THE INFLUENCE OF TAX INVESTIGATIONS ON EXCISE DUTY REVENUE PERFORMANCE AMONG CORPORATE LARGE TAXPAYERS IN NAIROBI, KENYA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT OF ACCOUNTING AND FINANCE IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF TAX AND CUSTOMS ADMINISTRATION

MOI UNIVERSITY

SEPTEMBER, 2023

DECLARATION

This Research project is my original work and has not been presented for a degree award in any other University.

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DEDICATION

This work is a tribute to my parents, wife, son, and daughter for their support, motivation, encouragement, and best wishes during the research period. I also dedicate it to my colleagues and friends for their tremendous assistance during the period we have been studying together.

ACKNOWLEDGEMENT

Special gratitude goes to all those who contributed to the success of my research proposal. First, I would like to thank the Almighty God for the peace of mind and wellness throughout my proposal and for giving me the strength and will to push forth each day.

I sincerely thank my proposal supervisors, Dr. Lucy Rono, and Dr. Bruce Ogaga, for their tireless guidance, selfless dedication, and encouragement in making this proposal a reality.

To my parents, thank you for your spirited fight to see that I have commenced my master's classes. To my wife Mokami, son Mwita and daughter Bhoke Thank you for your patience and constant encouragement.

To all, forever, I remain grateful.

ABSTRACT

Over the past few decades, the contribution of excise taxes to Kenya's total tax revenue has experienced a decline, posing challenges to the fiscal expectations of the Kenya Revenue Authority (KRA). Between 1991 and 2004, excise taxes contributed 17% of the total tax revenue in Kenya. However, between 2007 and 2017, this figure dropped to an average of 12.7%. Data from the Kenya Revenue Authority's (KRA) annual reports between 2015 and 2021 shows that excise taxes contributed an average of 14.5% to total revenue. Kenya Revenue Authority (KRA) has failed to reach fiscal expectations for excise tax collections despite numerous reorganization efforts aimed at doing so over the past few years. This study investigated the role of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. The research was guided by three specific objectives: detection, disruption, and deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. The study analyzed the role of tax investigations using four theoretical frameworks: Economic deterrence theory, the theory of planned behavior, institutional theory, and Agency theory. An explanatory research design was employed to achieve the research objectives, targeting a population of 3732 firms in the Large Taxpayer Office (LTO). A sample size of 361 was determined using Yamane's formula. Primary data collection was employed using closed structured questionnaires that meet the study's objectives. The data were analyzed using descriptive, inferential statistics, and multiple linear regression analysis to establish the role of tax investigations on excise duty revenue performance. The study findings revealed that detection, disruption, and deterrence measures had a statistically significant positive effect on excise duty revenue performance, as evidenced by the beta coefficients (detection: $\beta_1=0.221$, $p<0.05$; disruption: $\beta_2=0.293$, $p<0.05$; deterrence measures: $\beta_3=0.214$, $p<0.05$). The study concluded that detection, disruption, and deterrence measures affect excise duty revenue performance. Based on the findings, the study recommends that KRA develop evidence-based policies to improve excise duty revenue performance and enhance corporate governance practices. Future research may be carried out on the strategies extensive corporate taxpayers employ to strengthen compliance in the face of tax investigations. The implications of tax investigations on tax policies related to excise duties can also be studied.

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LIST OF ABBREVIATIONS

GDP	-	Gross Domestic Product
ICAN	-	Institute of Chartered Accountants of Nigeria
ICTD	-	International Centre for Tax and Development
KESRA		Kenya School of Revenue Administration
KRA	-	Kenya Revenue Authority
LTO	-	Large Taxpayer's Office
OECD	-	Organization for Economic Cooperation and Development
SMEs	-	Small to Medium-sized Enterprise
SPSS		Statistical Package for the Social Sciences
VAT	-	Value Added Tax

DEFINITION OF KEY TERMS

Corporate Large taxpayers- LTO are all firms whose threshold in terms of turnover is above KES. 1Billion annually.

Detection - A chance that an investigator will find material non-compliance with tax regulations in an entity's financial statements. These misstatements may be due to either fraud or error. The extent to which the tax authority can detect non-compliant behaviour among large corporate taxpayers through tax investigations (LaBrosse, 2019).

Deterrence measures - Belief or theory that the mere possibility of legal repercussions is enough to keep most people from breaking the law. Investigating a taxpayer involved in any taxation fraud will prevent other taxpayers from engaging in the same fraud. The extent to which large corporate taxpayers perceive the risk of detection and punishment as a deterrent to non-compliance (OECD, 2018)

Disruption - This means a drastic alteration or disturbance of an existing technique or structure. Interventions made by Investigators to thwart criminal acts and stop them from happening. The extent to which the tax authority can disrupt non-compliant behaviour among large corporate taxpayers (IRS, 2021)

Excise duty- A tax known as excise duty is levied on the products and services listed in the first schedule of the Excise Duty Act (2015) produced in Kenya or imported into the country.

Revenue Performance- Refers to the effectiveness of a government's tax collection efforts in generating revenue for the state. It measures the degree to which a government can collect the taxes owed by individuals and businesses within its jurisdiction (IMF, 2018)

Stratum - Refers to a subgroup or a subset of a population that shares one or more common characteristics or attributes. Stratification involves dividing the population into different strata based on certain variables or features relevant to the research question or study objective (Lohr, 2019). In this research, the 14 sectors in LTO will form the strata.

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter systematically introduces the study, outlining its context, problem statement, aims, research hypotheses, significance, and scope.

1.1 Background of the Study

Excise tax, as defined by the OECD (2018), is a "selective tax applied on certain goods and services." This tax may be imposed on a specific activity, privilege, occupation, sale, or manufacture. According to Due (2010), excise taxes are a "levy applied on production instead of sale," exclusive of services, domestic activities, specified rates, and quantitative control, and based on the British notion. The modern idea of an excise tax is far more inclusive; it can be applied to services and the sale or production of local or imported goods at either a specified or an ad valorem rate or under physical or monetary control.

Local and national governments rely heavily on excise taxes as additional revenue sources for significant projects. Excise taxes are often imposed on alcohol, tobacco, and gambling, as they are considered sin services and goods (Needles, Anderson, & Caldwell, 2013). Governments utilize excise taxes to apply approaches to tax benefits obtained, such as taxes on petroleum goods. Since oil use is meticulously linked to highway travel, there is a connection between taxes paid and profits earned from highways. Links are further strengthened by identifying regions where such taxes are used to provide government services related to the activity. For example, fuel taxes are used to construct and maintain highways (Cordes, Ebel & Gravelle, 2005).

Excise duty in Kenya is a complex tax to administer, with changes in excisable goods and services occurring annually in the Finance Act (Kimani et al., 2020). Although excise tax collections in Kenya have improved each year, they have not met the expected levels, and the Kenya Revenue Authority (KRA) has not achieved its excise duty collection targets since 2016 (Owino et al., 2021). Excise taxes as a percentage of GDP in Kenya have fluctuated over the years, with an average of 3.1 percent between 1980 and 2018, but demonstrated wide variations. Between 2000 and 2010, the average percentage of GDP contributed by excise taxes rose from 1.8 percent to 4 percent before leveling to 3.3 percent between 2011 and 2018. Kenya's excise tax revenue has been falling for a few years due to several aspects, including falling sales of excisable products like kerosene and diesel and pricing wars among mobile telecom operators (Kimani et al., 2020).

The regional integration strategies of the East African Community (EAC) have impacted Kenya's excise tax policy (Owino et al., 2021). Kenya decreased ad valorem rates for malt beers from 95% to 90% in 1999/2000 and dropped levies on beer and cigarettes in 2000/01. Cigarettes, both locally produced and imported, were subject to a hybrid system of minimum specific tax and additional ad valorem beginning in the fiscal year 2003/04 in Kenya. Applying excise stamps as required by the Customs and Excise Act became mandatory in 2008. To tackle illegal manufacturing and tax avoidance, the KRA released the initial iteration of the Excisable Goods Management System (EGMS) in 2013.

Tax investigations have become an essential and frequently debated topic in recent years. Tax authorities have spent many sleepless nights trying to scrutinize taxpayers' books to increase government revenue. A tax investigation is opened when a taxpayer is suspected of tax fraud or tax evasion. This may result from a failure to register for tax reasons, to file tax returns, or to file incomplete or erroneous returns. To expose all conditions of tax fraud and acquire indications for possible prosecution by competent tax officials, this task is typically performed by those with specialized expertise in inquiry tactics, with or without the support of police officers or enforcers, Institute of Chartered Accountants of Nigeria, (ICAN, 2014).

A tax investigation includes examining a taxpayer's tax matters where the tax authority has reasonable grounds to believe that the taxpayer has engaged in tax evasion or violating tax laws (KRA, 2019). A tax investigation is a more comprehensive and in-depth scrutiny of the taxpayer's records. This is typically caused by potential mistrust, fraud, tax evasion, and other linked crimes (Okonkwo, 2014).

The Netherlands has used guidelines and norms for years to implement integrated enforcement measures. Here's one: "Protocol for the Notification and Redress of Tax and Customs Violations and Compensation."The Department of Taxation and Customs, the Tax Information and inquiry Service, and the prosecutor all participate in a tripartite consultation process to determine which records from a tax inquiry will be used in the prosecution. The protocol lays out the parameters for making such choices, including weighing considerations like the potential severity of a crime (OECD, 2017). The Tax and Customs Administration, the Financial Investigations and Organized Crime Division (FIOD), and the Prosecutor's Office also reached an annual "implementation strategy arrangement" to discuss handling tax and financial law infractions.

The OECD (2017) states that some jurisdictions prioritize tax investigations and can calculate a positive return on investment from this line of work. In Georgia, for instance, when one evaluates the amount of tax evaded paid to the state, i.e., principle amount and fines imposed concerning the amount of money given to the Investigative Service budget, one obtains the following: With a GEL 17,021,000 budget in 2015, they were able to recoup GEL 25,915,824, or 150%. With a budget of GEL 17,500,000 in 2016, they could recover GEL 35,072,618. In Indonesia, every dollar spent results in seven dollars in tax and penalty collections or the prevention of tax evasion (a return of 700%). For every New Zealand dollar spent, the government expects to collect NZD 7.50 back, i.e., a 750% return regarding general tax evasion in the hidden economy. For every New Zealand dollar spent, the government expects to collect NZD 4.10 back, i.e., 410% return regarding fraud.

In Greece, the deterrence, identification, and investigation of tax and other financial misconducts are within the purview of the Independent Authority for Public Revenue (IAPR). The Financial Police Division (FPD), the Financial Intelligence Unit (FIU), the General Directorate of Tax Administration and Customs and Excise, and the Directorate for Planning and for Evaluation of Audits and Investigations (DIPAEE) are all a part of this organization. Money laundering sometimes begins with tax offenses; thus, the FIU investigates these as well (Maniatis, 2018)

To determine whether or not a breach of tax laws has occurred and whether or not it has been notified to the authorities, the Federal Inland Revenue Service (FIRS) in Nigeria is authorized under the enabling legislation to employ special purpose tax officers. According to Ishola (2019), for instance, the FIRS can order an investigation into a taxpayer's assets if it suspects that the individual's extravagant way of life or the value of their possessions is disproportionate to their reported income. The IRS will handle the prosecution if the inquiry shows evidence of criminal or attempted criminal activity. Tax authorities at both the state and federal levels have used audits and investigations to reduce the prevalence of tax evasion and boost tax receipts (Onoja & Iwarere, 2015; Olaoye, Ogunleye & Solanke, 2018).

The South African Revenue Service (SARS) conducts criminal investigations into any violations of the Tax Administration Act, which applies to all tax Acts, whether indirect or direct taxes, except violations of the Customs and Excise Act. The South African Police Service is the National Agency tasked with preventing and eradicating all crime (SAPS). It has the authority under the law to probe any illegal activity, including tax offenses codified in tax statutes, because of the widespread acceptance of such activities as criminal. The South African Police Service (SAPS) can only be formally informed of a Serious Tax Offense by the SARS (Moosa, 2019).

In 1995 the Kenya Revenue Authority was set up to bring the country into financial autonomy through effective and efficient tax revenue mobilization. It is divided into departments, with the Investigations and Enforcement department responsible for conducting investigations into possible infractions of revenue laws and related financial crimes in a way that promotes trust in the tax system and increases the likelihood that taxpayers would comply with their tax obligations. This is accomplished through efforts to detect, disrupt, and deter tax avoidance by use of Intelligence-led and prosecution-guided investigations (KRA, 2019

1.1.1 Large corporate taxpayers in Kenya

The formation of the Kenya Revenue Authority (KRA) was mandated by Chapter 469 of the Laws of Kenya in 1995. Its main objectives include acting as the primary entity responsible for assessing and collecting revenue and administering and enforcing revenue-related laws. The revenue divisions of the KRA consist of the Domestic Taxes Department (DTD) and the Customs and Border Control Department (C&BD).

Within the DTD, taxpayers are categorized into three groups: large, medium, and small.

Any business in Kenya having an annual revenue of more than KES. 1 billion is considered a Large Taxpayer. In 1998, LTO was set up as a separate operations unit to handle the large taxpayers' tax administration needs in one convenient location. It was set up to address domestic tax concerns that impact high-income filers. More than half of annual tax receipts come from the largest taxpayer category, making these businesses crucial to the tax system (KRA Website).

Large taxpayers are notoriously challenging to deal with because of their unique combination of factors. According to the OECD (2009), these enterprises are distinguished by various characteristics, including but not limited to multiple operating entities, diverse business interests, high volume transactions, and a large number of employees; international trade dealings; distinctive industry characteristics; geographically dispersed operations; complex accounting principles; and complicated policies and strategies to minimize tax liabilities. Large firms present a unique challenge for tax authorities due to their complexity. Companies like these remain a top concern because of the compliance risk they offer with their abusive and aggressive tax planning strategies.

It's commonly assumed that major taxpayers are in full compliance since they engage skilled specialists and expensive tax consultants. Nonetheless, tax evasion and fraud are pervasive problems, as the OECD (2009) reported. Multinational firms engaging in sophisticated international business dealings with far-reaching transfer pricing effects fit this description. It would be unwise to understate the degree of non-compliance among Kenya's largest taxpayer companies.

1.2 Statement of the problem

Excise revenue as a percentage of total income has decreased by nearly half, from 17.7% in 1975 to 9.1% on average in 2020, as reported by the Organization for Economic Cooperation and Development (OECD, 2022). Less than 13% of tax revenue across all OECD countries comes from taxes on goods and services, primarily excises. The share of GDP they accounted for was 3.0% in 2020, down 0.2 percentage points from 2018, and the share of total tax revenue they accounted for was 9.1% in 2020, down 0.6 percentage points from 2018. This is due primarily to the fact that, on average, in OECD countries, taxes on individual goods and services have become a smaller portion of total taxation attributed to decreasing importance.

In Kenya, tax collections have remained stagnant, with an average of 20% of the GDP over the past two decades, with excise taxes contributing an average of 3.6% (World Bank, 2022). However, this percentage has declined over time, as between 1991 and 2004, excise taxes accounted for 17% of total tax revenue, but this dropped to around 12.7% between 2007 and 2017 (Kenya Economic Report, 2020).

Kenya Revenue Authority (KRA) has failed to reach fiscal expectations for excise tax collections despite numerous reorganization efforts aimed at doing so over the past few years. In the 2017–2018 fiscal year, for example, KRA (2018) reports that excise tax receipts of Ksh. One hundred fifty-two thousand one hundred ninety-nine million fell short of the target of Ksh. 167,504 million by Ksh. 15,305 million. The latest KRA annual revenue report for 2019 shows that the contribution of excise revenue to total revenue was only 13.3%, indicating a further decline in recent years (KRA, 2019). The collection of Excise Duty in the financial year 2021/2022 was Ksh.399 276,497 compared to a target of Ksh.509, 276,497 thus contributing 21% of the total income (KRA, 2022). This decline in excise tax revenue is a cause for concern, as it could have significant implications for the government's ability to finance public services and development projects.

To improve productivity and raise tax revenue collections, the Kenyan government has undertaken several policy and administrative reforms through the Kenya Revenue Authority (KRA). Implementing an excise goods management system in 2013 was an integral aspect of the larger excise tax reform package, the gradual increase in excise tax rates, and the scope of goods and services subject to excise tax. Despite these changes, the mobilization of tax revenues, including excise taxation, remains low (KRA, 2019).

Despite the efforts to increase excise duty revenue, large corporate taxpayers in Nairobi, Kenya, continue to underreport and evade taxes (Juma & Musyoka, 2020). Tax investigations have been essential for the KRA to detect and deter non-compliance. Still, the effectiveness of these investigations on excise duty revenue performance among large corporate taxpayers in Nairobi is not well-understood. The study will focus on detection, disruption, and deterrence measures, as past research has shown that these factors are crucial to the success of excise taxes. Consequently, this study investigates the Role of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

1.3 Objectives of the Study

This segment entails the overall objective and precise objectives. According to Creswell (2014), the purposes of a research study are specific goals or statements that describe the intended outcomes of the study. The general objective of a study was a broad statement that outlines the overall purpose of the research. In contrast, the specific goals were detailed statements that break down the general objective into smaller, measurable components.

1.3.1 General Objective of the Study

The study's overarching goal was to determine the influence of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

1.3.2 Specific Objectives of the Study

The following specific objectives steered the study:

i. To determine the effect of detection on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.
ii. To establish the effect of disruption on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.
iii. To determine the effect of deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

1.4 Research Hypotheses

The following research hypotheses steered the study:

H_{01}: Detection has no significant effect on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

H_{02}: Disruption has no significant effect on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

H_{03}: Deterrence measures has no significant effect on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

1.5 Significance of the study

This section looks at the importance and relevance of the research to a specific audience, field, or area of interest.

Future researchers can use the study's empirical review as a springboard for developing a theory of tax investigations and their impact on revenue performance. KRA's research and enforcement department is tasked with examining possible tax law violations and other financial crimes to boost tax compliance and public trust in the tax system. Through this Research, KRA will understand whether this mandate has been actualized, as it will point to the Role of tax investigation on Excise duty revenue performance. The findings can inform tax policies and enforcement practices and lead to more effective tax administration.

Findings from this study will inform policymakers of the potential benefits and drawbacks of conducting taxpayer investigations concerning revenue performance and identifying critical issues. The results can be used to develop evidence-based policies to improve excise duty revenue performance and enhance corporate governance practices.

This research will subsidize the growth and expansion of knowledge in tax investigations. It will enable sharing findings and engaging in scholarly discourse with others in the field. This dissemination of knowledge will help to promote collaboration and innovation among scholars. The study can be significant to large corporate taxpayers in Nairobi, Kenya, as it can provide insights into the possible consequences of non-compliance with excise tax regulations. The findings can encourage taxpayers to conform to tax regulations and adopt good taxation practices

1.6 Scope of the study

This research aimed to indoctrinate the influence of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. The study explored the relationship between tax investigations and excise duty revenue performance, focusing on detection, disruption, and deterrence strategies used by the tax authority in Nairobi. The study was conducted in Nairobi, Kenya, and targeted large corporate taxpayers. Tax investigations are currently being handled by the Investigation and enforcement department of KRA; the study focused on the 2021/2022 fiscal years.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

In this chapter, the researcher looked at the dependent and the independent variables, i.e., Tax investigation and Excise duty revenue performance. Further, the research examined the theoretical perspective, the relationship between Tax investigation and Excise duty revenue performance, and the conceptual framework.

2.1 Conceptual Review

This type of review typically encompasses a systematic and critical literature analysis to clarify the key concepts that shape the research (Torraco, 2016). In this review, we looked at the idea of tax investigation and the notion of Excise duty revenue performance.

2.1.1 The Concept of Excise duty revenue Performance

Excise taxes are a form of selective taxation applied to particular goods and services, as defined by the OECD (2018). Excise taxes, a notion developed in Britain and adopted by numerous countries in the British Commonwealth, are defined by Due (2010) as a tax levied on local doings, at fixed rates, on specific commodities, and with measurable control.

The current definition of excise tax encompasses more than taxes on the sale or manufacturing of goods within a country's borders; it can also include taxes on services and physical or monetary control over those activities. Excise taxes are "levied at the point of sale" and "included in the price of a product or service," as defined by Action Aid International (2018). Items like liquor, cigarettes, gas, high-end consumer products, and recreational pursuits like betting are all subject to excise taxes.

Excise taxes are a significant source of revenue for state and federal governments, making them essential for funding infrastructure and other large-scale initiatives. Alcohol, cigarettes, gambling, and other forms of entertainment are typically subject to excise taxes because they are viewed as frivolous. Another significant role excise taxes play in reducing demand for taxed goods and services by increasing prices and discouraging their purchase and consumption (Needles, Anderson, & Caldwell, 2013). Governments impose excise taxes on certain goods and services, such as gasoline, to implement a benefits-received taxation strategy. Because of the intimate relationship between petroleum use and highway travel, taxes can be directly linked to funding for improved highway infrastructure. Further support for the connection is provided by naming specific government service sectors that will benefit from the fees, such as highway development and maintenance funded by gasoline taxes (Cordes, Ebel & Gravelle, 2005).

The Fiscal Department at the International Monetary Fund estimates that excise taxes in low and middle-income countries amount to between 1% and 2% of GDP. The Asian and Latin American markets are far more significant than the African ones. For example, in Indonesia, where smoking rates are very high, tobacco taxes generate 8% of government revenue. Tobacco, alcohol, gasoline, automobiles, and electronic communications create the bulk of excise tax revenues in developing countries. For example, In Egypt and the Philippines, tobacco excise taxes made up 90% of all non-fuel excise duties in 2009, while in Senegal and the Central African Republic, they made up about 80%. As income levels rise, the potential yield of this source may increase. Excise duty is also levied on perfumes, jewelry, cars, planes, luxury brands, and luxury service accessories (such as pool cleaning). Due to the low volume of purchases, these generate relatively low returns but can contribute to greater returns in regions with rising income levels. For example, China recently imposed a tax on luxury goods.

Excise duty is governed by the Excise Act (Cap 472) of the Laws of Kenya. Excise taxes are levied on a select group of products and services that are believed to be harmful to consumers in some way (Preece, 2013). The most persuasive argument in favour of implementing excise taxes is that they can raise substantial sums of money without significantly affecting market dynamics (McCarten & Stotsky, 1995). The indirect tax, known as excise duty in Kenya, is a chief funder to the country's budget and a deterrent to purchasing certain products and services. Cigarettes, alcohol (including beer and wine), and tobacco comprise Kenya's excise tax base.

Excise taxes accounted for 13% of overall tax collection between 1980 and 2018, as stated in a discussion paper published by the Kenya Institute for Public Policy Research and Analysis in 2020. From an average of 8.2% between 1980 and 1990 to an average of 16% between 1991 and 2000, then a dip to 14.3% between 2001 and 2018, it shows a persistent upward trend. Expanding the excise tax bracket to cover imports and other things like petroleum contributed to the excise tax's strong performance between 1990 and 2000.

The government imposes excise taxes because they bring in a lot of money with little effort from the taxpayers regarding paperwork and monitoring (Mankiw, 2021). In most cases, a small number of goods produced by a few large producers are subject to a very high excise tax. The price elasticity of demand for such items is often low, meaning buyers hardly react to price changes. Excise taxes are used to generate income and address any unintended consequences arising from the public's increased use of the products subject to the levy. Cigarette and alcohol abuse, for instance, has adverse effects on the individual and the community. Because of the societal cost associated with these products, relatively large taxes are levied on them (Gruber & Koszegi, 2020). Lastly, excise taxes on luxury items purchased by the wealthy can help achieve tax system vertical fairness (Mankiw, 2021).

2.1.2 The Concept of Tax Investigation

An investigation is a formal procedure for gathering and presenting data to verify or disprove a claim. It's not meant to replace audits but supplement those (Wuyah et al., 2018). When tax fraud is suspected, audit findings often lead to further investigation (ICAN, 2014; Modugu & Anyaduba, 2014). According to Oyedokun (2016), the purpose of tax investigations is to determine the existence or absenteeism of fraud and quantify the damage caused by suspected tax evasion.

An investigation into a taxpayer's tax return is conducted to gather evidence for potential prosecution in the event of fraud, intentional default, or negligence (Bassey, 2013). To verify the accuracy of the assessable profit reported by the taxpayer (Onuoha & Dada, 2016; Amah & Nwaiwu, 2018) and to collect evidence to support or refute claims of unreported taxable income or tax evasion, a more in-depth examination of the taxpayer's records is required. In cases where tax evasion is suspected because returns were not filed, were filed incorrectly, or the taxpayer was never registered, a tax investigation may also involve an impartial audit of the taxpayer's or business's financial records (Olaoye & Ogundipe, 2018).

A tax investigation is opened when there is reason to suspect that a taxpayer has committed tax evasion or fraud (Oyedokun, 2016). Officers with investigative training and experience, possibly in tandem with other specialists (whether from the police or the private sector), typically conduct the investigation (Oyedokun, 2016). Tax investigators should be allowed to seal off the taxpayer's premises, take possession of relevant books, and perform as extensive an examination as is necessary is of help to gather adequate proof to prosecute a tax evader and ensure recovery of the money owed to the government (Bassey, 2013).

A tax investigation will typically cover more ground than a tax audit. ICAN (2014) states that, in contrast to a back-duty audit, there are typically no limits on what parts of a taxpayer's record can be examined during the tax inquiry process. For a tax investigation, looking back further than the six years allowed by law is acceptable. Officers with investigative training and experience do this work, possibly with other specialists (whether from the police or the private sector) (Oyedokun, 2016). In many cases, tax investigators have more clout than auditors. Bassey (2013) argues that tax investigators should be allowed to seal off the taxpayer's premises, take possession of relevant books, and conduct as extensive an examination as is necessary to gather adequate evidence to prosecute tax evaders and guarantee that the amount billed to the government is recovered.

Tax audits and investigations are crucial for keeping taxpayers on their toes, especially those who are barely complying and could easily cross the line into tax evasion (Adediran et al., 2013). Ojonta (2011) found that the lack of an assessment and inquiry bureau in Enugu State was a significant factor in the state's non-compliance and tax evasion, as cited in Onuoha & Dada, 2016). According to Olaoye

& Ogundipe (2018), who steered a study of tax audits and investigations, tax investigation needs explanatory power to influence tax evasion control.

A tax investigation is defined by Nurebo, Lekaw, and Mariam (2019) as an examination of a business to determine whether any taxes owed by the taxpayer due to the taxpayer's actions that resulted in the taxpayer's being under-assessed have gone unpaid. Antonio and Cristina (2018). The primary objective is to collect the tax arrears from the taxpayer.

An effective tax investigation requires impartial evaluations and conclusions drawn from reliable audited financial statements prepared by the corporate body under scrutiny. Therefore, it is crucial to conduct a thorough examination that ends with a timely and valuable, high-quality report for all parties involved (International Auditing and Assurance Standards Board-IAASB, 2013). The highest standards of professionalism are expected of tax auditors.

Previous scholars Safa, Nadia, and Faten (2017); Antonia and Christina (2018) argued that: fraud, wilful default or neglect by the taxpayer, reported failures of potential taxpayers to file tax returns, an allegation of income reduction that is not consistent with the type of business engaged in by the taxpayer, and reported errors or omissions are the most critical circumstances for initiating a tax investigation.

2.1.3 The Concept of Deterrence Measures

Deterrence measures denote the possibility of tax authorities using their enforcement capabilities to detect tax evasion behavior (Alstadsæter *et al*., 2017; Chau and Leung, 2009). Frey and Feld (2002) examined tax deterrence measures and morale in Switzerland. Their empirical study utilized time series data with a cross-sectional design for 26 cantons between 1975 and 1995. The tax agency's autocratic approach, which included higher default penalties and audit frequencies, exemplified its law enforcement strategy. The conclusions showed that the possibility of identification by the audit was theoretically unexpectedly positive and statistically substantial (at the 5% level). As a result, it appeared that the risk of being discovered through audits increased (rather than decreased) tax evasion. However, increasing the baseline punishment significantly decreased tax evasion by 1%, as predicted theoretically. To their surprise, they found that taxpayers' perceptions of the tax agency's treatment also played a role in influencing increased compliance, in addition to enforcement measures.

2.2 Theoretical Review

This section analyzes the theories to identify and evaluate theoretical frameworks that explain and predict phenomena in the study (Creswell, 2014). Economic deterrence theory, the theory of planned behavior, the Institutional Theory, and the Agency theory will serve as the theoretical lenses through which the research will be done.

2.2.1 Economic Deterrence Theory

Becker's Theory of Economic Deterrence (1968) is a criminological theory. The theory postulates that if the cost of breaking the law is high enough, people will think twice about engaging in criminal behavior. However, it is hard to prove the efficacy of prevention as a whole because law enforcers only punish those who commit crimes rather than those who are deterred. Therefore, they may never know why some people do not commit crimes. This theory proposes that economic incentives and corporations promote criminal behavior because they know their actions are less likely to be detected. Several disciplinary and persuasive strategies can be employed to achieve deterrence. Therefore, a higher tax rate or increased detection capabilities can serve as deterrents. Inflict severe punishments on those who fail to comply with the rate

According to the economic deterrence theory, taxpayers will engage in tax evasion when the benefits of doing so exceed the costs of being audited, discovered, and fined. The model postulates that taxpayer conduct is affected by audit likelihood, penalties, tax rate, and income. Allingham and Sandmo (1972) proposed two methods for encouraging taxpayer compliance. Two such ways are (1) declaring less income and thus paying less tax and (2) paying tax based on actual or real income. It was argued by Allingham and Sandmo (1972) that the possibility of an audit significantly impacts taxpayers' decisions between the two options. A rational taxpayer would choose option (2) if the likelihood of being audited was low but option (1) if the probability of being audited was high.

As per Porschke and Witte (2011), most taxpayers point to objectivity as a significant factor in determining whether or not they will file their taxes. Any situation where taxpayers are willing to act in a way that gives the impression that taxation is fair, and vice versa. As a result, tax investigations are seen as a deterrent against tax avoidance. It is a common misconception that everyone knows right and wrong and the consequences of transgressing social norms. Taxpayers are always looking to avoid paying taxes by overstating their expenditures while reducing taxable income to pay less tax (Hanefah, Ariff&Kasipillahi, 2012). Proponents of the deterrence theory argue that individuals weigh the benefits and penalties of complying with the law before deciding. To get the most out of it and pay as little tax as possible, taxpayers often forge excise duty stamps and sell counterfeit goods.

According to the OECD (2016), tax audits and investigations increase revenue collection by encouraging taxpayers to comply voluntarily, thereby increasing revenue collection. Auditing tax returns can reveal tax debt and highlight areas for improvement that could strengthen the case for a deterrence theory.

2.2.2 Theory of planned Behaviour

In 1985, Ajzen extended the theory of reasoned action with the idea of planned behavior. The theory states that if people believe a proposed behaviour could lead to positive results, they are likelier to carry it out. In addition, the central idea behind the theory of planned behaviour is that an individual's intent to engage in a particular action is the primary factor in determining whether or not that action takes place. Attitude, subjective norms, and Subjective control all play a role in shaping intentions, as the theory proposes. The idea of planned behavior, in particular, attempts to clarify the manifestation of attitude. Taxpayer behavior can be predicted using a combination of subjective norms, subjective control, and subjective intentions.

Another proponent of the theory of planned behavior, Itashiki (2011), maintains that numerous studies confirm the strong relationship between attitude and subjective norms and behavior. He argues that the theory of reasoned action can be more predictive by incorporating a preposition of perceived behavioral control to explain actions taken when an individual feels only partial control over their actions. According to Itashiki (2011), non-volitional variables significantly impact behavior prediction, which is reflected in the theory of planned behavior.

In contrast, Niway and Wondwassen (2015) argued that Ajzen's theory of planned behavior is flawed because of its postulation that attitude, subjective norms, and behavior do not have a causal relationship. It is not necessarily the individual's attitude and personal criteria that lead to action, but rather their willingness. Tax compliance is linked to the taxpayer's behavioral conduct and determined attitude, so this theory was deemed appropriate and relevant for this study. Taxpayers will comply with the law if they view it as a civic duty that should be taken seriously by Niway and Wondwassen (2015).

This idea suggests that an individual's intent to act in a particular manner predicts that person's actual behavior. Behavioral theory can shed light on the types of potential taxpayers who engage in tax evasion. Tracing the causes of tax evasion back to institutional biases, cultural norms, and personal preferences is possible.

2.2.3 Institutional Theory

The theory was founded by sociologists John Meyer and Brian Rowan in 1977. The theory proposes that businesses act in line with public expectations and norms to ensure their continued credibility and acceptance. Market forces and broader societal expectations influence organizations, such as laws, regulations, cultural norms, and ethical standards. Institutional theory is particularly relevant in tax investigations and excise duty revenue performance among large corporate taxpayers, as tax compliance is essential to social legitimacy and corporate social responsibility.

One proponent of institutional theory is DiMaggio (1988), who argued that organizations conform to standardized practices and beliefs because they provide a sense of legitimacy and stability in an uncertain environment. He suggested that institutionalized practices become "taken for granted" and are seen as the "right" way of doing things, even if they are not the most efficient or effective. Another proponent is Scott (1995), who suggested that institutions comprise cultural-cognitive, normative, and regulatory elements, which interact to shape organizational behavior.

He argued that organizations that conform to institutional norms are more likely to gain social acceptance and legitimacy, which can lead to improved performance.

A third proponent of institutional theory is Suchman (1995), who emphasized the importance of symbolic representation and discourse in shaping institutional norms and expectations. He suggested that organizations use symbols and narratives to create a sense of legitimacy and social acceptance, such as using sustainability reports to signal their commitment to environmental responsibility. By doing so, organizations can gain support from stakeholders and enhance their social legitimacy.

In the context of tax investigations and excise duty revenue performance among large corporate taxpayers, institutional theory suggests that organizations will conform to societal norms and expectations around tax compliance to maintain their social legitimacy and avoid negative consequences, such as reputational damage or legal sanctions Beigi *et al.* (2017). Tax authorities can leverage this theory to improve compliance behavior and revenue performance among large corporate taxpayers by emphasizing the importance of tax compliance as a socially responsible behavior that aligns with institutional norms and expectations. Institutional Theory could provide insight into how tax authorities can use social norms and expectations to improve detection rates and promote tax compliance among large corporate taxpayers (Andreea *et al.* (2016).

2.2.4 Agency Theory

Agency theory was first introduced by Jensen and Meckling in 1976. The theory suggests that when two parties (the principal and the agent) enter into a contractual relationship, there is a risk that the agent might not act in the principal's best interest.

This is due to the inherent conflicts of interest between the principal and the agent, who may have different objectives and goals.

Managers may act selfishly to maximize shareholder value (Fama,1980). This may lead to conflicts between the interests of shareholders and managers. Fama's work helped establish the principal-agent problem, a key concept in agency theory. The optimal contract between the principal and the agent should be designed to align their interests. This can be achieved by offering performance-based incentives to the agent, such as bonuses or stock options (Holmstrom, 1979).

In the context of tax investigations and excise duty revenue performance among large corporate taxpayers, agency theory suggests that the interests of the tax authority (the principal) and the large corporate taxpayer (the agent) may not always align. The agent may have different interests and objectives than the principal, which may result in the agent engaging in opportunistic behavior such as tax evasion or non-compliance. The large corporate taxpayer may have incentives to minimize tax liability and maximize profits, even if this means engaging in questionable tax practices or underreporting revenue. Therefore, the tax authority may need to use performance-based incentives or other measures to align the interests of the taxpayer with those of the tax authority and ensure compliance with tax laws.

To mitigate the risk of opportunistic behavior, the principal may implement monitoring mechanisms such as audits, investigations, or penalties. These mechanisms increase the cost of non-compliance, which incentivizes the agent to act in the principal's best interest. However, monitoring mechanisms also increase the administrative burden and cost of tax collection, which may negatively impact the revenue performance of the tax system.

This theory can help conceptualize detection in the context of tax investigations. In this case, the theory suggests that tax investigations can reduce information asymmetry between the tax authority and taxpayers and monitor taxpayers' compliance behavior, leading to improved excise duty revenue performance.

2.3 Empirical literature review

This type of review typically encompasses a systematic and comprehensive literature analysis, aiming to identify trends, patterns, and inconsistencies across different studies (Cooper, 2016). This section will review the existing literature on the variables of Deterrence measures, Disruption, and detection.

2.3.1 Detection and Excise duty performance

As conceptualized by ICAN (2014), the goals of a tax investigation are: to ascertain the taxpayer's taxable income or loss, ensure compliance with tax laws, inform taxpayers of their rights and responsibilities, identify and correct any mathematical mistakes, uncover any instances of tax fraud, and inspire voluntary compliance.

As per Bassey (2013), a tax investigation is an inquiry conducted to determine the extent to which a taxpayer has committed fraud, wilful default, or neglect and to collect evidence for potential prosecution. Investigators have more leeway and authority than auditors do in tax matters, including the right to inspect and seize relevant books of the account without prior warning. The government can do whatever it wants, including sealing the taxpayer's property and conducting a thorough inspection (Bassey, 2013).

Research conducted in Greece by George, Sorros, Karagi Orgou, and Diavastis (2015) examined how tax audit efficiency relates to tax law and the use of technologically advanced information systems. Factor analysis and multiple regression analysis were used to scrutinize a structured questionnaire. The findings confirmed that auditors' ability to keep better tabs on tax violations could be improved with the help of information system tools. It is also argued that tax auditors' efficiency is hampered by the frequency with which tax laws are amended.

Brockmeyer, El-Sahli, & Steiner (2013) conducted a stud to scrutinize the impact of tax enforcement on firms' tax compliance behavior in sub-Saharan Africa. The intervention involved sending letters to firms with information about their tax obligations and informing them that their tax records would be reviewed. The study discovered that the intervention had a substantial optimistic outcome, leading to a 25% increase in the likelihood of firms registering for value-added tax and a 33% increase in filing tax returns. The authors concluded that tax enforcement efforts can momentarily affect firms' compliance behavior, even in contexts where tax compliance is traditionally low. The study suggests that tax authorities in sub-Saharan Africa can improve tax collection by implementing targeted tax investigation interventions that will enhance the detection of non-compliant firms and increase the perceived likelihood of detection.

Chen (2019) steered a study on the influence of tax investigations on detecting tax evasion in China. The study used 421 tax investigation cases from 2009 to 2016 and found that the probability of detecting tax evasion increased significantly after initiating a tax investigation. The detection rate was positively associated with the level of tax investigation intensity, the intricacy of the tax evasion scheme, and the size of the evaded tax amount. The author concluded that tax investigations are an effective tool for detecting tax evasion and recommended that tax authorities increase their efforts to conduct targeted and intensive investigations to improve detection rates.

Oyedokun (2015) states that the goals of a tax fraud investigation include establishing the existence of tax fraud and discovering any actual fraud. To commit tax fraud, one must make false statements to deceive the government. If a company knows its product does not perform as promised but still makes those promises to sell it, it may be guilty of fraud. Tax evasion is an equally severe and expensive problem. As soon as tax authorities have reason to suspect that a taxpayer has committed tax fraud, they will begin the investigation process.

Dong, Liu, & Wu (2017) analyzed the effect of tax inquiries on revenue performance using data from China's Value-Added Tax (VAT) system. They found that firms subject to tax investigations significantly increased revenue performance, with an average increase of 7.6% in the year following the investigation. This increase was primarily driven by reduced tax fraud, as firms subject to studies were more likely to be caught for tax evasion. The authors concluded that tax investigations substantially positively impact revenue performance by detecting and deterring tax fraud. Tax authorities can improve revenue performance by targeting tax investigations toward firms more likely to engage in tax evasion (Dong et al., 2017).

Papachristos, Wildeman, & Mueller (2018) used social network analysis to examine the detection of tax evasion, focusing on the role of social ties in facilitating tax evasion and the detection of tax evaders. The research design used quantitatively analyzed data from tax records and social network data to identify patterns and relationships between social ties and tax evasion. The study discovered that social relations are vital in facilitating tax evasion and enabling tax authorities to detect tax evaders. The study concludes that tax authorities should consider using social network analysis to improve their detection of tax evasion by focusing on the social ties of suspected tax evaders and their associates.

Taxpayers who had faith in the government's capability to spot tax evasion were more likely to file their returns precisely and timely, according to research by Marti, Wanjohi, and Magutu (2010). Compliance with tax laws led to better financial results, and these factors included the vigilance of the tax authorities, the threat of prosecution from the Kenya Revenue Authority (KRA), and measures taken to ensure that tax dollars were spent relatively.

2.3.2 Disruption and Excise duty performance

Kleven et al. (2011) analyzed the impact of a randomized tax enforcement campaign in Denmark on compliance and economic behavior. The study found that increased tax enforcement led to a substantial decline in the number of individuals engaging in tax evasion but also prompted a decrease in monetary activity and an increase in unemployment.

A study by the European Commission (2018) examined the impact of tax enforcement activities, including audits and tax raids, on the exposure and stoppage of VAT fraud in the European Union. The study discovered that tax enforcement activities, including raids, effectively reduced the amount of VAT fraud detected and prevented. However, the study also noted that VAT fraud remained a significant problem in the EU and that more effective and coordinated tax enforcement efforts were needed.

Another study by the Australian Taxation Office (2017) examined the impact of its tax enforcement activities, including raids and other compliance activities, on reducing tax evasion and non-compliance. The study found that tax enforcement activities effectively increased compliance and reduced tax evasion, and tax raids, in particular, were influential in disrupting tax fraud schemes.

The National Bureau of Economic Research (NBER) found that asset forfeiture and enforcement actions can disrupt tax fraud. The study analysed data from the U.S. Department of Justice's Asset Forfeiture Program and found that using civil and criminal forfeiture was associated with reduced tax evasion. Furthermore, the study indicated that the deterrent effect of asset forfeiture was strongest for high-income taxpayers (NBER, 2018).

A Tax Justice Network (2019) study examined the effectiveness of asset recovery and other enforcement measures in disrupting tax frauds and illicit financial flows. The study concluded that asset recovery and other enforcement measures could effectively disrupt tax fraud and illicit financial flows. However, the study also noted that the efficiency of these measures relies on the strength of the legal and regulatory framework in place (Tax Justice Network, 2019).

Leandra Lederman (2019) published a paper on using tax law in fighting crime, including asset forfeiture, to combat tax fraud. The article discusses the legal and policy frameworks for using tax law as a tool for law enforcement. It explores some potential benefits and drawbacks of using tax law in this way. Civil asset forfeiture can be a powerful tool for disrupting tax fraud schemes. By seizing assets believed to be associated with tax fraud, law enforcement can disrupt the ability of fraudsters to continue their illegal activities. However, Lederman also acknowledges concerns about the potential abuse of asset forfeiture, particularly in cases where assets are seized from individuals who have not been convicted of a crime, Leandra Lederman (2019).

Crace &Luger (2017) examined the effectiveness of asset forfeiture as a tool for disrupting tax evasion. The research design used was a quantitative analysis of data from the Internal Revenue Service (IRS) on the use of asset forfeiture in tax enforcement cases. The study found that asset forfeiture was an effective tool for disrupting tax evasion, as it provided a strong financial incentive for tax evaders to observe tax laws. The study determined that asset forfeiture sh part of a broader strategy for combating tax evasion alongside other enforcement efforts, such as audits and criminal prosecution.

A study by Mwamwaya, Kariuki,& Mukumbu (2018) on The impact of tax compliance certificate (TCC) requirements on tax compliance by small and medium-sized enterprises (SMEs) in Kenya found that the introduction of tax compliance certificate (TCC) conditions in Kenya was connected to an upsurge in tax registration and filing among small and medium-sized enterprises. The study discovered that introducing tax compliance certificate (TCC) requirements in Kenya positively affected small and medium-sized enterprises (SMEs) tax compliance. Specifically, the TCC requirements were associated with increased tax registration and filing by SMEs. (Mwamwaya et al., 2018).

Another study by the ICTD examined the effect of TCC requirements on tax compliance in Rwanda and found that introducing TCC requirements led to an increase in tax registration and a reduction in the number of taxpayers in arrears (ICTD, 2019).

2.3.3 Deterrence Measures and Excise duty performance

By strictly enforcing federal tax laws, Criminal Tax Investigation helps keep the integrity of the self-assessment tax system intact. Its provisions are geared toward securing convictions of offenders, discouraging similar behaviour in the future, and assuring law-abiding taxpayers that they will not be unfairly penalized, Colorado (2017).

The effects of tax audit and investigation on Value-Added Tax (VAT) collection in Kaduna State, Nigeria, were investigated by Wuyah et al. (2018). Ninety employees from FIRS, Kaduna, were randomly selected and given a questionnaire to fill out to provide data for the study. Pearson Product Moment Correlation was applied in testing the study's hypothesis, and percentages and bar charts were used for descriptive statistics. The study found that by conducting tax audits and investigations, VAT collection and evasion can be improved in Kaduna.

Tax audits and investigations can increase the government's income base while reducing tax evasion in the country, as the research of Adediran, Alade, and Oshode (2013) concluded. To achieve its goals of expanding the tax base and discouraging tax evasion, he suggested conducting tax audits and investigations more frequently and thoroughly. Tax-evaded cheap cigarettes are widely available across the country, and a proper audit of all manufacturers is a practical step that can be taken to address the wide price gap between legal and tax-evaded cigarettes.

Freezing/seizing and confiscating assets are required to prevent the suspect from disposing of or enjoying the proceeds of a crime or to preserve physical evidence, as stated by the OECD (2016). In some jurisdictions, confiscation/forfeiture serves as a sanction in and of itself or as a means of enforcing the payment of monetary fines.

Asset freezing, seizure, and confiscation are all methods of interfering with criminal activity by denying the perpetrators of those activities the use of funds that would otherwise benefit them or their organization. Unlawful asset freezing, seizure, and confiscation can reduce the financial incentive to commit tax crimes.

Johnson & Oats (2018) scrutinized asset forfeiture as a tool for combating tax evasion. The research design applied was a case study approach, in which the authors analyzed several cases in which asset forfeiture was used as part of an overall strategy for combatting tax evasion. The study found that asset forfeiture can effectively deter tax evasion, as it imposes costs on tax evaders and reduces the rewards of engaging in such behaviour. The study concludes that asset forfeiture should be part of a broader strategy for combating tax evasion alongside other enforcement efforts.

Naibei, Momanyi, & Oginda (2012) conducted a study in which they polled a representative sample of 233 registered businesses in Kenya to comprehend whether or not there was a correlation amid firm size, income, and VAT compliance. The data was analysed using a correlational approach. According to the results, VAT compliance was greater among businesses that had been the subject of a tax audit or investigation by the KRA. Over half of business owners believe that tax audits prevent tax evasion. It helped KRA bring in more money.

In his investigation into the determinants of tax compliance among Real Estate creators in Nakuru town, Osebe (2013) found that tax compliance cost played a role. The research concluded that countries with the highest tax compliance rates also had the lowest tax compliance costs, leading to more significant tax revenues. Payers weigh the benefits of breaking the law against the costs of being investigated, fined, and even facing criminal charges, and where the magnitude is high, they choose to comply with tax law. The study also shows some promising signs that penalties and fines can help boost tax collections.

Media negativity bias and tax compliance: a study by Fiar, M., Reggiani, T., Sabatini, F., et al. Using a controlled laboratory setting, they investigated the impact of receiving prejudiced news about government action on participation in a taxation game with subsequent repetitions. Subjects exposed to upbeat information were much more cooperative than those in the control group. Instead, there lacks a discernible distinction between the neutral and negative news conditions, signifying that people might view the media's negativity prejudice in news selection and tone as the norm rather than the exemption. Generally speaking, the results showed that prejudiced news is a relentless source of psychological cognition and has a significant role in taxpayer acquiescence choices.

Tax investigations are gaining global popularity as they are seen as the next frontier in curbing tax evasion and financial crimes resulting in more revenue. Jurisdictions are increasingly taking a deliberate approach to countering tax evasion, including using technologies to target significant risks and collaboration with other law enforcement authorities nationally and worldwide. Simultaneously, criminal tax investigations must be carried out more efficiently and with fewer resources. The statistics, however, reveal that the investment is worthwhile since certain jurisdictions compute a return on investment for a criminal investigative team and may record recovery of monies far above their spending, oscillating from 150% to 1500% of the return on investment. (OECD, 2017).

Tax Investigations in Canada target tax evasion (including instances with an international component), fraud, and promoters of tax schemes designed to deceive the government, as stated by TA. (2020). Although the penalties that result from Investigations can be so severe, including lengthy incarceration, Canadian taxpayers do benefit from constitutional and charter rights, such as the right to a trial by jury and the right to a fair trial, under the Excise Act (R.S.C., 1985, c. E-14). In particular, conducting an Investigation is perceived as more conventionally adversarial, like a standard Criminal Case, as opposed to running an Audit, where there is a cooperation component. Hence, when the CRA acts as tax investigators, they need warrants to access Taxpayer records and search Taxpayer locations. The taxpayer has a right to self-incrimination; hence Tax Investigators cannot force the taxpayer to do anything without a warrant. TA. (2020)

In Australia, Tax Investigation is a particular unit within the Anti-Fraud Office that prosecutes systematic and organized tax evasion. The main task is to detect and clarify serious violations in financial criminal proceedings. These duties are typically performed by illegal policies targeted investigation, research, and audit measures in financial crime matters T. A. (2020). The investigative team conducts financial crime investigations on behalf of the prosecutor's office or the criminal department, respectively, following the Criminal Tax Code and the Criminal Procedure Code of Austria. According to Turksen, U., & Abukari, A. (2021), the duties of the tax investigation agency as a financial crime investigation unit include conducting investigative measures and collecting evidence in harmony with the Criminal Code's provisions on criminal matters. Tax authorities take coercive measures, interrogate defendants or witnesses, prepare reports for prosecutors, and handle administrative and legal support requests.

2.4 Research Gap

Chen, F. (2019) conducted a study on the impact of tax investigations on detecting tax evasion in China. The research used 421 tax investigation cases from 2009 to 2016 and found that the probability of detecting tax evasion increased significantly after initiating a tax investigation. The detection rate was positively associated with the level of tax investigation intensity, the intricacy of the tax evasion scheme, and the size of the evaded tax amount. The author concluded that tax investigations are an effective tool for detecting tax evasion and recommended that tax authorities increase their efforts to conduct targeted and intensive investigations to improve detection rates. The study was done in China, while the current research will be done in Kenya, hence the contextual gap.

Frey and Feld (2002) investigated tax deterrent tactics and morale in Switzerland. Between 1975 and 1995, they collected cross-section time-series statistics from 26 cantons. The authoritarian stance of the tax agency, which included increased default fines and audit frequency, represented its law enforcement policy. The findings revealed that the likelihood of discovery by the audit was conceptually unexpectedly positive and statistically momentous (at the 5% level). As a result, the chance of being caught through audits appeared to raise (rather than diminish) tax evasion. The previous study employed cross-section time series data, but the present study will use primary data from a questionnaire, resulting in a methodological gap.

Dong, Liu, & Wu (2017) analyzed the influence of tax investigations on revenue performance using data from China's Value-Added Tax (VAT) system. They found that firms subject to tax investigations significantly increased revenue performance, with an average increase of 7.6% in the year following the investigation. This increase was primarily driven by reduced tax fraud, as firms subject to investigations were more likely to be caught for tax evasion. The study focused on tax investigations on revenue performance using data from China's Value-Added Tax (VAT) system. In contrast, this study focused on tax investigation on excise duty revenue performance hence the conceptual gap.

2.5 Conceptual Framework

A conceptual framework is an organized set of concepts, explanations, and ideologies that constitutes a foundation for understanding the nature of the phenomena being investigated" (Creswell, 2014.) It is a structure that outlines how key concepts, theories, or ideas are organized and linked together to help guide the research process and offer a basis for the analysis and interpretation of data (Fusch & Ness, 2015). This study has two Independent variables, which include detection and was measured by Surveillance, Records analysis, and Third-party information. Raids, asset forfeiture and TCC cancellations measured disruption. Prosecution, Fines and Media Publicity also measured deterrence measures. The dependent variable excise duty revenue performance was measured by Registration, Timely filing, and Payment of taxes. The conceptual framework models the Role of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya, as conceptualized in figure 2.1 below;

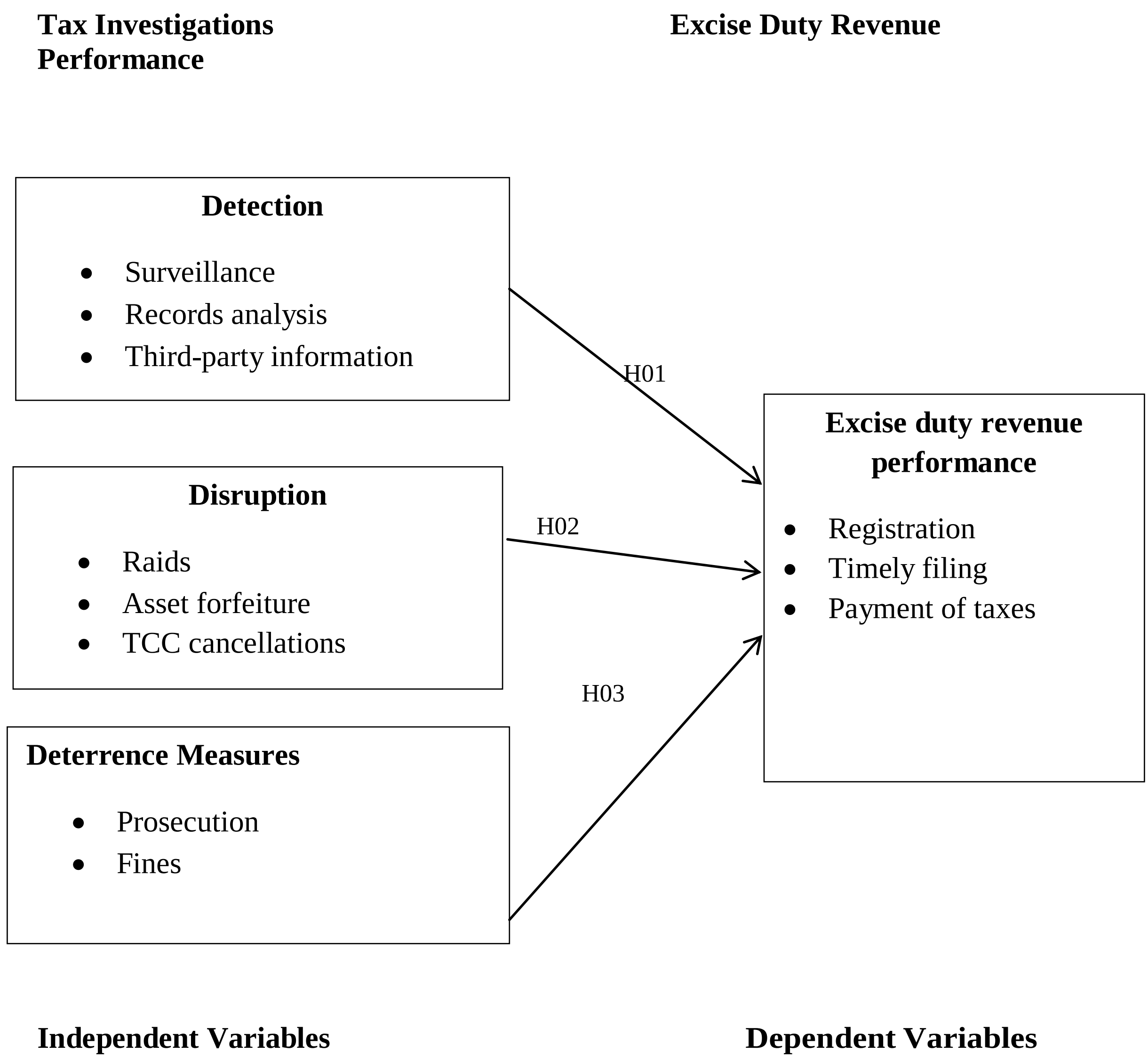

Figure 2.1 Conceptual Framework

Source: Researcher (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section represents details about the research's methodology, including its intended participants, its sample size, and how its respondents were selected was highlighted. Methods for data collection tests to ensure data integrity and validity, data analysis and operationalization, and measuring study variables were emphasized.

3.1 Research Design

The term "research design" encompasses the overall framework or outline for conducting a research study, drafting the approaches and procedures for data collection and analysis to address research questions or test hypotheses (Babbie, 2016). According to Creswell & Creswell (2017), research design involves deliberately selecting and applying suitable research methods, sampling techniques, data gathering tools, and data examination approaches to address a specific research problem. Explanatory research, as described by Babbie (2016), is a type of research strategy that aims to investigate causal connections and explain observable phenomena. In this study, explanatory research was utilized to uncover the causal connection between tax investigation and the performance of excise duty revenue. The hypotheses formulated in this type of research play a crucial role in determining the nature and direction of the relationship between the variables under investigation. Generally, this approach condenses and summarizes the study's findings for the larger population from which the sample was selected (Fowler, 2002). This methodology is considered appropriate for research as it enables the researcher to effectively present a concise summary of the results to a broader audience (Schindler & Cooper, 2003).

3.2 Target Population

Singh (2014) defines population as a complete collection of items or individuals sharing a common trait. Levy (2013) defines population as a larger group from which a more miniature representation is taken. According to KRA's 2021/2022 Annual Report, the number of large taxpayers in Kenya was 3,732 KRA 02021). The 3,732 companies under the LTO mandate's definition of "large corporate taxpayers" in Nairobi made up the target population. The respondent comprised the Accounts manager from large taxpayers companies. Due to the large share that LTO businesses have in KRA's tax take, this subset of taxpayers was prioritized for analysis. So, it's clear that these taxpayers' impact on Kenya's economy can't be ignored.

3.3 Sampling Frame

A sample denotes a smaller subset deliberately chosen to reflect a larger population's attributes accurately. According to Cooper (2008), a sample frame is a compilation of information used to identify the population from which a sample is drawn for statistical analysis. Sample frames encompass specific details about individual characteristics that assist in data analysis and enable the subdivision of the sample frame. In essence, a sample frame comprises source items from which the sample is selected. Moreover, the definition encompasses the objective of sample frames, which is to determine the individuals from the target population who will be interviewed for the research project.

Table 3.1: Sampling Frame

LTO Categories	
Banks	559
Domestic Excise	1460
betting and Gaming	987
Telecommunication & Media	726
Total	**3732**

Survey Data (2023)

3.4 Sample Size

A sample refers to a smaller portion extracted from a larger population. The research aims to derive conclusions about the target population that can be applied to the selection (Sekaran, 2003). According to Kombo and Tromp (2009), a sample is a subset of a larger group designed to represent the overall population accurately. The Yamane method was employed to estimate the sample size, considering that the taxpayer population was assumed to exhibit a normal distribution based on the study's parameters (Turnover tax compliance). This formula also facilitates the selection of a representative sample from the population, ensuring appropriate levels of confidence and reliability. Yamane (1967) developed a formula for calculating the sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

'n' = sample size,

'N' = population

'e' = the confidence level

1 = constant.

This study assumed a level of precision of 5%

The sample size is:

$$n = \frac{3732}{1 + 3732(0.05)^2}$$

n =361 Respondents

3.5 Sampling technique

A sample is a representative subset of a larger population with similar characteristics (Mertens, 2015). Sampling techniques encompass various methods employed to select specific elements from a population, intending to create a sample that accurately reflects the entire population, enabling inferences to be made. The study utilized a stratified random sampling approach involving dividing the population into distinct strata. This approach minimizes the potential for human bias in selecting the cases included in the sample, thereby ensuring a highly representative sample that accurately represents the community under investigation. According to Kothari (2004), stratified random sampling is an unbiased sampling strategy that involves dividing a heterogeneous population into homogeneous groups and then picking within each subset to achieve representativeness—the Companies from the 4 LTO categories that pay excise duty made up the sample frame. The companies are classified in the following categories by LTO; Banks, Domestic Excise, betting and Gaming, and Telecommunication & media.

Table 3.2: Sampling size

LTO Categories	**Target population**	**Sample size**
Banks	559	54
Domestic Excise	1460	141
betting and Gaming	987	96
Telecommunication & Media	726	70
Total	**3732**	**361**

Survey Data (2023)

3.6 Data Collection Instruments

According to Wimmer and Dominick (2014), data collection refers to acquiring information and data from various sources for study or analysis. Kumar (2019) defines primary data as information directly collected by the researcher from the source, specifically to address a research question or hypothesis. Likewise, Bryman and Bell (2015) describe primary data as information obtained by the researcher for the explicit purpose of conducting research.

This study relied on primary data. It was gathered through the use of a questionnaire. According to Creswell and Creswell (2018), a questionnaire is "a research tool that comprises a series of questions or statements that are administered to participants to collect data on specific research variables." A systematic questionnaire with closed-ended queries was used to gather data. Closed-ended queries ensure that all participants who are Accounts managers from large taxpayers companies receive the same set of answer options, which helps to ensure consistency in the responses and makes it easier to compare and analyse data across participants (Fowler Jr, 2013). The questionnaire was pre-tested among medium taxpayers before data collection to guarantee validity and reliability. The questionnaire was self-administered to the chosen respondents, and their replies were documented. The questionnaire was designed using a 5-point Likert Scale, which is simple to use, requires less time and effort to complete, and provides analytical versatility. The 5-point Likert Scale is intended to help the study accomplish its objectives.

3.7 Data Collection Procedure

The research team's primary goal during data collection is to collect enough information to evaluate the hypotheses. Questionnaires were used to collect preliminary data for this investigation. Before commencing data collection, the researcher will request permission. The researcher then pre-tested the questionnaire to ensure its validity and reliability. Research assistants distributed individual questionnaires. Participants were made aware of the significance of the study, and their identities and replies will be kept confidential at all times. After a week, questionnaires were retrieved from responders to verify they had enough time to complete them.

3.8 Pilot Study

A pilot study, or a pilot test or pilot experiment, is an initial and small-scale investigation conducted before the primary research to assess feasibility, time, cost, and potential adverse effects and improve the study design (Hulley, 2007). In preparation for the preliminary study, the researchers conducted a pilot study to evaluate the reliability and validity of the questionnaire in collecting the required data. Cooper and Schindler (2010) recommend that a pilot sample should comprise no more than 10% of the expected participant pool for the entire study. As a result, the pilot study included responses drawn from 36 large corporate taxpayers in Mombasa County. The participants in the survey were chosen randomly and were not included in the analysis.

3.8.1 Data Reliability

How well a test measures, its intended constructs is what we call its reliability (Tavakol & Dennick, 2011). Reliability can be understood as the possibility that a given measurement is entirely error-free. Researchers can evaluate the quality of the measurement variables by measuring the reliability and validity of the data instrument, as stated by Sekaran and Bougie (2010). To assess reliability, we employed Cronbach's Alpha. Given its history of use for non-binary and continuous data, Cronbach's Alpha is a natural choice.

A higher level of interitem correlation is associated with a higher level of Cronbach's alpha. The coefficient measures how well the test agrees with itself. Rule of thumb: an alpha of 0.7 suggests adequate reliability, whereas an alpha of 0.8 or higher indicates good reliability (Gliem&Gliem, 2003). Reliability of 0.95 or greater is not necessarily preferable because that could mean the components are redundant.

3.8.2 Validity test.

Kothari (2004) defines validity as the degree to which a measuring tool produces dependable data. It is also how effectively the instrument captures the genuine range of variation in the variables of interest. According to Zikmund et al. (2010), it is critical to ensure that research measures what it intends to measure. This is due to the lack of directness in many social science measurements. What counts is the effectiveness of the indicators (Cooper & Schindler, 2006). The amount to which a particular statistic or score dependably and properly represents some underlying reality is defined as validity. The four conventional strategies for introducing validity are face validity, construct validity, criterion validity, and content validity. The results' dependability was proven by utilizing content validity. Because of the capacity to assess content validity, the researcher could make changes to the instrument in areas like clarity, relevance, question interpretation, and administration time. Supervisors reviewed the mechanism to rule out Type 1 and Type 11 errors to verify content validity. We identified and addressed any areas of ambiguity. This study utilized exploratory factor analysis to evaluate the theoretical underpinning behind a phenomenon by reducing it to a smaller collection of summary variables.

3.9 Tests of Regression Assumptions

Regression assumptions such as normality, multicollinearity, and homoscedasticity were assessed in this study. The normality of the data was examined using the Shapiro-Wilk test. Multicollinearity was explored through tolerance intervals and Variance Inflation Factors (VIF). A tolerance value above 0.2 and a VIF score below 10 indicate the absence of multicollinearity. Homoscedasticity was investigated by analyzing the residuals, which involved examining the scatter plot to understand the variability of the data. Linearity tests were conducted to evaluate the relationship between the independent and dependent variables. The linearity assumption was assessed using a measure with an alpha value of 0.05. If the p-value for the departure from linearity exceeds 0.05, the linearity assumption holds, as described by Csörg (1985b).

3.10 Data Analysis

The study used a multilinear regression model to forecast the influence of tax investigations (detection, disruption, deterrence measures) on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Excise revenue served as the dependent variable, Y, in the linear regression equation, with detection, disruption, and deterrence measures serving as the independent variables, X.

The estimated equation for answering the chapter one research questions was as follows:

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \mathcal{E}$

Where Excise duty income (Y) is the dependent variable

α is a constant or the y-intercept,

X1 denotes detection,

X2 represents disruption,

X3 means deterrence measures,

β1, β2, β3, – are variable coefficients

Ɛ is the error term.

3.11 Operationalization and measurement of variables

The operationalization of variables involves defining and measuring a variable in a manner that allows for observation and quantification. This process entails transforming a concept or construct into a tangible and measurable form.

Table 3.3: Operationalization and measurement of variables

Variable	Author	Indicator	Instrument	Measure	Data Analysis
Detection	Brockmeyer, El-Sahli, & Steiner (2013),	Surveillance Records analysis Third-party information	Questionnaire	5-Point Likert scale	Multiple Linear Regression Analysis
Disruption	Justice Network (2019	Raids Asset forfeiture TCC cancellations	Questionnaire	5-Point Likert scale	Multiple Linear Regression Analysis
Deterrence measures	Johnson & Oats (2018),	Prosecution Fines & penalties Media Publicity	Questionnaire	5-Point Likert scale	Multiple Linear Regression Analysis
Excise duty revenue performance	KRA (2021)	Registration Timely filing Payment of taxes	Questionnaire	5-Point Likert scale	Multiple Linear Regression Analysis

Survey Data (2023)

3.12 Ethical Considerations:

The study adhered to ethical standards by implementing practices such as obtaining informed consent, ensuring confidentiality, and maintaining anonymity. Before participating, individuals were provided with comprehensive information regarding the study's purpose, and their support was obtained. The data collection process involved sending questionnaires and a cover letter outlining the study's objectives and the requested information from participants. The data collection letter from Moi University and the National Commission for Science, Technology, and Innovation (NACOSTI) were attached before the data collection phase. The researcher obtained permission from managing large corporate taxpayers' companies, assuring participants that their involvement was voluntary and their personal information would be protected. Individuals would not have to provide their real names to protect their identity. They were not pressured into disclosing anything they did not want to. At any time during the interview, they might opt out of further participation in the study without risk of repercussion.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter provides an overview of the research findings derived from the collected data, along with a discussion on the reliability of the data. Descriptive statistics are employed to analyze the data, enabling an examination of the relationship between the independent and dependent variables. A regression analysis is conducted to test the hypothesis and assess the correlation between the dependent and independent variables.

4.2 Response Rate

A sample of 361 respondents was selected for the study; of this, 271 filled the questionnaires appropriately, and thus the study obtained a response rate of 75 %. Figure 4.1 shows this result. This response rate is adequate and allows the presentation of findings. For most academic studies involving company representatives, it’s realistic to expect a 35% response rate (Baruch, 2013). According to Saunders et al. (2007), a 30–40% response rate is more typical. Thus, a response rate of 75% is the reliable threshold.

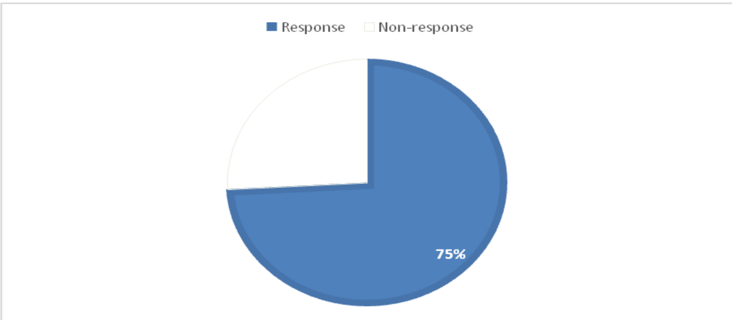

Figure 4.1: Response Rate
Survey Data (2023)

4.3 Reliability

There is a potential risk of collecting unreliable or irrelevant data when utilizing questionnaires to gather primary data. To evaluate the questionnaire's reliability in this study, Cronbach's alpha was used. Cronbach's alpha is a measure specifically designed to assess the reliability of data collection instruments, and the corresponding values are displayed in Table 4.1. According to the study, Cronbach's alpha values for detection, disruption, deterrence measures, and excise duty revenue performance were 0.812, 0.835, 0.775, and 0.851, respectively. In most cases, a cutoff of 0.7 or above is used as a benchmark for recommending a value for a given construct. Cooper and Schindler (2011) state that reliability levels below 0.70 are considered low. Cronbach's alpha was established at 0.7 for this research to ensure consistency. Statistics on the reliability of the study variables are presented in Table 4.1 below.

Table 4.1: Test of Reliability of Questionnaire

Factor	Number of Items	Cronbach Alpha	
Conclusion			
Detection	3	0.812	Reliable
Disruption	3	0.835	Reliable
Deterrence measures	3	0.775	Reliable
Excise duty revenue performance	3	0.851	Reliable

Survey Data (2023)

4.3.1 Exploratory Factor Analysis

Exploratory factor analysis is a statistical technique utilized to reduce data into a more concise set of summary variables and examine the phenomena' fundamental theoretical structure. The suitability of factor analysis for the available data is indicated in Table 4.2, where a high statistic value (ranging from 0.5 to 1) suggests its usefulness. In contrast, a low statistic value (below 0.5) suggests its unsuitability. According to Kervin (2009), factor loadings below 0.4 are considered weak, while those between 0.5 and 0.6 are considered moderate. This technique helps in identifying the relationship structure between variables and respondents.

The purpose of exploratory factor analysis, a statistical method, is to examine the theoretical framework of a phenomenon by reducing it to a smaller collection of summary variables. According to Table 4.2, if the value of the statistic is high (between 0.5 and 1), the factor analysis is suitable for the data at hand. Still, the factor analysis is unsuitable if it is low (below 0.5). Kervin (2009) asserted that Factor loadings between 0.5 and 0.6 are moderate, whereas loadings below 0.4 are weak. Its purpose is to determine how the variable is connected to the answer.

While values less than 0.3 will not be instrumental in the research. From Table 4.2 below, the value of the factor analysis was above 0.5; consequently can provide excellent value to the study.

Table 4.2: Factor Analysis

	Detection measures	Disruption	Deterrence
Detection			
Use of technology and physical surveillance…	0.591		
Review of large corporate taxpayers….	0.850		
Use of information from external sources ….	0.679		
Disruption			
The use of surprise visits or raids...		0.864	
The seizure and confiscation of assets….		0.944	
The cancellation of Tax Compliance Certificates….		0.786	
Deterrence measures			
The initiation of legal proceedings…			0.692
The imposition of financial penalties…			0.887
The use of media channels to publicize…			0.790

Extraction Method: Principal Component Analysis
Survey Data (2023)

4.4 Demographic information

The respondents were asked to fill in some aspects of personal nature, such as their age, educational background, and the number of years worked. The results of these attributes are presented in this section

4.4.1 Age of the Respondents

As indicated in Table 4.3, 8.9% % of the respondents were below 24 years, 9.9% were between 25-35 years, 26.2% were between 35-45 years, 32.8% were between 45-55 years, and 22.1% were above 55 years. These results imply that the majority of employees are middle-aged

Table 4.3: Respondent's Age

	Frequency	Percentage
Less than 24yrs	24	8.9
25-35 years	27	9.9
35-45 years	71	26.2
45-55 years	89	32.8
Over 55 years	60	22.1
Total	**271**	**100**

Survey Data (2023)

4.4.2 Education Level of the Respondents

As tabulated in Table 4.4, 0.7% of respondents had a KCSE level of education, 2.9% of respondents had acquired education up to certificate level, and 16.9% had a diploma. In comparison, 56.1% had a bachelor's degree education, and 23.2% had a post-graduate degree. The findings show that most respondents hold at least a bachelor's degree. The results indicate that the respondents had sufficient literacy and knowledge to answer the questions correctly.

Table 4.4: Level of Education

Highest level of formal education	Frequency	Percentage
KCSE	2	0.7
Certificate	8	2.9
Diploma	46	16.9
Bachelor degree	152	56.1
Postgraduate Degree	63	23.2
Total	**271**	**100**

Survey Data (2023)

4.4.3 Years of Service

According to the findings presented in Table 4.5, 10.3% of the respondents had worked for less than 5 years. In addition, 35.1% of the respondents had work experience ranging from 6 to 10 years. Furthermore, 44.3% of the participants had worked for 11 to 15 years, while 6.3% had work experience spanning from 16 to 20 years. Lastly, 4.1% of the respondents reported having worked for over 20 years. The results of the study indicate that most respondents had a work experience of 11 to 15 years.

Table 4.5: Years of Service

Years of operation	Frequency	Percentage
Less than 5 years	28	10.3
6-10years	95	35.1
11-15 years	120	44.3
16- 20 years	17	6.3
Above 20 years	11	4.1
Total	**271**	**100**

Survey Data (2023)

4.5 Descriptive Statistics

4.5.1 Detection

Table 4.6 shows that using technology, physical surveillance, or other methods to monitor large corporate taxpayers' activities to detect non-compliance with excise duty laws has enhanced excise revenue performance (mean=4.21, standard deviation= 0. 860). Reviewing and analyzing large corporate taxpayers' financial records, tax returns, and other relevant documentation have increased excise revenue performance (mean=4.33, standard deviation= 0. 704). Using information from outside sources, such as customers, suppliers, and other stakeholders, has increased excise revenue performance (mean=4.35, standard deviation= 0. 755).

Table 4.6: Detection

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

	Mean	**Std. Dev**	**Skewness**	**Kurtosis**
The use of technology, physical surveillance, or other methods to monitor large corporate taxpayers' activities to detect non-compliance with excise duty laws has enhanced excise revenue performance	4.21	.860	-.991	.384
Reviewing and analyzing large corporate taxpayers' financial records, tax returns, and other relevant documentation have increased excise revenue performance.	4.33	.704	-1.138	1.919
The use of information from external sources, such as customers, suppliers, and other stakeholders, has led to an increase in excise revenue performance.	4.35	.755	-1.054	.741

Survey Data (2023)

4.5.2 Disruption

Table 4.7 shows that The use of surprise visits or raids to the premises of large corporate taxpayers by tax authorities to seize documents, assets, or other evidence of non-compliance has increased excise revenue performance (mean=4.17, standard deviation= 0. 923). The seizure and confiscation of assets or property belonging to large corporate taxpayers who have been found to have violated excise duty laws have led to increased excise revenue performance (mean=3.88, standard deviation= 0. 982). The cancellation of Tax Compliance Certificates (TCCs) previously issued to large corporate taxpayers who have been found to have violated excise duty laws has led to increased excise duty revenue performance (mean=4.19, standard deviation= 0. 804).

Table 4.7: Disruption

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

	Mean	Std. Dev	Skewness	Kurtosis
The use of surprise visits or raids to the premises of large corporate taxpayers by tax authorities to seize documents, assets, or other evidence of non-compliance has increased excise revenue performance.	4.17	.923	-.742	-.573
The seizure and confiscation of assets or property belonging to large corporate taxpayers who have been found to have violated excise duty laws have led to increased excise revenue performance.	3.88	.982	-.589	-.622
The cancellation of Tax Compliance Certificates (TCCs) previously issued to large corporate taxpayers who have been found to have violated excise duty laws has led to increased excise duty revenue performance.	4.19	.804	-1.011	.902

Survey Data (2023)

4.5.3 Deterrence measures

Table 4.8 shows that initiating legal proceedings against large corporate taxpayers who have been found to have violated excise duty law has led to increased revenue performance. (mean=4.39, standard deviation= 0. 657). The imposition of financial penalties or fines on large corporate taxpayers who have been found to have violated excise duty laws has led to increased excise revenue performance (mean=4.33, standard deviation= 0. 714). Using media channels to publicize cases of non-compliance and enforcement actions taken against large corporate taxpayers who have violated excise duty laws has led to increased excise revenue performance (mean=4.15, standard deviation= 0. 800).

Table 4.8: Deterrence measures

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

	Mean	**Std. Dev**	**Skewness**	**Kurtosis**
The initiation of legal proceedings against large corporate taxpayers who have been found to have violated excise duty law has led to increased revenue performance.	4.39	.657	-1.013	2.030
The imposition of financial penalties or fines on large corporate taxpayers who have been found to have violated excise duty laws has led to increased excise revenue performance.	4.33	.714	-.822	.635
Using media channels to publicize cases of non-compliance and enforcement actions taken against large corporate taxpayers who have violated excise duty laws has increased excise revenue performance.	4.15	.800	-.979	1.815

Survey Data (2023)

4.6 Excise duty revenue performance

Table 4.9 shows that Tax investigations have enhanced the timely filing of Excise duty returns by large Taxpayers (mean=3.99, standard deviation= 0. 753). Tax investigations have ensured eligible large taxpayers register for excise duty (mean=4.20, standard deviation= 0. 742). Tax investigations have increased large taxpayers' payment of excise taxes (mean=3.62, standard deviation= 0. 860).

Table 4.9: Excise duty revenue performance

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

	Mean	**Std. Dev**	**Skewness**	**Kurtosis**
Tax investigations have enhanced the timely filing of Excise duty returns by large Taxpayers.	3.99	.753	-.087	-.952
Tax investigations have ensured eligible large taxpayers register for excise duty	4.20	.742	-.386	-.915
Tax investigations have increased the payment of excise taxes by large taxpayers.	3.62	.860	-.001	-.687

Survey Data (2023)

4.7 Diagnostic Tests

The diagnostic tests were completed before the regression analysis was performed. They included: an examination of normality, multi-collinearity, and homoscedasticity.

4.7.1 Test of Normality

According to Razali and Wah (2011), the Shapiro-Wilk test is widely regarded as the preferred method for assessing normality, and it was applied in this study. The test outcomes are comprehensively presented in Table 4.10, which provides an overview of the normality testing conducted on the dataset used in the study. It is noteworthy that when the results of the Shapiro-Wilk test fall significantly below the 0.05 threshold, it indicates that the data does not conform to a normal distribution. However, the findings from the Shapiro-Wilk tests conducted in this study demonstrate that the provided data adhered to a normal distribution, as evidenced by significance levels above 0.05 (0.068 for detection, 0.111 for disruption, 0.202 for deterrence measures, and 0.089 for excise duty revenue performance). These results signify that the assumption of normality was not desecrated. Consequently, the study fails to reject the null hypothesis and concludes that it is reasonable to assume that the errors conform to a normal distribution.

Table 4.10: Tests of Normality

	Shapiro-Wilk		
	Statistic	**df**	**Sig.**
Detection	.976	271	.068
Disruption	.869	271	.112
Deterrence measures	.781	271	.202
Excise duty revenue performance	.660	271	.089

a. Lilliefors Significance Correction

Survey Data (2023)

4.7.2 Multi-Collinearity Test

Multicollinearity was assessed using Variable Inflation Factor (VIF) values. VIF values greater than 10 indicate the existence of multicollinearity, whereas values below 10 indicate its absence. A variance inflation factor test was conducted to test for multicollinearity among the predictors, and a value below 10 was considered acceptable. Specifically, the variables of detection and disruption had VIF values of 1.171 and 1.096, respectively, while deterrence measures had a VIF value of 1.111. As all the VIF values are below 10, multicollinearity is absent.

Table 4.11: Multicollinearity Test

Coefficients

Model	Collinearity Statistics	
	Tolerance	**VIF**
(Constant)		
Detection	**0.854**	**1.171**
Disruption	**0.913**	**1.096**
Deterrence measures	**0.900**	**1.111**

a. Dependent Variable: Excise duty revenue performance

Source: Researcher (2023)

4.7.3 Homoscedasticity test

Homoscedasticity is a condition where the variability or dispersion of errors observed concerning the regression line remains consistent. According to Lani (2011), regression defines an error as the extent to which a data point deviates from the expected regression line. In linear regression, the spread of the residual (or error) term is assumed to remain constant throughout the graph. Deviation from this supposition can lead to biased coefficients and undermine the reliability of statistical results. The homoscedasticity test yielded a result of an F-statistic of 1.08510 with a p-value>0.05. Consequently, the test results indicated that the assumption of homoscedasticity was not violated.

Table 4.12: Homoscedasticity test

F-statistic	1.08510	Prob.F	0.391

Survey Data (2023)

4.8 Correlation Analysis

As per Smith (2010), a correlation coefficient allows scholars to enumerate the strength of the linear relationship between two variables, whether they are ranked or numerical. In this study, correlation analysis was employed to examine the extent and nature of the relationship between the independent variables and the reliance on the variable. The results of Pearson correlation analysis, presented in Table 4.13, indicate significant positive correlations between detection and excise duty revenue performance ($r= 0.446$, $P < 0.05$). Similarly, disruption positively correlates with excise duty revenue performance ($r= 0.602$, $P < 0.05$). Additionally, deterrence measures positively correlate with excise duty revenue performance ($r= 0.386$, $P < 0.05$).

Table 4.13: Correlation Analysis

		Excise duty revenue performance	Detection	Disruption	Deterrence measures
Excise duty revenue performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Detection	Pearson Correlation	.446**	1		
	Sig. (2-tailed)	.000			
Disruption	Pearson Correlation	.602**	.211**	1	
	Sig. (2-tailed)	.000	.000		
	N	271			
Deterrence measures	Pearson Correlation	386.**	.534**	.263**	1
	Sig. (2-tailed)	.001	.000	.000	
	N	271			

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

Source: Research Data, (2023)

4.9 Multiple Regression Analysis

The primary aim of the study was to investigate the impact of tax investigations on the performance of excise duty revenue among large corporate taxpayers in Nairobi, Kenya. To achieve this objective, three specific objectives were formulated, along with their corresponding hypotheses.

The regression analyses conducted in the study produced several values relevant to the tests. These values included R (correlation coefficient), R^2 (coefficient of determination), F ratio, t-values, and p-values. The R-value serves as a measure of the strength of the relationship between the variables being examined. At the same time, R^2 indicates the proportion of variability in the observed outcomes that those variables can explain. The F-values offer insights into the overall statistical significance of the regression model, whereas the t-values indicate the importance of individual variables. The Beta (B) values provide information about the direction and magnitude of the influence exerted by the independent variable on the dependent variable. The p-value reflects the level of significance associated with the statistical tests. This study utilized a confidence level of 95 percent and a significance level of $p = 0.05$. Decisions to accept or reject the hypotheses were made based on these predetermined thresholds. Results with p-values below 0.05 were considered statistically significant.

4.9.1 Model Summary

The findings in Table 4.14 indicate a positive correlation between detection, disruption, and deterrence measures with excise duty revenue performance, accounting for up to 82.8% (R=0.828) of the variation. The results demonstrate that detection, disruption, and deterrence measures contribute to a variation of 68.5% (R2=0.685) in excise duty revenue performance, with an adjusted R2 value of 0.649. This suggests that the model factors account for 68.5% of the observed changes, while the remaining 31.5% is attributed to other factors not included in the model.

Table 4.14: Effect of Detection, Disruption, and Deterrence Measures on Excise Duty Revenue Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.828[a]	.685	.649	.3173022

a. . Dependent Variable: Excise Duty Revenue Performance _mean

b. Predictors: (Constant) Detection, Disruption, and Deterrence measures _mean

Survey Data (2023)

4.9.2 Analysis of Variance

To examine the relationship between the variables, the study employed ANOVA tests to evaluate the appropriateness of the model. The findings in Table 4.15 demonstrate an F-statistics value of 6.048, with a significance level of 0.000, below the conventional probability of 0.05 significance level. This indicates that the model is statistically significant, emphasizing its suitability for the analysis. The results suggest that each independent variable (Detection, Disruption, and Deterrence measures) significantly contributes to the changes observed in the dependent variable (Excise Duty Revenue Performance). Therefore, it can be concluded that the model is appropriate and responsible for the variance observed in the dependent variable.

Table 4.15: ANOVA[a]

	Model	Sum of Squares	Df	Mean Square	F	Sig.
	Regression	3.776	3	1.258	6.048	.000[b]
1	Residual	55.559	267	.208		
	Total	59.335	270			

a. Dependent Variable: Excise Duty Revenue Performance _mean

b. Predictors: (Constant), Detection, Disruption, and Deterrence measures _mean

Source: Research Data, (2023)

4.9.3 Model Summary

Regression analysis evaluated the model's effectiveness in explaining the correlation between Detection, Disruption, and Deterrence measures and Excise Duty Revenue Performance.

Table 4.16: Overall Regression on Detection, Disruption, and Deterrence Measures on Excise Duty Revenue Performance

	Standardized coefficients		**Unstandardized coefficients**				
	B	Std.Error	Beta	T	Sig	Tolerance	VIF
(Constant)	0.301	0.046	.222	6.543	0.000		
Detection	0.221	0.055	0.378	4.018	0.002	0.854	1.171
Disruption	0.293	0.074	0.205	3.959	0.004	0.913	1.096
Deterrence measures	0.214	0.041	0.290	5.219	0.001	0.900	1.111

a

a. Dependent Variable: Excise Duty Revenue Performance _mean

b. Predictors: (Constant), Detection, Disruption, and Deterrence measures _mean

Source: Research Data, (2023)

Regression Equation

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$:

Where;

Y= Excise Duty Revenue Performance

X_1 = detection

X_2 = disruption

X_3=deterrence measures

α = constants term

$\beta_{1,}$ $\beta_{2,}$ β_3 = regression coefficients of $X_{1,}$ X_2 and X_3 ε = error item.

Régression Equation

$Y= 0.301 + .221\mathbf{X_1} +.293\mathbf{X_2} + .214\mathbf{X_3}$

The regression equation reveals that the independent and dependent variables exhibit statistical significance. Specifically, a one-unit increase in detection is associated with a 0.221 increase in Excise Duty Revenue Performance. Similarly, a one-unit increase in disruption is linked to a 0.293 increase in Excise Duty Revenue Performance. Additionally, a one-unit increase in deterrence measures corresponds to a 0.214 increase in Excise Duty Revenue Performance.

4.9.4 Test of Hypotheses

The initial hypothesis (H01) stated that detection has no significant effect on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. However, the analysis indicated a positive correlation between detection and excise duty revenue performance. The findings presented in Table 4.17 demonstrated that the p-value was below 0.05 (ρ=0.002), indicating a statistically significant relationship. Therefore, the hypothesis is rejected.

The second hypothesis (H02) posited that there is no significant effect of disruption on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. However, the analysis indicated a positive correlation between disruption and excise duty revenue performance. The findings presented in Table 4.17 showed that the p-value was below 0.05 ($\rho=0.004$), signifying a statistically significant relationship. Hence, the hypothesis is rejected.

The third hypothesis (H03) stated that deterrence measures have no significant effect on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. However, the analysis indicated a positive correlation between deterrence measures and excise duty revenue performance. The findings presented in Table 4.17 suggested that the p-value was below 0.05 ($\rho=0.001$), indicating a statistically significant relationship. Consequently, the hypothesis is rejected.

Table 4.17: Hypothesis Testing

Hypothesis	P-Value	Decision
H_{01}: There is no significant effect of detection on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya	$P = 0.002 < 0.05$	Reject
H_{02}: There is no significant effect of disruption on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya	$P = 0.004 < 0.05$	Reject
H_{03}: There is no significant effect of deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.	$P = 0.001 < 0.05$	Reject

Survey Data (2023)

4.10 Discussion of the Findings

The findings from each of the three objectives have been thoroughly discussed, and a comparison has been made with other empirical studies conducted on excise duty revenue performance.

4.10.1 Effect of Detection on excise duty revenue performance

The study's primary aim was to evaluate detection's effect on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Based on the study's findings, the detection was deemed statistically significant, with a p-value of 0.002 below the conventional significance level of 0.05. These findings align with the research conducted by Brockmeyer, El-Sahli, & Steiner (2013), who investigated the influence of tax enforcement on firms' tax compliance behavior in sub-Saharan Africa. The intervention involved sending letters to firms with information about their tax obligations and informing them that their tax records would be reviewed. The study found that the intervention had a significant positive effect, leading to a 25% increase in the likelihood of firms registering for value-added tax and a 33% increase in filing tax returns. Diavastis (2015) also examined how tax audit efficiency relates to tax law and the use of technologically advanced information systems. Factor analysis and multiple regression analysis were used to explore a structured questionnaire. The findings confirmed that auditors' ability to keep better tabs on tax violations could be improved with the help of information system tools. It is also argued that tax auditors' efficiency is hampered by the frequency with which tax laws are amended

4.10.2 Effect of Disruption on Excise Duty Revenue Performance

The second objective was to examine the effect of disruption on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. From the study findings, they pointed out that disruption was statistically significant at a p value of 0.004, which is less than 0.05 at the convectional probability significance level. The study agreed with Justice Network (2019), examining the effectiveness of asset recovery and other enforcement measures in disrupting tax frauds and illicit financial flows. The study concluded that asset recovery and other enforcement measures can effectively disrupt tax fraud and illicit financial flows. Another study by the Australian Taxation Office (2017) examined the impact of its tax enforcement activities, including raids and other compliance activities, on reducing tax evasion and non-compliance. The study found that tax enforcement activities effectively increased compliance and reduced tax evasion, and tax raids, in particular, were influential in disrupting tax fraud schemes.

4.10.3 Effect of Deterrence Measures on Excise Duty Revenue Performance

The third objective of the study aimed to explore the effect of deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. The study's findings indicated that deterrence measures were statistically significant, with a p-value of 0.001 below the conventional significance level of 0.05. These results align with the research conducted by Johnson & Oats (2018), who investigated the effectiveness of asset forfeiture in combating tax evasion. The research design used was a case study approach, in which the authors analyzed several cases in which asset forfeiture was used as part of an overall strategy for combatting tax evasion. The study found that asset forfeiture can effectively deter tax evasion, as it imposes costs on tax evaders and reduces the rewards of engaging in such behaviour. The study concludes that asset forfeiture should be part of a broader strategy for combating tax evasion alongside other enforcement efforts.

According to Turksen, U., & Abukari, A. (2021), the duties of the tax investigation agency as a financial crime investigation unit include conducting investigative measures and collecting evidence per the provisions of the Criminal Code on criminal matters. Tax authorities take coercive measures, interrogate defendants or witnesses, prepare reports for prosecutors, and handle administrative and legal support requests.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents an overview and analysis of the project summary, incorporating insights from established studies. It delves into the study's significant findings, draws conclusions based on these findings, and concludes by offering recommendations for future directions.

5.2 Summary of Findings

The primary aim of this study was to examine the influence of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. The specific objectives included evaluating the influence of detection in excise duty revenue performance among these taxpayers, investigating the influence of disruption on excise duty revenue performance, and assessing the influence of deterrence measures in excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya.

Specific Objective 1: Effect of Detection on Excise Duty Revenue Performance

The initial aim of the study was to investigate the effect of detection on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Correlation analysis revealed a significant positive relationship between detection and excise duty revenue performance. Furthermore, the regression analysis confirmed a statistically significant linear relationship between detection and excise duty revenue performance, with evidence of $\beta=0.221$ and $\rho<0.05$.

Specific Objective 2: Effect of Disruption on Excise Duty Revenue Performance

The study's second objective aimed to determine the effect of disruption on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Correlation analysis demonstrated a significant positive relationship between disorder and excise duty revenue performance. Additionally, the regression analysis indicated a statistically significant linear relationship between disruption and excise duty revenue performance, with evidence of $\beta=0.293$ and $\rho<0.05$.

Specific Objective 3: Effect of Deterrence Measures on Excise Duty Revenue Performance

The study's second objective aimed to examine the effect of deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Correlation analysis revealed a positive relationship between deterrence measures and excise duty revenue performance. Furthermore, the regression analysis indicated a statistically significant linear relationship between deterrence measures and excise duty revenue performance, with evidence of $\beta=0.214$ and $\rho<0.05$.

5.3 Conclusions

The research confirmed that detection has a positive and significant effect on excise duty revenue performance for large corporate taxpayers in Nairobi, Kenya. The study's findings indicate that incorporating information from external sources, including customers, suppliers, and other stakeholders, has increased excise revenue performance.

The research concluded that disruption has a positive and significant effect on excise duty revenue performance for large corporate taxpayers in Nairobi, Kenya. The study's findings demonstrate that revoking Tax Compliance Certificates (TCCs) that were previously granted to large corporate taxpayers who have violated excise duty regulations has improved excise duty revenue performance.

The research confirmed that deterrence measures have a positive and significant influence excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. The study's findings indicate that taking legal action against large corporate taxpayers identified as violators of excise duty laws has improved revenue performance.

5.4 Limitation

Obtaining responses from the respondents for the questionnaire, particularly regarding the excise duty revenue and excise duty tax paid, proved to be a significant challenge in this study. Many participants expressed concerns about the invasion of their tax compliance privacy. However, they were provided reassurance that the research was solely for academic purposes and that none of the findings would be shared with their competitors or tax authorities.

5.5 Recommendations

5.5.1 Implications to Policy and Practice

The findings revealed a statistically significant relationship between detection, disruption, and deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya Findings from this study will inform policymakers of the potential benefits and drawbacks of conducting investigations of taxpayers concerning revenue performance, as well as the identification of critical issues. The study recommends that KRA develop deterrence measures and policies that can improve excise duty revenue performance and enhance corporate governance practices.

5.5.2 Implication of Theory

The findings from this study expand the knowledge, adding to the existing literature by confirming that detection, disruption, and deterrence measures empirically affect excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Future researchers will be able to use the study's empirical review as a springboard for developing theories such as Economic deterrence measures theory, the theory of planned behavior, Institutional Theory, and Agency Theory

5.6 Suggestion for Further Research

This study determined the influence of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. This study concentrated on the Influence of detection, disruption, and deterrence measures on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya. Future research may be carried out on the strategies extensive corporate taxpayers employ to enhance compliance in the face of tax investigations. Additionally, the implications of tax investigations on tax policies related to excise duties can be studied

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APPENDICES

Appendix 1: Consent Letter

Dear Respondent,

RE: INVITATION TO PARTICIPATE IN RESEARCH STUDY AND

CONSENT TO PARTICIPATE

I am Mangiteni Stephen Chacha**,** a student at Moi University. I wish to invite you to take part in my study. This study will partially fulfill the degree requirments leading to Masters in Tax and Customs Administration.The study aims to determine ***the influence of tax investigations on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya***. Before deciding whether to participate, it is important to understand the study procedures and your rights as a participant.

Study Procedures: If you agree to participate, you will be involved in answering a questionnaire. The estimated time commitment is approximately 10 minutes.

Confidentiality: Your identity and information will be kept confidential. Your responses will be anonymized and securely stored.

Voluntary Participation and Withdrawal: Participation is voluntary, and you can withdraw at any time without consequence. Withdrawal will result in the exclusion of your data from the study.

Contact Information: For any questions or concerns, you can contact Mangiteni Chacha at 0704300579 or mangitenistephen@gmail.com.

Consent to Participate: By signing below, you acknowledge understanding of the study information and consent to participate.

Respondent's Signature: ________________________________ Date: ______________

Thank you for considering participation in our research study. Your contribution is valuable to the advancement of knowledge.

Sincerely,

Mangiteni Chacha

Appendix II: Research Questionnaire

You are requested to participate in this study by filing out this questionnaire. Kindly fill in by ticking (√) per your agreement to the statement or questions. All data and information are for academic use only.

PART A: BACKGROUND INFORMATION

1. Age category of respondent

Up to 24 years [ ] 25 -35 years [ ] 35 to 45 years [ ] 45 to 55 years [ ] Over 55 years [ ]

2. Highest level of education

KCSE [ ] Certificate [ ] Diploma [ ] Bachelor’s degree [ ] Postgraduate degree [

4. How long have you worked with the organization?

Less than 5 years [ ] 6-10 years [ ] 11-15 years [ ] 16-20 years [ ] More than 20 years [ ]

PART B. DETECTION

To what extent do you agree with the following statements on the extent to which detection has an impact on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya?

Please indicate your rate by ticking appropriately on a scale of 5-1, where 5= strongly agree, 4=agree 3=neutral 2=disagree 1=strongly disagree.

Statements on Detection	**5**	**4**	**3**	**2**	**1**
The use of technology, physical surveillance, or other methods to monitor large corporate taxpayers' activities to detect non-compliance with excise duty laws has enhanced excise revenue performance					
The review and analysis of large corporate taxpayers' financial records, tax returns, and other relevant documentation has led to an increase in excise revenue performance.					
The use of information from external sources, such as customers, suppliers, and other stakeholders, has led to an increase in excise revenue performance.					

PART B. DISRUPTION

To what extent do you agree with the following statements on the extent to which disruption has an impact on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya?

Please indicate your rate by ticking appropriately on a scale of 5-1, where 5= strongly agree, 4=agree 3=neutral 2=disagree 1=strongly disagree.

Statements on Disruption	**5**	**4**	**3**	**2**	**1**
The use of surprise visits or raids to the premises of large corporate taxpayers by tax authorities to seize documents, assets, or other evidence of non-compliance has increased excise revenue performance.					
The seizure and confiscation of assets or property belonging to large corporate taxpayers who have been found to have violated excise duty laws has led to increased excise revenue performance.					
The cancellation of Tax Compliance Certificates (TCCs) previously issued to large corporate taxpayers who have been found to have violated excise duty laws, has led to increased excise duty revenue performance.					

PART C. DETERRENCE MEASURES

To what extent do you agree with the following statements on the extent to which deterrence measures has an impact on excise duty revenue performance among large corporate taxpayers in Nairobi, Kenya?

Please indicate your rate by ticking appropriately on a scale of 5-1, where 5= strongly agree, 4=agree 3=neutral 2=disagree 1=strongly disagree.

Statements on Deterrence measures	**5**	**4**	**3**	**2**	**1**
The initiation of legal proceedings against large corporate taxpayers who have been found to have violated excise duty law has led to increased revenue performance.					
The imposition of financial penalties or fines on large corporate taxpayers who have been found to have violated excise duty laws has led to increased excise revenue performance.					
The use of media channels to publicize cases of non-compliance and enforcement actions taken against large corporate taxpayers who have violated excise duty laws has led to increased excise revenue performance.					

SECTION D: EXCISE DUTY REVENUE PERFORMANCE

To what extent do you agree that the following aspects of excise duty revenue performance have been achieved as a result of tax investigation?

Please indicate your rate by ticking appropriately on a scale of 5-1, where 5= strongly agree, 4=agree 3=neutral 2=disagree 1=strongly disagree.

Statements on Excise Duty Revenue Performance	**5**	**4**	**3**	**2**	**1**
Tax investigations have enhanced timely filing of Excise duty returns by large Taxpayers.					
Tax investigations has ensured eligible large taxpayers register for excise duty					
Tax investigations have increased payment of excise taxes by large taxpayers.					

Appendix III: Budget of the study

Description	**Total**
Stationery	2,000
Photocopying	6,000
Typing	6,000
Binding	2,000
Internet	3,000
Bookbinding	4,000
Research Assistants	25,000
Total	**48,000**

Appendix IV: Research Letter

KENYA REVENUE AUTHORITY

PUBLIC

ISO 9001:2015 CERTIFIED

KENYA SCHOOL OF REVENUE ADMINISTRATION

REF: KESRA/NBI/036

6th June 2023

TO: WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: REQUEST FOR ASSISTANCE TO MANGITENI CHACHA OF REGISTRATION NO.: KESRA105/0046/2021UNDERTAKING MASTERS AT KESRA

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 Customs Administration.

The named student is undertaking Research on TOPIC: *"The influence of tax investigations on excise duty revenue performance among corporate large taxpayers in Nairobi, Kenya ."*

The purpose of this letter is to request for your kind facilitation in enabling the student progress in his research project by allowing access to any relevant information and/or conduct interviews, which are relevant to the project.

Your support to the student in this regard will be highly appreciated.

Thank you.

Damacrine Masira
Manager Academic Research,
KESRA

KENYA SCHOOL OF REVENUE ADMINISTRATION
DEAN OF STUDIES
12 JUN
ACADEMIC AFFAIRS DIVISION

Tulipe Ushuru, Tujitegemee!

Appendix V: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **134732**

Date of Issue: **02/July/2023**

RESEARCH LICENSE

This is to Certify that Mr.. Mangiteni Stephen chacha of Moi University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: THE INFLUENCE OF TAX INVESTIGATIONS ON EXCISE DUTY REVENUE PERFORMANCE AMONG CORPORATE LARGE TAXPAYERS IN NAIROBI, KENYA for the period ending : 02/July/2024.

License No: **NACOSTI/P/23/27313**

134732

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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See overleaf for conditions