax policy. This research report can be a material for future use by different academicians.

1.8. Operational Definitions of Key Terms

"Tax" means any compulsory amount of money payable to GoSS under this Act or any Other law. RSS Taxation Act, (2009)

A contribution for the support of a government required of persons, groups, or business within the domain of that government. The American Heritage Dictionary of the English Language, (1970)

"Taxation" is a system of raising money to finance government services and activities. Governments at all levels-local, state, and national-require people and business to pay taxes. Governments use the tax revenue to pay the cost of police and fire protection, health programs, schools, roads, national defense, and many public services. The world Encyclopedia, (1985)

"Tax advisor" means any person who is required to make an application for a tax payer identification number under this Act and may be defined in and for individual Chapters of this Act without prejudice to this definition. RSS Taxation Acts, (2009)

"A taxpayer" is any person or organization required by law to pay a tax to a governmental authority. The incidence of a tax refers to the ultimate economic burden represented by the tax. Most people jump to the conclusion that the person or organization that makes a direct tax payment to the government bears the incidence of such tax. Sally M. Jones, (2004)

"Excise tax" means an indirect tax that is included in the selling price of excisable goods;

"Harmonized system number" means a number assigned to a commodity for the classification of goods in the administration of taxes as developed by World Customs Organization. RSS Taxation Act, (2009)

Government policy

This refers to the laws and regulation laid down by the government of South Sudan to regulate the operation of business in new republic.

"Tax policy" tax policy can be defined as a government's attitude, objectives, and actions with respect to its tax system. Presumably, tax policy reflects the normative standards that the government deems most important.

Business performance

The way the entrepreneurship is organized by the entrepreneurs to maximize the profit which could be re-invested and get more income out of their hard work.

Business in a free enterprise system; depends on factors both in the economy within individual companies. The most important of these factors include; productive resource, profits, and completion. The world book Encyclopedia, (1985)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

This Chapter reviewed related literature base on theoretical and conceptual framework and the related literature by other authors on tax policy and business performance which enhance investment.

2.2. Theoretical review

Adolph Wagner advocated that social and political objectives should be the deciding factors in choosing taxes. Wagner, like most Germans of those days, did not believe in individualist approach to a problem. He wanted that each economic problem should be looked at its social and political context and an appropriate solution found thereof. The society consisted of individuals, but was more than the sum total of its individual members. It had an existence and entity of its own which needed preservation and taking care of. Accordingly, a tax system should not be designed to serve individual members of the society, but should be used to cure the ills of society as a whole. Wagner, in other words, was advocating a modern welfare approach in evolving and adopting a tax policy. He was specifically in favour of using taxation for reducing income inequalities.

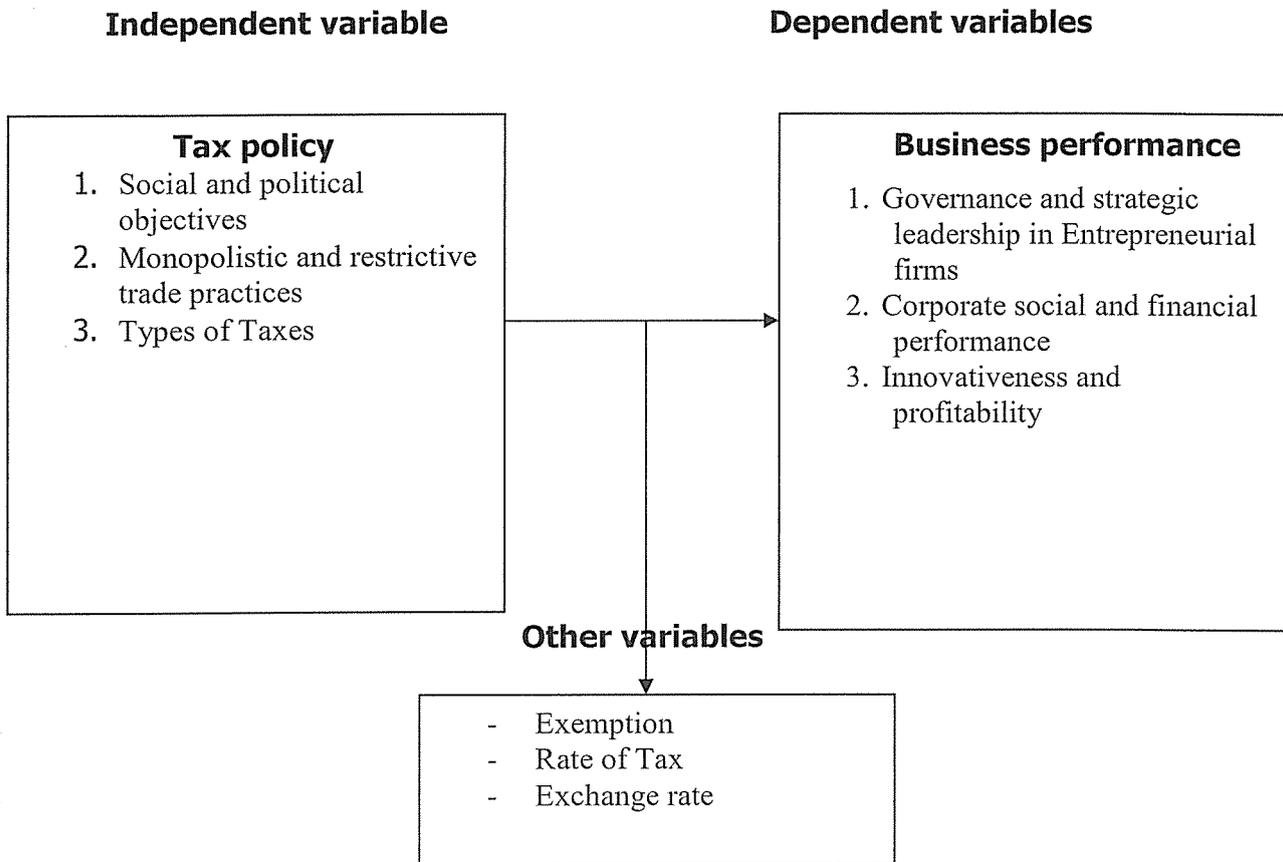
He maintained that private property and inheritance were the result of state policies and not because of any God-given rights. The state, therefore, had the right to control the ownership of property and its inheritance in the interest of the society as a whole. Wagner's ideas, though much criticized at that time, are now the hall-mark of fiscal policies of modern states. These days, it is widely accepted that taxation should be used to curb inequalities. Progressive taxation is the rule rather than an exception. A modern government believes that tax policy should be effectively used for several purposes such as fighting cyclical fluctuations, unemployment, production of undesirable goods and services, monopolistic and restrictive trade practices, hoarding, and so on. It is believed

that taxation can also be used in bringing about a more balanced growth as between different regions. H L Bhatia (2011)

Economists rightly emphasize that competitive markets generally work well for most goods and services and that it is best for government to avoid interference in these markets. But there is a kind of good that market cannot be expected to handle well, a public good. It is usually best for a public good to be financed by taxation and paid for by the government.

The actual production of the public good may be done either by government or private firms, but two problems arise. First, what is the socially optimal quantity of a particular public good? Second, how should decisions be made concerning public goods? The analysis of how government should and actually does make decision concerning goods and services is sometimes called political economy. Once we have examined what government should do, we will then turn to government should do. We then turn to how government actually behaves and makes decision. Laurence S. Seidman, (2009)

2.2 Conceptual framework



2.2. Figure 1: Showing Conceptual framework

A functional regression model derived from the conceptual frame work

$$Y = \alpha + \beta X$$

Where Y= Dependent variable

α =level of significance (0.05)

B= Beta

X= Independent variable

H L Bhatia (2011)

2.3 Conceptual literature

According to Adolph Wagner Socio- political theory, governments use taxes to achieve various socio-political motives as discussed below by different authors.

Taxes and investment

Supply-side advocates also have expressed concern that high taxes can reduce investment and consequently dampen economic growth and job creation. This can occur for two reasons: (1) high taxes on high-income people reduce the savings available to undertake investment, and (2) high taxes can discourage investment in new or risky ventures. The argument for reducing tax rates on high-income people to stimulate saving and investment assumes that the tax funds will be used for public consumption rather than for public investment such as the construction of infrastructures or to finance education and research. If the taxes are used for these purposes, total investment (private plus public) need not be smaller with the higher taxes. Willis L. (1997)

Double Taxation

The income tax is viewed by many economists as one of the more neutral taxes from the standpoint of not distorting the allocation of resources in the economy. At least it has the potential of being neutral. The U.S Income tax law has certain provisions, however, that discourage investments in some areas while encouraging it in others. One such provision is the double taxation of divided income from corporate stocks. Because of the corporation income tax, corporations must pay an income tax on the earnings of equity capital. Then, after the dividends are paid back to stockholders, the stockholders pay a tax on this money a second time via the personal income tax. The net effect of this double taxation is to discourage saving by individuals, and decrease investment in the corporate sector of the economy. Willis L. (1997)

Value Added Tax (VAT)

One of the newer forms of taxes that is not used in the United States but is used in Western Europe is the value-added tax (VAT). As its name implies, this is the difference between the sales of a firm and its purchases from other firms of such things as unfinished goods, raw materials, and energy. The value added of a firm is the earnings of the capital and labor employed by the firm. Although a value added tax is collected from business firms, buyers of goods and services in large part pay the tax in the form of higher prices for the things they buy, although as with the sales tax, the net after tax price received by producers can be lower because of the tax. In the United States about a 12 percent VAT on all consumption and investment goods and services would rise about the same revenue as the personal and corporate income taxes. Several advantages can be cited in favor of the value-added tax. First, if all industries are taxed equally, it could be relatively neutral in its effect on the nations' allocation of resources. However, similar to sales taxes, there is a temptation to tax some industries at higher rates and exclude others. Second, the value-added tax has an element of simplicity. Complicated rules on depreciation of capital, what can be deducted and what cannot, and tax shelters can be eliminated. The third and probably main advantage is that a value-added tax should encourage saving because the income from saving would not be subject to double taxation as with the corporate and personal income taxes.

A value-added tax, like the income tax, also penalizes firms for being productive. An efficient firm that has high value-added per dollar sales will pay more taxes per dollar of sales than another less-efficient firm of the same size. Also, like the income tax, the government shares in the profits of the firm but does not share in the risk of a loss. In fact, a firm may have to pay a value-added tax even though it incurred –a loss. Value added can be positive even when a loss is incurred because the costs of labour and capital are not subtracted when computing value added.

Taxes and the National Debt

Lest with the current concern over taxes and the National debt we think that we live in unusual times, it is instructive to see that the classical economists were also concerned over these issues. Even though the classical economists preferred a minimum of government and therefore a low level of taxation, they recognized the necessity of government and the problems of financing it. Ricardo went so far as to say that economics is useful only when "it directs government to right measures of taxation." This view probably stemmed from the fact that he regarded laissez-faire as the proper policy (lack of it) elsewhere in the economy. Willis L. (1997)

The American Tax Structure

Are the overall tax structure-Federal, State, and local taxes combined-progressive, proportional, or regressive? This is a difficult question to answer because estimates of the distribution of the total tax burden are quite sensitive to assumptions made regarding tax incidence. To what extent are the various taxes shifted and who bears the ultimate burden? For example, we have cited the disagreement among the experts as to the incidence of the corporate income tax.

An important study for 1985 suggested that the overall tax structure was only mildly progressive. For example, the poorest tenth of all income receivers paid about 17 percent of their income in taxes, while the richest tenth paid slightly in excess of 26 percent. The progressivity of the personal income and corporate income taxes is largely offset by the regressivity of pay-roll, sales, and excise taxes. This means that the tax system has only a modest effect on the distribution of income.

More recently, government agencies have examined the impact of recent tax legislation on the distribution of federal taxes. The Tax Reform Act of 1986 greatly reduced the number of tax brackets and lowered tax rates, on the one hand, but simultaneously

broadened the tax base (the amount of taxable income), on the other. Tax legislation in 1990 further adjusted tax rates and allowable deductions. In comparing the 1977 with the 1992 distribution, it was found that the recent tax changes have not greatly altered the progressivity of the Federal tax system. For example, between 1977 and 1992 the tax burden of the poorest 20 percent of the population fell slightly from 9.3 to 8.6 percent of their incomes. Meanwhile, the tax burden of the richest 20 percent fell from 27.2 to 26.8 percent over the same period. The burdens of all other income receivers increased only slightly. The slightly enhanced progressivity of the personal income tax, together with the increasing importance of the social security payroll tax, go far to explain the unchanged overall progressivity of the federal tax system. When the largely regressive tax structures of state and local governments are combined with the Federal data, the overall tax structure is proportional or slightly progressive.

It is significant to note that, while our tax system does not substantially alter the distribution of income, our system of transfer payments has a pronounced effect in reducing income inequality. For example, transfers almost quadrupled the income of the poorest fifth of the income receivers. Cambell R. (1993)

Taxation and the transfer Pricing Problem

Taxation policies in source and host countries will affect the flow of FDI. Differences in such policies between countries may also encourage multinational enterprises to engage in (unproductive) activities designed to maximize their post-tax profits on a global (rather than country) basis.

Other things being equal, comparatively high rates of tax on profits will encourage firms to look outside their home country for a base for some or all of their operations in which they will pay lower taxes. Special provisions in policy on profits earned externally, such as those allowing firms to defer tax payments until the profits were repatriated, will offer further encouragement. Bo S & Reed (1994)

Similarly, a country with comparatively low profit taxes will tend to attract FDI inflows. Such a policy may be designed to obtain just such a result, and may be reinforced by other incentives, such as allowing a foreign firm some period in which it does not pay profit taxes (a tax holiday) or generous allowances for writing-off investments against taxes.

Taxation policies may also have an effect on flows of goods between the various establishments making up a multinational, and perhaps also on the prices at which those goods are transferred between one establishment and another.

Inputs of capital equipment and technology transferred from the parent company can also be priced internally in such a manner that the real rate of profit is reduced. The extent to which transfer pricing can be used would appear to depend critically on the degree to which goods and services are traded within the firm rather than on the open market, at 'arm's length; to use Lall's apt phrase. Consequently, considerable scope for transfer pricing exists within the larger foreign-owned enterprises which are vertically integrated with the parent company and which are typical of such industries as motor vehicles, chemicals and electrical engineering.

Lall has put forward two forms of explanation for the use of transfer prices. First, there is the kind of transfer pricing which seeks to maximize the present value of total multinational profits in a word characterized by different rates of taxes, tariffs, subsidies, and by multiple exchange rates. However, there is also the need to protect the future level of profits against possible changes in price controls, Taxation and, indeed, governments. The role of the multinational's in exacerbating the economic difficulties confronted the Allende government in Chile between 1970 and 1973 is a case in point. Bo S & Reed (1994)

Quantitative evidence on the actual importance of transfer pricing is limited. It is naturally difficult to assess the extent to which the internal flow of goods and factors are over or under valued. However, Kopitz argues in a survey of evidence that the hypothesis that

transfer pricing is stimulated by tax-rate differentials is not supported. The main incentive for transfer pricing seems to be other policies pursued by host governments, such as ceilings on profit repatriation. There is no doubt that within the context of the LDC, whose economy is heavily dependent on a small number of foreign-owned corporations, particularly of the vertically integrated variety, there is ample scope for the use of transfer pricing.

There may of course be competition between potential host countries to set tax rates or offer concessions in order to attract FDI. For example, in the 1970s Britain, Belgium and Spain tried to outbid one another in an attempt to persuade Ford to build a proposed new engine plant within their frontiers. The outcome was that Britain, the eventual 'winner', probably paid Ford substantially more than would have been necessary had there been no such competition.

Switzerland had exceptionally low taxes and favourable treatment of foreign firms in the 1950s. (This seems still to be so even if a certain harmonization of tax regulations has taken place.) This led to many American firms routing their sales from all over the world through sales offices located in Switzerland. This also led to exceptionally high earnings on investments in Switzerland. In 1962, the United States changed its tax laws. Earlier, taxes on earnings from subsidiaries abroad were deferred until they were repatriated. In 1962 this provision was changed so that earnings on holding companies and so-called 'tax haven operations' became taxable when earned. This had an immediate effect on the location of service and sales offices: in 1961-62, 40 percent of these were located in Switzerland; in 1963 this fell to 10 percent.

This is an example of how the source country can try to counteract the undesirable effects of FDI by changes in its legislation. The possibilities for such countervailing measures, however, are limited. Several countries, especially well-developed ones with big taxes and highly developed social services, could find their tax base shrinking as a result of direct investments. Their possibilities of implementing economic policies could also become circumscribed by the operations of multinational firms. Bo S & Reed (1994)

More recently, California and some other American states introduced so-called 'unitary taxation' of the profits of multinationals in an attempt to overcome the transfer pricing problem. The essence of the unitary tax system is that the tax authorities are not prepared to accept a multinational's declaration of where its profits were earned. Rather, they assume that the multinational has earned profits within the state which are in proportion to some other indicator of the relative importance of its activities within the state, such as the proportion of its total assets or of its total labour cost.

It may be argued that, in order to avoid double taxation, the MNE will declare as profits within the state that which the tax authorities consider correct. That is, there is no point in declaring that 40 percent of profits were earned in the state, and paying tax on the remaining 60 percent elsewhere, when the state is going to assume that 75 percent of profits were earned within its boundaries and levy their tax on that basis. What may happen in practice is that the multinationals affected by this policy will use resources in lobbying for a change in tax laws. In extreme cases MNEs may even elect to leave the state by disinvesting there and reinvesting elsewhere, so reducing the states tax revenue.

With the increasing internationalization of firms, the possibility of any single country pursuing its own independent economic policy becomes circumscribed. Corporations could gather in one country to work out pricing and market arrangements for another country. As long as there is no international legislation concerning taxes, restrictive business practices, etc, any single country will have difficulties in efficiently implementing its own laws. Bo S & Reed (1994)

Protectionism

There are many reasons why a country restricts trade, and tariffs have long been used to do this. Classical economics taught, as we have seen, the blessing of free trade. During the eighteenth and at the beginning of the nineteenth century, tariffs were used primarily to raise government revenue. The taxing of imports is probably the easiest existing means by which a government may acquire income. In the 1840s the teaching of the

classical economists started to bear fruit in their home country, England. Income taxes were introduced, protection of agriculture was abolished, and the famous Corn Laws were repealed in 1846. Capitalists and workers joined forces against the Land-owning class, and the tariffs which helped England agriculture were abolished. England continued its course toward free trade and was, from the 1850s to the First World War, for all practical purposes, a free-trading nation.

Other European countries, especially France and Germany, followed England's path and lowered already low tariffs in the 1860s. The United States alone stood as a fairly protectionist nation, though a trend towards the liberalization of trade was also predominant-World Trade grew at an extremely fast rate during this period.

Soon, however, demands for a more protectionist policy were heard. There were two specific factors in the 1870s which helped protectionism. One was the invasion of the European Continent by cheap grain from the United States and Russia, made possible by railways, steamships and innovations in agriculture. The other was the depression of 1873-79, the longest and deepest period of stagnant trade the World had yet known.

Protectionism is not however dead. The majority of the post-war tariffs cuts have been concentrated on trade between developed countries (LDCs), and largely on manufactured goods. Even in that case there are still important non-tariff barriers to trade. The less-developed countries still face barriers to trade with the developed world, often under the guise of 'managed trade; as in textiles and footwear.

The motives of modern governments in restricting imports are various: a desire to 'protect' the domestic producers of the import-competing goods, perhaps for reasons of food or military security, or in response to political pressure; a wish to consumption of the goods; in order to reduce imports for balance of payments reasons; and a need to raise revenue. Protection of the domestic market brings benefits to some people, and losses to others. Bo S & Reed (1994)

Another way to limit foreign completion is to impose a quota. A quota is a limit on the quantity of a good that may be imported in a given time period. For example, the United States allows 10 million tons of sugar to be imported over a one year period. Once this quantity is reached, no more sugar can be imported for the year. About 12 percent of US imports are subject to import quotas. Examples include import quotas on sugar, dairy products, textile, steel, and even ice Cream. Quotas can limit imports from trade; invite nations to retaliate with more measures to restrict trade. In addition to embargoes, tariffs, and quotas, some nations use more subtle measures to discourage trade. For example, some countries set up an over-whelming number of bureaucratic steps that must be taken in order to import a product. Irvin T. (2003)

Sources of Revenue for the National Government of RSS

The national Government shall legislate for raising revenue or collecting taxes from the following sources:

- (a) Oil and mineral revenue;
 - (b) National personal income tax;
 - (c) Corporate and business profit tax;
 - (d) Customs duties and import taxes;
 - (e) Airports and river transport revenue;
 - (f) Service charges, fees and fines;
 - (g) National government enterprises and projects;
 - (h) Value added tax or general sales tax on goods and services;
 - (i) Excises duties;
 - (j) Loans and borrowing from the Bank of South Sudan and the public;
 - (k) Grants-in-aid and foreign financial assistance;
 - (l) Fees from nationality, passports, immigration and visas;
 - (m) Royalties; and
 - (n) Any other tax or revenue as may be determined by law
- Article 175 of The
Transitional Constitution of RSS,(2011)

Sources of Revenue for the states

The states shall legislate for raising revenue or collecting taxes from the following sources:

- (a) State land and property tax and royalties;
- (b) Service charges for state services;
- (c) Licenses issued by the state;
- (d) State personal income tax;
- (e) Levies on tourism;
- (f) At least two percent of net oil and other mineral revenues for each producing state;
- (g) Stamp duties;
- (h) Agricultural production taxes;
- (i) Grants-in-aid and foreign aid;
- (j) Excise duties;
- (k) Other state taxes, which are not within the exclusive jurisdiction of the National Government;
- (l) Loans and borrowing in accordance with Article 183(2) and (3) of this Constitution; and
- (m) Any other tax as may be determined by law. Article 177 of The Transitional Constitution of RSS,(2011)

State Taxes

In the aggregate, state governments rely in almost equal measure on sales taxes and income taxes as major sources of funds. These two kinds of taxes account for approximately 90 percent of total state tax revenues; sales tax, use tax on the ownership possession, or consumption of tangible goods within the state, excise tax, personal income taxes and corporate income taxes. Sally M. Jones, (2004)

Federal Taxes

The U.S Government depends almost exclusively on the income tax as a source of general revenues. The federal income tax applies to individuals and corporations, as well as trusts and estates. The structure and operation of the federal income tax is.

Local Taxes

Local governments depend heavily on real property taxes and personal property taxes, which are frequently referred to as ad valorem taxes. In the U.S, all 50 states allow local jurisdiction to tax the ownership of real property sited within the jurisdiction. Real property or realty is defined as land and whatever is erected or growing on the land or permanently affixed to it. Real property taxes are levied annually and are based on the market value of the property as determined by the local government itself. Elected or appointed officials called tax assessors are responsible for deriving the value of realty and informing the owners of the assessed value. Property owners who disagree with the assessed value of their realty may challenge the value in an administrative or judicial proceeding. A unique feature of real property taxes is that the tax rate is determined annually, based on the jurisdiction's need for revenue for that particular budget year. Sally M. Jones, (2004)

Coordination of Tax Collection Administration and Tax Rates With the National and State Governments

Guiding Principles for Coordination

The Ministry shall observe and promote the following guiding principles when exercising its functions, duties and powers set forth in this chapter:

- (a) Enable each level of government to discharge its legal and constitutional responsibilities and duties and ensure that the quality of life and dignity of all the people of Southern Sudan is promoted without discrimination on grounds of gender, religion, political affiliation, ethnicity, language or locality.

- (b) Reflect a commitment to devolution of powers and decentralization of decision-making in regard to development, service delivery and governance;
- (c) Ensure coordination, fairness, equity, transparency and avoid excessive tax burden on the citizens, private sector and investors
- (d) Achieve efficiency and effectiveness of tax collection mechanism.

Coordination of Tax Collection Administration with the National and State Governments

- (1) The DT shall from time to time at the direction of the Undersecretary coordinate, separately or jointly, with the governments of states within Southern Sudan and, jointly with the National Government on matters pertaining to tax collection administration that may impact on compliance with the principles set out in section 110 of Taxation Act, 2009
- (2) In exercising its functions and duties under subsection (1) above, the DT shall at the direction of the Undersecretary meet, separately or jointly, with the state governments within Southern Sudan and, jointly, with the National Government, on bases to be mutually agreed, to carry out the following:
 - (o) To table, hear, consider, agree, make recommendations to the Undersecretary or take other actions in relation to proposals for operational delivery mechanisms to coordinate tax collection administration. These proposals may include, but not limited to:
 - (i) The Ministry through its respective directorates opting to use elements of counterparts' collection administrations to raise its own revenue or counterparts opting to use GoSS's collection administration to raise their revenue
 - (ii) Information exchange, consistent with the privacy provisions of the ICSS and the centre for census, statistics and evaluation law;
 - (iii) Assignment of officers of the Ministry to work in counterpart tax collection administrations, assignment of officers of Ministry , and provision of suitable facilities for officers assigned;

- (iv) GoSS audit of counterpart's collection performance and assurance mechanisms where the DT has opted to use elements of that counterparts' collection administration;
- (p) To table, hear, consider, agree, and make recommendations to the Undersecretary as required, or take other actions on the appropriate legal framework to enable enforcement of the proposals agreed under subsection (a) above, whether by way of Memorandum of Understanding, regulations or otherwise;
- (q) Receive reports on coordinated activities agreed under subsections (a) and (b) above;
- (r) Resolve any concerns on coordinated activities agreed subsections (a) and (b) above
- (s) Refine and update the matters agreed under subsections (a) and (b) above

Rate Harmonization with the National and state Governments

- (1) The Undersecretary shall from time to time coordinate, separately or jointly, with the governments of the states pertaining to harmonization of rates, taxes, fees, licenses another charges by GoSS and counterpart institutions that may impact on compliance with the principles set out in section 110 of Taxation Act, 2009
- (2) In exercising his or her functions and duties set forth in subsection (1) above, the Undersecretary shall meet, separately or jointly, with the National Government, on bases to be mutually agreed, to carry out the following:
 - (a) Table, hear, consider, agree, make recommendations to the minister, or to the Assembly through the Minister and Council of Ministers as required, or take other actions in relation to proposals for harmonization of rates of taxes, fees, licenses and other charges by GoSS and counterpart institutions, between GoSS and the same counterparts. These proposals may cover but not limited to:

- (i) Taxes that are payable by virtue of concurrent taxing powers under schedule D of the ICSS or
 - (ii) Taxes fees, licenses and other charges payable under a Southern Sudan Law and/or a state Law and/or a National Law, but under the laws of least two levels of government, that may disproportionately affect particular groups or individual;
 - (iii) Taxes fees, licenses and other charges payable under a Southern Sudan Law and/or a state law and/or a National Law, but under the laws of at least two levels of government, on the same object or that object or activity;
- (b) To table, hear, consider, agree, and make recommendation to the Minister and Council of ministers as required, or take other actions on the appropriate legal framework to enable enforcement of the proposals agreed under subsection (a) above, whether by way of Memorandum of Understanding, regulations or otherwise;
- (c) Receive reports on coordinated matters agreed under subsections (a) and (b) above;
- (d) Resolve any concerns on coordinated matters agreed under subsections (a) and (b) above;
- (e) Refine and update the matters agreed upon under subsections (a) and (b) herein. Taxation act, (2009)

Gross income

- (1) For the purpose of this Chapter gross income shall be all income earned by the tax payer, or otherwise accrued, from all sources which are not exempted under this Act including:
- (a) Wages;
 - (b) Entrepreneurial activities
 - (c) Rents from land, buildings, machinery, equipment and vehicles;

- (d) The use of intangible property;
- (e) Interest;
- (f) Dividends;
- (g) Capital gains;
- (h) Lottery and other gambling winnings;
- (i) Any other source that increases the taxpayer's net worth.

(2) The following income shall be exempted from the calculation of gross income:

- (a) Wages received by foreign diplomatic and consular representatives and foreign personnel of Liaison offices in Southern Sudan;
- (b) Wages received by foreign representatives, foreign officials and foreign employees of international governmental organization and international non-governmental organizations;
- (c) Where provided by an agreement with GoSS wages received by foreign representatives, foreign officials and foreign employees of donor agencies or their contractors or grantees carrying out humanitarian aid, reconstruction work, civil administration or technical assistance;

Taxpayer and tax Withholder Registration

- (1) Every person liable to make a payment or file a tax return under this Act, or responsible for withholding tax under chapter xiv of this Act, shall submit an application for registration, on the prescribed form, to the DT, before commencing business or in any other case before the first payment under this Act becomes due;
- (2) Any person responsible for withholding tax under chapter xiv of this Act or any other person including a business, entrepreneur, partnership, individual, estate, or trust, who makes reportable transactions exceeding SDG 3,600 during the calendar year must file information returns by the end of February of the following year to report these transactions to the DT

- (3) No fee shall be charged by the DT for the prescribed form of application or filing of an application of registration
- (4) Multiple owners or persons who wish to carry on a business in partnership or as a joint venture shall file a joint application for registration and in such case the business shall be issued a unique tax identification number
- (5) Where an application for registration has been made by a person, unless the Director General-Taxation rejects such application, the registration shall be made by the Director General-Taxation. Taxation Act, (2009)

Tax Identification Number and Certificate of Registration

- (1) Any person who submits an application for registration or who is otherwise registered under section 17 of this Act, shall be issued a unique tax identification number and certificate of registration.
- (2) A person's tax identification number shall be:
 - (a) Reflected on all returns transactions and other documents required under this Act; and,
 - (b) Provided to any other person who is making payment to, or otherwise required to give tax information with respect to, the person being identified;
- (3) The registered taxpayer shall display the certificate of registration in a conspicuous place at the place of business. If the taxpayer has more than one place of business, a copy of the certificate of registration, as attested by the Director General-Taxation shall be displayed in a conspicuous place at each place of business. Taxation Act, (2009)

Payment of Tax and Other Amounts

- (1) when a tax return or any other filing is required under this Act, the person required to make such return or filing shall pay at the time and place fixed for filing the return except as may be otherwise prescribed by regulations.

- (2) If a taxpayer applies for an extension of time to pay, the Director General-Taxation may at his or her discretion, extend the deadline for payment but in no event shall the extension be granted for a period exceeding six months (6)
- (3) An extension of the deadline does not suspend the accrual of interest. Taxation Act, (2009)

Penalty for Understatement

- (1) In a case where a tax return was filed, but the amount of tax stated on the return understates the amount of tax actually required to be paid by less than twenty five percent (25%) the taxpayer shall be liable for a penalty in the amount of ten percent (10%) of the understatement.
- (2) If the amount of understatement exceeds twenty five percent (25%) of the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of fifty percent (50%) of the understatement.
- (3) If the amount of understatement exceeds twice times the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of the understatement but not less than two hundred percent (200%) of the understatement.
- (4) Notwithstanding the provisions of subsections (1), (2) and (3) above where a taxpayer voluntarily notifies the Director General-Taxation that, the amount of tax stated on the return understates the amount of tax actually paid, the taxpayer shall be liable for a penalty in the amount of five percent (5%) of the understatement.

Interest Tax

- (1) If the amount of tax due or any portion thereof is not paid on or before the last day for payment, interest on the amount due shall accrue at the rate established under subsection (2), below, for the period from such last date to the date paid.

This interest may be waived only where it is proved that the taxpayer is not liable for the tax assessment.

- (2) A rate of interest for underpayments shall be published at least annually. Such rate for each period shall be one hundred and twenty percent (120%) of the prime commercial rate for such a period.
- (3) For purposes of subsection (2) above, the term "prime commercial rate " means the average rate of commercial banks in southern Sudan charge other banks and financial institution. Taxation Act, (2009)

Collection of Unpaid Tax

Methods of collection

- (1) If any taxpayer neglects or refuses to pay his or her assessed tax in accordance with a notice of assessment and demand, the amount including any interest, penalty or additional charge, together with any costs that may accrue shall be satisfied in accordance with the provisions of this chapter.
- (2) The Director General-Taxation may use any or all of the following methods to collect tax which due:
 - (a) Offsetting the tax due to the taxpayer from any amount tat may be refundable under this Act;
 - (b) Seizing property of the taxpayer;
 - (c) Auctioning all or part of the taxpayer's property in accordance with the applicable law;
 - (d) Demanding funds of the taxpayer on deposit at financial institution;
 - (e) Seizing amounts owed the taxpayer by any third party, subject to such safeguards protecting the rights of third parties as may be provided for by applicable law; or,
 - (f) Suspending the customs clearance of the imports, exports, and other international transactions of the taxpayer.

Business profits Tax

“Business organization” means any small or medium organization that is required to be registered pursuant to the provisions of this Act except insurance company, an individual or organization of individuals liable for tax under chapter xi of this Act;

“Southern Sudan source income” means gross income that arises in Southern Sudan, which includes, but not limited to:

- (a) Interest on debt obligations issued by a resident company or a GoSS Institution;
- (b) Dividends from a resident company;
- (c) Income from labour and services performed in Southern Sudan;
- (d) Income from the use of movable or immovable property located in Southern Sudan;
- (e) Income from the use of intangible property in Southern Sudan;
- (f) Gain from the sale of an interest in immovable property located in Southern Sudan; and,
- (g) Gain from the sale of movable property other than inventory.

Business loss

- (1) A business loss is the negative difference between the taxpayer’s income and expenses arising from economic activity.
- (2) A business loss shall be carried forward for up to five (5) successive tax periods and shall be available as a deduction against any income in those years. Taxation Act, (2009)

Rate of Tax

A business profit tax shall be charged on the taxable profit of a taxpayer at the rate of ten percent (10%). Art 67 of Taxation Act,(2009)

Tax shall be applied to all goods entered into Southern Sudan at the following rates:

Two percent (2%)	On all processed food items
Four percent (4%)	On all other goods
Six percent (6%)	On vehicles of all kinds

Art 87 of Taxation Act, (2009)

Taxable profit

- (1) Taxable profit for the purposes of this chapter shall mean the difference between gross incomes earned or received during the tax period and any deductions allowable under this chapter.
- (2) Taxable profit for a resident taxpayer shall be the taxable profit for a resident taxpayer shall be the taxable profit from Southern Sudan and foreign source incomes.
- (3) Taxable profit for a non-resident taxpayer shall be only the taxable business profit from Southern Sudan source income. Art 68 of Taxation Act, (2009)

Exemption

- (1) The following income shall be exempted from business profit tax:
 - (a) Income of organizations registered with the appropriate governmental entity organizations with public benefits status to the extent that the income is used exclusively for their public benefit purposes;
 - (b) Income of the Bank of South Sudan;
 - (c) Dividends and interest where tax is withheld under chapter xiv of this Act; and,
 - (d) Where provided by an agreement with GoSS, income from a foreign contractor generated from: contracts for the supply of goods and services to the united Nations, the UN specialized Agencies, or other international governmental donors to the GoSS.
- (2) The DT shall coordinate regularly with the government entity responsible for registering non-governmental organizations to exchange information and establish

and maintain joint and harmonized procedures and criteria for non-governmental organizations. Art. 69 of Taxation Act,(2009)

Payment of Tax withheld

- (1) Each tax withholder shall submit a statement of tax withholding and remit the correct amount of tax withheld to the Director General-Taxation within fifteen (15) days after the last day of each calendar month in which the tax was withheld, except when the withholding amount exceeds SDG 300,000 in a particular payroll or payment period. Where the amount of withheld taxes exceeds SDG 300,000 in a particular payroll or payment period, the withholder shall remit such withholding within five business days of withholding. All the withholdings shall be remitted on the prescribed form, and withholding reporting shall be in accordance with the regulations.
- (2) Third parties who directly finance another's payrolls shall withhold taxes from employee's wages as set forth in schedule ii of this Act in proportion to the percentage of the payroll they finance. Third parties who fail to withhold taxes as prescribed shall be liable for the full amount of taxes required to be withheld but not paid over to the Director General-Taxation. However, employers shall not be relieved of their responsibility to file required returns and related documents.
- (3) The employer shall provide by 31st January of the year following at the request of an employee, a statement of withholding during the previous year. The statement of withholding shall be in the prescribed form.
- (4) Tax withheld on dividends and interest shall be deemed to be a final payment of tax and not subject to a credit or refund under this Act. Art 95 of Taxation Act, (2009)

GoSS Institution Taxes, Fees and charges

- (1) On annual basis, and as part of the budget process, each GoSS Institution shall submit to the Undersecretary a detailed list of fees and licenses which the GoSS Institution intends to assess during the following calendar year.
- (2) The Undersecretary shall publish the full list of taxes and fees not later than 15th November each year. The payment of fees and taxes shall take effect from 1st January of the following year. The list of agreed upon taxes and fees shall be updated throughout the calendar year as necessary.
- (3) No GoSS Institution shall collect any taxes, fees or other charges which are not provided for in the relevant legislation of GoSS. Any person who collects or attempts to collect taxes, fees, or other charges not provided for commits an offence punishable in accordance with the provisions of sections 111 and 112 of this Act. Art 106 of Taxation Act, (2009)

Table 1: Showing Excise Goods Rates

Harmonized system Number	Article Description	Percentage	Specific rate
2203	Beer made from malt	15%	
2204	Wine of fresh grapes, including Fortified wines; grape (other Than unfermented grape)	15%	
2205	Vermouth and other wines of Fresh grapes flavoured with plants or aromatic substances	15%	
2206	Other fermented beverages (including cider, prune wine, Rice wine, or sake, sherry, Mead)	15%	
2207.10.30	Indentured ethyl alcohol of an alcoholic strength by volume of 80 percent volume or higher for Beverage purposes	20%	
2208	Indentured ethyl alcohol of an alcoholic strength by volume of Less than 80 percent vol; spirits, Liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used in the manufacture of beverage	20%	
2202	Cigars, cheroots, cigarillos and cigarettes, of tobacco or tobacco substitutes	15%	
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" to tobacco, tobacco extracts and essence	15%	
2710.00.10 2710.00.15 2710.00.18	fuel	05%	
8703	Motor cars and other vehicles Principally designed for the transport of persons (other than buses, including station wagons and racing cars)	15%	Per litre
8702	Buses	10%	
8704	Motor vehicles for the transport of goods	10%	

RSS Taxation Act, (2009)

Table 2: Showing South Sudan Business performance ranking

Measure	Year	Index/Ranking
TI Corruption Index	N/A	Not Ranked
Heritage Economic Freedom	N/A	Not Ranked
World Bank Doing Business	2011	Juba ranked 159
MCC Gov't Effectiveness	FY13	-0.99 (4%)
MCC Rule of Law	FY13	-0.57 (7%)
MCC Control of Corruption	FY13	-0.77 (4%)
MCC Fiscal Policy	FY13	2.4 (94%)
MCC Trade Policy	FY13	N/A
MCC Regulatory Quality	FY13	-0.91 (9%)
MCC Business Start Up	FY13	N/A
MCC Land Rights Access	FY13	N/A
MCC Natural Resource Mgmt	FY13	71.1 (62%)

Source: <http://www.state.gov.press> release: 2013)

Conversion and Transfer Policies

The 2009 Investment Promotion Act guarantees “unconditional transferability in and out” of South Sudan “in freely convertible currency of capital for investment; payments in respect of loan servicing where foreign loans have been obtained; and the remittance of proceeds, net of all taxes and other statutory obligations, in the event of sale or liquidation of the enterprise.” However, many companies have trouble accessing foreign currency and repatriating profits. Foreign exchange market rules and regulations are highly restrictive. The January 2012 shutdown of oil production has resulted in a foreign currency shortfall, and South Sudan’s lack of any significant non-oil exports limits the inflow of hard currency. The Central Bank closely regulates which companies and traders are allocated U.S. dollars, making it hard for foreign investors to repatriate their locally generated income. At least one international company suspended operations in South

Sudan in 2012, claiming that they were unable to convert their SSP profit to USD in order to cover operating expenses outside the country. <http://www.state.gov.press> release: 2013).

Expropriation and Compensation

South Sudanese law prohibits nationalization of private enterprises “unless the expropriation is in the national interest for a public purpose.” Neither “national interest” nor “public purpose” is defined in the law. Any expropriation must be in accordance with due process and provide for “fair and adequate compensation,” as determined by the court.

There has been no known government expropriation of foreign-owned property in the private sector, and no indications that there may be such actions in the near future. However, government officials frequently pressure development partners to hand over assets at the end of programs. While some donor agreements call for the government to receive goods at the close-out of a project, assets have been seized by local government officials even in instances where it was not included in a formal agreement. <http://www.state.gov.press> release: 2013)

Performance Requirements/Incentives

The government has designated 11 sectors as priorities for investment: agriculture and agribusiness; physical infrastructure; social infrastructure including schools, hospitals, water services, etc.; mining, quarrying, energy and electricity, petroleum and gas industries; prospecting of natural resources for economic use; forestry; medium to heavy manufacturing industries; transport, telecommunications, print and electronic media, and information communications technology; commercial banking, insurance, property management, and financial institutions; pharmaceutical, chemicals, and medicinal and surgical industries; and tourism and hotel industry development. <http://www.state.gov.press> release: 2013)

The government offers tax exemptions and concessions in machinery and equipment, and capital and net profits. The time period for tax exemptions is not laid out in the investment law, and further regulations defining the time period have not yet been published. Capital allowances range from 20 to 100 percent; deductible annual allowances range from 20 to 40 percent; and other depreciation allowances range from 8 to 20 percent. The law allows for duty and tax exemptions on all agricultural imports, including tools, equipment, machinery and tractors, pharmaceuticals, animal feed, and seeds.

Business owners are frequently unaware of investment incentives, and many claim they are not receiving the incentives laid out in the investment promotion act. For example, two foreign-owned companies who import and sell agricultural equipment noted frequent disputes with customs authorities over their tax-exempt status.

According to the 2012 Companies Act, companies with fewer than seven employees and meeting financial requirements laid out by the Minister of Commerce, Industry and Investment are "to be the domain of South Sudanese nationals only." Medium and large private companies are required to have at least 31 percent South Sudanese ownership. (<http://www.state.gov.press> release: 2013)

Right to Private Ownership and Establishment

Bureaucratic procedures for opening a business are long and cumbersome, particularly for foreigners trying to navigate the system without the assistance of a well-connected national. Government officials claim registering a business and gathering all of the necessary certificates to begin operations should take less than one week; however, some foreign companies report spending months registering, applying for work permits, and going from ministry to ministry to gather the necessary licenses and certificates. Fee schedules for the licenses and certificates necessary to operate a business are often difficult to find and not always adhered to. Companies are required to go through a lawyer when registering with the business registry at the Ministry of Justice, a

requirement that many say adds unnecessary time and cost to the process. With the support of the World Bank's International Finance Corporation (IFC), the Ministry of Commerce, Trade, and Investment officially opened a one-stop shop to streamline the process of establishing a business in May 2012. As of the end of the year, the shop was not yet operational.

Some companies complained of a duplicative and opaque tax system. Companies also complained that tax exemptions were applied unevenly. Tax incentives laid out in the investment act are unclear, and many businesses are unaware of their existence. (<http://www.state.gov.press> release: 2013)

2.4 Theoretical Gap

The researcher discussed all related theories to tax policy by various writers and identified theoretical gaps they have left.

An important study for 1985 suggested that the overall tax structure was only mildly progressive. For example, the poorest tenth of all income receivers paid about 17 percent of their income in taxes, while the richest tenth paid slightly in excess of 26 percent. The progressivity of the personal income and corporate income taxes is largely offset by the regressivity of pay-roll, sales, and excise taxes. This means that the tax system has only a modest effect on the distribution of income. Cambell R. (1993)

More recently, government agencies have examined the impact of recent tax legislation on the distribution of federal taxes. The Tax Reform Act of 1986 greatly reduced the number of tax brackets and lowered tax rates, on the one hand, but simultaneously broadened the tax base (the amount of taxable income), on the other. Tax legislation in 1990 further adjusted tax rates and allowable deductions. In comparing the 1977 with the 1992 distribution, it was found that the recent tax changes have not greatly altered the progressivity of the Federal tax system. For example, between 1977 and 1992 the tax burden of the poorest 20 percent of the population fell slightly from 9.3 to 8.6 percent of

their incomes. Meanwhile, the tax burden of the richest 20 percent fell from 27.2 to 26.8 percent over the same period. The burdens of all other income receivers increased only slightly. The slightly enhanced progressivity of the personal income tax, together with the increasing importance of the social security payroll tax, go far to explain the unchanged overall progressivity of the federal tax system. When the largely regressive tax structures of state and local governments are combined with the Federal data, the overall tax structure is proportional or slightly progressive.

It is significant to note that, while our tax system does not substantially alter the distribution of income, our system of transfer payments has a pronounced effect in reducing income inequality. For example, transfers almost quadrupled the income of the poorest fifth of the income receivers. Cambell R. (1993)

Combelle wrote of taxes being mildly progressive and regressive of pay roll. He did not identify the effects and causes of multiple taxes which the researcher is concern of. He wrote about Federal, state, and local Administration taxes in the United States of America but he did not elaborate in the decentralized federal system like one in the Republic of South Sudan where the researcher is concern with the effects of multiples by different three levels of governments collecting taxes in Juba of Central Equatoria State.

Switzerland had exceptionally low taxes and favourable treatment of foreign firms in the 1950s. (This seems still to be so even if a certain harmonization of tax regulations has taken place.) This led to many American firms routing their sales from all over the world through sales offices located in Switzerland. This also led to exceptionally high earnings on investments in Switzerland. In 1962, the United States changed its tax laws. Earlier, taxes on earnings from subsidiaries abroad were deferred until they were repatriated. In 1962 this provision was changed so that earnings on holding companies and so-called 'tax haven operations' became taxable when earned. This had an immediate effect on the location of service and sales offices: in 1961-62, 40 percent of these were located in Switzerland; in 1963 this fell to 10 percent. Bo S & Reed,(1994).

Bo Sodersten and Geoffrey Reed wrote of positive effects of low taxes in Switzerland and negative effects in the US caused by multiple taxes. Switzerland benefited due to her low rates taxation by attracting foreign firms to the country but the writers did not write on the tax policy in the Republic of South Sudan facing the problem of multiple taxes.

The income tax is viewed by many economists as one of the more neutral taxes from the standpoint of not distorting the allocation of resources in the economy. At least it has the potential of being neutral. The U.S Income tax law has certain provisions, however, that discourage investments in some areas while encouraging it in others. One such provision is the double taxation of divided income from corporate stocks. Because of the corporation income tax, corporations must pay an income tax on the earnings of equity capital. Then, after the dividends are paid back to stockholders, the stockholders pay a tax on this money a second time via the personal income tax. The net effect of this double taxation is to discourage saving by individuals, and decrease investment in the corporate sector of the economy.

Lest with the current concern over taxes and the National debt we think that we live in unusual times, it is instructive to see that the classical economists were also concerned over these issues. Even though the classical economists preferred a minimum of government and therefore a low level of taxation, they recognized the necessity of government and the problems of financing it. Ricardo went so far as to say that economics is useful only when "it directs government to right measures of taxation." This view probably stemmed from the fact that he regarded laissez-faire as the proper policy (lack of it) elsewhere in the economy. Willis L. (1997)

Willis wrote of the effects of double taxation in the US that the effects of double taxation is to discourage saving by individuals and decrease investment in the corporate sector of the economy. He talked of income tax as being neutral by nature. Ricardo went so far as to say that economics is useful only when "it directs government to right measures of

taxation.” This view probably stemmed from the fact that he regarded laissez-faire as the proper policy (lack of it) elsewhere in the economy. Both of them did not write about the tax policies in South Sudan which resulted in multiples taxes being paid by the businesses in Juba, South Sudan.

The researcher had gone through the views of scholars who have written about tax policies and business performance in so many countries and have written reports as presented in related literature but no one had written about tax policy in the Republic of South Sudan. Therefore, the researcher had taken this opportunity to contribute to the World Knowledge by examine tax policy and its regulation in the Country and find out the effects of this system in Juba, of Central Equatoria State, South Sudan.

CHAPTER THREE

METHODOLOGY

3.1. Research Design

The researcher used a descriptive survey design, and Random Sampling Method. This was because the researcher selected the sample at random in the chamber of Commerce as the institution selected for the study. The researcher aim was to find the relationship between the variables. That is Tax policy and business performance in Juba, Central Equatoria State. One senior officer from each of the six chosen institutions was interviewed using guided questionnaire administered by the researcher.

3.2. Research population

The targeted research population of this study was 225 people; selected from State Chamber of Commerce which had direct interaction with the State's Government over business issues.

3.3. Sample Size

The sample size for this study was drawn from State's Chamber of Commerce; the calculation to get sample size was by use of Sloven's formula as shown below:

n = sample size

P = Population size

e = level of significant

The targeted research population was 225, represented by "N" and the sample size represented by "n"

$$\begin{aligned}n &= \frac{N}{1+N(0.05)^2} \\&= \frac{225}{1+225(0.05)^2} \\&= \frac{225}{1+225(0.0025)} \\&= \frac{225}{1+0.56} \\&= \frac{225}{1.56} \\n &= 144\end{aligned}$$

This was the number of respondents or sample size chosen at random in the state's Chamber of Commerce.

3.4. Sampling Procedure

The researcher used a purposive and simple random sampling technique. This method was used to select the respondents randomly in Central Equatoria State Chamber of Commerce in Juba, South Sudan. Questionnaires were given to the members of the chamber and give their views with regard with the tax policy in application in CES, Juba.

3.5. Research Instruments

The research instruments the researcher used were: a face sheet, questionnaires and interview guide to asses the level of government intervention (tax policy) in the market and it impacts on the business performance. The face sheet was used to gather data on the profile of the respondents. The questionnaires were also used to collect data on the level of government intervention in the business sector. Questionnaires were classified into "A", those determining the level of government intervention in the market; "B", for questionnaires determines the impacts of government restrictions on business

performance; "C" were for oral interview guide conducted by the researcher to find more information on both "A" and "B" above from senior officials of Central government institutions, Central Equatoria State and Juba County Local Administration.

3.6. Validity and Reliability of the instruments

To ensure reliability, the Content Validity Index (CVI) was calculated as shown in the table below:

Table 3: Showing the Content Validity Index (CVI) for Reliability of the Instruments

CVI	No. of Items
Total number of questions	144
Number of questions declared Valid	140

Source: Primary data

CVI= Number of Questions Declared Valid/Total Number of Questions

CVI= 140/144

CVI= 0.972

Minimum CVI to declare an instrument to be Valid is 0.70.

Reliability of the research instrument

In order to test the reliability of the questionnaire, the researcher conducted a preliminary testing of the questionnaire before constructing the final copies to be distributed later in the field for actual data collection. The questionnaire was tested to a selected sample, which the researcher planned to use in the study. Ten people were selected, 5 from each category of respondents and were given questions for testing

which enabled the researcher to improve the questions. This also helped the researcher to improve the questions after getting a reliability value of 0.03.

3.7. Data Gathering Procedures

Before the administration of the questionnaires and interviews;

1. An introduction letter was obtained from the College of Higher Degrees and Research of Kampala International University for the researcher to conduct the study from the selected Institutions in Juba.
2. After approval, the researcher got the numbers or contacts of the qualified respondents from the selected institutions in Juba.
3. The researcher made sure that there were enough questionnaires for the respondents to answer.

During the administration of the questionnaires

1. The respondents were requested to answer the questionnaires completely.

On retrieval, all returned questionnaires were checked to see if all were answered.

2. The researcher carried out interview with the senior officials in the selected institutions where the research was conducted in Juba.

After the administration

The data gathered was collected, encoded into computer and statistically treated using the SPSS programmer.

3.8. Data Analysis

The frequency and percentage distribution were used to determine the demographic characteristics of the respondents. The mean and standard deviations were applied for

the Tax policy on the business performance. An item analyzed illustrated the strengths and weaknesses based on the indicators in terms of mean and range. From these strengths and the weaknesses, the recommendations were derived. The following mean ranges were used to arrive at the mean of individual indicators and interpretation:

A. For the Tax policy on business (government intervention)

Mean	Response mode	Interpretation
3.26-4.00	strongly agree	Very high
2.52-3.25	Agree	High
1.76-2.50	disagree	Low
1.00-1.75	Strongly disagree	Very low

Liker scale and interview

B. For business performance

Grade	Scoring mode	Interpretation
5-15	4	Very high
16-29	3	High
30-39	2	Low
40-45	1	very low

Pearson’s’ Linear Correlation Coefficient was used to determine the relationship between Tax policy and business performance at (0.05) level of significance.

3.9. Ethical Considerations

To ensure confidentiality of information provided by the respondents, and ascertain the practice of ethics in this study, the following activities were implemented by the researcher:

1. The respondents’ names were reflected in this study
2. The researcher acknowledged the authors quoted in this study through citations and referencing.
3. The findings were presented in a generalized form.

CHAPTER FOUR

PRESENTATION, INTERPRETATIONS AND DISCUSSION OF THE FINDINGS

4.0 Introduction

The study investigated Tax Policy and Business performance in Central Equatoria state; Juba, South Sudan. The data was collected in Juba with the used of research instruments such as questionnaires and interview guide and came up with the data being presented, interpreted, and discussed throughout this chapter.

4.1 Characteristics of the Respondents

The main table below is for the general results for the respondents' profile.

Below are the general table and the small tables showing different frequencies and percentages scored by individual respondent's group in the data analysis of the findings.

Table 4: Showing Profile of respondents

Category	Frequency	Percent
Sex		
Male	116	82.9
Female	24	17.1
Total	140	100
Age		
20-30 years	71	50.7
31-40 years	56	40.0
41-50 years	11	7.9
51 years and above	2	1.4
Total	140	100
Experience		
Less than a year	8	5.7
1-5 years	58	41.4
6 years and above	74	52.9
Total	140	100
Nationality		
South Sudanese	132	94.3
Foreign national	8	5.7
Total	140	100
Education level		
Certificate	23	16.4
Diploma	29	20.7
Bachelors	87	62.1
Masters degree	1	.7
Total	140	100

Source: Primary data, 2014

4.2.1 The Sex of the respondents

Category	Frequency	Percent
Sex		
Male	116	82.9
Female	24	17.1
Total	140	100

Source: Primary data, 2014.

The number of male respondents during data collection was 116 out of 140 of the total population studied which accounted for 82.9% of the respondents. The number for the female respondents was 24 out of 140 populations under investigation which also accounted to 17.1% of the respondents.

Therefore, the majority of the respondents in the institution selected in Central Equatoria State were males compared to their female counterparts.

4.2.2 The Age of the Respondents

Age		
20-30 years	71	50.7
31-40 years	56	40.0
41-50 years	11	7.9
51 years and above	2	1.4
Total	140	100

Source: Primary data, 2014.

The age group from 20-30 years accounted for 71 respondents which is 50.7% of the respondents. The age group from 31-40 years was 56 respondents which accounted to 40% of the population. The age group from 41-50 years was 11 respondents

representing 7.9% of the population and the last age group from 51 and above was 2 respondents which represent 1.4% of the respondents.

Therefore, the most common age group in the institutions where data was collected was age group from 20-30 years which accounted to 50.7%. This means that the population in these institutions is very young. The least age group was from 51 and above which represented by only two people with 1.4% of the respondents.

4.2.3 The Period of the respondents stays in CES, Juba

Experience		
Less than a year	8	5.7
1-5 years	58	41.4
6 years and above	74	52.9
Total	140	100

Source: Primary data, 2014.

The number of respondents who stayed in Juba for 6 years and above was 76 which accounted to 52.9% of the respondents while those respondents who were in Juba for less than a year their number was 8 which accounted to 5.7% of the respondents.

Therefore, those who stayed in Juba for more than six years were the majority of the respondents

4.2.4 The Nationality of the respondents

Nationality		
South Sudanese	132	94.3
Foreign national	8	5.7
Total	140	100

Source: Primary data, 2014.

The number of South Sudanese was 132 out of 140 respondents which accounted to 94.3% of the population studied. The least number was that of the foreign nationals which was 8 out of 140 and accounted for 5.7% of the respondents. Therefore, the majority of the respondents were South Sudanese.

4.2.5 The Education Level of the respondents

Education level		
Certificate	23	16.4
Diploma	29	20.7
Bachelors	87	62.1
Masters degree	1	.7
Total	140	100

Source: Primary data, 2014.

The number of those respondents with Bachelors degree was 87 which were 62.1% of the 140 respondents. The least number was that of those who hold masters degree which accounted for 0.7%. Therefore, the majority of the respondents hold bachelor degrees.

4.3 Presentation of Findings

The findings from the study are presented according to the research objectives and its research questions.

4.3.1 Various ways to determine tax policy on business performance in Central Equatoria State, Juba.

The first objective of the study was:” To asses the extent of tax policy in Central Equatoria State, Juba South Sudan.” In objective one and two, means and standard deviations were used to determine the level of Independent Variable and Dependent

Variable. Questions analysis helped to demonstrate the strengths and weakness of the responses on the Independent Variable and Dependent Variable.

The following numerical values and interpretation were used to interpret the respondents based on the mean scores of each question.

A. For the Extent of Tax policy on business (government intervention)

Mean	Response mode	Interpretation
3.26-4.00	strongly agree	Very high
2.52-3.25	Agree	High
1.76-2.50	disagree	Low
1.00-1.75	Strongly disagree	Very low

Table 5: Showing the Extent of tax policy in Central Equatoria State

Items on tax policy	Mean	Std	Interpretation	Rank
The penalty charge of not having import or export license of 20% of custom value has no effect on business profit	2.81	.941	High	1
There is a conducive atmosphere for investments in CES Juba, South Sudan	2.38	.963	Low	2
South Sudan Investment Acts. 2013 is favorable and therefore, it will encourage investors to invest in CES, Juba South Sudan.	2.06	.855	Low	3
Government should reduce current license fees so as to encourage investors to invest in Juba, South Sudan.	1.75	.866	Low	4
A tax exemption grant to contractors by the governments in CES is reducing their revenues.	1.71	.977	Very low	5
Taxes for luxurious goods should be increased by the government so as discourage their consumption by the public and increase the revenue.	1.63	.947	Very low	6
The Government should regulate the market instead of forces of demand and supply	1.60	.966	Very low	7
The charges for quota system of licensing needs improvement to encourage investors to invest in South Sudan	1.59	.688	Very low	8
Tax policy should be flexible; it should follow the economic performance of the Country.	1.44	.614	Very low	9
Taxes for the basic commodities should be lowed so as to increase their consumption by the public.	1.24	.586	Very low	10
Average mean	1.82	.30103	Low	

Source: Primary Data, 2014.

Discussions of the findings based on the objectives which assess the extent of tax policy in Central Equatoria State, Juba South Sudan in objective one.

The overall average mean is 1.82 which is rated low on a liker scale. This implies that there is a low level of Tax policy extent in Central Equatoria State as per the results of the data analysis. The conclusion is that the influence of tax policy on business performance is moderate.

The statement that the penalty charge of not having import or export license of 20% of custom value has no effect on business profit has been accepted by the respondents with the mean grade of 2.81 and standard deviation of 0.941.

The respondents disagreed with the statement that there is conducive atmosphere for investments in Central Equatoria State Juba. This was reflected by the mean score of 2.38 and standard deviation of 0.963. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents disagreed with the statement that South Sudan Investment Acts. 2013 is favorable and therefore, it will encourage investors to invest in Central Equatoria Juba South Sudan. This was reflected by the mean score of 2.06 and standard deviation of 0.855. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents disagreed with the statement that Government should reduce current license fees so as to encourage investors to invest in Central Equatoria State Juba, South Sudan. This was reflected by the mean score of 1.75 and standard deviation of 0.866. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that tax exemption grant to contractor by the government in Central Equatoria State Juba, is reducing their revenues. This was reflected by the mean score of 1.71 and standard deviation of 0.977. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that taxes for luxurious goods should be increased by the government in Central Equatoria State Juba, so as to discourage their consumption by the public and increase their revenues. This was

reflected by the mean score of 1.63 and standard deviation of 0.947. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that Government should regulate the market instead of forces of demand and supply. This was reflected by the mean score of 1.60 and standard deviation of 0.966. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement which reads the charges for quota system of licensing needs improvement to encourage investors to invest in South Sudan. This was reflected by the mean score of 1.59 and standard deviation of 0.688. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that tax policy should be flexible; it should follow the economic performance of the Country. This was reflected by the mean score of 1.44 and standard deviation of 0.614. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that Taxes for the basic commodities should be lowered so as to increase their consumption by the public. This was reflected by the mean score of 1.24 and standard deviation of 0.586. This means that the extent of tax policy in Central Equatoria State was moderate to influence business in Juba.

This was reflected in the average mean score of 1.82 and standard deviation of 0.30103. The tax policy in Central Equatoria State is not favorable because the respondents disagreed with the current tax policies in place. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba and South Sudan at

large. This is because of the concentration of the National Ministries in Central Equatoria State which is hosting the Government of the Republic of South Sudan. Therefore, what was found in Central Equatoria State could be applied to the other States. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba. The objective one found that the tax policy in place was not encouraging economic growth in the State.

4.3.2 The Level of Business performance in central Equatoria State.

Below is the interpretation guide on the level of business performance in CES:

In objective two, "To find out the level of business performance in Central Equatoria State Juba, South Sudan." means and standard deviations were used to determine the level of Independent Variable and Dependent Variable. Questions analysis helped to demonstrate the strengths and weakness of the responses on the Independent Variable and Dependent Variable.

The following numerical values and interpretation were used to interpret the respondents based on the mean scores of each question.

B. For level of business performance

Grade	Scoring mode	Interpretation
5-15	4	Very high
16-29	3	High
30-39	2	Low
40-45	1	very low

Pearson's' Linear Correlation Coefficient was used to determine the relationship between government policy and business performance at (0.05) level of significance.

Table 6: Showing Level of Business performance Central Equatoria State

Items on tax policy	Mean	Std	Interpretation	Rank
The mode of tax payment to the government is convenient and efficiency	3.04	1.079	High	1
All registered businesses in Juba do pay taxes to the government	2.69	1.139	High	2
It take very short time to register business in CES, Juba South Sudan	2.58	1.004	High	3
All business enterprises are aware of Government business Tax policies in CES, Juba South Sudan.	2.52	.993	High	4
The Government fixed rate of foreign exchange has negative effect on businesses in CES, Juba South Sudan.	2.22	1.039	Low	5
If the amount of understatement exceeds twenty five percent (25%) of the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of fifty percent (50%) of the understatement.	2.15	.959	Low	6
Despite many taxes, businesses still make enough profits in CES, Juba.	2.06	.938	Low	7
Despite many taxes the business is booming in CES, Juba South Sudan.	1.88	.704	Low	8
The Government should designed system for incentives to the businesses who comply with their tax obligations.	1.61	.764	Very low	9
The Government of the Republic of South Sudan, CEG, and Juba County local should reorganize the tax collection system for businesses operating in CES.	1.41	.635	Very low	10
Average mean	2.22	.38496	Low	

Source: Primary Data, 2014.

To find out the level of business performance in Central Equatoria State Juba, South Sudan. The discussion of findings based on this study objective is found in the following discussions.

The overall average mean of 2.22 which is rated low on liker scale, this means that the level of business performance was not much affected by the tax policy adopted by the Central Equatoria State.

The respondents agreed with the statement, the mode of tax payment to the government is convenient and efficiency in Central Equatoria State, Juba. This was reflected by the mean score of 3.04 and standard deviation of 1.079. This means that the mode of tax payment to the government in Central Equatoria State Juba, South Sudan was favorable for the business in the State.

The respondents agreed with the statement, all registered businesses in Juba do pay taxes to the government is convenient and efficiency in Central Equatoria State, Juba. This was reflected by the mean score of 2.69 and standard deviation of 1.139. This means that the most business made payment to the government in Central Equatoria State Juba, South Sudan. Tax policy is favorable for the businesses in Central Equatoria State.

The respondents agreed with the statement that, it take very short time to register business in CES, Juba South Sudan. Business registration is convenient and efficiency in Central Equatoria State, Juba. This was reflected by the mean score of 2.58 and standard deviation of 1.004. This means that the business registration in Central Equatoria State Juba, South Sudan was favorable for the business in the State.

The respondents agreed with the statement, all business enterprises are aware of Government business Tax policies in CES, Juba South Sudan. This was reflected by the mean score of 2.52 and standard deviation of 0.993. This means that the enterprises are aware of the government Tax Policy in Central Equatoria State, which was favorable for the business in the State.

The respondents disagreed with the statement that the Government fixed rate of foreign exchange has negative effect on businesses in CES, Juba South Sudan. Government should regulate the market instead of forces of demand and supply. This was reflected by the mean score of 2.22 and standard deviation of 1.039. This means that level of business performance in Central Equatoria State was favorable for the business in Juba.

The respondents disagreed with the statement that If the amount of understatement exceeds twenty five percent (25%) of the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of fifty percent (50%) of the understatement. This is reflected by the mean score of 2.15 and standard deviation of 0.956. This means that level of business performance in Central Equatoria State was not favorable for the business in Juba

The respondents disagreed with the statement that despite many taxes, businesses still make enough profits in CES, Juba. This was reflected by the mean score of 2.06 and standard deviation of 0.938. This means that level of business performance in Central Equatoria State was not favorable for the business in Juba.

The respondents disagreed with the statement that despite many taxes the business is booming in CES, Juba South Sudan. This was reflected by the mean score of 1.88 and standard deviation of 0.704. This means that level of business performance in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that the Government should designed system for incentives to the businesses who comply with their tax obligations. This was reflected by the mean score of 1.61 and standard deviation of 0.764 .This means that level of business performance in Central Equatoria State was not favorable for the business in Juba.

The respondents strongly disagreed with the statement that the Government of the Republic of South Sudan, CEG, and Juba County local should reorganize the tax collection system for businesses operating in CES. This was reflected by the mean score of 1.41 and standard deviation of 0.635. This means that level of business performance in Central Equatoria State was not favorable for the business in Juba

In the research objective three, the significant relationship between tax policy and level of Business performance was tested and the result was as in the table below. To investigate relationship between tax policy and business performance in Central Equatoria State Juba, South Sudan.

Table 7: Significant relationship between tax policy and level of Business performance

Variables correlated	r-value	Sig	Interpretation	Decision on Ho
Tax policy Vs Business performance	.086	.311	No significant correlation	Accepted

Source: Primary Data, 2014

After data analysis, the researcher reached conclusion and came up with the following values for the variables correlated. The correlated variables were Tax policy and Business performance in Central Equatoria State Juba, South Sudan. The following were the results, r-value 0.086 and significant value of 0.311. The researcher interpretation was that, "There was no significant correlation". The decision on H_0 was accepted; therefore it implies that other factors were responsible for poor business performance rather than tax policy.

Regression Analysis

A functional regression model derived from the conceptual frame work

$$Y = \alpha + \beta_1 X_1$$

Where Y= Dependent variable

α =level of significance (0.05)

B= Beta

X= Independent variable

Table 8: Regression Analysis between the Dependent and Independent Variables

Variables regressed	R Squared	F-value	Sig.	Interpretation	Decision on H ₀
Business performance VS Tax policy	.007	1.033	.311	No significant effect	Accepted
Coefficients	Beta	t-value	Sig		
(Constant)	2.016	10.071	.000	Significant effect	Rejected
Tax policy	.110	1.016	.311	Insignificant effect	Accepted

Source: Primary Data, 2014

The researcher applied regression analysis and got the following results between the Dependent and Independent Variables. The R-Squared value was found to be 0.007, F-value was 1.033, and significant value was 0.311. The interpretation was that there was no significant effect and decision on H₀ was accepted.

The coefficients were constant, Beta value 2.016, t-value, 10.071, and significant value, 0.000. The interpretation was that, there was significant effect and the decision on H₀ was rejected. R-Squared, 0.110, F-Value, 1.016, and Significant Value, 0.311; therefore the interpretation was the insignificant effect and the decision on H₀ was rejected.

4.4. Oral Interview with the Administrators of Selected Institutions in Juba, Central Equatoria State.

Table 9: Showing the summarized results for guided interview with selected leaders in CES.

Institution	Types of taxes and Fees Collected by each institution
Secretariat General, Revenue Authority, CEG	<ul style="list-style-type: none"> -State personal income tax -Stamp duties -Agricultural production taxes -Excise duties -Service charges for the state -State land and property tax
Ministry of Finance and Economic Planning, Directorate of Taxation	<ul style="list-style-type: none"> -National personal income tax -Corporate and business profit tax -Customs duties and import taxes -Value added tax -Excises duties
Ministry of Trade, Industry and Investment, both Directorate of foreign Domestic Trade	<ul style="list-style-type: none"> -Registration Certificate fee for exporters and importers -Application fees for both certificates import or export license -20% penalty of custom value for goods imported without valid import license
Ministry of Justice, Business Registry Department	<ul style="list-style-type: none"> -Application for registration of a partnership agreement -Certificate of registration -Notice of Dissolution -Inspection of register -Notification of change in registered particulars -Certified copy per page -Registration of any other document
National chamber of Commerce and State Chamber of commerce	<ul style="list-style-type: none"> -Membership fees
Juba County Local Government Administration	<ul style="list-style-type: none"> -Land fees -Real property tax -Parking fees -Rental tax -Sale tax -Business registration fees

Source: primary data (2014)

In the guided interview, it was found that indeed there were many taxes being collected by the stated Government as well as Central Government in Juba. Below is the guided interview questions and answers according to each selected institution.

4.4.1. Secretariat General, Revenue Authority, CEG

Interview Guide Questions

Central Government Economic selected Ministries and State Institutions

i- Do business companies pay their annual profit taxes?

The annual profit tax is the responsibility of the central government. The business people pay their taxes to the Directorate of Taxation in the Ministry of Finance and Economic Planning. We charge operation license for companies doing businesses in Central Equatoria State. The rental tax from those who are renting shops as well as personal income tax for those working in Central Equatoria State.

ii. What are the types of taxes the business companies pay to your Directorate?

The business companies pay rental tax, personal income tax, operational tax and other tax as dim by the law.

iii. What penalty charge do they pay incase of failure to pay?

If the failed to comply with the law, then the law takes it course on those businesses which failed to fulfill their obligations by closing them down.

IV. Do you coordinate tax issues within the government agencies?

We do coordinate tax issues with the central government that is why there are specific taxes for the Central Government. All clearance taxes are for the National Government which are paid at the entry points to the Republic of South Sudan.

V. What are those tax issues you coordinate?

The taxes at the entry point are collected by the central government and the state is given its share in the collected money. The collects the road toll, parking fees, inspections fees, registration fees and other fines as stated by the law.

VI. What are percentages you charge on the business, when they come to your office?

Most of the fees for the state are not collected in terms of percentage; they are paid in the form of certain amounts.

VII. Do you monitor companies you have registered and paying taxes?

We monitor them and we make sure that they pay their taxes to the State Revenue Authority at the specified time. It is the work of our inspectors to monitor them.

VIII. What do you think caused price fluctuations in the market here in Juba?

The business people sometimes take advantage of the situation when there is a bit of scarcity of hard currency in the market. The increase in prices even for those commodities imported when the dollar was cheaper in the market. Sometimes the issue of price increase is intentionally caused by some traders who want to benefit out of the current situation in the State.

IX. The business people complained of so many taxes at the entry point, is that one true?

That is the responsibility of the Central Government, it should be answered by the National Government not the State.

X. What can you do as a government to address their grievances concerning the multiple taxes they complain of?

As State Government, we are working hard to make sure what we are collecting should not amount to double taxation which might have negative consequences on the businesses operating in Central Equatoria State.

**4.4.2. Ministry Finance and Economic Planning, Directorate of Taxation
Interview Guide Questions**

Central Government Economic selected Ministries and State Institutions

i- Do business companies pay their annual profit taxes?

The annual profit tax is the responsibility of the central government and it is paid to this Directorate of Taxation in the Ministry of Finance and Economic

Planning. The directorate is implementing Taxation Act, 2009 to collect annual business profit tax as shown in the following Articles

Business profits Tax

“Business organization” means any small or medium organization that is required to be registered pursuant to the provisions of this Act except insurance company, an individual or organization of individuals liable for tax under chapter xi of this Act;

“Southern Sudan source income” means gross income that arises in Southern Sudan, which includes, but not limited to:

- (h) Interest on debt obligations issued by a resident company or a GoSS Institution;
- (i) Dividends from a resident company;
- (j) Income from labour and services performed in Southern Sudan;
- (k) Income from the use of movable or immovable property located in Southern Sudan;
- (l) Income from the use of intangible property in Southern Sudan;
- (m) Gain from the sale of an interest in immovable property located in Southern Sudan; and,
- (n) Gain from the sale of movable property other than inventory.

Business loss

- (3) A business loss is the negative difference between the taxpayer’s income and expenses arising from economic activity.
- (4) A business loss shall be carried forward for up to five (5) successive tax periods and shall be available as a deduction against any income in those years. Taxation Act,(2009)

Rate of Tax

A business profit tax shall be charged on the taxable profit of a taxpayer at the rate of ten percent (10%). Art 67 of Taxation Act, (2009)

Tax shall be applied to all goods entered into Southern Sudan at the following rates:

Two percent (2%)	On all processed food items
Four percent (4%)	On all other goods
Six percent (6%)	On vehicles of all kinds

Art 87 of Taxation Act, (2009)

Taxable profit

- (4) Taxable profit for the purposes of this chapter shall mean the difference between gross incomes earned or received during the tax period and any deductions allowable under this chapter.
- (5) Taxable profit for a resident taxpayer shall be the taxable profit for a resident taxpayer shall be the taxable profit from Southern Sudan and foreign source incomes.
- (6) Taxable profit for a non-resident taxpayer shall be only the taxable business profit from Southern Sudan source income. Art 68 of Taxation Act, (2009)

Exemption

- (3) The following income shall be exempted from business profit tax:
- (e) Income of organizations registered with the appropriate governmental entity organizations with public benefits status to the extent that the income is used exclusively for their public benefit purposes;
- (f) Income of the Bank of South Sudan;
- (g) Dividends and interest where tax is withheld under chapter xiv of this Act; and,

- (h) Where provided by an agreement with GoSS, income from a foreign contractor generated from contracts for the supply of goods and services to the United Nations, the UN specialized Agencies, or other international governmental donors to the GoSS.
- (4) The DT shall coordinate regularly with the government entity responsible for registering non-governmental organizations to exchange information and establish and maintain joint and harmonized procedures and criteria for non-governmental organizations. (Art. 69 of Taxation Act, 2009)

Payment of Tax withheld

- (5) Each tax withholder shall submit a statement of tax withholding and remit the correct amount of tax withheld to the Director General-Taxation within fifteen (15) days after the last day of each calendar month in which the tax was withheld, except when the withholding amount exceeds SDG 300,000 in a particular payroll or payment period. Where the amount of withheld taxes exceeds SDG 300,000 in a particular payroll or payment period, the withholder shall remit such withholding within five business days of withholding. All the withholdings shall be remitted on the prescribed form, and withholding reporting shall be in accordance with the regulations.
- (6) Third parties who directly finance another's payrolls shall withhold taxes from employee's wages as set forth in schedule ii of this Act in proportion to the percentage of the payroll they finance. Third parties who fail to withhold taxes as prescribed shall be liable for the full amount of taxes required to be withheld but not paid over to the Director General-Taxation. However, employers shall not be relieved of their responsibility to file required returns and related documents.
- (7) The employer shall provide by 31st January of the year following at the request of an employee, a statement of withholding during the previous year. The statement of withholding shall be in the prescribed form.

(8) Tax withheld on dividends and interest shall be deemed to be a final payment of tax and not subject to a credit or refund under this Act. Art 95 of Taxation Act, (2009)

ii. What are the types of taxes the business companies pay to your Directorate?

The business companies pay Business Profit Tax, personal income tax, Identification number tax, Value Added Tax and other taxes as dim by the law.

iii. What penalty charge do they pay incase of failure to pay?

If the failed to comply with the law, then the law takes it course on those businesses which failed to fulfill their obligations as stated in the Act, 2009, with some quoted below.

Collection of Unpaid Tax

Methods of collection

- (3) If any taxpayer neglects or refuses to pay his or her assessed tax in accordance with a notice of assessment and demand, the amount including any interest, penalty or additional charge, together with any costs that may accrue shall be satisfied in accordance with the provisions of this chapter.
- (4) The Director General-Taxation may use any or all of the following methods to collect tax which due:
 - (g) Offsetting the tax due to the taxpayer from any amount tat may be refundable under this Act;
 - (h) Seizing property of the taxpayer;
 - (i) Auctioning all or part of the taxpayer's property in accordance with the applicable law;
 - (j) Demanding funds of the taxpayer on deposit at financial institution;
 - (k) Seizing amounts owed the taxpayer by any third party, subject to such safeguards protecting the rights of third parties as may be provided for by applicable law; or,

- (l) Suspending the customs clearance of the imports, exports, and other international transactions of the taxpayer.

IV. Do you coordinate tax issues within the government agencies?

We do coordinate tax issues with the State Government that is why there are specific taxes for the State Government. All clearance taxes are for the National Government which is paid at the entry points to the Republic of South Sudan. The Taxation Act, 2009 quoted below showing areas of coordination.

Coordination of Tax Collection Administration and Tax Rates With the National and State Governments

Guiding Principles for Coordination

The Ministry shall observe and promote the following guiding principles when exercising its functions, duties and powers set forth in this chapter:

- (e) Enable each level of government to discharge its legal and constitutional responsibilities and duties and ensure that the quality of life and dignity of all the people of Southern Sudan is promoted without discrimination on grounds of gender, religion, political affiliation, ethnicity, language or locality.
- (f) Reflect a commitment to devolution of powers and decentralization of decision-making in regard to development, service delivery and governance;
- (g) Ensure coordination, fairness, equity, transparency and avoid excessive tax burden on the citizens, private sector and investors
- (h) Achieve efficiency and effectiveness of tax collection mechanism.

Coordination of Tax Collection Administration with the National and State Governments

- (3) The DT shall from time to time at the direction of the Undersecretary coordinate, separately or jointly, with the governments of states within Southern Sudan and, jointly with the National Government on matters pertaining to tax collection administration that may impact on compliance with the principles set out in section 110 of Taxation Act, 2009

- (4) In exercising its functions and duties under subsection (1) above, the DT shall at the direction of the Undersecretary meet, separately or jointly, with the state governments within Southern Sudan and, jointly, with the National Government, on bases to be mutually agreed, to carry out the following:
- (t) To table, hear, consider, agree, make recommendations to the Undersecretary or take other actions in relation to proposals for operational delivery mechanisms to coordinate tax collection administration. These proposals may include, but not limited to:
 - (i) The Ministry through its respective directorates opting to use elements of counterparts' collection administrations to raise its own revenue or counterparts opting to use GoSS's collection administration to raise their revenue
 - (ii) Information exchange, consistent with the privacy provisions of the ICSS and the centre for census, statistics and evaluation law;
 - (iii) Assignment of officers of the Ministry to work in counterpart tax collection administrations, assignment of officers of Ministry , and provision of suitable facilities for officers assigned;
 - (iv) GoSS audit of counterpart's collection performance and assurance mechanisms where the DT has opted to use elements of that counterparts' collection administration;
 - (u) To table, hear, consider, agree, and make recommendations to the Undersecretary as required, or take other actions on the appropriate legal framework to enable enforcement of the proposals agreed under subsection (a) above, whether by way of Memorandum of Understanding, regulations or otherwise;
 - (v) Receive reports on coordinated activities agreed under subsections (a) and (b) above;
 - (w) Resolve any concerns on coordinated activities agreed subsections (a) and (b) above

- (x) Refine and update the matters agreed under subsections (a) and (b) above

Rate Harmonization with the National and state Governments

- (3) The Undersecretary shall from time to time coordinate, separately or jointly, with the governments of the states pertaining to harmonization of rates, taxes, fees, licenses and other charges by GoSS and counterpart institutions that may impact on compliance with the principles set out in section 110 of Taxation Act, 2009
- (4) In exercising his or her functions and duties set forth in subsection (1) above, the Undersecretary shall meet, separately or jointly, with the National Government, on bases to be mutually agreed, to carry out the following:
- (f) Table, hear, consider, agree, make recommendations to the minister, or to the Assembly through the Minister and Council of Ministers as required, or take other actions in relation to proposals for harmonization of rates of taxes, fees, licenses and other charges by GoSS and counterpart institutions, between GoSS and the same counterparts. These proposals may cover but not limited to:
- (i) Taxes that are payable by virtue of concurrent taxing powers under schedule D of the ICSS or
 - (ii) Taxes fees, licenses and other charges payable under a Southern Sudan Law and/or a state Law and/or a National Law, but under the laws of least two levels of government, that may disproportionately affect particular groups or individual;
 - (iii) Taxes fees, licenses and other charges payable under a Southern Sudan Law and/or a state law and/or a National Law, but under the laws of at least two levels of government, on the same object or that object or activity;
- (g) To table, hear, consider, agree, and make recommendation to the Minister and Council of ministers as required, or take other actions on the appropriate legal

framework to enable enforcement of the proposals agreed under subsection (a) above, whether by way of Memorandum of Understanding, regulations or otherwise;

- (h) Receive reports on coordinated matters agreed under subsections (a) and (b) above;
- (i) Resolve any concerns on coordinated matters agreed under subsections (a) and (b) above;
- (j) Refine and update the matters agreed upon under subsections (a) and (b) herein **(Taxation act, 2009)**

V. What are those tax issues you coordinate?

The taxes at the entry point are collected by the central government and the state is given its share in the collected money. The collects the road toll, parking fees, inspections fees, registration fees and other fines as stated by the law. The Central Government collects all customs clearance taxes at all entrance points to the Republic of South Sudan. The law is quoted below:

Rate Harmonization with the National and state Governments

- (5) The Undersecretary shall from time to time coordinate, separately or jointly, with the governments of the states pertaining to harmonization of rates, taxes, fees, licenses another charges by GoSS and counterpart institutions that may impact on compliance with the principles set out in section 110 of Taxation Act, 2009
- (6) In exercising his or her functions and duties set forth in subsection (1) above, the Undersecretary shall meet, separately or jointly, with the National Government, on bases to be mutually agreed, to carry out the following:
- (k) Table, hear, consider, agree, make recommendations to the minister, or to the Assembly through the Minister and Council of Ministers as required, or take

other actions in relation to proposals for harmonization of rates of taxes, fees, licenses and other charges by GoSS and counterpart institutions, between GoSS and the same counterparts. These proposals may cover but not limited to:

- (iv) Taxes that are payable by virtue of concurrent taxing powers under schedule D of the ICSS or
 - (v) Taxes fees, licenses and other charges payable under a Southern Sudan Law and/or a state Law and/or a National Law, but under the laws of least two levels of government, that may disproportionately affect particular groups or individual;
 - (vi) Taxes fees, licenses and other charges payable under a Southern Sudan Law and/or a state law and/or a National Law, but under the laws of at least two levels of government, on the same object or that object or activity;
- (l) To table, hear, consider, agree, and make recommendation to the Minister and Council of ministers as required, or take other actions on the appropriate legal framework to enable enforcement of the proposals agreed under subsection (a) above, whether by way of Memorandum of Understanding, regulations or otherwise;
- (m) Receive reports on coordinated matters agreed under subsections (a) and (b) above;
- (n) Resolve any concerns on coordinated matters agreed under subsections (a) and (b) above;
- (o)** Refine and update the matters agreed upon under subsections (a) and (b) herein Taxation act,(2009)

VI. What are percentages you charge on the business, when the come to your office?

We do charge the businesses using percentages as stated in the law and quoted as below:

Rate of Tax

A business profit tax shall be charged on the taxable profit of a taxpayer at the rate of ten percent (10%). (Art 67 of Taxation Act, 2009)

Tax shall be applied to all goods entered into Southern Sudan at the following rates:

Two percent (2%)	On all processed food items
Four percent (4%)	On all other goods
Six percent (6%)	On vehicles of all kinds

Art 87 of Taxation Act, (2009)

Table 10: Showing Excise Goods Rates

Harmonized system Number	Article Description	Percentage	Specific rate
2203	Beer made from malt	15%	
2204	Wine of fresh grapes, including Fortified wines; grape (other Than unfermented grape)	15%	
2205	Vermouth and other wines of Fresh grapes flavoured with plants or aromatic substances	15%	
2206	Other fermented beverages (including cider, prune wine, Rice wine, or sake, sherry, Mead)	15%	
2207.10.30	Indentured ethyl alcohol of an alcoholic strength by volume of 80 percent volume or higher for Beverage purposes	20%	
2208	Indentured ethyl alcohol of an alcoholic strength by volume of Less than 80 percent vol; spirits, Liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used in the manufacture of beverage	20%	
2202	Cigars, cheroots, cigarillos and cigarettes, of tobacco or tobacco substitutes	15%	
2403	Other manufactured tobacco and manufactured tobacco substitutes; “homogenized” or “reconstituted” to tobacco, tobacco extracts and essence	15%	
2710.00.10 2710.00.15 2710.00.18	fuel	05%	
8703	Motor cars and other vehicles Principally designed for the transport of persons (other than buses, including station wagons and racing cars)	15%	Per litre
8702	Buses	10%	
8704	Motor vehicles for the transport of goods	10%	

Source: Taxation Act, (2009).

Penalty for Understatement

- (5) In a case where a tax return was filed, but the amount of tax stated on the return understates the amount of tax actually required to be paid by less than twenty five percent (25%) the taxpayer shall be liable for a penalty in the amount of ten percent (10%) of the understatement.
- (6) If the amount of understatement exceeds twenty five percent (25%) of the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of fifty percent (50%) of the understatement.
- (7) If the amount of understatement exceeds twice times the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of the understatement but not less than two hundred percent (200%) of the understatement.

Notwithstanding the provisions of subsections (1), (2) and (3) above where a taxpayer voluntarily notifies the Director General-Taxation that, the amount of tax stated on the return understates the amount of tax actually paid, the taxpayer shall be liable for a penalty in the amount of five percent (5%) of the understatement

VII. Do you monitor companies you have registered and paying taxes?

We monitor them and we make sure that they pay their taxes to the Central Government at the specified time. It is the work of our inspectors to monitor them as stated in the Taxation Act, 2009 and quoted below:

Tax Identification Number and Certificate of Registration

- (4) Any person who submits an application for registration or who is otherwise registered under section 17 of this Act, shall be issued a unique tax identification number and certificate of registration.
- (5) A person's tax identification number shall be:

- (c) Reflected on all returns transactions and other documents required under this Act;
and,
- (d) Provided to any other person who is making payment to, or otherwise required to give tax information with respect to, the person being identified;
- (6) The registered taxpayer shall display the certificate of registration in a conspicuous place at the place of business. If the taxpayer has more than one place of business, a copy of the certificate of registration, as attested by the Director General-Taxation shall be displayed in a conspicuous place at each place of business.(Taxation Act, 2009)

VIII. What do you think caused price fluctuations in the market here in Juba?

The business people sometime take advantage of the situation when there is a bit scarcity of hard currency in the market. The increase prices even for those commodities imported when the dollar was cheaper in the market. Sometime the issue of price increase is intentionally caused by some traders who wanted benefit out of the current situation in the State. The current political crises in the country had some influences in the current prices fluctuations in the market because there is no fair competition among the business persons due to war situation.

IX. the business people complained of so many taxes at the entry point, is that one true?

The charges at the entry point are by law, and the business people are to comply with them and pay the taxes according to the Taxation Act, 2009. As quoted above in the questions.

X. What can you do as a government to address their grievances concerning the multiple taxes the complaint of?

As Central Government, we are working hard to make sure what we are collecting should not amount to double taxation which might have negative consequences on the businesses operating in Central Equatoria State and Country at large.

4.4.3. Ministry of Trade, Industry and Investment, Directorate of foreign Trade

Interview Guide Questions

1. Central Government Economic selected Ministries and State Institutions

i- Do business companies pay their annual profit taxes?

As the Ministry in charge of trade and investment, facilitate trade, the issue of business profit tax is the responsibility of the ministry of Finance and Economic Planning of the Republic of South Sudan.

ii. What are the types of taxes the business companies pay to your Directorate?

The Ministry collects fees for the services its does as stipulated in the Import and Export Act, 2012.

Registration certificate for exporters and importers, application fees, and the fee for any quantity of goods requested to be imported or exported according to the tone.

iii. What penalty charge do they pay incase of failure to pay?

This is what the Import and Export Act, 2012 revealed above penalties incase of failure to pay.

Penalty for Importing or Exporting without a general Import or Export license

1. A person who, without a license, imports goods for which a general import license is required under this Act is liable to pay a penalty.
2. A person who, without a license, exports goods for which a general import license is required under this Act is liable to pay a penalty.
3. The penalty referred to in subsections (1) and (2) above shall be 20% of the value of the imports or exports, as the case may be.
4. The Minister may, on the advice of the Advisory committee, from time to time, revise the penalty specified in subsection (3) above and the revised penalty shall be published in the Gazette and the mass media. Quote from Import and Export Act, 2012.

IV. Do you coordinate tax issues within the government agencies?

We only advise other ministries with tax issues and update them with business information so that they can plan tax schedule according to the economic performance of the country.

V. What are those tax issues you coordinate?

4. The Minister may, on the advice of the Advisory committee, from time to time, revise the penalty specified in subsection (3) above and the revised penalty shall be published in the Gazette and the mass media. Quote from Import and Export Act, 2012.

VI. What are percentages you charge on the business, when they come to your office?

The Ministry charges fees with the fixed amount for the services as below:

The Ministry collects fees for the services it does as stipulated in the Import and Export Act, 2012.

Registration certificate for exporters and importers, application fees, and the fee for any quantity of goods requested to be imported or exported according to the tone.

VII. Do you monitor companies you have registered and paying taxes?

The Ministry is monitoring those companies that have registered with Government and that's why we have trade officers at the borders to check and fill consignment forms for quantity monitoring.

VIII. What do you think caused price fluctuations in the market here in Juba?

The scarcity of hard currency in the market due to current political crises has contributed to price fluctuations in the country.

IX. The business people complained of so many taxes at the entry point, is that one true?

Most of these taxes are by law and the business persons have to pay them according to the taxation acts.

X. What can you do as a government to address their grievances concerning the multiple taxes the complaint of?

As the government, we are working hard to revise the existing trade laws so that to accommodate their grievances and improve trade environment.

4.4.4. Ministry of Justice, Department of Business Registry.

Interview Guide Questions

Central Government Economic selected Ministries and State Institutions

i- Do business companies pay their annual profit taxes?

As the Ministry in charge of business law, we facilitate trade; the issue of business profit tax is the responsibility of the ministry of Finance and Economic Planning of the Republic of South Sudan

ii. What are the types of taxes the business companies pay to your Directorate?

The Ministry collects fees for the services its does as stipulated in the Partnership Act, 2009.

S/no	Particulars	Fees(ssp)
1.	Application for registration of a partnership agreement	40
2.	Certificate of registration	400
3.	Notice of Dissolution	40
4.	Inspection of Register	25
5.	Notification of change in registered particulars	25
6.	Certified copy per page	15
7.	Registration of any other document	50

Source: Partnership Regulation, 2009.

iii. What penalty charge do they pay incase of failure to pay?

The ministry charges the following fees as in the second schedule of fees

S/No	particulars	Fees(SSP)
1.	On reservation of a name	25
2.	On lodging a statement of particulars if required under the Act	20
3.	On lodging a notice of change	25
4.	For the issue of a fresh certificate under subsection (2) of section 14	20
5.	For inspecting the register in respect of any one business name	20
6.	For a certified copy of or an extract from any field document	20
7.	On an application to lodge a statement of particulars or a notice of change out of time	40
8.	For the first month or part thereof during which the default continues	25
9.	For each and every subsequent month (up to a maximum of 25 SSP)	20
10.	For lodging a notice of cessation of business	25
11.	For the issue of a certificate of registration	300

Source: Partnership Act, 2008.

IV. Do you coordinate tax issues within the government agencies?

We only advise other ministries with tax issues and update them with legal issues information on businesses so that the can plan tax schedule according to the economic performance of the country in line with the legal aspects.

V. What are those tax issues you coordinate?

The issue of tax coordination is the legal responsibility of the Ministry of Finance and Economic planning.

VI. What are percentages you charge on the business, when they come to your office?

The Ministry charges fees with the fixed amount for the services as below:

The Ministry collects fees for the services it does as stipulated in the Partnership Regulation Act, 2009..

All the fees are in the schedule above.

VII. Do you monitor companies you have registered and paying taxes?

The Ministry is monitoring those companies which have registered with Government and that why we have legal officers in ministries to monitor business in line with their obligations to deliver services to the public.

VIII. What do you think caused price fluctuations in the market here in Juba?

The scarcity of hard currency in the market due to current political crises had contributed to price fluctuations in the country.

IX. The business people complained of so many taxes at the entry point, is that one true?

Most of these taxes are by law and the business persons have to pay them according to the taxation acts and if there is a problem with the Act, it can be revised.

X. What can you do as a government to address their grievances concerning the multiple taxes they complain of?

As the government, we are working hard to revise the existing trade laws so that to accommodate their grievances and improve trade environment. The business law is not that rigid and can be revised according to economic performance of the country.

4.4.5. National chamber of Commerce and State Chamber of commerce

Interview Guide Questions

1. Central Government Economic selected Ministries and State Institutions

- i- Do business companies pay their annual profit taxes?**

The chamber is not collecting taxes but charge membership fees from its members, the issued with the certificate of membership. The taxes are for the State Government and the Central Government.

ii. What are the types of taxes the business companies pay to your Directorate?

The pay membership fees only to the chamber.

iii. What penalty charge do they pay incase of failure to pay?

No penalty charges because they are paying membership fees which are their obligation to the chamber.

IV. Do you coordinate tax issues within the government agencies?

Yes we are the voice of the business community in this country; therefore, do coordinate tax issues with the government.

V. What are those tax issues you coordinate?

There are various taxes being charge by the government and it is the responsibility of the body to raise the complaint to the government.

VI. What are percentages you charge on the business, when the come to your office?

The chamber only charge membership fees from the members.

VII. Do you monitor companies you have registered and paying taxes?

The chamber does monitor its members and the business community at large.

VIII. What do you think caused price fluctuations in the market here in Juba?

There are many causes like heavy taxation by the government, political instability and the scarcity of hard current in the market.

IX. the business people complained of so many taxes at the entry point, is that one true?

It is true; there are many charges from the entry points and later on in the shops.

X. What can you do as a government to address their grievances concerning the multiple taxes the complaint of?

The chamber is not government intuition but it coordinates the business community and the government, so we can do is just to raise our concern to the government for decision making.

4.4.6. Juba County Local Government Administration Interview Guide Questions

Central Government Economic selected Ministries and State Institutions

I. Do business companies pay their annual profit taxes?

The annual business profit tax is the responsibility of the central government

ii. What are the types of taxes the business companies pay to your Directorate?

The local government do collects land fees, real property tax, parking fees, rental tax, sale tax and business registration fees.

iii. What penalty charge do they pay incase of failure to pay?

Taxes are compulsory, therefore failure to pay can be met with the law and indeed the consequences may not be good.

IV. Do you coordinate tax issues within the government agencies?

The local government does coordinate with the state government because it is under the directives of the state.

V. What are those tax issues you coordinate?

The land fees, the sale tax, the rental tax and many other fees local government does collect.

VI. What are percentages you charge on the business, when the come to your office?

The local government charge amount per month on rental, other daily fees in a fix amount.

VII. Do you monitor companies you have registered and paying taxes?

Those big companies are monitored by the State and the Central government

VIII. What do you think caused price fluctuations in the market here in Juba?

There could be number of factors involved by one is so serious; the scarcity of hard current in the market.

IX. the business people complained of so many taxes at the entry point, is that one true?

The entry point is the jurisdiction of the Central government and could be aware of what is going on at the entry points of the Republic of South Sudan.

X. What can you do as a government to address their grievances concerning the multiple taxes the complaint of?

The local government makes local rules; therefore, the general policies are made by the Central Government.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presented conclusion of the research findings in a summarized form, researchers' recommendations to the various institutions which contributed data for analysis. Finally, the researcher's proposed areas for further research as well as limitation of the study.

5.1 Summary of findings by objectives

In objective one; to asses the extent of tax policy in Central Equatoria State, Juba South Sudan, this was reflected in the average mean score of 1.82 and standard deviation of 0.30103. The tax policy in Central Equatoria State is not favorable because the respondents disagreed with the current tax policies in place. This means that the extent of tax policy in Central Equatoria State was not favorable for the business in Juba and South Sudan at large. The concentration of the National Ministries in Central Equatoria State which is hosting the Government of the Republic of South Sudan resulted to too many taxing government institutions in Juba. Therefore, what was found in Central Equatoria State could be applied to the other States.

In the objective two, "To find out the level of business performance in Central Equatoria State Juba, South Sudan". The average means of 2.22 and standard deviation of 0.38496; revealed the nature of business performance in Central Equatoria State. The level of business performance in relation to tax policy was not favorable for the business in Central Equatoria State. The current tax policies according to results of guided interview are encouraging economic growth of the State.

in Central Equatoria State. The current tax policies according to results of guided interview are encouraging economic growth of the State.

In the research objective three, the significant relationship between tax policy and level of Business performance was tested and the results were encouraging.

After data analysis, the researcher reached conclusion and came up with the following values for the variables correlated. The correlated variables were Tax policy and Business performance in Central Equatoria State Juba, South Sudan. The following were the results, r-value 0.086 and significant value of 0.311. The researcher interpretation was that, "There was no significant correlation". The decision on H_0 was accepted.

The researcher found that many government institutions were collecting taxes on the same way which amounted to double taxation. Therefore, the prices for goods and services are higher in Central Equatoria State, Juba South Sudan due to multiple taxes the government tax institutions collect in the state according to the results of guided interview conducted in Juba.

There is no significant relationship between tax policy (IV) and business performance (DV) said the hypothesis.

The researcher found that there was relationship between tax policy and business performance, which means that level of business performance, can be influenced by taxation policy in place. Tax policy can influence the business either negatively or positively. For the case of Central Equatoria, the policy had influenced business negatively according to the statistical analysis done by the researcher. The researcher applied regression analysis and got the following results between the Dependent and Independent Variables. The R-Squared value was found to be 0.007, F-value was 1.033, and significant value was 0.311. The interpretation was that there was no significant effect and decision on H_0 was accepted. The coefficients were constant, Beta value 2.016, t-value, 10.071, and significant value, 0.000. The interpretation was that, there was significant effect and the decision on H_0 was rejected. The regression on Tax Policy found

that; R-Squared, 0.110, F-Value, 1.016, and Significant Value, 0.311. The interpretation was insignificant effect and the decision on H_0 was rejected.

5.3 Recommendations

In the guided interview, it was found that indeed there were many taxes being collected by the stated Government as well as Central Government in Juba. According to the results, the researcher recommended that Central Equatoria State and Central Government in Juba should harmonize their taxes for the welfare of better economic growth.

To find out the level of business performance in Central Equatoria State Juba, South Sudan. The researcher recommended that central Equatoria State Revenue Authority and National Ministry of Finance and Economic Planning should revise the current tax rates as well as reducing the numbers taxes.

To investigate relationship between tax policy and business performance in Central Equatoria State Juba, South Sudan. The Central bank of South Sudan should release enough dollars to the business persons in order to import goods to the state at affordable prices.

5.4 Suggested areas for further research

The study emphasized the effect of tax policy on business performance in Central Equatoria State, Juba South Sudan, therefore, prospective researchers and students should be encouraged to conduct their researches in the following areas:

1. Level of coordination between the Central Government and State in Tax policy Formulation in South Sudan.
2. The effect of income tax on business performance in CES South Sudan.

3. Tax harmonization and business performance in CES south Sudan.
4. Decentralization and business performance in CES South Sudan

5.5 Limitations of the study

The researcher claimed an allowable 5% margin of error at (0.05) level of significance in view of the following threats to validity. Extraneous variables beyond the researcher control such as respondent dishonesty, personal biases and uncontrolled setting of the study.

APPENDICES

APPENDIX I: REFERENCE:

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APPENDIX II B: QUESTIONNAIRES TO DETERMINE TAX POLICY ON BUSINESS PERFORMANCE

In each question, circle only the number of your choice

Q/No	Question	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Government should reduce current license fees so as to encourage investors to invest in Juba, South Sudan.	1	2	3	4
2.	There is a conducive atmosphere for investments in CES Juba, South Sudan	1	2	3	4
3.	South Sudan Investment Acts. 2013 is favorable and therefore, it will encourage investors to invest in CES, Juba South Sudan.	1	2	3	4
4.	The Government should regulate the market instead of forces of demand and supply	1	2	3	4
5.	The penalty charge of not having import or export license of 20% of custom value has no effect on business profit	1	2	3	4
6.	The charges for quota system of licensing needs improvement to encourage investors to invest in South Sudan	1	2	3	4
7.	A tax exemption grant to contractors by the governments in CES is reducing their revenues.	1	2	3	4
8.	Taxes for luxurious goods should be increased by the government so as discourage their consumption by the public and increase the revenue.	1	2	3	4
9.	Taxes for the basic commodities should be lowed so as to increase their consumption by the public.	1	2	3	4
10.	Tax policy should be flexible, it should follows the economic performance of the Country.	1	2	3	4

**APPENDIX II C: QUESTIONNAIRES TO TEST BUSINESS PERFORMANCE IN
JUBA, SOUTH SUDAN**

In each question, circle only the number of your choice

Q/No	Question	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Despite many taxes the business is booming in CES, Juba South Sudan.	1	2	3	4
2.	All business enterprises are aware of Government business Tax policies in CES, Juba South Sudan.	1	2	3	4
3.	It take very short time to register business in CES, Juba South Sudan	1	2	3	4
4.	The Government fixed rate of foreign exchange has negative effect on businesses in CES, Juba South Sudan.	1	2	3	4
5.	Despite many taxes, businesses still make enough profits in CES, Juba.	1	2	3	4
6.	All registered businesses in Juba do pay taxes to the government	1	2	3	4
7.	The mode of tax payment to the government is convenient and efficiency	1	2	3	4
8.	If the amount of understatement exceeds twenty five percent (25%) of the tax required to be shown on the return, the taxpayer shall be liable for a penalty in the amount of fifty percent (50%) of the understatement.	1	2	3	4
9.	The Government of the Republic of South Sudan, CEG, and Juba County local should reorganize the tax collection system for businesses operating in CES.	1	2	3	4
10.	The Government should designed system for incentives to the businesses who comply with their tax obligations.	1	2	3	4

APPENDIX II D: INTERVIEW GUIDE QUESTIONS

Name of the Institution.....

Central Government Economic selected Ministries and State Institutions

- I. Do business companies pay their annual profit taxes?
- ii. What are the types of taxes the business companies pay to your Directorate?
- iii. What penalty charge do they pay incase of failure to pay?
- IV. Do you coordinate tax issues within the government agencies?
- V. What are those tax issues you coordinate?
- VI. What are percentages you charge on the business, when the come to your office?
- VII. Do you monitor companies you have registered and paying taxes?
- VIII. What do think caused price fluctuations in the market here in Juba?
- IX. The business people complained of so many taxes at the entry point, is that one true?
- X. What can you do as a government to address their grievances concerning the multiple taxes the complaint of?

APPENDIX III: TIME FRAME

S/No.	Activity/Task	Timeframe	Comment
1.	Research proposal submission to CHDR.	07/07/2014	Proposal done
2.	Printing of questionnaires and interview guide questions.	07/07/2014	
3.	Obtaining transmittal letter from the CHDR Administration.	08/07/2014	To be determined by the CHDR Administration
4.	Questionnaires' distribution to the respondents in the selected institutions.	10/07/2014 – 20/07/2014	
5.	Collection of questionnaires from the respondents	20/07-30/07/2014	
6.	Coding, Data analysis, researcher's recommendations, coordination or exchange of information between the researcher and the supervisor.	30/07/2014-19/09/2014	
7.	Final printing and binding.	22/09/2014	
8.	Thesis presentation to the CHDR	22/09/2014	

APPENDIX IV: BUDGET

The proposed budget for research

S/No	Item	Qty	Price per Unit	UGX Amount
1.	Printing questionnaires	200	50	10,000
2.	Distribution of questionnaires	1	200,000	200,000
3.	Collection of questionnaires	1	100,000	100,000
4.	Data coding	200	500	100,000
5.	Data analysis using SSP	200	20,000	400,000
	Grand Total			810,000

APPENDIX V A: TRANSMITTAL LETTER FOR THE RESPONDENTS

Dear Sir/Madam,

I am a candidate for Master of Business Administration (MBA) in Banking and Finance at Kampala International University (KIU) and currently pursuing a thesis entitled "**Tax policy and Business performance in Central Equatoria State, Juba County South Sudan**". In view of this empirical investigation, may I request you to be part of this study by answering this questionnaire? The results and information provided in this sheet shall be kept confidential and will be used for academic purposes only. As you go through the questionnaire, attempt all the questions provided in this booklet.

Thank you for your positive response.

Yours truly,

Mr. John Buol Anyieth Yai

APPENDIX V B: INFORMED CONSENT

In signing this document, I am giving my consent to the study being carried out by Mr. John Buol Anyieth Yai that focuses on **"Tax policy and Business performance in Central Equatoria State Juba County, South Sudan"**. I shall be assured of privacy, anonymity and confidentiality. I will be given the option to refuse participation and right to withdraw my participation any time if there need. I have been informed that the research is voluntary and that the results will be given to me if ask for the copy.

Initials _____

Date: _____

APPENDIX V : TRANSMITTAL LETTER FROM CHDRP



Ggaba Road-Kansanga.
P.O. Box 20000, Kampala, Uganda.
Tel: +256-414-266813, +256-41-267634
Fax: +256-414-501974, Cel: +256-706-251084
E-mail: admin@kiu.ac.ug,
Website: www.kiu.ac.ug

College Of Education, Open and Distance E-Learning
Office of the Principal

TRANSMITTAL LETTER

17th July, 2014

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

SUBJECT: PERMISSION TO CONDUCT A RESEARCH STUDY IN YOUR ORGANISATION

With reference to the above subject, this is to certify that Mr. John Buol Anyieth Yai Reg. No. MBA/38807/123/DF is a bona fide student of Kampala International University pursuing a Masters degree in Business Administration.

He is currently conducting a field research entitled, "*Tax Policy and Business Performance in Central Equatorial State, Juba County, South Sudan*"

This area has been identified as a valuable source of information pertaining to his research project. The purpose of this letter therefore is to request you to avail him with the pertinent information as regards to his study.

Any data shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

A circular official stamp of the College of Education, Open and Distance e-Learning, Kampala International University. The stamp contains the text 'KAMPALA INTERNATIONAL UNIVERSITY' around the top edge and 'COLLEGE OF EDUCATION, OPEN AND DISTANCE E-LEARNING' around the bottom edge. In the center, there is a signature in black ink over a grid pattern.

SSEMUGENYI FRED (PhD)

Principal -College of Education Open and Distance e-Learning

Tel.: +256 782 409 809

Email: ssemugenyifred@yahoo.com

APPENDIX VI: RESEARCHER'S CURRICULUM VITAE

Bio-Data

Name	John Buol Anyieth Yai
Age	36 years
Sex	Male
Marital Status	Married
Nationality	South Sudanese
Contact	+256782229199 +211956704698

EDUCATIONAL BACKGROUND

<u>Year</u>	<u>Institution</u>	<u>Award</u>
2012-2014	Kampala International University	MBA (Finance & Banking)
2006-2011	University of Juba	B.Sc. Economics
2005	Basic Education and Development Network- Adjumani Uganda	Cert. (computer)
2004	Comboni College- Adjumani Uganda	Cert. (TOT)
2001-2003	Institute of Teacher Education Kyambogo-Uganda	Grade III Teacher Cert
2001-2002	Church Leadership training Biyaya Adjumani Uganda	Cert. (Leadership)
1996-1999	Alere Secondary School Adjmani- Uganda	U.C.E
1994-1995	Mirieyi Regugee P/S Adj- Uganda	P.L.E
1993-1994	Motoyo P/S Nimule S.Sudan	-
1992-1993	Moli Tokuro P/S Magwi County South Sudan	-

1988-1991 Group 6 Primary School- Funydu Ethiopia -

EMPLOYMENT BACKGROUND

2000-2001

Positions: - Teacher
 -Class Room Teacher

Duties: Classroom teaching
 Head of science Department
 Other assignments by School's Head Teacher

Employer: JRS-Adjumani, Uganda

2003-2005

Position: Deputy 1 Head Teacher, Mirieyi Refugee C/o JRS Adjumani Uganda

Duties: - Deputizing the Head Teacher
 - Teaching in the classroom
 - Assigning duties to teachers
 - Supervision of teaching staff
 - Head of school financial committee
 -In-charge of indiscipline cases in the school

2006

Position: Inspector of Trade

Employer: Government of Southern Sudan, Ministry of Commerce, Trade & Supply
 GoSS/Juba

Duties: - Regulation of import and export license
 -Other Assignments by the Director

2011

Position: -Inspector of Trade/Deputy Head of Station Nimule's Office

Employer: -Government of Republic of
 South Sudan, Ministry of Commerce, Industry & Investment

- Duties:
- Deputizing Head of Station
 - Check financial files
 - Managing staff at the station
 - Other Assignments by Head of Station

2012 Head of Station, Jebel Korook Juba

Employer Government of Republic of South Sudan, Ministry of Commerce,
Industry and Investment

2014 Senior Inspector for foreign Trade/Africa Desk

Employer Government of the Republic of South Sudan; work at Head Office, Ministry of
Trade, Industry and Investment/Juba.

HOBBIES

Play Volley ball

Love Reading of Novels/News Papers

OTHER EXPRIENCES

- Secretary General of ECS, Mirieyi Parish Adjumani Uganda
- Peace Education Teacher at Mirieyi P/S Adjumani Uganda
- Lay Reader of ECS
- In-charge of Gender Base Violence club at Mirieyi P/S Adj. Uganda
- Fellowship organizer at Erepi Teachers Training College Moyo Uganda
- Vice Secretary General for Inter-church Committee, Adjumani Uganda
- Chairman, Youth Council, Bor Welfare Youth Association- Yei
- Chairman, Board of Governors, Bor Students Association- Adjumani Uganda
- Chairman, Mobilization Committee BUNESA (Bahr el Ghazal, Upper Nile Equatoria Student's Association)
- Secretary of Finance, The Vision Association, Khartoum Sudan

- Secretary of Finance, Bor Universities and High Institutes Student's Association (BUHISA) in Khartoum and South Sudan

REFEREES

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- Jacob Matiop Panthum +211924234241
- Abraham Jok Awan +211929447010

The above information is correct to the best of my knowledge on this day
10/11/2014