

**TAX EDUCATION STRATEGIES AND PERFORMANCE OF THE TAX SYSTEM
IN UGANDA**

CASE STUDY: UGANDA REVENUE AUTHORITY

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2013-B021-10115



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**An undergraduate dissertation presented to the faculty of Business Administration and
Management in partial fulfillment of the requirement for the award of a Degree in
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Submitted by

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DEDICATION

I dedicate this research to my lovely parents, close class-mates, friends who have supported me throughout this period of my studies as well as to all that have contributed towards my academic success both local and international.

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LIST OF ABBREVIATIONS

AFDB:	African Development Bank
CRAFT:	Capacity for Research and Advocacy for Fair Taxation
CTL:	Commercial Transaction Levy
E-tax:	Electronic Tax
GDP:	Gross Domestic Product
IAC:	Internal Audit and Compliance division
IMF:	International Monetary Fund
ITD:	International Tax Dialog
KCCA:	Kampala City Council Authority
OECD:	Organization for Economic Co-operation and Development
PSCC:	Public Service Client Charter
SEATINI:	Southern and Eastern African Trade, Information and Negotiations Institute
TIN:	Tax Identification Number
TREP:	Tax Register Expansion Project
URA:	Uganda Revenue Authority
URSB:	Uganda Registration Service Bureau
VAT:	Value Added Tax

ABSTRACT

This research examined the relationship between tax education strategies and the performance of Uganda's tax system.

The following objectives guided the research study;

1. To establish the relationship between tax publicity and rate of tax compliance in Uganda.
2. To establish the relationship that exists between tax education strategies and the tax performance of Uganda.
3. To establish the relationship between the tax knowledge and perceived tax fairness together with compliance and the growth of self-assessment among individuals in Uganda.

During the data collection process, case study design and descriptive study design were used. Questionnaires were administered by the researcher to a sample of 30 employees who at the time of the study were working with URA Nakawa (IAC division). Tables and graphs were used to represent the results attained from the SPSS computer program which was used to compute the data.

Based on the results from the study, there is a significant influence that tax education programs have on the tax performance. The findings also indicated there is evidence that tax publicity is essential for tax compliance. Through tax publicity more citizens are seen be made more aware there by inducing them to be more tax compliant with tax laws. Uganda has a high tax potential therefore, the country should redesign her tax system in order to increase her tax revenue. Uganda can widen its tax bases by carrying out more appropriate ways to mobilize more tax revenue that can help in the reduction of the national budget deficit.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The Ugandan tax system is residence-based, with a standard corporate tax rate of 30 percent. Capital gains are aggregated with business income and taxed at the standard corporate income tax rate. The corporate tax year in Uganda runs from July 1st to June 30th. With approval from the Revenue Authorities, a company may adopt a year of income which is different from the corporate tax year (Becker, 2014).

Corporate taxpayers must submit an annual income tax return by not later than six months from the end of its corporate tax year. A company may apply for an extension of a maximum period of 90 days. Uganda's tax system has been under revision since the beginning of 1990, mainly due to poor domestic revenue.

With reference to Uganda's budget 1998/1999, mobilization as a percentage of GDP to public expenditure of 4.2%-17% in 1987 it was low. Such a deficit forced the government of Uganda to come up with a number of tax reforms such as the establishment of Uganda Revenue Authority in 1992, restructuring of the tax system, recruitment and training of new workers and motivating them highly. The government also came up with income tax act in 1997, introduced VAT among others. The improvement of these tax reforms were mostly realized between 1992 and 1997 where GDP grew at an average of 7% to more than 10% annually.

Many developing countries such as Uganda have begun to restructure their tax systems due to limited tax returns that are being gained from the citizens. Despite the numerous tax reforms that were intended to improve the economic and social situation such as supporting

infrastructure and increasing the quality of public goods provided by the government, the situation in Uganda remains delicate, and the country remains among the poorest in the world.

Dealing with the problem of tax evasion requires at least some understanding of the factors underlying the individual taxpayer's decision whether to pay or evade taxes. However, little is known about tax compliance behavior in developing countries (Andreoni et al. 1998; D'Arcy 2011; Fjeldstad and Semboja 2001). Thus there is need for a study to be carried out so as to explore factors that determine citizens' tax compliance behavior in selected African countries such as Uganda.

The existence of positive benefits may increase the probability that taxpayers will comply voluntarily, without direct coercion thus improves on Uganda's tax base as well as lifting its position against the performance of other East African countries. Although most taxpayers cannot assess the exact value of what they receive from the government in return for taxes paid, it can be argued that they have general impressions and attitudes concerning their own and others' terms of trade with the government (Richupan1987).

It is then reasonable to assume that a taxpayer's behavior is affected by his/her satisfaction or lack of satisfaction with his/her terms of trade with the government. Thus, if individuals have limited knowledge with the tax system and how much they are to pay then the system of taxes is perceived to be unjust, tax evasion maybe considered as an attempt by the taxpayer.

Fairness has been recognized as one of the attributes of a good tax system (Tan and Chin-Fatt, 2000) that plays an important role in tax reporting behavior (Kim, 2002; Hartner, Rechberger, Kirchler and Scabmann, 2008, Razak and danAdafula, 2013, Oberholzer and Stack, 2014, Damayanti, Sutrisno, Subekti and Baridwan, 2015,). If a tax system is perceived

to be unfair and inequitable, it can encourage taxpayers to evade tax payment and render the tax system less successful (Richardson, 2005).

The fiscal exchange theory has received much attention and is well established theoretically. Empirical evidence to support the theory is, however, ambiguous (D'Arcy2011: 5-6). It is reasonable to assume that human behavior in the area of taxation is influenced by social interactions much in the same way as other forms of behavior (ibid)

1.1 Background of the study

In Uganda the tax system has been under revision since the beginning of 1990, mainly due to the poor domestic revenue mobilization as a percentage of GDP to public expenditure 4.2%-17% in 1987.

According to Joweria (2014), the existing persistent budget deficits in Uganda suggest that the tax system is not revenue productive, and in such situation increasing the revenue should be the main objective of tax policy.

According to Ngabirano (2012), URA has done a lot for people to understand the tax system and meet their obligations easily however the performance of the tax system is still low. Mobilizing revenue is a way for governments to create fiscal space, provide essential public service and reduce foreign as well as single resource dependence.

A wide domestic tax base in most African countries like Uganda, are undermined by wide spread tax avoidance and evasion as a result of limited information with regards to the tax structure of the country (IMF, 2014; ITD, 2010).However raising domestic revenue is a priority of most sub-Sahara African countries thus a solution has to be developed so as to achieve this (Drunnod, et al., 2012).

In order to boost efficiency in tax administration, reforms were made in line with the tax collection. In September 1991 Uganda Revenue Authority was set up as an autonomous agency to collect taxes. It was meant to improve revenue collection through enhanced autonomy, acquisition of skilled staff, increased integrity and effective use of automated system. In 1994 the Income Tax Department was computerized; a venture that was meant to increase the Income Tax collection (Kiwauka 2004).

Sales Tax and Commercial Transaction Levy (CTL) were yielding insufficient revenue. It was for that matter that in 1996 those two taxes were replaced by Value Added Tax (VAT). VAT has a higher revenue potential compared to sales tax and it is a fairer tax than sales tax for it avoids payment of tax upon tax. That new tax was meant to mobilize more tax revenue (Ayoke et al, 2008).

There is need to improve on the education of taxation policies in the country since further education helps to improve on the tax base in the country. This has introduced the self-assessment policy in tax administration which requires that tax payers are able to access the tax payable on their returns (Kangave, 2005).

These education programs are needed to enhance tax payer's ability to understand assessment policies and to increase their confidence in fulfilling their responsibilities as tax payers (Kasipillai and Mustafa, 2000). Educating tax payers about tax systems has a direct impact on reducing the propensity to evade (OECD, 2004).

According to Chei (2008), tax payers' perception on the tax system is important because fairness of the tax system will instill compliance among tax payers.

A tax system that is complex and hard to understand among individuals usually creates numerous opportunities for activities such as tax evasion thus reducing on the tax collected in the country.

According to URA bulletin (2014), half a year revenue performance for the financial year 2013/2014 registered the largest ever deficit of approximately Ugx 246.93 billion. This shortfall is considered to be partial result of collection and the consequence of the shortfall made it difficult for the Ugandan government to implement the national budget.

In my view with accordance to the above statements it can be seen that indeed the tax structure of the country has really been unfavorable to the individual who do not have the necessary knowledge with regards to the taxation policies of the country. Due to the limited knowledge that some individuals have to the taxation policies it is noticed that they are not able to fully fulfill their obligations thus a great deficit is encountered.

1.2 Statement of the problem

The major problem that has affected society is the degree of knowledge that individuals have about taxation. In other words, individuals are not well informed about taxation policies thus causing other problem such as tax evasion. According to Okello (2006), the taxation system of Uganda experiences high incidences of tax evasion and avoidance. Partly responsible for this is the general lack of tax education, therefore the majority of the population does not know why and how to pay taxes and this complicates the system of tax collection and assessment. Therefore there is need for research to identify whether there is a relationship between the degree of tax performance and the level of tax education in Uganda.

1.3 Objectives of the study

1.3.1 Broad objective of the study

The broad objective of this study was to understand the influence of the various tax awareness strategies that have been put in place have on the performance of the tax system in Uganda.

1.3.2 Specific objectives of the study

The objectives aid individuals to establish the relationship between tax awareness programs and revenue generated in the country as indicated below.

1. To establish the relationship between tax publicity and rate of tax compliance in Uganda.
2. To establish the relationship that exists between tax education strategies and the tax performance of Uganda.
3. To establish the relationship between the tax knowledge and perceived tax fairness together with compliance and the growth of self-assessment among individuals in Uganda.

1.4 Research questions

1. What is the relationship between the various tax education strategies and the tax performance of Uganda?
2. What is the relationship between tax awareness programs and the amount of obligation of taxpayers in Uganda?
3. What is the relationship between tax awareness and tax publicity in Uganda?
4. What is the relationship between the tax knowledge and perceived tax fairness together with compliance and the growth of self-assessment among individuals in Uganda?

1.5 Scope of the study

1.5.1 Geographical scope

The study focused on that tax compliance level and attitudes different individuals have towards taxation policies and the tax education strategies in Uganda mainly in Kampala, around Nakawa division.

1.5.2 Content scope

The study concentrated on tax awareness programs that have been used to try to sensitize the population about the need to pay taxes so as to widen the tax base in the country. The various programs such as tax publicity, public discussions have an effect on the attitudes of individuals and their compliance to pay these taxes from these programs the attitude of individuals can be changed so as to widen the tax base.

1.5.3 Time scope

In order to collect enough relevant data for the study and questions through the guidance of the supervisor, the time scope that was considered relevant for the study consists of years between 2000 – 2015 this was because the researcher needed to understand as to how the performance of Uganda's tax system varies from year to year as a result of the establishment of tax education strategies.

1.6 Significance of the study

From the findings above, one can state that one of the significances of the study was that it provided a basis for research for other individuals that may decide to carry out further research with regards to the topic.

Another reason as to why this research was carried out in the given topic was to gain more competence in the research area.

Another significance for this study was to gain skills as well as fulfill the requirements for an award for a degree.

This research sought to aid the various people in the country such as the URA officials to create further awareness of the various taxation strategies that are being introduced in the country thus aiding the individuals (nationals) have a better understanding of the taxation system and the different strategies being used.

1.7 Justification of the study

There are various education programs that are needed to enhance tax payer's ability to understand assessment policies and to increase their confidence in fulfilling their responsibilities (Kasipillae and Mustafa, 2000).

With reference to the OECD (2004), educating tax payers about taxation has an impact on reducing the probability to evade. Thus the above information shows that there is need to carry out more study in the topic.

Doris Akol (2014) states that through tax education and strategic partnership, Uganda can further develop.

URA's annual revenue bulletin 2006/2007 indicated that the tax knowledge was reported to be low most especially in the rural areas due to the complications encountered when trying to sensitize citizens with regards to taxation.

1.8 Definition of key terms

Taxation is defined as the process of administering and collecting taxes.

A tax is compulsory levy imposed by government upon assets of various categories. A tax is also referred to as a compulsory non- quid pro quo. According to Justice Homes (1927), it is a price of civilization.

Furthermore taxes are also explained as the enforced proportional contributions from persons and property levied by the State by virtue of its sovereignty for the support of government and for all public needs (Thomas. M. Cooley: The Law of Taxation).

Uganda Revenue Authority (URA), is a regulatory body that administers the tax laws on behalf of the Ministry of Finance, Planning and Economic Development of Uganda, under the a number of Acts relating to taxes Customs Tariff Act. Cap 337, East African Customs Management Act, Excise Tariff Act Cap 338, Income Tax Act Cap 340, Stamps Act Cap 342, Traffic and Road Safety Act Cap 361, Value Added Tax Act Cap 349, The Finance Acts.

Tax compliance is defined as the degree to which a taxpayer complies or fails to comply with the tax rules of their country (Marziana et. al., 2010)

Tax evasion is defined as a scheme used to minimize the tax payable by way of breaking tax laws by of estimating fictitious costs and expenses. Tax evasion is using illegal means to avoid paying taxes.

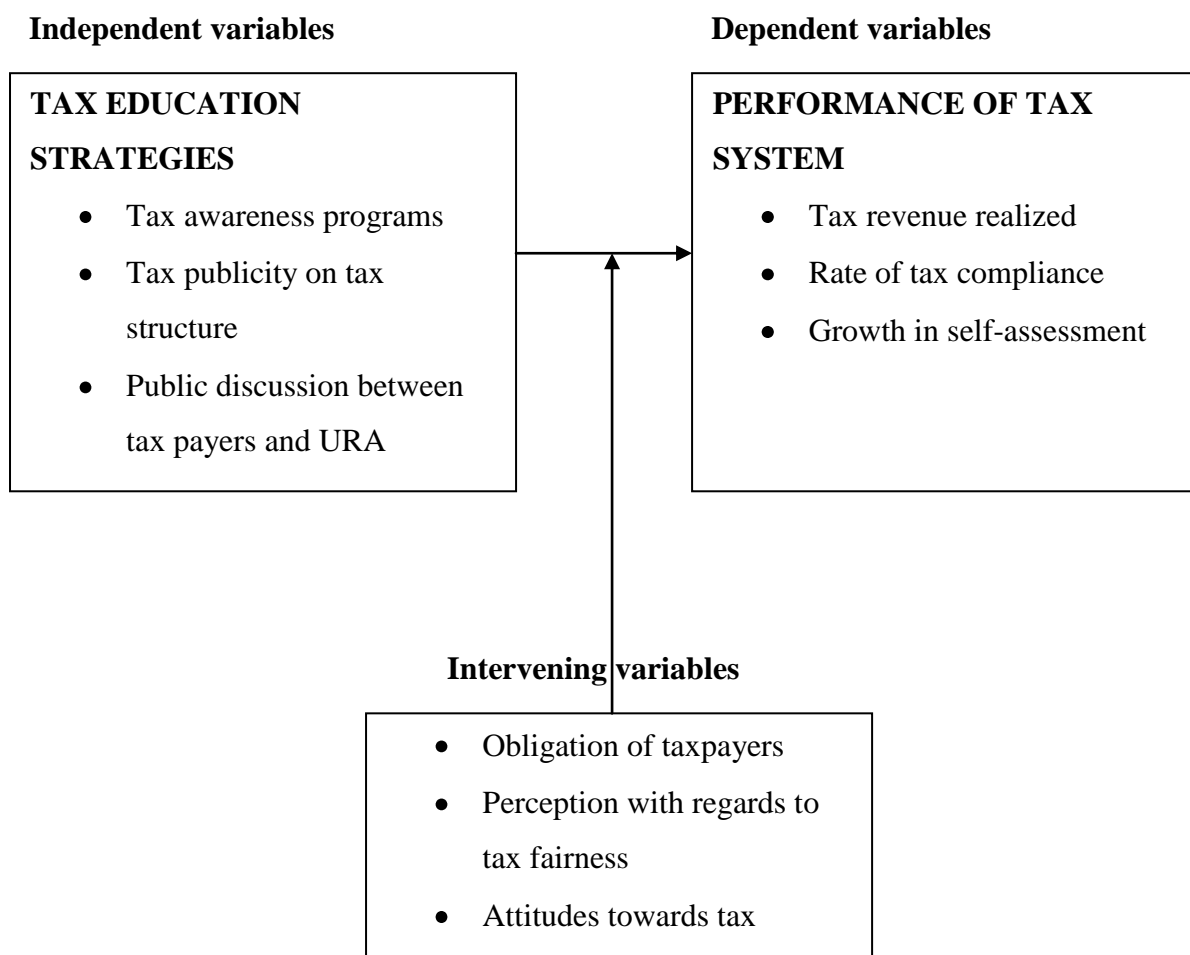
Tax avoidance is explained broadly as the reduction of explicit taxes. This definition conceptually follows that in Dyreng et al. (2008) and reflects all transactions that have any effect on the firm's explicit tax liability.

Tax morale is defined as the "moral obligation" or an "intrinsic motivation" to pay taxes (Torgler and Schneider, 2006).

1.9 Conceptual frame work

The conceptual module was developed out of a critical review of existing literature about the variables. It further explains tax education programs as being a determinant of performance of the tax system of Uganda given that enhancing the level of general fiscal knowledge improves tax compliance because of more positive perceptions thus improving on the performance of tax system of the country (Richardson & Sawyer, 2001).

Figure 1: Conceptual frame work



Source adopted and modified from: IMF report (2010), URA brief FY 2004/5.

Basing on the conceptual framework developed above it can be seen that the performance of Uganda's tax system depends on the strategies that are used to educate tax payers about their obligations, rights and duties when it comes to the payment of taxes. Taxes not only benefit the government bodies they also benefit the general public in a sense that they help government afford to cater for the needs and wants of society thus by educating different communities about tax payment, the level of tax compliance will be seen to improve as well as this helps different individuals from engaging in criminal activities such as tax evasion and tax avoidance which in return affect the performance of Uganda's tax system.

In conclusion, the researcher based the follow up to the introduction, background, statement of the problem, objectives, conceptual frame work. It should be noted that more extensive research should be carried out so as to clearly understand the problem that is being discussed in this chapter of the research work.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This part reviews the existing literature on tax education strategies, and the performance of the tax system in Uganda. The literature tries to justify the existence of a relationship between tax education strategies with the performance of Uganda's tax system.

2.1 Tax education strategies

The URA established a tax education division within its self so as to try and rectify the problem low level of tax education that exists in the country. This was developed using the guiding principles of the tax payer's charter that was launched in 2002 and first revised in April 2006 to accommodate the developments in the organization and later in December 2006 to align it with the Public Service Client Charter (PSCC). This division was given the responsibility of educating citizens. This is done in a number of ways such as invitation of citizens to tax forums, publication of tax guides and leaflets, advertisement on various media platforms.

In agreement with PSCC, knowledge about tax is assumed to be important for preference and attitudes towards taxation as well as enable individuals carry out self-assessment.

Tax education enables one to understand the tax system. Eriksen and Fallan (1996) believed that with reasonable understanding of the tax laws, people are willing to respect the tax system; consequently they are more compliant to pay tax instead of evading it. Furthermore, individuals become educated, which is knowledgeable in the aspect of tax planning, tax law and the likes. At the same time, tax knowledge improved individual's awareness and ethics toward reduce their tendencies of tax non-compliance. It proved the study by Kasipillai et al.

(2003) among Malaysian undergraduates; they found that tax education influenced the attitudes and mind sets of Malaysian students (the future taxpayers) towards tax avoidance and tax evasions.

Tax payer's education has been enlisted as one of the key elements that has been used to address Uganda's very poor taxpaying culture (Kutesa, et al., 2010). The level of tax knowledge is important to the way people comprehend the reality underlying taxation and the associated attitude to taxation that is expressed (Mohd, 2005).

2.1.1 Tax awareness programs

Akol (2014) pledged to seize every opportunity to take tax education forward and upward. In this regard more tax payers are to be educated on registration, fulfilling payments, the new motor vehicles processes and several customers' guidelines are important at the private sector.

She further stated that URA was set to getting ideas from the public so that the public is enlightened depending on what they want.

Roberto (2012) states that tax is a complex issue which must be handled with maximum care and that fair taxation is an issue of global importance particularly in today's' economic climate. That is why individuals need to have some knowledge about taxes.

Jaramogi (2012) mentioned that the European Union donated Shs. 2.4 billion Ugx for tax awareness programs to be widely established in Uganda so as help reduce the gap between individuals aware about taxes and these that are not aware of the taxes.

The World Bank data bank (2011) states that the key to bridging the gap between expected tax revenue and tax revenue actually collected is increasing the number of people who pay tax. This can be done by trying to engage the large informal economy which exists in Uganda

which usually exists due to the lack of awareness of how taxation works and its potential benefits also contribute to this gap. This could be overcome through persuasive education on tax matters.

An example of this is Richardson (2005) who conducted a cross-cultural study in tax fairness perceptions and tax compliance behavior in Australia and Hong Kong. The study revealed that there are some significant differences of opinion in Hong Kong and Australia about general fairness, special provisions in the tax laws, tax structure and self-assessment, tax deductions and government spending. A similar study was conducted by Chan, Troutman and O'Bryan (2000) on taxpayer's compliance behavior in USA and Hong Kong. The result shows that greater level of tax education is associated with lower-level of compliance.

Capacity for Research and Advocacy on Fair Taxation (CRAFT) was developed through collaboration between Oxfam Novib and Tax Justice Network Africa, its aim is to help in the mobilization awareness creation and advocacy on strategic tax justice issues. This helps to widen on the awareness levels about taxation. CRAFT project was developed in January 2012.

SEATINI Uganda organized a campaign in collaboration with more than 60 campaigners during the first quarter of 2013, which aimed at interacting with citizens so as to identify the challenges they face and ascertain as to whether they have a vivid understanding of the taxation system.

CRAFT campaign in 2012 forced the General Tax Directorate during the reporting period to initiate a process of public dialogue on taxation which deemed relevant so as to attain concrete data in the research that was being carried out. During the first phase, CRAFT yielded a wide range of education and promotion material which was used.

According to the Daily monitor as on 30th April 2015, businessmen in Mbarara Municipality claimed that due to lack of awareness campaigns by the tax collection body (URA) they have decided to evade taxes. They go ahead to defend their actions by stating that most of their colleagues do not know the procedures of remitting tax.

Muhumuza (2015) explains that most of the traders are illiterate and do not know how to remit tax returns. He further emphasizes that without education with regards to taxes these traders cannot comply with the various tax requirements in the language that is expected.

Akol (2015) stated that most Ugandans are generally tax complaint but need to be given information tools to comply and as URA, she is now strengthening the efforts on tax education.

Azeez (2009) also stated that if governments are perceived as accountable, more people will pay their taxes voluntarily, which lowers the need for coercion and generally reduces the costs of tax-collection. Akpo (2009), mentioned that good governance entails the provision of quality public goods to the public, where government fails to provide public amenities and infrastructure to the citizen in exchange for tax payment, citizen may become reluctant to pay tax. The manner in which taxpayers are treated in the course of the provision of tax service may influence their compliance behavior (Feld & Frey, 2006). In agreement with these statements, tax education and popular mobilization of individuals can increase willingness to pay taxes.

However some scholar argue against tax education strategies, they believe that other factors may affect the tax system. Holcombe & Sobel (1997) argues that fiscal crises are an interaction of many complex causes including inadequate tax bases, increasing expenditure demand and limits placed on state government by voters.

2.1.2 Tax publicity on the tax structure

Over the years, Uganda has tried to publicize its taxes to the citizens in a number of ways such as advertisements, of the taxation reforms via various social platforms such as newspapers, radio stations, magazines and so on.

According to URA (2011), periodic evaluations are carried out by tax experts to establish performance of each tax head and identify areas of weakness. This becomes a basis under which tax reforms are put in place and made in which they are implemented and made public to the nation thus informing individuals about their existence. For instance this can be seen in 2013 when URA made it known to the public that it started registering mobile money agents so as to tax their business.

The existence of positive benefits may increase the probability that taxpayers will comply voluntarily, without direct coercion. Although most taxpayers cannot assess the exact value of what they receive from the government in return for taxes paid, it can be argued that they have general impressions and attitudes concerning their own and others' terms of trade with the government (Richupan1987).

Cyprian Chillanyang, URA's then commissioner for Domestic Taxes mentioned that the response from the telecom companies who have provided lists of their agents was good. He further mentioned that URA started the exercise so as to engage mobile money agents.

Commissioner Domestic Taxes, Henry Saka (2015) explained that URA sets aside resources to educate and sensitize the public. He continued to mention that URA was running a comprehensive program to sensitize and excite taxpayers about TINs since URA is aware that some people are not familiar with the procedures of registering for tax thus devising ways to help them.

Additionally, URA offices are always open to receive walk in enquiries from its clients. URA can also be reached through various channels like its website and toll free helpline. URA is quoted to have mentioned that it has an entire division of over 350 people devoted to service delivery and educating the public.

Through popular mobilization and civic awareness programs, there is an increase in social pressure to change tax policies and practices wherever these are ineffective or unjust. Through different projects that aim at raising the awareness of the public on concepts such as poor and fair taxation systems in view of promoting civic behaviors and increasing citizens' willingness to pay taxes.

URA is said to have intensified its publicity campaign and simplified further the process of acquiring a TIN so that the public can easily do this on its own.

2.1.3 Public discussions between tax payers and URA

These provide a platform for participants with an opportunity to share knowledge, skill and experience related to the training them. Participants discuss key issues as one large group and share their ideas among themselves. An example of this was the meeting URA's Commissioner General Doris Akol spoke with Kampala City Traders Association vice chairperson Hope Katwiine in a meeting involving traders (2015) where different issues were discussed and traders were able to get to know what was expected of them as tax payers.

Through these public discussions URA is able to warn suppliers against unfair competition, manipulation of the procurement process to defeat free and open competition. By addressing the URA Suppliers' Integrity Forum, Michael Otonga, from the office of the Commissioner General said collusion by suppliers was depriving URA of benefits of free and open competition.

Marais (2015) states that Uganda and other African states should embrace revenue collection models that are not just easy to comprehend but also fair across the board. There by tax payers must be transparent in their application so that all the necessary information related to tax matters can be delivered.

Another way through which URA has tried to publish its taxation policies are through the establishment of e-tax. This system enables tax payers to gain assistance online with regards to payment of taxes as well as be able to fulfill their payments.

Through the URA website, various meetings and agendas are announced to the public so that they are informed when they take place so that they themselves come to take part in these events (Akol, 2014).

According to the URA website (2016), it launched ASKURA in Nakawa, Kampala Uganda, with the promise that it will ease fulfillment of tax obligations. Activities such as opening a TIN number and payment of taxes among others have now been made easier and more efficient.

2.2 Overview of the performance of the tax system

Tax performance is the tax collected and it shows the compliance of tax payers (Mulindwa, 2000).

In Uganda, the tax systems are structured on the British tax model and most of the reforms are derived from the British norms. Uganda like any other developing country would be increasing its domestic tax revenue in order to provide public goods, develop infrastructure needed to speed up national development (Amett, et al., 2000).

Uganda’s tax system is comprised of exercise duties, import duties, VAT, income taxes and a number of taxes with small yields. Uganda relies mostly on indirect taxes for its revenue, particularly those inclined to international trade.

Table 1: Percentage contribution to GDP of the major taxes as at 2003

Personal income tax (PAYE)	1.5%
Import duty	3.0%
Value Added Tax (VAT)	4.3%
Excise duty	1.4%

Source: Ayoki Milton, (2007); URA website

The IMF is concerned about the tax inequality issues in Uganda, describing them as unfortunate (Jaramogi, 2012).

The taxation mechanism is not fair to the point that the poor are paying just like the rich (Richardson, 2012). He further states that the taxation is a political issue that needs to be handled well.

According to the URA performance brief FY 2004/5 – 2013/14 revenue collections have grown by 317.5% (Ugx1.92Tn to Ugx8.03Tn) while tax collections which used to support 58.7% of the national budget is now supporting 71.5 percent of the national budget.

For the period July to December of the financial year 2015/16 URA’s revenue performance of Shs 5.5 trillion shows that the net revenue collections performed much better compared to the same period of the previous financial year, Ms. Akol said.

However, Gupta (2007) investigated revenue performance for 105 developing countries including Uganda, over the past 25 years. He found that several structural factors like per capita GDP, share of agriculture in GDP and trade openness are significant and strong determinants of revenue performance. He also looked at the impact of foreign aid and foreign debt on revenue mobilization. His findings suggest a strong negative and significant relationship between agriculture share and revenue performance.

In support of Gupta's theory, Karagoz (2013) studied the determinants of tax revenue in Turkey and found out that tax revenues in Turkey are significantly affected by agricultural and industrial sector share in GDP, foreign debt stock, monetization rate of the economy and urbanization rate whereas the sign of the agricultural sector's share is negative as it was expected. The results also suggested that openness to foreign trade has no significance impact on tax revenues in Turkey.

Dioda (2012) examined the structural determinants of tax revenue in Latin America and the Caribbean between 1990 and 2009 using panel data econometric methodologies from 32 Latin American Countries and concluded that among the factors that exert a statistically significant influence on tax revenue are civil liberties, female labor force participation, the age composition of the population, the degree of political stability, the level of education, the population density as well as the size of the shadow economy.

Teera (2003) examined the tax system and tax structure of Uganda to investigate the factors effecting tax revenue in the country. His results showed that agriculture ratio, population density and tax evasion affect all type of taxes. GDP per capita showed a surprising negative sign. Tax evasion and openness showed the significant negative impact.

Hisaali & Ddumba (2013) analyzed the tax revenue–aid relationship in Uganda using a framework in which fiscal targets and actual outturns differ. Their results suggested that

grants have a negative association with tax revenue but are offset by the positive association of loans to result in some modest increases in tax revenue in the long run. The coefficient on the per capita income variable suggests that the tax system is inelastic. They recommended that Policies that reduce mutation of taxpayers and noncompliance will reduce the country's reliance on aid and its unwanted effects.

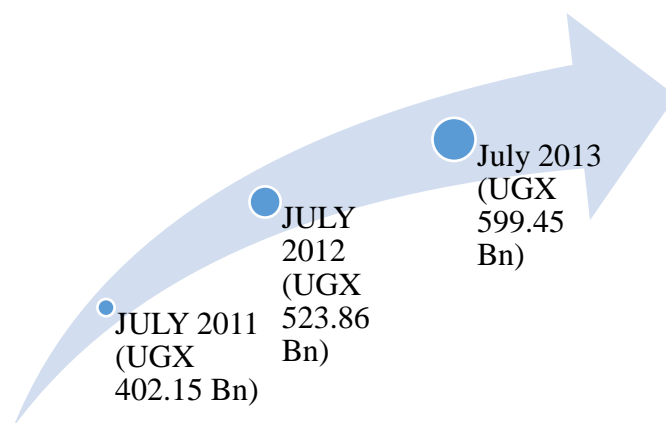
2.2.1 Tax revenue realized

URA performance brief (2012) states that results in 2012 indicated that the net revenue for January 2012 grew Ugx 512.3billion compared to Ugx 447.8 billion realized in January 2011. This was a 14% increase from the net revenue realized in January 2011

URA calculates Uganda's Net Revenue (NR) using the formula as shown below;

NR = Gross revenue collected - Government taxes (other than non-tax revenue refunds and Government payments on behalf of private companies).

Figure 2: Flow of tax revenue



Source: URA database

According to the URA report for July 2013, the net revenue collections were UGX 599.45 Billion against a target of UGX 592.37 Billion, posting a surplus of UGX 7.08Bn. Comparing

the performance of July 2013 to July 2012, net revenue collections increased by 14.43% (UGX 75.59 billion).

The URA body explained that this improvement in the said years was as a result of the e-tax platform which played a key role in improving the efficiency of tax collection because of ease it provides to customers.

In Jatmiko (2006), Sumarso (1998) stated that low public awareness of taxation often be one of the many potential causes of tax that cannot be captured. Still in Jatmiko (2006), Larche (1980) also suggests that awareness of taxation is often a constraint in the problem of collecting taxes from the people. Also it been demonstrated empirically that higher taxation taxpayer's awareness will be higher than the level of tax compliance (Suyatmin 2004 in Jatmiko, 2006).

Although according to Ladu (2013), Rwanda's revenue collection performance is better compared to Uganda and its East African peers. Although Uganda has since improved revenue performance, the report seems to indicate that the country is stagnating (IMF, 2013)

This is evident in the cumulative loss of nearly UGX 160 Billion incurred over the last ten months as a result of the poor performance in the international tax segment.

However, with regards to the URA (2015) revenue performance report that was released at its headquarters in Nakawa, Kampala. It shows that URA had a net revenue collection of 9.71 trillion surpassing its target of 9.57 trillion in the 2014/2015 financial year. In the report it is said that international taxes posted a 101.3% surplus to sh55.86Bn, while domestic taxes posted a 101.6% surplus to sh87.61Bn.

According to Doris Akol-the commissioner general, that performance was attributed to increased taxpayer engagement, increased emphasis on the tax education programs, increased

efficiency in revenue administration brought about by automation of the customs valuation database and single customs territory, expansion of the taxpayer register that brought on board more taxpayers mostly from the informal sector and efficient enforcement interventions.

Okech & Mburu (2011) analyzed the responsiveness of tax revenue to changes in National income in Kenya between 1986 and 2009 and found out that Kenyan tax revenue was neither buoyant nor income-elastic despite reforms undertaken over the period since 1986. On the basis of their findings, they recommended the need to re-evaluate the tax policy measures that have been implemented over the years in order to make tax responsive to national income while enhancing tax collection measures.

However, Gupta (2007) does not believe that tax payer's engagement and tax education facilitate to the tax revenue that is realized. He states that the results indicate that although foreign aid improves revenue performance significantly, debt does not. Among the institutional factors, he found that corruption has a significantly negative effect on revenue performance.

2.2.2 Rate of tax compliance

According to the political legitimacy theory, tax compliance is influenced by the extent that citizens trust their government (Tayler 2006; Kirchler et al. 2008).

Torgler (2002) and Frey (2003) stressed its relevance to understand the high observed level of compliance. Tax morale has evolved as an instrumental component in understanding voluntary tax compliance using a more integrated approach with a bias for non-economic factors. According to Everest-Phillip and Sandall (2009) the public perception of government accountability can influence tax morale and voluntary compliance. Both authors

argued that through payment of taxes the government is able to meet its obligations to the people.

As a result, governance affairs may have either positive or negative influence on the tax morale of taxpayers. The tax function creates a relational vertical contract between government and taxpayers which Lassen (2003) defined as the expectation of requisite public goods in exchange for taxes paid as the terms of that vertical contract.

Sjursen, Ali and Fjeldstad (2013) explain that attempts to broaden the tax base must build on insights into how citizens experience and perceive the tax administration and enforcement, and whether and how their tax behavior is correlated with how they perceive the state. Tax knowledge is also significantly correlated with tax compliant attitude in Tanzania and South Africa.

The fiscal exchange theory suggests that the presence of government expenditures may motivate compliance and that governments can increase compliance by providing goods that citizens prefer in a more efficient and accessible manner (Cowell and Gordon 1988; Levi 1988; Tilly 1992; Moore 2004; 1998).

Torgler (2013) states that low tax compliance is a major problem for the policy makers in many developing countries. This is because it limits the capacity of government to raise revenue for developmental purposes. This denotes that the higher the revenue accrued to the government, the more likely the government will provide more services to enhance the standard of living of the people.

Alm et al. (1992) noted that compliance increases with (perceptions of) the availability of public goods and services. Accordingly, the main concern of taxpayers is what they get directly in return for their tax payments in the form of public services (*quid pro quo*). Wenzel

(2005) states that taxpayers seek to comply because they believe it is the right thing to do, not because of fear of punishment if they do not comply. Taxation and the provision of public goods and services are interpreted as a contractual relationship between taxpayers and the government (Moore 2004).

For example, Fagbemi, Ajibolade, Arowomole and Ayadi (2011) argued that poor compliance attitude by the company income taxpayers in Nigeria is influenced to a higher extent by the high perception of tax payers about the lack of accountability, inadequacies of tax administration procedures and structures and low tax knowledge among taxpayers.

URA in 2013/2014 published names of organizations that defaulted tax payments and had declared to prosecute them if they did not clear the outstanding tax arrears within a given period of time that was issued to them.

Ronald (2011) stated that in 2009/2010 URA revenue collections amounted to Shs. 4.3 trillion lower than the programmed target by shs.159 billion, representing a performance of 96.5% and equivalent to 12.5% of GDP. He further goes to explain that this percentage was very low compared to other countries in the East African Community and Sub-Saharan African countries which were at 20% of GDP on average.(the budget 2010/2011).

However in comparison with other east African countries such as Tanzania, large efforts to improve taxpayer compliance have been made by Tanzania Revenue Authority in recent years. Despite this, the country came third with a tax to GDP-ratio of 14% in 2010 (Sjursen, Ali and Fjeldstad, 2013). Tax evasion is a major challenge and coarse estimates suggest that loss in tax revenue due to tax evasion amounted to one sixth of the entire Tanzanian budget in the fiscal year 2009/10. As a result, the country remains heavily dependent on aid which,

according to the African Development Bank, accounts for about 34% of the government's budget (AfDB 2010).

Park & Hyun (2003), suggested that tax education is one of the effective tools to induce taxpayers to comply more. On the other hand, if the taxpayers well understand basic concept of taxation, they are willing to comply (Marziana et. al., 2010). For example, continuous efforts done by the Japanese National Tax Administration (NTA) contributed for the high tax compliance in Japan. The government of Japan introduced the Self-Assessment System in 1947 plays an important role for taxation learning process.

Angumya (2014) states that URA started shutting down premises that default taxes such as Parambot Distributors and Breweries that failed to meet obligations since 2010.

Muyiyi (2012) states that the tax system should offer minimal opportunity for non-compliance. Measures to enhance tax compliance for the Ugandan taxpayer are said to have improved. In 2009, for instance, Uganda Revenue Authority (URA) introduced e-Tax which is not a new tax but a computerized way of registering, filing and paying taxes. Individuals may pay taxes because they value the goods provided by the government, recognizing that their payments are necessary both to help finance the goods and services and to get others to contribute (Fjeldstad and Semboja 2001).

IMF (2015), the directors encouraged the authorities' fiscal policy stay focused on enhanced revenue mobilization and public spending efficiency, in order to create room for priority social and infrastructure investment. They welcomed the tax reform package, and endorsed plans to extend the tax net to the informal sector, strengthen tax compliance and enforcement, and eliminate discretionary tax exemptions. Directors stressed the need for continued fiscal discipline in the pre-electoral environment, and recommended strengthened communication with the markets.

Dealing with the problem of tax evasion requires at least some understanding of the factors underlying the individual taxpayer's decision whether to pay or evade taxes. However, little is known about tax compliance behavior in developing countries (Andreoni et al. 1998; D'Arcy 2011; Fjeldstad and Semboja 2001).

Tax payers are more likely to comply voluntarily when tax administration adopts a service oriented attitude towards tax payers and educates and assists them in meeting their obligations, create strong deterrents to non-compliance through effective audit programs and consistent use of penalties (IMF, 2014).

One of the most consistent findings about taxpayer attitudes and behavior in Western countries is that those who report compliance believe that their peers and friends (and taxpayers in general) comply, whereas those who report cheating believe that others cheat (Yankelovich et al. 1984).

Tamu (2015) mentioned that according to many informal business owners in Uganda, URA exists to make unreasonable claims on their business earnings. They, therefore, do their best to remain invisible to URA thus become noncompliant to URA claims. Therefore compliance behavior and attitudes towards the tax system may therefore be affected by the behavior of an individual's reference group such as relatives, neighbors and friends. Therefore, if a taxpayer knows many people in groups important to him who evade taxes, his/her commitment to comply will be weaker.

An article in Daily monitor June 16th (2015) mentions that under the Tax Register Expansion Project (TREP); URA collaborates with Uganda Registration Services Bureau (URSB), Kampala Capital City Authority (KCCA) and local governments to identify tax payers and collect taxes from small businesses that URA cannot easily reach thus encouraging tax payers to be compliant.

Under TREP, URA, URSB and KCCA information systems are able to automatically exchange information, making it impossible for a business to obtain a trading license and remain invisible to URSB and URA.

In the 2015/16 Budget speech, the Finance minister said URA would extend TREP beyond greater Kampala to Mbarara, Wakiso, Mukono, Arua and Lira rather than wait for URA to find your business.

If one operates a business in Kampala, he/she will notice that the KCCA trading license application form includes sections for a Business Registration Number (from the URSB-issued Certificate of Incorporation) and a URA-issued Tax Identification Number (TIN).

URA continued to register an increase in tax collection shortfall for the financial year 2013/2014. It is said that this shortfall had increased to approximately 331 billion in a period of about 10 months to march 2014 from UGX 270billion.

On the 28th September 2014 the Observer newspaper reported that the Mulwana group's Jesa Farm Dairy won the Excel award and the biggest taxpayer prize. Such an award goes to a taxpayer who demonstrates outstanding voluntary compliance, substantive business growth and revenue contribution, and has also created substantial employment opportunities.

During URA's 10th annual taxpayers' appreciation day ceremony at Serena hotel held on 26th September 2014, twelve taxpayers both individuals and companies are recognized for their outstanding compliance in their tax obligations. Other winners for the award included Bayport Financial Services Uganda Limited, Emaan supermarket in Mbale, and Uganda Pulp and Paper Mills Limited. According to URA, awarding outstanding taxpayers has been crucial in encouraging conformity while paying taxes.

In agreement with URA, this is seen to be a good practice since tax payers are recognized for their compliance with regards to tax payment as well it's a way of encouraging them to continue with fulfilling their tax obligations.

2.2.3 Growth in self-assessment

Self-assessment is based on the idea of voluntary compliance. In a self-system, taxpayers calculate and pay their own taxes without the intervention of a tax official. Business taxpayers must however keep records explaining all transactions relevant for tax purposes.

The concept of self-assessment was first introduced in Uganda by the Income Tax Act. It is based on the idea of voluntary compliance.

In self-assessment, tax payers calculate and pay their own taxes without intervention of tax official Byamukama (2013) states that with regards to self-assessment system, it was found that the ability to pay taxpayers to asses themselves on tax matters hinges on awareness of deadline for filing returns and tax knowledge of the financial implications for not filing returns which improve their level of tax compliance.

According to Mardiasmo (2003) self-assessment system which since 1983 has been implemented as a system of taxation in Indonesia gives full trust to the taxpayer to calculate, deposit, and report their tax obligations by applying this system, put a big responsibility on taxpayers. Responsibility of taxpayer's associated with awareness taxpayers to fulfill their duties. Therefore the belief that the state must be balanced by putting awareness among the taxpayers.

Taxpayer's awareness is very important to remember that the tax system, tax payers should uphold the self-assessment system. Conversely, lack of awareness causes many potential taxes resident tax cannot be realized. Meanwhile, according to Manik Asriin Rahayu (2010),

the taxpayer is recognized as having awareness if they: (1) recognize the existence of the tax laws and regulations, (2) knowing that the tax function is to finance state, (3) understand that the task taxes must be paid in accordance with the applicable rules, (4) calculate, pay, and report their taxes voluntarily and accurately.

Indonesian Finance Minister Agus Martowardojo (2014) said that public awareness of paying taxes, they are still very low. Such conditions create the potential state tax revenues decline more and more, while the tax revenue target increasing from year to year to finance state expenditure needs.

In 2009, Uganda Revenue Authority introduced e-Tax which is a computerized way of registering, filing and paying taxes. Some automated services under e-Tax include self-assessments, auditing and reconciliations. Being able to assess oneself means that you do not have to go to a URA office to know how much taxes you need to pay like what your VAT liability is or the fees for, say, renewing your permit.

CRAFT (2014) states that most tax policies and rules are complex and difficult to be understood by citizens generally irresponsible to the needs of their environments. Across Africa, the situation is reported to be severe at the local government levels, where taxes are collected haphazardly with little expertise and weak or no collection structures. Vast amounts of taxable opportunities are therefore missed whilst the trend of local dependence on national for development resources continue to fester. Thus there's need to educate people about tax self-assessment.

According to Devano (2006), the application of self-assessment system is a mission to bring some awareness of the consequences on the citizens to pay their taxes voluntarily (voluntary compliance). With the reform of the taxation of citizens are expected to be more open in expressing their tax data.

However, in some countries this tool of self-assessment is seen not to be effective. It was reported that since the implementation Self-Assessment Tax System, the Malaysian defaulters has increased by almost 10 times within 2 years' time, from 25,160 (2003) to 239,666 (2005) (Krishnamoorthy, 2006a). According to the former CEO of the IRB, Tan Sri Zainol Abidin Abdul Rashid, around one-third of Malaysians eligible to pay tax did not do so, in 2005 and 1.3 million potential taxpayers did not file their tax returns (Krishnamoorthy, 2006b).

In conclusion, the reviewed literature seems to agree that tax education strategies affect the performance of Uganda's tax system. However, some of the literature reviewed leaves a number of gaps as well as some negative response with regards to tax education strategies. More so, there are quite very limited specific studies done in Uganda which this study seeks to acquire in-depth clarification.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Research can be defined as a scientific and systematic search for pertinent information on a specific topic. This part of the research talks about the study design employed. This includes the area of study, population of the study, the sample size, selection of respondents, the research instruments validity and reliability of the procedure, the ethical consideration, data collection and analysis, data management and the limitations of the study.

3.1 Research design

Research design is defined as a detailed outline of how the investigation took place. A research design included how data was collected, what instruments were employed, how the instruments were used and the intended means for analyzing data collected. A research design ensures that the evidence obtained enables one to effectively address the research problem logically and as unambiguously as possible, RV Labaree (2009).

The research was conducted through case study design. This was to investigate the relationship between tax education programs and tax performance. Through this kind of design a lot of knowledge was gathered that aided in making an assessment as regards to the search topic.

The study was made in qualitative and quantitative manner.

Quantitative research usually involves collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn. The analysis which was

made from quantitative research enabled the researcher to determine as to what extent a relationship between two or more variables exists.

Qualitative research is the approach usually associated with recording, analyzing and attempting to uncover the deeper meaning and significance of human behavior and experience, including contradictory beliefs, behaviors and emotions. In qualitative research, the researcher was inductive which means that a theory was developed to look for a pattern of meaning on the basis of the data that was collected.

A qualitative approach required the researcher to be well versed with figures and statistical methods. The results are presented through descriptive and structural data. A qualitative approach was mainly used to test the hypothesis using rigorous statistical techniques.

3.2 Area of study

The study took place at Uganda Revenue Authority where its headquarters are based in Kampala district Nakawa division. Nakawa division is one of the five administrative divisions of Kampala, the capital of Uganda, and the largest city in that country. URA's headquarters is located in the URA Building Complex, located at M193-M194 Nakawa Industrial Area in the eastern part of Kampala.

3.3 Study population

The population consisted of the staff members of Uganda Revenue Authority who are concerned with the performance of the tax system of Uganda. Analysis enables the researchers to determine to what extent there is a relationship between two or more variables the performance of the tax performance of Uganda.

The study was carried out at the URA headquarters, Internal Audit and Compliance (IAC) division the target population is made up of 32 staff according to the Human Resource Officer Mr. Kasule.

The selection of the above population was done solely for the purpose of meeting the objectives of the research study.

3.4 Sampling procedures

The sampling procedures consisted of sample size as well as sampling techniques.

3.4.1 Sample size

Since the target population consists of 32 staff of URA, using Krejcie and Morgan (1970) the table the sample size for a given population is 30 individuals. For easy reference as this showed the relationship between the sample size and the total population.

3.4.2 Sampling techniques

According to OECD (2001) a sampling technique is defined as the name or other identification of the specific process by which the entities of the sample have been selected. The researcher used two techniques such as convenience sampling and judgment sampling during the study. Such as probability sampling where every individual in the population was known and each had a certain probability of selection. A random process decided the sample based on each individual's probability. Simple random is an example of probability sampling. This is when a list containing all of the population is created and used to obtain participants by random selection. This random selection guaranteed that each individual had an independent and equal chance of selection. This method was very fair, unbiased and easy to carry out.

3.5 Data Collection Methods and Instruments

Data collection is a term that is used to describe a process of preparing and collecting data. This study incorporated the use of both quantitative and qualitative approach in order to attain reliable information.

A self-administered questionnaire was used. It consisted of tax knowledge questions which require answering with “yes”, “no” or “don’t know”, and closed questions relating to tax performance which will be answered using a 5 point scale ranging from 1-strongly disagree to 5 strongly agree.

Document view was also be used in that the researcher looked at some URA past records and unpublished manuscript source that were available.

3.5.1 Data sources

The data sources that were used in this study comprise both primary and secondary data.

3.5.1.1 Primary sources

Primary sources provide first-hand or direct evidence concerning a topic under investigation. They are created by witnesses or recorders who experienced the events or conditions being documented. A primary source is an original source that documents an event in time, a person or an idea an example is raw data obtained from interviews, questionnaires. This data was collected from the respondents who were approached to attain the information.

3.5.1.2 Secondary sources

Secondary sources build upon primary resources by analyzing, interpreting, synthesizing or discussing them. In other words secondary data is that data that has been already collected by

and readily available from other sources. Thus this kind of data was obtained from many sources such as literature, government reports, and financial reports and so on.

3.5.2 Questionnaires

A questionnaire is a tool used for collecting and recording information about a particular issue of interest. It was mainly made up of a list of questions that also included clear instructions and space for answers or administrative details. Respondents were made aware of the purpose for the research where possible, and were told how and when they would receive feedback on the findings.

3.6 Quality control methods

Quality control entails ensuring that acceptable levels of validity and reliability of research instruments as follow;

3.6.1 Reliability

Joppe (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Therefore reliability of the research tools ensured that the information collected through the questioners was free from biasness and error. A research assistant was used to ensure reliability of the information gathered. With a cronbach's Alpha coefficient of 0.881 higher than 0.7 suggested that the items have a relatively higher internal consistency.

3.6.2 Validity

Validity refers to the ability of an instrument to measure what it is intended to measure. Validity is the extent to which research instruments measure what they are intended to measure (Willis and David, 2008). It was done mainly to answer questions such as whether the research investigation provided answers to the research questions for which it was undertaken. Therefore validity in research was ensured through the use of expert views like the use of supervisors and other experts.

3.7 Data Analysis

In this section the researcher used the questionnaire for interaction with individuals. This aimed at establishing the relationship between the different stated variables and the set objectives of the research. Graphs, charts and tables were also used when necessary.

3.8 Ethical considerations

All the references/ works of others that have been incorporated in this research have been clearly cited and acknowledged. The researcher ensured that she confidently attained formal consent from the respondents before making their views with regards from the research known to the public. An additional note was presented to respondents before their participation. It was within the note that the respondents were made aware of the study with a brief background on why it was necessary for them to respond as well as reinforce their credibility. Furthermore, the respondents were notified that the study was for academic purposes and anonymity as well as confidentiality of their responses was maintained.

3.9 Limitations of the study

The sample size has threatened the accuracy of the data that will be presented.

Another limitation for the study was the lack of data that limited the scope of the analysis, the size of sample as well was a significant obstacle in finding a trend and a meaningful relationship.

Another limitation to the research was the case of completing the interpretation of the findings, one may discover that the way in which the gathered data inhibited one's ability to conduct a thorough analysis of the results.

Another limitation to the research was the limited data that required the researcher to limit the scope of the analysis. Therefore this was an obstacle in finding a trend and meaningful relationship.

Limited research studies prior to the topic was another limitation to the research, since this formed a basis of literature review as well as helped lay a foundation to understanding the research problem that is being investigated.

Another limitation to the study was the problem of limited access to people, organizations as well as important documents that would have proven to be very useful to the study due to access being denied.

Another limitation to the study was the busy schedule of respondents who at the field were caught up with their work. This made it difficult to get them to respond in a timely manner.

3.10 Conclusion

In conclusion, this particular chapter sought to ascertain as to whether the instruments that were used in the research are reliable and enabled the researcher gain further knowledge with regards to the topic she carried out research in.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the research results related to tax education strategies and performance of the tax system in Uganda. Specifically, it shows the relationship between tax publicity and rate of tax compliance, describes the relationship between tax knowledge and perceived tax fairness together with growth of self-assessment among individuals in Uganda, as well as the relationship between tax education strategies and tax performance.

4.1 Demographic characteristics of the employees of URA Nakawa (Internal Audit and Customs division)

The study began by establishing the demographic characteristics of the employees in the Internal Audit and compliance division. During the study, information was gathered with regards to the gender, age, marital status, education level of the respondents. The results in this regard are as presented in the table below;

Table 2: Demographic characteristics of employees

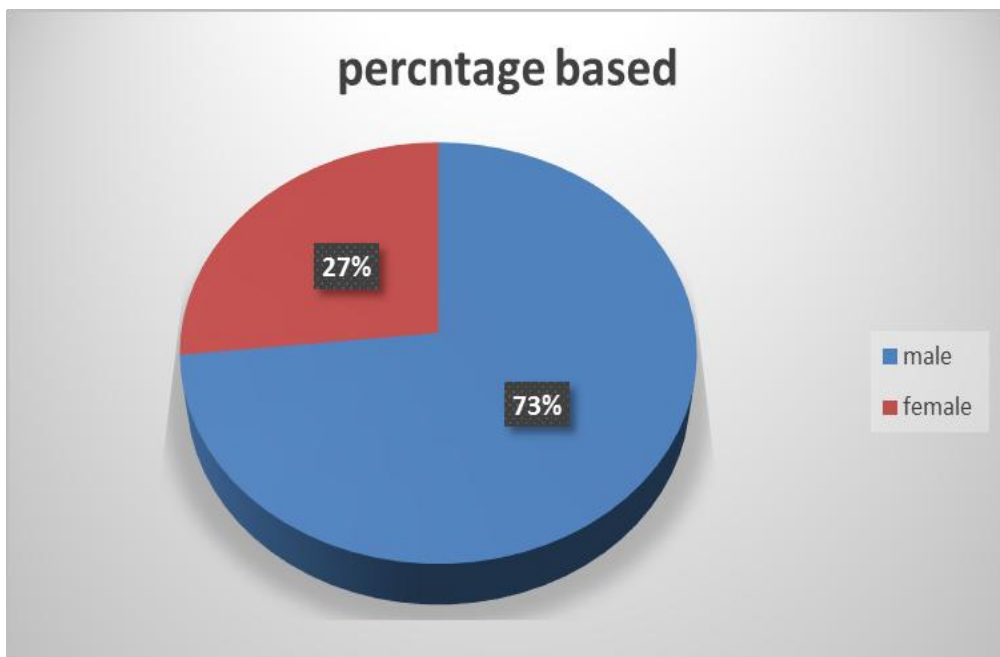
Variable		Frequency (N)	Percentage %
Gender	Male	22	73.3
	Female	8	26.7
	Total	30	100
Age (yrs.)	18-25	3	10.0
	26-35	9	30.0
	36-45	16	53.3
	46 and above	2	6.7
	Total	30	100
Marital status	Single	11	36.7
	Married	17	56.7
	Widowed	1	3.3
	Divorced	1	3.3
	Total	30	100
Education level	PLE	–	–
	UCE	–	–
	UACE	–	–
	Tertiary	1	3.3
	University	29	96.7
	Total	30	100

Source: Research field (2016)

4.1.1 Gender

From the findings in table 2 above most of the respondents 73.3% are male while the remaining 26.7% respondents are reported to be female. Thereby this indicates that majority employees in this division are male. However, the results above imply that there exists gender equality in the work place since females are also seen to take part in the day to day activities of the organization.

Figure 3: Gender

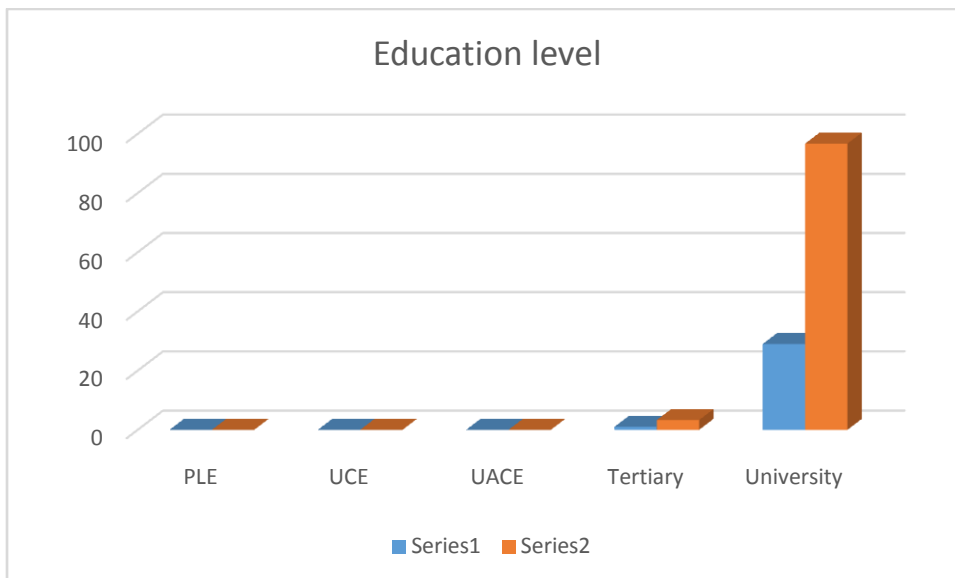


Source: Research field (2016)

4.1.2 Level of education

Majority of the respondents (96.7%) had studied up to university level, 3.3% of the respondents attended tertiary education. All the respondents are employees of URA (IAC division). The results above indicate that URA employs individuals who are knowledgeable and have attained a certain degree of education thus this helps the employees easily relate to what exactly is expected of them in the organization as well as being able to display a high degree of understanding with regards to the operations of URA.

Figure 4: Education level



Source: Research field (2016)

Note:

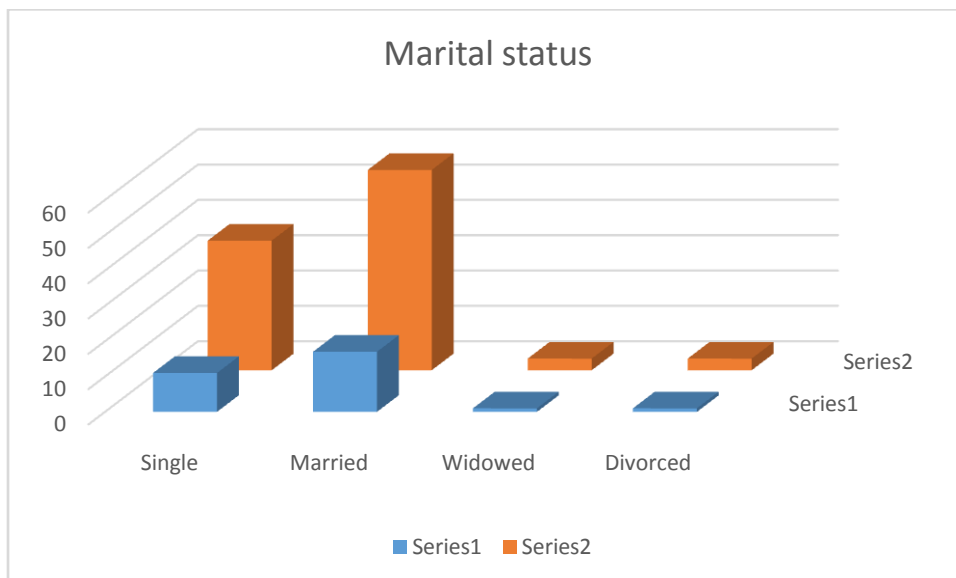
Series 1-frequencies (N)

Series 2 –percentages (%)

4.1.3 Marital status

From the findings in table 2 above most of the respondents by marital status are married (56.7%), 36.7% are reported to be single however 3.3% and 3.3% are reported to be divorced and widowed respectively. This implies that most of the employees have the capacity and the ability to reason in an effective manner thereby are able to fulfill their obligations with regards to what is required of them in the organization.

Figure 5: Marital status



Source: Research field (2016)

Note:

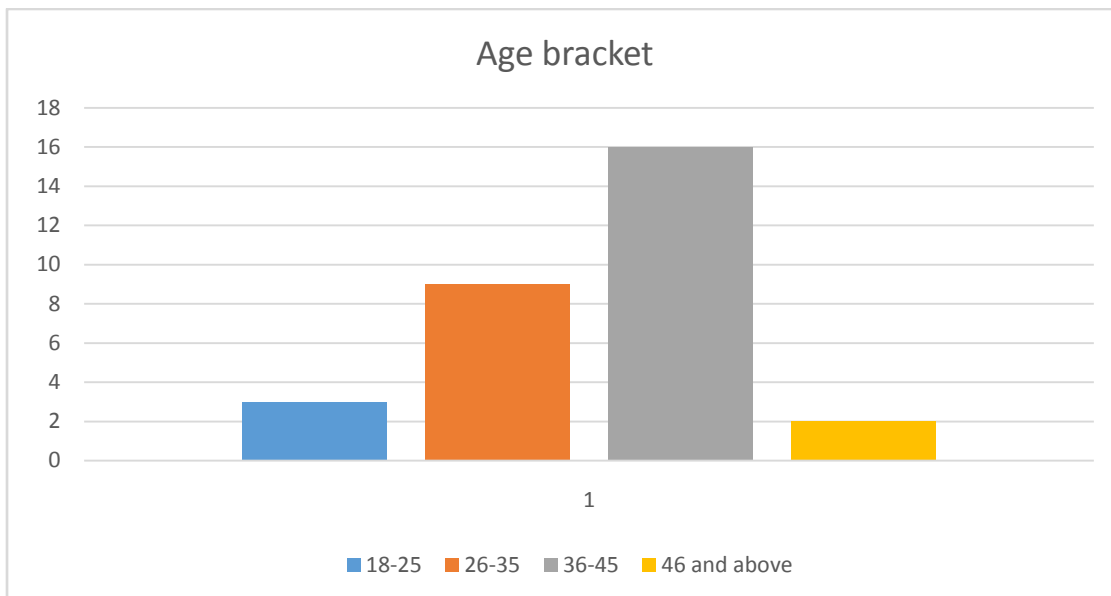
Series 1-frequencies (N)

Series 2-percentages (%)

4.1.4 Age bracket

From the findings in table 2 above most of the employees in IAC division, are between the ages of 36-46 (53.3%) followed by those in the range of 26-35 yrs. (30%). The remaining respondents 10% and 6.7% belong in between the ages 18-25 and 46> yrs. respectively. From the findings one can tell that URA follows rules and guidelines stipulated in the Employment Act that indicate that individuals who are to be employed should be of the legal requirement age of 18years and above.

Figure 6: Age bracket (YRS)



Source: Research field (2016)

During the research, the respondents were also asked as whether they had ever attempted to answer a tax related questionnaire before. Majority of the respondents stated this is the first questionnaire they have ever attempted to answer with regards to taxes. The analysis can be seen in the table and graph below. From the analysis made it should be noted that there is needed for more awareness and questions with regards to the tax system to be made since this enable individuals to acquire more insight with regards to taxation.

Table 3: Analysis with regards to answering questionnaires

	Frequencies (N)	Valid percentage (%)	Cumulative percent
Yes	11	36.7	36.7
No	19	63.3	100.0
Total	30	100.0	

Source: Research field (2016)

4.2 The relationship between tax publicity and rate of tax compliance

The research put into consideration the different demographic aspects, examined the relationship between tax publicity and rate of tax compliance. The study however started by establishing the extent to which the respondents agreed or disagreed with the different aspects on tax publicity and tax compliance as shown in the findings represented in the table below.

Table 4: Response with regards to tax publicity and tax compliance

Questions	Yes		No		Don't know	
	N	%	N	%	N	%
Are you aware of tax programs in Uganda	13	43.3	8	26.7	9	30.0
Are tax publicity programs relevant to the tax payer?	24	80.0	6	20.0	–	–
Should one pay less tax knowing that he/she will not be penalized?	5	16.7	22	73.3	3	10.0
Since some individuals evade taxes, one can hardly be blamed for doing it as well	4	13.3	22	73.3	4	13.3
Should the government put more emphasis on publication of taxation policies?	25	83.3	2	6.7	3	10.0
Is it right to say that limited knowledge about taxes in Uganda has had a negative impact on the rate of compliance among individuals?	13	43.3	7	23.3	10	33.3
Publicity and education campaigns are critical elements to increase public awareness and encourage tax payers to comply with the tax legislation policies	21	70.0	7	23.3	2	6.7
If individuals know that their taxes are being spent wisely they will have reason to comply with the tax policies	28	93.3	2	6.7	–	–

Source: Research field (2016)

From the table above the following information was obtained.

4.2.1 Citizens are aware of tax programs in Uganda

It was observed that only 43.3% of staff at the Internal Audit and compliance division in URA were not really aware of the concept of tax programs as seen in the table while the remaining percentage 26.7% don't agree that they have even ever heard of them and the other percentage 30.0% don't know that such programs are even in existence.

With regards to the field finding, it's seen that it's relevant for an individual's to have some basic knowledge about tax programs of the country so as be able to meet their tax obligations thus a gap between those that are aware and those that not knowledgeable about this policies is seen to still be wide 56.7% (No + don't know).

It can be seen that Akol (2014) pledged to seize every opportunity to take tax education forward and upward. In this regard more tax payers are to be educated on registration, fulfilling payments, the new motor vehicles processes and several customers' guidelines are important at the private sector.

4.2.2 Tax publicity programs are relevant to the tax payer

According to the field data collected with regards to whether tax publicity programs are relevant to the tax payer, it was noted that 80% of the staff of URA agreed that yes these are relevant to tax payers, while the 20% disagreed that such programs are not relevant.

In regards to the analysis made with this concept, I am in agreement seeing that with knowledge provided by these tax publicity programs, a tax payers is able to identify the law that surround taxes as well as one is able to know how and when to fulfill their obligations. Apart from knowing the laws, tax awareness are seen to be relevant in a sense that through

these programs new tax reforms are redefined for the tax payers thus easing the tax collection process.

Jatmiko (2006), Larche (1980) suggest that awareness of taxation is often a constraint in the problem of collecting taxes from the people. Thus this is in agreement to the concept that tax publicity programs are relevant to tax payers.

4.2.3 A taxpayer should pay less taxes knowing that he/she will not be penalized

In regards with the findings in table 4 above, 16.7% of the respondents are in agreement with the concept of paying less taxes, 71% are against this concept and the remaining 9.7% are unsure whether to pay less or not pay less knowing that he/she will not be penalized.

In agreement with 71% respondents, when one does not fully disclose how much he /she is meant to pay tends to have a negative effect on the tax revenue that the revenue authority collect. Furthermore, paying less taxes has a drastic effect on the goods and services that the government tends to offer to the citizens since it's the taxes generated that are used to finance the various services and projects that aim to improve on the wellbeing of citizens in the country.

4.2.4 Individuals should evade taxes

From the findings, it is seen that 13.3% of the respondents are in agreement with this concept, the majority 73.3% disagree and the remaining 13.3% are uncertain as to if one should evade or not evade taxes.

According to the Daily monitor as on 30th April 2015, businessmen in Mbarara Municipality claimed that due to lack of awareness campaigns by the tax collection body (URA) they have decided to evade taxes. They go ahead to defend their actions by stating that most of their colleagues do not know the procedures of remitting tax. However, OECD (2004) states that

educating tax payers about tax systems have a direct impact on reducing the propensity to evade.

In agreement with OECD and the majority 73.3% that emphasis that evading taxes is deemed to be wrong since it robs citizens from being provided with goods and services that will benefit their wellbeing. Tax evasion also has consequences such as payment of fines and penalties from the authority institutions such as courts of law.

4.2.5 Government should put more emphasis on publication of taxation policies

Basing on the findings in table 4, 25 (80.6%) of the respondents agree, 2(6.5%) disagree and 3(9.7) are unsure of whether the government should put more emphasis on publication of taxation policies.

Akpo (2009), mentioned that good governance entails the provision of quality public goods to the public and that where government fails to provide public amenities and infrastructure to the citizen in exchange for tax payment, citizen may become reluctant to pay tax. The manner in which taxpayers are treated in the course of the provision of tax service may influence their compliance behavior (Feld & Frey, 2006).

Therefore in agreement with the majority, its seen to be right for government to put more emphasis on publication of taxation polices this is because this can help induce more citizens to declare their taxes as well as aid government to run its activities effectively.

4.2.6 Limited knowledge about taxes in Uganda has had a negative impact on the rate of compliance among individuals

From the findings, it is seen that 43.3% of the respondents are in agreement with this concept, 23.3% disagree and the remaining 33.3% are uncertain as to if one should evade or not evade taxes.

URA's annual revenue bulletin 2006/2007 indicated that the tax knowledge was reported to be low most especially in the rural areas due to the complications encountered when trying to sensitize citizens with regards to taxation. The level of tax knowledge is important to the way people comprehend the reality underlying taxation and the associated attitude to taxation that is expressed (Mohd, 2005)

Basing on findings from the research and above literature, one can agree that limited knowledge is also seen to impact the behavior of tax payers as to whether to pay or not to pay taxes thus this affects their rate of compliance.

4.2.7 Publicity and education campaigns are critical elements to increase public awareness

With reference to the findings in table 4 above, 70.0% of the respondents are in agreement with the concept, 23.3% are against this concept and the remaining 6.7% are unsure whether publicity and education campaigns are critical elements to increase public awareness.

Education campaigns are needed to enhance tax payer's ability to understand assessment policies and to increase their confidence in fulfilling their responsibilities as tax payers (Kasipillai and Mustafa, 2000). Doris Akol (2014) states that through tax education and strategic partnership, Uganda can further develop. Tax education enables one to understand the tax system. Eriksen and Fallan (1996) believed that with reasonable understanding of the tax laws, people are willing to respect the tax system, consequently they are more compliant to pay tax instead of evading it.

In summary, it's seen that tax publicity and education campaigns are indeed critical elements to increase public awareness and encourage tax payers to comply with the tax legislation policies.

4.2.8 Taxes spent wisely encourage individuals to comply with tax policies

In regards to the findings in table 4 above, 93.3% of the respondents are in agreement with the concept, 6.7% are against this idea that taxes spent wisely encourage individuals to comply with tax policies.

Barone and Mocetti, (2009) explain that taxpayers link the tax they pay to the ability of the State to fund expenditure on public goods and services. In case the government spends tax revenues wisely, this should encourage tax compliance. Thereby taxes should be associated with spending that the taxpayer values such as educational institutes, medical centers, transportation networks and so on then the taxpayer is likely to be less reluctant to comply.

In view with the majority respondents, one can agree that indeed when individuals are aware of what their taxes are being used for, citizens are more willing to comply with the tax policies.

4.3 Relationship between tax knowledge and perceived tax fairness together with the growth of self-assessment among individuals in Uganda

The research put into consideration the different demographic aspects, examined the relationship between tax knowledge and perceived tax fairness together with the growth of self-assessment among individuals in Uganda. The study however started by establishing the extent to which the respondents agreed or disagreed with the different aspects on tax publicity and tax compliance as shown in the findings represented below.

4.3.1 Tax payers are likely to willingly comply with the decisions of tax authorities when they conduct tax procedures in a fair manner

Table 5: Respondents' response with regards to compliance

Valid	Frequency(N)	Valid percentage (%)	Cumulative percent
Strongly Disagree	2	6.7	6.7
Disagree	3	10.0	16.7
Unsure	6	20.0	36.7
Agree	8	26.7	63.3
Strongly Agree	11	36.7	100.0
Total	30	100.0	

Source: Research field (2016)

According to the findings, the majority respondents 11(36.7%) strongly agree with the statement, followed by 8(26.7%) by those somewhat are also in line with the statement. 6(20.0%) of the respondents were noted to be unsure about the statement, 3(10.0%) slightly disagree with the statement followed by the remaining 2(6.7%) who strongly disagree with the statement.

According to Richardson (2005), if a tax system is perceived to be unfair and inequitable, it can encourage taxpayers to evade tax payment and render the tax system less successful.

In agreement with the above statement and finding, fairness in the tax system does have an impact on the behavior of tax payers in a way that it encourages compliance.

4.3.2 Individuals are likely to consider the tax system to be fair when they have wider knowledge about taxation policies

Table 6: Response with regards to tax fairness

Valid	Frequency (N)	Valid percentage (%)	Cumulative percent
Strongly Disagree	3	10.0	10.0
Disagree	1	3.3	13.3
Unsure	5	16.7	30.0
Agree	17	56.7	86.7
Strongly Agree	4	13.3	100.0
Total	30	100.0	

Source: Research field (2016)

According to the findings in table 6, majority of the respondent 17(56.7%) are seen to agree with the statements followed by 5(16.7%) who are unsure as to whether to agree or not to agree with the statement. The minority respondents consist of the 4(13.3%) who agree with the statement followed by 3(10%) who strongly disagree with the statement followed by 1(3.3%) who disagree with the statement.

Roberto (2012) states that tax is a complex issue which must be handled with maximum care and that fair taxation is an issue of global importance particularly in today's economic climate. That is why individuals need to have some knowledge about taxes.

Siding with the majority, knowledge with regards to taxation has effect on showing that tax payers may consider the tax system to be fair.

4.3.3 Self-assessment is seen to be an effective tool that tax payers use to determine their tax obligations

Table 7: Self-assessment as an effective tool

Valid	Frequency (N)	Valid Percentage (%)	Cumulative Percent
Strongly Disagree	3	10.0	10.0
Disagree	7	23.3	33.3
Unsure	6	20.0	53.3
Agree	5	16.7	70.0
Strongly agree	9	30.0	100.0
total	30	100.0	

Source: Research field (2016)

From table 7 above, 10.0% of the respondent strongly disagreed with the statement, followed by the 23.3% that also slightly disagreed with the statement. However, 20.0% of the respondents are noted to have been unsure with regards to this statement. 16.7% of the respondents agreed with the statements and the remaining 30% were in strong agreement with the statement.

Byamukama (2013) states that with regards to self-assessment system, it was found that the ability to pay taxpayers to asses themselves on tax matters hinges on awareness of deadline

for filing returns and tax knowledge of the financial implications for not filing returns which improve their level of tax compliance.

In summary, self-assessment helps tax payers identify their tax obligations and requirements with regards taxation policies thus this also helps them be law abiding citizens.

4.3.4 Tax awareness programs should be introduced in schools so as to widen the base of individuals that are knowledgeable about tax policies

Table 8: Introduction of tax awareness programs in schools

	Frequency (N)	Valid percentage (%)	Cumulative percent
Strongly Disagree	3	10.0	10.0
Disagree	7	23.3	33.3
Unsure	6	20.0	53.3
Agree	5	16.7	70.0
Strongly Agree	9	30.0	100.0
total	30	100.0	

Source: Research field (2016)

The results showed that the majority respondents 36.7% agreed with the concept of the statement followed by 30% who also strongly agreed with the statement. However, 16.7% of the respondents are noted to be unsure with regards to the statement followed by 13.3% who strongly disagreed and 3.3% who also disagree.

In agreement with the findings, education of tax policies in schools help to widen the tax base as well as reduce the gap of individuals that are not aware of taxation policies.

4.3.5 As a result of tax education and tax knowledge, taxpayers are able to assess their tax liability correctly and file tax forms on time

Table 9: Taxpayers are able to access their liability

	Frequency (N)	Valid percentage (%)	Cumulative percent
Strongly Disagree	2	6.7	6.7
Disagree	3	10.0	16.7
Unsure	5	16.7	33.3
Agree	12	40.0	73.3
Strongly Agree	8	26.7	100.0
Total	30	100.0	

Source: Research field (2016)

From the findings, it is seen that 40% of the respondents strongly agree with this concept, 26.7% agree, 16.7% were uncertain while 10% disagree and 6.7% strongly disagree. Tax payers are more likely to comply voluntarily when tax administration adopts a service oriented attitude towards tax payers and educates and assists them in meeting their obligations, create strong deterrents to non-compliance through effective audit programs and consistent use of penalties (IMF, 2014).

In view of the findings and statement above, one can agree that indeed tax knowledge is an essential aspect that enables individuals identify their tax liability and being able to file their tax returns.

4.3.6 Individual tax payers need to possess some basic knowledge of personal taxation, with respect to the taxable income

Table 10: Basic knowledge with regards to tax systems

	Frequency (N)	Valid percentage (%)	Cumulative percent
Strongly Disagree	2	6.7	6.7
Unsure	9	30.0	36.7
Agree	11	36.7	73.3
Strongly Agree	8	26.7	100.0
total	30	100.0	

Source: Research field (2016)

From table 10 above, 6.7% of the respondent strongly disagreed with the statement, followed by the 30% that also slightly disagreed with the statement. However, 36.7% of the respondents are noted to have been unsure with regards to this statement. 26.7% of the respondents agreed with the statements and the remaining 26.7% were in strong agreement with the statement. From the findings, we find it highly relevant for individuals to have tax knowledge, since this does not only expand the taxable capacity of the country but also improve on the performance of Uganda’s tax performance.

4.4 Relationship between tax education strategies and tax performance

The study put into consideration the different demographic aspects, examined the relationship between tax education and tax performance in Uganda. The study however started by establishing the extent to which the respondents agreed or disagreed with the different aspects on tax publicity and tax compliance as shown in the findings represented below.

4.4.1 Low levels of public awareness of taxation is often one of the many potential causes of tax that cannot be captured

Table 11: Respondents view on public awareness

	Frequency (N)	Valid percentage (%)	Cumulative percent
Strongly Disagree	3	10.0	10.0
Disagree	5	16.7	26.7
Unsure	3	10.0	36.7
Agree	11	36.7	73.3
Strongly Agree	8	26.7	100.0
Total	30	100.0	

Source: Research field (2016)

According to the findings, the majority respondents 11(36.7%) strongly agree with the statement, followed by 8(26.7%) by those somewhat are also in line with the statement. 3(10%) of the respondents were noted to be unsure about the statement, 5(16.7%) slightly disagree with the statement followed by the remaining 3(10%) who strongly disagree with the

statement. From the findings, we find it highly relevant for individuals to have tax knowledge, since this does not only expand the taxable capacity of the country but also improve on the performance of Uganda’s tax performance.

4.4.2 Tax administrators should conduct various information campaigns for the different tax payers in order to improve the performance of the tax system

Table 12: Response with regards to tax administrators conducting campaigns for the different tax payers

	Frequency (N)	Valid percentage (%)	Cumulative percent
Disagree	1	3.3	3.3
Unsure	5	16.7	20.0
Agree	18	60.0	80.0
Strongly agree	6	20.0	100.0
Total	30	100.0	

Source: Research field (2016)

According to the findings in table above, majority of the respondent 18(60%) are seen to agree with the statements followed by 6(20%) who agree with the statement. The minority respondents consist of the 5(16.7%) are unsure as to whether to agree or not to agree with the statement. followed by 1(3.3%) who disagree with the statement. In agreement with the findings, conducting tax campaigns offers a form of guidance to tax payers thus they are able to clearly understand what is expected of them with regards to taxation.

4.4.3 Tax payers must know the law and something about tax administration in order to meet their tax obligations

Table 13: Response with regards to tax payers knowing the law

	Frequency (N)	Valid percentage (%)	Cumulative percent
Disagree	2	6.7	6.7
Unsure	5	16.7	23.3
Agree	20	66.7	90.0
Strongly Agree	3	10.0	100.0
Total	30	100.0	

Source: Research field (2016)

From table 13 above, 6.7% of the respondent disagreed with the statement, followed by the 16.7% that noted to have been unsure with regards to this statement. However, 66.7% of the respondents agreed with the statements and the remaining 10% were in strong agreement with the statement. From the findings, we find it highly relevant for individuals to know the tax laws since this does not only expand the taxable capacity of the country but also enable tax payers to be able to meet their tax obligations.

4.4.4 Tax reforms without effective publicity hinder tax payers from understanding policies

Table 14: Response with regards to tax reforms

	Frequency (N)	Valid percentage (%)	Cumulative percent
Disagree	2	6.7	6.7
Unsure	9	30.0	36.7
Agree	10	33.3	70.0
Strongly Agree	9	30.0	100.0
Total	30	100.0	

Source: Research field (2016)

According to the findings, the majority respondents 10(33.3%) agree with the statement, followed by 9(30%) who strongly agree in line with the statement. 9(30%) of the respondents were noted to be unsure about the statement, 2(10.0%) slightly disagree with the statement.

Jatmiko (2006), Larche (1980) suggest that awareness of taxation is often a constraint in the problem of collecting taxes from the people. Thus this is in agreement to the concept that tax publicity programs are relevant to tax payers.

4.4.5 Tax administrators must understand the needs and expectations of tax payers

Table 15: Response with regards to tax administrators understanding tax payers

	Frequency (N)	Valid percentage (%)	Cumulative percent
Disagree	3	10.0	10.0
Unsure	2	6.7	16.7
Agree	17	56.7	73.3
Strongly Agree	8	26.7	100.0
Total	30	100.0	

Source: Research field (2016)

According to the field data collected with regards to whether tax administrators should understand the needs of tax payers, it was noted that 17(56.7%) of the staff of URA agreed, 8(26.7%) strongly agreed while the 3(10%) disagreed and the remaining 2(6.7%) were unsure to the above concept.

From the findings above, the researcher states that prior understanding on the side of tax administrators of what tax payers expect helps them relate with the tax payers needs thus they are able to offer better services to tax payers.

A reliability test was used to test the level of reliability of the data collected so as to test for its level accuracy and the results are shown below.

Table 16: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.903	.881	19

Source: Research field (2016)

4.5 Conclusion

Tax administrators need to use more appropriate tools with regards to creating awareness of tax education strategies. They should encourage tax payers to be knowledgeable with regards to the tax policies and laws. Through this, citizens are more aware as to why taxation is relevant and as well as avoid engaging in unlawful activities such as tax evasion that would attract other vices such as fines, penalties and imprisonment. Through effective tax administration, more tax education programs can be introduced thereby making citizen more familiar with the taxation system thus in turn this can improve the tax performance of the country.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses the various findings with particular identification of the study's key objective, makes conclusions based on the findings and finally states the respective recommendations for possible improvement in regard to the study on the relationship between tax education strategies and performance of Uganda's tax system.

5.1 Summary of findings

Based on the findings of this study, there is a positive relationship between total tax revenue and the tax education strategies.

5.1.1 The relationship between tax publicity and rate of tax compliance

According to the majority respondents 83.3% who agreed that the government should put more emphasis on publication of taxation policies. 70% of the majority respondents also agreed that publicity and education campaigns are critical elements to encourage tax payers to comply with the tax legislation policies. From the findings adopted from chapter four, there is evidence to indicate that tax publicity is essential for tax compliance. Through tax publicity more citizens are seen be made more aware there by inducing them to be more tax compliant with tax laws.

5.1.2 Relationship between tax knowledge and perceived tax fairness together with the growth of self-assessment among individuals in Uganda

The research findings found out that 63.4% (Strongly Agree + Agree) of the majority respondents agreed that tax payers are likely to comply with tax authorities when they

conduct fair tax procedures. The perception of the taxpayers about the fairness of the tax system is recognized as an important factor that can have significant influence on tax compliance behavior. When a tax system is perceived as unfair by the citizens, it may likely to be less successful and this will end up encouraging the taxpayers to engage in noncompliant behavior such as tax evasion. Perceptions of taxpayers are closely related with knowledge and experience, thus awareness on tax matters and tax knowledge influences the level of tax compliance.

5.1.3 Relationship between tax education strategies and tax performance

Evidence from the findings in the previous chapter indicated that the majority respondents are in view that tax education is relevant since it enables individuals to have some basic knowledge with regards to taxation system. Tax education is seen to guide people to be more tax compliant thus people are able to fully declare how much they are meant to pay thereby improving on the revenue structure of the country as well as improving tax performance

5.2 Conclusions

The study provides us with some directions for further research. For an improved understanding of tax education strategies and tax performance in Uganda, there is a need for a more thorough examination of these concepts. However, basing on the findings the following conclusions were drawn;

5.2.1 The relationship between tax publicity and rate of tax compliance

It was concluded that tax knowledge plays an important role in improving individual's awareness and ethics in a way that it helps them reduce their tendencies of tax non-compliance. The results relate to the study by Kasipillai et al. (2003) among Malaysian undergraduates; they found that tax education influenced the attitudes and mind sets of

Malaysian students (the future taxpayers) towards tax avoidance and tax evasions. Other previous researchers suggested that the way the state treats individuals or groups relative to their fellow citizens is an important factor in determining taxpayer compliance attitude (D'Arcy 2011).

Tax payers are more inclined to comply with the laws if the relationship between the tax paid and the performed government services are found to be equitable.

From the statements above, tax publicity and tax compliance relate to each other since a wider knowledge with regards to the tax system improves the compliance level amongst individual.

5.2.2 Relationship between tax knowledge and perceived tax fairness together with the growth of self-assessment among individuals in Uganda

The study concluded that tax administrators ought to find ways to make the taxation system easily understandable and fair. It should be noted individuals' compliance level reflects on the way that they perceive the taxation system. Taxpayers are less compliant when they perceive the tax system to be unfair (Spicer and Becker, 1980 and Mustafa, 1997). As such, it provides a great challenge to the Revenue Authority to identify and plan an effective form of taxation system so that taxpayers understand it properly. Thus, government and tax administration's should aim at creating confidence in their credibility and their capacity which in turn is rewarded with higher tax morale thereby this can be reflected in the performance of the tax system of Uganda

The research results also showed that the Self-Assessment System as a way of tax awareness among taxpayers plays an important role in the taxation system. Therefore, the level of tax education and tax knowledge is significant to ensure that the tax administration is going well.

As a result of this taxpayers will be able to assess their tax liability correctly and to file tax return forms on time.

5.2.3 Relationship between tax education strategies and tax performance

The research concluded that tax education strategies do affect tax performance in a way that low performance of the taxation system is brought about by the low levels of tax education. This is because of limited knowledge about taxation policies makes individuals to be less inclined to identify how much exactly they are meant to pay as well as know the reason as to why taxes are relevant to the country. With reference to Eriksen and Fallan (1996), they believed that with reasonable understanding of the tax laws, people are willing to respect the tax system, consequently they are more compliant to pay tax instead of evading it. Furthermore, individuals become educated, which is knowledgeable in the aspect of tax planning, tax law and the likes. At the same time, tax knowledge improved individual's awareness and ethics towards reducing their tendencies of tax non-compliance.

5.3 Recommendations

Taxes are noted to be one of the main source of the country's development and Uganda is seen to have a high tax potential. The country should redesign her tax system in order to increase her tax revenue. Uganda can widen its tax bases by carrying out appropriate ways to mobilize more tax revenue that can help in the reduction of the national budget deficit.

From the findings in chapter four, 70% of the respondents agreed that tax publicity campaigns are critical elements to increase public awareness therefore, the researcher recommends that plans should be made on how these tax awareness programs are to be conducted so as to ensure efficiency in the taxation systems.

Tax authorities should also monitor and evaluate the performance of these tax awareness programs that have been put in place. By doing this, tax administrators are able to identify the loop-holes and gaps in the taxation system that need to be fixed thus this also helps to improve tax performance.

With regards to results from chapter 4, 80% of the respondents agreed that tax administrators should various tax information campaigns to the different tax payers in order to improve tax performance. The researcher recommends that the tax authority should conduct wider cross-country tax campaigns so as to cover a wider tax base. By doing this, various individuals can be reached and made aware about the different taxation policies that some may not have known.

There is need to train more personnel who in turn educate tax payers as to how to fulfill their obligation and as to why they need to comply with the tax systems. Thereby this will improve performance of tax system since this will encourage people to be more tax compliant.

The researcher recommends that more tax consultants should be put in place in the various areas of the country so as to offer guidance to tax payers. There is still some evidence of a big gap between those who know and those who don't know about the different taxation policies and well as regulations. This tends to create an indication of untaxed potential revenue in public hands that leads to inadequate Total Tax Revenue which in turn has an effect on the tax performance.

5.4 Suggestion for Further Research

This study has considered tax education strategies with reference to inadequate tax revenue thereby affecting the tax performance of the country. Although it has not been all exhaustive, inadequacy of tax education is not the only cause of tax performance. Research about other

factors that have an effect of tax performance in Uganda should be carried out. Furthermore, there is a need for research focusing on fairness in tax collection and comparative treatments of taxpayers.

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Appendices

Appendix I: Questionnaire

I am **Musiime Linnet**, a student of Uganda Martyrs University pursuing a Bachelor's Degree in Business Administration and Management. I am currently conducting a study on tax education strategies and performance of the tax system in Uganda at Uganda Revenue Authority (Internal Audit and Compliance department) Nakawa branch. The study is purely for academic purposes and the information given will be treated with confidentiality and a profound manner of professionalism. I therefore, humbly request you to spare some time and answer the following questions.

This questionnaire is comprised of two sections.

Section one

Respondent's details

Instructions: in this section of the questionnaire, the respondents are advised to tick where applicable.

1. Name (Optional).....

2. Gender

a) Male

b) Female

3. Marital status:

a) Single b) Married c) Widowed d) Divorced

4. Age bracket (yrs.)

- a) 18 - 25 b) 26 - 35 c) 36 - 45 d) 46 and above

5. Highest level of education attained

- a) PLE b) UCE c) UACE d) Tertiary e) University

6. Contact information;

a) Phone number (optional) _____

b) Email address (optional) _____

7. Have you ever filled a tax related questionnaire before?

- a) Yes b) No

Section two

This section is comprised of three parts.

Part one is concerned with identifying the existence of a relationship between tax publicity and rate of tax compliance in Uganda. This requires answering with “yes”, “no” or “don’t know”. In part one of this section the respondent is advised to also tick where applicable.

Part one

	Yes	No	Don't know
Relationship between tax publicity and rate of tax compliance			
a) Are you aware of tax programs in Uganda?			
b) Are tax publicity programs relevant to the tax payer?			
c) Should one pay less taxes knowing that he/she will not be penalized?			
d) Since some individuals evade taxes, one can hardly be blamed for doing it as well			
e) Should the government put more emphasis on publication of taxation policies?			
f) Is it right to say that limited knowledge about taxes in Uganda has had a negative impact on the rate of compliance among individuals?			
g) Publicity and education campaigns are critical elements to increase public awareness and encourage taxpayers to comply with the tax legislation policies.			
h) If individuals know that their taxes are being spent wisely they will have reason to comply with the tax policies			

Part two

Part two consist of questions relating to tax knowledge and perceived tax fairness together with the growth of self-assessment among individuals in Uganda which will be answered using a 5 point scale ranging from 1-strongly disagree to 5 strongly agree as shown below,

Strongly agree.....5

Agree.....4

Unsure.....3

Disagree2

Strongly disagree1

	1	2	3	4	5
Relationship between tax knowledge and perceived tax fairness together with the growth of self-assessment among individuals in Uganda					
a) Tax payers are more likely to willingly comply with the decisions of tax authorities when they conduct tax procedures in a fair manner.					
b) Individuals are likely to consider the tax system to be fair when they have wider knowledge about taxation policies					
c) Self-assessment is seen to be an effective tool that tax payers use to determine their tax obligation					
d) Tax awareness programs should be introduced in schools so as to widen the base of individuals that are knowledgeable about tax policies.					
e) As a result of tax education and tax knowledge, taxpayers are able to assess their tax liability correctly and to file tax return forms on time.					
f) Individual taxpayers need to possess some basic knowledge of personal taxation, with respect to the taxable income					

Part three

This part consists of questions relating to tax education strategies and tax performance which will be answered using a 5 point scale ranging from 1-strongly disagree to 5 strongly agree as shown below,

Strongly agree.....5

Agree.....4

Unsure.....3

Disagree2

Strongly disagree1

	1	2	3	4	5
Relationship between tax education strategies and tax performance					
a) Low levels of public awareness of taxation is often one of the many potential causes of tax that cannot be captured.					
b) Tax administrators should conduct various information campaigns for the different taxpayers in order to improve the performance of the tax system.					
c) Taxpayers must know the law and something about tax administration in order to meet their tax obligations					
d) Tax reforms without effective publicity and education campaign hinders taxpayers from understanding policies affecting the tax performance of the taxation system					
e) Tax administrations must understand the needs and expectations of taxpayers thereby providing accurate information and use available methods to inform and educate taxpayers					

Appendix II: Krejcie and Morgan Sample Size Table

Table for determining sample size from a given population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: “N” is population size

“S” is sample size.

Krejcie, Robert V., Morgan, Daryle W., “Determining Sample Size for Research Activities”, Educational and Psychological Measurement, 1970.

Appendix III: Introductory letter

Uganda
Martyrs
University



making a difference

Office of the Dean
Faculty of Business Administration and Management

Your ref.:
Our ref.:

Nkozi, 15th March, 2016

To Whom it may Concern

Dear Sir/Madam,

Re: Assistance for Research:

Greetings and best wishes from Uganda Martyrs University.

This is to introduce to you MURIME WINNET who is a student of Uganda Martyrs University. As part of the requirements for the award of the Degree of Bachelor of Business Administration and Management of the University, the student is required to submit a dissertation which involves a field research on a selected case study such as a firm, governmental or non governmental organization, financial or other institutions.

The purpose of this letter is to request you permit and facilitate the student in this survey. Your support will be greatly appreciated.

Thank you in advance.

Yours Sincerely,

Mr. Edward Segawa
Associate Dean

OFFICE OF THE DEAN
FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT
SIGN: _____