TAX ADMINISTRATION AND REVENUE GENERATION IN TORORO DISTRICT LOCAL GOVERNMENT A CASE STUDY OF MALABA TOWN COUNCIL

BY

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A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT AS A REQUIREMENT FOR THE PARTIAL FULFILLMENT OF THE AWARD OF A BACHELOR DEGREE IN BUSINESS ADMINISTRATION AT KAMPALA INTERNATIONAL UNIVERSITY

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Declaration

I **Agwang Christine** declare that this research report is my original work and has never been submitted for any academic award to this university and any other University or institution.

Signed: ..... Christine .....

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Date: ..... 17/10/2019 .....

Approval

This research was carried out under my supervision on the topic "Tax Administration and revenue generation in Tororo District Local Government" and is now ready for submission with my approval.

Signed: .....

DR. KIRABO KYEYUNE BOUNTY JOSEPH

Date 18/10/2019

Dedication

I dedicate this report to my beloved husband Mr. Nkunda Francis K who has laid for me an academic foundation that has led me to this level and lastly to all my beloved children Ingabire Kay and Ngoga Kyle Musinguzi for their motivation and developmental ideas.

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Abstract

This study focused on Tax Administration and Revenue Generation in Tororo District Local Government. A case study of Malaba Town Council. The objectives of the study include; to establishing the level of Tax Compliance among Ugandan Tax payers, to assess the performance of domestic revenue collection in Uganda and to establish the relationship between Tax Compliance and Domestic Revenue Collection. The findings of the study revealed that there is a strong positive relationship between Tax Compliance and Domestic Revenue Collection. Data was collected using self administered questionnaires. The study used stratified and purposive sampling techniques to draw representative samples and 40 respondents were involved in the study. The study undertook to find out the level of tax compliance and it was found out that compliance is still low among the tax payers and they attribute this to the high tax rates, taxpayers' attitude towards URA, the large informal sector which encourages tax evasion. The low level of tax compliance was also attributed to the low compliance culture. The study also found out that the cost of revenue collection is low, Large Taxpayer's Office increased domestic revenue collection, and URA experiences and registers tax arrears which also affects its performance. The study also recommends the following; tax administration so as to provide individuals and groups with guidance on how to improve bookkeeping standards and tax returns, tax counseling offices should be established country wide, procedures for filing returns and applications. Tax education to create awareness among tax payers, and awarding of prizes to compliant tax payers.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0 Introduction

This chapter presents the introduction of the study that includes the background of the study, the statement of the problem, purpose of the study, research objectives and research questions, hypothesis, scope of the study and the significance of the study and operational definition of key terms.

1.1 Back ground to the study

This section includes the historical background, the theoretical background, the conceptual and contextual background.

1.1.1 Historical Perspective

In Europe, the institutional arrangements of the OCTs with the relevant EU Member States directly affect the possibility to establish policies and adopt regulations, including on taxation and money laundering. Regardless of the level of control of the EU Member States over their OCTs, implementation of the law by the local authorities is of concern in a number of the UK and Dutch OCTs, both in terms of structural weaknesses, and also because of limited financial and human resources. In the case of the French OCTs, suboptimal oversight controls and lack of information make it difficult to supervise financial activities. The opening analysis compares the French, Dutch and British cases in terms of combating tax evasion, money laundering and enhancing tax transparency; explores the case of Greenland; and draws conclusions on how the EU could better use its leverage in these overseas territories (Sarker, 2003).

This ex-post impact assessment analyses EU-US trade and investment relations to assess whether and, if so, to what extent these relations have impacted on tax evasion, money laundering and tax transparency. The EU and US economies are highly intertwined, generating together half the world's gross domestic product and more than 30 % of global trade. Overall, trade and investment relations between the European Union and the United States do not seem to have impacted on US efforts to combat tax evasion, strengthen anti-money-laundering legislation, and

its implementation, and boost tax transparency. While some progress had been made in the negotiations of the Transatlantic Trade and Investment Partnership (TTIP), which also aimed to establish regulatory cooperation between the EU and the USA on financial services, progress has been below expectations. The United States has set up mechanisms for information exchange with EU Member States, has signed tax treaties with almost all EU Member States, and has developed a robust legal framework to address money laundering and combat terrorism financing. Despite being largely compliant with the recommendations of the Financial Action Task Force, however, challenges remain on questions of beneficial ownership, cross-border exchange of information, privacy issues, and designated non-financial businesses and professions (Gupta, 2008).

In the last few decades, many developing countries including African countries have been engaged in planning, developing and implementing necessary strategies to maximize their tax collections. Among many other strategies, Gupta (2008) indicates that these countries have been involved in restructuring their governance and fiscal as well as financial managements systems. Thus, these shifts have been undertaken so as to exercise good governance and democracy as well as a vehicle for increased government revenue, economic growth and development, poverty reduction and sustainable development (Gupta, 2008).

In fiscal and financial decentralization for example, many developing countries have introduced the devolution of the financial resources and decision-making powers to local authorities that will allow them to implement the functions and responsibilities that have been delegated to them (Calabria, 2009). As Calabria (2009) noted, in principle, every new responsibility must be followed with the appropriate level of resources and a precise definition of the sources of revenue for the execution of that new responsibility. Thus, finance must follow function.

1.1.2 Theoretical Perspective

The study is to be guided by Friedman's theory of the 'Ability to Pay Theory' this theory was developed due to inadequacies in benefit and sacrifice theories of taxation. This is the most popular and commonly accepted principle of equity or justice in taxation, that is, citizens of a country should pay taxes to the government in accordance with their ability to pay. It appears very reasonable and just that taxes should be levied on the basis of the taxable capacity of an

individual. For instance, if the taxable capacity of a person A is greater than the person B, the former should be asked to pay more taxes than the latter (Friedman, 1999).

1.1.3 Conceptual Perspective

Tax administration refers to the implementation of the choice of tax instruments to be applied in the management of tax related matters in specified area/ country or region (Okello A, 2007). Tax administration entails assessment and collection of taxes and enforcement of liability (Bird, 1974). It is therefore a structure or procedure or identification of potential taxpayers, assessment, collection, and laws governing taxation. Therefore a great deal of attention should be paid to critical aspects of tax administration such as staffing, training, administration procedure, and the collection and use of information. The tax administrators are responsible for all key tax administration functions which include taxpayers' services, registration, collection, enforcement, returns processing, filing enforcement, audit, refunds and objections (Christopher, 2005).

Revenue is the income that a business has from its normal business activities, usually from the sale of goods and services to customers. Revenue is also referred to as sales or turnover. Some companies receive revenue from interest, royalties, or other fees. Tax compliance is the provision of tax information at the proper time and ensuring that returns accurately report the tax liability (Carroll, 2007). Therefore compliance is a constant challenge for all companies in terms of accurate computation and timely payment of tax.

1.1.4 Contextual Perspective

In Uganda, Uganda revenue Authority was formed to perform the task of tax administration. It was organized to accomplish the basic functions of tax collection agency, taxpayer audit, internal audit, financial management, enforcement, legal and regulatory affairs and also central tax administration and compliance (Kaweesa, 2004). Tax administration is vital in that it influences taxpayers' compliance in fulfillment of their rights of paying taxes, hence increasing government revenue collection and improves the national budget through maximization of revenue collection.

In Uganda Small and Medium enterprises (SMEs) are seen as critical for economic growth of the country, contributing 75% of GDP and constituting 90% of the private sector, creating employment estimated at 2.5 million, improving standards of living and ensuring social and

political stability (Hategа, 2007). It has been observed however, from previous taxation studies that several SMEs in developing economies are non tax compliant in spite of major reforms (James, Barbour & Stern, 2007; Ayoki, 2007; Terkper, 2003), since they cannot easily be located by tax administration, yet they pay less tax than their fair share of tax (Ahmed & Braithwaite, 2005). Inadequate knowledge and skills about tax procedures are the major qualities of most SMEs in Uganda, as most owners hire incompetent family members to keep proper financial records (Kiwanuka, 2004).

Compliance of taxpayers is one of the concerns relating to raising public finances. It has been pertinent overtime as revenue turnover has been seen to improve in Uganda. The continued series of tax reforms have contributed to the continual improvement of the average filing ratio, to 70.3% of domestic taxes in financial year 2006/2007 (URA 2007) though highlighted that it was just slightly higher than the target 70%. Education and perceived tax fairness are some of the influences to tax compliance.

Many SME taxpayers do not know the domain of tax professionals since they lack the independence and have no tax competency (European Commission, 2007; Nakiwala, 2010). According to MoF & MoR (2018) one of the chief features of SMEs is the lower level of the specialist tax expertise and greater owner-involvement in day-to-day management and this call for them to search for assistance from experts (Bertolini, Borgia & Siegel, 2010; Slemrod, 2005). Consequently, countries like Uganda are still characterized by the low income tax compliance levels, in the face of the numerous advocacies for voluntary tax compliance (Ayoki, 2017; Kangave, 2005; Bird, 2004). Many of such governments have adopted tax compliance administrative measures like penalties, rates and tax audits to ensure tax enforcement instead of compliance (Kayaga, 2007), which have still failed to yield. Uganda's income tax compliance was very low at 38% by the end of 2005 (Ayoki, 2017), yet the tax regime is oriented more towards consumption taxes rather than income taxes as income taxes account for only 27% of net revenue collections (URA, 2017).

Ayoki et al, (2017), argues that low tax compliance is a matter of serious concern in many developing countries, limiting the capacity of their governments to raise revenues for

developmental purposes. They further said it is commonly acknowledged that many factors contribute to this weakness: corruption, a large informal sector, weak legal systems, ambiguity in tax laws, high marginal tax rates, paucity of adequate information and accounting systems, a culture of noncompliance, and ineffective tax administration. Kakembo, (2007), said that attitudes and intentions to pay taxes also greatly affect the level of tax payers compliance. A taxpayer with high intentions to pay will always have a positive attitude towards meeting his tax obligations and hence likely to be very compliant.

Uganda's revenue collection is equivalent to 12.5% of GDP which is below other countries in the East African Community (EAC) and the average for Sub Saharan Africa (SSA). The low domestic revenue collections relative is accounted for largely by expected performance of trade taxes, which have suffered from a sharp slowdown in import volumes and an unfavorable US dollar to Shilling exchange rate URA, (2010). A number of administrative challenges, such as undervaluation and evasion, also continue to constrain growth in revenue collection. Despite the low revenue collections, taxes on domestic taxes registered good performance during the financial year 2009/10, with PAYE expected to grow by 20.7% compared to 2008/09, an expected surplus of Ushs.73bn from Corporate Income Tax and local VAT growth of 36.2%, most of which have been boosted by improvements in tax administration.

In an effort to increase its domestic revenue, Uganda is currently focusing on making further improvements in tax administration, building a culture of tax compliance and enhancing public confidence through improved service delivery than making tax rates adjustments. In this regard, Uganda Revenue Authority (URA) has implemented modern systems and procedures for investor support, ranging from introduction of e-tax, fast customs clearance of goods, and taxpayer's education services and faster handling of complaints so as to improve on tax compliance.

1.2 Statement of the problem

Tax administration determines the taxpayer's willingness to pay taxes especially when the taxpayer is aware of the implications and costs of non compliance (Braithwaite, 1998). An inefficient tax administration weakens the willingness of the taxpayers to comply and creates

room for political manipulation and in the process government loses revenue (Bird, 1992). Uganda Revenue Authority has made significant effort to increase VAT collections by performing above forecast as a result of administration efficiency, enhanced integrity drives, public education programmes and other initiatives (Kajina, Commissiner URA, New vision Feb, 24th 2011)

Despite of the measures taken by government in reforming tax administration in Uganda, tax compliance is still low due to the fact that the tax system is still complicated and non-transparent because of comprehensive changes in the tax structure (rates and bases) in recent years (Kasimbazi, 2002). Despite the implementation of modern systems and procedures for investor support, ranging from introduction of e-tax, taxpayer's education services and faster handling of complaints, the total amount collected remains lower than the targeted. Probably this was attributed to non tax compliance of the tax payers among other factors. Persistent low levels of compliance can cause government's failure to realize the required targets for financing the national budget. Unless this is addressed, it may lead to a national crisis. Therefore the study is prompted to assess the effect of tax compliance on domestic revenue collection.

1.3 Purpose of the study

The study was aimed at assessing the effect of Tax administration and revenue generation in Tororo District Local Government, a case study of Malaba Town Council.

1.4 Specific Objectives of the study

i. To establish the level of Tax Compliance among Ugandan Tax payers.
ii. To assess the performance of domestic revenue collection in Uganda.
iii. To establish the relationship between Tax Compliance and Domestic Revenue Collection.

1.5 Research Questions

i. What is the level of Tax Compliance among Ugandan Tax payers?
ii. What is the performance of domestic revenue collection in Uganda?
iii. What is the relationship between Tax Compliance and Domestic Tax Collection?

1.6 Research Hypothesis

I. There is a significant relationship between tax generation and tax management in Uganda.

II. There is a relationship between tax compliance and tax management in Uganda.

1.7 Scope of the study

1.7.1 Content scope

In this regard the subject scope was focused on to establish the level of Tax Compliance among Ugandan Tax payers, to assess the performance of domestic revenue collection in Uganda, to establish the relationship between Tax Compliance and Domestic Revenue Collection conclusion on the study will cover tax compliance among Ugandan tax payers and performance of domestic revenue collections. It was conducted in Tororo District, specifically at Uganda Revenue Authority, Malaba Town Council.

1.7.2 Geographical Scope

The area scope was limited to only Malaba Town Council in Tororo District to avoid too much complexity in research findings and also Malaba TC having many business enterprises that can enable access to the information needed by the researcher.

1.7.3 Time scope

Then the time scope was from 2008-2019 and this enable the researcher to get more issues on the topic to enable better results from the findings. This is because the researcher believes the period has got the necessary information for the study without covering too many years back. Still Malaba Town Council is on the boarder of Uganda which shows that we have to use the most current information.

1.8 Significance of the study

The study was of importance in tax policy formation in the Ministry Of Finance, Planning and Economic Development.

The suggested recommendations also help URA to improve on tax compliance of the citizens and also improve on revenue performance.

Also it acts as a basis for further research to academicians who are interested in domestic tax collection.

The study gives an understanding of taxpayers' motivation which can based on for guidance when developing tax policies and strategies that can influence compliance in order to have more revenue collected at less administrative costs to the tax authority

It generates additional insights into the mechanism of tax reporting behavior when there is a change in the taxpayer's knowledge about taxes.

The findings also contributed to the development of more adequate descriptive theory for a broader approach to tax compliance as well as future research design.

The study may help government as it gives it an understanding of the process by which taxpayers perceive fairness in their exchange relationships and more importantly, to explore the characteristics of those taxpayers whose tax reporting behavior is more likely to be influence by perceived exchange equity.

Findings of this research have added to the existing knowledge of tax compliance in Uganda which may further guide tax authorities in the development of strategies that strengthen compliance or fight non-compliance.

1.9 Operational Definition of Key Terms

Tax administration can be defined as identifying and registering a tax payer as well as defining, assessing individual taxpayer's income, fixing a rational system of rates and finally collecting the taxes due (Stigliz, 1985). According to Wenzel (2002) tax administration involves tax identification and registration of the taxpayers, assessment, collection, enforcement and monitoring and sensitization.

Tax administration comprises of codification and drafting of the law, administrative procedures, capable officials and overall management (Kajumbula, 2003). Tax administration is a component of tax system that ensures whether the tax laws are effectively enforced (Mulindwa, 2000).

Zake (1998) states that tax administration is constituted by the process of identification, registration of the tax payer, the assessment of the liability of this person either through self or compulsory assessment, tax education, the collection procedures of the tax dues and monitoring systems.

According to Tait (1988), tax administration has increasingly been viewed as a tax policy, indeed in most countries the crucial importance of the effectiveness of tax administration is too often overlooked when ambitious statements are made about efficiency, equality, neutrality and effects of alternative taxes on savings, work effort, and risk taking.

Tax administration involves a number of functions namely; planning, taxpayer's identification, staff training, auditing, inspection, enforcement, investigation and accountability (VAT statute, 1996). All these functions require facilitation in terms of equipment, technology, personnel and finance, which in turn affect the performance of VAT and other direct and indirect taxes.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter includes the theoretical review, conceptual review, review of related literature and empirical review and the research gap.

2.1 Theoretical Review

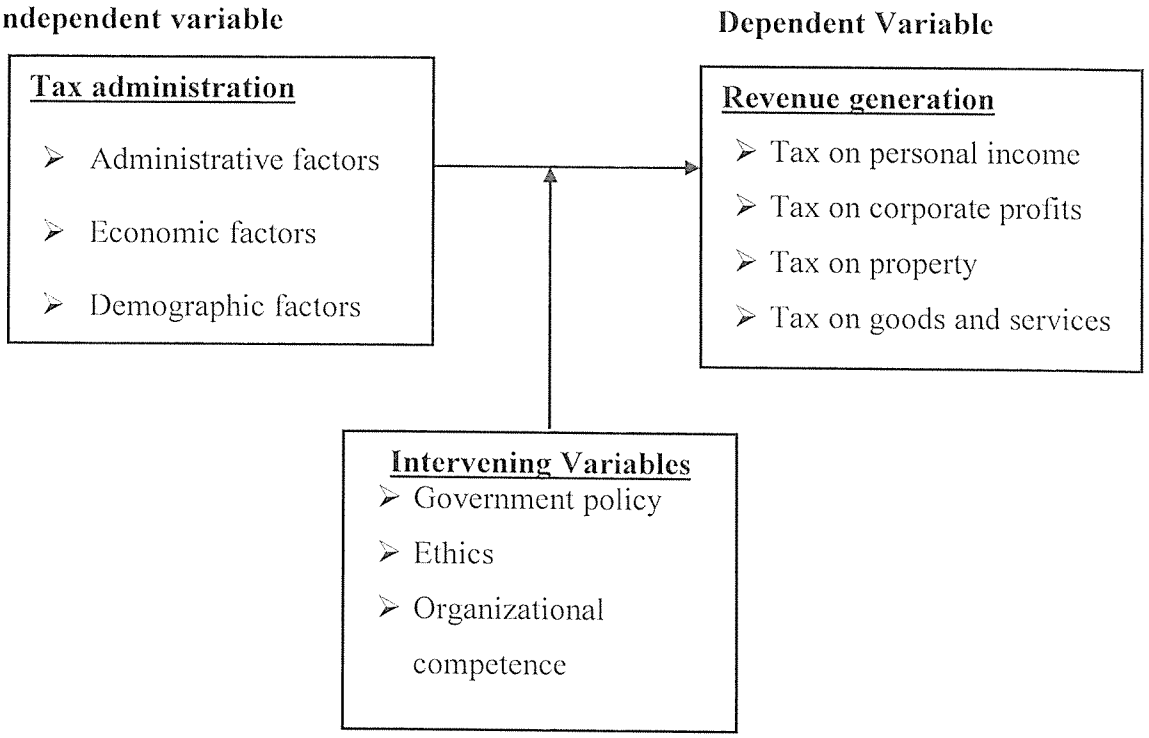
The ability to pay theory has various main viewpoints which have been advanced in connection with the ability to pay which are as follow: *Ownership of Property*: Some economists are of the opinion that ownership of the property is a very good basis of measuring one's ability to pay. This idea is out rightly rejected on the ground that, if a person earns a large income but does not spend on buying any property, he will then escape taxation. On other hand, another person earning income buys property; he will be subjected to taxation. So, the question here may arise, is this not absurd and unjustifiable that a person earning large income is exempted from taxes and another person with low income is taxed? *Tax on the basis of Expenditure*: Some economists assert that ability to pay tax should be judged by the expenditure which a person incurs. The greater the expenditure the higher should be the tax and vice versa (Friedman, 2012).

The point of view seems unsound and unfair in every respect; for example, a person having a large family to support has to spend more than a person having small family. Therefore, if we make expenditure as a test of one's ability to pay, the former person who is already burdened with many dependents will have to pay more taxes than the latter who has a small family. So this is unjustifiable *Income as the basics*: Most of the economists are of the opinion that income should be the basis of measuring a man's ability to pay. It appears very just and fair that if the income of a person is a greater than that of another, the former should be asked to pay more towards the support of the government than the latter. That is why, in the modern tax system of the countries of the world, income has been accepted as the best test for measuring the ability of a person to pay. Apart from those three major theories of taxation, there are some other additional theories of taxation, these are: *The cost of service theory*: Some economists were of the view that, if the state charges actual cost of the service rendered from the people, it will

satisfy the idea of equity/justice in taxation. The cost of service principle can no doubt be applied to some extent in those cases where the services are rendered out of prices and are a bit easy to determine, such as, postal, railway services and supply of electricity. However, most of the expenditure incurred by the state cannot be fixed for each individual as it cannot be exactly be determined (Luoga, 2012).

2.2 Conceptual Review

Figure 2.1: Conceptual Framework



The conceptual framework demonstrates the link between tax administration in form of administrative factors, economic factors and demographic factors and tax revenue as regards to tax on personal income, tax on corporate profits, tax on property and tax on goods and services. However, this relationship can be affected competence of government policy, ethics and organizational competence.

2.3 Related Literature

2.3.1 Level of tax administration in Uganda

Uganda has a very low VAT Gross Compliance Ratio (VATGCR) of 26.50 in comparison to World and Sub-Sahara Africa (SSA) averages of 65.48 and 38.45 respectively. This low rate may be due to the significant number of exemptions. From an economic efficiency perspective, a moderate VAT rate with a broad consumption base and few exemptions is always preferred to a high rate with many exemptions. Cawley & Zake, (2010) also indicate that VATGCR has remained low because administration capacity and compliance did not improve as much as expected.

Further, Uganda's Corporate Income Tax Revenue Productivity (CITPROD) and Personal Income Tax (PIT) productivity (PITPTOD) measures of 0.03 and 0.11, respectively, indicate that Uganda uses these taxes less efficiently in generating revenue than World averages of 0.13 and 0.14 for CITPROD and PITPROD, respectively. The low revenue yields are partly attributable to low levels of voluntary compliance by taxpayers. World Bank, (2007).

Tax compliance is a global concern because it ensures high government revenue collection. In Uganda, URA has sought to increase tax compliance by application of sanctions such as armed monitoring, audits, and closure of non compliant tax payers' businesses, penalties and suing of tax defaulters. The use of sanctions has increased collection of revenues and tax compliance ratio. Whereas there is an increase in the collection figures and compliance , tax compliance in Uganda is still below the global average of 20% and the sub Saharan average of 18% (URA, 2002/03-2006/07)

The low level of tax compliance ratio could be a result of low intentions to pay taxes. This is because many traders believe that the tax compliance rules give them little time to arrange payment and this increases the temptation to evade, Daily Monitor July 31, (2003). It further said that the low level could also be attributed to traders' attitude towards URA. Many traders have a negative attitude towards URA.

Cuccia and Carnes (2001) affirm in consistency with prior research (e.g. White, Curatola, & Samson, 1990; Christensen, Weihrich, & Newman, 1994) that, the mediating effect of explicit

justifications on equity perceptions suggests that increased education that enhances the understanding and acceptance of specific sources of tax complexity and/or tax burden distributions may serve to re-frame equity assessments and lead to increased equity perceptions without actual law changes. According to Eriksen and Fallan (1996), better tax knowledge accounts, at least in part for the improved perception of fairness and attitudes to other's tax invasion.

It is apparent that preferences for progressivity in response to concrete questions differ significantly from abstract questions. Blum and Kalven (1953); Keene (1983) have suggested that the complexities of progressive taxation may not be well understood by the general public. If the consequences of progressive taxation are not well under- stood, then the results of surveys that rely solely on abstract questions to determine public support for progressive or flat tax rates may be misleading. In order to better describe the preferences for fair tax rates among the public, researchers should consider using multiple methods, including more concrete frames, and questions that allow a determination of the respondent's understanding of tax terminology.

2.3.2 Factors that Lead to a Low level of Tax administration

Low tax compliance is a matter of serious concern in many developing countries, limiting the capacity of their governments to raise revenues for developmental purposes. It is commonly acknowledged that many factors contribute to this weakness and these include; corruption, a large informal sector, weak legal systems, ambiguity in tax laws, high marginal tax rates, paucity of adequate information and accounting systems, a culture of non compliance, and ineffective tax administration.

One of the factors that contribute to low tax compliance is a large informal sector Kaweesa, (2004). Informal sector can be defined as all economic activities in all sectors of the economy that are operated outside of the purview of government regulations. It can also be defined as a set of economic units which do not comply with one or more government imposed taxes and regulations but whose products/services are considered legal. In relation to tax administration, in spite of the fact that the sector contributes substantially to the growth of the economy, it remains

highly susceptible to tax evasion. The unstructured, unorganized and diverse nature of activities in the sector makes it difficult to identify the legal taxable personality.

OECD, (2004) mentioned that low compliance culture affects the level of tax compliance among tax payers. Many taxpayers desire to stay out of the tax net. A study conducted in Nigeria, for example, revealed that the supposedly common market had daily turnovers of between $20,000 and $50,000. Yet interestingly, these women preferred to carry all the money in cash with them and would not be convinced to go through the banking system. They were afraid that exposure to the bank and thus to the formal sector would also expose them to the tax web. Maxwell, (2003) added that quite often, lack of good governance results in lack of faith in government and the urge to remain unknown to regulatory agencies.

Tanzi, (2011) asserted that Bureaucracy and corruption are seen as big factors in low tax compliance. He adds that bureaucracy and complicated regulatory frameworks often found in the regulatory agencies in developing economies often exposed operators in the economy to multiplicity of bribes. This in turn increases the cost of doing business, thus acting as a disincentive to participation in the formal sector.

Still another factor, the high level of unemployment in developing economies and the necessity to survive usually results in the creation of small subsistence business Gupta & Tareq, (2008). In similar vein, the contemporary trend of public sector reform programs focused on shrinking public sector workforces without a matching expansion in organized private sector opportunities, often results in the creation of small subsistence businesses primarily focused on providing some means for survival.

2.3.3 Measures taken by Uganda to enhance tax administration

The level of tax compliance in Uganda is Low, and in recent years, the corporate tax compliance has been more than 90%. The measures undertaken by the URA in order to promote the principles of voluntary compliance are: Public Relations, Tax Education, Tax Consultation and Guidance.

Public Relations: The purpose of public relations is to build a tax conscious environment not only among taxpayers but also among the public including latent taxpayers, and can be categorized as the need to; enhance tax compliance, diffuse and enhance public knowledge of taxation, improve mutual understanding and trust between taxpayers and tax authorities and obtain the understanding and cooperation from mass media for tax administration.

Gupta & Tareq, (2008) said that many of these activities can be carried out through the media including regular television and radio programmes/spots that provide current tax information, answering questions called-in by viewers, and reminding the public of tax deadlines, etc. The print media and internet are also widely used.

Tax Education: URA, (2009) added that Tax education is a part of public relation activities, which can play an important role in creating tax awareness. The target audience is primarily students, who are recognized as future taxpayers. As the next generation of taxpayers, the students are provided with an understanding of the significance and role of taxes in financing the government budget and also of their duty as citizens to file accurate returns and pay taxes. In order to coordinate tax education, URA, local tax authorities, and educational organizations are involved. The following are some of the steps taken: issuing supplementary textbooks for the purpose of tax education, conducting classes on taxes especially at university, diploma and certificate levels, and conducting seminars on Public Finance and Economy.

Education attainment is an important determinant of tax evasion (Richardson, 2006a). It usually relates to a taxpayer's ability to comprehend and comply or not comply with income tax laws (Jackson & Milliron, 1986). Enhancing the level of general fiscal knowledge, tax compliance improves because of more positive perceptions about taxation. Increased knowledge of tax evasion opportunities has a negative influence on tax compliance as it assists non-compliance. However, the vast majority of studies examining the impact of education on tax evasion use a taxpayer's general education level as the approach to measure education (Richardson & Sawyer, 2001). Higher tax knowledge is also assumed to lead to higher compliance rates (Carnes &Cuccia, 1996). According to Eriksen and Fallan (1996), as the level of tax knowledge increases, the rate of tax evasion is decreased, and the level of tax compliance becomes much higher.

Tax Counseling: The objective of tax counseling is to assist taxpayers in matters related to tax and encourage the voluntary submission of accurate tax returns and payment of taxes, URA, (2009). Generally, tax counseling offices provide advice on the interpretation and application of tax laws, procedures for filing returns and applications, etc. In Uganda, tax counseling is done through tax consultancy firms and all URA offices countrywide.

Guidance and Examination: In order to enhance taxpayer compliance so that they voluntarily file tax returns and pay taxes appropriately, the tax administration provides individuals and groups with guidance on how to improve bookkeeping standards and tax returns. The guidance includes assistance to firms who are launching new business, as well as explanatory sessions that are held when laws are amended. These organizations plays an important role in enhancing tax compliance because they are closer to taxpayers, so guidance through such organizations promotes effective Dissemination of information among members.

2.4 Empirical review

2.4.1 Domestic revenue performance trends

In the fiscal year that URA was established (1991/92), domestic (tax and non-tax) revenue as a percentage of GDP was 6.8%, IMF, (1997). The reform of tax administration arrangements, as well as the introduction of VAT and Income Tax legislation contributed to a significant increase in domestic revenue collections in the late 1990s. In particular, by 1998/99, total domestic revenue as a percentage of GDP stood at 11.9%. In addition, since 1991/92, non-tax revenues have contributed an average of 7% of total domestic revenue collected each year. It is noteworthy that from 2002/03, URA started to collect some non-tax revenues on behalf of the government ministries and departments including for example; passport and migration fees, company regulation fees, and mining fees and royalties. Migration fees registered the highest growth between 2002/03 and 2007/08 recording an average annual growth rate of 33.5%. Still, in the current decade, domestic revenue growth has not been as high as anticipated, leveling at 12.8% of GDP in 2007/08.

2.4.2 Performance efficiency

African Development Bank Group, (2010) in conjunction African Tax Administration Forum (ATAF) and the East African Secretariat on their project provided literature on domestic revenue performance efficiency in URA and Uganda at large;

Cost of collection. Between 1995/96 and 2009/10 the average cost of collection as a percentage of total domestic revenues was 3.4% p.a. The cost of collection as a percentage of revenue has been on the decline since 1995/96, except in years when URA has incurred high capital expenditures (e.g. in 2003/04, when it procured heavy duty scanners for the Customs and Excise Department) However, between 1995/96 and 2009/10, tax administration costs grew at an average annual rate of 15.1%.

Organizational Structure. URA is organized along functional lines. It established a large taxpayers 'office (LTO) in November 1998. The LTO currently serves 667 large taxpayers. In 2008, large taxpayers constituted 1% of the entire taxpayer base, but contributed 72% of tax revenue.

Ease of paying taxes. Uganda has the second best rating among the EAC countries, (after Rwanda), in terms of the World Bank's Doing Business Ranking with respect to, ease of paying taxes ranking 61st out of 183 countries in 2010, which is a marked improvement on its position in 2009 of 71st place. According to the World Bank's 2010 Paying Taxes report, a company is required to make 32 payments a year which are below the SSA average of 37.7 p.a., but above the OCED average of 12.8 a year.

Tax arrears. URA reports that tax arrears at the end of 2007/08 were UShs 162 billion (or 4.8% of total revenues). Key informants indicate that tax arrears increased by 439.8% between 2006/07 and 2009/10, partly due to the zealous charging of penalties by some URA officers. URA is addressing this issue to ensure that penalties are only levied when warranted. Also, in 2006/07, GoU wrote off tax 20 arrears of UShs 120 billion arising from government's commitment to pay tax on donor funded projects.

2.4.3 Allocative efficiency

Between 1991/92 and 1997/98, the levels of corporate tax collections were reduced as a result of the investment code, which was subsequently abolished and replaced with depreciation and tax allowances (e.g. for depreciation). Furthermore, there have been various exemptions offered over the years, such as the ten year tax holiday introduced in 2007/08. Although the associated loss in tax revenues has not been determined through rigorous study, key informants suggest Uganda could be foregoing revenue of at least 2% of GDP as a result of such incentives and exemptions.

2.4.4 Collection of taxes

An effective tax collection method should always have collection, dealing with collecting money from the tax payers at the right time, and in the right amounts, Atugonza, (2006). Collection is the most important aspect of tax administration and its effectiveness can be gauged from the number of complaints raised by tax payers on whom it is made, Okello & Nsamba, (1995). In 1996 tax collection improved in Uganda due to the vigilance of administration and people's willingness to pay, Kasumba, (1997). Thirsk, (1991) suggested that to obtain better compliance, countries should strengthen the tax administration activities including collection.

2.5 Relationship between Tax Administration and Domestic Revenue Collection

An efficient Tax Compliance ensures taxpayers' compliance with minimal evasion (Makanga and Torgler, 2004). An effective tax system should reduce the compliance burden and increase the compliance rates. The tax administrators should have the ability to identify, register, monitor, detect and penalize taxpayer non compliance, provide assistance to the taxpayers by publishing relevant literature and articles to enlighten the taxpayers. Efficient Tax Compliance lies in the choice of good administrative procedures, good methods of conducting audits, appropriate technology, enforcement, increasing compliance by threats of higher penalties imposed on the tax defaulters and minimizing complexity (Musgraves, 1989). There a number of implications if the societies are not sensitized about their rights and obligations under the tax system.

According to Willis (2006) the cost of enforcing an effective Tax Compliance system may seem realistic but may raise others. Processing costs may reduce and basically lowers on the compliance burden to taxpayers. However, other aspects like enforcement costs may increase because the tax authority would no longer be able to rely on withholding and information returns

as enforcement tools. The way the tax system is administered can affect tax compliance. A good tax system should not be wasteful and the compliance cost to the tax should not be unnecessary high (Ndatira, 1999). Value Added Tax (VAT) being a self-assessed tax form of indirect taxation, should have a very high degree of compliance and administrative convenience. Factors like the quality of tax administration, degree of professionalism and honesty of staff involved in VAT collection greatly determine the tax revenue.

Carroll (1987) taxation takes place in an atmosphere of distrust and fear between the taxpayers and the tax authority. Measures that improve transparency in the taxpayer-tax authority reduce opportunities for irregularities in the tax transactions thus shaping the taxpayer towards compliance. Tax Compliance is a component of tax system that ensures whether the tax laws are effectively enforced in order to improve compliance among taxpayers (Mulindwa, 2000). Tax administration is a major tool in a government's effort to achieve a sound fiscal policy, optimum tax levels and establish appropriate structure (Makanga, 2004).

Surrey (1974) observes that consequently, tax authorities must arrange systematically to check on compliance of an effective examination which both safeguards the government from major revenue loss and instills in the tax payers' respect for vigilances of the authorities. All matters of legal rules, better compliance can be secured either by threatening a higher penalty of the offenders caught or by increasing the probability of being caught.The level of compliance depends on how taxpayers fully and timely pay their tax dues to the tax authorities (Brostek, 2005). On the other hand Reinkka (2001) observed that limited improvement in service delivery continues to adversely affect tax compliance and this could be attributed to inconsistence and ambiguity in tax laws, high rates and political influence.

Efficiency can be examined in terms of tax administration and tax distortions in economic choices (Teera, 1994). In order for tax administration to be efficient, it should not be wasteful; also the compliance cost for the taxpayer should not be unnecessarily large. In other words, the desired quality of service should be offered at minimum cost. Revenue collection procedures highly determine the number of taxpayers who comply (Stlitz, 1985). The effectiveness of collection procedures is gauged from the level of compliance. Because of the weak

administration in developing countries, tax evasion and avoidance are predominant, thus, there is need to strengthen tax administration through improving collection procedures so as to increase compliance. Harvey (1985) explains the relationship between the tax rates and the level of tax compliance; the higher the tax rate, the greater is the incentive to avoid paying the tax. The end result of those rates is that a significant proportion of the country's most able and highly trained people are pre occupied in the tax fight.

Kakembo, (2007), in his study revealed that tax compliance is significantly positively related to revenue collection. Mutuality one of the components of relational norms was also found to be significantly related to tax compliance. He said Intention to pay taxes is also significantly positively related to attitudes and tax compliance which would help to increase on domestic revenue. He further said that relational norms greatly influence the tax payer's intentions to pay taxes. Attitudes and intentions to pay taxes also greatly affect the level of tax payer's compliance. A taxpayer with high intentions to pay will always have a positive attitude towards meeting his tax obligations and hence likely to be very compliant. Therkildsen, (2004) said that the act of tax counseling improves on tax compliance of tax payers, hence increasing performance in revenue collection in a country. He found out that the objective of tax counseling is to assist taxpayers in matters related to tax and encourage the voluntary submission of accurate tax returns and payment of taxes. Generally, tax counseling offices provide advice on the interpretation and application of tax laws, procedures for filing returns and applications.

The prompt payment of all taxes is a critical concern of all nations because it is positively associated with economic growth, IMF, (2007). Prompt payment of tax is important and is a tool for redistributing income since it increases revenue collection. Matovu et al, (2007) added that there is no doubt that tax compliance is a national issue and of high interest to government. It is therefore in public as well as in private interest to gain deeper understanding of the factors that improve on tax compliance of individual income tax payers so as to improve revenue collection.

2.5 Research Gap

Over the last two decades, the government of Uganda has made tremendous improvements in its tax system. However, it is clear that more work has to be done if Uganda is to increase its tax revenues. Due to the low levels of development in Uganda, it will take a number of years before

a fully-fledged and operational tax system is set in place. Nevertheless, the government has to continue adapting the tax system to meet the evolving needs of people and enterprises in Uganda. One of the major challenges of tax reform in Uganda is to enlarge the tax bases that have been eroded by the HIV/AIDS epidemic, the previous conflict in Northern Uganda, the growth of the informal sector, and deficiencies in tax administrative capacities. According to Local Government Sector Investment Plan 2006-2016, development planning and resource allocation is done through planning and budgeting. This process is a policy embedded in the LG Act for LGs to develop three-year development plans and budgets. However, the challenge is that there is less inclusion of village level and parish level priorities in the sub-county/division plans. Therefore, this has evidently lowered the rates of local financing most especially at village and parish levels. According to Ministry of Local Government Decentralisation Policy Strategic Framework November 2006, local governments have inadequate revenue for financing decentralized services therefore this makes unfunded mandates a reality.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter shows a description of research design, study population, sampling design which includes the sampling method, sampling procedure and sample size, sources of data collection, data collection methods, data processing, analysis and presentation and the problems encountered.

3.1 Research Design

A research design is a detailed plan which guides the study. Dalton L. R. and Todor, C (1979) defines it as the plan and structure of investigation so conceived as to obtain answers from research questions. The study used a descriptive research design in which both qualitative and quantitative techniques was utilized. Quantitative was based on methodological principles of description, and use of statistical measurements as was experienced by the researcher. Quantitative data were presented on graphs, pie charts and tables. The descriptive research design was chosen to establish the distribution of variables in the study population which helped in obtaining primary data. The qualitative research design was descriptive in nature and this enable the researcher to meet the objectives of the study. Statements were used to assign variables that were not adequately measure using numbers and statistics. The quantitative research design was used in form of mathematical numbers and statistics assigned to variables that may not be easily measured using statements or theme.

3.2 Study Population

The study population included 10 staff from Uganda Revenue Authority and 30 tax payers (market vendors, property tax payers, boda boda cyclists, UTODA officials and tax authority).

3.3 Sample Size

The study involved 40 respondents; the respondents to included 10 staff members from URA in the Internal Revenue Department, and 6 tax payers from each division Tororo Municipality considering time factor constraints and other factors.

3.3.1 Sampling Method

Sampling method is defined as a method used in order to obtain the required sample from the study population; During the process of data collection, stratified probability sampling technique was employed by using the following formulae and determined

P= F/N x n. Where; F= Number in the category

N = Total population.

P = Number of respondents in the category obtained from the group

n = Total number of the respondents

3.4 Source of Data

3.4.1 Primary Data

Primary data was collected by use of questionnaires and interview guides in the field who were assumed to give first hand information on the subject under study.

3.4.2 Secondary Source

Secondary data were got from sources like; Annual reports, Journal articles, internet, magazines, newspapers and books related to the subject of the study and these were consulted at length to extract the information required to support the findings from the study respondents. The researcher visited such places and got information that was related to the study variables as presented in literatures review.

3.5 Data Collection Methods

The study was incorporated the use of various methods in the process of data collection in a bid to come up with sound, concrete and credible research findings. The researcher therefore amalgamated the use of questionnaire, interviews and documentary analysis in the process of collecting primary data.

3.5.1 Self administered questionnaire; An open and close ended questionnaire were constructed and this was self administered where the researcher allowed the study respondents to fill the questionnaire in the study field. The questionnaire tool collected information from tax payer and Uganda Revenue Authority employees other than the head of departments.

3.5.2 Interview guide:

An interview guide was also drafted with a set of questions that the researcher asked respondents during an interview and this was open ended in nature. The researcher personally recorded the provided responses as per study respondents during the process of carrying out an interview. This tool was used to collect information from respondents selected from head of departments at Uganda Revenue Authority.

3.6. Measurement of Variables

The study used 5-point likert scale to measure the variables which are Tax Compliance and Domestic Revenue Collection to come up with findings. This ranged from strongly agree to strongly disagree (strongly agree, agree, not sure, disagree, and strongly disagree).

3.7 Reliability and validity

Validity of an instrument that was used this study was consistent with the definition provided by Miles and Huberman (1994), as the" extent to which the items in the instrument measure what they are set out to measure." The validity of the instruments was established by the supervisor.
Cook and Campbell (1979) define validity as the "best available approximation to the truth or falsity of a given inference, proposition or conclusion. After constructing the questionnaire, the researcher were contact two research experts in order to determine whether his questionnaire tool were valid in a way of collecting information that was used in understanding the research problem. Hence the researcher constructed the validity of the instruments by using expert judgment method as suggested by Gay (1996).
The instrument was refined based on experts' advice. The following formula was used to test validity index.

$$CVI = \frac{\text{No. of items regarded relevant by judges}}{\text{Total No. of items}}$$

Reliability, according to Miles and Huberman (1994), has to do with the extent to which the items in an instrument generate consistent responses over several trials with different audiences in the same setting or circumstances". The reliability of the instruments and data was established following a pre-test procedure of the instruments before their use with actual research respondents.

Reliability refers to the extent to which a test or other instrument is consistent in its measures. They added that if a test is not reliable, one cannot find the answers to our questions (Cook and Campbell, 1979). The researcher was determining reliability of the questionnaire through carrying out a Pilot study test before the time of the study. A pilot study was carried out to know whether the data instruments were able to establish the required data and it only covered two people selected from the study area. The Researcher was given information that was expected out of respondents as she considered the data instruments reliable in the collection of valid information.

3.8 Research Procedure

The study observed all those procedures followed in research. Using the letter of introduction obtained from the Dean Faculty of Business and Development studies, the researcher were introduced to every respondent reached at, fully explaining the purpose of research. After getting their consent, he conducted the research. The researcher also built the confidence of the respondents by assuring them that their views were confidential and was used only for academic purposes.

3.9 Methods of Data Handling

Data collected was handled as follows;

3.9.1 Data editing; editing of collected data was done to make the data ready and simpler for presentation. The filled questionnaires were edited one by one to correct errors that were done by the study respondents. Data were edited in order to check for accuracy, completeness, consistency and uniformity.

3.9.2 Data presentation; The edited data was ready for presentation. Presentation of data involved the use of tables that were generated from the questions relevant to the study variables.

3.9.3 Data analysis; The edited data were analyzed both quantitatively and qualitatively as follows: Quantitative data was grouped and statistical description such as tables showing

frequencies and percentages and pie- charts as well as graphs for better interpretation. However, qualitative data was analyzed in a way of identifying the responses from respondents that are relevant to the research problem. Mainly such data was analyzed by explaining the facts collected from the field under which the researcher was able to quote respondents' responses.

3.9.4 Interpretation of the study results

Interpretation and discussion of the results were done by the researcher explaining the strength of the study variables basing on the frequencies and percentages, charts and graphs. Statistical conclusions were further made during the interpretation of the study results.

3.10 Ethical Consideration

Before commencing the research, an introductory letter from the University sought and the purpose of the study explained to the authorities to avoid inconveniences and misunderstandings about the purpose. The information collected was kept highly confidential.

3.11 Limitations of the study

The study involved the following constraints;

The time allowed to do this research was not enough to allow exhaustive study and obtain all the essential information for much more suitable conclusions. The problem was minimized by putting much effort on this research so as to meet the deadline.

The Researcher was limited by financial resources such as the transport costs and stationery to carry out her research effectively. In an effort to mitigate this shortcoming, the researcher sourced for funds from a few sponsors.

Slow or non- response: Since the researcher does not know the kind of respondents to deal with, some of them failed to respond or delay to do so. The researcher makes convenient appointments with the respondents and encourages them to respond and give true information in time.

Bureaucracy might delay the study. From all the procedures, getting data from management take time. However, the researcher takes time and appeal to the bureaucrats for data. Time and resources constraints restricted the scope of the research. Despite the researcher effort to expand the scope of the research by getting into more in-depth study of cash management, it may not materialize due to the practical difficulties faced during the work.

Financial constraints-The research required substantial amount of money for traveling, printing questionnaires among others. To solve this problem the researcher solicited funds from family members and friends and also looked for cheaper service providers.

Language barrier-The researcher met people who didn't understand English. The researcher looked for an interpreter for effective gathering of information.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

The chapter deals with the results of a cross-sectional survey design (snapshot of events as they existed at that particular point in time) as pointed out in the methodology. Pearson's rank correlation Coefficient was applied to establish the relationships between the variables in the conceptual model as demonstrated in Chapter Three while the overall effect of the independent variables on the dependent was assessed using the Dependent variable. The presentation was guided by the following research objectives as shown in chapter one. Details of findings are shown later in section 4.3

4.1 Background Information

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

4.1.1 Respondents according to gender

The researcher asked the respondents their gender so as to find out their sexes to avoid unbiased gender information. The findings revealed that both sexes were involved in the study for gender sensitivity as shown in table 1 below.

Table 4.1: Gender of the Respondents

Response	Frequency	Percent (%)
Male	25	62.5
Female	15	37.5
Total	**40**	**100.0**

Source: Primary data, 2019

The results in table 4.1 shows that most respondents were male 62.5% taxpayers against 37.5% of the female participants. This distribution may have a cultural connotation which traditionally

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

4.1.2 Level of Education among the Tax Payers

The table 4.2 shows the level of education of the respondents.

Table 4.2: Showing the Education Level of the Respondents

Response	Frequency	Percent (%)
Certificate	6	15.5
Diploma	10	25.0
Degree	13	32.0
Masters	3	7.5
Non of the above	8	20.0
Total	**40**	**100.0**

Source: Primary data, 2019

Table 4.2 indicates that 32% of the respondents had degrees, these were followed by 25% who had diplomas, then 20% who had no qualification, 15.5% with certificates and on 7.5% had attained master degree. This clearly shows that at least majority of the respondents were literate and therefore able to give correct response.

4.1.3 Age Group among the Tax Payers

This was intended to help the researcher evaluate respondents' level of maturity and taxpayer's awareness in particular as one of the contemporary issues in economic development process Results indicate the distribution for one's category by Age group

Table 4.3: Showing Age Bracket of the Respondents

Response	Frequency	Percent (%)
15-20years	4	7.5
21-25years	22	55.0
26-30years	10	25.0
31-35years	3	7.5
36years and above	1	2.5
Total	**40**	**100.0**

Source: Primary data, 2019

Table 4.3 above indicates that the highest percentage (55%) of the respondents were between 21-25 years, these were followed by those between the age of 26-30 years (25%), then those between 15-20 years and between 31-35 years shared the same percentage(7.5%) and lastly only 2.5 % of the respondents were above 36 years. This implies that biggest number of respondents were the youth who own most of the taxable products and services.

4.2 Level of Tax Compliance

Factor analysis results were used to examine the level of Tax Compliance in URA in Malaba Branch Uganda. Because this technique is appropriate for extracting the various key components of a specific variable, the researcher used it as an appropriate technique. Respondents were asked to rank using the likert scale (strongly agree, agree, not sure, disagree and strongly disagree) each of the statements given in the questionnaires and their response was as follows.

Table 4.4: Showing Whether Tax Payers Pay their Taxes Willingly

Response	Frequency	Percent (%)
Strongly agree	8	20.0
Agree	9	22.5
Not sure	1	2.5
Disagree	22	55.0
Strongly disagree	2	5.0
Total	**40**	**100.0**

Source: Primary data, 2019

As seen in table 4 above, the highest percentage of respondents that is 55%and 5% disagreed and strongly disagree respectively with the view that they pay their taxes willingly, these were followed by 22% and 20% who agreed and strongly agreed that they pay their taxes willing and on 2.5% was not sure of what to say. Basing on the highest percentage of respondent the study concludes chances of non compliance still exist since some respondent disagreed.

Table 5: Showing Tax Payers Pay their Dues at the Right Time and in the Right Amount

Response	Frequency	Percent (%)
Strongly agree	5	12.5
Agree	23	57.5
Not sure	3	7.5
Disagree	8	20.0
Strongly disagree	1	2.5
Total	**40**	**100.0**

Source: Primary data, 2019

Table 5 above indicates that 57% and 12.5% of the respondents agreed and strongly agreed respectively that they pay their dues at the right time and in the right amount, these were followed by 20% who disagree, then 7.5% who were not sure and lastly 2.5% who strongly disagreed. This also implies that there is still a level of non compliance among taxpayers especially with the respondents who disagreed.

Table 6: Showing whether Taxpayers Hate Paying because Tax rates are too high.

Response	Frequency	Percent (%)
Strongly agree	7	17.5
Agree	22	55.0
Not sure	0	0.0
Disagree	11	27.0
Strongly disagree	0	0.0
Total	40	100.0

Source: Primary data, 2019

From the table 6 above, 55% and 175% of the respondents agreed and strongly agreed respectively that they hate paying taxes because tax rates are too high. 27% of the respondents disagreed and they said they pay their taxes whether they are high or not. This implies that as a result of high taxes the level of tax payers' compliance is reduced.

Table 7: Showing Low Compliance Culture and Level of Tax Compliance

Response	Frequency	Percent (%)
Strongly agree	10	25.0
Agree	22	55.0
Not sure	4	10.0
Disagree	3	7.5
Strongly disagree	1	2.5
Total	**40**	**100.0**

Source: Primary data, 2019

Table 7 indicates that 55% and 25% of the respondents agreed and strongly agreed respectively that low compliance culture among tax payers affects the level of tax compliance. These were followed by 10% who were not sure, then 7.5% and 2.5% who disagreed and strongly disagreed respectively with the view that low compliance culture among tax payers affects the level of tax compliance. Basing on the highest percentage of respondents (55%), the study concludes that with a low compliance culture among tax payers the level of tax compliance is reduced hence reducing on the amount of revenue collected.

Table 8: Showing the effect of Large Informal Sector on Tax Compliance.

Response	Frequency	Percent (%)
Strongly agree	11	27.5
Agree	24	60.0
Not sure	0	0.0
Disagree	5	12.0
Strongly disagree	0	0
Total	**40**	**100.0**

Source: Primary Data, 2019

From table 8 above, 60% and 27% of the respondents agreed and strongly agreed respectively that if a there is large informal sector the level of tax compliance is reduced and only 12% of the respondents disagreed. Basing on the highest percentage of respondents (60%) the study asserts that however much this informal sector contributes substantially to the growth of the economy, it remains highly susceptible to tax evasion, therefore increasing on the levels of non compliance.

Table 9: Showing Tax Payer's Attitude towards URA and the Level of Tax Compliance

Response	Frequency	Percent (%)
Strongly agree	10	25.0
Agree	22	55.0
Not sure	3	7.5
Disagree	4	10.0
Strongly disagree	1	2.5
Total	**40**	**100.0**

Source: Primary Data, 2019

From table 9 above, 55% and 25% of the respondents agreed and strongly agreed respectively that tax payer's attitude towards URA affects the level of tax compliance, these were followed by 10% who disagreed, then 7.5 who were not sure. In an interview with the respondents they revealed that those who have a bad attitude towards URA tend not to comply and those who comply were found to be in good terms with URA. This therefore implies that there is a high level of compliance among taxpayers who have solidarity with URA.

Table 10: The Level of Tax Compliance is expected to Improve.

Response	Frequency	Percent (%)
Strongly agree	16	40.0
Agree	20	50.0
Not sure	4	10.0
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary data, 2019

From table 10, 50% and 27% of the respondents agreed and strongly agreed respectively that the level of tax compliance is expected improve in Uganda, and only 10% of the respondents were not sure whether level of tax compliance will improve or not. Basing on the highest percentage of the respondents (50% and 40%) the study concludes that with an improvement in compliance levels, URA is likely to collect more domestic revenues hence increasing funds to finance the budget.

4.3: Performance of Domestic Revenue Collection

Here respondents were also asked to rank using the likert scale (strongly agree, agree, not sure, disagree and strongly disagree) each of the statements given in the questionnaires and their response was as follows.

Table 11: Showing response on Cost of Collection of Taxes as a Percentage of Revenue

Response	Frequency	Percent (%)
Strongly agree	11	27.5
Agree	20	50.0
Not sure	3	7.5
Disagree	5	12.5
Strongly disagree	1	2.5
Total	**40**	**100.0**

Source: Primary data, 2019

Table 11 above indicates that 50% and 27% of the respondents agreed and strongly agreed respectively that the cost of Collection of Taxes as a Percentage of Revenue has been on a decline, 7.5 were not sure, 12.5% and disagreed and strongly disagreed respectively. This therefore implies that URA is realizing improvements from time to time and this is on of the reason why a lot of revenue is collected today.

Table 12: Showing URA Experiences Tax Arrears

Response	Frequency	Percent (%)
Strongly agree	13	32.5
Agree	25	62.5
Not sure	3	7.5
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary Data, 2019

From table 62.5% and 32.5% of the respondents agreed and strongly agreed respectively that URA experiences and registers tax arrears at the end of every financial year, and only 7.5% of the respondents were not sure whether it experiences tax arrears or not. This shows weaknesses in revenue collection which also affects its performance and therefore may affect some hinder planning for delivering of public goods and services since there are no funds.

Table 13: Showing Tax Administration and Revenue Performance

Response	Frequency	Percent (%)
Strongly agree	28	70.0
Agree	12	30.0
Not sure	0	0.0
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary Data, 2019

From the table13 above, 70% and 30% of the respondents strongly agreed that an improved tax administration leads to an improved revenue collection. This therefore implies with a good tax administration URA is able to realize higher revenue collections.

Table 14: Showing response on Comparison of Revenue Collection Today and in the Past.

Response	Frequency	Percent
Strongly agree	1	2.5
Agree	39	97.5
Not sure	0	0.0
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary Data, 2019

From table 14, the highest percentage (97.5%) of respondents agreed and also 2.5% of respondents strongly agreed that the collection of revenues today is higher than in the past. This also indicates that there is an improved performance compared to the past.

Table 15: Showing whether URA Realizes Increments in Revenue Collection

Response	Frequency	Percent (%)
Strongly agree	3	7.5
Agree	36	90.0
Not sure	1	2.5
Disagree	0	0
Strongly disagree	0	0
Total	**40**	**100.0**

Source: Primary Data, 2019

From the table 15 above the highest percentage of respondents (90%) agreed that URA realizes increments in revenue collection every financial year, these were followed by 7.5% who strongly agreed and only 2.5% were not sure. This also indicates good performance in revenue collection.

Table 16: Showing the Expectation about Performance in Revenue Collection

Response	Frequency	Percent (%)
Strongly agree	12	30.0
Agree	28	67.5
Not sure	1	2.5
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary Data, 2019

As seen in table 16 above, 67.5% and 30% of the respondents agreed and strongly agreed respectively that they expect domestic revenue collection the better next year. 2.5 % of the respondents were not sure whether it will increase or not. In an interview with management they said they expect the collection of next year to be better than that of this year because of an improvement in tax administration, the level of compliance is increasing and that rural electrification has also enabled people to start many businesses which are the sources of revenue.

Table 17: Showing Large Taxpayers Office and Revenue Collection

Response	Frequency	Percent (%)
Strongly agree	9	22.5
Agree	22	55.0
Not sure	4	10.0
Disagree	3	7.5
Strongly disagree	2	5.0
Total	**40**	**100.0**

Source: Primary Data, 2019

Table 17 indicates that the highest percentage of respondents (55%) agreed that the introduction of a Large Taxpayer's Office increased domestic revenue collection, these were followed by 22% who strongly agreed, then 10% were not sure, 7.5% disagreed and only 5% of the

respondents strongly disagreed. Basing on the highest the percentage of respondents (55%), the study concludes that introduction a Large Taxpayers' Office improved on revenue collection.

4.4: Relationship between Tax Administration and Revenue Collection.

Here respondents were also asked to rank using the likert scale (strongly agree, agree, not sure, disagree and strongly disagree) each of the statements given in the questionnaires and their response was as follows.

Table 18: The level of tax compliance affects the performance of domestic revenue collection

Response	Frequency	Percent (%)
Strongly agree	29	72.5
Agree	11	27.5
Not sure	0	0.0
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary Data, 2019

Table 18 indicates that 72.5% of the respondents strongly agreed that tax compliance affects the performance in domestic revenue collection, and 27.5% of the respondents agreed that the level of tax compliance affects the performance in domestic revenue collection.

Table 19: Showing Tax Education, Tax Compliance and Revenue Collection

Response	Frequency	Percent (%)
Strongly agree	9	22.5
Agree	23	57.5
Not sure	3	7.5
Disagree	3	7.5
Strongly disagree	2	5.0
Total	**40**	**100.0**

Source: Primary Data, 2019

Table 19 indicates that 57.5% and 22.5% of the respondents agreed and strongly agreed respectively that tax education helps people to understand the importance of paying taxes which helps them to be compliant in paying their taxes. This therefore increases on the amount collected since more people will be willing to pay taxes without any force. This also reduces on collection costs hence improved performance.

Table 20: Showing Low Compliance Culture affects Revenue Collection

Response	Frequency	Percent (%)
Strongly agree	37	92.5
Agree	3	7.5
Not sure	0	0.0
Disagree	0	0.0
Strongly disagree	0	0.0
Total	**40**	**100.0**

Source: Primary Data, 2019

From the table above, 92.5% of the respondents strongly agreed that the low compliance culture among Ugandans affects the revenue collection; these were followed by 7.5 who also agreed. This implies that with a good compliance culture in a nation the total domestic revenue collection is likely to be high.

Table 21: Showing Pearson Correlation between Tax administration and Revenue generation

Correlations

		Tax administration	Revenue Collection
Tax administration	Pearson Correlation	1.000	.708**
	Sig. (2-tailed)	.	000
	N	40	40
Revenue Collection	Pearson Correlation	.708**	1.000
	Sig. (2-tailed)	000	.
	N	40	40

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

Using the rating level of;

0 to -+0.3= Weak Relationship

-+0.4 to -+0.6= Moderate/ Average Relationship

-+0.7 to -+0.9= Very Strong Relationship

Table 4.21 indicates that there is a very strong positive relationship between Tax Compliance and Domestic Revenue Collection at r= 0.708 and at level of significance 0.05, this implies that if the level of tax compliance is high, performance in domestic revenue collection is also high and if the level of tax compliance is low, then performance is also low. Kakembo, (2007), in his study also found out that tax compliance is significantly positively related to revenue collection.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction.

This chapter summarizes all findings reported in chapter four according to questions of the study, draws conclusions, suggests recommendations and also proposes some areas for further study.

5.1 Discussion of Findings

5.1.1 Level of Tax Administration

The study found out that the level of tax compliance is low among the tax payers and they attribute this to the high tax rates, taxpayers' attitude towards URA, the large informal sector which encourages tax evasion. The low level of tax compliance was also attributed to the low compliance culture, in an interview with management they expect the level of compliance to improve due to the measures that are being emphasized for example tax education, tax counseling, introduction of large tax payers office among others.

The study findings revealed that SMEs in Uganda consider interpretation of tax regulations, tax planning and functional competencies and business operational competencies as the major components of their tax competencies. These findings are supported by Dennis-Escoffier, Kern & Rhoades-Catanach, (2009) and Strobel, (2001) who categorise core competencies in tax curriculum into three major areas of Functional competencies (focusing on problem identification and potential solutions), Personal competencies (which includes skills for professional conduct, problem-solving, decision-making, interaction, leadership and communication) and lastly Broad Business Perspective Competencies (competencies relate to how professionals perform their services in both internal and external business environments), all these are similar with the study findings that categorise tax competencies in three factors of interpretation of tax regulations, tax planning and functional competencies and business operational competencies.

This is corresponding to the findings of Chattopadhyay and Das-Gupta, (2002) who said that large compliance costs could be responsible for the high tax gap in developed countries given the fact that such economies relatively have efficient tax administration.

More so, Niemiowski, Baldon & Wearing, (2003) argued that some taxpayers put off tax reporting and completing returns because they could not afford to use the tax agents who are equally expensive. Similarly, in developing countries Kayaga, (2007) found out that tax laws put a large cost burden upon small enterprises and force them to operate outside official tax reporting system. However because of the limited literature on tax compliance cost, surveys in developing and transition countries can be used to provide richer detail about the tax compliance burden for businesses than might be available from standard international benchmarks (Coolidge 2010)

5.1.2 Performance in Domestic Revenue Collection.

The study also found out that the cost of Collection of Taxes as a Percentage of Revenue has been on a decline, this was revealed by 50% and 27% of the respondents agreed and strongly agreed respectively. The collection of revenues today is higher than in the past, Large Taxpayer's Office increased domestic revenue collection, URA realizes increments in revenue collection every financial year this was revealed by 90% the respondents (Table 4.15). It also found out that URA experiences and registers tax arrears at the end of every financial year which also affects it projected performance and that URA expects domestic revenue collection the better next year which shows a good performance.

Tax identification is the most poorly managed aspect among corporation tax administration stations. Corporation tax registration in Uganda is a mandatory obligation for every company that hits annual turnover of shs. 50 million thres holds. It is this list of registered taxpayers that constitutes national corporation register which URA keeps monitoring and updated through adding new taxpayers and deleting de-registered taxpayers. There is still bloated corporation tax register arising from difficulty of de-registering inactive taxpayers. This is partly responsible for the poor performance of the stations' compliance and filing ratios are still lower than expected.

This implies that a reasonable proportion of traders especially in Eastern Uganda qualify for corporation tax registration but are not yet on register.

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

In view of Smith (2000), he postulates that like all taxes, corporation tax is subject to evasion. For example, traders may fail to register for the tax; they may under-report sales or; where different goods are subject to tax at different rates, they may reduce their tax payments by exaggerating expenses into allowable to lower tax to be paid. Ghosh (2006) observes that there are other problems with implementing corporation tax in developing countries, especially those with a large informal sector or "black economy". Corporation tax is essentially a tax on the formal sector. It cannot cover informal activities, such as small-scale farming and household enterprises, small vendors and petty traders or service providers. In a perverse way, corporation tax can impede development by encouraging such activities to stay informal, rather than enter the formal sector where there is more value addition. The researcher therefore intended to get clear understanding of factors that are responsible for high incidences of non registration especially in towns of Tororo Uganda. Katusiime (2007) observes that though most traders were found to meet registration requirements, they were however not registered.

5.1.3 Relationship between Tax Compliance and Domestic Revenue Collection.

In addition to Kakembo's (2007) findings that tax compliance affect revenue collection, this study also found out that there is a strong positive relationship between tax compliance and revenue collection at r= 0.708 and at level of significance 0.05 (Table 4.21). It also found out that low compliance culture among Ugandans affects the revenue collection and tax education helps people to understand the importance of paying taxes which helps them to be compliant in

paying their taxes hence increasing on the amount of revenue collected this was revealed by 57.5% and 22.5% of the respondents agreed and strongly agreed respectively (Table 4.19).

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

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

There are a number of initiatives URA has put in place but at the same time, there are a number of internal weaknesses which have not enabled URA to realize fruitful conclusion of the initiatives. There are staffing gaps. The challenge of inadequate audit staff and utilization are still hampering the effectiveness of the Audit function. Katusiime, (2007), observes no strict enforcement of penalties and at times penalties assessed are not collected. Corporation taxation system in Uganda is perforated with a number of weaknesses which require attention.

Improvement in corporation tax system will largely depend on competent staff, administrative units, and a strong Audit function. Collection procedures showed a positive correlation with perceived tax identification and assessment which implies that if collection procedures is strengthened then corporation collections are likely to be boosted. According to Frost (2000), there is a strong relationship between collection procedures and performance. This is because

collection procedures improve performance – the goal of collection procedures is to improve performance, not to place blame and deliver punishment.

Rakodi, (2002) argues that innovative ways of increasing citizen influence, improving the perceived revenue performance agencies and ensuring greater collection procedures can be identified, at the national but more commonly at the local level. This is in line with O'connell (2002) who found out that improved collection procedures calls for monitoring the performance of those responsible for perceived revenue performance.

In support of the study findings, studies by Tan & Chin-Fatt (2000), and Jackson & Milliron (1989) accepted that there would be low tax compliance among taxpayers if their tax law knowledge and experience about tax is low. Accordingly the study by Eriksen & Fallan (1996), indicate that as the level of tax knowledge increase, the rate of tax evasion is decrease, and the level of tax compliance become much higher. It shows that the level of tax knowledge is one of the best devices to reduce the tax evasion among taxpayers. Additionally, tax knowledge which relates to the ability to understand and interpret tax regulations influences tax compliance behavior among taxpayers (Ahmad, Hanefah & Noor, 2007). In their study they argued that there was a significant difference between tax payers who had tax knowledge and taxpayers who did not have tax knowledge on tax compliance among taxpayers for the case of Malaysia.

5.2 Conclusion

In conclusion, there is a strong positive relationship between tax compliance and performance in revenue collection at r=0.708 at level significance 0.05, this implies that if the level of tax compliance is high, performance in domestic revenue collection is also high and if the level of tax compliance is low, then performance is also low. Therefore Tax compliance is a matter of serious concern in many developing countries, there is need to improve it so as to increase capacity of their governments to raise revenues for developmental purposes.

Sensitization for taxpayers and prospective taxpayers is as much an urgent call and a necessary task in tax administration, we believe, as it is equally urgent and necessary on the part of

Governments that levy a variety of taxes as a major source of revenue. It is imperative that the sensitization of taxpayers is factored in the objective of the organization.

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

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

5.3 Recommendations of the Study

The following should be emphasized in order to improve on the level of tax compliance which will also help to improve on revenue collection;
The tax administration so as to provide individuals and groups with guidance on how to improve bookkeeping standards and tax returns.

Generally, tax counseling offices should be established country wide so as to provide advice on the interpretation and application of tax laws, procedures for filing returns and applications. This will also enhance tax compliance.

Tax education is a part of public relation activities, which can play an important role in creating tax awareness hence improving on the level of tax compliance.

Prizes should also be given to those who comply and pay their dues in time and with the correct amount, this will help to attract more people to comply.

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

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

For SMEs to improve their tax competencies, those involved in their tax matters need knowledge and skills to interpret the various tax laws and regulations, they also have to carry out tax planning, possess functional competencies and business operational competencies. This will enable them comply with their tax requirements

Also tax compliance procedures should be simplified because in most cases they are found to be very complicated for SMES, especially for those who do not keep proper books of account and sometimes do not understand the tax laws in order to reduce the compliance costs in terms of money and time.

With reference to the finding, high compliance costs reduce the compliance levels of SMEs, this call for the need to take into account the tax compliance costs incurred by the taxpayers when tax rules are being designed by policy makers.

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

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

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

5.4 Limitations to the study

Through this research, the researcher claims an allowable 5% margin of error in view of the following anticipated threats to validity with relevance to this study. The study wills the following limitations:

Extraneous variables: This was beyond the researcher's control such as respondents' honesty, personal biases and uncontrolled setting of the study.

Testing: The use of research assistants can bring about inconsistency in the administration of the questionnaires in terms of time of administration, understanding of the items in the questionnaires and explanations given to the respondents. To minimize this threat, the research assistants will be oriented and briefed on the procedures to be done in data collection.

Attrition/Mortality: Not all questionnaires maybe returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal/withdrawal to participate. In anticipation to this, the researcher will reserve more respondents by exceeding the minimum sample size. The respondents will also be reminded not to leave any item in the questionnaires unanswered and will be closely followed up as to the date of retrieval.

5.5 Areas for Further Research

This study specifically focused on tax compliance and domestic revenue collection, however it did not look at the effect of tax compliance on both domestic and external revenue collection.

There is also need to find out the effect of other factors on revenue collection. Therefore further research should be carried out on those areas so as to obtain a comprehensive picture.

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APPENDIX I: QUESTIONNARE

(URA STAFF MANAGEMENT)

Dear respondents,

I am **AGWANG CHRISTINE** a student of Kampala International University doing Bachelor of Business Administration carrying out a study on the tax administration and revenue generation in Malaba Town Council, Tororo District. I humbly request you to spare some few minutes of your time and answer these questions below. The study is strictly for academic purposes and will be treated with utmost confidentiality.

Your cooperation is highly appreciated.

SECTION A: BACKGROUND INFORMATION

Please tick in the boxes provided

1. Gender or the respondents

a) Male ☐

b) Female ☐

2. Respondents level of education

a) Certificate ☐

b) Diploma ☐

c) Degree ☐

d) Masters ☐

e) Non of the above ☐

3. Age bracket of the respondents.

a) 15-20years ☐

b) 21-25years ☐

c) 26-30years ☐

d) 31-35years ☐

☐

e) 36-above

SECTION B: LEVEL OF TAX COMPLIANCE.

The following abbreviations will be used:

Strongly agree **(SA)**, Agree **(A)**, Not Sure **(NS)**, Disagree **(D)**, and Strongly Disagree **(SDA)**

	Statements	**SA**	**A**	**NS**	**DA**	**SDA**
1.	I pay my taxes willingly because I know the benefits.					
2.	I always pay my dues at the right time and in the right amount.					
3.	I hate paying taxes because tax rates are too high.					
4.	The low compliance culture among tax payers affects the level of tax compliance.					
5.	The large informal sector in Uganda contributes to the low levels of tax compliance.					
6.	Tax payer's attitude towards URA affects the level of tax compliance.					
7.	The low level of tax compliance could be as a result of low tax intention to pay taxes.					
8.	The level of tax compliance is expected to improve in Uganda					
9.	The business or company discloses all income earned for tax purposes					
10.	The business /company makes correct and accurate assessments annually					
11.	The company consistently follow tax laws when making assessments					
12.	The business or company annually files tax returns with the					

tax authority promptly.					
13. The business or company always file tax returns on time					

SECTION C: PERFORMANCE IN DOMESTIC REVENUE COLLECTION

The following abbreviations will be used:

Strongly agree **(SA)**, Agree **(A)**, Not Sure **(NS)**, Disagree **(D)**, and Strongly Disagree **(SDA)**

Statements	**SA**	**A**	**NS**	**DA**	**SDA**
The cost of collection of taxes as a percentage of revenue has been on a decline.					
URA experiences tax arrears which also affect it performance.					
Improved tax administration leads to improved revenue performance.					
It is easier to collect revenues today than in the past.					
URA realizes increments in revenue collection every financial year.					
The performance in revenue collection is expected to be better in coming years.					
The introduction of the Large Taxpayers Office (LTO) has improved revenue collection and performance.					
Reviews of the rates/charges of corporation tax is frequently carried out					
Corporation tax collection in terms of volume has increased tremendously.					
Corporation tax collection in terms of volume has increased					

SECTION D: RELATIONSHIP BETWEEN TAX COMPLIANCE AND REVENUE COLLECTION.

The following abbreviations will be used:

Strongly agree **(SA)**, Agree **(A)**, Not Sure **(NS)**, Disagree **(D)**, and Strongly Disagree **(SDA)**

Statements	**SA**	**A**	**NS**	**DA**	**SDA**
1. The level of tax compliance affects the performance of domestic revenue collection.					
2. Tax education improves on tax compliance hence improving revenue collection.					
3. The low compliance culture among Ugandans affects the revenue collection.					
4. The tax authority audits the books of accounts and any other record to ensure compliance with the necessary tax laws					
5. the assessment system by URA determines the total taxes collected					
6. The tax collection methods and procedures have a direct influence on tax payer's compliance					
7. The effectiveness of the monitoring tax payers affects the revenue collected by URA					
8. Massive sensitization of tax payers increases the tax collected by URA					
9. The identification and registration of tax payers, influences how much revenue is collected					
10. Tax administration sensitization with tax payers encourages complying with tax obligations					
11. The tax authority audits the books of accounts and any other record to ensure compliance with the necessary tax laws					
12. The assessment system by URA determines the total taxes collected					

THANK VERY MUCH FOR YOUR COOPERATION

APPENDIX III: RESEARCH PROJECT SCHEDULE

	Activity	WEEKS																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Topic selection																	
2	Proposal writing																	
3	Distribution of questionnaires and interview guides																	
4	Editing and coding																	
5	Data entry																	
6	Data presentation, discussion, interpretation of findings																	
7	Presentation of draft report																	
8	Correction of the draft dissertation																	
9	Submission of final report																	

APPENDIX IV: RESEARCH PROJECT BUDGET

ITEMS	COST (Shs)
Transport	100.000
Lunch	35.000
Stationery	70.000
Printing	50.000
Binding	24.000
Telephone calls (air time)	10.000
Total	**289.000**