

**DETERMINANTS OF EXCISE DUTY COMPLIANCE AMONG CIGARETTE
IMPORTERS IN KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL BUSINESS AND
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AWARD OF THE DEGREE OF MASTERS IN TAX AND
CUSTOMS ADMINISTRATION**

MOI UNIVERSITY

2024

DECLARATION

Declaration by the Student

This research project is my original work and has not been presented to any other examination body. No part of this research work should be reproduced without my consent or that of the Moi University.

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Declaration by Supervisors

This research project has been submitted for examination with the approval of the Kenya School of Revenue Administration and Moi

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DEDICATION

This project is dedicated to my family: For their sacrifice, understanding, support, and encouragement as I undertake my master's degree course.

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I would wish to express my sincere gratitude to my supervisor, Dr. Bruce Ogaga and Dr. John Tarus for their continuous effort in my study during school learning. I appreciate the tireless effort made to ensure success in writing my research project.

ABSTRACT

Many economies around the world still have low rates of excise duty compliance, with revenue authorities falling short of their yearly objectives. This study's primary objective was to identify the factors that influence Kenyan cigarette importers' compliance with excise duties. The precise objectives were to ascertain the impact of taxpayer education, tax audits, automation of systems, and enforcement methods on Kenyan cigarette importers' compliance with excise duties. The ability to pay theory, the optimal taxation theory, the diffusion of innovations theory, social learning theory, and economic deterrence theory all served as guiding principles for the study. In order to gather primary data for the study, structured questionnaires were used in an explanatory research design. Twenty-one Kenyan importers of cigarettes were the target group. Four questionnaires were distributed to each of the 21 importers of cigarettes by the study. Thus, making a total of 84 respondents who included accounts manager, accounts officers, operations manager, operations officer. Since the study population was small, census was used, and therefore, no sampling was required. A questionnaire on a 5-point Likert scale was used to gather the data. The study used a questionnaire to gather primary data. Tables and charts were used to display descriptive statistics. Inferential statistics were analyzed using Pearson Correlation and multiple regressions. The study found that enforcement measures ($\beta=0.278$, $P=000$), system automation ($\beta=0.165$, $P=010$), tax audits ($\beta=0.225$, $P=007$), and taxpayer education ($\beta=0.172$, $P=002$), have a positive and significant effect on excise duty tax compliance. The study concluded that enforcement measures, system automation, tax audits, and taxpayer education contribute significantly to improved excise duty compliance among cigarette importers in Kenya. The study therefore recommends that the management of the Kenya Revenue Authority put up strategies that will lead to more enforcement measures, expanded automation and tax audits, and increased taxpayer education programs to increase compliance. The policy makers were also recommended to formulate the right policies that will lead to an increment in excise duty tax compliance. Further research can be conducted to examine other determinants such as those related to the demographic characteristics of respondents such as level of education, culture, gender and economic determinants such as the income and also introduction of taxpayer perception as a moderator.

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ABBREVIATION AND ACRONYMS

EGMS	Excisable Goods Management System
KRA	Kenya Revenue Authority
OECD	Organisation for Economic Cooperation and Development
SAS	Self-Assessment System
SMEs	Small and Medium Business
UNCTAD	United Nation Conference on Trade and Development

OPERATIONAL DEFINITION OF TERMS

Enforcement Measures:	In the context of this study, this is the application of laws that govern remission of tax and compliance (OECD, 2021). It was measured in terms of agency notice and court suit.
Excise duty Compliance:	It is indirect taxes on the sale or use of specific products, such as alcohol, water, tobacco and energy (Klassen et al., 2018). This was measured in terms of tax registration and tax payment returns filed.
Firm Size	Firm size measured in number of employees. The assessment of the implementation of the corporate governance practices is important because it contributes to the efficient use of resources and, thus, increases corporate performance (Agusti, 2018). It was measured in terms of number of employees in the organizations.
System automation	This is the process of using information communication technology systems including mobile capabilities to register for tax obligations, compute tax due, file taxes and make payments of amounts owed to the tax authority (Kenya Revenue Authority, 2020). It was measured using E-Filing and E-Payment.
Tax Audits	A tax audit is an examination of whether a taxpayer has correctly reported its tax liability and fulfilled other obligations. It is often more detailed and extensive than

other types of examination such as general desk checks, compliance visits or document matching programs (OECD, 2018). It was operationalized through desk audits and field audits.

Taxpayer Education: Tax payer education can be explained as a way of informing or making awareness to individuals and corporates with regard to tax laws (Ahmad, 2016). It was measured in terms of print media and seminar.

Technology This is the process of using information communication technology systems including mobile capabilities to register for tax obligations, compute tax due, file taxes and make payments of amounts owed to the tax authority (Kenya Revenue Authority, 2020).

CHAPTER ONE

INTRODUCTION

This chapter presents an introduction to the study on determinants of excise duty compliance among cigarette importers in Kenya. The study's background is covered in the first section of the chapter, which is then followed by the background, problem statement, research objectives, hypothesis, significant of the study and the scope of the study

1.1 Background of the Study

Excise taxes are a significant component of fiscal policy that governments, businesses, and nations of various sizes can use to their advantage. Mashiri and Sebele-Mpofu (2017) claim that the majority of developing nations depend on excise taxes to create wealth and support economic progress. Excise taxes have remained a crucial source of supplementary funding for the government of Kenya. Excise taxes have proven to be beneficial in situations where the government has to increase revenue in order to reduce the size of its budget deficit. Moreover, excisable goods including bottled water, soft drinks, cigarettes, alcohol, gasoline, and automobiles have seen the majority of the recent increases in tax rates that do not fall under the regular annual government budget (Ibraimi, 2019).

Globally, governments rely on tax income to fund the provision of public goods and services. These governments have developed a variety of tax regimes, systems, and bases in response to the increasing demand for economic development and growth (OECD, 2020). It is essential for nations to collect taxes and levies in order to create public revenue, which enables them to pay investments in infrastructure, human capital, and services for both enterprises and citizens (IMF, 2020).

Since taxation aims to provide financial independence to every country, it is also a crucial component of sustainable economic development (OECD, 2016). These regulations force all governments to raise sufficient funds to fund their development programs and guarantee that all obligations are fulfilled in a manner that is expected of them. Governments must seek funding for all of their programs from various tax revenues because they are not entrepreneurial companies (Simiyu, 2013).

Global tax collection practices must adhere to the best practices, basic ability to pay, equity, certainty, economy, and convenience criteria. Governments face several difficulties as a result of tax evasion and the dumping of some non-customized commodities; as a result, they lose access to resources that could be used to create revenue.

Governments are starting to prioritize excise taxes as a way to create a steady flow of sustainable income as a result of a general decrease in import tariffs (Scholes et al., 2019). Furthermore, excise duty is becoming more prevalent in wider government programs as a type of taxation that can be used to influence the usage of particular products, usually for reasons related to environmental or health protection.

Ndung'u (2017) presented a case on a number of revenue collection-related topics. It has been established that corruption and an ineffective tax system are the main barriers to revenue collection. It was also said that the employees lacked the abilities needed to collect money (Kariuki, 2019). Effective excise duty collection is therefore rising to the top of the national priority list in many nations, including Kenya. Therefore, the purpose of this study is to evaluate the variables influencing Kenyan cigarette importers' ability to collect excise duty.

Preece (2017) states that there has been ongoing discussion in recent years on the efficacy of excise duties on a range of food and beverage goods that are considered luxury or unhealthy, as well as how these duties impact the financial success of the importers who are engaged. The effect of excise tax increases on the financial performance of Latvian companies that manufacture alcoholic beverages was determined by Andrejs et al. (2017). They found that adjustments to excise taxes have a detrimental effect on the bottom line of Latvian companies that produce alcoholic beverages. Caitlan and Walbeek (2016) state that imposing and excessively changing excise duties on the manufacturing sector has an impact on manufacturing enterprises that is both good and harmful.

Linegar and Walbeek (2018) conducted a study to investigate the effect of increased excise tax rates on the price of cigarette in South Africa. The excise tax rate per cigarette was revealed in the National Treasury of South Africa's Budget Reviews. The study concluded that increasing excise tax rates had an impact on manufacturing companies by increasing cigarette's cost. Munyoro, Chiinze, and Dzapasi (2016) carried out research to ascertain the impact of excise duty rate on the expansion and financial success of small-scale manufacturing enterprises in Zimbabwe. A positivist-centered qualitative research approach was employed to accomplish this. A self-administered questionnaire was used in the case study approach research design to collect data. The study's conclusions show that Zimbabwe's small manufacturing companies' financial performance is negatively impacted by excise tax rates.

Excise taxes in Kenya are governed by the Customs and Excise Act (Chapter 472), according to Muriithi and Moyi (2017). The administration of excise taxes is so within the jurisdiction of the Customs and Excise Department of the Kenya Revenue Authority. The primary excisable goods in Kenya are motor cars, petrol, soft drinks,

alcoholic beverages, and tobacco. Four imported used computers and plastic bags are additional excisable goods. Gambling and mobile phone services are the two main categories of excisable services. Beer, cigarettes, and gasoline excise taxes are currently imposed on a volume or quantity basis, with the exception of motor vehicles. These commodities are known for having a low own-price elasticity of demand, which indicates that customer purchases will fluctuate minimally in response to price changes. High excise tax rates are applicable because of these features.

Under the puritan rule, the taxation of excise goods began in the 17th century on tenancies on land owned by the royal family Gordon (2010). Excise taxes were then intended to further political agendas. The justification for excise duty included national defense, environmental preservation, health and morals, and public safety. Redressing specific costs resulting from product usage was the main objective of the taxes. Thus, among other things, they employed ads opposing drug use and healthcare services including cancer, lung, and heart screenings. In other cases, the purpose of the excise tax was to punish users and make sure they all felt the negative effects of paying taxes. The excise tax is now a source of income for the government and is used to pay for its daily activities.

The main excisable goods in Kenya are motor cars, gasoline, soft drinks, alcoholic beverages, and cigarettes. Additional excisable commodities include plastic sacks and imported used machinery. Mobile phone services and gaming are the two main categories of excisable services. Unlike motor vehicles, excise taxes on gasoline, alcohol, water, and tobacco are often paid at a set rate, either by quantity or amount. Since excise money makes up 15% of the revenue base, protecting it is essential to closing any shortfalls that may arise within a given financial term. In Kenya, value added taxes (VAT) and import duties are not the only sources of revenue for customs;

excise taxes also contribute to this amount (EAC CMA, 2004). Penalties and fines comprise the other sources of revenue generated by customs.

Kenya's "sin" industries—gambling, tobacco goods, and alcohol manufacturers—are well-established, but they are monopolized by a small number of companies who compete fiercely with one another for market dominance. With 78% of the market, BAT is the dominant company in the cigarette industry (Kimosop, 2011). Excise taxes have had a mixed effect on Kenyan manufacturers of "sin products" over the years. Even after the implementation of new or enhanced excise tax regimes or increments, importers typically experience decreased earnings for a year or two. This is the case even with the introduction of the uniform excise tax on cigarettes in 2011 and, more recently, in 2015 (Mwiti, 2016). The Kenyan government levied a standard excise duty of KES 1200 per mille of cigarettes; the rate for alcohol is KES 100 per litre and the rate for spirit is KES 200 per litre.

The First Schedule of the Excise Duty Act, 2015 defines excise duty as a duty of excise applied on products and services manufactured in Kenya or imported into Kenya. It is essentially a consumption tax that is levied on deliveries, with the consumer bearing the majority of the cost. The manufacturer or service provider is responsible for accounting for the rise in price of excise items due to the direct impact of excise duties. The taxable objects of excise taxes are different from those of general consumption taxes or VATs. Tobacco, alcohol, and gasoline are among the goods that are subject to excise taxes (OECD, 2020).

1.2 Statement of the Problem

Many economies around the world continue to have low rates of excise duty compliance, with revenue authorities falling short of their annual objectives

(Dutkowsky 2014). Tax evasion impedes government revenue collection and inefficiencies in government spending by lowering the state's capacity to mobilize domestic revenues, which are resources needed for investments (OECD, 2016). Charged on excisable goods and services is the excise duty. Cigarettes, bottled water, juice, used cars, and alcoholic beverages are a few examples of excisable commodities. Excise duty compliance stayed poor, making up only 15% of Kenya's total revenue collected.

However, excise duty compliance has been very poor. Domestic excise duty revenue during the fiscal year 2021–2022 was Ksh.66,259 million, representing a performance rate of 91.4%, as opposed to a target of Ksh.74,533 million, which was Ksh 8,274 million below target (KRA, 2022). The KRA only collected Kshs. 68,124 million in the financial year 2022/2023, falling short of the objective by Ksh 11,398 million. The aim was Kshs. 79,522 million (KRA, 2023) This sparked concerns, particularly over the excise tax on cigarettes, which has been decreasing over time. For instance, in the year 2020, the revenue was 12,221.16 million, further, in the year 2021, the revenue was 11,759.14 million, lastly, in the year 2022, and the revenue was 11,757.73 million. (Economic Survey, 2023).

The result of non-compliance is that the government finds it difficult to carry out its duties, which include developing infrastructure and providing services. This pattern makes it abundantly evident that in order to reach its income objectives, the government and the tax authority must reevaluate their initiatives to encourage taxpayer compliance. In addition, past studies have been conducted but little has been done on determinants of excise duty compliance among cigarette importers in Kenya. Bidin, Sinnasamy and Othman (2018) focused on excise duty compliance and its determinants in Malaysia. The study was however done in Malaysia thus showing a contextual gap. Kakui (2023)

focused on operational and deterrence determinants of excise duty compliance in Kenya: a case of bottled mineral water producers in Nairobi County, Kenya. The study therefore focused on operational and deterrence determinants thus showing a conceptual gap. This study therefore sought to investigate the determinants of excise duty compliance among cigarette importers in Kenya.

1.3 Objectives of the Study

The study was guided by main objective and specific objectives.

1.3.1 General Objective

The main objective of the study was to investigate the determinants of excise duty compliance among cigarette importers in Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

- i. To establish the effect of enforcement measures on excise duty compliance among cigarette importers in Kenya.
- ii. To determine the effect of system automation on excise duty compliance among cigarette importers in Kenya.
- iii. To establish the effect of tax audits on excise duty compliance among cigarette importers in Kenya.
- iv. To determine the effect of taxpayer Education on excise duty compliance among cigarette importers in Kenya.

1.4 Research Hypotheses

The study was guided by the following hypotheses:

H₀₁: Enforcement measure has no significant effect on excise duty compliance among cigarette importers in Kenya.

H₀₂: System automation has no significant effect on excise duty compliance among cigarette importers in Kenya.

H₀₃: Tax audit has no significant effect on excise duty compliance among cigarette importers in Kenya.

H₀₄: Taxpayer Education has no significant effect on excise duty compliance among cigarette importers in Kenya.

1.5 Significance of the Study

The findings from this study provide critical information that might help in formulation and shaping of policies and strategies to enhance administration of taxes in the country. Taxes are a major source of funding for the Kenyan government's ongoing and development expenses. The nation of Kenya's economy is directly impacted by changes in tax receipts.

The study's conclusions may also add literary value to the corpus of current knowledge and serve as the foundation for future investigations into Kenya's performance with regard to excise taxes and technology. Future scholars studying this area will find valuable insights and information from the findings.

KRA may utilize the data from this study to inform their policies and procedures. The information on excise tax compliance may help them create better policies for taxpayer education, system automation, enforcement tactics, and tax audits.

1.6 Scope of the Study

Examining the factors influencing excise duty compliance among Nairobi, Kenya, cigarette importers was the main objective of this study. Excise tax compliance was the dependent variable, and the predictor variables included taxpayer education, automation of systems, tax audits, and enforcement measures. The Kenya Revenue Authority's statistics show that 21 importers of cigarettes who had registered for excise duty were the target population. 84 respondents, including an operations manager, an officer, an accounts manager, and an operations officer, made up the target respondents. The survey was conducted in 2023 from January through October.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the theoretical and empirical reviews of the literature that has been investigated theoretically in accordance with the study's objectives. techniques for implementation, system automation, tax audits, and taxpayer education regarding the observance of excise duties. The conceptual frameworks that will guide the inquiry and, ultimately, the research gap are also included in this chapter.

2.1 Conceptual Review

This section presents a discussion of concepts and variables that are pertinent in this study the study will focus on Enforcement measures, system automation, tax audit and taxpayer education on Excise duty tax compliance.

2.1.1 Excise Duty Compliance

Luxury or "harmful" products and services with poor price elasticity of demand are subject to an excise tax. Because of this, the usual objective for raising money to cover budget shortfalls is the excise tax (Denny et al., 2017). Both collecting and administering them are simple. According to Aksnes (2019), the primary objective of tax increases is not to deter social vices but rather to produce income. In the fiscal year 1991/1992, the excise tax was ad valorem instead of particular, however for some products, it returned to specific in 2003/2004. Whereas particular tax is a set amount of tax per unit of commodities, ad valorem is a fixed proportion applied to the value of products.

The Excise Duty Act of 2015 established different rates for excise duty, a tax levied on particular goods and services produced domestically or imported. It is billed in Kenya

at two different rates: the ad valorem rate, which levies a percentage of duty on the value of an excisable commodity, and the specified rate, which levies a fixed amount of tax per unit of measure on an excisable product (Kung'u, & Ogaga, 2024). With the exception of motor vehicles, all packages holding excisable goods that are made in Kenya or imported into the nation must have excise stamps attached (Joint Committee on Taxation, 2016). As per Bore (2017), the purpose of the attached stamp is to discourage the fabrication of counterfeit goods and facilitate the accounting of excisable items that are either imported or made in Kenya.

2.1.2 Enforcement Measures

The Tax Procedures Act of 2015 states that tax enforcement tools are instruments used to collect and reclaim unpaid taxes from taxpayers who have fallen behind on their payments. These actions consist of a series of tasks for the taxpayers who are in arrears. Section 40 of the TPA covers charges or security on immovable property; Section 42 of the TPA covers agency notices; Section 41 of the TPA covers distress orders; and Section 39 of the TPA covers court suits. The Commissioner may enter any structure or piece of property at no cost or restriction under Section 60 of the TPA, and they may remove any documents or data storage devices they suspect of being used in tax fraud (Otieno, 2022).

If tax administrators continue to take a tough stance about the propriety of taxpayers' actions, the tax will function well (Bird & Oldman, 1967). While some taxpayers purposefully cheat, others simply forget to file or make mistakes due to ignorance or carelessness. The government's passivity in the face of these errors and fabrications will eventually cause the system as a whole to collapse, bringing responsible and truthful taxpayers down to the level of the careless and dishonest almost out of self-defense. Tax administrators must provide protection to taxpayers who fulfill their obligations;

otherwise, compliance will not occur. The majority of tax administrators, legislators, and analysts concur that having a more straightforward tax structure would considerably encourage voluntary compliance.

The application of law is crucial to the realization of policy. Regardless of their background, taxpayers are required to abide by rules and regulations. Blaufus (2013) states that both voluntary and enforced methods are used to improve tax compliance. Turner clarified in (Youde & Lim, 2019) that tax authorities are guided in carrying out revenue collection by the legislation. To promote tax compliance and penalize the unlawful reductions in tax payments, the tax authorities are legally authorized to carry out tax audits and apply penalties. There can be no effective tax system if the laws are not strict (Bird, 2018).

2.1.3 System Automation

Automation is the use of information communication technology systems, including mobile capabilities, to register for tax responsibilities, calculate tax due, file taxes, and make payments of amounts owed to the tax authority (Kenya Revenue Authority, 2020). The empirical findings show that Value Added Tax Compliance is significantly impacted by the efficient and consistent usage of ETR. Husain (2021) studied the mediating-moderating effect of behavioral factors in India, Pakistan, and Oman in relation to the significance of technical predictors to establish continuous intents for e-tax filing. Photosensitive readers must be installed on cigarette production lines in order for KRA servers to receive real-time production data. Cigarette importers purchase electronic digital stamps in Kenya and send them to their facilities abroad, where they are applied to each box of cigarettes bound for Kenya, according to Ngeywo and Kenya Revenue Authority (2015). An online excise stamp must be activated by all local producers and importers (African Tax Administration Forum, 2016).

As per DeLone & McLean (2016), electronic channels hold immense significance in the domains of commerce, businesses, taxation, and other aspects of life. Governments worldwide are redirecting their attention towards e-tax filing systems in order to provide potential benefits to their constituents. In spite of the fact that systems differ from nation to nation, Khan and Javed's (2017) study on the automation of tax filing among SMEs in Pakistan revealed that, despite certain obstacles, many SMEs find automation of tax filing to be generally acceptable.

2.1.4 Tax Audit

Research has confirmed that suspicion of fraud, evasion, and associated offenses always leads to a tax audit. A tax audit, according to Makau, Rono and Baimwera (2024), is a level of inquiry meant to determine the extent of fraud, willful default, or carelessness done by a taxpayer and to get data for possible criminal prosecution of the offender. This suggests that the main objectives of a tax audit could be to identify hidden revenue streams, highlight flagrant non-compliance, or gather evidence of fraud and underpayment. Ojo (2016) offered evidence in favor of this position by defining tax audit and inquiry as the process of reviewing taxpayers' corporate records to ensure that the amount of tax reported complies with applicable laws and regulations. This demonstrates how tax audits' main objective is to ensure that taxpayers abide with tax laws and regulations in order to boost the government's revenue base.

According to Bassey (2018), tax audits are an essential compliance tool in the majority of tax regimes globally since they maximize expected revenue collection for governments in both wealthy and developing countries. Expanding on this concept, Okonkwo (2016) revealed that a tax audit entails the pertinent tax authorities examining an individual's or an entity's tax return to ascertain compliance with state and federal tax laws. Tax audits are essential because they assist the government in collecting taxes,

which is crucial for funding budgets and preserving stability in the financial and economic spheres. In a similar vein, Kircher (2018) proposed that an axe audit ensure that taxpayers file sufficient returns, arrange the degree of tax evasion and avoidance, make sure that taxpayers adhere to tax laws strictly, raise the amount of voluntary compliance by taxpayers, and ensure that the amount owed is collected and remitted to the government.

2.1.5 Taxpayer Education

Taxpayer education can be defined as an approach to teaching people about their responsibilities and the reasons for their high tax liability (Aondo, 2019). It is easier for taxpayers to remember to pay their taxes to the government when they have received education. The purpose of tax training is to encourage people's deliberate consistency. One way to improve the delivery of aid to citizens is through taxpayer education. To improve purposeful duty consistency, support delivery must be improved. Income specialists are forced to use costly and forceful methods for tax permission when there is a lack of deliberate tax consistency (Fjeldstad & Ranker 2016).

Controlling citizen rebellion is the responsibility of the educational sector, particularly in the casual division (Kimingu & Kileva, 2017). This depends on how likely it is that the taxpayer's resistance is purposeful—that is, driven by a consistent mindset—or inadvertent—that is, uninformed of their tax duties or fails to perform them as a result of ignorance of tax laws and procedures (Christina, Deboral & Gray, 2018). The citizen education project aims to inform citizens about laws and procedures, enlighten them about their rights and responsibilities, support and motivate them to comply, help them announce the right salary and amount of taxes, foster a friendly relationship between the tax authority and the public, and foster open trust in the tax assessment framework (Oyedele, 2019).

2.1.6 Firm size

Firm size refers to how large or small a firm is according to Rwakakamba (2011). A firm is considered to be small if it employs fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro (Hünermund & Louw, 2020).

2.2 Theoretical Framework

The social learning theory, the diffusion of innovations theory, the economic deterrence theory, the ability to pay theory, and the optimal taxation theory are the ideas that served as the foundation for this study and are outlined in the theoretical framework.

2.2.1 Social Learning Theory

It was Bandura who created the theory of social learning (1977). Human behavior is explained by the theory of social learning as a result of ongoing reciprocal interactions between environmental, behavioral, and cognitive factors. Because it has implications for every action taken, the environment directs individual behavior, making it a significant role in behavior shaping. People use their cognitive abilities as a reference while creating behaviors because they become aware of the repercussions of their actions. Subsequently, the foundation of environmental and cognitive direction that the environment may accept or reject is individual conduct (Tu, 2000).

According to social learning theory, knowledge can be acquired by firsthand experience and observation (Bandura, 1997). The steps involved in social learning are as follows: (1) the attention process, which entails paying attention to others so that one can learn from them; (2) the retention process, which involves remembering an action of a model after the model is no longer available; (3) the motor reproduction process, which involves converting observation into actions; and (4) the motivation process, which

involves providing positive reinforcement to follow the model's behavior (Akers & Jennings, 2019).

The Social Learning Theory applies to this study in order to understand a taxpayer's tax compliance behavior. If a taxpayer has seen and experienced it firsthand, they will be obedient, especially now that they are aware of the actual role taxes play in the growth of an area (Kamil, 2015). According to the notion, tax education can improve taxpayers' understanding of taxes and have an impact on their compliance practices. Thus, the variable tax education was grounded in this theory.

2.2.2 Diffusion of Innovations Theory

The idea of innovations spreading was put forth by Rogers (1962). Rogers argues that diffusion is the process by which an innovation is communicated through certain channels over time among the participants in a social system. The theory describes the many stages of adoption that different people go through when they interact with or begin to embrace a new idea. The early majority, who open the door for the use of an innovation within mainstream society and are members of the public, the late majority, who follow the early majority in incorporating the innovation into their daily lives and are also members of the public, and laggards, who adopt new ideas and products later than the general public, are all considered key players in the diffusion of innovations theory. Innovators, on the other hand, are those who take risks and are the first to try new ideas.

The literature identifies three stages of diffusion theory: emerging, technology organization-environment, and dominant. According to the prevalent paradigm, the rate and pattern of adoption as well as the spread of ideas, habits, or objects among populations of potential adopters are influenced by both the innovation and the

attributes of the adopter (Rogers, 1983). The activities of "key adopters" have an impact on the multistage adoption process; the resulting profile is shaped like a S. Researchers studying information systems (IS) have used the prevailing paradigm to study a range of IT-based innovations, such as internet computing (Budu, 2020), spreadsheet software (Manalastas, 2018), electronic scanners in supermarket chains (Vagnani, Gatti & Proietti, 2019), and IT outsourcing (Watson & Seidel, 2018). After reviewing the research, Xiaoyan (2022) comes to the conclusion that firm-level effects play a significant role in understanding how IS innovations are adopted and spread.

Rogers Singhal and Quinlan (2014) added to the body of literature on the diffusion of innovation by proposing that an innovation diffuses via six stages: identification of a problem or need, fundamental and applied research, development, commercialization, diffusion and acceptance, and repercussions. After providing this justification, Rogers underlined that these six stages are somewhat arbitrary because they might not always happen in that sequence and that certain advances might bypass some of them. The decisions, actions, and effects of all of these that take place during these stages make up an invention development.

Rogers' Diffusion of Innovations Theory was considered a suitable framework because of its potential application to information technology ideas, artefacts and techniques, and has been applied as the theoretical framework for a number related studies such as information systems which is in this study refers to systems automation. This study employed this theory to explain the automation of the variable system.

2.2.3 The Economic Deterrence Theory

It was Allingham and Sandmo that created the theory of deterrence (1972). Allingham and Sandmo's seminal research from 1972 gave rise to the economic deterrence theory,

sometimes known as the Allingham-Sandmo (AS) hypothesis. This model, according to Allingham and Sandmo (1972), assumes that a number of variables, such as tax rate, which establishes the advantages of tax evasion and the penalties for fraud, as well as expenses and the likelihood of detection, have an effect on behavior.

It developed into the concept of Fiscal Exchange throughout time. The economic deterrence model, in its simplest form, views every individual taxpayer as a rational economic actor that assesses the advantages of tax evasion against the costs of paying taxes, opting not to pay if the advantages of non-compliance surpass the consequences of fraud (Walsh, 2012).

The model reduces the problem to one of rational decision making under uncertainty, where tax evasion either lowers taxes or exposes one to penalties (Fjeldstad, Schule-Herenberg, and Sjursen, 2012). This presumption suggests that when there are severe penalties for evasion and a high likelihood of detection, fewer people will neglect to report crimes.

According to this view, tax audit results and penalties or fines have a greater influence on tax compliance. This suggests that the only reason any taxpayer pays taxes is out of concern for possible penalties. Higher fines, penalties, and sanctions will thereby raise tax revenue (Awa & Ikpor, 2015). The model's suggestion that stricter audit practices and harsher penalties for infractions be implemented in an attempt to reduce non-compliance is based on this assumption (Fjeldstad et al., 2012). This hypothesis aims to establish a connection between the gains importers will experience from tax evasion and the losses they will suffer from being discovered to be in violation and facing fines.

This theory holds that business owners are less inclined to skip taxes when there is a high risk of detection and severe penalties, and importers are more likely to escape taxes

when there is a low likelihood of audits and fines. This makes the idea applicable to excise tax compliance. Thus, this theory emphasizes how a taxpayer's understanding of taxes affects their capacity to comply or not.

2.2.4 The Ability to Pay Theory

Smith promoted the ability to pay theory (1776). According to Adam Smith, the public benefits generally from actions like protecting the nation and upholding the institutions of good governance, as described in *The Wealth of Nations* (1776). Therefore, it makes sense for the entire population to foot the bill for taxes. Demanding certain additional things from a tax system is also appropriate; for example, tax amounts paid by people should correspond to their income levels.

Adam Smith created this thesis, which was endorsed by the English economist Mill, the French political economist Say, and the Swiss philosopher Jean. Taxes should be imposed in a manner that best accommodates taxpayers' financial circumstances, according to the ability to pay principle (Hyman, 2014). According to this view, government revenue and expenditure are handled differently. The need to pay the government is recognized as a social and collective one, even though the question of who should pay and how much is always personal. Individuals who can afford to pay do so, but others who are in need not (Kennedy, 2021).

Kennedy (2021) claims that the equality of sacrifice has served as justification for the ability to pay argument. The main argument of this theory is that the tax burden should be allocated among society's members in a way that considers each person's unique ability to pay in order to preserve the principles of justice and equality. According to this notion, TOT payers ought to make payments in accordance with their financial capability and without conditions.

According to this notion, persons should be assessed for their taxable capacity based on their income and property, and they should be requested to pay taxes depending on their ability to pay. The idea that citizens of a country should pay taxes to the government in proportion to their financial capacity is the most well-known and frequently applied concept of equity or justice in taxation (Limerick, 2013). Thus, one could argue—and it would seem rational and just—that taxes ought to be determined by a person's ability to pay. By using this approach, it is possible to say that the higher earner should be expected to pay more taxes than the lower earner if their taxable capacity is more than that of the other person.

2.2.5 Optimal Taxation Theory

According to the theory, which was first put forth by Ramsey in 1927, an economy's tax structure should be able to maximize the social benefit government function in that specific economy (Saez, 2018). According to the optimal theory of taxes, social planning combines each person's utility within a given society. According to the notion, the societal utility is derived from the individual utilities that together make up social welfare. The theory takes a nonlinear approach to the relationship between individual utility and social welfare. According to Keen and Slemrod (2017), nonlinearity in the theory allows for social planning, which leads to a more evenly distributed benefit.

The theory makes the assumption that everyone in society has comparable needs and preferences and is unconcerned with leisure and consumption in order to ease the issue of revenue collection. The idea that the state economy is composed of identical persons sometimes elevates the similarity assumption (Katare, Serebrennikov, Wang, & Weinstein, 2017). Since society does make use of the benefits that the tax system provides,

the government must therefore select a tax structure that maximizes revenue collection while also addressing social welfare.

According to the optimum theory, taxes policies should be designed to prevent market distortion (Fleurbaey & Maniquet, 2018). Accordingly, the best tax structure is one that encourages citizen investment and does not lessen the usefulness of necessities for taxpayers. It suggests that the people who should develop the tax system to maximize utility are the tax authorities and the taxpayers (Keen & Slemrod, 2017).

This theory is pertinent to the research because it describes the attributes of an efficient tax system in terms of administration and how it impacts entrepreneurship, which gives information on the dependent variable, excise tax compliance. Second, this idea made a strong case for the cost of compliance, which ought to be maintained at the lowest possible levels to encourage taxpayers to pay their taxes and submit returns.

2.3 Empirical Review

The themes derived from the research hypothesis were the primary focus of the review of empirical studies, and they included taxpayer education, tax audits, and automation of enforcement procedures.

2.3.1 Enforcement measures and Excise Tax Compliance

Based on Becker's (1968) economics of crime model, the economic deterrence method aims to maximize public and private policies in preventing criminal activity by using threats of punishment to incentivize legal behavior. In essence, it is considered that a taxpayer makes the option to comply with tax laws in an ambiguous situation mostly out of fear of being discovered and subject to penalties (Alm & McKee, 2018). Most nations employ the prospect of penalty, which includes tax audits, penalties, and rates, to discourage taxpayers from acting in an uncompliant manner. The majority of earlier

research generally found a positive relationship between compliance and audit probability (Fischer, Wartick, & Mark, 2016).

Nevertheless, depending on the taxpayer category, audit probability have different effects on tax compliance. For instance, Witte and Woodbury (2015) found that audit probability had a significant impact on sole entrepreneurs' tax compliance but little to no effect on salaried taxpayers. Therefore, it appears that targeted tax audits—as opposed to random audits—are more successful in raising tax compliance than random audits (Hasseldine, 2018). Furthermore, according to Shehata and Lynn (2017), audit probability might only apply to taxpayers who want to avoid. According to Spicer and Thomas (2016), taxpayers can only comply with tax regulations if they are aware of the likelihood of an audit.

Devos (2013) investigated the link between a subset of demographic and tax compliance factors and the compliance practices of individual tax evaders in Australia. A mixed method research technique was used for the study, which included interviews and a survey. The results showed that tax law enforcement actions, and to a lesser extent penalties and detection, did affect tax evaders' compliance behavior.

Sinnasamy and Bidin (2017) looked into the relationship between the tax rate, penalty rate, and tax fairness of excise duty noncompliance. The basis for this study's examination of the problem of excise duty disobedience is the deterrence theory. The poll was completed by 500 excise duty offenders nationwide in Malaysia. Through the use of disproportionate stratified random sampling and partial least squares (PLS), the model was empirically tested. The results demonstrated a significant relationship between importers' noncompliance with excise duty and their impressions of the penalty rate.

Lederman (2018) looks at the information at hand to determine whether enforcement has an impact on voluntary tax compliance. The investigator found that there is a paucity of data indicating the effectiveness of enforcement instruments like audits as deterrents. According to a few research, audits have a detrimental impact on the taxes that people who pass an audit later on pay.

In a study published in 2021, Ramirez Zamudio, López-Pérez, and Abanto Aranda assessed the morale and deterrence of taxation. For their empirical study, they used cross-section time series data from 26 cantons between 1975 and 1995. The tax agency's enforcement strategy was symbolized by its authoritarian methodology, which increased audit rates and standard fines. Remarkably, the results showed that there was a theoretically unexpected positive sign and statistical significance (at the 5% level) for the likelihood of discovery by audit. This suggested that rather than lowering tax income, a higher chance of being caught during an audit led to an increase in tax evasion. Nonetheless, a statistically significant reduction in tax evasion (1%), in line with theoretical assumptions, was observed upon raising the usual penalty. They noticed that increasing compliance was not only a result of enforcement actions; it was also influenced by taxpayers' perceptions of the tax authorities' treatment.

Additionally, Richardson (2018) investigated the effects of communications delivered to 1,724 randomly chosen Minnesota taxpayers. The notice warned taxpayers that careful inspection would be given to the returns they were going to file. Individuals in the treatment group (those who received the letter) increased their average tax payments as a result.

Kleinbard (2020) carried out a randomized field experiment involving 40,000 Danish taxpayers, who were selected as a representative sample. During the initial phase, a

random selection was made to audit half of the population, while the remaining portion was purposefully not audited. A random sample from each of the two groups received letters threatening to audit them in the second round. Self-reported income was significantly positively impacted by the audits as well as the letters. Poudel (2017) discovered similar outcomes, concluding that random audit announcements propagate up the VAT chain and boost suppliers' compliance to businesses.

Otieno (2022) focused on effects of traffic law enforcement on reduction of road accidents in Kenya: The Case of Salgaa-Mau Summit Highway. The study used a descriptive research design. Results of regression analysis established that Compliance with Road Safety Regulations has a significant effect on reduction of road accidents. Motor Vehicle Inspection has a significant effect on reduction of road accidents. Roadblock Checks has a significant effect on reduction of road accidents. Even though enforcement of penalties has a significant effect on road accidents, it does not contribute to reduction of road accidents. The study found out that compliance with road safety regulation increases level of alertness of drivers and pedestrians; enhance drivers' ability to focus while driving, reduces cases of reckless driving and over speeding; and minimize cases of careless overtaking on the continuous yellow line. However, disregard of road safety regulations by drivers and low level of awareness on road safety among hawkers and pedestrian has increased accidents risks on the Salgaa-Mau Summit Highway. The annual mandatory motor vehicle inspection ensures that vehicles operating along the Highway are in good mechanical condition; fully functional; and meet all the safety requirements reducing the risk being involved in accidents. However, bribing of traffic police conducting roadside inspections has allowed un-roadworthy motor vehicles on the highway. The study also found out that police manning roadblocks along the SalgaaMau Summit Highway mitigate risks of accidents

by identifying and detaining drunk and over speeding drivers, identifying non-compliant vehicles and increasing compliance with traffic laws

2.3.2 System Automation and Excise Tax Compliance

Lee et al. (2018) conducted a study on user evaluation of tax filing websites in South Korea and Turkey with the objective of comparing the websites' layout, intricacy, and simplicity of use for taxpayers filing tax returns and checking their tax status. Turkish customers found the tax filing system easy to use despite Turkey's complicated online system; this was likely because they depended on accounting professionals to complete their online tax filings. Conversely, the South Korean system was thought to be user-friendly, but not many taxpayers were actually making use of it. It is one thing to set up an electronic tax filing system; it is another to make it user-friendly for taxpayers. This had an impact on the current study, indicating that before implementing such a system for taxpayers, the convenience of use of the tax website must be taken into account. According to Lee et al. (2005), the system's efficiency and capacity should also be taken into account.

A survey on the incorporation of ICT skills and tax software into tax education in Malaysia was carried out by Liu (2021). The study aimed to determine the relevant skills required for taxpayers to use an online tax system efficiently. Tax practitioners took part in the survey. The study discovered that in order for a taxpayer to interact with a technology-based tax system in an efficient manner, they need to be proficient in word processing, email, and spreadsheet software. The findings of this study are relevant to the current investigation because, in assessing an electronic filing system's effectiveness, it's critical to take into account the skills that users may need. Maede (2002) states that if these abilities are disregarded, the system's objective might not be accomplished. He noted that even though the Malaysian tax office had made significant

investments in the new online system, only 20% of the targeted taxpayers could access it after three years of deployment. Taxpayers' actions also had an impact, but the lack of essential user skills like computer literacy was the main cause of this.

Amitabh et al. (2009) examined the factors that led to young Indian professionals completing their income taxes electronically. A study was carried out to find out how young Indian professionals would feel about completing tax returns online or without paper records, with the objective of increasing compliance. Regression study results indicated that the antecedents of young Indian experts were perceived simplicity of the tax system, an individual's creative use of technology, relative advantage, filing service performance, and compatibility.

Mukuwa and Phiri (2019) looked at how electronic services affected small and medium-sized businesses' revenue collection and tax compliance in metropolitan Zambia. For the study, a deliberate sample of 400 SMEs from the Copper Belt and Lusaka provinces was selected using a descriptive research methodology. Using correlation analysis and descriptive analysis, the data were examined using the social package for statistical sciences software (SPSS). The correlation analysis produced a statistically significant p-value and a positive correlation coefficient.

Irefe-Esema and Akinmade (2020) looked at how tax automation affected Nigerian taxpayer compliance. By using a systematic, in-depth interviewing method, the study discovered that automation greatly improved tax registration and payment compliance. The participants in the study included tax consultants and employees of the Federal Inland Revenue Service (FIRS) in Nigeria. Filing and reporting compliance, however, did not receive any favorable feedback. The study demonstrated how, in the absence of any direct physical interaction between tax officials and taxpayers, tax automation can

reduce tax evasion and corrupt activities among tax administrators. According to the study, tax automation increased Nigerian registration and payment compliance but had no effect on filing and reporting compliance because of the electronic platform's complicated use.

Nshimirimana and Twesigye (2022) evaluated how e-tax systems affected Rwanda's Small and Medium Taxpayers' compliance with tax laws. A descriptive analytical design integrating both qualitative and quantitative methodologies was used in the investigation. A total of 231,088 taxpayers' SMT reports from Kigali and upcountry locations, company locations, and tax centers in Rwanda made up the study population. The research used a census approach. Only secondary data from the RRA database were used in the study. The study came to the conclusion that tax compliance is impacted by electronic filing systems.

Mahangila (2017) conducted research on the application of technology as a strategic instrument to enhance tax compliance in Kenya. The large taxpayers covered by the case study included businesses, government agencies, and importers with a minimum annual revenue of Kshs. 750 million. The purpose of the study was to evaluate the potential benefits of technology for Kenyan high-income taxpayers' tax compliance. The report claims that in today's quickly changing business environment, technology is now a necessary part of any organization's growth.

Omosa (2021) focused on effect of systems automation on customs revenue performance in Kenya. This study was grounded by three theories: Technological Determinism Theory, General System theory and International Trade theory. The study adopted the explanatory research design. Data was analyzed into descriptive statistics and inferential statistics by use of SPSS (20) and presented in tables, pie charts and

cross tabulation. Data was tested for validity and reliability using the Cronbach Alpha Score as the test for reliability. In conclusion, although systems automation comes with costs attributable to ICT infrastructure, synchronization hitches, training and security enhancements, its implementation is important in achieving revenue growth and operational efficiencies

2.3.3 Tax Audit and Excise Tax Compliance

Kennedy (2021) looked into how tax audits affected Nigerian taxpayer compliance. While the ordered logistic regression technique was utilized for data analysis, questionnaires were used for data collection. The findings revealed that tax auditing and tax compliance are positively connected. The findings also revealed that the possibility of an audit, perceptions about government spending, fines, and enforcement, as well as the overall impact of tax audits and penalties, all had a significant impact on tax compliance in Nigeria.

According to Palil (2018), some research indicated that audits reduce tax evasion. Dubin (2016) and Shanmugam (2013). These results imply that tax audits might be crucial in self-assessment systems, with their primary function being to boost voluntary compliance. According to Palil (2018), audit rates and audit thoroughness may incentivize taxpayers to file their tax returns more carefully, disclose all of their income, and claim the appropriate deductions in order to determine their tax liability. On the other hand, taxpayers who have never experienced an audit may feel pressured to understate their true income and make fictitious deduction claims.

Carlson and Massey (2017) conducted a study that looked at the corporate tax performance of small and medium-sized firms (SME) in Australia. Their mission was to look into the relationship between SMEs' record-keeping practices and the likelihood

that they would run into problems with tax compliance. The study's hypothesis was that if SMEs had lower levels of tax compliance, the tax authorities could be more likely to step up audits and investigations. Participants in this study were 130 tax experts, 129 small business owners, and auditors from the Australian Tax Office (ATO). Using postal surveys, this study showed that small business owners' audit histories—including audit frequency, audit outcome, and audit kind—had a major indirect impact on tax compliance (record keeping). The result further showed that small business owners keep records primarily for tax compliance purposes rather than as a component of business management.

In order to determine the impact of audits and audit effectiveness on post-audit tax compliance, Kasper and Alm (2022) conducted a laboratory experiment. The results demonstrated that tax audit effectiveness influences these reactions and that audit effectiveness varies with audit type; that is, whereas efficient audits boost post-audit tax compliance, inefficient audits have the reverse impact. Additionally, the researchers discovered that the most robust behavioral response to audits is shown by taxpayers who are reasonably compliant. The results demonstrated that the precise deterrent effects of tax audits are less obvious, in contrast to what classic and behavioral theories of tax compliance predict. The efficacy of the audits and the taxpayer's prior reporting record also influence these effects.

The impact of tax audits on Ekiti State's tax compliance and revenue remittance was examined by Olaoye and Ekundayo (2019). It especially examined the effects of desk, field, back duty, and registration audits on tax compliance and the remittance of tax income in Ekiti State. A closed-ended questionnaire was used to gather the required data, and multiple regression and a correlation matrix were used for analysis. It was

found that in Ekiti State, tax compliance and remittance were significantly improved by desk, field, back duty, and registration audits.

Alemu (2020) carried conducted a study named "A Case Study in Hawassa City Administration, South Nations, Nationalities, and Peoples' Regional State of Ethiopia: Impact of Tax Audit on Tax Compliance with Reference to Category "A" taxpayers." The population under investigation consisted of 50 audit officers from Hawassa City, and a census-based technique was used. The structured questionnaire data gathering method made use of both primary and secondary data. Multiple regression analysis, correlation analysis, and descriptive statistical techniques were used to analyze the data. The study's findings showed that tax compliance levels are positively impacted by both the possibility of a tax audit and tax education and awareness. Fines and penalties also positively affect the level of tax compliance.

Soyinka et al. (2016) investigated the variables influencing tax audits and corporate tax compliance in Nigeria using a survey research approach, descriptive statistics, correlation, and least square regression. The findings demonstrated that a company's tax compliance was significantly impacted by the possibility and frequency of tax audits.

Makau, Rono and Baimwera (2024) focused on the effect of desk tax audit practice on tax revenue collection among medium and large size enterprises in Kenya. The study employed an explanatory research design. Data was then analyzed using descriptive statistics, Pearson's correlation & regression model and finally Multiple regression model. The study further found that Desk tax audit had a positive and significant effect on tax revenue collection.

2.3.4 Taxpayer Education and Excise Tax Compliance

Ahmad et al. (2016) reviewed Malaysian excise tax performance to determine whether SMEs' perceptions of and awareness of taxes enhance compliance. The authors investigated the relationship between awareness level and corporation tax performance. 256 SMEs were sampled for the questionnaires that were used to collect the data. The respondents' perceptions were shown to be negatively correlated with the fulfillment of tax responsibilities, however the results indicated that awareness level had no effect on corporate tax performance.

In his investigation into the impact of media campaigns on tax filing in Pakistan, Vazquez (2019) found that exposure to newspaper advertisements providing information on tax eligibility—but not the deadlines or fines for filing after the deadline—was associated with an increase in income tax filing. On the other hand, morally charged television commercials increased tax filing.

Oduro, Asiedu, and Tackie's (2018) study in Ghana aimed to look into tax education from an institutional and sociocultural perspective. The study's objective was to determine whether staff training would cause taxpayers to avoid paying their taxes. In this study, 1052 taxpayers from various regions of Ghana were questioned using a cross-sectional survey. This study demonstrated the critical role that tax education played in lowering tax evasion.

Knowledge is defined by the Oxford Dictionary as facts, comprehension, and abilities acquired via education or experience. Therefore, tax awareness is a state of consciousness regarding tax-related issues. Tax knowledge, which in turn promotes high levels of compliance and raises revenue collection (OECD, 2017). Workshops are being held by the KRA to raise tax payers' understanding of tax compliance. This is

typically carried out in conjunction with a stakeholder engagement strategy that aims to: improve taxpayers' comprehension of demands and issues by collecting and evaluating viewpoints and opinions on these obligations to inform the Authority's ongoing efforts to transform and mitigate hazards at all Authority levels; improve taxpayers' comprehension of the Authority's administrative procedure.

Oladipupo and Obazee (2018) investigated the effects of tax payer education and penalties on tax compliance among small and medium-sized firms in Nigeria using a survey research design. The data from the questionnaire were assessed using the Ordinary Least Squares regression method. The results showed that tax compliance was greatly increased by tax knowledge. Thus, the study shows that having an understanding of taxes increases the likelihood of encouraging tax compliance. It is imperative for small and medium-sized business owners to enhance their comprehension and expertise in taxation to the mutual advantage of the government and the broader public.

According to the 2019 report, 400 individual taxpayers in Lagos State participated in a cross-sectional survey to determine taxpayers' educational attainment and business tax performance. Multiple regressions, simple regressions, and linear regressions were used to estimate regression models. The results showed that taxpayer education and business tax compliance had a positive and significant influence.

Tetteh (2019) investigated how stakeholder sensitization campaigns, print media, and electronic means affected SMEs' tax compliance practices in Ghana. According to the study, there are strong and favorable correlations between SMEs' tax compliance behavior in Wanza Town and print media, electronic media, and stakeholder sensitization initiatives.

A study of Tanzanian small businesses' tax compliance was conducted in 2013 by Machogu and Amayi. Evaluating whether tax education encouraged small firms to pay their taxes on time was the primary objective. Both primary and secondary sources of data were used. It was discovered that taxpayer education significantly increased SMEs in Mwanza's compliance with tax laws.

Wong (2015) investigated if receiving various tax education programs improves tax compliance. In order to investigate this empirical matter, the investigator administered a tax compliance survey to 205 students enrolled in general or technical tax courses in Hong Kong. According to the study's findings, exposure to general tax education greatly increased undergraduate students' compliance with sales tax, while postgraduate students' compliance with income and sales tax was greatly enhanced by technical tax courses.

Trawule et al. (2022) examined the relationship between tax education, committed tax compliance, and capitulative tax compliance among self-employed individuals within the framework of a hierarchical regression. From a population of 28,355, 400 respondents were chosen as a sample for the cross-sectional and correlational study design. The findings demonstrated that, while tax education and tax compliance convenience serve as catalysts for committed tax compliance, they also significantly positively correlate with such compliance.

The objective of Hidayati, Hermanto, and Nnamdi's (2023) study was to investigate how tax education affected students from various ethnic backgrounds' tax compliance. The study was descriptive in nature and employed a quantitative methodology. We made open-ended surveys, assessed them, and distributed them to the students. A total of 372 valid responses were obtained, and the data was analyzed using the Smart PLS

program. The results of the investigation demonstrated that tax education greatly increases tax compliance across the board for all racial and ethnic groups.

2.4 Conceptual Framework

A conceptual framework, according to Mugenda (2008), is a succinct explanation of the phenomenon being studied, along with a graphical representation of the study's key variables. The agency notice and court suit were used to measure enforcement measures, and e-filing and e-payment were used to measure system automation. These variables were the study's independent variables. Print media and seminars were used to gauge taxpayer education, while desk and field audits were used to gauge tax audits. On the other hand, as seen in Figure 2.1, tax registration, tax payment, and tax returns filed were used to measure the dependent variable excise tax compliance.

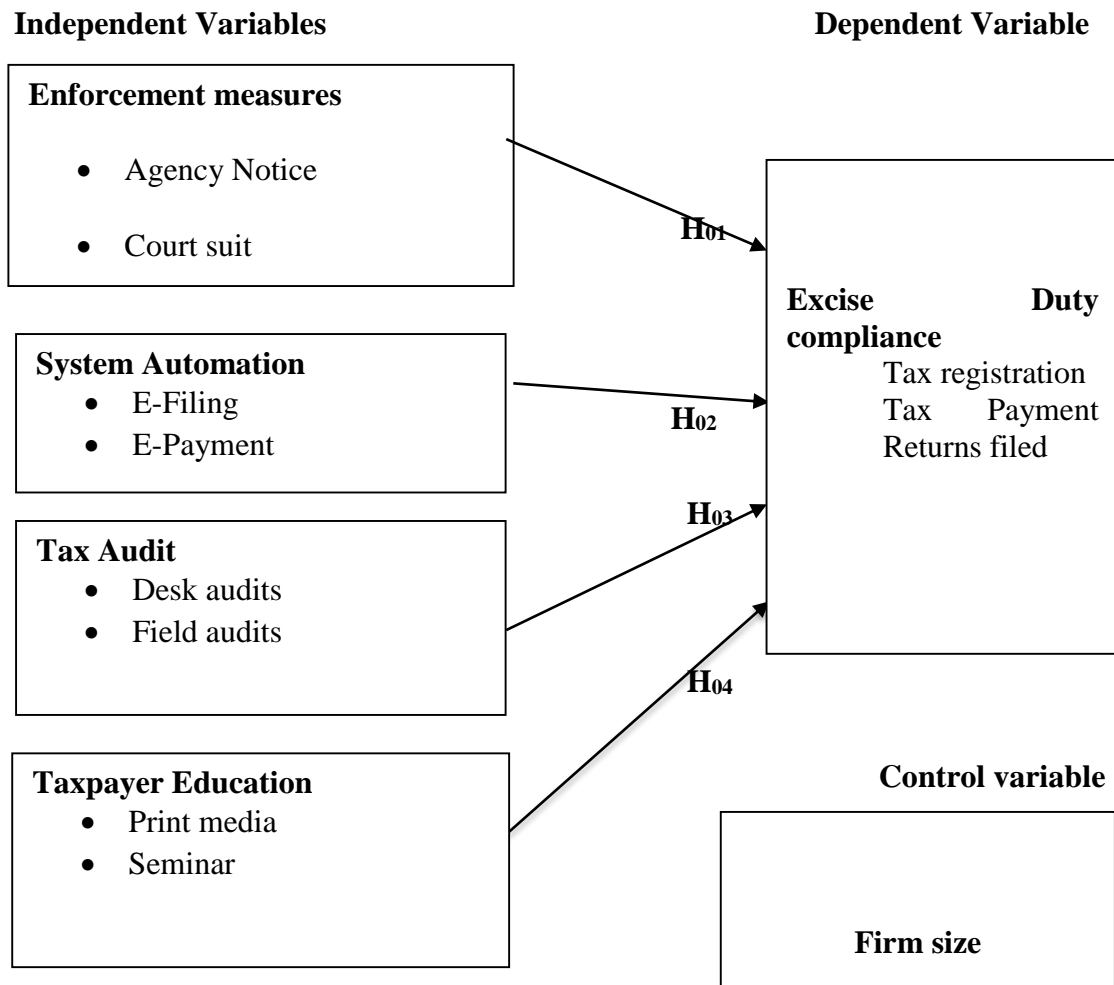


Figure 2.1: Conceptual Framework

Source; Researcher (2023)

2.5 Summary of Literature and Research Gaps

The analysis of the different studies that have previously been conducted has showed that there still exist research gaps that need be addressed. Most of reviewed literature focused on the international countries beyond the borders of Kenya. Therefore, the findings by these studies may not be applicable to the situation in Kenya since tax laws and policies differ across countries. This therefore necessitates a study conducted within the borders of Kenya as the studies have revealed a knowledge gap. The reviewed studies have also shown that much of what has been done has been on the general concept of tax compliance (Devos, 2013; Lederman, 2018; Mukuwa & Phiri,

2019; Nshimirimana and Twesigye, 2022) without narrowing down to excise tax compliance. More so, the studies were conducted in other sectors such as SMEs (Ahmad et al., 2016; Oladipupo and Obazee, 2018) and among students such as the studies by Wong (2015) and Hidayati, Hermanto and Nnamdi (2023) other than among cigarette importers. Additionally, the studies have also presented methodological gaps as majority of the studies sampled out their population while the current study will adopt a census which may provide more comprehensive findings.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter focused on the target population, sample size and methodology, data collection tools, validity and reliability of the research tool, data gathering procedure, data analysis methodology, and ethical considerations.

3.1 Research Philosophy

There are two extreme philosophical views regarding knowledge and reality (schools of thought). These are Positivism (sometimes referred to as deduction research) and Phenomenology (also known as induction research) (Ragab & Arisha, 2018). This study was guided by the positivist paradigm where scientific processes was followed in hypothesizing fundamental laws then deducing the observations so as to determine the truth or falsify the said hypothesis about the determinants of excise duty compliance among cigarette importers in Kenya.

3.2 Research Design

According to Burns and Grove (2001), research design enables investigators to organize and carry out their investigations in a way that makes the intended outcomes simple to achieve. This raises the possibility of learning something that could apply to an actual circumstance. The research design is a strategy that describes how data should be gathered for assessment or evaluation. It also specifies the data collection method, tools to be used, tool management, and how the information should be organized for analysis (Lawrence, 2012).

Explanatory research was used in this work. Explanatory study aims to forecast future events and provide an explanation for why specific phenomena happen. Hypotheses

that determine the type and direction of the relationship between or among the variables evaluated define explanatory studies. Frequently, the objective is to present a summary of the findings for the population from which the sample was drawn (Fowler, 2002). This strategy was acceptable for the research since it enables the researcher to communicate the findings to a larger audience (Schindler & Cooper, 2003).

3.3 Study Area

The study was carried out in Kenya. The Kenyan importers of cigarettes were the major focus. Kenya was selected due to the high level of tax noncompliance and more so the excise duty.

3.4 Target Population and Sample Size

All the components that satisfy the requirements to be included in a study are referred to as the population (Burns & Grove, 2015). Ngechu (2016) defines it as the whole group of people (or objects) who share certain traits as determined by the sampling criteria set forth for the research. 21 Kenyan importers of cigarettes were the target population (KRA, 2021). Because the target population in this study was so small, the census approach was adopted. Four questionnaires were distributed to each of the 21 importers of cigarettes by the study. Thus, making a total of 84 respondents who included accounts manager, accounts officers, operations manager, operations officer. According to Mugenda and Mugenda (2008) census is suitable for a small population usually less than 200 subjects. Since the study population was small, census was used, and therefore, no sampling was required.

Table 3.1: Target Respondents

Firms	Accounts Manager	Accounts officer	Operations manager	Operations officer	Total
Dufry Kenya Limited	1	1	1	1	4
Safari Duty Free	1	1	1	1	4
Maya Duty Free Limited	1	1	1	1	4
Suzan Duty Free	1	1	1	1	4
Simba Duty Free Limited	1	1	1	1	4
Mombasa Seaport Duty Free Limited	1	1	1	1	4
Silver Duty Free Shop Limited	1	1	1	1	4
Novelo Limited	1	1	1	1	4
Spice And Vegetable Hub Limited	1	1	1	1	4
Silver Springs Distributors Company Limited	1	1	1	1	4
Maxam Limited	1	1	1	1	4
Tabacalera Holdings Limited	1	1	1	1	4
Rg Tobacco Limited	1	1	1	1	4
Ecological Green Limited	1	1	1	1	4
Tourvest Holdings (Proprietary) Limited	1	1	1	1	4
Nederlinks Enterprises Limited	1	1	1	1	4
Zephyr House (Df) Limited	1	1	1	1	4
Goldrock International Enterprises Company (Kenya) Limited	1	1	1	1	4
Lidan Liu	1	1	1	1	4
International Duty Free Complex Limited	1	1	1	1	4
Cubana Leaves Limited	1	1	1	1	4
Total					84

Source: KRA (2021)

3.5 Data Collection Instrument

The study used a questionnaire to gather primary data. Yang (2008) asserts that a study's research topics are directly impacted by the statements or items on the questionnaire. The variables for which data must be gathered must be identified before their operational definition can be included in the survey questionnaire. As per Newing's (2011) findings, questionnaires typically comprise a set of concise, targeted questions or statements that are self-administered by the respondents. Because replies may be

easily converted into quantitative format for computer-based applications to facilitate data analysis, a 5-point Likert scale was used for the questionnaire.

3.6 Data Collection Procedures

According to Kumar (2018), selecting a data collection method should take the socioeconomic and demographic composition of the study population into consideration. It is helpful to know the attitudes and degrees of interest that the study population has in participating in the research. The National Commission for Science, Technology, and Innovation (NACOSTI) granted study authorization and Moi University provided a letter of recommendation before the data collection process began. The relevant field data was collected with the aid of a research assistant since the questionnaires were distributed in a drop-and-pick manner to provide respondents ample opportunity to go over them and offer input.

3.7 Pilot Testing

Pilot studies, also called pilot tests or pilot experiments, are small-scale preliminary investigations conducted prior to larger research projects with the aim of evaluating the feasibility, duration, cost, and unintended consequences to improve study design before larger projects (Hulley 2007). The purpose of the pilot study was to evaluate the validity and reliability of the questionnaire for collecting the required data before moving forward with the main research. Cooper and Schindler (2010) state that a pilot sample should make up 10% of the sample anticipated for the bigger parent study. As a result, British American Tobacco and Mastermind Tobacco Kenya were the two tobacco makers that Kenya tried out. The pilot study's respondents were not included in the main analysis.

3.7.1 Validity Test

The relevance and accuracy of inferences made from study findings are referred to as validity (Mugenda & Mugenda, 1999). In order to ensure content validity, the study used a range of questionnaires with questions including taxpayer education regarding excise duty tax compliance, system automation, enforcement methods, and tax audits. Additionally, there were clear instructions provided, and the questions were written in an easy-to-understand style. The investigation additionally improved validity by aligning the assessment measure with the objectives of the study. The validity test for the study was done using Kaiser-Meyer - Olkin (KMO). The findings are shown in Table 3.2.

Table 3.2: Factorial test results for Validity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.788
Bartlett's Test of Sphericity	Approx. Chi-Square	125.295
	df	10
	Sig.	0.000

Source: Research Data (2023)

The study findings in Table 4.2 showed KMO of 0.788, which was above 0.5, and Bartlett's Test of Sphericity significance value of 0.000. This implied that the study variables were valid.

3.7.2 Reliability Test

A measure's reliability, according to Sekaran (2003), is an indication of how consistently and steadily it evaluates an idea and helps determine the "goodness" of the measure. The reliability analysis was performed using Cronbach's Alpha, which is often interpreted as the mean of all possible split-half coefficients. For this analysis, the

benchmark Cronbach's alpha coefficient was set at 0.7 (Creswel, 2014). The results were presented in Table 3.2.

Table 3.3: Reliability Results

Variable	Cronbach's Alpha
Enforcement Measures	0.746
System Automation	0.789
Tax Audit	0.762
Taxpayer Education	0.798
Excise Duty Tax Compliance	0.704
Overall	0.760

Source: Research Data (2023)

The results in Table 4.1 indicate that the overall reliability score was 0.760. This indicates that all the variables had Cronbach's alpha value above 0.7 hence were all considered to be reliable

3.8 Diagnostic Tests

Scientific research usually employs diagnostic tests to determine the quantifiable effect of study design defects on estimates of diagnostic accuracy by empirical means (Lijmer et al., 1999). In order to verify the accuracy of the research findings, several diagnostic tests were performed in this study prior to data processing. The tests included multicollinearity, homoscedasticity, and normality testing.

3.8.1 Normality Test

The data being tested for multiple regression is assumed to have a normal distribution (Osborne & Waters, 2014). According to Brown (2016), there is an assumption that mistakes follow a normal distribution and that a plot of the residual values approximates a normal curve. Non-normally distributed variables may affect relationships and significance tests (Osborne & Waters, 2014). Numerous methods, such as the Shapiro-Wilk, Anderson Darling, Kolmogorov-Smirnov, and Lilliefors approaches, can be used

to test for normalcy. The most effective normalcy test, the Shapiro-Wilk test, was employed (Razali & Wah, 2011). The data's normality was validated by the variables' findings that were above 0.05 ($p > 0.05$).

3.8.2 Multicollinearity Test

Multicollinearity is defined as a high degree of correlation between the independent variables (Brown, 2016). Regression results can be interpreted by the researcher as the effects of the independent variables when there is little collinearity (Keith, 2016). It was necessary to compute the variance inflation factor (VIF) in order to run a multicollinearity test. Multicollinearity causes the standard errors of the coefficients to increase, according to Osborne and Waters (2014), making certain variables statistically inconsequential even though they should be. According to Bowerman and Connell (2006), multiple regression analysis results are known to be negatively impacted by higher VIF levels, whereas lower VIF levels are generally preferable. The Variance Inflation Factor (VIF), which was computed for each independent variable and less than 10 indicates no multicollinearity issue, was used to conduct the multicollinearity test. There is a problem with multicollinearity when an independent variable has a VIF larger than 10.

3.8.3 Homoscedasticity test

When errors from the regression line spread uniformly, it is said to be homoscedastic. The degree to which a point deviates from the regression's normal line is called an error in regression, according to Lani (2011). In this study, the Breusch-Pagan Test was applied. It is assumed in linear regression that the error term, also known as the residual, would distribute evenly throughout the graph. Biased coefficients could result from violating this presumption, rendering the statistical results untrustworthy. A

homoscedasticity of less than 0.05 (typically more than 0.05) p-value indicates that the variance of the residuals is constant.

3.9 Data Analysis and Presentation

First, the data were edited and reviewed to check for typos, incomplete responses, and any blank spots left by the respondents. This was the first phase in the data analysis process. Quantitative data analysis will be done using both descriptive statistics and inferential statistics. Descriptive statistics included mean and standard deviation. Correlation and regression analysis are tools used in inferential statistics. The data was analysed by use of Statistical Package for Social Sciences (SPSS). After being checked for accuracy, consistency, and completeness, the data was compiled and shown as tables, pie charts, and percentages. Regression analysis was performed to ascertain the association between the four parameters and excise tax compliance.

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

Where,

Y = Excise duty tax compliance

α = Constant term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Taxpayer education

= Beta coefficients of the independent variables

X_1 = enforcement measures

X_2 = System automation

X_3 = Tax Audit

X_4 = Taxpayer education

ε = error term

3.10 Operationalization and Measurement of Variables

The measurement of variables in the study and relationship between the variables and the survey questions were illustrated in table 3.2.

Table 3.4: Measurement of Variables

Variable	Operational Indicator	Source/author	Data collection & measurement	Types of Analysis
Independent Variables				
Enforcement measures	Agency Notice Court suit	Palil (2018)	Questionnaire 5point Likert	Regression Analysis Correlation Analysis
System automation	E-filing E- payment	Lee et al. (2018),	Questionnaire 5point Likert	Regression Analysis Correlation Analysis
Tax Audit	Desk audit Field audit	Soyinka et al. (2016)	Questionnaire 5point Likert	Regression Analysis Correlation Analysis
Taxpayer education	Print media seminar	Oladipupo and Obazee (2018)	Questionnaire 5point Likert	Regression Analysis Correlation Analysis
Dependent Variable				
Excise duty tax compliance	Tax Collected Returns filed	KRA (2021)	Questionnaire 5point Likert	Regression Analysis Correlation Analysis

Source: Author (2023)

3.11 Ethical Consideration

Given the challenges of doing research and the importance of ethics in this context, universities take great care to protect the safety and dignity of study participants (Silverman, 2009). Many ethical considerations were made to ensure that the study was conducted correctly (Babbie & Mouton, 2001). Anonymity, confidentiality, and informed consent are all components of moral research practices. An introduction letter detailing the objectives of the study and the precise information that would be required from the participants was attached to each questionnaire that was utilized in the field. The research participants were made aware that their involvement in the study would be voluntary and that the confidentiality of the data they provided would be safeguarded. For the sake of their classification, they were spared from disclosing their real names. They were under no circumstances coerced into disclosing any information they didn't feel comfortable revealing. In addition, participants might stop taking part in the study at any point during the interview procedure without worrying about the consequences.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter consist of the presentations of study results and the discussions thereof. The chapter is organized into subsections starting with the response rate the demographic characteristics of respondents, assumptions of linear regression and descriptive statistics done under themes reflecting the study objectives. The correlation and regression results are further presented and then the decisions on the hypotheses and finally the discussion of key findings.

4.2 Response Rate

The study respondents comprised accounts manager, accounts officers, operations manager, operations officer from cigarette importers in Kenya. Figure 4.1 shows the response rate for the study.

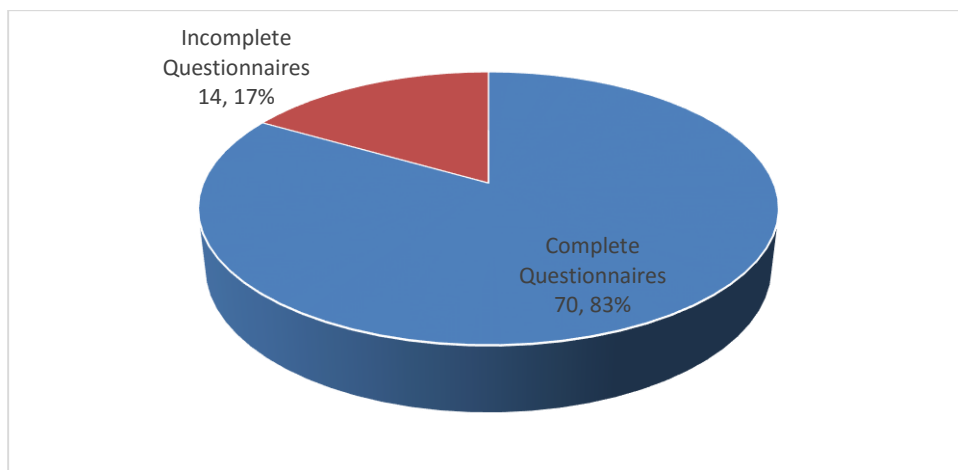


Figure 4.1: Response Rate

Source: Research Data (2023)

The sample size for the study was 84 respondents to whom questionnaires were distributed. However, out of the 84 questionnaires, the questionnaires that were well filled and completed were 70 representing a response rate of 83%. This response rate was adequate as suggested by Baruch (1999) that the average and also reasonable, acceptable response rate is 60%.

4.3 Demographic Characteristics

The demographic information that was analysed included the gender, age and education level of respondents.

4.3.1 Gender of Respondents

Figure 4.2 presents the results for the gender representation of the respondents.

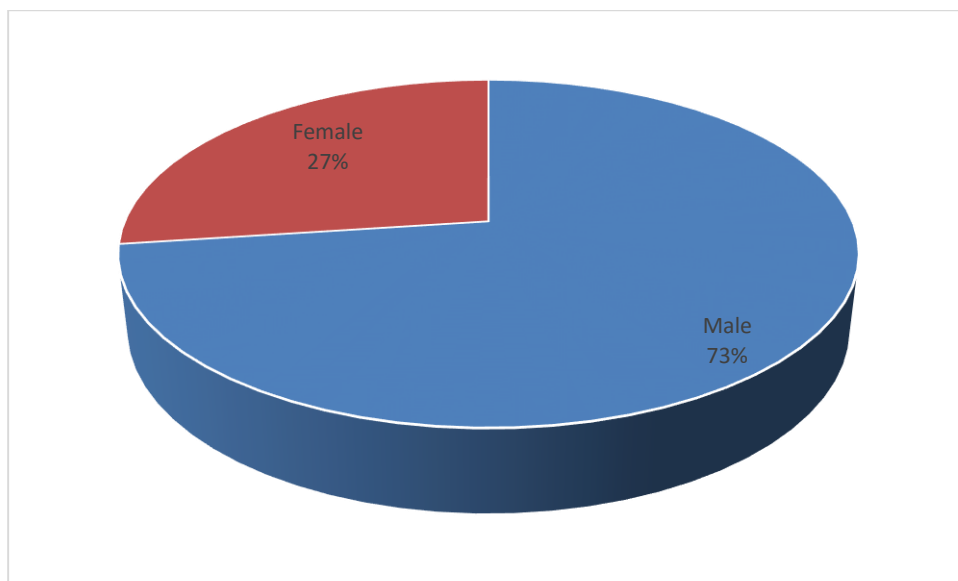


Figure 4.2: Gender of Respondents

Source: Research Data (2023)

As per the results presented in Figure 4.2, the majority of the respondents and who were the accounts managers, accounts officers, operations managers and operations officers

were male representing 73%. This indicates that the majority of the management personnel among importers of cigarettes in Kenya are male.

4.3.2 Age of Respondents

The results regarding the age of the respondents were presented in Figure 4.3.

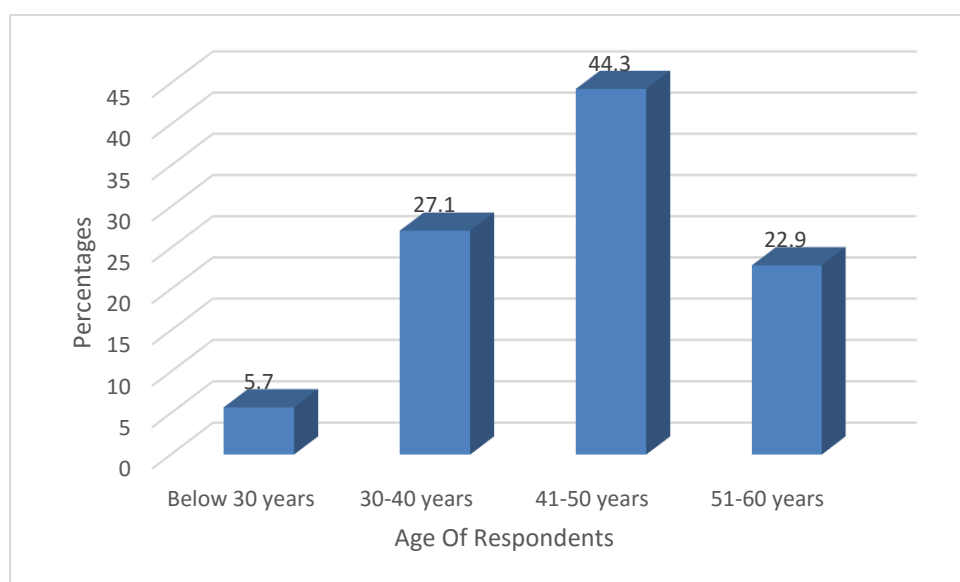


Figure 4.3: Age of Respondents

Source: Research Data (2023)

The results showed that most of the respondents were aged 41-50 years as they represented 44.3% while those aged 30 -40 years represented 27.1% and those aged 51-60 years were 22.9% and only 5.7% were below 30 years. This implied that the management of cigarette importers consist of older adults who may be regarded as more experienced hence are able to understand the operations of the organizations and also the tax policies. They were therefore able to provide the needed data.

4.3.3 Education Level of Respondents

The levels of education attained by the respondents were analysed and the results presented in Figure 4.4

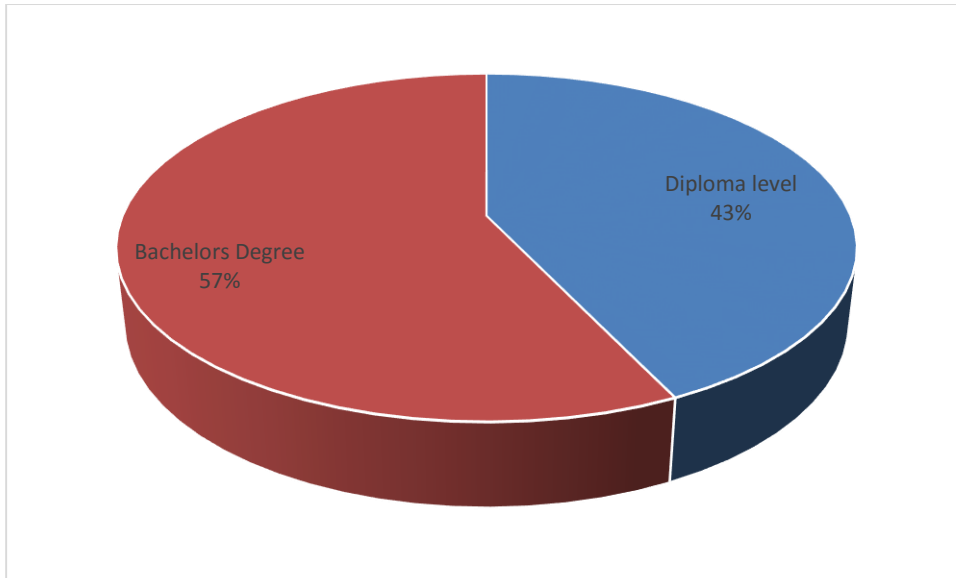


Figure 4.4: Education Level of Respondents

Source: Research Data (2023)

The analysis showed that slightly more than half of the respondents had attained a bachelor's degree and 43% had a diploma. This implied that the management personnel had attained the required education to enable them manage the organization and hence were also able to make the right decisions as regard excise duty compliance.

4.4 Descriptive Analysis

This section provides the results and discussion of the descriptive analysis.

4.4.1 Enforcement Measures

Table 4.1 presents the results for the descriptive analysis of the variable enforcement measures.

Table 4.1: Descriptive Statistics for Enforcement Measures

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
A lawsuit about noncompliance with excise duty and tax-related matters has been provided to us.	2.90%	11.40%	4.30%	32.90%	48.60%	4.13	1.12
KRA has implemented restraint measures as a result of violations relating to compliance.	7.10%	2.90%	11.40%	31.40%	47.10%	4.09	1.16
KRA officials usually utilize agency notices to enforce compliance.	5.70%	7.10%	8.60%	21.40%	57.10%	4.17	1.20
Due to lawsuits arising from noncompliance, many businesses now comply.	5.70%	7.10%	12.90%	24.30%	50.00%	4.06	1.20

Source: Research Data (2023)

The majority of respondents agreed, based on the descriptive analysis results shown in Table 4.3, that they had received a court complaint because of noncompliance with excise duty tax-related concerns (mean = 4.13, standard deviation = 1.12). The majority of respondents agreed, according to the descriptive statistics (Mean = 4.09, standard deviation = 1.16), that KRA had implemented restraint procedures as a result of compliance-related crimes. Furthermore, the majority of respondents confirmed that KRA officers regularly utilize agency notices to compel compliance, according to the results of the descriptive analysis (mean = 4.17, standard deviation = 1.20). Lastly, descriptive data showed that most respondents (mean = 4.06, standard deviation, 1.20) believed that lawsuits brought about by noncompliance have forced many businesses to comply. The findings imply that enforcement measures are critical in enhancing excise duty compliance.

4.4.2 System Automation

The descriptive statistics results for the variable system automation were as presented in Table 4.2.

Table 4.2: Descriptive Statistics for System Automation

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Paying taxes using mobile money has increased my excise duty compliance.	7.10%	17.10%	12.90%	21.40%	41.40%	3.73	1.4
Retrieval of tax records from itax is crucial since it allows me to track tax returns and payments at minimal prices.	12.90%	8.60%	12.90%	28.60%	37.10%	3.69	1.4
I can easily keep track of my online tax transfers, so I know when my taxes are due.	5.70%	14.30%	20.00%	28.60%	31.40%	3.66	1.2
Use of an internet enabled tax system has reduced system automation hence motivating me to remain compliant	4.30%	8.60%	12.90%	28.60%	45.70%	4.03	1.2
I file my returns and make my payment of taxes due using the iTax system	1.40%	4.30%	20.00%	47.10%	27.10%	3.94	0.9

Source: Research Data (2023)

According to the results of the descriptive analysis shown in Table 4.4, most respondents (mean = 3.73, standard deviation = 1.4) agreed that paying taxes with mobile money has enhanced their compliance with excise duties. Descriptive statistics also revealed that most respondents (Mean = 3.69, standard deviation = 1.4) agreed that tracking tax returns and payments at minimal cost is made possible by retrieving tax records from itax. Furthermore, the majority of respondents confirmed, based on the findings of the descriptive analysis, that they can easily follow online tax transfers and determine when taxes are due (mean = 3.66, standard deviation = 1.2). Additionally, the

majority of respondents (mean=4.03, standard deviation=1.2) stated that using an internet-enabled tax system has decreased system automation, which encourages people to continue complying with the law. Lastly, the majority of respondents (mean = 3.94, standard deviation = 0.9) concurred that they use the iTax system to file returns and pay the taxes owed. The findings imply that system automation is critical in enhancing excise duty compliance.

4.4.3 Tax Audits

Table 4.3 shows the descriptive statistics results for the variable tax audits.

Table 4.3: Descriptive Statistics for Tax Audits

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Our business has been audited by KRA	5.70%	15.70%	11.40%	28.60%	38.60%	3.79	1.27
An increase in yearly tax audits has an impact on the compliance with excise taxes.	1.40%	8.60%	21.40%	27.10%	41.40%	3.99	1.06
I have been once summoned by KRA officials to submit our books for audit	4.30%	2.90%	8.60%	40.00%	44.30%	4.17	1.01
Tax audits raise the likelihood of detection, so I should abide by the tax regulations.	1.40%	5.70%	21.40%	31.40%	40.00%	4.03	0.99

Source: Research Data (2023)

The majority of respondents stated that KRA had audited their company, according to the descriptive analysis results shown in Table 4.5 (mean = 3.79, standard deviation = 1.27). The majority of respondents, as indicated by the descriptive statistics (Mean = 3.99, standard deviation = 1.06), agreed that an increase in the frequency of yearly tax audits has an impact on excise tax compliance. Furthermore, the majority of respondents confirmed, based on the results of the descriptive analysis, that they had once been called by KRA authorities to turn in our books for audit (mean = 4.17,

standard deviation = 1.01). Lastly, descriptive data showed that most respondents (mean = 4.03, standard deviation, 0.99) agreed that tax audits improve compliance with tax rules and enhance the likelihood of being caught. The findings imply that tax audits are critical in enhancing excise duty compliance.

4.4.4 Taxpayer Education

Table 4.4 shows the descriptive statistics for the variable taxpayers' education.

Table 4.4: Descriptive Statistics for Taxpayer Education

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
Access to tax information has become easier since I can get the information through the cultural event organized by KRA	2.90%	11.40%	22.90%	28.60%	34.30%	3.8	1.12
The KRA seminars held in my locality have assisted me identify my tax obligations and now I can account for Excise duty tax effectively	1.40%	10.00%	12.90%	20.00%	55.70%	4.19	1.09
Sensitization through seminars has made me aware of my tax responsibility, duty and right	1.40%	7.10%	11.40%	24.30%	55.70%	4.26	1.02
The online social media platforms run by KRA have sufficient information on excise duty tax registration, filing and payment	4.30%	4.30%	12.90%	27.10%	51.40%	4.17	1.09
I have attended seminars on excise duty tax matters	1.40%	8.60%	11.40%	40.00%	38.60%	4.06	0.99

Source: Research Data (2023)

The majority of respondents agreed, according to the descriptive analysis results shown in Table 4.4, that access to tax information has gotten easier now that they can obtain it through the cultural event that KRA organizes (mean =3.8, standard deviation=1.12). The majority of respondents, according to the descriptive statistics, agreed that the KRA seminars conducted in my community helped them understand their tax responsibilities

and that they can now efficiently account for excise duty tax (mean = 4.19, standard deviation = 1.09). Furthermore, the majority of respondents confirmed that sensitization through seminars has made them aware of their tax obligation, responsibility, and right, per the results of the descriptive analysis (mean = 4.26, standard deviation = 1.02). Additionally, the majority of respondents (mean = 4.17, standard deviation = 1.09) agreed that the KRA-run online social media platforms include adequate information about excise duty tax registration, filing, and payment. Lastly, descriptive statistics showed that most respondents (mean = 4.06, standard deviation, 0.99) acknowledged to have attended seminars on excise duty tax concerns. The findings imply that taxpayer education is critical in enhancing excise duty compliance.

4.4.5 Excise Duty Compliance

The descriptive statistics results for the dependent variable excise duty compliance were as presented in Table 4.5.

Table 4.5: Descriptive Statistics for Excise Duty Compliance

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev.
The company timely files its tax returns.	4.30%	5.70%	12.90%	32.90%	44.30%	4.07	1.09
I have registered for excise duty tax compliance obligation	2.90%	7.10%	12.90%	41.40%	35.70%	4	1.02
I pay the tax liability that arise from my excise duty tax obligation without failure	0.00%	10.00%	7.10%	44.30%	38.60%	4.11	0.93
The tax system in place motivates me to voluntarily comply with tax obligation	5.70%	8.60%	7.10%	42.90%	35.70%	3.94	1.14

Source: Research Data (2023)

Table 4.7 displays the findings of the descriptive analysis, which indicate that most respondents believed that the business files its tax returns on time (mean = 4.07,

standard deviation = 1.09). The majority of respondents confirmed, according to the descriptive statistics (Mean =4.0, standard deviation =1.02), that they have registered for the excise duty tax compliance obligation. Additionally, the majority of respondents confirmed that they pay the tax burden resulting from their excise duty tax obligation without fail, according to the descriptive analysis results (mean =4.11, standard deviation = 0.93). Lastly, descriptive data showed that most respondents (mean =3.94, standard deviation =1.14) felt that the existing tax system encourages them to voluntarily comply with tax obligations.

4.4.6 Firm Size

The control variable was firm size measured using the number of employees. The descriptive statistics results were as in Table 4.6.

Table 4.6: Firm Size

	Frequency	Percent
Below 10	22	31.4
10- 50 employees	17	24.3
51-100	16	22.9
More than 100	15	21.4
Total	70	100

Source: Research Data (2023)

The importers had below 10 employees representing 31.4% followed by those with 10- 50 employees representing 24.3%, then 51-100 employees and more than 100 employees with 22.9% and 21.4% respectively.

4.5 Correlation Analysis

The correlation analysis results were as presented in Table 4.7.

Table 4.7: Correlation Results

		Enforcement Measures	System Automation	Tax Audit	Taxpayer Education	Excise Duty Tax Compliance
Enforcement Measures	Pearson Correlation	1				
	Sig. (2-tailed)					
System Automation	Pearson Correlation	.390**				
	Sig. (2-tailed)	0.001				
Tax Audit	Pearson Correlation	.469**	.428**	1		
	Sig. (2-tailed)	0.000	0.000			
Taxpayer Education	Pearson Correlation	.411**	.255*	.356**	1	
	Sig. (2-tailed)	0.000	0.033	0.002		
Excise Duty Tax Compliance	Pearson Correlation	.699**	.538**	.608**	.559**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	70				

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

Source: Research Data (2023)

The results of correlation revealed a positive and also significant association between enforcement measures and excise duty tax compliance ($r=0.699$, $p=0.000$). Thus, this implied that rigorous enforcement measures are associated with higher levels of excise duty tax compliance. The correlation between system automation and excise duty tax compliance was also found to be positive and significant with $r=0.538$ and $p=0.000$). Hence, when system automation is increased, excise duty tax compliance will also increase.

Additionally, the correlation coefficient (r) between tax audits and excise duty tax compliance was found to be 0.608, with a p-value of 0.00, indicating a positive link

between tax audits and tax compliance. This suggests that rigorous tax audits are associated with higher levels of excise duty tax compliance. Finally, a positive and substantial link between taxpayer education and excise duty tax compliance was found, with a correlation coefficient (r) of 0.559 and a p value of 0.000. Therefore, if taxpayer education increases, excise duty tax compliance also increases.

4.6 Assumptions of Linear Regression

4.6.1 Normality Test

Table 4.8 shows normality test results.

Table 4.8: Normality Test Results

	Shapiro-Wilk		
	Statistic	df	Sig.
Enforcement Measures	0.927	70	0.102
System Automation	0.938	70	0.234
Tax Audit	0.933	70	0.131
Taxpayer Education	0.946	70	0.400
Excise Duty Tax Compliance	0.924	70	0.054

Source: Research Data (2023)

The findings revealed that the p values were > 0.05 hence the null hypothesis for normal distribution was not rejected and hence the data for the variables was obtained from a normally distributed population.

4.6.2 Multicollinearity Test

Multicollinearity was tested by the VIF test and the results were as in Table 4.9.

Table 4.9: Multicollinearity Test Results

	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Enforcement Measures	0.68	1.47
System Automation	0.768	1.302
Tax Audit	0.687	1.456
Taxpayer Education	0.795	1.258

Source: Research Data (2023)

The results for the multicollinearity revealed that all the variables had a VIF less than 10 hence there was no multicollinearity.

4.6.3 Homoscedasticity Test

The test for homoscedasticity was conducted using the Breusch Pagan test. The results were presented in Table 4.10.

Table 4.10: Homoscedasticity Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	0	1	0	0	1.000
Residual	10.905	68	0.16		
Total	10.905	69			

Source: Research Data (2023)

The findings revealed that the p value was > 0.05 hence the data was homoscedastic.

4.7 Multiple Linear Regression Analysis

Multiple linear regression analysis was performed to determine the effect of each of the determinants of excise duty tax compliance.

Table 4.11 presents the model of fitness results.

Table 4.11: Model of Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826a	0.683	0.658	0.28161

Source: Research Data (2023)

The R squared obtained for the regression analysis was 0.683. This means that enforcement measures, system automation, tax audits and taxpayer education explain 68.3% of the variations in excise duty tax compliance. There might be other determinants of excise duty tax compliance that would explain the remaining 31.7%.

Table 4.12: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.915	5	2.183	27.526	.000 ^b
Residual	5.075	64	.079		
Total	15.990	69			

Source: Research Data (2023)

The results of the ANOVA showed that the p value was 0.000 which revealed that the whole model was significant.

Table 4.13: Regression of Coefficients

	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
	B		Beta		
(Constant)	.653	.323		2.021	.047
Enforcement Measures	.278	.060	.396	4.609	.000
System Automation	.165	.062	.215	2.670	.010
Tax Audit	.225	.080	.239	2.811	.007
Taxpayer Education	.172	.054	.254	3.217	.002
Firm size	-.010	.030	-.024	-.342	.733

Source: Research Data (2023)

From the regression analysis results, the coefficient for the variable enforcement measures was 0.278 and a P value of 0.000 which was significant at 95% confidence

level. This suggested a favorable and substantial link between enforcement actions and excise duty tax compliance. Therefore, if enforcement measures are increased by a unit, the excise duty tax compliance among cigarette importers would increase by 0.278 units.

The coefficient for the variable system automation was 0.165 and the p value was 0.010 which was significant at 95% confidence level. This indicates that system automation and excise duty tax compliance are positively and significantly correlated. Therefore, an increase of one unit in system automation would result in a 0.165 increase in excise duty tax compliance.

Similarly, the relationship between tax audits and excise duty tax compliance was found to be positive and significant as the coefficient was 0.225 and the p value was 0.007 significant at 95% confidence level. Thus, increasing tax audits by a unit will result in 0.225 units increase in excise duty tax compliance.

In addition, it was revealed that the coefficient of taxpayer education was 0.172 and the p value was 0.002 which was significant at 95% confidence level. Consequently, it was determined that there was a positive and substantial correlation between taxpayer education and excise duty tax compliance. Therefore, 0.172 more excise duty tax compliance would result from every unit increase in taxpayer education.

Finally, the findings indicated that firm size had no significant effect on excise duty tax compliance. The p value of 0.733 > 0.05 supported this. As a result, there was no meaningful correlation between firm size and excise duty tax compliance.

The estimated model is therefore written as:

$$Y = 0.653 + 0.278 X_1 + 0.165 X_2 + 0.225 X_3 + 0.172 X_4$$

Where,

Y = Excise duty tax compliance; X_1 = enforcement measures, X_2 = System automation, X_3 = Tax Audit, X_4 = Taxpayer education

4.8 Hypotheses Testing

The first hypothesis stated that H_{01} Enforcement measure has no significant effect on excise duty compliance among cigarette importers in Kenya. The study hypothesis was rejected since the p value was less than 0.05. Therefore, enforcement measure has a significant effect on excise duty compliance among cigarette importers in Kenya.

The second hypothesis stated that H_{02} system automation has no significant effect on excise duty compliance among cigarette importers in Kenya. The study hypothesis was rejected since the p value was less than 0.05. Therefore, system automation has a significant effect on excise duty compliance among cigarette importers in Kenya.

The third hypothesis stated that H_{03} tax audits has no significant effect on excise duty compliance among cigarette importers in Kenya. The study hypothesis was rejected since the p value was less than 0.05. Therefore, tax audits has a significant effect on excise duty compliance among cigarette importers in Kenya.

The fourth hypothesis stated that H_{04} tax payer education has no significant effect on excise duty compliance among cigarette importers in Kenya. The study hypothesis was rejected since the p value was less than 0.05. Therefore, system automation has a significant effect on excise duty compliance among cigarette importers in Kenya.

The fourth hypothesis stated that H_{04} tax payer education has no significant effect on excise duty compliance among cigarette importers in Kenya. The study hypothesis was rejected since the p value was less than 0.05. Therefore, system automation has a

significant effect on excise duty compliance among cigarette importers in Kenya. Table 4.14 shows the final decision on the study hypotheses.

Table 4.14: Hypotheses Testing

No	Hypothesis	P value	Decision
H01	Enforcement measure has no significant effect on excise duty compliance among cigarette importers in Kenya	0.000<.05	Reject
H02	System automation has no significant effect on excise duty compliance among cigarette importers in Kenya	0.010<.05	Reject
H03	Tax audit has no significant effect on excise duty compliance among cigarette importers in Kenya	0.007<.05	Reject
H04	Taxpayer Education has no significant effect on excise duty compliance among cigarette importers in Kenya	0.002<.05	Reject

4.9 Discussion of the Key Findings

This section presents discussion of key findings in relation to literature review.

4.9.1 Enforcement Measures and Excise Duty Compliance

According to research on the impact of enforcement actions on excise duty tax compliance, there is a strong and positive correlation between enforcement actions and compliance with excise duty taxes. The correlation analysis also supported a positive and significant association. This implied that an increment in enforcement measures will result in an increment in excise duty tax compliance. This means that court suits

and agency notice serve to increase compliance of excise duty tax. When the revenue authority takes on these measures, they encourage the taxpayer to comply to the tax obligation in order to evade the consequences.

These findings rhyme with the findings by Devos (2013) who found that tax law enforcement measures did impact upon the compliance behaviour of tax evaders. The results corroborated those of Richardson (2018), who found that the average tax payments of those who received the notice that their upcoming tax returns would be extensively scrutinized went up. The findings, however, were at odds with those of Sinnasamy and Bidin (2017), who discovered a positive correlation between importers' perceptions of penalty rates and their noncompliance with excise duties.

4.9.2 System Automation and Excise Duty Compliance

The results of regression analysis revealed that system automation and excise duty tax compliance have a positive and significant relationship. The correlation data, which revealed a positive and substantial association, further corroborated this. Therefore, if the automation of systems is scaled up, the excise duty tax compliance will also go up. Thus, the use of e-filing and e-payment by taxpayers help them improve on the compliance of excise duty tax. This will lead to an increment of excise duty tax compliance.

The findings of Mukuwa and Phiri (2019), who found that electronic services had positive and statistically significant effects on tax compliance and revenue collection, are in line with these findings. The outcomes corroborated Irefe-Esema and Akinmade's (2020) findings, which showed that tax automation boosted registration and payment compliance. Additionally, results were consistent with those of Nshimirimana and

Twesigye (2022), who came to the conclusion that tax compliance is influenced by electronic filing systems.

4.9.3 Tax Audits and Excise Duty Compliance

As per the analysis of regression and correlation, there is a positive as well as a statically significant relationship between tax audits and excise duty compliance. These findings indicate that the increased tax audit of cigarette importers leads to increased excise duty tax compliance. Therefore, both the application of field audits and desk audits is a promoter of excise duty tax compliance as the taxpayer will fear being detected and hence pay to avoid penalties and fines that may go along with noncompliance.

These results are consistent with Olaoye and Ekundayo's (2019) conclusion that tax compliance was positively and significantly impacted by desk, field, back duty, and registration audits. The results corroborated those of Alemu (2020), who discovered that tax audits raise tax compliance levels. Furthermore, the outcomes supported the findings of Soyinka et al. (2016), who discovered that a corporation's ability to comply with tax laws was significantly impacted by the probability and frequency of tax audits. Ineffective audits have the opposite impact of effective audits, which enhance post-audit tax compliance. The results contradicted those of Kasper and Alm (2022), who showed that the effectiveness of audits influences these reactions and that tax audits have different effects on post-audit compliance.

4.9.4 Taxpayer Education and Excise Duty Compliance

On taxpayers' education effect on excise duty tax compliance, the study found that there is a positive and significant relationship between the two constructs. It was found that if taxpayer education is increased, excise duty tax compliance will also increase. Therefore, more education to taxpayers on matter related to tax will enhance their

compliance level to excise duty tax compliance. This was in line with research by Oduro, Asiedu, and Tackie (2018), which showed that tax education was essential to reducing tax evasion, and by Vazquez (2019), who found that exposure to newspaper ads that provided details on tax eligibility but not notification led to an increase in income tax filing. The outcomes also coincide with the research of Adekoya (2019), Oladipupo and Obazee (2018), Tetteh (2019), and others, who discovered positive and significant correlations between print media, electronic means, stakeholder sensitization programs, and SMEs tax compliance. These studies also showed the positive significant effect of taxpayer education on corporate tax compliance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter includes a summary of the study findings, the conclusions made based on the findings and the recommendations for practice and management, policy and contribution to theory as well as recommendations for further research.

5.2 Summary

The main aim of the study was to analyse the determinants of excise duty tax compliance among cigarette importers in Kenya. Specifically, the study sought to identify the effect of enforcement measures, system automation, tax audits and taxpayer education on excise duty tax compliance. The study used an explanatory design and collected data from the respondents who included accounts managers, accounts officers, operations managers and operations officers using a questionnaire. The data was analysed by descriptive statistics, correlation and regression analysis. A summary of the study findings is provided herein.

5.2.1 Enforcement Measures and Excise Duty Compliance

The analysis of the descriptive statistics revealed that the enforcement measures such as court suit and agency notice are used by KRA towards the cigarette importers. This was according to the affirmation by majority of the respondents on statements regarding enforcement measures. The respondents affirmed to the statements on court suits being ordered against them and being served with agency notice which they affirmed made them be more compliant. And further finding of the correlation analysis was the strong and positive relationship between enforcement actions and excise duty tax compliance. Regression analysis also showed that enforcement actions and excise duty tax compliance had a positive and substantial association. These results disproved the null

hypothesis, which held that enforcement actions have no appreciable impact on Kenyan cigarette importers' compliance with excise duties.

5.2.2 System Automation and Excise Duty Compliance

The study's descriptive analysis provided affirmations that system automation such as e-filing and e-payment has been helpful to the cigarette importers in paying for and filing returns. This was in accordance to majority of the respondents' agreement on statements regarding the usefulness of the systems automation. Furthermore, system automation and excise duty tax compliance were found to be positively and significantly correlated by the correlation study. Regression study also reveals a favorable and substantial association between system automation and excise duty tax compliance. The results led to the rejection of the null hypothesis, which stated that system automation has no appreciable impact on Kenyan cigarette importers' compliance with excise duties.

5.2.3 Tax Audits and Excise Duty Compliance

From the descriptive analysis, it was revealed that majority of the respondents agreed with statements that showed tax audits were performed on their businesses. Furthermore, the descriptive statistics showed that most respondents felt that tax audits—both desk and field—made them more compliant because they were afraid of being discovered. This was further supported by the correlation study's results, which showed a positive and substantial association between tax audit and excise duty tax compliance. A robust and favorable correlation between tax audits was also found using regression analysis. The findings led to the rejection of the null hypothesis that tax audit has no significant effect on excise duty compliance among cigarette importers in Kenya.

5.2.4 Taxpayer Education and Excise Duty Compliance

As per the descriptive analysis of the statements on the variable taxpayer education, the study uncovered that taxpayer education through such platforms as the seminars and print media are helpful in enabling the taxpayers to gather information related to excise duty tax and also understand their obligations in relation to the tax. This leads to a higher excise duty tax compliance as indicated by the correlation analysis results that established a positive and significant correlation between the two. Furthermore, a significant and robust correlation between taxpayer education and excise duty tax compliance was revealed by the regression analysis. As a result, the null hypothesis—that taxpayer education had no discernible impact on excise duty compliance among Kenyan cigarette importers—was rejected.

5.3 Conclusion

Based on what the study discovered, the following conclusions were made.

Regarding the first objective, the study concluded that enforcement measures have a positive as well as statistically significant effect on excise duty tax compliance. Enforcement measures taken by revenue authority such as court suits and agency notice quicken taxpayers such as the cigarette importers to pay their excise duty tax.

On the second objective, the study concluded that system automation has a positive and significant effect on excise duty tax compliance. This is due to the ease of filing and payment of the excise duty tax that comes with system automation. System automation enables the taxpayers to track tax returns and payments at a low cost. It also enables them to access information easily on when taxes are due. This makes the taxpayers to be more compliant to the excise duty tax.

The results of the third objective led to the conclusion that tax audits have a positive and significant effect on excise duty tax compliance. Tax audits are conducted either through the desk audits or field audits and this helps them to be more complaint. Tax audits are useful in making the taxpayers to be more compliant as they fear being detected in the event that they do not pay.

Finally, the results of the fourth objective led to similar conclusion that taxpayer education has a positive and significant effect on excise duty tax compliance. The tax education provided to taxpayers through the different platforms such as print media and seminars make the taxpayers to access the information that they need in making them more compliant as relates to excise duty tax such as on registration, filing and payments.

5.4 Recommendations

The following are the recommendations for this study based on what the study discovered.

5.4.1 Practice and Management

The study found that enforcement measures, system automation, tax audits and taxpayer education have a positive and significant effect on excise duty tax compliance. The study therefore recommends that the management of KRA put up strategies that will lead to more enforcement measures being taken in order to increase compliance. The management should also come up with measures that will lead to an increment in system automation for registration, filing and payment of excise duty tax. Moreover, expanded tax audits should be the aim of KRA. The management of KRA is also encouraged to set aside more resources aimed at educating the taxpayers on matters related to excise duty tax compliance.

5.4.2 Implication to Theory

The findings of the study will be useful in supporting the already existing theories regarding determinants of tax compliance. The economic deterrence theory, which holds that tax rates and other factors influence behavior by determining the costs and benefits of tax evasion and fraud penalties and probability of detection, respectively, is supported by the results of tax audits and enforcement actions having a positive impact on excise duty tax compliance. Furthermore, it has been discovered that system automation significantly and favorably affects excise duty tax compliance. These results also add to the notion of diffusion of innovations, which describes how new concepts proliferate through several phases of adoption by different actors. The social learning theory, which holds that taxpayers are more likely to comply with laws if they have firsthand experience with them and are aware of how taxes actually contribute to the growth of their community, is further supported by the results showing the positive impact of taxpayer education on excise duty tax compliance.

5.4.3 Implication to Policy

The study findings are useful to policy makers who make policies related to tax compliance. It is consequently advised that policymakers make use of the study's findings to create appropriate regulations that will increase the amount of excise duty tax compliance. The policy makers are recommended to come up with policies that will lead to more enforcement measure being adopted that will push the taxpayers to pay their excise duty tax. They should also make policies to encourage automation of systems that ease the process of filing and payment of excise taxes. Further, the policies should touch on tax audits to reach out to all taxpayers for excise duty tax auditing. The policy makers should also make policies to extend more resources to the taxpayer education programs.

5.5 Recommendations for Further Research

The scope of this study was limited to analysing the determinants of excise duty tax compliance among cigarette importers in Kenya. The determinants that were analysed included enforcement measures, system automation, tax audits and taxpayer education. Therefore, further research can be conducted to examine other determinants such as those related to the demographic characteristics of respondents such as level of education, culture, gender and economic determinants such as the income and also introduction of taxpayer perception as a moderator.

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APPENDICES

Appendix I: Letter of Introduction

Pauline Talaso Lito
Nairobi.

14th August 2023

Dear Respondent,

RE: Request to Participate in a Study and Data Collection

I hope this letter finds you well.

My name is Pauline Talaso Lito, pursuing a Master's degree in tax administration offered by Kenya Revenue School of Revenue Administration (KESRA) in collaboration with Moi University. I am undertaking research on “**DETERMINANTS OF EXCISE DUTY COMPLIANCE AMONG CIGARETTE IMPORTERS IN KENYA**” This letter is to request you to participate in the study by filling the questionnaire. I pledge to you that the information gathered is for academic use only and that I will uphold confidentiality during and after the study.

Kind Regards,

Pauline Talaso Lito.

Appendix II: Questionnaire

You are requested to participate in this study by filling this questionnaire. Kindly fill by ticking (✓) in line with your agreement to the statement or questions. All data and information is for academic use only.

SECTION A: GENERAL INFORMATION

1. Gender :

Male ()

Female ()

2. Age:

Below 30 years ()

31-40 years ()

41-50 years ()

51-60 years ()

3. Education level

Primary level ()

Diploma level ()

Bachelor degree ()

SECTION B:**ENFORCEMENT MEASURES**

On a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5=strongly agree, kindly tick where appropriate to indicate your level of acceptance with the statements.

	1	2	3	4	5
We have been supplied with a court suit due to noncompliance excise duty tax related issues					
KRA have put distraint measures due to compliance related offenses					
Agency notices are frequently used by KRA officers to enforce compliance					
Lawsuits due to noncompliance has made many business to be compliant					

SYSTEM AUTOMATION

On a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5=strongly agree, kindly tick where appropriate to indicate your level of acceptance with the statements

	1	2	3	4	5
Payment of taxes through mobile money has improved my excise duty compliance					
Retrieval of tax records from itax is vital since it enables me to track tax returns and payments at low costs					
Online remittances of taxes are easy to track thus I can tell when taxes are due.					
Use of an internet enabled tax system has reduced system automation hence motivating me to remain compliant					
I file my returns and make my payment of taxes due using the iTax system					

TAX AUDIT

On a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5=strongly agree, kindly tick where appropriate to indicate your level of acceptance with the statements

	1	2	3	4	5
Our business has been audited by KRA					
Increased number of annual tax audits has effect on excise tax compliance					
I have been once summoned by KRA officials to submit our books for audit					
Tax audits increase the probability of being detected, I better comply with the tax laws					

TAXPAYER EDUCATION

On a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5=strongly agree, kindly tick where appropriate to indicate your level of acceptance with the statements

	1	2	3	4	5
Access to tax information has become easier since I can get the information through the cultural event organized by KRA.					
The KRA seminars held in my locality have assisted me identify my tax obligations and now I can account for Excise duty tax effectively					

Sensitization through seminars has made me aware of my tax responsibility, duty and right					
The online social media platforms run by KRA have sufficient information on excise duty tax registration, filing and payment					
I have attended seminars on excise duty tax matters					

EXCISE DUTY TAX COMPLIANCE

On a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5=strongly agree, kindly tick where appropriate to indicate your level of acceptance with the statements

	1	2	3	4	5
The business files its tax returns on time					
I have registered for excise duty tax compliance obligation					
I pay the tax liability that arise from my excise duty tax obligation without failure					
The tax system in place motivates me to voluntarily comply with tax obligation					

CONTROL VARIABLE

Number of employees in the organizations

Below 10 employees ()

10-50 employees ()

51-100 employees ()

Above 100 employees()

-The End-

Appendix III: Cigarette importers in Kenya

1	Dufry Kenya Limited
2	Safari Duty Free
3	Maya Duty Free Limited
4	Suzan Duty Free
5	Simba Duty Free Limited
6	Mombasa Seaport Duty Free Limited
7	Silver Duty Free Shop Limited
8	Novelo Limited
9	Spice And Vegetable Hub Limited
10	Silver Springs Distributors Company Limited
11	Maxam Limited
12	Tabacalera Holdings Limited
13	Rg Tobacco Limited
14	Ecological Green Limited
15	Tourvest Holdings (Proprietary) Limited
16	Nederlinks Enterprises Limited
17	Zephyr House (Df) Limited
18	Goldrock International Enterprises Company (Kenya) Limited
19	Lidan Liu
20	International Duty Free Complex Limited
21	Cubana Leaves Limited

Source: KRA (2021).

Appendix IV: Authorization Letter from Moi University**KENYA REVENUE
AUTHORITY**

ISO 9001:2015 CERTIFIED

PUBLIC**KENYA SCHOOL OF REVENUE ADMINISTRATION****REF: KESRA/NBI/036**11th October 2023**TO: WHOM IT MAY CONCERN**

Dear Sir/Madam,

**RE: REQUEST FOR ASSISTANCE TO PAULINE LITO OF REGISTRATION NO.:
KESRA105/0064/2021 UNDERTAKING 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: "Determinants of excise duty compliance among cigarettes importers in Kenya."

The purpose of this letter is to request for your kind facilitation in enabling the student progress in her 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.

Pauline Masira
Manager Academic Research,
KESRA



Appendix V: Research Permit

 <p>Ministry of Science, Technology and Innovation National Commission for Science, Technology and Innovation Ref No: 909019</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION Date of Issue: 26/October/2023</p>
<h3>RESEARCH LICENSE</h3>	
	
<p>This is to Certify that Miss. Pauline Talano Lino of Kenya School of Revenue Administration, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Mombasa, Nairobi, Voina-Gidha on the topic: DETERMINANTS OF EXCISE DUTY COMPLIANCE AMONG CIGARETTES IMPORTERS IN KENYA for the period ending : 26/October/2024.</p>	
<p>Applicant Identification Number</p>	<p>License No: NACOSTUP/23/0677</p>
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	
<p>See overleaf for conditions</p>	
	

Appendix VI: Plagiarism Certificate



SR535

ISO 9001:2019 Certified Institution

THESIS WRITING COURSE

PLAGIARISM AWARENESS CERTIFICATE

This certificate is awarded to

PAULINE TALISO LIMO

KESRA105/0064/2021

In recognition for passing the University's plagiarism

Awareness test for Thesis entitled: **DETERMINANTS OF EXCISE DUTY COMPLIANCE AMONG CIGARETTES IMPORTERS IN KENYA** with similarity index of 11% and striving to maintain academic integrity.

Word count: 20448

Awarded by

Prof. Anne Syomwene Kisilu

CERM-ESA Project Leader Date: 29/05/2024