

**CORPORATION TAX ADMINISTRATION AND REVENUE PERFORMANCE  
A CASE STUDY: UGANDA REVENUE AUTHORITY KAMPALA CITY  
COUNCIL AUTHORITY MAKINDYE DIVISION FROM 2001-2005**

**BY**

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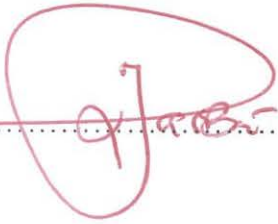
**A DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS AND  
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AWARD OF DEGREE BACHELOR OF BUSINESS  
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INTERNATIONAL UNIVERSITY**

**MAY, 2013**

### DECLARATION

I, **Aneno Teddy** do hereby declare that this report is a result of my own independent investigation. It has not been submitted to any other institution for any award. Where it is indebted to the work of others, due acknowledgement has been done.

Signature.....



Date:.....

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## APPROVAL

This proposal titled “**corporation tax administration and revenue performance: A case study makindye division Kampala city council authority**” has been done under my supervision and submitted by **Aneno Teddy** for examination with my approval as the university supervisor.

Signature .....

Date:.....21/05/2013.....

Mr. ACELLAM BEN (supervisor)

## DEDICATION

To my dear dad Mrs okwir Zephaniah, dear mummy Florence, my only aunt Hida, Lecturers Mrs. Acellam Ben and Dr. Kinyata Stanley, sisters Latabu Brenda, Aballo Beatrice, Laker Suzan, Awat pamella, Akello Joyce and brothers Odida Geoffery, Ochola Boniface and best friends Rose mary and Joseph for the three years and gave me support and encouragement throughout my studies.

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Special thanks goes to the respondents in kansanga, kabagala, whose total population is 951 tax payers and 200 tax assessors, who sacrificed time from their busy schedules, the MSC class of 2001 to 2003 for their advice and lastly, my family for tolerating my constant absence when they needed me most.

## ABSTRACT

The study set to examined the relationship between the relationship between corporation tax administration and revenue performance. The study used a cross-sectional survey design. This design was adopted so as to exhaustively study the variables within the stipulated time for the Degree research. The research instruments were self-administered questionnaires. Stratified Simple random sampling method was used to select respondents from the sample size of 354 and the response rate was 232 which were 65%. This was considered satisfactory. The results reveal significant positive relationships between Tax Identification, Sensitization, Collection Procedures And Corporation Taxes Assessment and Revenue Performance. From the results conclusions were drawn. It was clear from the statistics that tax identification explains most of the variance in revenue performance. This was further verified using the regression model. As such, there is need to emphasize training in tax identification among others to boost corporate tax revenue in the eastern region. The researcher noted that a number of weaknesses existed thus limiting voluntary compliance. This posed an uphill challenge of generating enough tax revenue from non-consenting citizens in a poor and increasingly open Ugandan economy. Having explored constraints limiting corporation tax performance, the study proposed numerous recommendations which could aid to improve the system. For instance, in order to register tangible success, corporation tax-gap could be minimized through a combined effort by political leadership and repositioning of URA in the way it did its business with the realities of business environment.

## ABBREVIATIONS AND ACRONYMS

|             |   |
|-------------|---|
| <b>ACCA</b> | Association of Chartered Accountants                |
| <b>DTD</b>  | Domestic Direct Taxes (of Uganda Revenue Authority) |
| <b>IMF</b>  | International Monetary Fund                         |
| <b>PAYE</b> | Pay As You Earn                                     |
| <b>URA</b>  | Uganda Revenue Authority                            |
| <b>VAT</b>  | Value Added Tax                                     |

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## CHAPTER ONE

### INTRODUCTION

#### 1.0 Introduction

This chapter shows the background, problem statement, purpose of the study, the objectives of the study, research question, the scope of the study, significance of the study and conceptual framework.

#### 1.1 Background to study

Uganda Revenue Authority is mandated to collect taxes for and on behalf of the central government in accordance with the URA Statute of 1991. In 2004, URA collections from domestic revenue constituted about 48% of the total collection implying over reliance on taxes from international trade of (52%). Given the fact that gradual elimination of tariff and non-tariff barriers to international trade would drastically reduce international trade as a source of revenue, there is a need to increase collection of domestic taxes as a major and sustainable source of revenue for Government. As such, URA formed a department of Domestic Direct Taxes (DDT).

Administration of corporate tax is where a government authority determines the tax revenue of organizational units by identifying eligible taxpayers, assessing through setting the tax rate, collecting and sensitizing the potential tax payers Bailey (1999). As a reliable source of revenue, corporate tax as observed by Musgrave and Musgrave (1989) is the major representative of wealth taxation and third most important tax in the United States and continues to dominate local taxation (US Statistics of income, 2005)

The functions of the Domestic Direct Taxes (DDT) are to ensure quality, timely corporation taxes administration. The taxes involved are corporation tax, individual income tax, Pay as you earn (PAYE) rental tax and with holding tax.

(i) Corporation tax is tax levied on the income of companies following enactment of the Income Tax Act 1997 as amended

However, URAs objective to increase collection of domestic taxes, such as corporation tax in makindye division has relatively remained low against set targets seems to be due to inadequate assessment, tax identification and collection procedures. Inconsistency possibly exists in the sensitisation and lack of involvement of all stakeholders (The country position shows that other taxes like pay as you earn have been performing on a moving average of 117% and VAT 106% while corporation tax has been at 60% over the last five years, from (2001 to 2005).Budget Sector Framework Paper by Ministry of Finance Planning and Economic Development 2004/2008). In makindye division the situation is worse as shown by the set targets and actual amounts collected from (2000 to 2005) provided in the table below.

**Table 1: Comparison between Set Targets and Actual Amounts collected.**

| <b>Financial Year</b> | <b>Set target</b> | <b>Actual amounts</b> | <b>%</b> |
|-----------------------|-------------------|-----------------------|----------|
|                       | <b>(millions)</b> | <b>(millions)</b>     |          |
| <b>2000/2001</b>      | 533.9             | 176.3                 | 33       |
| <b>2001/2002</b>      | 614.2             | 190.5                 | 31       |
| <b>2002/2003</b>      | 622.5             | 186.5                 | 29       |
| <b>2003/2004</b>      | 664.1             | 278.6                 | 42       |
| <b>2004/2005</b>      | 678.4             | 239.1                 | 35       |

**Source: Uganda Revenue Authority, (2005).**

From the Table1, average revenue performance of only 34% of set targets each year, representing a cumulative figure of domestic areas amounting to Ug shs 2,042 billions for

years 2000-2005. This reveals that makindye division has failed to meet set targets of corporation tax for the five years rolling.

### **1.3 Statement of the problem**

Despite the fact that corporation tax is the future for a country like Uganda, embracing regional integration, and given the fact that there was creation of a department on Domestic Direct Taxes to improve on administration of corporation tax, there has been little improvement in the revenue collections against set targets in makindye division. The country position shows that domestic arrears of tax stand at 108 billion of which corporation tax accounts for 64% which is 69.12 billion. In makindye division, there is a small number of tax-payers 35% on average over the years who comply or possibly pay corporation taxes in the period of (2001-2005), Domestic arrears are at 108 billion, of this corporation tax accounts for 64%. It seems that if the administration of corporation tax is not addressed the situation will continue to get worse.

### **1.4 Purpose of the study**

The purpose of the study was to examine the relationship between corporation tax administration and revenue performance.

### **1.5 Objectives of the Study**

1. To determine the level of corporation tax administration in URA in makindye division Kampala.
2. To determine the level of revenue performance URA in makindye division Kampala.
3. To assess the relationship between (corporation tax administration) and revenue performance URA in makindye division Kampala.

## **1.5 Research Questions**

1. What is the level of corporation tax administration URA in makindye division Kampala?
2. What is the level of revenue performance URA in makindye division Kampala?
3. What is the relationship between (corporation tax administration) and revenue performance URA in makindye division Kampala?

## **1.6 Scope of the Study**

### **1.6.1 Subject Scope**

The scope was limited to tax corporation tax administration and revenue performance in URA makindye division Kampala. The study was conducted in the makindye division whose total population was 950 tax payers and 200 tax assessors (Boidman 1983)

## **1.7 Significance of the Study**

This study was to create knowledge about tax identification, sensitisation, collection procedures and corporation taxes assessment on revenue performance.

Secondly, URA will use the findings to enhance their performance.

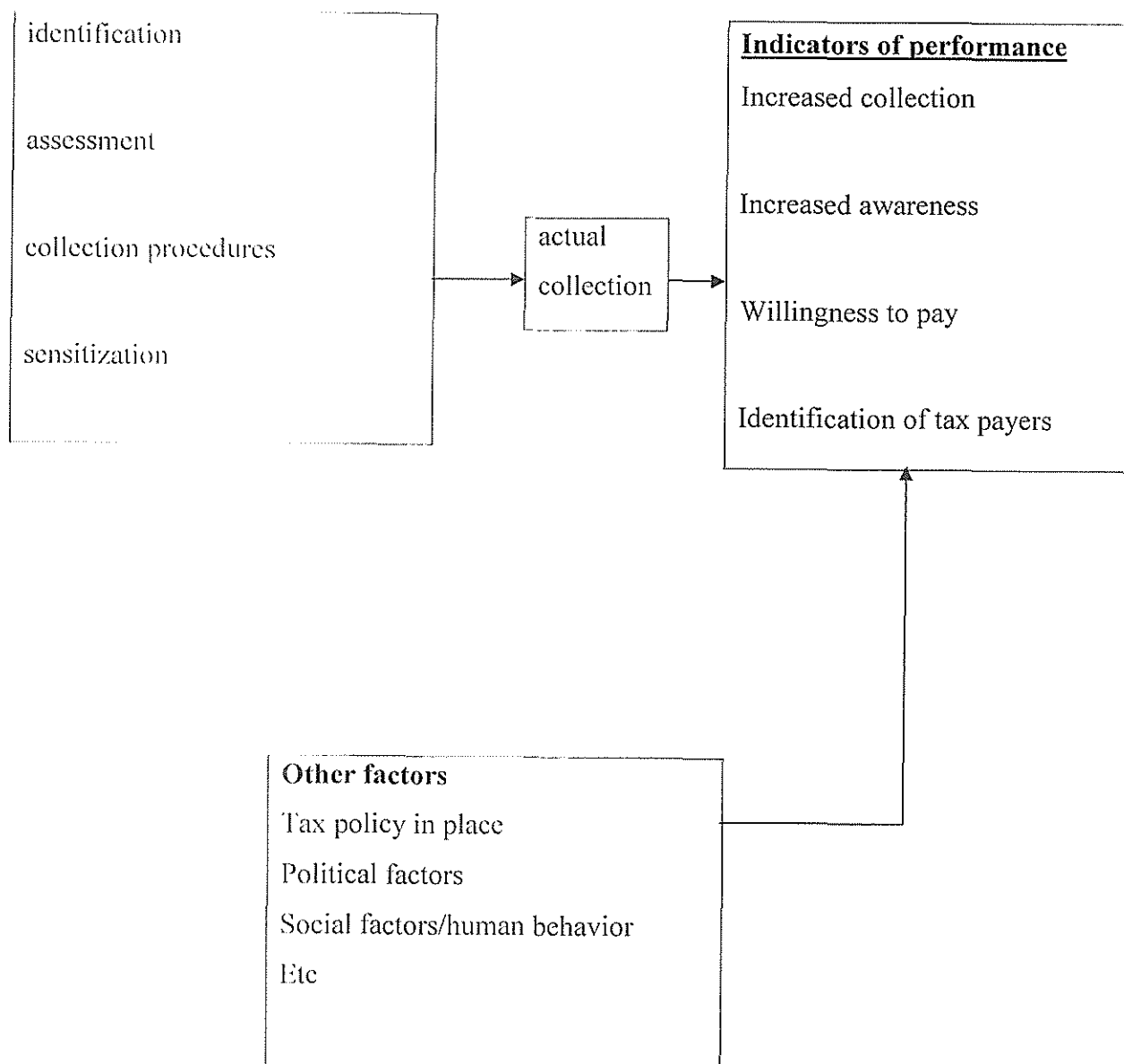
Thirdly as East African States is striving to achieve regional economic integration as well as a global move towards international trade liberalization, Uganda as a state was to select the best system that will help it to widen its tax base either by relying on corporation taxes or other income based taxes as will be identified in this study.

Fourthly, in particular as part of government's focal point in terms of policy reform study will identify the effects of Corporation tax Administration on the Revenue performance and on the Overall Economy of Uganda and will identify areas of amendment in Corporation tax Administration where necessary.

Lastly, the study result will be relevant to the widening of the tax base of Uganda and reducing the dependency of Uganda government on importation as the major

source of revenue.

## 1.8 Conceptual Framework



Source: Aneno (2013)

## **Description of the Model:**

The model used in this study was drawn from Bird (1992) three basic tasks of any tax administration that is, identification of taxpayer, assessing the appropriate tax on them and collecting the tax.

In addition, other researchers like Boidman (1983) and Thirsk (1991) assert that taxpayer collection procedures and sensitisation as other aspects of tax administration respectively. These tasks of administration have been used in Uganda by Abigaba (1998) pointed out in Iga (1999) found out, that effective administration can lead to collection of expected revenue, which is one of the measures of revenue performance.

Definition Revenue collection performance as defined by Nsamba (2000) is actual revenue as a percentage of expected / budgeted revenue. Budgeted revenue as was pointed out by Bird (1992), encourages effective administrative procedures to be put in place.

Researchers like (Musgrave, 1980; Shalinzi, 1991; Iga, 1999) and Shotton, (2000) did show that there was a significant relationship between tax administration and revenue collection performance. However, other factors were pointed out which include; - the tax policy in place (Musgrave, (1980); Vasquez et al, (1992); Bird, (1992); Glepta et al. (1997); demographic factors, seasons and political interference and ignorance (Abigaba, 2000).

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

Several Studies have been carried out in the area of tax administration and the prominent writers were and Silvani et al (1997). However, most of the work has not been specifically focused on corporation tax administration.

#### 2.1 Tax Administration

Silvani and Alberto (1992), and Mikesell (1998) point out what constitutes tax administration internationally; however, tax administration has not been defined.

Tax administration may be referred to as dealing with taxpayers in order to collect tax and sanctioning non-compliance. However it largely deals with gathering and processing information. That is sensitisation and providing taxpayer services to keep compliance, assessment and tax collection procedures (Gupta, 1997).

In Uganda, Oriaro (1997), Abigaba (1998), Chen and Reinikka (1999) and Mulindwa (2000) have also pointed out the aspects they consider relevant in Uganda, and in summary these include allocation of the taxpayer and collection of taxes.

Although several writers have tried to explain the meaning of tax administration, Mulindwa (2000) cautions readers not to confuse tax policy, tax management and tax administration. Tax policy is guideline and its tax administration that brings tax policy into reality (Naimeede; 1998 and Mulindwa; 2000

In Uganda, Abigaba (1998), Chen and Reinsildca (1999) found out that the main features of tax administration were assessments; frequent audits which were either desk / field operations or both, and lengthy delays in clearance of documents. This does cause problems in administering a tax as the basic tasks of identifying potential taxpayers, assessing tax on them appropriately and later collecting the tax have not been carried out. That is why corporation tax collection is low due to poor administering of the tax.

### **2.1.1 Tax payer Identification**

Tax payer identification is one of the most important aspects of tax administration. This is because, as more taxpayers are located and registered, the taxpayers that would otherwise evade are reduced. Hence, (Bird, 1991) noted that if taxpayers are identified and registered, revenue collection would increase as was the case in Bolivia. Therefore emphasis should be on identifying new corporation tax bases, which is also taxpayer identification (Asher, 2001).

### **2.1.2 Tax Assessment**

Assessment is another aspect of tax administration (Bird, 1992) which is the process of ascertaining / estimating a tax liability. With corporation tax, this is done by assessors who are usually the technical people in the tax bodies responsible for revenue collection. It is necessary that these charges should be updated, to take account of inflation, but most especially the current cost of providing such services. Without such measures, there would be no prospect of enhancing the contribution of corporate to the total budget revenue

### **2.1.3 Sensitization**

Sensitization of taxpayers refers to taxpayer education. As was noted by Bird (1989), it involves educating them as a means of shaping their attitudes. It is necessary to convince taxpayers to comply so as to enable government do its duties.

Snarely (1988) asserts that the strive to reinforce tax compliance behavior by sending messages in the media, leaflets, visual and audio media and bill boards stressing the benefits of compliance and the consequences of non-compliance do improve revenue collection. However, as Surrey (1974) and Thirsk (1991) pointed out, tax administration deals with a public that is unfamiliar with tax knowledge. Therefore, sensitizing the public may have little impact on revenue, since even the informed taxpayers may evade the tax for reasons ranging from ineffectiveness of monitoring structures (Chen and Renikka, 1999), to absence of benefits realized from taxes paid (Wentworth, 1985).

They further noted that sensitization can go a long way to achieving compliance and improving revenue performance.

### **2.1.4 Collection Procedures**

The most important aspect of tax administration and its goal is revenue collection procedures (Joulfaïn, 2000). Collection procedures involve collecting money from taxpayers. These procedures can be gauged to be effective from the number of taxpayers who do comply (Okello and Nsamba, 1995).

In most of the developing countries, little revenue is raised due to poor administration (Thirsk, 1991). Because of the weak administration, tax evasion and avoidance are dominant. Thus, there is need to strengthen tax administration through improving collection procedures so as to get better revenue collection performance.

However, Jouffaian (2000) notes that tax administrators should collect taxes from tax payers with suspicion that some taxes are evaded as a result of lack of confidence in the government or tax officers (Lubega, 2000).

## **2.2 Revenue performance**

Jakarata (2000) noted that improvement in administration would lead to increased revenue performance. More sources of revenue were identified, corporation tax was able to contribute 61.6% to total revenue in 1995 from 7.8% in 1952. (IMF. China, October

2000).The same is the case for Malaysia and Singapore (IMF. S. E. Asia studies 2001). In Uganda, financial discipline has been emphasized in the corporation tax guidelines 2001 as the reason, as to why corporation tax is low. However, with the new policies in place, collections were expected to rise, but instead, they have declined. In Uganda, the main task in tax administration is revenue collection (Mulindwa; 2000). Naimeede (1988); further argued that, If a tax is well administered, then inevitably revenue collections have to increase. It is the only way one can be able to know whether a tax is well administered or not.

## **2.3 Corporation tax Administration and Revenue performance**

There have been several writers who have talked about the correlation of tax administration to revenue performance. For example (IMF, Jakarata 2000) noted that improvement in administration would lead to increased revenue performance. However, just a few writers have noted the relationship between corporation tax administration and revenue performance.

In China, improved administration of corporation tax has led to increased contribution to the total revenue collection. More sources of revenue were identified; corporation tax was able to contribute 61.6% to total revenue in 1995 from 7.8% in 1952. (IMF. China, October 2000). The same is the case for Malaysia and Singapore (IMF. S. E. Asia studies (2001)).

## **2.4 Conclusion**

As a practicing corporate tax administrator for over 7 years, the researcher acknowledges that attaining revenue performance is no an easy task by most tax bodies, since revenue collection is a moving target. Indeed, as shown by literature, tax administration is a challenge and the need to keep pace with the tax identification, sensitization, collection procedures and corporation taxes assessment is very important. However, what is also needed is a new and integrated approach to tax administration that strives to improve the quality of management the human resource so as to reap the benefits of high revenue to fulfill government commitments to the citizens. Though not emphasized in the literature survey, tax administration should involve making the best use of a company's assets and intellectual capital and about understanding and managing risk. At regional level, though, minimal research has been done, pockets of evidence show that leader facilitation and support, interpersonal relationships among employees, being aware of employee needs and providing job feedback affects revenue collection of Customs Tax Departments of the three East African Tax Bodies (Corporate Strategic Business Plans, 2002-007).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter focuses on the description of the methods that was used in the study. It specifies the research design, study area and population in which the study was carried out, sample size and selection, measurement of variables, reliability and validation of Instruments, data collection tools and data processing and analysis.

#### **3.1 Research Design**

The researcher used a cross sectional survey design since this allows one to conduct the study within a short period of time as opposed to a longitudinal approach. This design was adopted so as to take a snapshot of events as they existed then. It was quantitative, with a correlation bias because it was suspected that interrelationships existed between tax identification, sensitisation, collection procedures, and corporation tax assessment as independent variables and revenue performance as the dependent variable.

#### **3.2 Population**

The study was carried out with eligible companies paying corporation tax who are 951 tax payers and 200 tax assessors. Total population was 1151. This study was conducted on selected tax kansanga, bunga and kabalagala

In this study, the population consisted of taxpayers and Uganda Revenue officials who were involved in day-to-day management of corporation tax in makindye division Kampala. Middle Managers, Supervisors and Revenue officers are selected respondents of this study. The purpose of choosing them as the respondent was that they were usually the personnel who interfaced with taxpayers and enforced the legal framework promulgated by legislators to administer and safeguard government revenue. In order to get balanced opinions, views of taxpayers were also sought since they were critical customers whose role in cherished success of any tax system was too important not to ignore.

### 3.3 Sample Size and selection

The sample size was delivered using Krejcie and Morgan model of 1970.

**Table 2: Sample Selection**

| Type of Respondents | Target      | Optimal Sample size |
|---------------------|-------------|---------------------|
| Tax assessors       | 200         | 60                  |
| Taxpayers           | 951         | 285                 |
| <b>Total</b>        | <b>1151</b> | <b>345</b>          |

The study was based on responses of 345 respondents (60 URA officials and 285 taxpayers). The 285 (two hundred eighty five) taxpayers were chosen under systematic random sampling. Ten study elements were selected from each revenue station at established intervals using taxpayer registers at respective stations the advantage with this

method was that the respondents was spread in the selection and the existence of the pseudo-list of registered taxpayers which saved the researcher from constructing the sample list. After selection of identified sample elements, the researcher followed their addresses declared with URA to visit them at their business premises to observe and interview them as he noted down observations and responses got. Due to homogeneity in obligations and rights of corporation registered taxpayers, the researcher found systematic random sampling suitable in generating fair and balanced views about the subject.

To supplement questionnaire of individual taxpayers, the researcher also solicited views of 60 (sixty) URA staff using a structured questionnaire. The participants were chosen under purposeful sampling with particular interest in those whose routine work involved handling corporation tax matters, those who were knowledgeable and experienced in the phenomenon under study.

This non-random sampling technique was preferred since URA operated in variety of functional activities, the researcher was interested in optimally utilizing time and resources by concentrating on officers who had hands-on experience with corporation tax in particular and who routinely interfaced with taxpayers in corporation tax administration.

### **3.4 Data Collection Instrument**

The semi-structured questionnaire was the main instrument of the study. The questionnaire was designed according to the Likert scale to explore the key variables of corporation tax administration and revenue performance.

### **3.5 Data Sources**

#### **3.5.1 Primary Data**

Primary sources included data collected from the selected sample 345, who included tax assessors and taxpayers both highly indebted and averagely indebted.

#### **3.5.2 Secondary Data**

Secondary sources included relevant documents and reports. They also comprised recent journal articles on all variables, and tax reports about URA in Makindye division.

### **3.6 Measurements of Variables**

The structured questionnaire was used to measure the following: Assessment Collection Procedures, Sensitisation, partly affect revenue performance. All variables were measured using an instrument developed on a five point like scale measuring strongly disagree as response 1 to strongly agree as response four under the guidance of my supervisor.

Tax identification, Assessment, sensitisation, collection procedures and revenue performance specifically, they were measured using (Jakarata 2000) measures.

Revenue performance was measured using quantitative data.

### 3.7 Reliability and Validation of Instruments

For quality Control, a pre-test of the research instrument to test its validity and reliability was done. The Cranach alpha coefficient was used to assess the Reliability while the Validity will determined using the Content Validity Index

**Table 3: Reliability and Validation of Instruments**

| <i>Variable</i>    | <i>Anchor</i> | <i>Cranach Alpha</i> | <i>Content Validity</i> |
|--------------------|---------------|----------------------|-------------------------|
| Tax Administration | 5 Point       | .934                 | .771                    |
| Revenue Collection | 5 Point       | .736                 | .750                    |

The results in the table above show the instrument was both valid and reliable as noted from the coefficients which were above 0.700.

### 3.8 Data Processing and Analysis

The data was first edit and coded. The study mostly used qualitative data analysis with a quantitative bias in addition to some aspects. Quantitative methods was used to measure the relationship between tax identification, Assessment, Collection Procedures. Identification, sensitisation, partly affect revenue performance. The data derived from the questionnaires was analyzed using **SPSS** statistical package. Cross-tabulations, correlation, regression and ANOVA and T-test were generated.

### 3.9 Limitations to study

#### **Non response**

The cardinal constraint faced in this research was non-response on information about revenue collection performance as study target respondents looked suspicious. But the researcher reduced this constraint by using the services of URA registry (Archives) where some of this information will be still kept.

## **CHAPTER FOUR**

### **RESULTS AND FINDINGS OF THE STUDY**

#### **4.0 Introduction**

The chapter deals with the results of a cross-sectional survey design (snapshot of events as they existed at that particular point in time) as pointed out in the methodology. Pearson's rank correlation Coefficient was applied to establish the relationships between the variables in the conceptual model as demonstrated in Chapter Three while the overall effect of the independent variables on the dependent was assessed using the Dependent variable. The presentation was guided by the following research objectives as shown in chapter one. Details of findings are shown later in section 4.4

#### **4.1 General Characteristics**

This section contains the general characteristics of the respondent group in terms of basic characteristics such as Age group, Gender and level of education. These were all presented using the frequency distributions.

##### **4.1.1 Designation**

The results in the table below indicate the Designation of the taxpayers who participated in the study

Table 4: Designation of the taxpayers

| Designation of the tax payers | Frequency | Percentage |
|-------------------------------|-----------|------------|
| Accountant                    | 33        | 25.2       |
| Managing director             | 68        | 51.9       |
| Technical staff               | 20        | 15.3       |
| Auditor                       | 4         | 3.1        |
| Others                        | 6         | 4.6        |
| Total                         | 131       | 100.0      |

Source: Primary Data

Figure 2: Designation of the tax payers

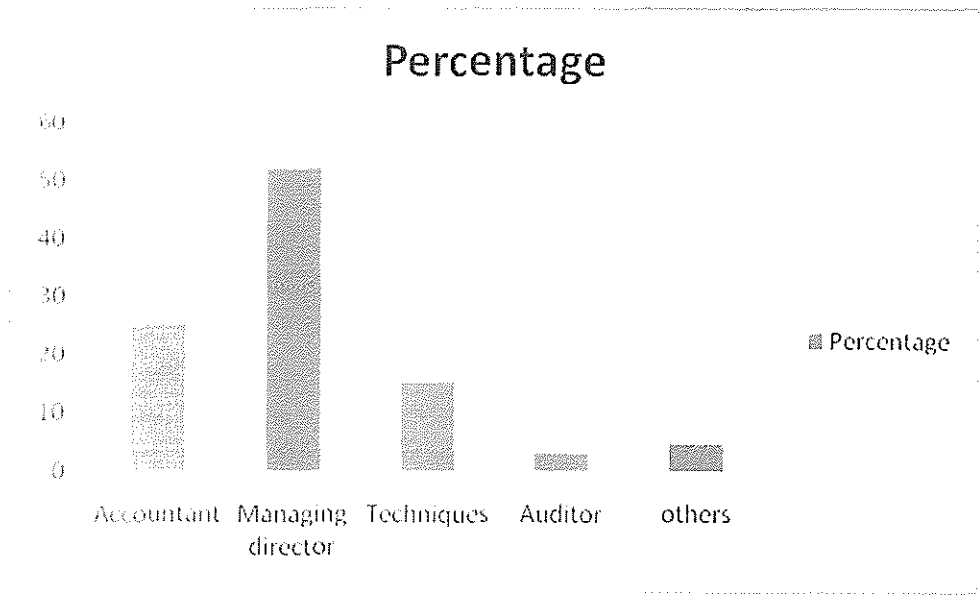


Table 4 above indicates that most taxpayers were in the position of Managing Director/ General (52%) and only 3% were in the position of Auditor. Accountants, Technical Staff and those in other categories, comprised 25%, 15% and 5% respectively of the sample.

#### 4.2 Age Group among the Tax Payers

This was intended to help the researcher evaluate respondents' level of maturity and taxpayer's awareness in particular as one of the contemporary issues in economic development process

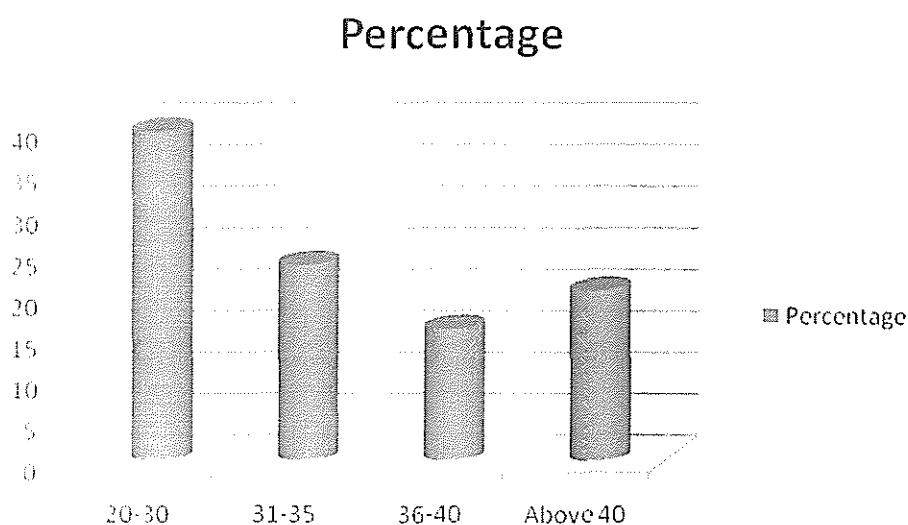
Results indicate the distribution for one's category by Age group

**Table 5: Age Group among the Tax Payers**

| Age      | Frequency | Percentage |
|----------|-----------|------------|
| 20-30    | 52        | 39.7       |
| 31-35    | 31        | 23.7       |
| 36-40    | 21        | 16.0       |
| Above 40 | 27        | 20.6       |
| Total    | 131       | 100.0      |

Source: primary data

**Figure 3: age group among the taxpayers**



Results indicated that most persons were in the 25 – 30 year age group taking 40%, with a small proportion in the 36 – 40 year age bracket comprising 16%. Respondents in the 31 – 35 and above 40 year age brackets constituted 24% and 21% respectively.

4.2.1 Gender among the Tax Payers

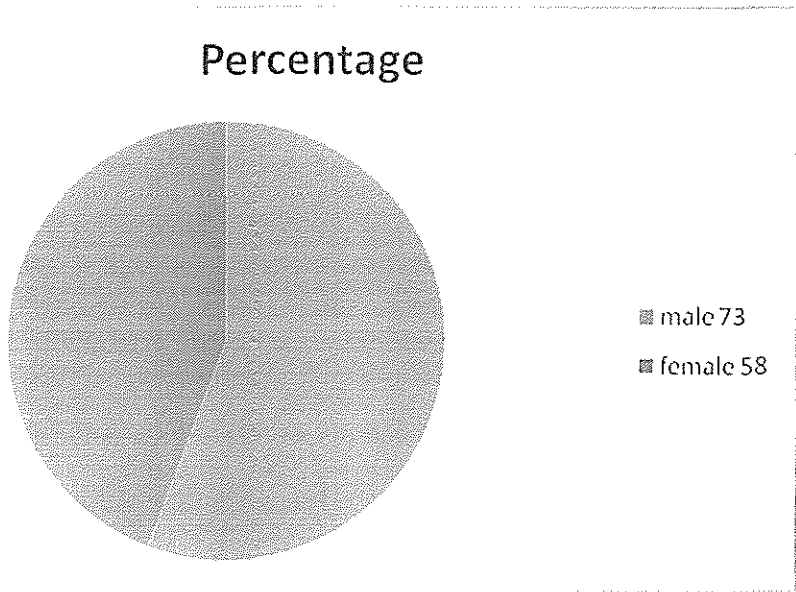
The table below shows the gender of participants of the study

Table 6: Gender among the Tax Payers

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male   | 73        | 55.7       |
| Female | 58        | 44.3       |
| Total  | 131       | 100.0      |

Source: primary data

Figure 4: gender among the taxpayers



The result in the above table shows that most respondents were male (58%) taxpayers against (44%) of the female participants.

This distribution may have a cultural connotation which traditionally has been limiting women in Africa from entrepreneurship adventures. Whereas it appears on the ground that there are many females in day to day running of common businesses in Uganda, fewer are actual proprietors especially in formal businesses as majority are employees. For this study, the researcher was largely interested in proprietors whose businesses are registered for corporation tax because they were deemed to be decision-makers with final say on tax matters in their business entities.

#### 4.2.2 Level of Education among the Tax Payers

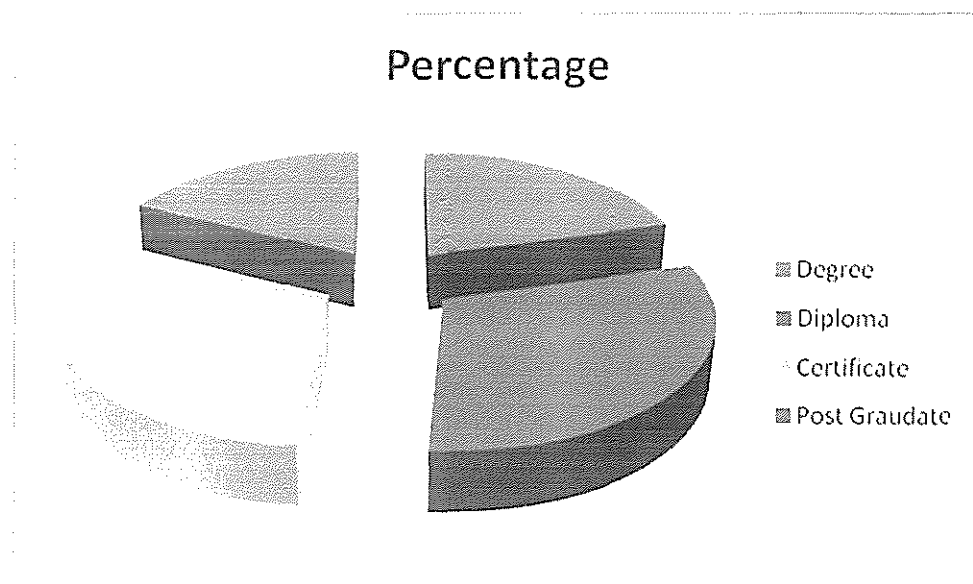
The table below shows the level of education of the respondents.

**Table 7: Level of Education among the Tax Payers**

| Level of education | Frequency  | Percentages  |
|--------------------|------------|--------------|
| Degree             | 27         | 20.6         |
| Diploma            | 40         | 30.5         |
| Certificate        | 41         | 31.3         |
| Post Graduate      | 23         | 17.6         |
| <b>Total</b>       | <b>131</b> | <b>100.0</b> |

**Source: Primary Data**

**Figure 5: level of education among the tax payer**



Respondents with diplomas had the highest percentage (31%). It should be noted that postgraduate were the least participants (18%). Other participants were certificate holders (31%) and Degree holders (21%).

#### 4.2.3 Main Activity among the Tax Payers

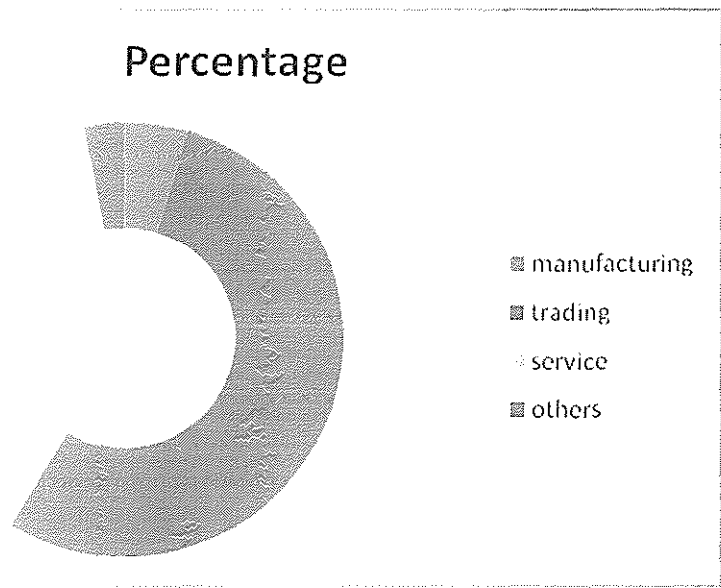
The results in the table below show the activities of the taxpayers who participated in the study

**Table 8: main activity engaged in by tax payer**

| Activities of tax payer | Frequency  | Percentage   |
|-------------------------|------------|--------------|
| Manufacturing           | 6          | 4.6          |
| Trading                 | 71         | 54.2         |
| Service                 | 50         | 38.2         |
| Others                  | 4          | 3.1          |
| <b>Total</b>            | <b>131</b> | <b>100.0</b> |

Source: primary data

Figure 6: main activities engaged in by the tax payer



Most taxpayers were mainly in trading (54%) and others took (3%). Service and manufacturing comprised 38% and 5 % respectively

4.2.4 Designation Staff Characteristics

Results in the table below indicate the nature of the staff members who participated in the study

Table 9: Designation Staff Characteristics

| Staff characteristics  | Frequency | Percentage |
|------------------------|-----------|------------|
| Commissioner           | 1         | 2.0        |
| Assistant commissioner | 2         | 4.0        |
| Supervisor             | 10        | 20.0       |
| Officer                | 37        | 74.0       |
| Total                  | 50        | 100.0      |

Source: primary data

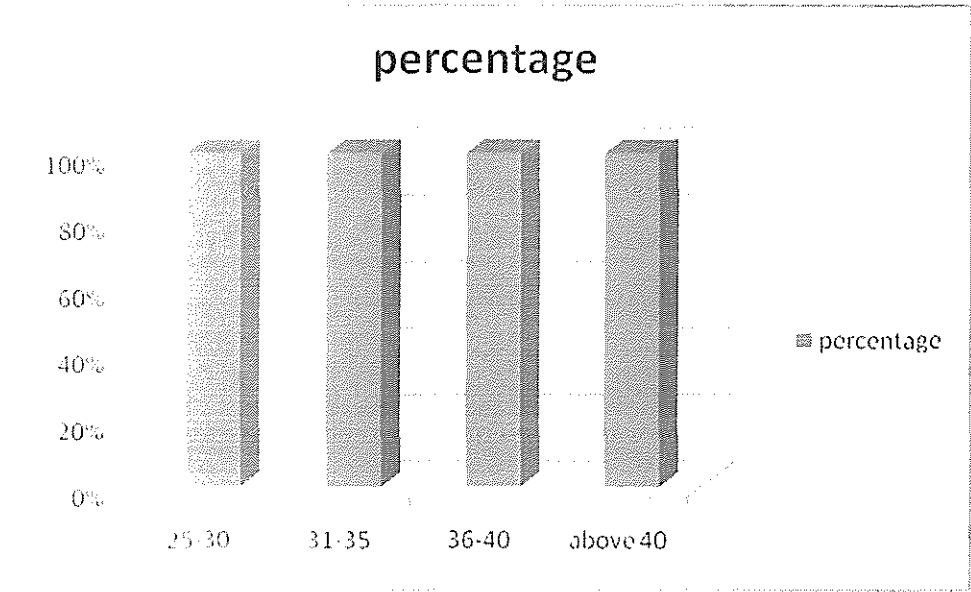
Most staff from URA participating in the study were Officers (74%). This was followed by Supervisors (20%), Assistant Commissioner (4%) and the Commissioners (2%)

Table 10: Age Group and Respondent Category Distribution

| Age         | Frequency | Percentage |
|-------------|-----------|------------|
| 25-30yrs    | 13        | 26.0       |
| 31-35yrs    | 15        | 30.0       |
| 36-40yrs    | 9         | 18.0       |
| Above 40yrs | 13        | 26.0       |
| Total       | 50        | 100.0      |

Source: primary source

Figure7: age group and respondent category distribution



The respondents in the above table were all adults, and their ages were 30% between 31-35 years (30%), between 25 – 30 years were 26%, between 36 – 40 years were 18%

while those of 40 years and above accounted for 26%.

## Gender

The table below shows the gender of participants of the study

**Table 11: Gender**

| <b>Gender</b> | <b>Frequency</b> | <b>Percentage</b> |
|---------------|------------------|-------------------|
| Male          | 26               | 52.0              |
| Female        | 24               | 48.0              |
| <b>Total</b>  | <b>50</b>        | <b>100.0</b>      |

Source: primary data

The results in the above table shows that most respondents were male (52%) from URA staff and (55.7%) taxpayers giving an overall percentage (54.7%) against (45.3%) of the female participants.

The results in the above the above table shows that most respondents were male (52%) from URA staff and (56%) taxpayers giving an overall percentage (54.7%) against (45.3%) of the female participants.

### **Level of Education**

The table below shows the level of education of the respondents

**Table 12: Level of Education**

| <b>Valid</b>         | <b>Frequency</b> | <b>Percentage</b> |
|----------------------|------------------|-------------------|
| <b>Degree</b>        | <b>16</b>        | <b>32.0</b>       |
| <b>Diploma</b>       | <b>21</b>        | <b>42.0</b>       |
| <b>Certificate</b>   | <b>1</b>         | <b>2.0</b>        |
| <b>Post graduate</b> | <b>10</b>        | <b>20.0</b>       |
| <b>Others</b>        | <b>2</b>         | <b>4.0</b>        |
| <b>Total</b>         | <b>50</b>        | <b>100.0</b>      |

The study gathered information about educational qualifications of URA officers with an interest to gauge their skills enrichment and professional competence

Respondents with diplomas had the highest percentage (29%). It should be noted that postgraduate were the least participants (6%) .Other participants were certificate holders (28%) Degree holders (24%) and category of others (14%) respectively. Generally taxpayers participated at 72% and URA staff (28%)

### **The level of Corporation Tax Administration in URA in Makindye**

## **division**

Factor analysis results were used to examine the level of Corporation Tax Administration in URA in Makindye division. Because this technique is appropriate for extracting the various key components of a specific variable, the researcher used it as an appropriate technique.

**Table 13: The Corporation Tax Administration In URA.**

| Factor Analysis :   | Taxpayer Identification | Sensitisation | Collection Procedure | Assessment |
|---|-------------------------|---------------|----------------------|------------|
| The taxpayer Identified is always register<br>Surveys to identify taxpayers are carried out on annual basis | .847                    |               |                      |            |
| Examining a firm's financial statements and accounting record is a basis used when identification is done.  | .741<br>.761            |               |                      |            |
| Examining a firm's financial statements and accounting records is a basis for identification                | .684<br>.688            |               |                      |            |
| The identification methods are effective in registering all potential tax payers                            |                         |               |                      |            |
| When Identifying corporation tax payers, the needed revenue targets are put into consideration              |                         |               |                      |            |

|  |              |              |              |
|--|--------------|--------------|--------------|
| Using receipts is an appropriate tax collection method   |              | .761         |              |
| Close monitoring of auctioneers used is an appropriate tax collection method   |              | .530         |              |
| All collection personnel are well trained to perform their tasks Collection tools including agency notices originate from the law We rank eligible tax payers basing on their income |              | .722         |              |
| We assess taxpayers annually   |              | .723         |              |
| <b>Eigen Values</b>  | <b>6.386</b> | <b>5.580</b> | <b>3.604</b> |
| <b>7.893</b>   |              |              |              |
|  | <b>18.78</b> | <b>16.41</b> | <b>10.60</b> |

Taxpayer Identification, Sensitisation, Collection Procedures and Assessment were observed to account for 69.011% of the Corporation Tax Administration in URA.

### **Taxpayer Identification**

This component was observed to explain 23.216% of the Corporation Tax Administration. Key issues under this component include registering any tax payer who is identified (0.722) and conducting annual surveys to identify potential tax payers (0.847). Other issues that are worth considering on this component are: examination of a firm's financial statements and accounting records to be used as a basis for identification (0.

741). In addition, the identification methods should be as effective as possible when

Registering all potential tax payers (0.684). In doing this, URA personnel should put into consideration the, the needed revenue targets (0.663).

### **Sensitization**

This explains 18.783% as a component of corporation tax administration in URA in Makindye division. Important issues include knowledge on corporation rate (0.676), Knowledge should be given on Government policy about corporation tax (0.636), the impact of corporation tax collected (0.731), taxpayers should be informed on how corporation tax is computed (0.665). URA has to educate the taxpayer s about the dangers of not paying corporation tax (0.721)

### **Collection Procedure**

This is core as far as corporation administration is concerned. URA has to consider which are suitable, using receipts as an appropriate tax collection method (0.761) and ensuring that all collection personnel are well trained to perform their tasks (0.722). Another main key tool which is Agency Notice should be explained to the taxpayers that it originates from income tax law (0.723). Taxpayers need also to know that if other tools fail auctioneers will be used as a collection method (0.530)

### **Assessment**

It should also be noted that URA rank eligible taxpayers basing on the incomes (0.712). Another important aspect in assessment is to ensure that all taxpayers are assessed annually (0.655)

## Objective Two: Revenue Collection Performance

The results for Revenue Collection Performance were as indicated in the table below. The question was designed such that 1 represents I strongly disagree, 2 - I disagree, 3 - I agree and 4 - I strongly agree. Statements that are either close to 1 or 2 reflect Disagreement while those that are close to 3 or 4 show Agreement.

**Table 14: Revenue Collection Performance Factor Analysis Results**

|  | N  | Min  | Max  | Meas | standard<br>Deviation |
|--|----|------|------|------|-----------------------|
| Reviews of the rates/charges of corporation tax is frequently  | 50 | 1.00 | 4.00 | 1.91 | .86                   |
| Corporation tax collection in terms of volume has tremendously | 50 | 2.00 | 4.00 | 2.90 | .42                   |
| The general contribution of corporation tax administration     | 50 | 2.00 | 4.00 | 2.81 | .45                   |
| There is optimum administration of Corporation Tax             | 50 | 2.00 | 3.00 | 2.57 | .50                   |

Results in the table above show that the Reviews of the rates/charges of corporation tax are not frequently carried out (Mean = 1.91). IN addition, Corporation tax collection in terms of volume has increased tremendously though not to satisfactory levels (Mean = 2.90). Other unsatisfactory issues to do with revenue performance included; The trend for the general contribution of corporation tax administration (Mean = 2.81) and the administration of Corporation Tax (Mean = 2.57).

## Correlation Analysis

The results in the table below indicate the Pearson (r) correlation coefficients for the variables and these were Tax Administration and Revenue Performance. A positive relationship between any two variables indicates that an increment in one variable brings about an increment in the other. On the other hand, if an increment in one variable causes a decrease in the other variable, then there is a negative relationship between the two variables.

**Table15: Relationships between the variables**

|                                  | 1      | 2     | 3     | 4     | 5     | 6    |
|----------------------------------|--------|-------|-------|-------|-------|------|
| Tax Payer Identification-1       | 1.000  |       |       |       |       |      |
| Assessment-2                     | .350*  | 1.000 |       |       |       |      |
| Collection Procedures-3          | .252   | .390* | 1.000 |       |       |      |
| Sensitisation-4                  | .251   | .234  | .230  | 1.000 |       |      |
| Tax Administration-5             | .743** | .733* | .671* | .561* | 1.000 |      |
| Revenue Collection Performance-6 | .415** | .431* | .493* | .559* | .675* | 1.00 |

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

\*\* Correlation is significant at the 0.01 level (2-tailed).

### **Relationship between Corporation Tax Administration and Revenue Corporation performance**

Results indicated a positive relationship between the Tax Administration and the Revenue performance ( $r = 0.675^{**}$ ,  $p < .01$ ). If tax administration issues are well managed by the URA, it will bring about an improvement in the Revenue Performance of the institution in terms of reduced tax administration costs. Tax payer Identification was as well positively related to Revenue Performance ( $r = 0.415^{**}$ ,  $p < .01$ ). If tax payers are well identified and accurately assessed for taxes, the URA will realise an improvement in the Revenue Collection Performance.

Pearson results showed a positive relationship between Assessment and Corporation Revenue Performance ( $r = 0.431^{**}$ ,  $p < .01$ ), if assessments are handled very well it will positively improve corporation Revenue collection performance in URA in Makindye division.

Collection Procedures were observed as another key important factor, if handled properly URA in Makindye division will realize improved Corporation Tax Revenue Collection Performance ( $r = 0.493^{**}$ ,  $p < .01$ ).

Furthermore, Sensitisation was observed as to have a strong positive relationship with revenue performance. If taxpayers are sensitized they will find it easy to pay corporation tax and this will improve corporation tax revenue collection performance in URA in Makindye division ( $r = 0.559^{**}$ ,  $p < .01$ ).

## **CHAPTER FIVE**

### **DISCUSSION CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter discusses the findings in chapter four in relation to the research objectives of the study and review of the related literature. It is sub divided into four sections. The first section presents discussion of the frequency tables; the second section discusses the relationship between Perceived (Collection procedures, Tax identification, Assessment) and Perceived Revenue Performance in selected tax departments. The third section presents the Discussion, Conclusions and Recommendations. Area for further study is also suggested.

#### **5.1 Discussion**

##### **5.1.1 The level of Corporation Tax Administration in URA in Makindye division.**

The results in the previous chapter indicated that most essential elements of the corporation tax administration include Taxpayer Identification, Sensitization, Collection Procedure and Tax Assessment. On the two most important components which are Tax payer Identification and Sensitization, the results indicated that it is very important for the tax body to conduct annual Surveys to identify taxpayers and to make sure that tax payers can perceive a positive impact on service delivery as a result of the corporation tax. The results indicated with Collection Procedure and Tax Assessment to be beneficial to both the tax payer and the tax body, it is paramount to always use receipts as an appropriate tax collection method and to make sure that tax assessors are effective in registering and

assessing all potential tax payers. They should have the right qualifications and experience in tax related transactions. Considering the research done by Christensen (2005), it can be said that if the Tax Authority manages the identified Tax Administration strategies well, it will hinder a situation where employees of various levels connive with tax payers so as to gain from what would be revenue for the institution. Enforcing these strategies of tax administration will help curb ethical or undesired activities in managing taxes such as undervaluing, under assessments, receiving bribes from tax payers and failure to register the potential tax payers (Baker, 2005).

### **5.3 The level of corporation revenue performance in URA in Makindye division.**

Results indicated that for revenue performance to be well managed to desirable levels there should be strategies for improving corporation tax collection in terms of volume. There should as well be measures to improve on the contribution of corporation tax administration and consider an optimum administration of Corporation Tax. Tax identification is the most poorly managed aspect among corporation tax administration stations. Corporation tax registration in Uganda is a mandatory obligation for every company that hits annual turnover of shs. 50 million thresholds. It is this list of registered taxpayers that constitutes national corporation register which URA keeps monitoring and updated through adding new taxpayers and deleting de-registered taxpayers. There is still bloated corporation tax register arising from difficulty of de-registering inactive taxpayers. This is partly responsible for the poor performance of the stations' compliance and filing ratios are still lower than expected

In view of Smith (2000), he postulates that like all taxes, corporation tax is subject to evasion. For example, traders may fail to register for the tax; they may under-report sales or; where different goods are subject to tax at different rates, they may reduce their tax payments by exaggerating expenses into allowable to lower tax to be paid. Ghosh (2006) observes that there are other problems with implementing corporation tax in developing countries, especially those with a large informal sector or "black

economy". Corporation tax is essentially a tax on the formal sector. It cannot cover

informal activities, such as small-scale farming and household enterprises, small vendors and petty traders or service providers. In a perverse way, corporation tax can impede development by encouraging such activities to stay informal, rather than enter the formal sector where there is more value addition. The researcher therefore intended to get clear understanding of factors that are responsible for high incidences of non registration especially in Kampala, Uganda. Katusiime (2007), observes that though most traders were found to meet registration requirements, they were however not registered.

This is consistent with Mentzer (1999) who argues that tax identification is critical for the culture of tax collection. Those with stake in the organization must have all relevant and material information regarding its identified tax payers in order to make collection easier. Lastly, Dhanrajgir, (2001) posits that tax identification is the condition of complete openness, is one of the sustaining elements of collection procedures and thus is key to the establishment of collection procedures environment.

#### **5.4 Corporation Tax Administration and revenue corporation performance in URA in Makindye division Kampala.**

A positive relationship was noted between (Corporation Tax Administration) and revenue corporation performance in URA in Makindye division. Corporation Tax Administration was a significant predictor of revenue corporation performance. These results imply that the better managed the tax administration, the better the revenue performance.

Uganda has definitely made improvements in tax policy over the years, but it still lacks sufficient administrative capacity. This has been attributed to numerous barriers to efficient tax administration. The success of the corporation tax in large taxpayer office cannot be taken for granted; it requires good design and implementation. In many developing countries like Uganda, corporation tax suffers from being incomplete in one aspect or another, leading to less revenue being collected. Minister of Finance has on several occasions waived tax arrears on

recommendation from central government to URA as a means to make a fresh beginning. However, the extent to which this method has contributed to boosting compliance is still questionable. While tax laws impose obligations on taxpayers to contribute to government revenues, the actual amount of revenues flowing into the hands of any government depends on the effectiveness of its revenue administration (Bird, 2003). Thus to improve revenue performance, Jit B.S. Gill (2003) cited in Kayaga, (2007) states that Uganda has to depend highly on improving tax administration. This is because good tax policy depends on effective tax administration to raise the revenue.

There are a number of initiatives URA has put in place but at the same time, there are a number of internal weaknesses which have not enabled URA to realize fruitful conclusion of the initiatives. There are staffing gaps.

The challenge of inadequate audit staff and utilization are still hampering the effectiveness of the Audit function. Katusiime, (2007), observes no strict enforcement of penalties and at times penalties assessed are not collected. Corporation taxation system in Uganda is perforated with a number of weaknesses which require attention. Improvement in corporation tax system will largely depend on competent staff, administrative units, and a strong Audit function.

Collection procedures showed a positive correlation with perceived tax identification and assessment which implies that if collection procedures is strengthened then corporation collections are likely to be boosted. According to Frost (2000), there is a strong relationship between collection procedures and performance. This is because collection procedures improve performance – the goal of collection procedures is to improve performance, not to place blame and deliver punishment.

Rakodi, (2002) argues that innovative ways of increasing citizen influence, improving the perceived revenue performance agencies and ensuring greater collection procedures can be identified, at the national but more commonly at the local level.

This is in line with O'connell (2002) who found out that improved collection procedures calls for monitoring the performance of those responsible for perceived revenue performance;

## 5.5 Conclusions

Tax administration is positively related to the Revenue collection Performance; As such the tax body should ensure that all the aspects related to the tax administration are not neglected as they positively influence performance.

The results in the previous chapters indicated that the Tax Identification is a major component of the Tax Administration variable. Tax identification was a leading element when it comes to the success of the tax administration

Sensitization for taxpayers and prospective taxpayers is as much an urgent call and a necessary task in tax administration, we believe, as it is equally urgent and necessary on the part of governments that levy a variety of taxes as a major source of revenue.

It is imperative that the sensitization of taxpayers is factored in the objective of the organization.

A key component that should not be overlooked in the tax administration is the Collection Procedure. URA should ensure that taxpayers know all collection procedures and penalties involved. This calls for taxpayers to know that collection procedures originate from domestic laws.

Assessment is another aspect of tax administration which is the process of ascertaining / estimating a tax liability and should be done by assessors who are usually the technical people in the tax body. Without such measures, there would be no prospect of enhancing the contribution of corporate to the total budget revenue.

Tax payer identification is one of the most important aspects of tax administration. This is because, as more taxpayers are located and registered, the taxpayers that would otherwise evade are reduced and this will increase revenue collection. Therefore emphasis should be on identifying new corporation tax and this will broaden tax base.

A positive relationship was noted between (Corporation Tax Administration) and revenue corporation performance in URA in Makindye division. . Corporation Tax Administration was a significant predictor of revenue corporation performance. These results imply that the better managed the tax administration, the better the revenue performance.

## **5.6 Study Recommendations**

The tax body needs persons that are well trained and experienced in the field of Tax Administration. Officials appointed to these persons should be appointed to these positions on merit not through some unprofessional criteria.

The registration programs should be developed to bring the high number of qualified but non registered corporation tax payers into the tax net. Increasing corporation tax registration threshold should be considered in order to have a manageable taxpayer register.

In view of URA respondents, policy proposals for reviewing the schedules that specify exemptions in the corporation tax legislation should be passed with more caution so as to limit proliferation of tax benefits and loopholes that drastically reduce tax collection and minimize corporation tax productivity.

Sensitization programs should be intensified to increase staff awareness and taxpayer appreciation of existing automation projects.

As most of the small taxpayer respondents were found to be Information Technology (IT) illiterate, they suggested that URA should introduce e-tax gradually and if need be, run both manual processes and the automated processes concurrently in order not to drive them out of their small businesses.

Increasing corporation tax registration threshold should be considered in order to have a manageable tax payer register. Emphasis of corporation tax administration should be shifted to tax payer audits so that a reasonable proportion of registered tax payers to be audited annually to support the self assessment system.

#### **5.7 Arcas for further future Research**

Due to time and resource constraints, the researcher was incapable of using a bigger sample population to perhaps the whole of the Makindye division. The study sample of 60 respondents thus fell short of appropriate regional representation. In future, a more comprehensive study would be more appropriate to study corporation revenue performance in Eastern Uganda or any other taxes in a wider context since the same people pay other taxes.

In relation to this particular study, further inquiry would be conducted in utilization of tax revenue and how perception that the taxpayers did not benefit from their tax revenue was the true factor in influencing their attitude to taxes.

The third area of possible further research is that the study found more than 90% of businesses in Uganda collapsing before celebrating their 10<sup>th</sup> anniversary of consecutive operations. In view of the respondents, the rampant business mortality in Uganda is partly attributed to heavy tax burden which disables entrepreneurs from breaking-even. The scenario is an economic challenge that calls for further future research which can tangibly equip investors and entrepreneurs (including entire business community) on best business practices that can sustain longer life span of businesses.

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## Appendix I: Questionnaire for Corporation Taxpayers and Assessors.

Dear respondent, you are requested to provide information to this study indicated above. It is intended to establish the corporation tax administration its impact on revenue collection performance. Your information communicated to us will be treated with utmost confidentiality. (Do not write your name on the questionnaire).

### Section A: Biodata

1. Age: 25-30 years ☐ 31-35 years ☐

36-40 years ☐ Above 40 years ☐

2. Sex: Male ☐ Female ☐

3. Designation: (a) Accountant ☐ (b) managing director/general manager ☐

(c) Technical Staff ☐ (d) Auditor ☐

(e) Others specify.....

4. Highest educational Qualifications:

☐

(a). Degree

☐

(b). Diploma

☐

(c). Certificate

☐

(d). Post-graduates

☐

(e) ACCA

(f). Others specify.....

☐

5. Main activity of the business

☐

(a) Manufacturing

☐

(b) Trading

(c) Service

(d) Others specify.....

## SECTION B : TAX -PAYER IDENTIFICATION.

Evaluate the following statements using these alternatives.

I strongly disagree

1

I disagree

2

I agree

3

I strongly agree

4

|  | <i>Strongly disagree</i> | <i>Disagree</i> | <i>Agree</i> | <i>Strongly agree</i> |
|--|--------------------------|-----------------|--------------|-----------------------|
| The taxpayer Identified is always registered.                              |                          |                 |              |                       |
| When taxpayers are identified ranking of eligible tax payable is done      |                          |                 |              |                       |
| Surveys to identify taxpayers are carried out on annual basis              |                          |                 |              |                       |
| Examining of a firm's financial statements and accounting records is a     |                          |                 |              |                       |
| The tax offices are effective in identifying and registering all potential |                          |                 |              |                       |
| The identification methods are effective in registering all potential      |                          |                 |              |                       |
| When identifying corporation taxpayers, the needed Revenue targets are     |                          |                 |              |                       |
| Direct random sampling which is very costly.                               |                          |                 |              |                       |
| When identifying corporation taxpayers, the direct random sampling is      |                          |                 |              |                       |
| When identifying corporation taxpayers records of previous periods are     |                          |                 |              |                       |
| When identifying corporation taxpayers competence of tax collectors        |                          |                 |              |                       |
| When identifying corporation taxpayers Other forms of taxes are            |                          |                 |              |                       |
| Evasion of taxes due to risks of business.                                 |                          |                 |              |                       |

## SECTION C: ASSESSMENT

|  | <i>Strongly disagree</i> | <i>Disagree</i> | <i>Agree</i> | <i>Strongly agree</i> |
|--|--------------------------|-----------------|--------------|-----------------------|
| The taxpayers assessed are only those ones identified and            |                          |                 |              |                       |
| Taxpayers are ranked based on their income.                          |                          |                 |              |                       |
| Taxpayers are assessed annually                                      |                          |                 |              |                       |
| Examining a firm's financial statements and accounting records are   |                          |                 |              |                       |
| The information from accounting records is reliable and can be       |                          |                 |              |                       |
| Assessment in this organization is centralized                       |                          |                 |              |                       |
| Assessment in this organization is carried out by auditors.          |                          |                 |              |                       |
| Assessment in this organization is regarded as a key function        |                          |                 |              |                       |
| Management supports specific recruitment of assessment professionals |                          |                 |              |                       |
| Personal in assessment sections are highly motivated                 |                          |                 |              |                       |
| Assessment procedures are known to all personnel                     |                          |                 |              |                       |
| Regular assessment of taxpayers is a norm.                           |                          |                 |              |                       |
| URA critically evaluates taxpayers.                                  |                          |                 |              |                       |
| The overall performance of assessment department is adequate.        |                          |                 |              |                       |
| URA responds quickly to the staff assessment needs.                  |                          |                 |              |                       |
| There are sufficient resources to audit all taxpayers                |                          |                 |              |                       |
| All assessment processes are automated.                              |                          |                 |              |                       |
| URA provide tax assessment notification on time                      |                          |                 |              |                       |
| Taxpayers promptly declare their income to the tax authority.        |                          |                 |              |                       |
| The Tax Officers are of high ethical standards and integrity.        |                          |                 |              |                       |
| When assessing taxpayers, information on evasion of taxes is         |                          |                 |              |                       |
| When assessing taxpayers knowledge on changes in tax rates and       |                          |                 |              |                       |

Tax-payers are assessed based on:

|                          |                               |
|--------------------------|-------------------------------|
| (a) My books of accounts | (b) the estimation of the tax |
|--------------------------|-------------------------------|

## SECTION D : SENSITIZATION

**Evaluate the following statements using these alternatives:**

*I Strongly Disagree*    *I Disagree*

*I Agree*

*I Strongly*

| 1  | 2  | 3  | 4   |
|----|----|----|-----|
| 1  | 2  | 3  | 4   |
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| 45 | 46 | 47 | 48  |
| 49 | 50 | 51 | 52  |
| 53 | 54 | 55 | 56  |
| 57 | 58 | 59 | 60  |
| 61 | 62 | 63 | 64  |
| 65 | 66 | 67 | 68  |
| 69 | 70 | 71 | 72  |
| 73 | 74 | 75 | 76  |
| 77 | 78 | 79 | 80  |
| 81 | 82 | 83 | 84  |
| 85 | 86 | 87 | 88  |
| 89 | 90 | 91 | 92  |
| 93 | 94 | 95 | 96  |
| 97 | 98 | 99 | 100 |

Sensitization programs concerning corporation tax collection are effective because they.

|  | Strongly<br>Disagree | Disagree | Agree | Strongly<br>Agree |
|--|----------------------|----------|-------|-------------------|
| Increase revenue collection  |                      |          |       |                   |
| Reduce corruption.   |                      |          |       |                   |
| The following are put into consideration when sensitization of<br>corporation tax. |                      |          |       |                   |
| Adequate information on evasion of taxes.  |                      |          |       |                   |
| Knowledge on exchange and tax payers evades corporation tax                        |                      |          |       |                   |
| Knowledge on vouching and verification.  |                      |          |       |                   |
| Impact of the corporation tax collected on tax revenue collection.                 |                      |          |       |                   |
| In my opinion, the media coverage used by URA to sensitize<br>taxpayers is         |                      |          |       |                   |
| Taxpayers are informed about how corporation tax is computed.                      |                      |          |       |                   |
| Taxpayers are aware of the consequences of nonpayment of                           |                      |          |       |                   |
| Taxpayers appeals procedures   |                      |          |       |                   |
| Taxpayers day carried out have motivated me.                                       |                      |          |       |                   |
| Disclose income earned for tax purposes.   |                      |          |       |                   |
| Pay actual tax assessed.   |                      |          |       |                   |
| Pay tax in time.   |                      |          |       |                   |
| Taxpayers are satisfied with services provided by URA.                             |                      |          |       |                   |
| Taxpayers are satisfied with information provided by URA.                          |                      |          |       |                   |
| Taxpayers understand the administrative and criminal impact of<br>penalties and    |                      |          |       |                   |
| Late filling and non-filling.  |                      |          |       |                   |
| Under-statement of tax.  |                      |          |       |                   |
| Late payment   |                      |          |       |                   |
| Failure to keep proper books of accounts, records and other                        |                      |          |       |                   |
| Obstruction of tax administration.   |                      |          |       |                   |
| The taxpayers are satisfied with   |                      |          |       |                   |
| Frequency of taxpayers   |                      |          |       |                   |
| Information given on the taxpayer's day.   |                      |          |       |                   |

## SECTION E

### COLLECTION PROCEDURES.

Evaluate the following statements using these alternatives:

| I strongly disagree | I disagree | I agree | I strongly agree |
|---------------------|------------|---------|------------------|
| 1                   | 2          | 3       | 4                |

|  |  |
|--|--|
| The most appropriate corporation tax collection methods are:                       |  |
| Using receipts   |  |
| direct visits to taxpayers.  |  |
| Close monitoring of auctioneers used.  |  |
| Using demand letters increases compliance.   |  |
| Use of warrant of distress maintains harmonious relationship between taxpayers and |  |
| All collection personnel are well trained to perform their tasks.                  |  |
| Collection tools including agency notices originate from the law.                  |  |
| All policies concerning collection originate from staff.                           |  |
| The collection Manuel is adequate  |  |
| The collection manual is easy to understand by taxpayers                           |  |

|  |  |
|--|--|
| Station copes well to changes in collection instruments from the centre. |  |
| The archive and records keeping systems guarantee security of files      |  |
| Information given on the taxpayers day.                                  |  |

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