EFFECT OF TAXPAYER EDUCATION ON VALUE ADDED TAX COMPLIANCE AMONG SMALL AND MEDIUM ENTREPRISES IN EKERENYO, NYAMIRA COUNTY,KENYA.

BY

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DECLARATION

This is my original work and has not been presented for a degree in any other university or any other learning institution.

Sign…………………………… Date………………………………

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KESRA105/0014/2020

I confirm that this research project has been carried out under my supervision as the university supervisor.

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DEDICATION

This research project is dedicated to my family for their unconditional support and constant encouragement throughout my entire period of study.

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The study additionally concluded that Taxpayer sensitization has a significant effect on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County , and is found to play a significant role in the value added tax compliance. The respondents were in agreement that Taxpayer sensitization has enlightened the them on the need to pay VAT tax.

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LIST OF ABBREVIATIONS AND ACRONYMS

CBD Central Business District

GDP Gross Domestic Product

ICT Information Communication Technology

KRA Kenya Revenue Authority.

OECD Organization for Economic Co-operation and Development.

PIN Personal Identification Number

SME Small and Medium Enterprises.

SPSS Statistical Packages for Social Sciences

TRA Theory of Reasoned Action.

VAT Value Added Tax

FY Financial Year

EFDs Electronic Fiscal Devices

EPZ Export Processing Zone

GST Goods and Services Tax

FFTE Face – Face Taxpayer Education

ETE Electronic Taxpayer Education

TSE Taxpayer Sensitization Education

PMTE Print Media Taxpayer Education

VATC Value Added Tax Compliance

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OPERATIONAL DEFINITION OF VARIABLES

Electronic Taxpayer's Education: A method of educating people about the whole process of taxation and why they should pay tax (Aksnes, 2011) through electronic means such as Radio and Television.

Face-to-Face Taxpayer Education - the process whereby taxpayers are educated using a one on one (physical) interaction with tax authority and their agents with the goal of obtaining knowledge through tax conferences, taxpayers' week and seminars (UNCTAD, 2018).

Print Media Taxpayer Education: Means of distributing the tax information to the taxpayers through the use of Newspaper, Booklets and Pamphlets.

Small and Medium Enterprises: Refers to businesses that have maintained revenues, assets and employees below a certain threshold. In Kenya SMEs are characterized to have less than 99 employees and Contribute roughly 50% of total employment 40% of the GDP according to OECD.

Taxpayer's Sensitization: Efforts across all levels of the tax authority aimed at enhancing taxpayers' understanding of the Authority's administrative process by educating the taxpayers about their obligations and how to fulfill them.

Value Added Tax: Value added Tax is Charged on supply of taxable goods or services made or provided in Kenya and on importation of taxable goods or services into Kenya.

ABSTRACT

Tax Compliance concerns are as old as taxes themselves and will remain an area of discovery as long as taxes exist. Compliance refers to fulfilling all tax obligations as required by the tax laws. There has been no charging of taxes proportionately among small and medium enterprises (SMEs) internationally. High compliance costs, inadequate understanding, high tax rates and tax penalties are some of the variables that can lead to tax evasion and tax fraud. KRA has not been able to meet it's set revenue target set by the National treasury. This trend clearly shows that there is a need for the government and the tax authority to review its efforts to foster compliance among the taxpayers to be able to meet its revenue targets. The key aim of the current study is to investigate the effect of taxpayer education on tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . The specific objectives were to evaluate effect of Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education on value added tax compliance. The study is anchored on the theory of the fishers Model, economic deterrence theory, theory of reasoned action and social influence theory. The study adopted explanatory research design. The target population for this study consisted of all 326 licensed SMEs operating along Ekerenyo, Nyamira County. A sample size of 180 was drawn from this population using Yamane's formula. The study used primary data, collected through questionnaires administered through drop and pick later method. The data collected was analyzed using both descriptive and inferential statistics. A Multiple linear regression model was used to establish the strength of the relationship between independent and dependent study variables. The results indicated that Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education is significant with an unstandardized beta coefficient $= 0.280$, $p = 0.000$; $= 0.387$, $p = 0.000$; $= 0.225$, $p = 0.000$; and $= 0.295$, $p = 0.001$. The study concluded that there was significant effect of Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education on value added tax compliance. The study recommends that social and religious institutions be engaged in taxpayer education to improve the consumption of the printed materials for knowledge gain and tax compliance. Therefore, Future studies may be conducted on other subsets of enterprises forming sectors of the economy to form basis of comparison in Value Added Tax performance.

CHAPTER ONE

INTRODUCTION

1.0 Chapter Overview

This chapter presents an introduction to the study on the effect of taxpayer education on tax compliance. The chapter begins with the background of the study, followed by the problem statement, objectives of the study, study hypothesis, significance of the study and scope of the study.

1.1 Background of the Study

Various governments world over depends on tax revenue to provide public goods and services. To meet the growing need for economic development and growth, these governments had come up with various tax regimes, systems, and bases (OECD, 2020). Collecting taxes and fees is fundamental task for countries to generate public revenue that made it possible to finance investments in human capital, infrastructure, and the provision of services for citizens and businesses (IMF, 2020).

Radzi (2019) conducted a study in Malaysia on the small and medium enterprises and VAT compliance. The survey collected data from 248 usable owners from the northern Peninsular Malaysia. The findings revealed that power, distance, individualism, masculinity, uncertainty avoidance and long-term orientation are significantly related with intention to tax non-compliance. However, the SME owners tend to engage in tax non-compliance due to huge opportunities involving cash business transactions and avoid cash declarations. Put differently, SMEs are likely to be compliant where transactions are not cash-based since there are evidence of businesses having taken place (Mohamad, Zakaria and Hamid, 2016).

In the study conducted by Newman *et al*. (2018) noted that tax compliance among the SMEs have caught the attention of many tax authorities, academicians, and non-governmental organizations all over the world. The critical role that SMEs play in contributing to the economy should equally be investigated to further support the growth and development especially among developing economies. It is therefore of essence to understand what factors determine their compliance to tax laws and ensure that these SMEs pay their fair share of tax and contribute effectively to the economic development.

Taxation remains the main source of government revenue in both developed and developing economies (Usang & Etim, 2021). Disparities in tax collection between developed and developing countries exist-the former register relatively higher tax compliance levels (35%) while the latter record less than 23% tax compliance level (Seelmann et al., 2011). Some of the key determinants of successful revenue generation by governments are; the role of information especially taxpayers' knowledge, effective and efficient use of technology in tax collection and the policy environment within which tax laws are affected (Gitaru, 2017).

In African countries, there is low taxpayer knowledge, as the majority of Africans do not know what taxes they owe to the government or what tax payments are for (Aiko and Logan 2014; Isbell 2017). Taxpayer education is rapidly becoming a strategic line of business for tax administrations. As governments and their tax administrations worldwide explore alternative approaches to complement traditional enforcement-oriented techniques, they turn to taxpayer education programs to improve tax compliance (OECD, 2015).

Many developing countries are increasingly reaching out to engage todays and tomorrow's taxpayers. This is in an effort to improve tax compliance through nurturing the culture of paying taxes among their people (Pere & Theuri, 2019). Taxpayer knowledge on their obligations and rights regarding tax is a vital component in collection and compliance to tax. Several studies

have demonstrated that taxpayers' compliance to their tax obligations is dependent on their willingness to pay, tax collection methods, tax rates, and penalties (Devano & Kurnia, 2006; Kamil, 2015, Fauziati et al., 2016).

Tax evasion is a big challenge to tax authorities in both the developed and developing countries. It hampers resource mobilization by governments for investment in critical areas of social and personal development including health, education and infrastructure development (Cummings, 2007). Even in the most advanced economies in the world, tax evasion undermines revenue collection substantially (Rile, 2011). If the Kenya government is to increase its social expenditure, then it needs to reduce tax evasion in the informal economy (Griffiths, 2005).

According to Misra (2004), the main objective of tax payer education is in three folds: impart knowledge as regards tax laws and compliance; change taxpayer's attitude towards taxation and increase tax collection through voluntary compliance. Taxpayer education assists taxpayers in meeting their tax obligations to the government. This means that the primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. Tax Compliance concerns are as old as taxes themselves and will remain an area of discovery as long as taxes exist. A high level of tax compliance remains the goal of revenue authorities across the world; as taxes are the biggest source of revenue for governments to finance development, meet day-to-day service provision expenses to its populace and have a firm control of the fiscal measures of their economies (Gitaru, 2017).

1.1.1 Tax compliance

Compliance refers to fulfilling all tax obligations as required by the tax laws. There has been no charging of taxes proportionately among small and medium enterprises (SMEs) internationally (Amaning, Anim, Kyere, Kwakye & Abina, 2021). High compliance costs, inadequate understanding, high tax rates and tax penalties are some of the variables that can

lead to tax evasion and tax fraud. Their size, nature and operation make the issue of tax compliance critical among the SMEs. They are not well established in terms of resources and expertise. (Williams and Round, 2009) Persons fail to comply with tax laws either willingly or unwillingly. They include tax resisters and tax protesters.

Tax protesters attempt to evade the payment of taxes using alternative interpretations of the tax law, while tax resisters refuse to pay a tax for conscientious reasons (Amaning et al., 2021). SMEs are characterized by size, uncertainty, innovation and evolution. Proper understanding of SMEs would require a good understanding of its operations (Webley, 2004). Students are the leaders of tomorrow and therefore it is also a fact that SMEs are the blue chips companies of tomorrow.

Most well-established companies started as small and medium enterprises. Therefore, the stepping stone of big companies is likely to be small and medium enterprise (Arham & Firmansyah, 2021). Developing countries like Kenya should heavily encourage the SMEs and other private sectors in order to promote the business performance within and outside Africa. Their problem was addressed to the letter in order to create a very conducive environment for them to operate. In other words, they should be looked from the eye of success but not from the eye of failure. A conducive environment for the business is the best because economy wise the country tend to grow (Hijattulah and Pope, 2008).

The fundamental purpose of taxation is to raise revenue. In order to achieve this objective, the tax system should be effective and efficient to ensure that SMEs are not negatively affected. The society should also not complain (Arham & Firmansyah, 2021). Many of the difficulties with the tax authorities are the consequence of poorly set tax systems and policies. Proper research should be done before employing any tax policy in order to have properly working

tax system. The objective of a tax policy should be to abide with tax laws. (James and Alley, 2004).

Most of the Kenya SMEs enterprises operate within the informal economy, a sector previously referred to as informal sector, or in the Kenya context, Jua Kali. The Kenya Labour Force Survey Report of 1998/99 indicates that the sector covers all semi-organized and unregulated activities that are small scale in terms of employment. The report noted that the SMEs activities are largely undertaken by self-employed persons or employees with few workers in the open markets, in market stalls, in both developed and undeveloped premises and also on street pavements (ROK, Labour Force Survey, 2003).

Hall and Harvie (2003) argued that small and medium enterprises play an important role in creating jobs, social uplifting and building a flexible and adaptable base for an internationally competitive economy. SMEs are stipulated to attract significant attention from policy makers in terms of industrial renewal, employment creation, export growth and productivity in the economy of the country (Amaning et al., 2021). The contribution of SMEs in developed countries is also very important and it is considered as the main source of employment and income generation (Shelley, 2004). Therefore, the contribution of SMEs is highly recognized at the global level and this has alerted authorities around the world to give more focus on SMEs (Eeden, 2004). According to Republic of Kenya Report (2012) SMEs contributed to seventy percent of the Gross Domestic Product (GDP) in 2017 in Kenya.

1.1.2 Small and Medium Enterprises in Nyamira County

The SMEs in Nyamira County are characterized by a variety of Shops, including; restaurants, bars, boutiques, food vendors, electronic, cybers, chemists, salon/barbers, Shoe shines, transport (taxi), airtime, tailoring, small scale industries, hotels and guest houses and provision of social services such as health, recreational and educational facilities. The informal sector is estimated

to constitute 98% of business in Kenya, contributing 30% of jobs and 3% of Kenya's GDP. The government recognizes the role of the informal sector and seeks ways to integrate these businesses into the formal sector.

According to the *2017 Doing Business in Kenya* report, the ease with which businesses can be registered has a bearing on the number of entrepreneurs who start businesses in the formal sector, leading to jobs and more government revenue. The legal requirements for registration of an SME include registration of the company name with the Registrar of Companies, acquiring a Personal Identification Number (PIN) and Value Added Tax (VAT) with the Kenya Revenue Authority (KRA), Trade License with the ministry of Trade, and finally the Local authority licenses. Nonetheless, SMEs within Ekerenyo town take an advantage of their small sizes by not declaring and submitting their VAT tax return to the Kenya Revenue Authority, most of them are tax non-compliant. Taxpayer education is undertaken to make them more knowledgeable on importance of paying taxes to the government.

1.2 Statement of the Problem

Tax compliance has remained a hotly contagious issue among various scholars and researches in developed and developing economies around the world. Each government across the world endeavors to meet its expenditure from its national domestic income without borrowing. Tax compliance levels continue to remain low in most of the developing countries (Mukhlis, Utomo, & Soesetio, 2015). This has remained a thorn in the flesh to governments as taxes are their biggest source of revenue to finance development, meet day-to-day service provision expenses to its population and have a firm control of the fiscal measures of their economies as well as the sanctions to be imposed if they were not compliant with tax laws and procedures (Kwok & Yip, 2018). In Kenya, underperformance of VAT revenue due to non-compliance has been a protracted challenge. Kenya Revenue Authority (KRA) has not been able to meet it's revenue

target set by the National treasury, for financial year 2017/2018 KRA collected Sh. 1.17 trillion against a target of 1.4 trillion (KRA, 2018). According to the KRA 7th corporate plan the authority collected 95% of the exchequer revenue for the financial Year 2017/2018.Revenue collection for the financial year 2018/2019 amounted to Kshs 1.58 trillion, missing the target by Kshs 25billion as the National Treasury had projected a collection of Kshs 1.605 trillion (Annual Revenue Performance Report FY 2018/2019). This trend clearly shows that there is a need for the government and the tax authority to review its efforts to foster compliance among the taxpayers to be able to meet its revenue targets (Gitaru, 2017).

However, the SME sector which accounts for the largest portion of the country's GDP remains under taxed. The nature of the industry is that it operates in the informal set-up therefore making it harder for the government to enforce taxation measures and ensure compliance. Therefore, success in taxation in this industry depends on voluntary compliance (Gitaru, 2017). The small and medium enterprises are continuously expanding and has the potential to increase the revenue flows which have been otherwise left out of the tax bracket.

According to Omondi and Theuri (2019), if the informal sector remains untaxed, and as more people transition into the sector, the government is likely to continue losing billions of shillings. The question as to why some people pay tax while others do not has raised a lot of concern among economists, governments and tax administrators. A large segment of the informal sector, especially the Small and Medium Enterprises in Ekerenyo, Nyamira County exhibit low VAT tax compliance levels. This is a great loss of revenues meant for public expenditure. It is for this reason that this research will be undertaken to investigate the effect of taxpayer education on VAT tax compliance among small and medium enterprises in Ekerenyo, Nyamira County.

1.3 Objectives of the Study

1.3.1 General objective of the study

The main objective of the study was to examine the effect of taxpayer education on Value Added Tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County

1.3.2 Specific Objectives

The study was guided by the following general and specific objectives

i.   To investigate the effect of Face-to-Face Taxpayer Education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County.

ii.   To determine the effect of electronic taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County.

iii. To determine the effect of Taxpayer sensitization on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County.

iv.   To investigate the effect of print media taxpayer education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County.

1.4 Research Hypotheses

The following hypotheses were tested

H_{01}:   Face-to-Face Taxpayer Education has no influence on VAT tax Compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County.

H_{02}:   Electronic taxpayer education has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County.

H_{03}:   Taxpayer sensitization has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County.

H_{04}: Print Media Taxpayer education has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .

1.5 Significance of the Study

The results from this study will be of great significance to a number of parties that include the following: The results from this study will be of significance to the KRA and other policy makers in Kenya administration as it will provide detailed information on how tax compliance impacts the overall government revenue in the country. In addition, the recommendations suggested in the study will be critical to KRA in making improvements to promote voluntary tax compliance.

The study shall be of help to the ministry of finance through treasury so as to formulate policies that shall address issues of non-compliance and challenges that may hinder tax compliance and positive uptake of tax. The utilization of the recommendations made in this study by various Taxpayers in the ministry will be beneficial in enhancing the Tax reform agenda in Kenya.

Findings from this study will become a point of reference for scholars, researchers as well as students who might want to carry out studies on the related research area in the future. Researchers and scholars may also use this study to identify further areas of study as well as related areas through identifying topics which require further research and through identification of gaps in the study from the review of existing empirical literature.

1.6 Scope of the Study

The key objective of this study was to examine the effect of taxpayer education on tax compliance and targeted the SMEs operating along Ekerenyo, Nyamira County, The target population was 326 SMEs and a sample size of 180 SMEs. The study used primary data that was collected using structured questionnaires. The study focused on FY 2019/2020.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two reviews available literature on the effect that taxpayer education has on tax compliance in Kenya. The chapter comprises theoretical literature review, the empirical literature review and finally a summary of literature review.

2.2 Empirical Review of the Study Concepts

The main concept of the study was to examine the effect of taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County.

2.2.1 Taxpayer Education

Taxpayers' education can be described as a method of educating the people about the whole process of taxation and why they should pay tax. Taxpayer education assists taxpayers in meeting their tax obligations to the government. The primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. Taxpayer education is one of the strategies of improving service delivery to the tax payers. Improving service delivery is critical to enhance voluntary tax compliance. Lack of voluntary tax compliance compels revenue authorities to use costly and coercive methods for tax enforcement (Fjeldstad and Ranker 2003).

The education component is expected to deal with non-compliance practice among the taxpayers especially in the informal sector (Kimingu and Kileva, 2007). This is based on the possibility of noncompliance being unintentional, where the taxpayer is not aware of his/her tax obligations or fails to fulfill his/her tax obligations due to ignorance of tax laws and procedures or may be intentional due to the compliance attitudes (Christina, Deboral and Gray, 2003). Taxpayer education program serves to: create taxpayer awareness of laws and

procedures, educate taxpayers on their tax responsibilities and rights, assist and motivate taxpayer to comply voluntarily, assist taxpayers on reporting the correct income and amount of tax, maintaining close relationship between the tax authority and the taxpayer continuously, and, instill public confidence in taxation system (Oyedele, 2009).

Ndaka (2017) conducted a secondary data review research into the informal sector and taxation in Kenya; causes and effects. The study adopted desktop research methodology and metadata analysis. The findings of the study showed that informal sector is critical to the economy however there is a need for Kenya revenue Authority to conduct other administrative reforms like setting specialized unit or desk for the informal sector taxation, instill a culture of compliance, training and sensitization of taxpayers, recognition of informal taxpayers among others to tap into the revenue that would be lost as a result of non-compliance in the informal sector.

Thus, tax education enables the taxpayer to understand tax laws and procedures as well as creating positive tax compliance attitude (Normala, 2007; Roak and Stephen, 1994). The tax authorities have given special attention on the business, by simplification of the tax laws procedures, associations, annuals taxpayers' appreciation day, and integrity enhancement as among the strategies (Kianuka, 2004; Kimungu and Kileva, 2007). Tax Education to the business owners becomes necessary when the objective of raising tax revenue, at the changing environment; particularly from the official tax assessment is considered (Normala, 2007).

2.2.2 Value Added Tax

Value Added Tax (VAT) is a consumer tax levied on taxable goods and taxable services supplied in Kenya and or imported into Kenya. The tax is paid by the end consumer and is collected at designated points by VAT registered persons who act as the agents of the Government. VAT on imported services is paid by the importer *(*Kenya Revenue Authority

2010). The VAT Law is contained in Value Added Tax Act Cap 476 Laws of Kenya and the regulations stemming from it.

Value added tax (VAT) was introduced in Kenya in 1990 to replace sales tax. It was introduced as a measure to increase government revenue through expansion of tax base. The VAT Act, no 35 of 2013 of Kenyan laws governs the administration of Value Added Tax. The VAT framework has goods and services which are taxable except for zero rated products that comprise of basic goods as well as exports. Value Added Tax currently has three types of tax rates;0% for zero rated supplies which covers goods listed in the second schedule to the VAT act including exportation of goods/services,supplies to EPZ and supplies to public bodies and priviledged persons.8% for Petroleum oils obtained from bituminous motor spirits and 16% which is a general rate for other goods and services. In the year 2013, Value Added Tax Act was adopted and implemented; at this time VAT policy, faced several drawbacks by the business owners as well as the government. Since the inception of the VAT, the taxman has removed some provisions and added some provisions into the Act. The most noteworthy changes comprise of removing of the Value Added Tax remission; exclusion of a lowered rate of twelve percent, combination of previous subordinate regulations and the main regulations, reduced the scheduling of 8 to 2 as well as raising the rates of zero-rated tax charges and exempting basic supplies (Ernst & Young, 2016).

Tax compliance means submitting a tax return within the stipulated period, correctly stating income and deductions, paying assessed taxes by due date, and paying levied taxes (Pellegrini, 2016). Value Added Tax Compliance is also a measure of the level to which individuals and corporates adhere to both indirect and direct taxes at a free will. However, it may not be easy task to measure Value Added Tax Compliance in a country since it involves even some intrinsic traits that are beyond measurability criteria (Taru, 2019). For instance, individual morale to file taxes is complex since it is difficult if they do it voluntarily or it is because of threats of

penalties. Value Added Tax Compliance is important to the government, it ensures that revenue that is needed to cater for public expenditures is available.

Tax compliance refers to the degree to which taxpayers meet their obligations under the tax law (Kimungu and Kileva, 2007). All individual taxpayers and businesses should fulfill their obligations under the law to register for tax purposes, and to voluntarily declare and pay on time their tax liabilities (Christina, Deboral and Gray, 2003). Tax compliance is a continuum that ranges from deliberate and determined non- compliance to unwilling compliance to unwitting compliance due to lack of knowledge of taxpaying procedures and legal requirements and finally willing and quasi- voluntary compliance. Tan and Chin-Fatt (2008) state that tax compliance by taxpayers can be viewed in terms of whether such compliance is achieved voluntarily (quasi-voluntary compliance) or corrected by enforcement actions carried out by the revenue administration (enforced compliance). To ensure tax compliance, there are four basic tax compliance obligations of citizens and businesses that generally must be administered by all revenue administrations in accordance with their respective tax laws: registration (identification); filing (submission of tax returns on time); declaration (correctly report tax liabilities); and, payment (on time as stipulated in the law).

A non-compliant taxpayer is one who fails to satisfy any one or more of these aspects and poses a risk to revenue collection. McKerchar (2003) stated that non-compliance may be as a result of a deliberate decision by the taxpayer, or it may be unintentional. McKerchar , thus, posits that there are no quick fixes to improving taxpayer compliance, instead what is required is a concerted, long-term coordinated and comprehensive plan that uses a complimentary range of policy instruments underpinned by a solid legal based (Brautigam, 2008).Non-compliance may be due to taxpayer ignorance, inability or intent. Thus, tax administrations' approach to enhancing compliance generally has three main components: taxpayer education and outreach, to ensuring that taxpayers are aware of their legal obligations; taxpayer services, to secure that

tax payment and processing are relatively simple and easy; and deterrence and enforcement, credible deterrent and consequence for those who seek to avoid their obligations (Olowookere and Fasina, 2013).

2.3 Theoretical Literature Review

The study explored the theory of the fishers Model, economic deterrence theory, the theory of Reasoned Action and Social Influence Theory to explain the concept of tax compliance and the various motives behind tax non-compliance. It is commonly said that tax and death are inevitable in life. However, history has shown that individuals do not like paying taxes, and they take a variety of actions to reduce their tax liabilities, for example, by interpreting tax rules to their own advantage.

A major concern that has been raised by taxpayers for not voluntarily complying with tax laws is that governments are not accountable to the taxes collected (Onuba, 2012). Low levels of tax compliance in developing countries to a great extent- have been attributed to low levels of tax payer education. Azubike (2009) argues that lack of information and enlightenment for taxpayers is a major problem as they are not sufficiently educated and enlightened on the provisions of the various tax laws.

Questions about tax compliance are as old as taxes themselves and will remain an area of discovery as long as taxes exist. There is almost no civilization that did not tax. Six thousand years ago, tax history started with records on clay cones in Sumer, with the inscription, There were the tax collectors (Adams, 1993). History has shown that there has always been a reluctance to pay tax. A major reason for this attitude is that the taxpayer does not always perceive that he receives any benefits from parting with his hard-earned cash.

Most citizens, however, realize that state expenditure for the purpose of creating or maintaining national infrastructures, such as services and roads, is a necessity. But, citizens object to having

to finance unnecessary state expenditure. In this regard, everyone has his own understanding of what is unnecessary. Taxpayers feel that whatever is contributed by way of tax is mostly squandered away and the social responsibilities the government is expected to discharge get neglected. The government's bad image because of its failure to discharge functions is a great disincentive for paying taxes. The theories of tax compliance assume that psychological factors including morals and ethical concerns are also important to the taxpayers. There are several theories which have been expounded to explain tax compliance. The four theories explained here are the fisher model, economic deterrent theory, theory of reasoned action and Social influences theory.

2.3.1 Fisher Model Theory

Fisher Model Theory was developed by Irving Fisher back in 1930. The theory provides a framework for understanding the influence of those socio-economic and psychological components on taxpayer's compliance decision. The tax compliance literature identified four key factors which are categorized by Fisher and associates (Fischer, Wartick & Mark, 1992) into four groups in his expanded model (Fisher Model): (i) demographic (e.g.- age, gender and education) (ii) non-compliance opportunity (e.g. income level, income source and occupation), (iii) attitudes and perceptions (e.g. fairness of the tax system and peer influence) and (iv) tax system/structure (e.g. complexity of the tax system, probability of detection, penalties and tax rates). Thus, Fisher model of tax compliance incorporates economic, sociological and psychological factors in a comprehensive manner.

The Fisher model suggests that demographic variables indirectly affect taxpayer compliance by their impacts on non-compliance opportunities, attitudes and perceptions. A common demographic variable is the taxpayer's age. A positive link between age and taxpayer compliance is reported (Fischer, Wartick & Mark, 1992). In general, young taxpayers are more willing to take risks and are less sensitive to sanctions. Traditionally, females have been

identified with conforming roles, moral restraints and more conservative life pattern. Education, as a demographic variable relates to the taxpayers' ability to comprehend and comply or not comply with the tax laws. Two aspects of education have been distinguished: the general degree of fiscal knowledge and the degree of knowledge involving evasion opportunities (Groenland and Veldhoven, 1983). The theory will be used to support the variable on Face-to-Face Taxpayer Education.

2.3.2 Economic Deterrence Theory

The theory was as a result of the work of Allingham and Sandmo (1972). This theory affirmed that the behavior of a taxpayer is usually influenced by the factors that determine the benefits and cost of tax evasion (Allingham & Sandmo, 1972). The economic deterrence theory views the individual taxpayer as a rational economic agent, who assesses the costs (determined by possibility of detection and penalties or a fine for the offense) and benefits (determined by tax rate) of evading taxes, and therefore chooses not to pay, if the benefit of non-compliance outweighs the costs (Walsh, 2012). The theory assumes tax payer maximizes expected advantages of non-compliance tax risks.

According to (Loo, 2000) Economic based theory is related to costs and benefits when performing an action. It also states that taxpayer behavior is influenced by factors determining the benefits and cost of evasion, such as the tax rate, the probability of detection and penalties for fraud (Allingham and Sandmo, 1972).

The Allingham and Sandmo model have been extensively criticized. Besides the inconsistent results generated by the application of the penalty to the undeclared income, another notable weakness is that it assumes audit probability to be constant (Andreoni, Erard and Feinstein, 1998). This assumption is, however, invalidated by economic realities. For example, the audit probability in the US depends on the amount of income reported. It has been shown that tax

compliance is related not only to economic, but also to behavioral issues that impact the process of raising public levies.

The taxpayer therefore seeks to balance between tax cheating benefits against detection and sanctions (Sandmo, 2005). One usually takes part in activities which have the potential of optimizing their returns or rewards as well as reducing their costs, for example tax amnesty. If sanctions are likely, and the costs severe enough to outweigh the rewards of an act, the act will not be performed (Mengere, 2014). This theory concludes that tax compliance depends more on tax audit and the penalties or fines.

Since the study is on taxpayer education on VAT compliance, the theory emphasizes this fact that the economic consequences to tax evasions could deter taxpayers from non-compliance. On the other hand, when the economic consequences are considered minimal, then taxpayers may tend to intentionally evade paying taxes as they could easily bear the consequences (Sacks, 2012). In evaluating the determinants of VAT compliance among the small and medium enterprises; the influence of taxpayer awareness on VAT compliance is associated to the theory because when the tax laws are considered weak and less punitive to tax defaulters and offenders, the taxpayers are likely to fail to comply since they can easily beat the existing tax laws.

Citizens will act against the law after evaluating the questionable favorable conditions of an efficient avoidance against the risk of being caught and punished. Judicious citizens will avoid charges if the normal benefits are more remarkable than the cost of obtaining them. It is possible to achieve discouragement through corrective and strong methods (Kendrick, 1939). The corrective methodology will prevent a citizen from submitting exercises associated with tax avoidance by convincing inconvenience of harder penalties and reducing the probability of non-identification. Criminal deterrence theory experts attack the theory for a

few reasons. First of all, they argue that this model does not represent reality and thus presents a contorted picture of the object of discouragement.

Dependence on the sane entertainer model of criminal behavior has been condemned for its significant reason that people are, in Veblen's expression, helping to add machines of agonies and joys. The assumption that people in each case gauge the results of their criminal behavior carefully beforehand can be effectively discredited by the perception that some violations are spontaneous acts. The economic deterrence theory will be used in this study to explain electronic forms of taxpayer education. Taxpayer obtains information from electronic media in order to understand what is expected of them and the consequences of non-adherence. Electronic media such as television and radio announcements, KRA online tutorials on i-tax and Internet news will arm taxpayers with necessary information to make informed decisions

This implies that, taxpayers will only pay their taxes due to the fear of being sanctioned. Thus, an increase in sanctions or fines and penalties will increase tax revenue (Awa &Ikpor, 2015). It is on the basis of this assumption that the model recommends rigorous audits and severe penalties for offenders as a basis for reducing non-compliance (Fjeldstad, Schulz-Herzenberg &Sjursen, 2012). Taxpayer education is to a great extent done during tax audit exercises. This model is relevant in tax compliance in that when there are fewer audits and penalties, tendency for evasion by taxpayers rises, while if there is a high chance for detection and penalties are severe, fewer taxpayers will evade. Hite (1989) stated that deterrence can be achieved by a persuasive approach, with the use of better education, increased advertising and incentives to improve taxpayers' attitudes towards tax administration and honest tax reporting. An analysis of small taxpayers with similar economic incentives is important to understand taxpayers' compliance behaviour.

Economic Deterrence Theory is of great significance to the current study since it expounds on how various tax educational factors such as print media education play a crucial role in encouraging taxpayers to comply with tax regulations. Therefore, the theory will be used to support the variable on electronic taxpayer education.

2.3.3 Theory of Reasoned Action

Ajzen and Fishbein (1980) introduced the Theory of Reasoned Action. According to this theory, taxpayers' behaviour is determined by their intentions, which are a function of: their attitudes towards behaviour and perception of subjective norms. The attitude towards behaviour is described as a positive or negative judgement regarding the behaviour and the perception of subjective norms as the social pressure influencing a person to perform behaviour. Lewis (1982) and Cialdini (1989) used the TRA to study the psychology of taxation.

Many researchers have used theory of reasoned action (TRA) in their studies. The theory has been applied to various behavioral situations (Chu& Wu, 2004;Hanno &Violette, 1996;Oliver&Bearden, 1985;Shimp& Kavas, 1984) and has been used to explain human behavior as a dominant theoretical framework (Fishbein & Ajzen, 1975). Behavioral performance in the theory can be predicted from people's intentions (Fishbein &Ajzen, 1975). TRA focus is on behavioral intention as antecedent to actual behavior. Intentions are assumed to capture the motivational factors that influence behavior. Intention indicates how hard individuals are willing to try or how much effort they would exert to perform the behaviour (Ajzen, 1991). In order to understand a particular individual's behaviour (e.g., taxpayer's behaviour), it is important to identify the determinant of behavioural intention (Hanno&Violette, 1996). TRA postulates two independent determinants of intentions i.e. attitude toward behavior and subjective norms. Ajzen and Fishbein (1980)defined attitude as the degree to which an individual has a good or poor evaluation on a particular behavior. One

of the factors that determine attitudes is behavioral belief, which involves evaluation of the consequences or outcomes of a particular behavior (Ajzen & Fishbein, 1980).

Firstly, they examined attitudes and perceptions of taxpayers in order to understand compliance behavior whereby they found several factors affecting evasion intentions: personal and demographic characteristics, moral outlook, age and perception of others evasion. The second used the model to determine the possibility of improving compliance by educating taxpayers about their social responsibility of paying taxes. After, Ajzen (1991) introduced the Theory of Planed Behaviour. TPB links beliefs and behaviour, in a bid to explain human behaviour. The concept aimed at improving on the predictive power of the theory of reasoned action by including perceived behavioral control.

According to this theory, the behaviour of individuals within the society is influenced by definite factors which originate from certain reasons and emerge in a planned way (LaCaille, 2020). The ability to perform a particular behaviour depends on the fact that the individual has a purpose towards that behaviour (behavioral intention). Behavioral intention in turn depends on three factors that is Attitude towards the behaviour, Subjective norms and Perceived behavioral control. These three factors are also influenced by behavioral beliefs, normative beliefs and control beliefs.

The focus of this theory therefore is on the taxpayer's ethics and morals. The theory suggests that a taxpayer may comply even when the probability of detection is low (Yzer, 2017). As opposed to the economic theories that emphasize on intensifying audits and penalties as solutions to compliance issues, psychological theories lay emphasis on changing individual attitudes towards tax systems. This is achieved majorly through taxpayer education. Therefore, the theory will be used to support the variable on print media taxpayer education.

2.3.4 Social Influence Theory

The Social Influence Theory provides that individuals normally tend to change their behaviour based on the social influence of the environment in which they find themselves. Therefore, taxpayers are likely to change their tax compliance behaviour in the event where the tax system is thought to be affected by the behaviour and social norms of an individual's reference group (Hwang, 2016). This is because, in taxation the human behaviour is always influenced very easily by the social interactions just like any other form of behaviour.

The tax attitude and behaviour of an individual is, therefore, very likely to be by the behaviour of an individual reference group such as friends or relatives (Hwang, 2016). Therefore, in the event where a taxpayer is aware of many people important to him/her who are not tax compliant, then such as individua is also very likely to not comply as well. Hence this theory is the most appropriate in explaining the influence of knowledge on individual's behaviour. This attributes to the fact that the attitude of a taxpayer towards payment of tax is the function of their belief and knowledge about tax. If a taxpayer has positive knowledge about tax, he may in turn, have a positive attitude towards tax payment and will have favourable tax compliance behaviour. Therefore, Social Influence Theory will be of great importance to the current study as it provides a logical explanation for the relationship between taxpayer's knowledge about tax and their likely behaviour to be compliant. The theory will be used to support the variable on Taxpayer's sensitization.

2.4 Empirical Literature

2.4.1 Face-to-Face Taxpayer Education and Value Added Tax Compliance

The face-to-face education takes many forms. It might be through physical training or online training among other means including tax open forums/day but whereby taxpayer interact with the revenue authorities and are being walked through various aspects of taxation according to

the prevailing tax laws as posited by Benzarti (2015). The concept of face-to-face taxpayer education is perceived in the study as an aspect that would enhance taxpayer's compliance due to the knowledge gained and especially when done physically where the tax authorities and the taxpayers interact on a common platform. The participants would even relate the costs of non-compliance to the speakers, during such face-to-face functions as per Liebman & Luttmer (2015) assertions.

The impact of education on tax compliance produces mixed results in tax compliance studies. Education and tax compliance levels might positively correlate (Richardson, 2006; Saad, 2010). Richardson (2006) found a positive relationship between education and tax compliance levels. Various countries such as the USA, the UK and Australia also have developed interactive websites, disseminated leaflets together with tax returns, opened call centers', created advertisements or supplied reminders via television and radio (e.g. to remind taxpayers of deadline dates for filings). Carroll (2011) on taxation among women in the informal sector in Ghana found out that even though more than half (65per cent) of the women surveyed were aware that they have to pay taxes, more than half were not well informed as to why they paid tax and more than 50 per cent did not enjoy the benefits of paying it. However, tax education alone cannot guarantee continued tax compliance.

 Palil (2010) states that, in addition to tax education, knowledge about tax laws also plays a major role in determining taxpayers' compliance behaviour. Tax authorities must embrace continuous education programs and effective monitoring mechanisms to ascertain that taxpayer have a good and reasonable knowledge and understanding of tax matters. These include schools' outreach and tax club programs, Mobile tax units and call/support centres for low literacy taxpayers. In October 2018, KRA and KICD partnered to mainstream tax education in the education curriculum.

Olowookere and Fasina (2013) conducted a study on taxpayers' education; a key strategy in achieving compliance. The study was conducted in Lagos State, Nigeria. The study adopted survey research methodologies and data analyzed using analysis of variance to test the hypothesis. The study findings shows that there is a need to conduct education to taxpayers and more majority of the study respondents preferred face to face as the taxpayers would ask bothering question and get answers spot on. The study also found that taxpayer education should be integrated into conventional learning institutions curriculum and not be left to be a preserve of the accounting students only. That part of this education should ensure that tax is not presented to learners in complicated matrixes and language that would further hinder compliance for better revenue performance.

Adekoya (2019) also study later the role of taxpayer education and tax compliance in Lagos State. The study adopted descriptive research methods where data was analyzed using regression analysis. The study findings revealed that face-to-face taxpayer education has a significant, positive effect on tax compliance and performance. The above literature shows that face to face education of taxpayer has a role on improve compliance where which compliance effectively contributes to improved revenue performance whether this on income tax, or any other tax bases. The findings are further reinforced by Misra (2004), who found that the essence of taxpayer education should be geared towards influencing attitude of the taxpayer towards taxes generally and maximizing tax revenues vide voluntary compliance.

2.4.2 Electronic Taxpayer Education and Value Added Tax Compliance

Tax education to the tax payers through this media is mainly passed through televisions and radio stations. It's worth noting that most homes in Kenya have access to either a television or a radio station. Tax authorities should therefore use this opportunity to reach tax payers and sensitize them on the need to comply with the set tax laws and regulations. In the area of study, it was found that most of the traders have either a television or a radio to kill the boredom that

comes spending too much time in one place. Others keep televisions and radios to attract more customers (OECD, 2011). Therefore, any tax information passed through these two Medias would effectively reach the traders.

Sas (2007) argued that use of electronic media to view the tax payers and pass tax education would enhance compliance by applying dynamic comprehensive approaches. The researcher further argued that this approach to electronic media would allow the tax payer to have a single view of the revenue authority or any agency, increase auditor productivity and enhance performance management. A study by Amaning *et al.* (2020), on tax compliance among Ghanaian SMEs; how impactful is taxpayer education. The study adopted survey research method. Partial Least Square-Structural Equation Model approach was adopted. The study findings reveal that electronic media taxpayer education positively affects tax compliance; print media significantly influence tax compliance; stakeholder sensitization programmes significantly impact tax compliance. That tax authorities should intensify taxpayer education if and when income tax performance is expected to improve.

Mathias et al. (2013) carried out a research to determine if electronic media coverage on tax matters led to tax compliance. The findings showed that media reports dealing with tax problems had the potential to affect the trust of citizens in government authorities. The findings also showed that the approach to electronic media had a positive effect on the intent of taxpayers to pay their taxes. They also found that information passed through electronic media about the tax system's accountability, service orientation, and government credibility had a positive and important effect on government confidence that contributed to tax enforcement.

Even though not much studies have been conducted on the use of specific media channels to educate taxpayers, the existing evidence from the few, show that that taxpayer education can

take many forms and has benefits to the performance of income tax. As Palil (2010), finally puts its that through electronic taxpayer education, tax authorities can provide the needed information about electronic tax payments systems including e-registration, e-filing, and e-payment among other possible services to enhance tax compliance among micro, small, and medium enterprises. From the reviewed literature, it can be generally hypothesized that there is an influence of taxpayer education on income tax performance. Income tax is just but one among the many tax bases that taxpayer education impacts. It would be of critical importance to study these variables toward improvement in the adoption and absorption of electronic media taxpayer education.

Lai, Ling, Hidayah and (2010), sought to examine the ICT skills needed by a fresh accounting graduate when first joining a tax firm; to find out usage of electronic tax (e-tax) applications in tax practice; to assess the rating of senior tax practitioners on fresh graduates' ICT and e-tax applications skills; and to solicit tax practitioners' opinion regarding integrating ICT skills and tax software into a tax course. The study adopted survey research design that was conducted online by use of questionnaires. The study found out that knowledge of ICT and electronic tax systems among students had positive impact on compliance. Such electronic media `broadcast or storage media that take advantage of electronic technology may include television, radio, internet, fax, CD-ROMs, DVD and any other media that requires electricity or digital encoding of information. Electronic media is often used in contrast with print media'.

(Wasao, 2014) used a case of small taxpayers in east of Nairobi Tax District to establish the link between online tax system and tax compliance. The study looked focused on online filing system and its effect on tax compliance among small taxpayers in East of Nairobi tax District. The variables used in the study included online tax registration, online tax filing and online tax remittances, and how each is affected by online system in order to enhance compliance. The study adopted quantitative and descriptive methods as a research designs. Data was collected

using structured questionnaire, which covered all the variables of the study from 160 sampled taxpayers based in East of Nairobi tax District. It was revealed that online system does affect tax compliance level among small taxpayers in East of Nairobi as far as registration, filing and payments were concerned. The study recommends that a further study should be done to establish how online system not only affect compliance in mines and minerals sector but also other tax districts of small taxpayers, which are considered more/less, advanced than East of Nairobi tax District

2.4.3 Taxpayer Sensitization and Value Added Tax Compliance

Kenya Revenue Authority (KRA) holds workshops to sensitize tax payers on tax compliance. This is usually conducted under Taxpayer engagement strategy with objectives of; enhancing the taxpayers understanding needs and concerns by collating and analyzing views and opinions from such engagements to inform the Authority's continued transformation and risk mitigations efforts across all levels of the Authority, enhance taxpayers' understanding of the Authority's administrative process by educating the taxpayers about their obligations and how to fulfill them and communicating clearly the outcomes or benefits of interventions and innovations by KRA that reduce transaction cost and time.

Ugwu (2014) ponder tried to decide the relationship between expense instruction and assessment consistency on Malaysian colleges. Surveys were directed to college understudies and discovered that taxation instruction impacts the essential taxation information of the individuals who went to classes.

The following activities are also conducted i) Taxpayer Mapping including the ranking of all possible taxpayers in order of their influence on tax compliance, ii) Identifying, organizing and facilitating appropriate structured meetings in the form of forums conferences, peer reviews and workshops, iii) Drawing Memoranda of Understanding between KRA and identified

taxpayers to formalize partnership agreements and collaboration efforts and lastly responding to queries and requests for information from all stakeholders and partners. SMEs in Nairobi CBD are key Taxpayers in tax matters and can affect or be affected by tax organization's actions, objectives and policies, as such taxpayer education through seminars and other Taxpayer methods help them to be more tax compliant.

(Akorsu, 2015) carried out an evaluation of the effectiveness of revenue mobilization in the public sector of Ghana the case of cape coast metropolitan assembly. This study evaluated the taxpayer's perceptions on the use of Electronic Fiscal Devices (EFDs) by analyzing the benefits of using EFDs in revenue collection; the perceptions of taxpayers towards the use of EFDs and challenges towards the use of the EFDs in revenue collection. The study adopted the survey research design and the sample size of 75 taxpayers was used. The findings show that majority of taxpayers' demonstrated advantages of using EFDs machine in revenue collection. The study findings reveal that EFDs has reduced the time it takes to prepare sales report, secure tax information for auditing purpose and transaction; and ensure tax rate to be paid by the taxpayers. The challenges faced by EFDs users includes high prices of EFD machines, faint fiscal tax invoices, EFD's network problem, lack of taxpayer's education EFDs applications and few suppliers of EFDs machines.

Taru and Mukta (2019) examined Goods and Service Tax compliance in India. The review had the object of examining the extent of awareness and perception of new tax. More so, the study sought to investigate promotional strategies affected tax compliance. Data was analysed descriptively. Results revealed that awareness can be said to be a moderate determinant of GST compliance from the sample taxpayers in India. Further data analysis found out that promotional strategies were effective sensitization platforms which enhanced tax compliance

Oyugi (2008) analyzed the effectiveness of Taxpayer sensitization as a revenue collection strategy in KRA focusing on Nairobi Region. The focus was on the concept of 'Tax Clinics' adopted in 2005. The study applied a descriptive research design. The findings established that the taxpayer education strategy had enhanced revenue collection by KRA. The findings revealed that Taxpayer sensitization had enhanced the following aspects in regard to revenue collection: the public level of understanding on various taxes at KRA; tax compliance among non-cooperative taxpayers: reduction of tax evasion; and ease of filing tax returns by taxpayers. The study suggested the need for continuous improvement and expansion of taxpayer support services by KRA as a strategic shift towards the realization of some of the revenue collection goals.

2.4.4 Print Media Taxpayer Education and Value Added Tax Compliance

Angus Young, et al., (2016) paper sought to review research about Kenya's individual tax compliance. While empirical research in this jurisdiction is still in its infancy, the scale of the problem might be underestimated, or at least overlooked. The effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspapers will enhance awareness, tax filing, and ultimately tax morale among the taxpayers.

A clear scope of work- Periods and records to be covered have been clearly defined under tax laws which are advertised under print media channels, returning of confiscated taxpayers records; the law requires KRA to return such records within 6 months. Reports are now standardized containing relevant and key information. Reports shall now be digitally and centrally filed with all concerned departments with easy access. This will help in compliance follow-ups and avoiding a repeat of audits. The influence of different media campaigns in Pakistan on the fundamental tax morality of eligible persons exposed to them for tax filing was investigated by Musharraf *et al* (2016). They found that both TV and newspaper ads in Pakistan

would improve individual expectations of tax compliance, using fresh survey data from Pakistani income tax filers. Furthermore, it was observed that the power of the newspaper ad was greater than the impact of the TV ad. This finding underlines the importance of the delivery device for the promotional campaign's success. This could be clarified by the implicit preference of portrayal in the two newspapers.

Merima *et al.,* (2013) when studying factors affecting tax compliance in a sample of African countries observed that an increase in perception of individuals about the difficulty of evading taxes enhances taxpayer's attitude towards compliance. To improve correspondence of assessment arrangements it was prescribed that duty experts ought to create flyers and pamphlets which can be effortlessly trailed by citizens as they attempt to record their government forms. It was central to arrange charge information into formal and casual and look at their free effect on duty consistency. The decision of straightforward direct relapse was suitable however the elucidating configuration was the most proper

(Thiga & Muturi, 2015) covered the smaller firms operating in Kiambu to bring out their ability to comply with taxes. It was shown that the level of compliance among these entities was very low largely because of the associated costs incurred by the taxpayers as they strived to abide by the provisions of taxation. (Trivedi & Shehata, 2005) shared that some economic and psychological issues are linked with some behavior of the taxpayers. Modification and change of the behavior of the taxpayers call for institutionalization of sound taxpayer training systems.

(Achieng', 2014) studied the effect of print media reporting of taxation issues in Kenya. The study sought to find out how taxation is reported in the print media in Kenya a case of the Daily Nation and the Standard newspapers. The period taken was June to December 2013; during the budget reading, post budget review and after the 1st revenue quarter. A content analysis of the daily newspapers (Monday to Friday) publications specifically Nation and Standard was done.

The population of this study comprised 360 publications within the six months' period. Analysis of the findings was done with the help of a code sheet. From the findings, the study concludes that taxation reporting in the print media is sensational and seasonal. Media houses are primarily profit making organizations. They focus their reporting to news that will sale and hence report taxation prominently when it touches on top government officials. The study recommends that the media as an informational tool should give taxation prominence in their reporting and must play a watchdog role in highlighting government projects that are implemented using the government tax

2.5 Research Gaps

This section has reviewed existing research gaps in regards to the effect of taxpayer's education on tax compliance. There are a number of studies that have been undertaken previously relating to the current study. For instance, Misra (2004) studied the impact of taxpayer education on tax compliance in South Africa. Oyugi (2008) explored the effectiveness of taxpayer education as a revenue collection strategy in KRA while Gitaru (2017) examined the effect of taxpayer education on tax compliance among SMEs in Nairobi central business district. Additionally, Maseko (2014), Musau (2015), Mukabi (2014) and Makori et al (2013) assessed the various factors which influence tax compliance by SMEs in various parts of Kenya.

However, most of the existing and reviewed studies have focused more on small and medium enterprises. No research has addressed the micro enterprises, which form majority of taxpayers and who are generally ignorant of tax matters.

Oyugi (2008) analyzed the effectiveness of Taxpayer sensitization as a revenue collection strategy in KRA focusing on Nairobi Region. The focus was on the concept of 'Tax Clinics' adopted in 2005. The study applied a descriptive research design. The findings established that the taxpayer education strategy had enhanced revenue collection by KRA. The study focused

on descriptive research design while the current study focused on explanatory research design hence methodological gap

A study by Amaning *et al.* (2020), on tax compliance among Ghanaian SMEs; how impactful is taxpayer education. The study adopted survey research method. Partial Least Square-Structural Equation Model approach was adopted. The study findings reveal that electronic media taxpayer education positively affects tax compliance; print media significantly influence tax compliance; stakeholder sensitization programmes significantly impact tax compliance. The study was done in Ghana while the current study is done in Kenya thus contextual gap

2.6 Conceptual Framework

Conceptual framework is a written or visual presentation that explains either graphically, or in narrative form, the main things to be studied, the key factors, concepts or variables and the presumed relationship among them (Miles et al, 1999). It can also be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Wong and Wai-Yee, 2015). The figure below shows the conceptual model depicting the nature of relationship between the independent variables and the dependent variable. The independent variables of the study will be face to face taxpayer education measured in terms of Tax Conference and Taxpayer's week. Electronic taxpayer education programs measured by internet advertising, use of Radio and Tv. Taxpayer Sensitization measured by Seminars, Workshop and Trainings. Finally, Print media taxpayer education measured by Newspapers, Magazines and Booklets/pamphlets. The dependent variable of the study will be VAT Tax Compliance which will be measured by accurate VAT declaration, VAT registration, timely filing and payment of VAT tax returns.
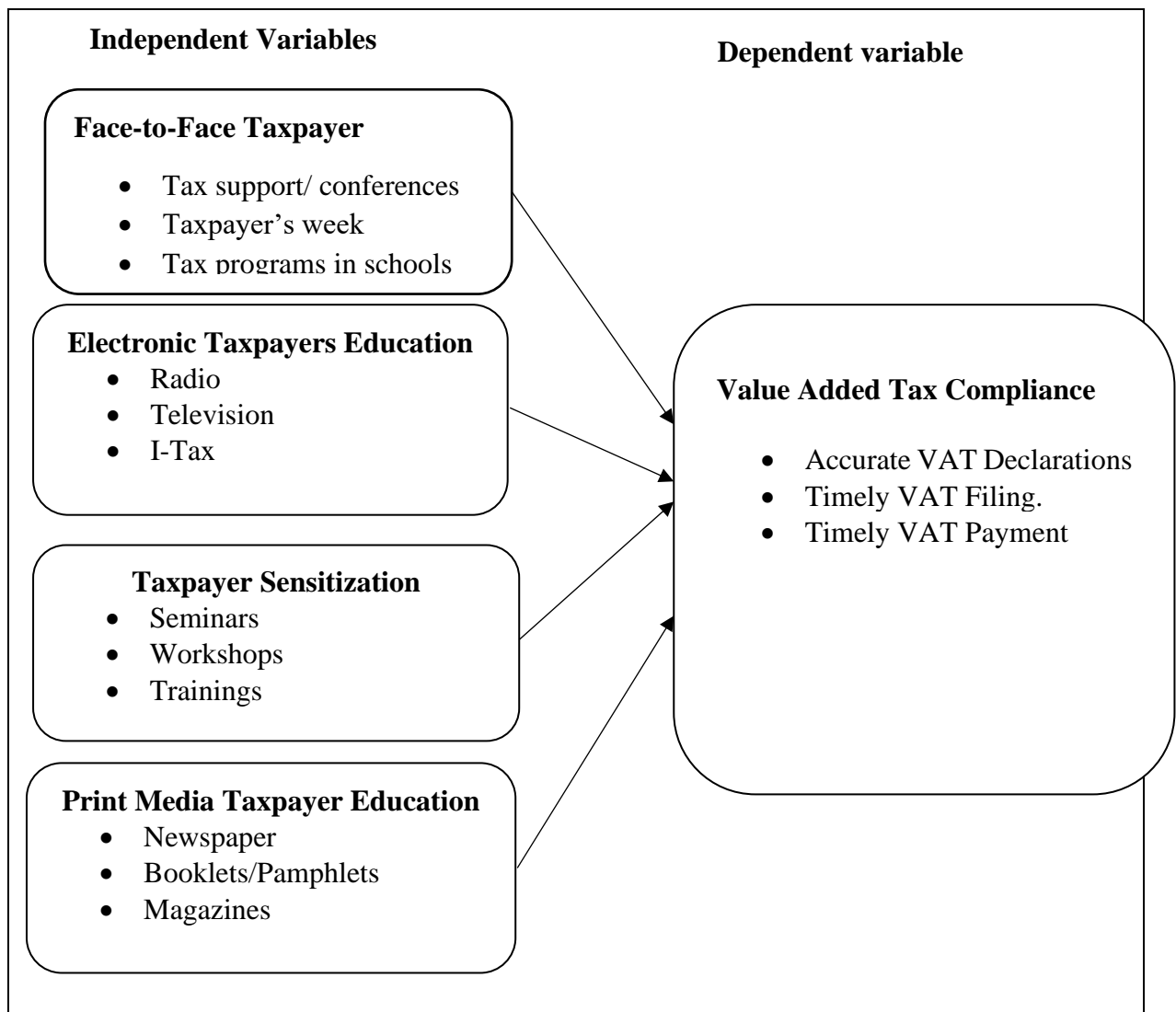
Figure 2.1: Conceptual Framework

Source; Author (2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter covers the research methodology that was used for the study. It also describes the characteristic of the population which was used in the study, detailed description of sampling methods and procedures, data collection instruments and the procedure of data collection. Finally, it describes the appropriate data analysis method.

3.2 Research Design

A research design helps to control the experimental, extraneous and error variables of a particular research problem being investigated (Creswell, 2005). The purpose of a research design is to ensure that the evidence gathered enables one to answer the initial research question as unambiguously as possible and without bias (Imenda, 2014). This study adopted an explanatory research design. The primary purpose of explanatory research is to explain why phenomena occur and to predict future occurrences. Explanatory studies are characterized by hypotheses that specify the nature and direction of the relationship between or among variables being studied. This design is appropriate for the study because it allows the researcher to generalize the findings to a larger population (Schindler & Cooper, 2003). The goal is often to generalize the results to the population from which the sample is selected (Fowler, 2002).

3.3 Target Population

A target population has been defined as the group to which inferences are made based on a sample drawn (Lavrakas, 2008). A study population is a well-defined or specified set of people, group of things, households, firms, services, elements or events which were being investigated (Creswell, 2005). The target population for this study consisted of all licensed SMEs operating

along Ekerenyo, Nyamira County. There are a total of 326 licensed SMEs in Ekerenyo, Nyamira County (KRA, 2021).

3.4 Sampling Technique and Sample Size

The study employed a simple random sampling technique. With this sampling technique, each member of the population has an equal chance of being included in the sample and each sample of a particular size has the same probability of being chosen. The study used simple random sampling technique to select a total of 180 licensed SMEs operating along Ekerenyo, Nyamira County. The sample size of the 180 selected SMEs was constitute The sample size was deemed sufficient for the purpose of undertaking this study since it conforms with Mugenda & Mugenda (2009) that, in a given population, a sample of 10%-60% is adequate for a study and can be used to represent the entire population.

The study used Yamane (1967:886) simplified formula to calculate sample sizes. Yamane (1967:886) provides a simplified formula to calculate sample sizes.

With an assumption of a 95% confidence level and P = .5

$$n= \underline{N}$$

$$1+(e)2$$

Where, n = sample size, N=population size, e=0.05 is the level of precision.

This formula will be used to calculate the sample sizes for the study as follows:

$$n = \underline{\ 326\ } \quad = \quad 180$$

$$1+326(0.05)2$$

3.5 Data collection instruments

The research used primary data in collecting the required information. A structured questionnaire was administered using physical methods. The research assistant used questionnaires as the main instrument for data collection. The questionnaire comprised of general questions about the respondents designed to address research questions and objectives based on study variables in the Likert-scale format.

Cooper and Schindler (2006) posit that self-administered questionnaires are especially appropriate where the respondent needs sufficient time to prudently deliberate on their responses as was the case in this study. Other advantages accrued from the use of self-administered questionnaires for this study were cost and the anonymity accorded to the respondent.

3.6 Data Collection Procedure

The study collected primary data. Structured questionnaires containing a series of questions that are aimed at fulfilling the collective purpose of the study were used . Questionnaires was considered, as they are less costly, requires less administration effort compared with other instruments like interviews and useful in obtaining objective data (Marshall and Rossman, 2006). Information was obtained from the taxpayers using questionnaires to generate primary data from the respondents and this was done mainly through administration of pre-tested structured Likert-scale questionnaires in the field.

3.7 Data Validity and Reliability Tests

3.7.1 Validity Test

Validity is the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). A conclusion of any study can be affected by either a researcher's bias or subjective judgment in the data collection process. Accordingly, the researcher must provide supporting evidence that a measuring instrument does in fact measure what it appears to measure. There

are four main validity tests of the questionnaire namely; face validity, content validity, construct validity and criterion or concrete validity. Prior to the main survey, a pilot study was done whereby questions in the questionnaire will be validated and the questionnaire was adapted based on the pilot study.

3.8 Pilot Study

According to Payne (2016), a pilot study is a mini version of a full-scaled study executed as is planned for the intended study but on a smaller scale. Pilot studies help pre-test a particular research instrument such as a questionnaire or an interview guide in order to test various indicators, methodological, and reveal any deficiencies in the tool. A pilot test will be carried on a smaller group of SMEs representing 10% of the sampled population within Ekerenyo, Nyamira county who are not part of the sampled respondents for the main study twice to pre-test questions in the questionnaire (Mugenda & Mugenda, 2003).

The respondents were encouraged to make comments and suggestions in questions that are not clear. The questionnaire was then be adjusted based on the comments of the respondents and given to them for the second time. The scores of the first and the second time was recorded and correlated to test for reliability of the questionnaire.

3.9 Reliability Test

Reliability is the degree to which an instrument yields the same results each time it is put into measurement under constant conditions (Saunders *et al*., 2009). A reliable study is trustworthy if the appraises give similar results in different times, if same findings are got by different observers and if there is transparency in the findings of the raw data (Sekaran, 2012). Table 3.2 shows the results that indicated that Face-to-Face Taxpayer Education s had a reliability of (0.813), electronic tax education (0.987), Taxpayer sensitization (0.859), print media had (0.772) and lastly VAT compliance (0.895). The highest instrument had   Cronbach Alpha

value of 0.987 while the lowest had a reliability of 0.772 this implied that all instruments of the study were reliable for measurement. Sekaran (2012) indicated that an absolute value which is equal to or greater than 0.7 indicates high coefficient. Cooper and Schindler (2010) argue that a Cronbach's alpha coefficient value equal or great than 0.7 is regarded to be an indication of reliability. This study adopted a coefficient of 0.7 as the benchmark for reliability.

Table 3.1: Reliability Test

Factor	Number of items	Cronbach's Alpha	Conclusion
Face to face taxpayer education	4	.813	Reliable
Electronic tax education	4	987	Reliable
Taxpayer sensitization	7	.859	Reliable
Print media	5	.772	Reliable
VAT Compliance	4	.895	Reliable

Source: Author (2022)

3.10 Data Analysis and Presentation

Questionnaires received from respondents and interview schedules was checked for completeness to maintain the number of respondents. Statistics package for social sciences (SPSS) was used to analyze data collected through questionnaires. Frequencies and percentages was used to summarize data collected, whilst summary statistics including tables was used to present the findings. Both descriptive and inferential tests were used in the analysis where applicable. Data was described and summarized using descriptive statistics such as mean and frequency distributions, standard deviation and percentages which helped in meaningful description of the distribution responses. Various inferential statistics was used to infer population characteristics from the sample including regression analysis and correlation

analysis. Pearson's correlation coefficient was used to establish relationships between variables.

A Multiple linear regression model was used to predict tax compliance using the four independent variables in the study: Face-to-Face Taxpayer Education, Electronic Taxpayer education, Taxpayer Sensitization and Print Media Tax Education. In addition, the β coefficients for each independent variable generated from the model was subjected to a z –test, in order to test each of the hypotheses under study. The regression model to be used to test is shown below:

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mathcal{E}$

Where; Y – VAT Tax Compliance

α - Constant

$\beta_1, \beta_2, \beta_3$ and β_4 - Coefficient

X_1 – face to face taxpayer education

X_2 – Electronic tax education programs

X_3 – Taxpayers Sensitization

X_4 – Print Media Tax Education

$\mathcal{E}$ – Error term

3.11 Measurement of Variables

This covers dependent variable, independent variables and parameters which are used for measurement purposes. VAT compliance which is the dependent variable was measured by accurate VAT declarations, timely VAT filings and timely VAT payments. The study's data was gathered using a 5-point Likert scale and analyzed using regression and correlation analysis. The face to face tax education was gauged using the constructs of taxpayer's week and schools tax programs/conferences. Data collection employed a 5-point Likert scale questionnaire followed by regression and correlation analysis. Electronic taxpayer education

was measured by the constructs of radio and television with data gathered by a 5 point Likert scale and analyzed through regression and correlation analysis. Taxpayer sensitization was measured by seminars, workshops and training of taxpayers with the data gathered using a questionnaire which was later analyzed. Finally, print media education was measured by use of constructs such as newspapers, booklets/pamphlets and magazines.

Table 3.2: Measurement of Variables

Variable	Indicators	Measurement Scale	Method of Data Collection	Data Analysis
Taxpayer Education Programs Independent Variable	Tax Conference Taxpayer's week	Likert/ordinal	Administering Questionnaires	Frequencies and percentages
Electronic Tax Education Independent Variable	Radio Television I-tax	Likert/ordinal	Administering Questionnaires	Frequencies and percentages
Taxpayer's Sensitization Independent Variable	Seminars Workshops Roadshows	Likert/ordinal	Administering Questionnaires	Frequencies and percentages
Print Media Tax Education Independent Variable	Newspaper Booklets/Pamphlets Magazines	Likert/ordinal	Administering Questionnaires	Frequencies and Percentages
VAT Tax Compliance Dependent Variable	VAT Registration. Accurate VAT declaration Timely VAT Filing Timely VAT Payment	Likert/ordinal	Administering Questionnaires	Frequencies and percentages

Source: Author (2022)

3.12 Ethical Considerations

Ethical considerations constitute an important part of any study. First, the researcher took precautions to protect the participants' privacy and ensured that they were truthful throughout the data gathering process. The researcher presented a letter from the university requesting permission for collecting research data together with a research license from NACOSTI. Also, the researcher obtained participants full consent prior to the study. During data collection, the researcher ensure that participants are briefed on the purpose of the study in which case the voluntary aspect of their participation was stressed. All the data that the researcher obtained from the participants was kept confidential and assured the respondents that it will be used for academic purpose pertaining to the current study only.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

In this chapter, an analysis, presentation and interpretation of findings for the data collected from Ekerenyo, Nyamira County, based on the effect of taxpayer education on VAT compliance is presented. The response rate of the study is discussed, followed by the demographic characteristics of the respondents. Descriptive statistics using means and standard deviations were also presented for each objective. Inferential statistics focusing on correlation, using the Pearson's correlation matrix, and regression analysis were presented.

4.2 Response Rate

The research targeted 180 respondents in collecting data regarding effect of taxpayer education on VAT compliance among SMEs in Ekerenyo, Nyamira County . 180 questionnaires were distributed out of which 147 were received, 4 questionnaires were rejected due to improper incompletion. The 143 questionnaires were filled correctly hence accepted which represent a response rate of 79 %. Given the prejudices that taxpayers normally harbor towards tax compliance questions, this rate was commendable. A 50% response rate is adequate, 60% good and above 70% is rated very good (Mugenda and Mugenda, 2003). A similar assertion was confirmed by (Kothari, 2004) and therefore, based on these views, a 79% response rate for this research was good.
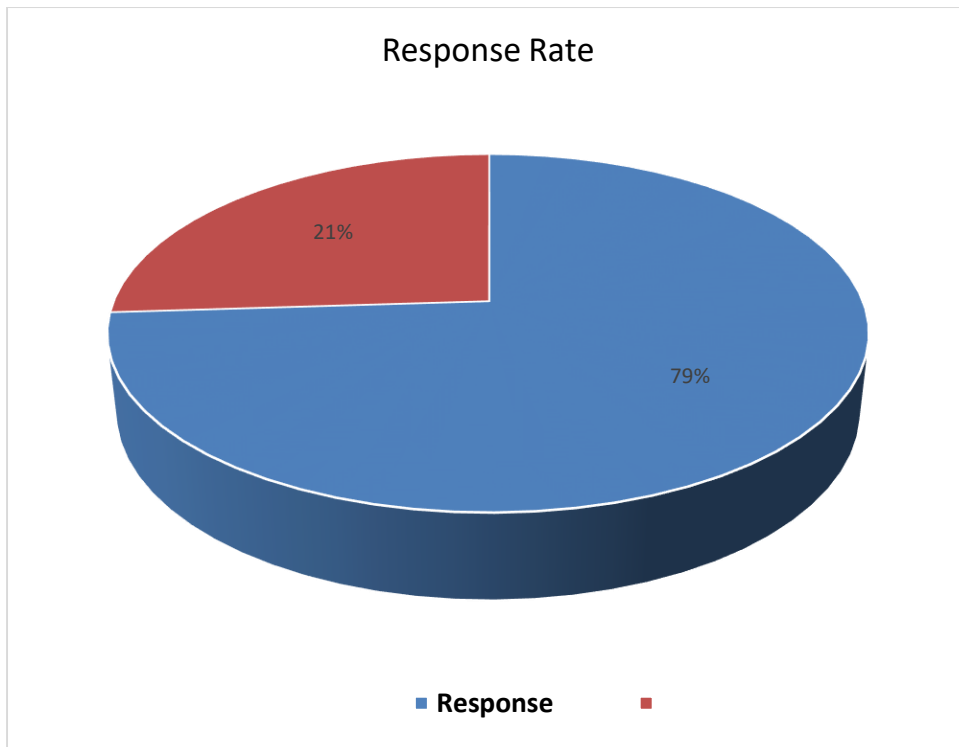
Figure 4.1: Response Rate

Survey Data (2022)

4.3 Demographic Characteristics

The study also implored the respondents to state their age bracket. Results in table 4.1 reveal that (16.8%) were aged between 18-29years, 25.2% were aged between 30-39 years, 18.9% were aged between 40-49 years, additionally, and 39.1% were age above 50 years

The study categorized the respondents according to gender and the findings were indicative that most of the respondents were female representing 52.4% while male represented 47.6% of all the respondents. Further, the study sought to establish the extent to which the respondents had pursued education. Results in 4.1 shows that 5.6% had acquired education up to primary, 22.4% Had gone through secondary school. 32.8% had acquired education up to diploma level, 20.3% had gone through undergraduate and earned a degree while the rest 18.8% had pursued education up to post graduate level. As shown on Table 4.1, 33.6% of business had existed

between 1- 5 years, additionally, 48.2% of the business had existed for a period of between 6-10 years, while 18.2% existed above 10years

Table 4.1: Demographic

Characteristics		Percent (%)
Age	18-29yrs	16.8
	30-39yrs	25.2
	40-49yrs	18.9
	Over 50	39.1
	Total	**100**
	Male	47.6
Gender	Female	52.4
	Total	**100**
Education Level	Primary	5.6
	Secondary	22.4
	Diploma	32.8
	Degree	20.3
	Post graduate	18.8
	Total	**100**
Business Existence	1-5 yrs.	33.6
	6-10yrs	48.2
	Over 10Yrs	18.2
	Total	**100**

Survey Data (2022)

4.4 Assumptions of Regression

Prior to performing the inferential analyses, statistical assumptions were tested to establish if the data met the normality, and collinearity assumptions, and it was on the basis of these results, that tests of associations and prediction were performed.

4.4.1 Test of Normality

The Shapiro-Wilk test was employed to test for normality. This test establishes the extent of normality of the data by detecting existence of skewness or kurtosis or both. Shapiro-Wilk statistic ranges from zero to one with figures higher than 0.05 indicating that the data is normal (De Vos, Strydom, Fouche & Delport, 2011).

Normality was tested using the Shapiro-Wilk test and the results showed that all the variables were above 0.05 (p > 0.05) hence confirming data normality. Normality assumes that the sampling distribution of the mean is normal. P-values for the Shapiro-Wilk tests were 0.125 for Face to face taxpayer education, 0.85 for electronic tax education, 0.89 for Taxpayer sensitization, 0.66 for print media taxpayer education and 0.98 for Value Added Tax Compliance. Since all the p-values were greater that the cutoff point of 0.05 at 95% confidence level, this confirms that data was collected from a population which is normally distributed.

Table 4.2: Tests of Normality

	Shapiro-Wilk	
	Statistic	**Sig**
Face-to-Face Taxpayer Education	.834	0.125
Electronic tax education	.909	0.85
Taxpayer sensitization	.978	0.89
Print media	.872	0.66
VAT Compliance	.764	0.98

a. Lilliefors Significance Correction

4.4.2 Multicollinearity Test

Multicollinearity is a phenomenon whereby high correlation exists between the independent variables. It occurs in a multiple regression model when high correlation exists between these predictor variables leading to unreliable estimates of regression coefficients. This leads to strange results when attempts are made to determine the extent to which individual independent variables contribute to the understanding of dependent variable (Creswell, 2014).

The consequences of Multicollinearity are increased standard error of estimates of the Betas, meaning decreased reliability and often confusing and misleading results. Multicollinearity test was conducted to assess whether high correlation existed between one or more variables in the study with one or more of the other independent variables. Variable Inflation Factor (VIF) measured correlation level between the predictor variables and estimated the inflated variances due to linear dependence with other explanatory variables. It was tested by computing the Variance Inflation Factors (VIF) and its reciprocal, the tolerance.

Results were presented in Table 4.3. A variance inflation factor test was conducted to test for multicollinearity of the predictors and a value less than 10 is acceptable Face-to-Face Taxpayer Education had V.I.F value of 1.200 which is less than 10 implying there is no multicollinearity. Electronic tax education had a V.I.F value of 1.090 .The results indicated that Taxpayer sensitization had a V.I.F value of 1.760. Lastly, the results indicated that print media taxpayer education had a V.I.F value of 1.567. Implying there is no multicollinearity since VIF is less than 10.

Table 4.3: Multicollinearity Test

(Constant)	Collinearity Statistics	
	Tolerance	**VIF**
Face-to-Face Taxpayer Education	0.742	1.200
Electronic tax education	0.927	1.090
Taxpayer sensitization	0.862	1.760
Print media	0.799	1.567

Dependent Variable: Value Added Tax Compliance

4.5 Descriptive Statistics

4.5.1 Face To Face Taxpayer Education

This study investigated Face to face taxpayer education and value added tax compliance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree and 5=strongly agree. The findings are as shown in Table 4.4.

Table 4.4: Face to face taxpayer education

Statement	Mean	Standard deviation	Skewness	Kurtosis
My business has been invited to attend a tax seminar organized for businesses in which mine belongs by the government.	4.88	.690	-0.146	-0.609
I have interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness	3.86	955	-0.273	-0.725
My business as well others understand that meeting with KRA officials physically is important in increasing tax awareness amongst us	3.06	.836	-0.361	-0.822
I have attended taxpayers' week organized for business entities in which I presented and represented other businesses tax needs	4.63	.709	-0.174	-0.538
Average	**4.11**			

Respondents agreed that my business has been invited to attend a tax seminar organized for businesses in which mine belongs by the government as shown by a mean of 4.88. I have interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness a mean of 3.86. My business as well others understand that meeting with KRA officials physically is important in increasing tax awareness amongst us by a mean of 3.06 I have attended taxpayers' week organized for business entities in which I presented and represented other businesses tax needs by a mean of 4.63.

4.5.2 Effect of electronic tax education and value added tax compliance

This study examined the effect of electronic tax education and value added tax compliance.
Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree and
5=strongly agree. The findings are as shown in Table 4.5.

Table 4.5: Effect of electronic tax education and value added tax compliance

Statement	Mean	Standard deviation	Skewness	Kurtosis
KRA always advertise through TV and Radio.	4.67	0.89	0.520	-0.917
KRA has been able to educate taxpayers through KRA website.	4.18	1.08	-0.342	-0.723
ITax! Platform is convenient and easy to understand.	3.07	0.92	-0.237	-0.809
Taxpayer awareness through electronic means has led to more revenue	4.81	0.68	-0.264	0.026
Average	**4.18**			

From the findings, a large number agreed that KRA always advertise through TV and Radio
by a mean of 4.67. Majority agreed that KRA has been able to educate taxpayers through KRA
website by a mean of 4.18. Respondent also agreed that ITax! Platform is convenient and easy
to understand by a mean of 3.07. Lastly majority agreed that Taxpayer awareness programs
have led to more revenue by a mean of 4.81.

4.5.3 Effect of Taxpayer sensitization and value added tax compliance

This study investigated Taxpayer sensitization and Value Added Tax Compliance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree and 5=strongly agree. The findings are as shown in Table 4.6.

Table 4.6: Effect of Taxpayer sensitization and value added tax compliance

Statement	Mean	Standard deviation	Skewness	Kurtosis
Taxpayer sensitization has enlightened the me on the need to pay VAT tax	4.71	.551	-0.136	-0.692
Tax seminars conducted provide a lot of information about tax laws	4.23	.503	0.271	-0.542
KRA through taxpayer sensitization has made me to be tax compliant.	3.96	.940	-0.527	-0.774
Taxpayer sensitization has played a vital role in changing my attitudes	2.45	.870	-0.554	0.124
Workshops are more detailed and provide ample time for me to conceptualize ideas	3.67	.760	-0.295	-0.372
Good record keeping is very important in a business so as to facilitate correct filing of VAT tax	3.93	.797	-0.315	-0.680
Taxpayer awareness has enabled me to file VAT returns easily	4.21	.673	-0.076	-0.940
Average	**4.04**			

Most respondent agreed that the Taxpayer sensitization has enlightened me on the need to pay VAT tax as shown by a mean of 4.71. Agreement was made that the Tax seminars conducted provide a lot of information about tax laws by a mean of 4.23. On whether KRA through taxpayer sensitization has made me to be tax compliant had a mean of 3.96. A large number disagreed that Taxpayer sensitization has played a vital role in changing my attitudes as shown by a mean of 2.45. Additionally, Workshops are more detailed and provide ample time for me

to conceptualize ideas with a mean of 3.93. Lastly majority agreed that Taxpayer awareness has enabled me to file VAT returns easily as shown by a mean of 4.21.

4.5.4 Print Media and value added tax compliance

The study examined Print Media and value added tax compliance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree and 5=strongly agree. The findings are as shown in Table 4.7.

Table 4.7: Print Media and value added tax compliance

Sources	Mean	Standard deviation	Skewness	Kurtosis
Print media education increases public awareness especially on matters concerning taxation laws	3.55	.687	-0.822	-0.153
KRA provides fliers to taxpayers on monthly basis	4.08	.910	-0.076	-0.940
Tax information is available in KRA magazines	3.70	.821	-0.826	-0.748
KRA has been able to provide information through newspaper that has reached many taxpayers	4.62	.590	-0.977	0.321
Print media education helps in easy understanding of legal tax requirements	4.15	0.76	-0.639	-0.854
Average	**4.02**			

The findings indicated that Print media education increases public awareness especially on matters concerning taxation laws as shown by a mean of 3.55. KRA provides fliers to taxpayers on monthly basis by a mean of 4.08. Tax information is available in KRA magazines as shown by a mean of 3.70. KRA has been able to provide information through newspaper that has reached many taxpayers with a mean of 4.62. While Print media education helps in easy understanding of legal tax requirement by a mean of 4.15.

4.5.5 Value Added Tax Compliance

The study examined value added tax compliance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4=agree and 5=strongly agree. The findings are as shown in Table 4.8.

Table 4.8: Value Added Tax Compliance

5 = Strongly Agree   **4 =** Agree   **3** = Neutral   **2** = Disagree   **1**= Strongly Disagree

	Mean	Std. Dev	Skewness	Kurtosis
I always file their returns on time	3.58	0.865	-0.462	-0.163
I know how to maintain all records pertaining to input and output VAT	4.89	0.517	-0.315	-0.680
I am able to distinguish between vatable and non-vatable transactions	3.13	0.854	-0.295	-0.372
The business makes the correct amount of value added tax payment on time.	3.07	0.762	-0.546	0.290
Average	**3.67**			

From the findings, a large number agreed that they always file their returns on time by a mean of 3.58. They know how to maintain all records pertaining to input and output VAT by a mean of 4.89. Respondents also agreed that they are able to distinguish between vatable and non-vatable transactions by a mean of 3.13. Lastly, the business makes the correct amount of value added tax payment on time by a mean of 3.07.

4.6 Inferential Statistics

4.6.1 Correlation Coefficients

Correlation analysis for various variables is presented in this section. The Pearson's correlation, a parametric measure of association, strength and direction between two variables, was used. Table 4.9 presents the Correlation Coefficients. The Pearson's correlation results shown in Table 4.9 indicate that Face-to-Face Taxpayer Education is positively and significantly associated with VAT compliance as shown r=0.202 and p=0.000<0.05), The results also show that electronic tax education is positively and significantly associated with VAT compliance as shown r= -0.380 and p=0.001<0.05), The results shows that Taxpayer sensitization is positively and significantly associated with VAT compliance as shown r=0.355 and p=0.000<0.05 Lastly, results show that print media taxpayer education is positively and significantly associated with VAT compliance as shown r=0.294 and p=0.000<0.05).

Table 4.9: Correlation Analysis

		VATC	FFTE	ETE	TST	PMTE
VAT compliance	Pearson Correlation	1				
	Sig. (2-tailed) N	143				
FFTE	Pearson Correlation	.202**	1			
	Sig. (2-tailed)	.000				
	N	143				
ETE	Pearson Correlation	.380**	.314**	1		
	Sig. (2-tailed)	.001	.001			
	N	143				
TSTE	Pearson Correlation	355.**	.420**	.250**	1	
	Sig. (2-tailed)	.000	.000	.003		
	N	143				
PMTE	Pearson Correlation	.294**	.200**	.337	.293	1
	Sig.(2tailed)	.000	.000	.000	.004	
	N	143				

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

Source: Research Data, (2022)

4.6.2 Multiple Regression Analysis

Multiple regression analysis was adopted to show the level of significance of the relationship that exists between dependent variable and independent variables. The analysis shows how independent variables would affect dependent variable and to show the extent to which the chosen variables affect each other. The results are indicated in the model summary on the table 4.10.

Table 4.10: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.699[a]	0.488	0.479	0.32217

a. Predictors: (Constant), Face-to-Face Taxpayer Education , electronic tax education, Taxpayer sensitization and print media taxpayer education

Source: Research Data, (2022)

The results in Table 4.10, found out that independent variables Face-to-Face Taxpayer Education , electronic tax education, Taxpayer sensitization and print media taxpayer education, correlate with Value Added Tax Compliance up to 69.9% (R=0.699) and accounts for a variation of 48.8% (R^2 =0.488). This implies that 51.2% of the change in Value Added Tax compliance was caused by other factors which were not included in the model. The findings further reveal that even if the results adjust, the model would still account for 47.9% (AdjustedR^2, 0. 479) variation of Value Added Tax compliance.

4.6.3 Analysis of Variance

Further ANOVA tests were conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The findings it shows an F value of 9.966 with a significance level of 0.000 which is far lower than the conventional significance level of 0.05, hence establishing the model is statistically significant. The implication is that each independent variable contributes significantly to changes in the dependent variable.

Table 4.11: Analysis of Variance (ANOVA)

Model	Sum of Square	df	Means Squares	F	Sig.
Regression	4.706	4	1.176	9.966	.000
Residual	16.498	139	0.118		
Total	**21.204**	**143**			

a. Dependent Variables: VAT Compliance

b. Predictor: Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education

Model Summary

In order to test how well the model works in explaining the relationship between Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education on value added tax compliance regression analysis was conducted.

Table 4.12: Overall Effect of Face-to-Face Taxpayer Education, Electronic Tax Education, Taxpayer Sensitization And Print Media Taxpayer Education on value added tax compliance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.407	.069		5.898	.002
	Face-to-FaceEducation	.280	.057	.274	4.912	.000
	Electronic tax education	.387	.076	.290	5.092	.000
	Taxpayer sensitization	.225	.031	.311	7.258	.000
	Print media tax education	.295	.062	.392	4.758	.001

a. Dependent Variable: value added tax compliance

Source: Research Data, (2022)

Regression Equation

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$:

Where:

Y= Value Added Tax Compliance

X_1 = Face-to-Face Taxpayer Education

X_2 = Electronic tax education

X_3=Taxpayer sensitization

X_4=Print Media Taxpayer Education

α = constants term

$\beta_1, \beta_2, \beta_{3 \text{ and }} \beta_4$ = regression coefficients of X_1, X_2, X_3 and X_4

ε = error term.

Régression Equation

$$Y= 0.407 + 0.280X_1 + 0.387X_2 + 0.225X_3 + 0.295X_4$$

The Regression equation shows that the independent variables and dependent variable were statistically significant. A unit change in Face-to-Face Taxpayer Education increases value added tax compliance by 0.280. A unit change in electronic tax education increases value added tax compliance by 0.387. A unit change in Taxpayer sensitization increases value added tax compliance by 0.225. A unit change in Print media taxpayer education increases value added tax compliance by 0.295.

4.6.4 Hypotheses Testing

A hypothesis can be tested using regression analysis by ascertaining the independent variables that contribute substantively to the regression model's capability to explain the variability in the dependent variable. In this study, the independent variables; Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education were singled out and formed the basis for hypothesis testing. The test was done to validate or invalidate the hypotheses.

Hypotheses H$_{01}$

The study sought to determine the effect of Face-to-Face Taxpayer Education on value added tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . This informed the first null hypothesis of the study (H$_{01}$) that states that **H$_{01}$**: Face-to-Face Tax Education has no influence on VAT tax Compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . The regression coefficients table reveals that at 0.05 confidence level, keeping other factors constant, Face-to-Face Taxpayer Education has a significant effect on value added tax compliance. The result revealed that p values was less than 0.05, p=0.000. The study thus fails to accept the first null hypothesis and concludes that Face-to-Face Taxpayer Education has a significant effect on value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .

Hypotheses H$_{02}$

The study sought to determine the effect of electronic tax education on value added tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . This informed the second null hypothesis of the study (H$_{02}$) that states that **H$_{02}$:** Electronic taxpayer education has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . The regression coefficients table reveals that at 0.05 confidence level, keeping other factors constant, and electronic tax education has a

significant effect on value added tax compliance. The result revealed that p values was less than 0.05,p=0.000. The study thus fails to accept the second null hypothesis and concludes that electronic tax education has a significant effect on value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .

Hypotheses Ho3

The study sought to determine the effect of Taxpayer sensitization on value added tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . This informed the third null hypothesis of the study (H_{03}) that states that **H03:** Taxpayer sensitization has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . The regression coefficients table reveals that at 0.05 confidence level, keeping other factors constant, and Taxpayer sensitization has a significant effect on value added tax compliance. The result revealed that p values was less than 0.05,p=0.000. The study thus fails to accept the third null hypothesis and concludes that Taxpayer sensitization has a significant effect on value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .

Hypotheses Ho4

The study sought to determine the effect of print media taxpayer education on value added tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . This informed the fourth null hypothesis of the study (H_{04}) that states that **H04:** Print Media Taxpayer education has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . The regression coefficients table reveals that at 0.05 confidence level, keeping other factors constant, and print media taxpayer education has a significant effect on value added tax compliance. The result revealed that p values was less than 0.05,p=0.001. The study thus fails to accept the fourth null hypothesis and concludes that

print media taxpayer education has a significant effect on value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .

Table 4.13: Hypotheses Testing

Hypothesis	Objective	P-Value	Decision
$H_{01:}$ Face-to-Face Taxpayer Education have no influence on VAT tax Compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County	To investigate the effect of Face-to-Face Taxpayer Education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County	P= 0.000 < 0.05	Reject
H_{02}: Electronic taxpayer education has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County	To determine the effect of electronic taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County	P = 0.000 <0.05	Reject
H_{03}: Taxpayer sensitization has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County	To determine the effect of Taxpayer sensitization on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County	P = 0.000 <0.05	Reject
H_{04}: Print Media Taxpayer education has no influence on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .	To investigate the effect of print media taxpayer education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County	P = 0.001 <0.05	Reject

4.7 Discussion of the Findings

This section presents discussion of the results of various tests conducted in this research. The results of each of the hypothesis in this study was discussed.

4.7.1 Face-to-Face Taxpayer Education and value added tax compliance

The first objective of the research to investigate the effect of Face-to-Face Taxpayer Education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo Nyamira county. From the study findings, the results indicated that Face-to-Face Taxpayer Education positively influenced value added tax compliance with a significance level of ($\beta = 0.280$, at a p value of 0.000 which was less than the conventional probability 0.05 level of significance. The research results are consistent with the findings of Palil (2010) states that, in addition to tax education, knowledge about tax laws also play a major role in determining taxpayers' compliance behavior. Tax authorities must embrace continuous education programs and effective monitoring mechanisms to ascertain that taxpayer have a good and reasonable knowledge and understanding of tax matters. These include schools' outreach and tax club programs, Mobile tax units and call/support centres for low literacy taxpayers. In October 2018, KRA and KICD partnered to mainstream tax education in the education curriculum.

4.7.2 Electronic Tax Education and value added tax compliance

The second objective of the research was to determine the effect of electronic taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County. From the study findings, the results indicated that electronic taxpayer education positively influenced value added tax compliance with a significance level of ($\beta = 0.387$, at a p value of 0.000 which was less than the conventional probability 0.05 level of significance. The research results are concurred with the findings of Mathias et al. (2013) carried out a research to determine if electronic media coverage on tax matters led to tax

compliance. The findings showed that media reports dealing with tax problems had the potential to affect the trust of citizens in government authorities. The findings also showed that the approach to electronic media had a positive effect on the intent of taxpayers to pay their taxes. They also found that information passed through electronic media about the tax system's accountability, service orientation, and government credibility had a positive and important effect on government confidence that contributed to tax enforcement.

4.7.3 Taxpayer Sensitization and Value added tax compliance

The third objective of the research was to determine the effect of Taxpayer sensitization on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . From the study findings, the results indicated that Taxpayer sensitization positively influenced value added tax compliance with a significance level of ($\beta = 0.225$, at a p value of 0.000 which was less than the conventional probability 0.05 level of significance. The research results are consistent with the findings of Oyugi (2008) analyzed the effectiveness of Taxpayer sensitization as a revenue collection strategy in KRA focusing on Nairobi Region. The focus was on the concept of 'Tax Clinics' adopted in 2005. The study applied a descriptive research design. The findings established that the taxpayer sensitization strategy had enhanced revenue collection by KRA. The findings revealed that Taxpayer sensitization had enhanced the following aspects in regard to revenue collection: the public level of understanding on various taxes at KRA; tax compliance among non-cooperative taxpayers: reduction of tax evasion; and ease of filing tax returns by taxpayers.

4.7.4 Print Media Taxpayer Education and Value added tax compliance

The third objective of the research was to investigate the effect of print media taxpayer education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . From the study findings, the results indicated that print media taxpayer education positively influenced value added tax compliance with a significance level of ($\beta =$

0.295, at a p value of 0.000 which was less than the conventional probability 0.05 level of significance. The research results were in agreement with the findings of Angus Young, et al., (2016) paper sought to review research about Kenya's individual tax compliance. While empirical research in this jurisdiction is still in its infancy, the scale of the problem might be underestimated, or at least overlooked. The effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspapers will enhance awareness, tax filing, and ultimately tax morale among the taxpayers

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the research findings, gives conclusions and outlines recommendations based on the objectives of the study. The chapter also gives suggestions for further studies on turnover performance

5.2 Summary of Findings

The main objective of the study was to determine the effect of taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County. The study sought to investigate the factors influencing tax compliance, VAT in particular to establish the effect of Face-to-Face Taxpayer Education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . To determine the effect of electronic taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . To determine the effect of Taxpayer sensitization on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . To establish the effect of print media taxpayer education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County .

5.2.1 Effect of Face-to-Face Taxpayer Education on Value Added Tax Compliance

The first objective was establish the effect of Face-to-Face Taxpayer Education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County Correlation analysis shows that Face-to-Face Taxpayer Education and value added tax compliance are positively and significantly associated. Also the Regression analysis shown there was a positive significant relationship between Face-to -Face tax education

and value added tax compliance.Face-to-Face was found to be satisfactory in explaining value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County

5.2.2 Effect of Electronic Tax Education on Value Added Tax Compliance

The second objective was to determine the effect of electronic taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo Nyamira county Correlation analysis shows that electronic tax education and value added tax compliance are positively and significantly associated. Also the Regression analysis shown there was a positive significant relationship between electronic tax education and value added tax compliance. Electronic tax education was found to be satisfactory in explaining value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County

5.2.3 Effect of Taxpayer Sensitization on Value Added Tax Compliance

The third objective was to determine the effect of Taxpayer sensitization on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . Correlation analysis shows that Taxpayer sensitization and value added tax compliance are positively and significantly associated. Also the Regression analysis shown there was a positive significant relationship between Taxpayer sensitization and value added tax compliance. Taxpayer sensitization was found to be satisfactory in explaining value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County

5.2.4 Effect of Print Media Taxpayer Education on Value Added Tax Compliance

The third objective was to establish the effect of print media taxpayer education on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County . Correlation analysis shows that print media taxpayer education and value added tax compliance are positively and significantly associated. Also the Regression analysis shown there was a

positive significant relationship between print media taxpayer education and value added tax compliance. Print media taxpayer education was found to be satisfactory in explaining value added tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County

5.3 Conclusions

The study aimed at investigating the the effect of taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . Based on the foregoing findings, the study concludes that Face-to-Face Taxpayer Education has a significant effect on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County , and is found to play a significant role in the value added tax compliance. Respondents agreed that Face-to-Face Taxpayer Education conducted provide adequate information on threshold requirements for VAT registration,Vatable and Non vatable goods and services,Records to keep for VAT accounting and the Various Rates applicable.

The study also concluded that electronic tax education has a significant effect on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County , and is found to play a significant role in the Value Added Tax compliance. Respondents agreed that Taxpayer awareness programs have led to more revenue and KRA always advertise through TV and Radio.

The study additionally concluded that Taxpayer sensitization has a significant effect on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County , and is found to play a significant role in the value added tax compliance. The respondents were in agreement that Taxpayer sensitization has enlightened the them on the need to pay VAT tax.

The study finally concluded that print media taxpayer education has a significant effect on VAT tax compliance among the Small and Medium Enterprises in Ekerenyo, Nyamira County, and is found to play a significant role in the value added tax compliance. Respondents agreed

that KRA has been able to provide information through newspaper that has reached many taxpayers and Print media education helps in easy understanding of legal tax requirements.

5.4 Recommendations

The findings revealed a statistically significant relationship between Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education, on value added tax compliance. Therefore, the study recommends that the government should have regular policies on taxpayer education to improve the consumption of the electronic media campaigns and printed materials for knowledge gain and tax compliance. Value Added Tax performance depends on the willingness of taxpayer to comply. In addition, policies will be critical to KRA in making improvements to promote value added tax compliance.

5.4.2 Policy implication

Based on the study findings, it revealed a statistically significant relationship between Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education on value added tax compliance. The study recommends that policies can be developed that encourage electronic media campaigns on Radio and Television on tax matters and sharing of positive tax norms which in turn will enhance Value Added Tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County.

5.4.3 Implication to theory and academics

This study add on the existing empirical studies on the extent to which Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education on VAT compliance. This study is useful in academics as it gives insight and knowledge on application of Face-to-Face Taxpayer Education, electronic tax education, Taxpayer sensitization and print media taxpayer education in improving Value Added Tax compliance

by Small and Medium Enterprises. This study confirmed various theoretical contributions and advances support for the relationships hypothesized.

5.5 Suggestion for Further Research

The study was limited to small and medium trading enterprises in Ekerenyo, Nyamira County and generalization of the results to unrelated enterprises may not be objective,hence other studies should investigate the effects of similar variables in other enterprises forming various sectors of the economy .This will form basis of comparison on Value Added Tax Perfomance in different economic sectors. Secondly more studies can be conducted on other factors such as economic,social and religious which all affect Value Added Tax compliance among the SMEs..

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APPENDICES

Appendix I: University Permission Letter

Kenya School of Revenue Administration

KENYA REVENUE AUTHORITY

REF: KESRA/NBI/036

26/10/2022

TO WHOM IT MAY CONCERN

RE: REQUEST FOR RESEARCH DATA

CYRUS NYAISA MOSETI -REG. NO: MU/KESRA105/0014/2020

This is to confirm that the above-named is a student at Kenya School of Revenue Administration (KESRA) Nairobi Campus pursuing Masters in Tax and Custom Administration.
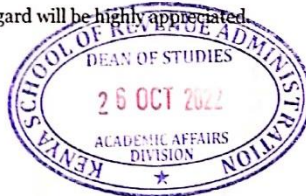
The named student is undertaking Research on the topic: "Effect of Taxpayer Education On Value Added Tax Compliance Among Small and Medium Enterprises in Ekerenyo, Nyamira County, Kenya."

The purpose of this letter is to request your good office to assist the above student with the information to enable him to work on his project.

Your support to KESRA in this regard will be highly appreciated.

Thank you.

Dr. Marion Nekesa Ph.D.,
Head Academic Research
KESRA

DEAN OF STUDIES
2 6 OCT 2022
ACADEMIC AFFAIRS DIVISION

Tulipe Ushuru Tujitegemee!

Appendix II: Questionnaire

The purpose of this study was is to examine the effect of taxpayer education on VAT tax compliance among Small and Medium Enterprises in Ekerenyo, Nyamira County . The information obtained is purely for academic purposes and shall be accorded maximum confidentiality. You are kindly requested to complete this survey objectively.

Instructions

Please tick in the appropriate box provided.

Section A: General Information of Respondents

Age

       18 to 29 Years   [   ]

       30 to 39 Years   [   ]

       40 to 49 Years   [   ]

       Over 50 Years   [   ]

Gender

       Male   [   ]

       Female   [   ]

Educational Level Attained

       Diploma level   [   ]

       Degree level   [   ]

       Post graduate level   [   ]

Years the Business has Been Operating

       1 to 5 Years   [   ]

       6 to 10 Years   [   ]

       Over10 Years   [   ]

Section B: Face to Face Taxpayer Education and VAT Tax Compliance

Kindly indicate the extent to which you agree with the following statements regarding face to face taxpayer education and tax compliance among SMEs in Ekerenyo, Nyamira County . Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5- very large extent).

Statements	1	2	3	4	5
My business has been invited to attend a tax seminar organized for businesses in which mine belongs by the government.					
I have interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness					
My business as well others understand that meeting with KRA officials physically is important in increasing tax awareness amongst us					
I have attended taxpayers' week organized for business entities in which I presented and represented other businesses tax needs					

Section C: Electronic Taxpayer Education and VAT Tax Compliance

Kindly indicate the extent to which you agree with the following statements regarding electronic taxpayer education and tax compliance among SMEs in Ekerenyo, Nyamira County . Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5- very large extent).

Statements	1	2	3	4	5
KRA always advertise through TV and Radio.					
KRA has been able to educate taxpayers through KRA website.					
ITax! Platform is convenient and easy to understand.					
Taxpayer awareness programs has led to more revenue					

Section C: Taxpayer Sensitization and VAT Tax Compliance

Kindly indicate the extent to which you agree with the following statements regarding Taxpayer sensitization and tax compliance among SMEs in Ekerenyo, Nyamira County . Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5- very large extent).

Statements	1	2	3	4	5
Taxpayer sensitization has enlightened the public on the need to pay VAT tax					
Tax seminars conducted provide a lot of information about tax laws					
KRA through taxpayer sensitization has made me to be tax compliant.					
Taxpayer sensitization has played a vital role in changing my attitudes					
Workshops are more detailed and provide ample time for me to conceptualize ideas					
Good record keeping is very important in a business so as to facilitate correct filing of VAT tax					
Taxpayer awareness has enabled me to file VAT returns easily					

Section E: Print Media Taxpayers Education and VAT Tax Compliance

Kindly indicate the extent to which you agree with the following statements regarding print media taxpayers' education and tax compliance among SMEs in Ekerenyo, Nyamira County . Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5-very large extent).

	1	2	3	4	5
Print media education increases public awareness especially on matters concerning taxation laws					
KRA provides fliers to taxpayers on monthly basis					
Tax information is available in KRA magazines					
KRA has been able to provide information through newspaper that has reached many taxpayers					
Print media education helps in easy understanding of legal tax requirements					

Section F: Value Added Tax Compliance

Kindly indicate the extent to which you agree with the following statements regarding value added tax compliance among SMEs in Ekerenyo, Nyamira County . Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5- very large extent).

	1	2	3	4	5
I always file their returns on time					
I know how to maintain all records pertaining to input and output VAT					
I am able to distinguish between vatable and non-vatable transactions					
The business makes the correct amount of value added tax payment on time.					

THANK YOU FOR YOUR TIME

Appendix III: Plagiarism Report

EFFECT OF TAXPAYER EDUCATION ON VALUE ADDED TAX
COMPLIANCE AMONG SMALL AND MEDIUM ENTREPRISES IN
EKERENYO, NYAMIRA COUNTY, KENYA

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Appendix IV: Research License