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The Effect of Tax Education on Tax Compliance in Uganda: A Case Study of Kampala Central Tax District

The study investigated the effect of tax education on tax compliance in Uganda. It was conducted in Kampala central tax district. The purpose of the study was to examine the effect of tax education on tax compliance amongst Ugandan taxpayers. The concept of compliance was limited to voluntary registration, filing ratio, returns submission and accuracy of returns. Whereas tax education was based on the number of tax education seminars held, area covered and number of business owners educated. The study used a cross sectional research design, combined quantitative and qualitative approaches and applied both deductive and inductive techniques. The study used a sample size of 375 respondents which comprised of taxpayers and all the five staff in the tax education section of Uganda Revenue Authority (URA). Simple random sampling was used for selecting taxpayers while the purposive sampling technique was used for the staff. The taxpayers were issued with self-administered questionnaires while tax administrators were interviewed. The collected data were analysed separately before they were discussed. The study found that in Uganda, taxpayers do acknowledge that they receive tax education and that tax education dimensions of seminars, business sectors covered and number of business owners educated have all been supported; whereas for tax compliance, they concur that all their businesses are duly registered, and that they have been filing accurate returns. When it came to the tax administrators, they agreed that tax education is a routine exercise conducted and different media are used to conduct tax education. They also concurred with the coverage of business sectors, filing ratios and accuracy of returns. Regarding the strategies to enhance compliance, they said URA should embark on tax education, enforcement and rewarding compliant taxpayers among others. While challenges of compliance faced by URA included cost of monitoring compliance strategies, insufficient information technology, high labour turnover, taxpayer resistance among others. The study concludes that tax education and all its dimensions used in this study have a positive significant relationship with tax compliance and all the dimensions studied. The study also recommends that this relationship established should be evaluated by further research or by further examining the extent of their manipulations.

Key words: Tax, Education, Compliance, Revenue