

**TAX EDUCATION INITIATIVES AND INCOME-TAX COMPLIANCE IN MBALE
CITY**

LILLIAN BIRUNGI ABER

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT
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**UGANDA CHRISTIAN
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Declaration

I, **Aber Lillian Birungi**, to the best of my knowledge, declare that this work is mine and has never been published by any one or submitted to any University.

Sign: 

Date:

27th /02/2024

Approval

This dissertation report entitled “Tax education initiatives and income-tax compliance in Mbale City has been submitted with my approval as University Supervisor.

: 

Date: 27th /02/2024

Mr. Masuba Martin

Dedication

I, **Aber Lillian Birungi**, dedicate this research report to the Almighty God who has given me the grace to do it successfully, to my beloved parents for their endless prayers for which they have brought me this academic career success.

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LIST OF ACRONYMS

GDP: Gross domestic product

URA: Uganda Revenue Authority

OECD: Organization for Economic and Cooperation Development

CVI: Content Validity Index

SPSS: Statistical Package for Social Sciences

ABSTRACT

This study was undertaken to investigate the effect of tax education initiatives on income tax compliance in the business sectors in Mbale City Town Council. A case study design was used for this study. A population of 380 respondents was considered and a sample of 100 respondents was selected for this study with 21 taking part in the interviews and 79 in questionnaires. Data was analyzed using mixed approaches. The quantitative data was analyzed using SPSS beginning with descriptive and followed by inferential analysis. While qualitative data was analyzed using content method and it strengthened quantitative results. The study Pearson correlation results revealed the existence of a positive and significant effect between financial literacy programs and income tax compliance ($r=0.587$; $P=.000$), a positive and significant effect between radio program engagement and income tax compliance ($r=0.477$; $p=.000$) and a positive and significant effect between tax clinics and income tax compliance ($r=0.608$; $p=0.000$). The regression coefficient results revealed that tax clinics was the most significant predictor of income tax compliance ($\beta=.690$; $\text{Sig}=.000$) implying that income tax compliance in Mbale city largely depends on enforcement actions and other support services that support tax compliance. The study concluded that all three independent variables are positive determinants of income tax compliance. The study recommended that the Mbale city leadership together with the tax bodies should apply financial literacy programs, embrace radio program engagement and adopt tax clinics as a means for promoting and enhancing income tax compliance by the business sector in Mbale city.

CHAPTER ONE

INTRODUCTION

1.1. Introduction

This Chapter presented the background of the study, statement of the problem, the objectives and research questions, scope of the study, justification and significance of the study as well as the conceptual framework.

1.2. Background of the study

In many African countries, however, tax evasion leaves states with major holes in the budgetary pockets. A 2015 report explained tax abuse as an important contributor along with laundering of criminal proceeds, corruption, and market abuse to an estimated \$30 billion to \$60 billion per year that African governments lose to illicit financial flows, hampering growth through state investment, improvements in education and health services, and lower debt commitments abroad (United Nations Economic Commission for Africa, 2015).

According to Copley, (2016) in any economy, balancing expenditures, revenues, and debts is a delicate and often politicized task. Competing interests and priorities rock those tasked with planning a viable and stable national budget. For any state, taxes rose from individuals and businesses are a central stand supporting the provision of services, the maintenance of infrastructure, the employment of civil servants, and the smooth functioning of the state. Mukama et al; (2019) elaborated that to educate Ugandan taxpayers about taxes in the development tax arena is a very crucial stand for the citizens' to pay taxes as part of their human rights and brings to support tax compliance amongst Uganda.

Mattes et al; (2016) disclosed that plans of having the facility evolve into a standard television facility programs for taxpayer education and platform to reach out taxpayers. The radio programs

studio was facilitated to promote digital tax education initiatives while creating awareness of tax responsibilities and rights to boost tax morale in the country. Santoro et al; (2019) argued that the stands for Domestic Revenue Initiatives for Transformation are intended to enhancing domestic revenue mobilization for the development of the country through massive sensitization amongst citizens. Arguably, limited compliance to tax retards the governments' effort to invest and grow. Moreover, low tax compliance weakens the state's ability to invest and develop.

A report by Taddiwo, (2020), elaborated that a mere 15% of GDP in less developed economies is born out of tax in relative to the 35% of more economically developed countries. Kuo, (2016) elaborated that low tax compliance in most of the developing states costs over \$285 billion in a single year. This initiative is part of the numerous tax education initiatives by URA to reach taxpayers using a mobile tax bus that was launched to help URA reach remote areas while enabling taxpayers reach services wherever they are.

Through a concerted effort, it is possible to improve the tax morale and tax-paying culture and many governments have introduced several initiatives intended to improve the tax morale among their taxpaying populations. OECD, (2021) confirmed that the adoption and usage of systematic education on tax and improved awareness initiatives has been identified as one of the factors that could improve tax morale. Individuals empowered with tax literature are required to make informed decisions in align with voluntary and on time compliance of tax obligations.

1.1.1 Historical back ground

Historically, taxation goes back to 3000-2800 Bc in ancient Egypt and these consistend of both direct and indirect taxes which were paid in form of money or labor measured to the equivalent of money (Mclure (2015). In Uganda taxation was established in 1900 by the colonial government and this started with a hut tax and in 1905 the poll tax was introduced with revenues

going colonial administrators (Thompson, 2003). By 1962 the direct system of taxation was abolished following the independence of Uganda. With a lot of turmoil, when the NRM came to power, the 1997 local government Act, schedule 2 mandated authorities local to get revenues from their respective areas in things like property among others, while complying with financial and accounting regulations of 1998 to guide of the financial operations and specifies decentralization policies, rules and regulations (Puspitasari and Wahyu, 2014). The establishment of URA in 1991 saw tax revenue to GDP was at 6.83% which translated to Ushs.133 billion. And by 2015, the ratio increased to 13% an equivalent of Ushs.11.2 trillion. The plan of URA is to surpass 16% tax revenue collected and in order to raise to that level local governments have been empowered to make decisions based on budget levels, carry out total count and assessment of tax revenue source URA to increase the revenue base (Mascagni and Santoro, 2018).

Mascagni, (2020) argued that revenue realization in developing countries is highly impacted by issues such as low sensitization, limited monitoring activities, poor tax administration, low business transactions and the inability to deal with tax loopholes. In 1999/2004 Ugandan revenue authority GDP collections had increased to 17.4% in Ugandan shillings as results of local collection revenue, the report of by World Bank report, (2019) revealed that the initiative of Uganda revenue authority was to ensure that public service deliverance such as education, health and environment sustainability, however in 2018 Uganda revenue authority collection has declined to 10.4% below the expected initiatives in 1991. According to the Uganda National Bureau of statistics, (2019) Mbale is one of the fastest growing cities in Uganda with an average population of 488,960 and out of these, 255,621 are female. The URA performance records also show that the Mbale tax register has 82,766 taxpayers of whom 23,505 are women. The above

statistics historically led URA closer to engage Mbale women in business as a way of facilitating development and revenue growth in the region.

1.1.2 Theoretical back ground

The study was guided by the Motivational Postures Theory advanced by Braithwaite (1995). According to Braithwaite, authorities may possess all the legal rights but that does not mean psychological rights. The theory assumes that individual tax payers evaluate authorities in terms of what they stand for and the manner in which they perform. It also assumes when evaluations are made and accumulated over time, positions are developed by individuals and groups in line with authority. It further assumes that psychological concept called social distance must be developed. It also assumes that when social distance is developed it determines the level of acceptance and or rejection by the taxpayer which can affect the level of compliance. The theory is relates to the study in that when position is developed between the tax payer and the authority, and regulations are in place to support beliefs, feelings and attitudes, it results in interconnections. However, disengagement may be considered a motivational posture but only reflecting resistance to the authorities.

1.1.3 Conceptual back ground

This study was developed on two concepts, the independent concept which was tax education initiatives and the dependent concept which was taken to be tax compliance.

The Organization for Economic Corporation and Development (OECD) (2013) defines tax education as a means to building tax culture, compliance and citizenship. It is not only about encouraging people to pay taxes but also about explaining taxation and its place in society as a whole. For this specific study however, tax education initiative was defined as financial literacy programs, radio program engagement and tax clinics.

.Financial literacy programs focus on the ability to manage personal finance effectively, which requires experience of making appropriate personal finance choices such as savings, insurance, real estate , college payments, budgeting, retirement and tax planning. According to Forbes (2023), financial literacy refers to the ability to grasp and effectively use the various financial skills from budgeting and saving to debt management and retirement planning. Financial literacy is the confident understanding of concepts including saving, investing and debt that leads to an overall sense of financial well-being and self-trust (Mengistu & Wodleyes, 2018). However in tis specific study, financial literacy was defined as Awareness creation, Filing returns and Compliance.

Radio programming is the process of organizing a schedule of radio content for commercial broadcasting and public broadcasting by radio stations. A radio program or radio programme or radio show is a segment of content intended for broadcast on radio (Spiegel, Jan ellen , 2007). It may be a onetime production or part of a periodically recurring series. A single program in a series is called an episode. However, in this particular study, radio program engagement was defined as sensitization and influence.

Tax clinic refers to the volunteer organization where tax returns are prepared for qualifying low income tax payers. Tax clinics are similar in nature to that of legal clinics within educational organizations, but their focus is solely on taxation matters. However in this specific study, Tax clinics were defined as enforcement actions and support.

Tax compliance involves being aware of and observing the state, federal, and international tax laws and requirements set forth by government officials and other taxing authorities. Tax compliance means taxpayers' decision to comply with tax laws and regulations by paying taxes

timely and accurately. However in this study, Tax compliance was defined as voluntary registration, filing ratio, returns submission and prompt payment.

1.1.4 Contextual back ground

Senyonyi, (2020) explained that Uganda Revenue Authority was established in 1991 with the aim of collecting taxes from the citizens to support the GDP, in the country. In 2007 majority of Ugandan have been involved in the contribution of this GDP by 8.6% however in 2015 tax collection began declining from 8.6% to 6.83% of GDP, amounting to UGX: 133 billion. In 2017/18, taxes collected were raised to 13% of GDP, amounting to UGX: 11.2 trillion. However some statistics shows that in 2019 the compliance of taxpayer's contribution toward the GDP of the country decreased to 9.2% in tax collections. Isbell, (2017), shows that across, regions, in Central Africa (74%), West Africa (73%) and South Africa (76.4%) most commonly people see taxes as necessary if their country is to develop. In contrast, fewer than half of North Africa (47%) and East-Africa (38.2%) hold this attitude of not complying with taxes regularly.

According to the Uganda National Bureau of statistics, (2019) Mbale is one of the fastest growing cities in Uganda with an average population of 488,960 and out of these, 255,621 are female. Namuganza, (2021) elaborated that URA performance records show that the Mbale tax register has 82,766 taxpayers of whom 23,505 are women. The statistics shows that out 64.4% of register only 34.1% compliance with taxes in the city, thus the above statistics encouraged the researcher to established the influence of tax education initiatives on income tax compliance in Mbale City business sectors.

1.2.Statement of the Problem

Tax awareness and tax education campaigns serve Uganda to improve tax compliance culture among businesses and individuals in the country. Any improvement in compliance with tax

obligations by taxpayers greatly assists in the generation of more tax revenues to finance the ever-increasing government expenditure (World Bank, 2018). Uganda's constitution under Article 17 (1) (g) clearly stipulates that all citizens have the duty to pay taxes. Through a concerted effort, was put in place to improve the tax morale and tax-paying culture among Ugandan's little has been done. The use of systematic tax education and tax awareness initiatives has been identified as one of the factors that can improve tax morale. Despite the importance, Income tax compliance in the business sector in Mbale City is facing challenges among the tax payers. According to Uganda National Bureau of statistics, (2019) income tax compliance has declined to 43.4% in the business sector in Mbale City town council. Although Mbale is one of the fastest growing cities in Uganda with an average population of 488,960, registered taxpayers of 64.4%, income tax compliance has been struggling in the business sectors.

Namuganza, (2022) affirmed that tax rate can increase as taxable income increases which can be referred to as progressive tax rates. Therefore as part of the process to increase compliance, Mbale city council is increasingly reaching out to taxpayers current and future to teach, communicate and assist them in order to foster a culture of tax compliance based on rights and responsibilities, in which citizens see paying taxes as an essential aspect to their country (Ibid, p.12). Despite this civic duty imposed on every Ugandan citizen, the Uganda Revenue Authority continues to grapple with attaining widespread voluntary and timely income tax compliance as some Ugandans have challenges on tax morale compliance towards paying the due taxes imposed on them. Therefore, this study will establish the influence of tax education initiatives on income tax compliance in business sectors in Mbale City Town Council.

1.3.General Objective

The purpose of the study was to investigate the influence of tax education initiatives on income tax compliance in the business sectors in Mbale City Town Council.

1.3.1. Specific Objectives

- i. To find out the extent to which financial literacy programs influence on income tax compliance in the business sectors in Mbale City Town Council.
- ii. To assess the influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council.
- iii. To establish the extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council.

1.4. Research Questions

- i. To what extent does financial literacy programs influence on income tax compliance in the business sectors in Mbale City Town Council?
- ii. How does Radio program engagement influence on income tax compliance in business sector in Mbale Town Council?
- iii. How does tax clinics influence on income tax compliance in business sector in Mbale Town Council?

1.5. Scope of the Study

1.5.1. Content Scope

This study focused on tax education initiatives as the independent variable and tax compliance on the other hand was the dependent variable. Tax education initiatives included financial literacy programs, radio program engagement and tax clinics whereas tax compliance was broken into; voluntary registration, filing ratio, returns submission and Prompt payment. .

1.5.2. Geographical Scope

The study was carried out in Mbale city, which is found in eastern part of Uganda and a key strategic regional business hub. It borders the districts of Manafwa in the south, Sironko in the east north east, Bududa southeast, Tororo in the southwest, Butaleja in the west, Budaka in the northwest, Bukedea in the north and Bulambuli in north east. It is located approximately 245 km from Uganda's capital city Kampala with coordinates of 00 57N, 34 20E. It has an area of 518.8 square kilometers (200.3 sq. ml).

1.5.3 Time Scope

The study considered the period from 2017 to 2021 where compliance was low with limited collections attributed to poor tax education with the study aimed at establishing why compliance is low even with the measurements put in place by the URA.

1.6. Significance of the Study

The results will widen the general understanding of the tax education initiatives process and how it influence income tax compliance in the business sectors in Mbale City. The study findings will be a mechanism for more studies to be carried out in the same context to address the tax education, its use by URA and benefit to the income tax compliance. Findings will specifically support tax policy makers to determine the kind of policies that favor taxpayer's compliance through tax education initiatives in business sectors in Mbale City Town Council.

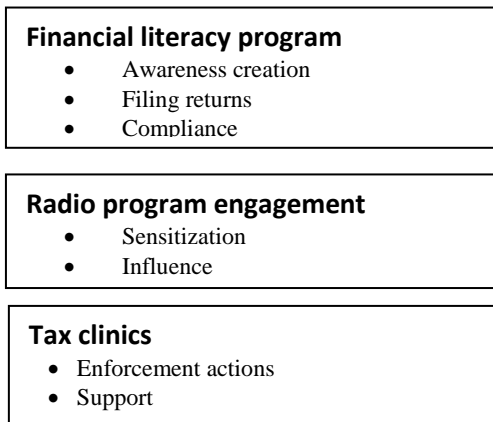
1.7. Conceptual Framework

This was undertaken to show the connection between the study variables. The independent variable was tax education initiatives while the dependent variable was income tax compliance..

Figure 1.1: Conceptual framework showing the relationship between tax education initiatives and tax compliance

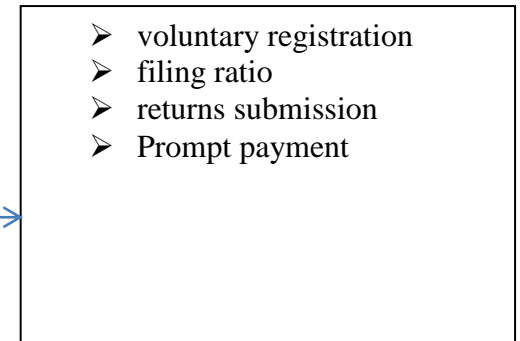
Independent variable

Tax education



Dependent Variable

Tax compliance



Source: Chetty et al; (2019)

The conceptual framework above indicates that tax educations which is the independent variable broken down as financial literacy program, radio program engagement and tax clinics once well conducted result in Tax education which is the dependent variable and which can be measured in the form of voluntary registration, filing ratio, returns submission and prompt payment.

1.8. Conclusion

This chapter covered the background of the study, statement of the problem, the objectives and research questions, scope of the study, justification and significance of the study as well as the conceptual framework.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

In this section the related literature was reviewed in conjunction with the objectives of the study. This literature included theoretical review, it also explained the independent variable and dependent variable of the study, the literature further looked at the three specific objective of the study which were the extent to which financial literacy programs influence on income tax compliance in the business sectors in Mbale City Town Council, to assess the influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council and to establish the extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council.

2.2. Theoretical review

The study was built on the Motivational Postures Theory put forward by Braithwaite (1995). This theory states that although authorities possess legal rights over tax payers, they do not have influence over their psychological rights. The theory is built on the assumption that both the tax payers and authorities evaluate each other with the former trying to understand what the latter stand. The theory further assumes that tax payers are either committed or disengaged from tax authorities, in what may be termed as social distance concept. To allow commitment, social distance must be reduced. Indeed to promote small social distance, Shimeles et al; (2017) confirmed that Posture motivation theory used in tax compliance aims at capturing the attitude which is reflected from the taxpayer on the regulations that have been established by tax authorities. However, it is also possible for disengagement though considered motivational posture to be exercised to reflect resistance to the authorities. Therefore the theory is applicable to the study in that it calls for commitment which is a reflection of beliefs about the desire of the

tax system and a feeling of moral rights to pay the tax with good will. And it also emphasizes capitulation which is a reflection of acceptance of the tax office as the right authority and the tax payer believes the authority is the rightful person if it acts well and reflects on his authority.

2.3. Tax education initiatives and income tax compliance

2.3.1. Tax education compliance

TAI, (2018) explained that educating taxpayers is not just the business of tax administrations. Many of the initiatives presented in this study demonstrate the value of working together with stakeholders like business associations, schools and non-state organizations to encourage income tax compliances in the country. Having effective tax compliance means that there is high level voluntary tax payment and a good understanding of tax laws which influence directly, the level of the willingness to pay so that the state's ability to raise revenue is enhanced. This also helps in promoting the attainment of the sustainable Development Goals and build trust in the fairness of the tax system and tax morale.

Nakyambadde et al; (2017) elaborated that tax morale refers to the rate of motivation to pay taxes as measured by voluntary compliance. Raisaro et al; (2017) further confirmed that tax morale encompasses the perceptions and the attitudes of the taxpayers towards taxes and can, therefore, fluctuate from low tax morale to high tax morale under different environments. Through a concerted effort, it is possible to improve the tax morale and tax-paying culture and many governments have introduced several initiatives intended to improve the tax morale among their taxpaying populations.

Chetty, Looney and Kroft, (2019) The use of systematic tax education initiatives and tax awareness initiatives has been recognized as one of the factors that could progress income tax compliances. A tax -literate people that have been empowered with applicable tax awareness is

anticipated to make well-versed decisions in favor of voluntary and timely compliance with their tax obligations within the country they leave regardless the economic challenges. It is, therefore, the duty of government to provide relevant and comprehensive tax education initiatives at all suitable levels of citizens.

According to Almunia et al; (2017) indeed, under the Uganda Revenue Authority, the government of Uganda has and maintains to revolve out a number of tax education and awareness campaigns covering new tax developments, recognition of compliant taxpayers, among others. Similarly, Liebman and Luttmer, (2015) added that tax education initiatives are strong curricula to inform citizens about their tax responsibilities from an early age. The earlier the tax knowledge is introduced to the young impressionable brains and receptive souls, the better empowered the future generation of taxpayers will be.

Isbell, (2017) argued that it is significant to note that effective tax education initiatives have the ability to nurture positive mindsets and attitudes in favor of voluntary tax compliance. Taxpayers and prospective taxpayers can thoroughly be mobilized through awareness in order to be able and have suitable collection of taxes is the revenue mobilization tool available for government. Through effective tax education initiatives people are able to see the value of their responsibly as citizens in the country in order to support and encourage commitment to the common good of society through making the tax contributions required to finance social goods and services like public schools and health facilities.

Thomas, (2017) elaborated that any tax education initiatives are tools fight for tax evasion and aggressive tax avoidance to the progress and development of society by explaining to the taxpayers as part of tax education programs. However, what has remained a failing for many governments in developing countries is to embrace regular accountability and transparency

programs intended to adequately explain to the taxpaying public how the taxes collected have been put to good use in the country they belong. Though Ugandans have the legal and moral duty to pay the due taxes imposed on them, it is also the responsibility of government to undertake such initiatives like adequate tax education initiatives can strengthened the policy to ensure that the taxpayers are also moved to want to pay the taxes regularly.

Contrarily, Hjort et al; (2017) tax education initiatives can negatively influence income tax compliances when there is no clear explanations on how these money was spent, his argument was in relation with Voluntary taxation theory which argued that citizens enable them to support functions of their government and the expenditure intended to achieve education and health purposes in the county. The theory further explains that when the citizens get what they pay for in return of the taxes it becomes easier for them to have compliance taxes in the country.

2.1.2 Income tax compliance

Subekti et al; (2018) argued that income tax compliance is general concern that every authority under revenue is entitled to do, in Uganda income tax compliance face various challenges due clear proper use of the money paid by the citizens. The primary goal of a revenue authority is collect the taxes and duties payable in accordance with the law in such manner that sustain confidence in the tax system and its administration. The actions of taxpayers whether due to ignorance, carelessness, recklessness, or deliberate evasion as well as weaknesses in a tax administration mean that instances of failure to comply with the law are inevitable.

Horodnic, (2018) explained that agencies that collect revenue are required to create conditions in which taxpayers have an understanding as to why they should pay the tax. On the otherhand, the tax payers are expected to oblige to the tax laws and regulations but this may not cut across unless they have the necessary education on taxes and tax obligations.

It is however important that for payers of taxes understands that obligations may differ yet compliance does not vary. Besides, because of failure to interpret laws in the same way, questions surrounding income tax compliance may arise despite the fact that taxpayers could have met their obligations (Horodnic, 2018). All entities that are required to collect taxes are usually supported with a specified amount of resources so that they educate the the masses on the compliance. This implies that effective tax administration requires optimum collections as guided by the prevailing laws and which leaves communities sustained in their operations and confident in the tax systems (Torgler, 2018).

Organization for Economic and Cooperation Development (OECD), (2019) found that income tax compliance is an important issue; taxation acts as one of the key factors for managing national income in economies. Most states in the world have built their economies primarily on taxes. Hence, compliance in paying taxes is an important factor to increase state revenue because taxes are relevant source of state revenue. Tax compliance decisions empirically are the availability of detailed information, and reliable decisions regarding the options of individual taxpayer compliance.

Hallsworth et al; (2017) explained that peer reporting behavior is one of the variables that determine tax compliance decisions derived from situational factors. Tax compliance is influenced by the peer, such as friends, family, and the people are around other individuals. The most interesting features of modern systems of income tax compliance are their essentially voluntary nature. Individual taxpayer always faces some chance of being audited by the Internal Revenue Service. Metcalfe et al; (2017) argued that taxpayer accepts the current regulation even when said regulation is not in accordance with his priorities, but ultimately still feels that the right thing is for the regulation to be in place. Taxpayer wants to be more engaged in national

taxes. The higher a taxpayer's capitulation, the more compliant he is. Although the economy suffered, taxpayer with a high capitulation still feel urged to take part in helping to mend the city's economy.

2.4. Financial literacy programme and income tax compliance

According to Alasfour et al; (2016) financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. He further said that when financial literacy programmes are in place help to encourage citizens to comply with their tax moral in the country. Contrarily, Chan *et al*; (2018) argued financial literacy programmes negatively influence individuals not to comply with the laws because they get to know how effective planning and budgeting can establish successful savings.

Torgler et al; (2018) elaborated that a good financial Literacy programme is a key part in inclusion within an economy. Following the rapid advance in technology, it has become important that ICT plays an essential role in the financial inclusion and it is strongly advised that the financial literacy program takes into consideration the technological interventions so that quicker and cheaper financial products and services are provided to those that need them.

Financial education according to OECD (2019) is the act in which financial investors are able develop their knowledge by means of information, approaches in order to develop key skills for averting financial challenges and tap into the opportunities by making informed decisions. However, Metcalfe et al; (2017) explained that financial education increases income tax compliance once it is effectively managed, this strategy of education enables individuals to enhance personal commitments and fulfill the obligations set by the law. Operative financial literacy creativities geared toward aiding adults and youth gain the knowledge and skills to

manage and communicate about choices that influence their measurable well-being now and in the long term.

The ultimate goal of programs is to provide community members with the skills needed to effectively tackle personal financial matters and make positive financial choices through financial literacy programs. Samy et al; (2016) confirmed that financial literacy programme has a significant influence on income tax compliance in any given country. Most developing countries are citizens are hard to comply with their obligations due to lack of evidence on how the money is spend by the government.

Allingham, (2020) argued that financial literacy programme enables well established tax compliance system by creating making individuals and organization understand the how their money is used by the revenue authorities. When people get genuine reason on how their money is spent, they get to understand and comply with the existing tax laws, some individuals are able to respect the tax systems and this results in compliance rather than evade it but once they do not see any value in the taxes they pay, they begin withdrawing and neglect their responsibility. Furthermore, tax knowledge improve individual's awareness and ethics toward reduce their tendencies of tax noncompliance and increase tax morals in the community or country.

Similarly, Alm and Gomez, (2018) added that financial literacy programme ensures that citizens are well informed about the values of tax compliances as part of their right in the country. Financial literacy influenced the attitudes and mind sets of citizens towards tax avoidance and tax evasions in order to have successful income tax compliance among the citizens.

A Study by Alm and Torgler, (2019) revealed that financial literacy programme has a significant influence working adults to comply with taxes East Malaysia. People do not comply with tax policies due to of lack sufficient tax knowledge pertaining to personal taxation that in turn affect

income tax compliance in the country. Remarkably, they were not fully in the know of individual tax reliefs, discounts, rights and exemptions. But the process of financial literacy is not as easy as it sounds unless the revenue authorities make people financially literate and understand their obligations.

As a way to raise the tax compliance level, knowledge of taxation becomes a key factor for the tax payers since they get financial literacy and are able to pay with less challenges because financial literacy programme is supports the inducement to for people to comply more on their obligations (OECD, 2019).

Demissie, (2018) argued that to promote the principles of voluntary compliance, financial literacy programme in the key to influence income tax compliance in most developing countries; financial literacy programme reduce the potential of tax evasion among citizens in order to prevent tendency to avoid tax reduce with the level of education. There is a wide range of financial literacy initiatives in Africa and Uganda in particular, in order to enable citizens to participate and fulfill their duties as responsibility.

According to Knebelmann et al; (2017) financial literacy programme affects the ability of people to perform their task of when the communication is not clearly availed to them. Financial literacy programme initiatives bring tax education into people's homes and adopt a more relaxed and non-confrontational approach that improves their attitude toward voluntary taxes, raise public knowhow mandates tax payers to develop on taxations.

A study done by Looney et al; (2019) revealed that people simply don't respond to tax obligations due to the failure to understand the tax laws needed. Clear indications reveal that inadequate knowledge on tax systems present disbelieve and poor knowledge bring to mind destructive defiance towards tax, however, good tax knowledge correlates with positive attitudes

towards taxation, the taxpayer's capacity to understand the laws and regulations of taxation and their ability to conform.

Braithwaite, (2018) observed that information about tax can give shape the attitude towards compliance. Citizens with better tax education through financial literacy programme are in position to steer challenging tax systems and also keep away from extra payments resulting from complex tax system and keep away from overpayment due to complex exposure supplies that encourages complying voluntarily. Knowledge on taxes has lately impacted tax morale with very little knowledge on direct implications of compliance. In Low income countries, it has been observed that tax systems are complex to understand due to unfair and distant public services.

Olken et al; (2018) explained that in Africa taxpayers face technical restrictions with how to file their taxes, and also tussle to see what taxes are for. The content of these programmes can be improved by giving more attention to aspects of reciprocity, transparency and accountability to the citizens. As a lack of trust in other taxpayers and the sensitivity that tax evasion is widespread in a society negatively affects tax morale of the citizens. Tax non-compliance continues to represent a center issue for many governments around the world. Sumarto et al; (2018) added that tax payers are coherent players who seek to make the most of their taxable income by weighting the benefits and the cost of compliance with the value of tax non-compliance. The non compliance towards of tax, happens through the inability to file tax returns, or misreporting allowable deductions from taxable income and tax dues.

Carpena et al; (2015) argued that individual have always tax compliance behavior in a developing economy. When it comes to government reveueus, collections of revenue is improved by sensitization of the payers of taxes through creating financial literacy programme as a way of shaping their behaviors and ensuring income tax compliance. Shapiro et al; (2015)

observed that the adeptness of a tax system is not as a result of only the right legal regulation but also by the competence and integrity of the tax administration and education, if payers are swayed to believe that the tax system is administered in a fair manner and all taxpayers pay by law rationally and equally, then they are prepared to pay. In a similar manner, it is noted that the challenge of not being knowledgeable about tax compliance behavior towards a tax system is grave and results to loss and low level of income tax compliance in a country.

Carrillo et al; (2017) confirmed that attitude is about one's own views regarding behavior. It can be taken to be positive and negative on the subject matter. Pertaining to taxation, attitudes of the tax payer may positively or negatively influence taxpayers compliance. The purpose of positive views is explained by the former and vice versa. The willingness to pay taxes is a reflection of beliefs on the desirability of the tax systems feelings of ethical rights to act in the interest of the collectors and pay ones tax willingly. Compliance with tax laws by individuals is not just a result of their own financial interests to limit tax bill but due to their perceived moral obligations to obey tax laws by receiving financial literacy programme.

Chetty and Saez, (2013) argued tax payers who are educated attentive of non-compliance opportunities, however with the potential to understand tax systems coupled with higher level of moral development promotes favorable tax payer attitude and consequently greater compliance, leading to improved income tax compliance. Individuals with higher levels of education are more than likely to have higher moral development levels as well as higher attitudes towards compliance whichs help the government.

2.5. Radio programme engagement and income tax compliance

Mukama et al; (2017) explained that Radio programme is a vital tool to reach a wide audience in the world. Radio programme engagement shares lifesaving information with communities, and

act as a platform to encourage open discussions and feedback on a range of important matters in the society. Radio is a vital source of information in many of the areas in the world and potential to reach a huge number of people. Mascagni and Santoro, (2018) elaborated that radio programme engagement is a significant influence on citizens to participate on the GDP of their country by complying with the taxations. When a radio programme is used to engage taxpayers to have tax moral behaviors, the income tax compliance can strong increase in a country.

Knebelmann et al; (2017) asserted that Radio programmes that deals with taxes are widespread in the world today including Eastern African Community. In countries like Rwanda, tax program has been broadcasted in radio and massive community members were influenced by these programmes to comply with the taxation policies in the country. In his study, revealed that radio programmes are very significant in mobilizing citizens to comply with income tax compliance in the any country. In Zambia, the revenue authorities organize a radio programme engagement to influence people respect they are obligations. These programmes have been able to influence individuals and business owners to comply with tax policies governing the country (Wodleyes, 2018).

Aggurvin, (2018) explained that taxpayers in any country around the world need to be sensitized in order to know and understand the policies of the country; this can enable the citizens to be able and understand the value of tax compliances. In light of this, Uganda Revenue Authority launched an online studio facility to promote digital tax education while creating awareness of tax responsibilities and rights to boost tax morale. Tan and Braithwaite, (2018) argued that the programme was intended to increase Domestic Revenue Initiatives for Transformation to enhancing domestic revenue mobilization in the country by educating Ugandan taxpayers about

taxes and developments in the tax arena, the economy, good business practices, trade facilitation and more to bring about improved compliance amongst the many clients in Uganda.

Thompson et al; (2013) showed that radio programme engagement can be perceived differently across taxpayers in a country and influence taxpayers' perceptions about being voluntary taxpayer in different ways, depending on their income and opportunities to evade tax. Using radio programmes to sensitize the citizens, to comply with policies is a good strategy but sometimes it affects the individuals to make decisions income tax compliance choices. A radio programme can be influence individuals depending on the language used and the targeted population intended to. Radoff et al; (2013) revealed in his study that radio programme is not a significant contributor to income tax compliance, contrarily the study done by Nyirenda, (2018) revealed that radio programmes are powerful in influencing and changing the mind set of people to act in a positive way or negative way. In his study, further show that radio programmes are more significant to influence positive change in the community.

Anna, (2020) elaborated that radio is a successful channel that has the capability to influence individual behaviors in the community, when a revenue authority uses media to educate people about the taxes; it creates massive compliance among individuals and companies hence increasing income tax compliances that contribute to the GDP of a country. Taxpayers are always able to pay their taxes when there is continuous reminder and mobilization in the community.

According to Boogaard, (2020) radio programmes are able to influence the behaviors of taxpayers to comply with the obligation entitled to them as citizens of the country. Radio programme is able to change the attitude of taxpayers when they are able to comprehend the reality underlying taxation and the associated attitude to taxation that is expressed.

Misperception of the taxpayers play a major role in shaping fairness evaluations, attitude to one's own tax evasion, and attitude to other people's tax evasion. Smith and Stalans, (2019) added that the attitude about the tax system and perceptions of fairness are influenced by what the public actually knows about the tax system. This implies that radio programmes are able to influence people, to become obedient to their national policies.

Balaba, (2019) observed that increased education through radio programme engagement enhances the understanding and acceptance of tax complexity and serve as re-frame equity assessments that lead to increased equity perceptions without actual law changes. The initiative tax education by URA through radio programme was to reach taxpayers and inform them the relevant of taxes at the country level and individual level. Uganda National revenue authority introduced also a mobile tax bus to help URA reach remote areas in order to enable taxpayers reach services wherever they are. If the consequences of progressive taxation are not well understood, then the results of surveys that rely exclusively can determine public support for progressive or flat tax rates in the country.

According to Mascagni, (2020) the clarity of radio programme engagement can significantly contribute to tax evasion from the taxpayers. World Bank report, (2019) showed that radio programmes engagement enable the payers capacity to grasp and conform to the laws governing income tax. Increasing understanding opportunities for evading taxes has negative implications on tax compliance since its aids in non-compliance. Higher income tax knowledge leads to higher income compliance rates, and it is assumed that income tax knowledge increases, the rate of tax evasion as it decreases the level of income tax compliance.

According to OECD, (2021) tax morale encompasses the perceptions and the attitudes of the taxpayers towards taxes and fluctuates from low tax morale to high tax morale under different

environments. Through a concerted effort, it is possible to improve the tax morale and tax-paying culture and many governments have introduced several initiatives intended to improve the tax morale among their taxpaying populations including radio programme engagement. The use of systematic tax education and tax awareness initiatives through radio programme has been identified as one of the factors that could improve tax morale.

Senyonyi, (2020) explained that tax literate people have been vested with relevant tax knowledge to make knowledgeable decisions in favor of charitable and timely compliance with their tax commitments. It is, therefore, the duty of government to provide relevant and comprehensive tax education, at all appropriate levels. Indeed, under the Uganda Revenue Authority, the government of Uganda has and continues to roll out a number of tax education and awareness campaigns covering new tax developments, recognition of compliant taxpayers, among others.

2.6. Tax clinics and income tax compliance

According to Wadesango et al; (2018) explained that tax clinics are a volunteer organization where income tax returns are prepared for qualifying low income tax payers. Tax Clinic provides advice and support for unrepresented, lower income or vulnerable taxpayers and small businesses while also assisting in developing practical experience for accounting students as the future of the tax profession. It creates educational activities to better inform students, taxpayers and the broader community on the current tax system.

Tax clinic has a significant impact on income tax compliance; taxpayers who are not able to pay their taxes can be helped by the tax clinic.

Mwandambira et al; (2018) added that taxpayers with low income have always experienced difficulties in paying their tax in time. Tax clinic has volunteered to help those in need so that

they taxes can be pay easily. Trainings and seminars on taxes are perhaps the most widespread activity from which revenue establishments organize to improve tax education. These initiatives provide knowledge on how to navigate the tax system with more traditional methods so that taxpayers can be able to participate in their obligations.

Amrizah and Nero, (2015) elaborated that tax clinic was introduced in the world today in order to help taxpayers who are failing to pay their but title was done to help these people achieve the intended goals. Tax clinics have significantly enabled taxpayers to comply with tax policies of their country. In Uganda, tax clinic have been established to ensure registered taxpayers know their compliance obligations and help clients to pay their taxes however, this programme has not succeeded in the country. Revenue authorities are largely necessitated to attain as good a compliance purposes as possible.

Kirchler et al; (2018) argued that tax clinics have no influence on increasing income tax compliance because even in the countries where the policy exist and implemented not everyone benefit in it. Tax clinics purposely is support those in need but few taxpayers more especially those in urban areas benefits from such exercise. Contrarily, Eriksen and Fallan, (2016) observed that tax clinic in developing countries have significantly contributed to the income tax compliance though with challenges. Countries like South Africa, Kenya and Senegal tax clinics have massively helped the youth who were not able to pay their taxes.

Rani, (2015) argued that decreasing tax evasion in an economy is not merely a matter of applying higher drawbacks to the citizens because life-threatening penalties may rebound by producing a situation in which enticement, and corruption is more widespread and the consequence creates lesser tax compliance and a general cost of trust in the public sector organizations. Richardson, (2016) asserted that developing concrete guidelines for reducing tax

evasion calls for knowing the behavioral features of the tax compliance decision in a society in that individual attitudes regarding income tax compliance are functions of social-cultural norms, and raising these norms is a necessary policy tool instrument to complement the usual execute options of the citizens.

Contrarily, Mhaka et al; (2018) posited that tax compliance is improved when persons see the paying of taxes as a reasonable economic altercation. In such circumstances compliance is likely to increase with the tax clinics, especially, when the services provided by the government are viewed as widely desired and the decisions determining the services delivered are clear and fair, compliance is likely to be higher. Nevertheless, it is evident that these collaborations impact tax compliance assessments. The mechanism by which the public budget is determined is expected to influence income tax compliance. Wadesango et al; (2018) found out that tax clinics do not influence the increase of income compliance but submission is higher when the public good is chosen on, instead of being forced, and when the political objective is known to be extensively held. They further said that the manner in which the enforcement rules are determined can influence income tax compliance in a country.

Similarly, Gitaru, (2017) argued that social norms in addition to morals have been observed as motives for high tax compliance among taxpayers. Even modest personal ethics founded on religion and cultural norms affect readiness of an individual's tax compliance conduct, autonomously of the financial interchange between the government and the taxpayers. Kelvin, (2017) emphasized that tax compliance clearly depends on enforcement attempt but also on the inhibitors that are intrinsic in the individual-government relationships. The perceived quality of political institutions is argued to affect taxpayers' willingness to comply with the taxes. If

taxpayers perceive that their interests are properly represented in political institutions and they receive a desirable mix of public goods, their willingness to pay taxes augments.

On the other hand, Aksnes, (2014) argued that a state in which corruption is out of control is one in which citizens have little trust in authority and thus creating a low motivation to lend a hand. A rightful state leads to higher tax compliance. Such a state tends to increase taxpayers' positive attitudes and commitment to the tax system, with a supplementary positive effect on tax compliance. Brown and Mazur, (2019) emphasized that taxes are the price paid for government services and taxpayers generally are sensitive to the way the government uses tax revenues. Therefore, taxpayers perceive their relationship with the state not only as a relationship of coercion, but also as one of exchange. Individuals feel cheated if taxes are not spent efficiently in their original country.

Olowookere & Fasina, (2019), noted that the effectiveness of media crusades in the TV, usage of information from magazines on taxes, business clienteles and state newspapers increase consciousness, tax filing, and eventually tax confidence among the tax spenders. They further argued that though tax clinics play a role in enhancing income tax compliance, Television is the most powerful tool to use for tax compliance among individuals. Martinez-Vazquez et al; (2018) argued that lack of knowledge regarding tax laws and the opinions of high tax rates and iniquitousness of the tax system affect taxpayers mostly in developing countries. They further argued that economic and behavioral affect tax compliance among taxpayers.

Sheffrin and Triest (2017) added that taxpayers can not gladly comply with tax laws when the economies are not answerable to the taxes raised. Slemrod, (2018) argued that lack of information and explanation for taxpayers is a major concern as they are not adequately educated and open-minded on the requirements of the various tax laws. Taxpayer education has provided a

comprehensive awareness and information that has promoted partnership and voluntary compliance and further maximized revenue collection for national growth and development as well as broadening the tax base. Smith, (2018) observed that low tax compliance is a major issue for the policy makers in many developing states due to the fact that prevents the governments capacity to raise money for developmental and persistent expense reason.

2.7.Summary of literature

To conclude, the literature reviewed (Gitaru Kelvin, (2017); Eriksen and Fallan, (2016); Brown and Mazur, (2019); Olowookere & Fasina, (2019) and Wadesango et al; (2018) indicated that several related studies have been done on tax education and tax compliance. However, none had analyzed the influence of tax education initiatives and income tax compliance in Mbale City Town Council in Business sectors, thus the reason the present study is will relevant. Specifically, no study has been carried out in relation to determine the extent to which financial literacy programs influence on income find out the tax compliance in the business sectors in Mbale City Town Council, to assess the influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council and to establish the extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council.

2.8.Conclusion

This chapter covered the theoretical review, review of related literature and summary thereof from the literature reviewed.

CHAPTER THREE

INTRODUCTION

3.1. Introduction

In this chapter, the approach to the study was considered. It includes subsections like the research design and area of study, the population, sample size used and the methods of sampling applied, the methods and instruments for collecting data, the aspects of quality control and procedure undertaken to collect information, approaches to data analysis and measurements as well as ethics followed by the researcher and limitations encountered.

3.2. Research Design

In this study, the researcher adopted a case study design to gather the necessary data about tax education initiatives and income tax compliance. According to Mc Combes, (2019) a case study is mostly valuable to for in-depth understanding of the issue under study, in the context of real life. It is a detailed study of a specific subject and normally used in social, educational and business research. This helped the researcher to bring a deeper insight and better understanding on the challenges faced by income tax compliance in regards to tax education initiatives. Shona, (2019) further elaborated that a case study research design often incorporates qualitative and quantitative approaches and as such in this study the researcher adopted a case study design with both qualitative and quantitative approach to strengthen findings.

3.3. Area of study

The study was conducted in Mbale City Town Council; Mbale is a city in the Eastern Region of Uganda. It is the main municipal, administrative, and commercial center of Mbale District and the surrounding sub-region. It is bordered by Sironko District to the north, Bududa District to the northeast, Manafwa District to the southeast, Tororo District to the south, Butaleja District to the

southwest and Budaka District to the west. Pallisa District and Kumi District lie to the northwest of Mbale District. Mbale, the largest town in the district and the location of the district headquarters, is located approximately 245 kilometers (152 mi), by road, northeast of Kampala, the capital of Uganda, and the largest city in that country.

3.4. Study Population

The current study considered a target population of 380 respondents, this included University (20), Hotels and restaurants (25), schools (20), Hospitals (8), Pharmacies (15), Hall sell chops (30), Super markets (12), petrol stations (17), financial institution (15) business community members (200), URA Staff department of revenue (10) and URA Staff department of accounts (8) respondents

3.5. Sample size

The sample size of 100 respondents was selected from a target population of 380 respondents by use of Krejcie and Morgan table (1970) as indicated below.

Table: 3.1 population Simple size

Categories of respondents	Target population	Sample size	Sampling technique
Universities	20	6	Simple random (S)
Hotels and restaurants	25	8	Simple random (S)
Schools	20	7	Simple random (S)
Hospitals	8	7	Purposive sampling
Pharmacies	15	6	Simple random (S)
Hall sell shops	30	8	Simple random (S)
Super market managers	12	5	Purposive sampling
Petrol stations	17	8	Simple random (S)
Financial institutions	15	6	Simple random (S)

Business Community members	200	30	Simple random (S)
URA Staff revenue department	10	5	Purposive sampling
URA Staff accounts department	8	4	Purposive sampling
Total	380	100	

Source: *Uganda Revenue Authority report, (2019)*

3.6 Sampling Techniques

The study adopted simple random sampling and purposive sampling in order to obtain information concerning tax education initiatives and income tax compliance in Mbale City Town Council in Business sectors. The researcher randomly selected respondents under University, Hotels and restaurants, schools, Pharmacies, Hall sell chops, petrol stations, financial institution, business community members respondents due to the fact that it became challenging for the researcher to apply the entire population in the collection of data. Simple random sampling helped the researchers to eradicate bias in the study as it gave respondents the same chances of being selected. Purposive sampling helped to generate more information that was relevant to support the questionnaires results. The purposive respondents were of Hospital managers, managers of super markets, URA Staff department of revenue and URA Staff department of accounts.

3.7 Data collection Methods

Lescrol, et al; (2014) explain that data collection method is the practice of computing information on embattled variables in an recognized systematic style that enables one to respond to relevant questions. This study collected primary data in Mbale City Town Council in Business sectors, through questionnaire and structured interview methods. The questionnaire method was applicable to simple randomly selected respondents while the interview method was for purposely selected sample populations.

3.8 Data Sources

This section describes sources of data. According to Tatum, (2022) Source data is raw data that has not been processed for meaningful use to become Information in terms of primary and secondary data. Primary data sources included information collected by the researcher, such as observations, surveys, interviews, and focus groups while Secondary data sources include information retrieved through pre-existing sources: research articles, Internet or library, books, journals and website searches.

3.9 Research instruments

According to Zebastian, (2019) research instrument is a tool used to collect data, measure data and analyze data that is relevant to the subject of your research. In this study, the structured interviews and questionnaires were used to collect relevant data concerning the study.

3.9.1 Questionnaire

The questionnaires were the main research instruments for data collection. The close ended questionnaires were preferred as an instrument of research because it was self-administered, that has identical set of items for all respondents, and it produced fewer errors, ensuring confidentiality as respondents were free from the influence of the researcher and they had the chance to answer in their convenient time. This research instrument was chosen because it was highly suitable where respondents foundd it easy to answer and allow the researcher to easily identify the main concerns of respondents.

The study used simple and fast statements which enabled the researcher to gain information. The respondents required to indicate their level of agreement and disagreement by ticking at the appropriate option. The statements formulated by assigning numerical value to categories of response.

3.9.2 Key Informant Interviews

In circumstances where the questionnaires were not able to generate sufficient information, on the subject of tax education initiatives and income tax compliance and interview methods were conducted. According to Mazaki, (2017) an interview is an interaction between the researcher/interviewer and the interviewee in a particular subject. This involves asking and answering the questions that were asked by the researcher. This method involved face to face interview between the researcher and respondents who were considered as the key informants of the study.

This had an advantage of providing in depth data which could have not been got using the questionnaire as it saved the time of the researcher during the field work.

3.10 Measurement of variables

According to Kigenyi, (2017) measurement is the method of assigning numbers to different degrees of explanation, views and mind-set about variables and the level of measurement as a function of the rules under which the numbers are assigned. In this study, the variables under “tax education initiatives and income tax compliance” was measured using a number of 5-point Likert scale format (1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree and 5 = Strongly Agree) to adopt and modify the study according to the specific objectives. The Likert scale technique was used to assign a scale value to statements of the chosen dimensions of tax education initiatives which were then measure respondent’s reality towards the given point of view.

The opinion that was used in the study was generated from the literature review of the study. The questionnaire was divided into sections basing the independent variable and dependent variable

of the study. The first section (Part-A) represented respondent's demographic information, Second section (Part- B) measured the influence of financial literacy programme on income tax compliance, third section (Part- C) measured the influence of radio programme engagement on income tax compliance. Forth section (Part- D) measured the influence of tax clinics on income tax compliance in Mbale City Town Council in Business sectors. Fifty sections (Part- E) measured the status of income tax compliance in Mbale City Town Council in Business sectors. The study analyzed responses got from the questionnaires using the Likert scale to establish means and standard deviation through the SPSS (version 23) using linear regression and an appropriate scale to interpret the results.

3.11 Data Quality Control

Before using the questionnaire in the actual data collection process, criteria to assess its completeness and effectiveness were done in order to ensure its success. A pres-testing of 45 questionnaires were carried out to measure the reliability and validity of the questionnaire. Kanika, (2015) explained that a poor instrument produces inaccurate information, easily resulting in faulty decision making, therefore, the researcher in this study evaluated the reliability and validity of the questionnaires before using them for data collection. The study used two important criteria, validity and reliability to evaluate research instruments. That was why both Reliability and validity are imperative qualities of research and must always be taken into account for effective data quality control.

3.11.1 Validity of Instruments

Validity is concerned with accuracy of measurement. It refers to the extent to which the research actually investigates what the researcher claim to investigate (kimaite, (2016). Therefore, to ensure the validity of the research instrument the questionnaires were constructed basing on related literature. In addition, the questionnaires examined by the research supervisor and be conducted. The draft version of the questionnaire was modified to ensure that the instrument target what it was set to identify. Any irrelevant statements and questions were eliminated. In the present study, the researcher used content validity. The average Content Validity Index (CVI) formula was used to determine the content validity of items on an empirical measure. It was applied using the formula shown below;

$$CVI = \frac{\text{Relevant items}}{\text{Total number of items}}$$

$$CVI = \frac{18}{24} = 0.75$$

Having established the result above; CVI was 0.75 which was found to be valid implying that the instrument with a score above 0.7 was valid for the study (Mohajan, 2017).

3.11.2 Reliability

Reliability means the consistency to which an instrument measures the same way each time it is used under the same condition with the same subjects (Haynes et al; 2017). A random approach was used by the researcher to estimate the internal consistency of the questionnaire. The findings of reliability suggested whether questionnaires are reliable and consistent. Cronbach's alpha was used to check reliability which measured the internal consistency of questionnaire. A high value of alpha often used as evidence that the items measure an underlying construct. Technically speaking, Cronbach's alpha is not a statistical test but it is a coefficient of reliability. The researcher used SPSS (Version 23) to determine the coefficient statistic of reliability. The study

administered one type of questionnaire to the respondents using a Cronbach Reliability Test, and Alpha value of 0.830 was obtained which implies that the tools are suitable to be used in the study. Besides that, most authorities accept the minimum alpha value of 0.5. Therefore, this study produced an alpha value which indicated the reliability of the study.

Table 3.2: Shows Results from Reliability Test of the Questionnaire

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.826	.830	29

Source: *pre-testing result, 2022*

3.12 Data analysis and presentation

To ensure easy analysis in this study, the questionnaires were coded according to each variable of the study to ensure accuracy during analysis. Descriptive, Minimum, Maximum, Mean, standard deviation through regression analysis and inferential statistics were established. The Analysis started with the computing variable analysis, after computing variable the researcher analyzed data and check the validity and reliability of the scale. Correlation and regression analysis were used for all specific objectives respectively.

This analysis was conducted using the Statistical Package for Social Sciences (SPSS), 23.0 Version. Data was analyzed using descriptive statistics, which included frequencies and percentages also inferential statistics was used to establish regression model summary of the study. This method was appropriated because; descriptive statistics enable us to describe variables numerically. The results from the analysis were presented using tables to provide an accurate picture of the research findings.

3.12.1 Quantitative data analysis

Bricki & Green, (2019) explained that quantitative data analysis entail categorizing and summarizing data in order to find answers to the research questions. Therefore, quantitative data from the questionnaires were subjected to statistical analysis using the Statistical Package for Social Sciences (SPSS) to reduce the data, summarize it and make the most important facts and apparent for descriptive and inferential data analysis. Descriptive statistics were carried out using percentages and frequencies, mean and standard deviation. This was followed by inferential statistics as a way of determining the correlations, and regressions. Meanwhile qualitative data was analyzed using content method of analysis.

3.13. Data collection procedures

The researcher acquired an introductory letter from Uganda Christian University introducing her to Mbale City Town Council authorities seeking authorization to carry out research in the area. The researcher presented her credential to the authorities explaining the reason of the study. This section was described in detail how the data was obtained and the timelines involve in collecting the data. The study used questionnaires and interviews as the means of data collection and it required the researcher identified respondents whose cooperation necessitated to answer certain statements as outlined in the questionnaire by ticking the appropriate opinion.

3.14 Ethical considerations

The researcher presented an introduction letter from Uganda Christian University that removed doubt and distrust from respondents. Confidentiality was top key priority and this sustained at all cost. There was acknowledgement and giving credit where due deserved for works not belonging to the researcher. The researcher all through abided by all the ethical research considerations. During the data collection, obscurity was observed while handling the responses. Information

provided by respondents posed no danger directly or indirectly and the participation was done at their free will.

Informed consent was used where the researcher availed respondents with the topic of the study, its purpose and expected time of collecting feedback. The respondents therefore had the willingness to accept to be part of the study or not.

3.15. Limitations to the Study

This study faced a number of limitations in terms of content and time scope. Due to time and financial constraints, the study considered one major City in eastern part of Uganda, namely: Mbale City Town Council. The results of the study, therefore, were related to respondents who were involved in the study. The present study focused on three aspects of tax education initiatives dimensions (financial literacy programme, radio programme engagement and tax clinics) on their influence on income tax compliance.

There could be other internal dimensions that have influence on income tax compliance but were not all included in this study. The results of the study depended upon the co-operation, willingness and honesty of respondents in answering the questionnaires and the interview guide. To address some of the limitations, the researcher ensured that respondents are fully informed about the purpose of the study.

3.16. Conclusion

This chapter covered the research design and area of study, the population, sample size used and the methods of sampling applied, the methods and instruments for collecting data, the aspects of quality control and procedure undertaken to collect information, approaches to data analysis and measurements as well as ethics followed by the researcher and limitations encountered.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS OF RESULTS

4.1 Introduction

This chapter presented data analysis and interpretation about tax education initiatives and income tax compliance in the business sectors in Mbale City. Total of 100 questionnaires were distributed to respondents, and all 100 were received back by the researcher. Taherdoost, (2016) explained that statistical analysis gives meaning to the meaningless numbers, thereby breathing life into a lifeless data. Therefore, the researcher analyzed the data using statistical methods as per objectives including gender, Age, marital status, education and religion and tax obligations of respondents.

4.2 Response Rate

Table 4.1 Response Rate of the study

Categories of respondents	Simple size	Response rate	Response rate %
Universities	6	6	100%
Hotels and restaurants	8	8	100%
Schools	7	7	100%
Pharmacies	6	6	100%
Hall sell shops	8	8	100%
Petrol stations	8	8	100%
Financial institutions	6	6	100%
business Community members	30	30	100%
Total	79	79	100%

Source: Field Data (2022)

Results above show that out of 79 questionnaires issued to respondents, all were retrieved representing 100% response rate. The response rate was viewed as an important indicator of survey quality because higher response rates assured more accurate survey results in the study.

4.3 Demographic Characteristics

According to Chappelow, (2019) demographic characteristic is defined as statistical data about the characteristics of respondents, such as the age, gender of people within the population. However, in this study, demographic characteristic involved, gender, age, marital status, education, religion and tax obligations of respondents in Mbale City as detailed below:

4.3.1 Gender of respondents

Table 4.2 gender of respondents

Gender of respondent	Frequency	Percent
Male	52	52
Female	48	48
Total	100	100

Source: Research Findings (2022)

The findings of the study showed that majority of respondents (52%) were male, whereas female were represented by 48% of respondents among the business sectors in Mbale City (Table 4.2). This implies that business women are more dominated by men in the business sector in Mbale City.

4.3.2 Age bracket of respondents

Table 4.3 age bracket of respondents

Age of respondents	Frequency	Percent
20-25	24	24
26-31	30	30
32-37	24	24
38-43	13	13
45 years above	9	9
Total	100	100

Source: Research Findings (2022)

Results of the study indicate that 30% of respondents belong to the age bracket of 26-31 years, whereas 20-37 years were represented by 24% of respondents, the study further revealed that 13% of respondents were in the age of 38-43 and those in the age bracket of 45 years and above had 15% of respondents in Mbale City.

4.3.3 Marital Status of respondent

Table 4.4 Marital status of respondents

Marital status of respondents	Frequency	Percent
Married	58	58
Single	42	42
Total	100	100

Source: Research Findings (2022)

According to the research findings, 58% of respondents were married, whereas 42% of respondents were single in the business sector in Mbale City. This implies that majority of respondents in the business activities are youth but married.

4.3.4 Education level of respondents

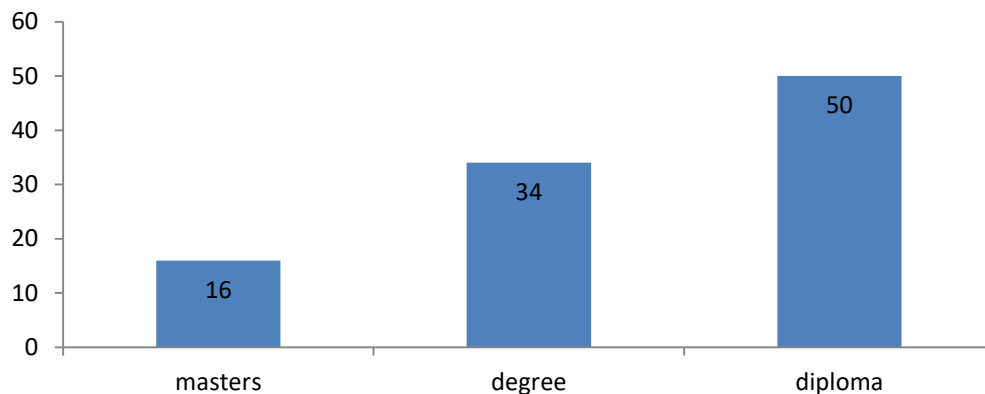


Figure 4.1 Education levels of respondents

Results revealed that among the business men and women in Mbale City, 16% of respondents were attain masters whereas 34% of respondents were degree holders and those who had diploma

were represented 50% of respondents in Mbale City business sector. This indicates that majority of respondents were educated to the level of diploma.

4.3.5 Religion of respondents

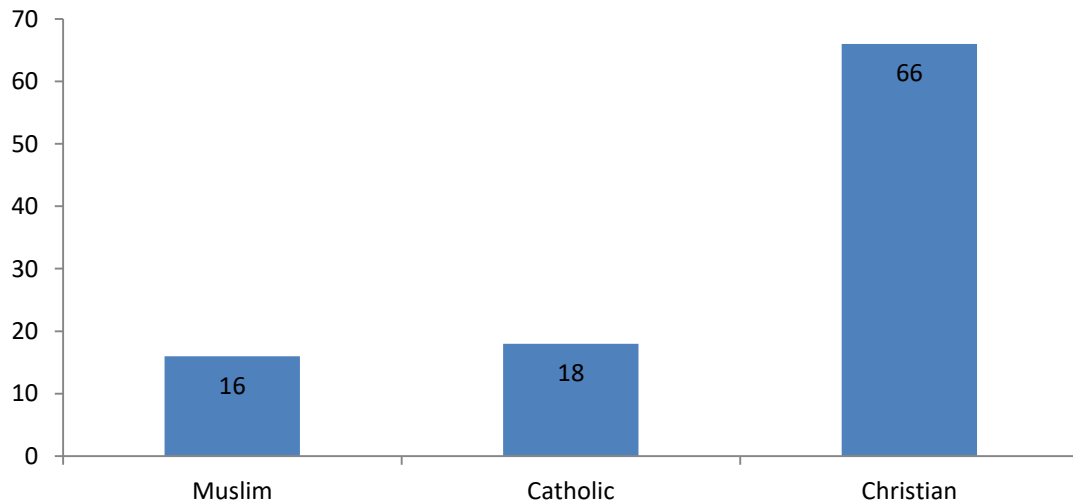


Figure: 4.2 religions of respondents

The findings of the study indicate that 16% of respondents were Muslim, whereas 18% were Catholic. Those who were Christian were represented by 66% of respondents in the business sectors in Mbale City (figure 4.2). This means that majority of respondents in the business sectors in Mbale City were Christians.

4.3.6 Tax obligation of respondents

Table 4.5 Tax obligation of respondents

Tax obligation of respondents	Frequency	Percent
Turnover tax	9	9
Value added tax	19	19
Income tax	17	17
Pay as you earn	15	15
Corporation tax	17	17
withholding tax	23	23
Total	100	100

Source: Research Findings (2022)

Results of the study showed that 9% of respondents had turnover tax whereas 15% of respondents were in pay as you earn in the business sectors. Those who were having income tax and corporation tax had equal representatives. The study further revealed that respondents who were in value added tax were represented by 19% and 23% of respondents were on withhold tax among the business men and women in Mbale city.

4.4 The Status of income tax compliance in the business sectors in Mbale City Town

Council

Table 4.6: Status of income tax compliance in the business sectors in Mbale City Town Council

Statements	N	Missing	SD	D	N	A	SA	Mean	St. D	Comment
Income tax compliance face challenges in Mbale City business sectors	100	0 (0%)	4	7	20	63	6	3.59	.854	High
Tax laws imposed by URA not clear	100	0 (0%)	7	9	33	48	3	3.33	.974	High
Tax revenues are spent normally on public services	100	0 (0%)	12	54	20	9	5	1.60	1.074	Low
Tax rates are too high in Mbale City business sectors	100	0 (0%)	3	9	6	71	11	3.79	.864	High
There are dishonest tax collectors in Mbale City Council	100	0 (0%)	3	7	19	59	12	3.72	.876	High
Taxpayers are generally not willing to pay taxes	100	0 (0%)	3	6	22	64	5	3.64	.790	High
Overall Mean								3.61	.880	High

Source: research findings 2022

To establish the status of income tax compliance in the business sectors in Mbale City Town Council, six indicators were used and the results are detailed in (Table 4.6).

When respondents were asked to give their opinions whether income tax compliance face challenges in Mbale City business sectors, 69% of respondents agreed with the opinion while 11% of respondents disagreed with the opinion whereas 20% of respondents were not sure

whether income tax compliance face challenges in Mbale City business sectors or not (Table 4.6). The average mean ($\mu = 3.59$, St. D = .854) implies that income tax compliance face high challenges in Mbale City business sectors.

Considering whether tax laws imposed by URA are not clear, 51% of respondents agreed with the opinion that tax laws imposed by URA are not clear, and 16% of respondents disagreed with the opinion, whereas 33% of respondents were not sure whether tax laws imposed by URA are clear or not in Mbale city (Table 4.6). The calculated mean ($\mu = 3.33$, St. D = .920) implies that tax laws imposed by URA are highly not clear to the business men and women in Mbale City.

Majority of respondents (66%) disagreed with the opinion that tax revenues are spent normally on public services, whereas 20% of respondents were not certain about the opinion. Those who disagreed with the opinion were represented by 14% of respondents. The computed mean ($\mu = 1.60$, St. D = 1.074) implies that tax revenues are not spent normally on public services.

Results of the study showed that 82% of respondents agreed with the statement that tax rates are too high in Mbale City business sectors whereas 12% of respondents disagreed with the opinion and 6% of respondents were not sure about the opinion (Table 4.6). The calculated mean ($\mu = 3.79$, St. D = .864) indicates that tax rates are high in Mbale City business sectors.

Seventy one percent of respondents agreed with the view that there are dishonest tax collectors in Mbale City Council. Those who were not certain with the opinion were represented by 19% and 10% of respondents were in agreement with the opinion that there are dishonest tax collectors in Mbale City Council. The average mean ($\mu = 3.72$, St. D = .876) indicates that there is a high dishonest tax collectors in Mbale City Council.

When respondents were asked to give their views whether tax payers are generally not willing to pay taxes, 69% of respondents agreed with the opinion (Table 4.6) whereas those who disagreed with the opinion were represented by 9%, and 22% of respondents were not certain about the opinion. The average mean ($\mu = 3.64$, St. D = .790) implies that Tax payers generally are not willing to pay taxes in Mbale City business sectors.

The overall mean of ($\mu = 3.61$ with St. Deviation = .880) indicates that perception of income tax compliance in the business sectors in Mbale City Town Council is high.

In conclusion, Table 4.4 reveals that respondents' scored average mean value on the status of income tax compliance in the business sectors in Mbale City Town Council is as 3.61 while the

standard deviation was .880. The implication is that business men and women in Mbale City are not fulfilling their tax obligation as mandated by the law of Uganda.

4.5. The influence of financial literacy programs on income tax compliance in the business sectors in Mbale City Town Council

Table 4.7 financial literacy programs and income tax compliance

Statements	N	Missing	SD	D	N	A	SA	Mean	SD	Comments
Financial literacy programs creates awareness to the public on the need to pay taxes	100	0 (0%)	3 (3%)	6 (6%)	19 (19%)	62 (62%)	10 (10%)	3.70	.853	High
Literacy programs enables tax payers file their returns easily	100	0 (0%)	7 (7%)	6 (6%)	14 (14%)	65 (65%)	8 (8%)	3.62	.961	High
Good record keeping in a business facilitate correct filing of taxes	100	0 (0%)	5 (5%)	4 (4%)	22 (22%)	60 (60%)	9 (9%)	3.67	.870	High
Educated tax payers are attentive of non-compliance opportunities	100	0 (0%)	7 (7%)	4 (4%)	19 (19%)	60 (60%)	10 (10%)	3.64	.871	High
Business individuals comply with tax laws	100	0 (0%)	5 (5%)	5 (5%)	26 (26%)	55 (55%)	9 (9%)	3.58	.894	high
Financial literacy increase taxpayers knowledge on taxes	100	0 (0%)	4 (4%)	8 (8%)	20 (20%)	60 (60%)	8 (8%)	3.62	.895	High
Overall Mean								3.63	.890	High

Source: Research findings 2022

During data collection, six indicators were used to find out the extent to which financial literacy programs influence on income tax compliance in the business sectors in Mbale City Town Council and the results are detailed above.

When respondents were asked to give their views whether financial literacy programs creates awareness to the public on the need to pay taxes, (72%) of respondents agreed with the opinion. Those who disagreed were represented by 9% and 19% of respondents were not certain whether financial literacy programs creates awareness to the public on the need to pay taxes or not. The calculated mean was high ($\mu = 3.70$) elaborating that financial literacy programs are highly

creating awareness to the public on the need to pay taxes. This means that most taxpayers are not knowledgeable and lack understanding which literacy programs can exploit as one respondent noted:

“Financial literacy increases knowledge and understanding of tax compliance, how taxes are used, and the resultant impacts for taxpayer’s decisions.”

Many of the respondents (73%), were in agreement with the opinion that literacy programs enables tax payers file their returns easily, whereas 13% disagreed with the opinion. 14% were not certain of the view point. The calculated mean was high ($\mu = 3.62$) implying that literacy programs highly enables tax payers file their returns easily. This shows that financial literacy programs enable taxpayers to protect their businesses by filing taxes as one respondent stated.

“By using the literacy initiatives to file taxes for their businesses, build financial capabilities and make informed risk management decisions when complying with taxation decisions.”

Regarding whether good record keeping in a business facilitate correct filing of taxes, 69% of respondents agreed while 9% of respondents were in disagreement and 22% of respondents were not certain about the opinion. The calculated mean was high ($\mu = 3.67$) implying that good record keeping in a business facilitate high filing of taxes in Mbale City.

Seventy percent of respondents agreed with the opinion that educated tax payers are attentive of non-compliance opportunities, whereas 19% of respondents were not sure about the opinion. Those who disagreed with the view were represented by 11% of respondents. The calculated mean was high ($\mu = 3.64$) indicating that educated tax payers are highly attentive of non-compliance opportunities.

Results of the showed 64% of respondents in support of the view that business individuals comply with tax laws whereas 10% of disagreed with the statement. Those who were not certain about the opinion were represented by 26% in Mbale City. The calculated mean was high ($\mu = 3.58$) indicating that business individuals comply with tax laws highly.

Asked whether, financial literacy increase tax payer’s knowledge on taxes, 68% of respondents agreed with the opinion. 12% disagreed, while 20% of were not certain whether financial literacy increase tax payers knowledge on taxes or not. The calculated overall mean was high ($\mu = 3.62$) emphasizes that financial literacy increase tax payers knowledge on taxes in Mbale City. This implies that through financial literacy programs, taxpayers are able to become competent in their financial skills as one respondent noted:

“Through financial literacy skills, taxpayers become competent in applying their financial and tax obligation knowledge and skills in a wide variety of contexts”

Table 4.8 Regression Model Summary for financial literacy program on income tax compliance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.587 ^a	.344	.342	.49514	.344	135.534	1	258	.000

a. Predictors: (Constant), Financial literacy program

Source: Data analysis 2021

Regression analysis was undertaken to establish the influence of financial literacy programs on income tax compliance in the business sectors in Mbale City Town Council (Table 4.7). The results revealed that financial literacy programs significantly influence income tax compliance by a correlation of 58.7% at $p = 0.000$. This implies that financial literacy programs are significant determinant on income tax compliance. The results further showed financial literacy

programs significantly correlates with income tax compliance by 58.7%. This indicates that a unit increase in financial literacy programs will improve income tax compliance by 34.4% in Mbale City council. The implication of these findings is that financial literacy programs play a significant role in enhancing income tax compliance.

4.6 The influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council

Table 4.9 Radio program engagement and income tax compliance

Statements	SD	D	N	A	SA	Mean	St. D	Comments
Taxpayer awareness programs by URA have resulted into increased tax base and revenue collection	5	2	8	66	19	3.95	.864	High
Radio programs sensitization played a vital role in changing the attitudes of taxpayers	6	12	2	57	23	3.81	1.105	High
Radio programs by URA resulted into increased tax base and revenue collection	9	34	26	26	5	2.84	1.059	Low
Radio programme engagement shares lifesaving information with community	9	21	39	23	8	2.99	1.067	Low
Radio program engagement reach massive taxpayers	9	9	31	40	11	3.37	1.071	High
Taxpayers are influence by radio program to pay their taxes	15	47	27	6	5	1.42	1.069	Very low
Overall mean						3.06	1.039	High

Source: Research findings 2022

To assess the influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council, six indicators were used and the findings are detailed in the table above. When respondents were asked to give their views whether taxpayer awareness programs by URA have resulted into increased tax base and revenue collection, 69% of respondents agreed, whereas 8% of respondents were not sure about the opinion. Those who disagreed with the opinion were represented by 7% respondents. The calculated mean was high ($\mu = 3.95$) showing that taxpayer awareness programs by URA have highly resulted into increased tax base and revenue collection. This means that radio program remind tax payers of their obligations as one respondent stated:

“Taxpayers in many cases are not informed of their rights and obligations to pay taxes and therefore radio campaigns are a sure way to spread such as awareness.”

Considering whether radio programs sensitization played a vital role in changing the attitudes of taxpayers, 80% of respondents agreed with the statement, whereas 18% of respondents disagreed with the opinion and those who were not certain about the opinion were represented by 2% in Mbale City. The calculated mean was high ($\mu = 3.81$), implying that radio programs sensitization played a vital role in changing the attitudes of taxpayers in Mbale City. This implies that radio campaigns help in altering the attitudes and behaviors of tax payers as one respondent stated:

“Radio campaigns focus on general tax compliance education and the laws that govern noncompliance so that low compliance is tamed by changing individual tax payers attitudes.”

Meanwhile, the bulk of respondents (43%), were in rejection with views that radio programs by URA resulted into increased tax base and revenue collection. Those that supported the opinion

were represented by 31% while 26% of respondents were not. The calculated mean was low ($\mu = 2.84$) showing that radio programs by URA do not increase tax revenue collection in Mbale City. Besides, 31% of respondents agreed with the opinion that radio programme engagement shares lifesaving information with community, whereas 30% of respondents disagreed. 39% were not sure of the statement. The computed mean was low ($\mu = 2.99$) implying that that radio programme engagement shares low lifesaving information with community. Results of the study further revealed that 51% of respondents agreed with the statement that radio program engagement reach massive taxpayers, whereas 18% rejected the opinion and 31% were not certain of the statement. Mean was high ($\mu = 3.37$) indicating that radio program engagement reach massive taxpayers in Mbale City. This implies that use of radio program engagement helps to reach many tax payers as this was supported by one respondent who said that:

“Radio programs are a significant media and means for reaching out to diverse categories of taxpayers.”

Asked on whether taxpayers are influenced by radio program to pay their taxes, 72% of respondents disagreed with the opinion, whereas 27% of were not sure about the view and 11% agreed with the statement. The mean was high ($\mu = 1.42$, St. Deviation = 1.069) showing that taxpayers are not influence by radio program to pay their taxes in Mbale City. The overall mean was high ($\mu = 3.06$) implying that radio program engagement highly influence income tax compliance in business sector in Mbale Town Council.

The findings implied that radio program engagement has the power influence people to accept the policies but not to change their attitude to take actions on income tax compliance in business sector in Mbale Town Council.

Table 4.9 a model summary of radio program engagement and income tax compliance in business sector in Mbale Town Council

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.477 ^a	.228	.225	.53747	.228	75.988	1	258	.000

a. Predictors: (Constant), Rpe

Source: Data analysis 2022

To determine the influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council, a simple regression analysis was undertaken (Table 4.11). The results revealed that the correlation between Radio program engagement and income tax compliance was 47.7% at $p = 0.000$. This implies that a unit increase in Radio program engagement will significantly improve income tax compliance by 47.7% in Mbale City. In terms of effect, Radio program engagement significantly influence income tax compliance by 22.8% at $p = 0.000$ in business sector in Mbale Town Council. This implies that Radio program engagement is a significant determinant on income tax compliance in Mbale City Council.

4.7 The extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council

Table 4.10 Tax clinics and income tax compliance in Mbale City

Statements	SD	D	N	A	SA	Mean	St. D	Comments
non-compliance of other taxpayers impact negatively on the behavior of compliant tax payers	1	7	19	62	11	3.75	.784	High
tax authorities' enforcement actions ineffective	4	10	25	57	4	3.45	.888	High
Few taxpayers are supported by volunteer organization to pay their taxes	2	6	31	56	5	3.57	.745	High
Volunteer Organization on the taxpayers have complicated system	2	6	24	56	12	3.72	.830	High

Tax clinic system benefit everyone in the community	60	20	10	8	2	1.40	1.010	Low
All qualifying low income tax payers receive support to pay their taxes	50	28	14	6	2	1.44	1.104	Low
Overall Mean						2.88	.893	Moderate

Source: Data analysis 2022

From the table, 73% were in support of the view that non-compliance of other taxpayer's impact negatively on the behavior of compliant tax payers, whereas 8% of disagreed and 19% were not certain about the view. Mean was high at 3.75, implying that failure to comply has a negative effect on behavior of compliance in Mbale City.

Results indicate that 61% of respondents approved the opinion that tax authority's enforcement actions are ineffective, whereas 25% of those asked were not. 14 % disagreed and this was strengthened by high mean value of 3.45 implying that tax authority's enforcement actions are highly ineffective in Mbale City Town Council.

Considering whether few taxpayers are supported by volunteer organization to pay their taxes, only 8% rejected the statement, 31% remained unsure and 62% supported the statement. A mean of 3.57 was high enough to support the opinion showing that few taxpayers are highly supported by volunteer organization to pay their taxes in Mbale City.

Also 68% of those that took part in the study agreed with the view that volunteer Organization on the taxpayers has complicated system whereas 8% disagreed with the statement. 24% respondents were unsure with the statement. The mean calculated stood high at 3.72 and sd was .839

The computed mean was high ($\mu = 3.72$, St. Deviation = .830) implying that volunteer Organization on the taxpayers has high complicated system.

In reacting to how the statements that tax clinic system benefit everyone in the community, 80% disagreed whereas 10% were not sure. The mean was low at 1.40 and SD was 1.010 indicating that Tax clinic system is not beneficial to everyone in the community in Mbale City. Indeed one interview suggested that tax clinics are beneficial potential taxpayers and stated that:

“Despite the fact that tax clinics often operate on a walk in basis, they also offer remote services like through telephone. This implies that they reach many tax payers.”

Majority of respondents (78%) disagreed with the view that all qualifying low income tax payers receive support to pay their taxes and 14% of the participants were not certain on the statement. Only 8% of the respondents agreed with the statement. The mean value was low ($\mu = 1.44$, St. Deviation = 1.104) implying that not all qualifying low income tax payers receive support to pay their taxes in Mbale City business sectors. This was supported by one interview who argued that tax clinics are a sure way to give all services that taxpayers need stated that:

“Tax clinics have the potential to offer a wide variety of tax related services not limited to filing and tax disputes.”

The overall mean of was moderate ($\mu = 2.88$) implying that tax clinics has moderate influence on income tax compliance in business sector in Mbale Town Council.

Table 4.11 Regression Model Summary on the extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.608 _a	.370	.368	.48537	.370	151.541	1	258	.000
a. Predictors: (Constant), Tc									

Source: Data analysis 2022

To determine the extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council, a simple regression analysis was carried out (Table 4.14). The results revealed that tax clinics is correlated to income tax compliance by 60.8% at $p = 0.000$. This implies that a unit improvement in tax clinics will significantly increases income tax compliance by 60.8%. In terms of effect, Tax clinics accounts for income tax compliance by 37% in business sector in Mbale Town Council. This clearly shows that tax clinics are a significant determinant on income tax compliance.

4.8. Linear regression model summary regarding the how tax education initiatives influence income tax compliance in business sectors in Mbale City Town Council

Table 4.12 Linear Regression Model Summary on the influence of tax education initiatives on income tax compliance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.643 ^a	.414	.407	.47010	.414	60.193	3	256	.000
a. Predictors: (Constant), Tc, Rpe, Flp									

Source: Data analysis 2022

In establishing the influence of tax education initiatives on income tax compliance, a multiple regression analysis was undertaken as shown above. Findings show that tax education initiatives and income tax compliance was correlated by 64.3% at $p = 0.000$. The implication is that a unit improvement in tax education initiatives will significantly increase income tax compliance in Mbale City business sectors by 64.3%. In terms of influence, the results revealed that tax education initiatives influence income tax compliance by 41.4% in Mbale City. This implies that

tax education initiatives are significant determinant on income tax compliance in business sectors in Mbale City Town Council.

4.8.1. Regression coefficient results

Table 4.13: Multiple Regression Analysis

Coefficient ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	Constant	1.521	.194		7.901	.000
	Financial literacy 1	.582	.050	.587	11.642	.000
	Radio engagement 2	..481	.055	.477	8.717	.000
	Tax clinics3	.690	.056	.608	12.310	.000
Dependent Variable: employee job performance						

Regression coefficient results above reveal that financial literacy program has a significant effect on income tax compliance in Mbale city; that radio engagement has a significant effect on income tax compliance in Mbale city and finally, tax clinics have significant effect on income tax compliance. The model shows that tax clinics was the most significant predictor of variance of income tax compliance ($\beta=.690$; $t=12.310$; $Sig=.000$) suggesting that income tax compliance in Mbale city largely depends on enforcement actions and other support services that support tax compliance.

4.9. Conclusion

This chapter covered the presentations and analysis of results including the response rate, presentation of demographic information of respondents, the descriptive and inferential findings.

CHAPTER FIVE

DISCUSSION AND INTERPRETATION OF FINDINGS

5.1 Introduction

In this sub section, the discussions of the findings are presented basing on the analyzed data, and in line with the study objectives.

5.2. The influence of financial literacy programs on income tax compliance in the business sectors in Mbale City Town Council

Findings from the regression analysis revealed that income tax compliance is credited to financial literacy program in Mbale City business sectors. Therefore, the study revealed that financial literacy programs have a positive significant on income tax compliance by 58.73% with correlation being significant as $p \text{ value}=0.000$. These results are in line with the study findings by contradicted with the study done by Chetty et la (2019) who argued financial literacy programmes positively influence individuals compliance as they become aware of and are empowered with skills such that they able to make informed decisions in line with voluntary participation towards payment of taxes. The findings are also in line with study done by Isbell (2017) confirmed that financial literacy programmes have a significant influence on income tax compliance in any given country. The study noted that through tax education, individuals in a country are better nurtured to develop a positive attitude towards voluntary tax compliance.

Finally, the study results are in line with findings by Thomas (2017) who through tax education, characteristics relating to tax evasion and or even aggressive avoidance of tax payment are eliminated which is a sure way for promoting development within society through offering explanations of the value of paying taxes.

5.3 The influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council

Results from the study revealed that there is statistically significant influence of radio program engagement on income tax compliance in Mbale City council. The findings showed that radio program engagement is a significant determinant on income tax compliance by 47.7%% in Mbale City business sectors with significant p vale=0.000. These results agreed with the study done by Santoro, (2018) elaborate that radio program engagement is a significant influence on citizens to participate on the GDP of their country by complying with the taxations. When a radio programme is used to engage taxpayers to have tax moral behaviors, the income tax compliance can strong increase in a country. The findings are in line with the study done by Nyirenda, (2018) which revealed that radio programmes are powerful in influencing and changing the mind set of people to act in a positive way, further showing that radio programmes are more significant to influence positive change in the community. Findings also relate with the study results by Wodleyes (2018) which showed that through radio programs on taxes, compliance to tax programs of the government by business owners is highly influential for tax responses. Further the study results correlate with findings by Aggurvin (2018) which denoted that for people to know and get understanding of the policies of taxes in a country, they need a wide audience medium such as radio so that they are sensitized on tax roles and the need for compliance. Besides, findings correlate with the study findings by Anna (2020) which indicated that radio positively acts a constant reminder to the tax payers within the community and is a good medium for mobilizing the community and therefore it acts a channel with the capability to influence individual tax payer's behaviors to comply with the taxes.

Furthermore, the findings correlate with the study results by Boogaard (2020), which indicated that radio programs positively influence the behaviours of taxpayers in compliance with the obligations that they are entitled to as citizens in that country. His results pointed to the fact that use of radio programs helps to alter the behavior of individual tax payers as they are able to comprehend reality of taxation and associated characters towards taxation

Lastly, the results are in line with the study findings by Balaba (2019) which revealed that through increased education of tax payers via radio programmes, they are enhanced to understand and accept that taxes are complex and act as a means for promoting an element of equity in society where everyone contributes so that services are promoted.

5.4 The extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council

The findings from the study disclosed that there is a statistically significant influence of tax clinics on income tax compliance in Mbale City. The results indicate that tax clinics influence income tax compliance by 60.8% in business sectors in Mbale City with p value=0.000 being significant. This clearly explained that tax clinics are significant determinant on income tax compliance. This study is in agreement with the study done by Amrizah and Nero, (2015) who elaborated tax clinics have significantly enabled taxpayers to comply with tax policies of their country. In Uganda, tax clinic have been established to ensure registered taxpayers know their compliance obligations and help clients to pay their taxes however, this programme has not succeeded in the country. In his study, the results showed that tax clinics have not benefited to everyone in Mbale City. The study aligns with that by Eriksen and Fallan, (2016) who observed that tax clinic in developing countries have significantly contributed to the income tax compliance though with challenges. Countries like South Africa, Kenya and Senegal tax clinics

have massively helped the youth who were not able to pay their taxes. The study further aligns with that carried out by Gitaru (2017) which revealed that high tax compliance is also a function of good social norms and morals among tax payers. Besides, the study correlates with that by Kelvin (2017), which emphasized that enforcement by authorities is one of the best ways for taxpayers to compliance and this is accompanied by inhibitors that are inherent to individual and government relationships. In addition, results relate with the study findings by Olowookere and Fasina (2019) who concluded that having media compaigns on TV, use of magazine, national newspapers and use of business customers all increase consciousness, promote filing of returns and boost morale among tax payers.

Finally, the study findings correlate with that Slemrod (2018), who stated that without clear information on taxes to the taxpayers, there is a likelihood of problems of compliance since people are not educated and do not have open minds on the needs of the many tax laws.

5.5. Conclusion

This chapter covered the discussion and interpretation of findings.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the conclusions, recommendations and suggestions for further studies.

6.2 Conclusion of the study

This section of the study explained the conclusions of each specific objective concerning the tax education initiatives and income tax compliance.

6.2.1 The influence of financial literacy programs on income tax compliance in the business sectors in Mbale City Town Council

The current research clearly explains that financial literacy programs were positively correlated with income tax compliance by 58.73% and p value of 0.000 implying the correlation was significant. This implies that financial literacy programs determines income tax compliance in Mbale City council. This powerfully shows that financial literacy programs are significant on income tax compliance. It is very significant to understand that financial literacy programs are different issue that increases low level of income tax compliance; however, in this study financial literacy programs was seen as one of those factors that influence income tax compliance among business men and women in Mbale City Council.

6.2.2 The influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council

The finding of the study indicates that Radio program engagement is positively correlated with income tax compliance with R value 47.7% and this correlation was found to be significant with p value=0.000. This shows that Radio program engagement has the power to create

awareness for a new to the business sectors in Mbale City, but at the same time influencing customer to comply with their taxes in Mbale City Council. The study therefore, observed that Radio program engagement is actually a relevant tool that can influence income tax compliance, and it is very significant to realize that if Radio program engagement is not considered while sensitizing the customers about tax compliance, taxes in the City of Mbale will continue face challenges.

6.2.3 The extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council

The findings of the study show that tax clinics are have a positive significant effect on income tax compliance in Mbale city by 60.8% with the correlation being significant as p value was found to be 0.000. This implies that tax clinics play a large role in achieving taxes that help the country meet their want/need hence leading to income tax compliance. The researcher exposed that tax clinics are a key factor that influence the achievement of income tax compliance. Therefore, creating a consideration of tax clinics towards compliance can help the operators of Mbale City to comply with obligations as stated by the constitution of Uganda. In conclusion, tax clinics have made a positive influence on income tax compliance in Mbale City Council.

6.3.Recommendations of the study

6.3.1. The extent to which financial literacy programs influence on income tax compliance in the business sectors in Mbale City Town Council.

In relation to objective one of this study, the study recommends that the city leadership and tax policy bodies including the URA should use financial literacy programs to drive forth income tax compliance in the city. This is due to the fact that indicators like the ability of financial literacy

programs to create awareness for tax payment, ability of the programs to support filing of taxes, the ability of programs to promote good record keeping, ability to alert tax payers on challenges of non-compliance, ability to promote compliance to tax laws were all supported by respondents with a high mean overall value of 3.62. And besides all combined were found to positive and significant in influencing income tax compliance.

6.3.2. The influence of Radio program engagement on income tax compliance in business sector in Mbale Town Council.

In line with objective two, the study recommends that management of Mbale city should embrace radio program engagement as a means of promoting income tax compliance in the business sector in Mbale city. This could be carried out through practices such as through radio tax awareness programs, radio playback sensitization programs and radio engagement programs which help to reach mass tax payers and have the ability to influence income tax compliance in the Business sector in Mbale city. This was supported by a high overall mean value of 3.06 and the positive and significant correlation between radio program engagement and income tax compliance value of 47.7%%.

6.3.3. The extent to which tax clinics influence on income tax compliance in business sector in Mbale Town Council

Finally, in regards to objective three, the study recommends that leadership in Mbale city should adopt tax clinics as a way of enhancing income tax compliance from the business sector in the city. This could be done through adoptions of practices like; positive enforcement actions which are effective, positive support of many tax payers by volunteer organizations to pay taxes,

developing of friendly tax paying systems by volunteer organizations and positive behavioral support to promote compliance by tax payers. This was supported by a moderate mean value of 2.88 and the variable also positively and significantly correlated with income tax compliance by 60.8% with p value= 0.000.

6.4.Suggestions for further Research

The study paid attention on the influence of tax education initiatives on income tax compliance in Mbale City; however, from the findings all parameters of tax education initiatives have a significant influence on income tax compliance.

Therefore, first the study suggests that a similar study should be conducted in other Cities of the country to compare the findings with this study to come up with conclusive results.

Secondly, a different study should be carried out with other independent factors other than the ones used in the study to determine their influence on income tax compliance in Mbale city

Lastly, this study adopted a mixed case study design and therefore another study should be carried out based on qualitative design to compare findings.

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Appendix I: Questionnaires

Introduction

Dear respondent,

I; Aber Lillian Birungi a student at Uganda Christian University conducting research on the influence of tax education initiatives on income tax compliance in Mbale City Town business sectors. The purpose of the study is to establish the influence of tax education initiatives on income tax compliance in Mbale City Town business sectors. You have been randomly selected and kindly requested to take part in this study by completing this questionnaire. This questionnaire is designed to collect data. The data will be used for academic purposes only and it will be treated with the confidentiality it deserves.

Please answer all questions as accurately as possible

Tick the answer where appropriate

SECTION A: Demographic Characteristics

Gender: Male Female

Age: 20-25 26-31 32-37 38-43 Rpe1

Marital Status: Married Single

Level of education: Diploma Degree Masters

Religion: Muslim Christian Catholic

Tax obligation: Turnover tax Value added tax Income tax

Pay as you earn Corporation tax Withholding tax

Please tick using the likert scale in the boxes below

SD	D	N	A	SA
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

SECTION B: FINANCIAL LITERACY PROGRAMME

No	Statements	SD	D	N	A	SA
1	Financial literacy programs creates awareness to the public on the need to pay taxes					
2	Literacy programs enables tax payers file their returns easily					
3	Good record keeping in a business facilitate correct filing of taxes					
4	Educated tax payers are attentive of non compliance opportunities					
5	Business individuals comply with tax laws					
6	Financial literacy increase taxpayers knowledge on taxes					

SECTION C: RADIO PROGRAMME ENGAGEMENT

No	Statements	SD	D	N	A	SA
1	Taxpayer awareness programs by URA have resulted into increased tax base and revenue collection					
2	Radio programs sensitization played a vital role in changing the attitudes of taxpayers					
3	Radio programs by URA resulted into increased tax base and revenue collection					
4	Radio programme engagement shares lifesaving information with community					
5	Radio program engagement reach massive taxpayers					
6	Taxpayers are influence by radio program to pay their taxes					

SECTION D: TAX CLINICS

No	Statements	SD	D	N	A	SA
1	non-compliance of other taxpayers impact negatively on the behavior of compliant tax payers					
2	tax authority's enforcement actions are ineffective					
3	Few taxpayers are supported by volunteer organization to pay their taxes					
4	Volunteer Organization on the taxpayers have complicated system					
5	Tax clinic system benefit everyone in the community					
6	All qualifying low income tax payers receive support to pay their taxes					

SECTION E: INCOME TAX COMPLIANCE

No	Statements	SD	D	N	A	SA
1	Income tax compliance face challenges in Mbale City business sectors					
2	Tax laws imposed by URA not clear					
3	Tax revenues are spent normally on public services					
4	Tax rates are too high in Mbale City business sectors					
5	There are dishonest tax collectors in Mbale City Council					
6	Taxpayers are generally not willing to pay taxes					

Thank you, for your participation

Appendix II: Interview Guide

Introduction

Dear respondent,

I; Aber Lillian Birungi a student at Uganda Christian University conducting research on the influence of tax education initiatives on income tax compliance in Mbale City Town business sectors. The purpose of the study is to establish the influence of tax education initiatives on income tax compliance in Mbale City Town business sectors. You have been randomly selected and kindly requested to take part in this study by completing this questionnaire. This questionnaire is designed to collect data. The data will be used for academic purposes only and it will be treated with the confidentiality it deserves.

1. Do you have a URA PIN number?

Yes [] No []

2. When did you register for a URA PIN number?

2017 or before []

2018 or after []

2019 or after []

2020 or after []

2021 or after []

3. If registered in 2017 and before, have you migrated to the tax system?

Yes [] No []

Do you file your tax returns?

Yes [] No []

2. Are you aware of the due dates for filing your tax returns?

Yes [] No []

what is the due date? _____

3. Have you ever been penalized for filing your returns late?

Yes [] No []

If yes, did you pay the penalty fee?

Yes [] No []

4. What is the amount charged for failing to file or filing your returns late?

Ush 2500 []

Ush 3000 []

Ush 5000 []

Ush 10,000 []

Are you aware of any tax payer education programs conducted by URA?

Yes [] No []

If yes, have you attended any of the financial literacy programs?

Yes [] No []

2. Which of these areas of tax payer education trainings have you been trained on?

URA PIN registration []

Filing tax returns through tax system []

Records keeping []

Payment of taxes []

3. Do you maintain any financial records for your day to day activities in your business?

Yes No

Who prepares your business records?

Self

Clerk / Accountant

Other

5. Who files your tax returns?

Self

Clerk / Accountant

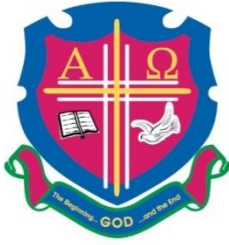
Other

6. Have you ever been penalized for wrong record keeping?

Yes No

Thank you, for your participation

Appendix III: Post Viva Report



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UGANDA CHRISTIAN UNIVERSITY

SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 5/10/2024

Name of Candidate: ABER LILLIAN BIRUNGI Reg. No: S19/MUC/MBA/001

Title of Dissertation: TAX EDUCATION INITIATIVES AND INCOME-TAX COMPLIANCE IN MBALE CITY

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	The conceptual aspect of the background is more like literature review.	Conceptual aspect presented in a better way	pg. 4
2	The problem statement is fairly well explained. However, the supporting evidence for the key statements is rather old.	Source for supporting evidence updated to a more recent source	Pg. 6
3	The content, geographical and time scopes are stated and justified. However, financial literacy being a component of tax education initiative is not well supported.	Addressed	Pg. 8
4	The two variables (independent and dependent) are clearly indicated in the conceptual framework with specific moderating variables. However, the	The explanation of the framework improved	Pg. 10

	explanation of the framework is sketchy.		
5	Literature review is somehow descriptive with limited discussions. Besides this, a number of citations are rather old.	Literature review improved with updated sources	Pg. 11-28
6	Results of statistical data checks to ensure suitability for running a regression are not reported.	Results to ensure running of regression reported and included	Chapter 4
7	References and appendices not seen	References and appendices included	64

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	Student should include school of business on front page	School of business included on top page	cover page
2	Provider new sources in problem statement	More improved source provided in problem statement	P.7
3	Conceptual framework not well explained	Conceptual framework explained much better	p.10
4	Include descriptive results for the dependent variable	Descriptive results for the dependent variable included	p.43
5	Include references and appendices in the document	References and appendices included in the report	p.64

SN	COMMENTS BY VIVA VOCE PANNEL	ACTION TAKEN	INDICATOR
1	Title page lacks the word "school of business"	The word school of business added to title	Cover page
2	Descriptive statistics on the dependent variable is missing	Descriptive for dependent variable added	Pg. 44
3	Statement of the problem is vague and lacks credible source	Statement of the problem improved	Pg. 6

4	Conceptual framework lacks credible source	Conceptual framework provided with a credible source	Pg. 10
5	Student should state the theory and show how it relates to the study	The theory is well stated to relate with the study	Pg. 11
6	Betas factor in the multiple regression should not be in percentage form	Betas for multiple regression updated to not read percentages	Pg. 55
7	Conclude objective by objective	The study is completed objective by objective	Pg.60

Aber Lillian Birungi

Candidate's Name

Signature

Mr. Masuba Martin

Supervisor's Name

Signature

Appendix IV: Field Introduction Letter



**UGANDA CHRISTIAN
UNIVERSITY, MBALE UNIVERSITY COLLEGE.**
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BUSINESS DEPARTMENT

To UGANDA REVENUE
AUTHORITY

Dear Sir/Madam,

Re: Academic Research


Christian greetings!



We are honored to introduce to you Mr. Mrs./Miss ABER HILIAN BIRUNGI
Of Registration Number; SI9/MUC/MBA/001 pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree
MASTERS DEGREE IN BUSINESS ADMINISTRATION.

He/ she is required to carry out an academic research on the topic
TAX EDUCATION INITIATIVES AND INCOME-TAX
COMPLIANCE IN MBALE CITY
and thereafter produce a well bound hard cover research report (MAROON) in color for
undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for
the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.
Yours faithfully,


HEAD OF DEPARTMENT BUSINESS UCU-MUC
Henry Omache Ogachi

