

## **TUMWINE BOSCO 2013- M102-20060**

### **Automation of Tax Administration and Tax Compliance in Uganda: A Case Study of Uganda Revenue Authority, Kampala East.**

The study examined the effect of automation of tax administration on tax compliance in Uganda, a case of Uganda Revenue Authority (URA), Kampala East. The study was underpinned by Goal setting theory, Social Justice Theory and Evolutionary pattern of taxes theory. The objectives were; to establish the effect of online registration of taxpayers on tax compliance in Uganda Revenue Authority Kampala East, to establish the effect of online filling of tax returns on tax compliance in Uganda Revenue Authority Kampala East and to establish the effect of online payment of tax on tax compliance in Uganda Revenue Authority Kampala East. The study used a case study design. The study population was 71 where a sample size of 59 was selected for the study. Out of these, 50 responded making a response rate of 84.7%. Data was collected using the questionnaire, interview guide and documentary review checklist. The findings of the study revealed that online registration of taxpayers affects tax compliance shown by  $R^2 = 0.523$ . Online filling of tax returns explained 55.4% ( $0.554 * 100$ ) variations in tax compliance. Also online tax payments had an effect on tax compliance. This was shown by 55.4% ( $0.554 * 100$ ) variations in tax compliance were explained by online tax payments. The study concluded that online taxpayer registration, online filling of tax returns and online tax payments had a strong positive significant effect on tax compliance.

The study recommends that URA should put more emphasis on dissemination of concrete tax knowledge (technical knowledge) when conducting its tax education campaign given that it has been found to positively affect taxpayer's compliance behaviour. Also URA should work out mechanisms of interfacing its online payments services with commercial banks to enable taxpayers experience benefits of online payments and increased compliance. Furthermore, URA should utilise more of the expertise of the educational institutions like universities in its tax education activities given that they are better placed to provide the required technical knowledge. URA should make its online services more user friendly to the ordinary computer illiterate taxpayers since it was found out online services have a strong significant impact on tax compliance. URA should ensure that taxpayers take confidence of its service provision of on line services as being effective, efficient and economical, and making fair accountability for the resources entrusted to them by the taxpayer. This will improve taxpayers' perception of online services thereby improving taxpayer compliance. The government of Uganda and URA should also step up efforts of using more behavioural (non-economic) measures of encouraging online services of taxpayer registration, filing of taxpayer returns and online tax payment to all taxpayers to comply than concentrating on using deterrence (economic) measures to encourage compliance.

**Key Words: Automation, Tax Administration, Uganda Revenue Authority, Kampala East**