PERCEIVED TAX FAIRNESS AND TURNOVER TAX COMPLIANCE: THE ROLE OF EASE OF USE OF ELECTRONIC TAX SYSTEM AMONG SMALL AND MEDIUM ENTERPRISES IN NAIROBI, KENYA

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DECLARATION

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

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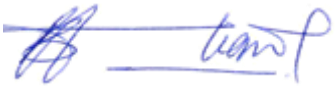
Signature:  Date: 13/10/2023

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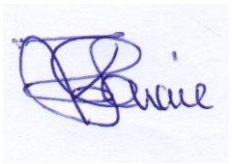
Signature:  Date: 19/10/2023

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DEDICATION

This project is dedicated to my family members for their patience and encouragement throughout my studies and to my friends for their insights, advice and continued encouragement that I greatly appreciate. I also dedicate this project to Kenya School of Revenue Authority and Moi University.

ABSTRACT

Kenyan government through Kenyan revenue authority (KRA) has been working effortlessly to improve turnover tax compliance as a result of an increase in government projects and a global economic slump. However, despite much intervention, according to KRA report compliance of turnover tax has been low with shortfall of Ksh 14.6 billion Shillings in the period 2021-2022. Therefore, the general objective of this study was to determine effect of perceived tax fairness on turnover tax compliance: the role of ease of use of electronic tax system among SMEs in Nairobi. The study specifically determined; the effect of procedural tax fairness on turnover tax compliance, effect of distributive tax fairness on turnover tax compliance, effect of retributive tax fairness on turnover tax compliance and determine moderating effect of perceived of ease of use of electronic tax system on the relationship between perceived tax fairness and turnover tax compliance. The study was informed by the equity theory and technology acceptance model. The study employed explanatory research design. The target population were 4821 registered SMEs in Nairobi Central Business District, Kenya. Stratified and random sampling techniques were employed to select 376 owners/managers SMEs. Questionnaires were used to collect data. Validity and reliability of the research instruments was tested using factor analysis and Cronbach alpha. Data was analysed using means, standard deviation, Pearson correlation and multiple regression analysis. The finding revealed that procedural tax fairness (β= 0.421, p=.000<.05), distributive tax fairness (β= 0.154, p=.000<.05) and distributive tax fairness (β = 0.439. p=.000<.05) positively influences the turnover tax compliance among the SMEs in Nairobi. Further findings revealed that perceived ease of use of the electronic tax system was found to have a moderating effect on the relationship between procedural tax fairness and turnover tax compliance (β= 0.45, p=.000<.05, $R^2\Delta$ = 0.046) suggesting the importance of user-friendly and accessible digital tax systems in facilitating compliance. However, perceived ease of use of the electronic tax system did not moderate the relationship between distributive tax fairness and turnover tax compliance (β= 0.04, p>.05, $R^2\Delta$ = 0.00) and retributive tax fairness and turnover tax compliance (β= 0. 5, p=.>.05, $R^2\Delta$ = 0.00). Therefore, the study recommended for policymakers and the Kenya Revenue Authority to continue providing fair and transparent tax procedures, while also ensuring that the electronic tax system is easy to use and understand for SME owners. Also, emphasis should be on improving the perceived fairness of the tax system, ensuring that lower-income SMEs receive adequate support. Also, efforts should be made to improve the perception of tax fairness among SMEs by ensuring equitable distribution of tax burden and consistent application of rules and regulations. Finally, policymakers and tax authorities should ensure that the electronic tax platforms are easy to use and understand.

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ABBREVIATIONS

AMOS	-	Analysis of a Moment Structures
ANOVA	-	Analysis of Variance
GDP	-	Gross Domestic Product
KNBS	-	Kenya National Bureau of Statistics
KRA	-	Kenya Revenue Authority
RoK	-	Republic of Kenya
SME	-	Small and Medium Enterprises
SPSS	-	Statistical Package of Social Sciences
SSA	-	Sub-Saharan Africa
TOT	-	Turnover Tax
TPB	-	Theory of Planned Behavior
VAT	-	Value Added Tax

DEFINITION OF TERMS

Distributive tax fairness refers to how taxpayers perceive that they are treated equally to other taxpayers in terms of the benefits of tax payments (Van Dijke, et al., 2014).

Perceived Ease of use of Electronic Tax System defines the degree to which individual or enterprise taxpayer believe that the use of a particular technology will improve filing of tax (Wibisono and Toly, 2014)

Perceived Tax Fairness refer to taxpayer perception toward fairness on turnover tax rate, tax distribution, tax penalties

Procedural tax fairness is a form of fairness where tax authorities implement tax procedures fairly (Van Dijke, et al., 2014).

Retributive tax fairness refers to fairness on actions to comply with existing regulations such as audit and penalties (Van Dijke, et al., 2014)..

SMEs: In SME act 2012 act in Kenya', SMes are those that have an annual turnover of Ksh 0.5-5

	million, with the number of employees ranging from 10-50 people (Laws of Kenya, 2012).
Tax compliance	refer taxpayer complies (or does not comply) with his nation's tax laws, such as disclosing income, filing a return, and timely paying the required tax, is referred to as tax compliance (McBarnett, 2016). Tax compliance also includes timely filing, disclosing, and paying of any owed taxes (LE et al., 2020).

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter entails the background information about the study, statement of the problem, objectives of the study, research hypotheses, significance and scope of the study.

1.1 Background of the Study

Taxes are the main source of funding for the government's infrastructure and other developmental expenditures (Musimenta, 2020). In order to produce sufficient tax income for sustainable economic growth, taxpayer compliance with tax duties is essential (Nkundabanyanga et al., 2017). For the government to operate effectively, individuals as well as business entities must comply with tax laws (Lee & Yoon, 2020; Boateng et al., 2022). Taxpayers' failure to pay their taxes could cause the economy to falter and the government to become unstable (Bani-Khalid et al., 2022).

Tax non-compliance may lead to a drop in tax revenue, an increase in unemployment due to a lack of work prospects, and a breakdown in government operations (Carsamer & Abbam, 2020). Non-compliance is a serious problem for both developed and developing countries. In order to foster tax compliance, policymakers are therefore working to understand the elements that enable individuals and enterprises to pay tax (Al-Maghrebi, Sapiei, & Abdullah, 2022). Scholars have studied various factors that affect tax compliance, including the severity of penalties, cost of compliance, the, the level of taxpayer awareness, and

perceptions of government spending (Mannan, 2020). The aim of this study is to examine the impact of perceived tax fairness on compliance in the turnover influence system.

Perceived tax fairness has been indicated as vital aspect of tax compliance (Oladipo et al. 2019; Lestary et al., 2021; Hayat et al., 2022), and found that it will improve government revenue generation positively when individual taxpayer sees the tax system and policy as fair. In order to achieve the high level of tax compliance crucial that tax regulations should be fair as much as possible (Geberegbe, et al., 2022). When taxpayers are convinced that their taxes are fair and been put to good use by the government, their level of compliance tend to be higher (Rachmawan et al. 2020; Kaplanoglou et al., 2016).

Globally and regional studies have attempted to link perceived tax fairness with tax compliance. For example In Bangladesh, Mannan, (2020) revealed that the tax fairness perception among taxpayer's have positive and significant relationships with compliance. In Malaysia, Hayat et al., (2022) showed that the perceived fairness of the tax system was significantly related to the intention to comply with the tax rules and regulations. Nandal, et al., (2021) highlighted that perceived fairness of Indian GST's though low was influencing GST compliance positively. Al-Rahamneh and Bidin (2022) indicated that Jordanian SME owners/managers perceive tax system to be fair which had a substantial and favourable effect on tax compliance. In Nigerian, Azaka & Balogun, 2022) established that perception of tax fairness was positively correlated with tax compliance. In Uganda, Musimenta et al. (2017) found direct link between tax fairness and tax compliance Nevertheless, not all studies showed a favourable effect of perceived tax fairness

on tax compliance, some studies such as Oladipo and colleagues (2022) and Azaka and Balogun (2022) indicated Although there was a favourable relationship between tax fairness and compliance, it was not a significant predictor of compliance for all tax system.

In addition, these studies did not established fairness of turnover tax (TOT) which was created to simplify extremely complicated tax laws and regulations in a way that benefits the business in question (Debebe Kibret, 2021). The guidelines for turnover taxes that specify when and how much should be levied tend to vary depending on the tax regimes of the country. Though turnover taxes are seen to be easier to comply with than income taxes, this does not necessarily mean that the accompanying taxes are fair to pay. In fact, the convoluted income tax structure may wind up saddling the taxpayer that much more (Samuji et al., 2022). In this regard, Fjeldstad (2016) there is need to establish fairness of turnover tax and its complicate level.

Further, perceived ease of use of electronic system like other information technology-based factors has the impact fairness of tax system and compliance (Mustapha, 2013; Rahayu & Prastiwi, 2019) The ease of use of the e-filing system will have an impact on taxpayers to be able to implement the system. If the taxpayer's perception says that the e-filing system is very easy to use, then the application of the system will be high. So that the increasing level of ease in the application of technology systems can increase taxpayer compliance in submitting their turnover tax (Setiawan, et al., 2018).thus, thus, the current study will introduced perceive ease of use of electronic turnover system as moderating

variable on the relationship between perceived tax fairness on turnover tax compliance among Kenyan SMES

1.1.1 Turnover Tax among Kenyan SMEs

In Kenya, Turnover tax is governed by the Income Tax Act of Kenya, Cap. 470, and the Income Tax (Turnover Tax) Regulations of 2007. According to these laws, from January 1st, 2008, any resident individual who makes business revenue in Kenya and has a turnover of 5 million shillings or less during any year of income is required to follow these standards (KRA, 2019). The benefits of TOT were indicated to include streamlined filing and payment procedures, including mobile phone payments, shorter filing and payment deadlines, and a tax rate of 1% that is lower than other income tax rates. A person is also exempt from filing the annual income tax return since Turnover Tax is a final tax (KRA, 2021).

The turnover tax was introduced in Kenya in order to streamline the filing and payment procedures, including mobile phone payments, shorter filing and payment deadlines, and a tax rate of 1% that is lower than other income tax rates. However, SMES have been found to be more likely to engage in tax evasion even after the implementation of turnover tax (KRA, 2018) & (Kibret, 2020). This is explained by the likelihood that the person who owns and benefits from tax evasion will also be in charge of keeping the books and filing the tax returns. Some of the income tax's issues with the informal sector are likely to persist, especially those involving cash transactions made in the unofficial economy or with the express purpose of avoiding taxes. Additionally, some of the animosities toward the turnover tax system may lessen when the costs of compliance decrease and the perceived

fairness of the tax system rises. Businesses may decide to comply if they currently don't because they believe the current system is unfair or unjust (Kibret, & Dula, 2020).

Kenya is classified as a low-income, low-compliance country, making it difficult to ensure effective and efficient tax administration. According to a 2018 report prepared by the Parliamentary Budget Office, the government could have raised the revenue base by roughly Ksh. 79.3 billion in 2017 if tax cheating among SMEs had already been addressed. The tax head is also performing very poorly when compared to the other tax heads, but it still has a lot of potential to help small businesses and boost the authority's revenue collection. Many economists, governments, and tax administrators have expressed concern over the issue of why some SMEs voluntarily pay TOT tax while others do not, which calls for an investigation into the underlying causes.

The implementation of turnover tax (TOT) in Kenya was aimed at enhancing revenue collection and enhancing improvements in the tax system the effectiveness of tax administration, and lower collection costs in the SMEs sector. Compared to most taxes that are based solely on gross income, TOT has a very low rate. A quarterly tax agency submission for TOT is required and is charged at 1% of sales turnover. It is intended for businesses with annual sales between Kshs. 1,000,000 and Kshs. 50 million (KRA, 2022). Among the advantages of TOT are streamlined tax processes, reduced tax computation, and straightforward recordkeeping, which lower the cost of tax compliance.

In Kenya, the number of employees employed and the annual turnover are the primary factors used to categorize entities as small, medium, and large. They therefore include companies with six to fifty employees or yearly revenue of less than fifty million Kenyan shillings (KRA, 2022). According to Kenya's official definition of SMEs, businesses with less than 10 employees are considered small, those with between 10 and 49 employees are classified as small businesses, and medium-sized businesses are those with between 50 and 99 employees. In Kenya, micro-sized businesses constitute 92% of all businesses, small-sized businesses represent 7%, and medium-sized businesses make up only 1%.

According to the baseline survey conducted by the Kenya National Bureau of Statistics (KNBS, 2019), only one-third of SMEs are located in urban areas, with more than two-thirds of them operating in rural areas. The main steps for SMEs to start operations are registering for stamp duty, registering for a PIN from the Kenya Revenue Authority, registering for a business name, and obtaining a business permit from the local authorities. The process of getting approvals for doing business in is very challenging and registration procedures are very complicated.

1.2 Statement of the Problem

Tax compliance plays a pivotal role in fostering economic growth across the globe, spanning both developed and developing nations. The correlation between tax compliance and economic growth, as measured by GDP (gross domestic product), has revealed a noteworthy upward trend over the years. However, it is essential to underscore that this positive trajectory in GDP is not uniformly matched by a

corresponding improvement in tax compliance, particularly in developing countries. According to Castro and Rizzo (2014), both developing and developed nations are equally affected with turnover tax non-compliance more so among Small and Medium Enterprises (SMEs). Most governments are thus working to improve turnover tax compliance as a result of an increase in government projects and a global economic slump (Jimenez and Iyer, 2016).

However, turnover tax compliance in Kenya has been low compared to other taxes such as VAT income tax among others despite it being mostly introduced to enhance tax compliance among SMES. According to and the Turnover Tax (TOT) have not yielded much as the revenues are poor and decreasing with time.According to KRA (2022) report, total revenue collected from the Turnover Tax in 2022 was Kenya shillings 561 million against a target of Kshs. 835 million, clearly indicating a deficit of 274 million, which was pegged on none compliance in remitting Turn over Tax by some SMEs. SMEs' noncompliance behaviour in Kenya resulted in a Ksh. 10.8 billion shortfall in 2018–2019 goals, and the shortfall increased to Ksh 14.6 billion Shillings in the period 2021-2022, demonstrating the enormous economic problem in raising revenue by the national government that noncompliance causes. KRA in Nairobi County, the performance of turnover tax has on average been below 50% with 2,890 SMEs registering for turnover tax against a target of 6,928 between 2019 and 2021. Estimates of the turnover tax gap by the Parliamentary Budget Office (PBO) points to underperformance in collection of a meagre 0.15% against estimated potential of Kshs 79.3 Billion (PBO, 2021).

Many economists, governments, and tax administrators have thus expressed concern over the issue of why some SMEs voluntarily pay turnover tax while others do not, which calls for an investigation into the underlying causes. Several studies have linked perceived fairness with tax compliance (Azaka, & Balogun, 2022; Nandal, et al., 2021; Geberegbe, et al., 2015; Perveen & Ahmad, 2022). However, majority of these studies did not study perceived tax fairness as combination of procedural tax fairness, distributive tax fairness and retributive tax fairness. The studies did not consider perceived ease of use of electronic system as moderators. Also, these studies were mostly conducted in other countries/towns and most of the findings were inconclusive. In addition, few studies have looked at compliance of turnover tax compliance among SMEs in Kenya, except for few studies such as Muthinji (2022), Wankio, (2016), Aondo, (2018) who studied factor affecting compliance of turnover tax among SMEs in Naivasha Sub County, Migori County And Roysambu in Nairobi County respectively. However, the study did not study effect of procedural tax fairness, distributive tax fairness, and perceived tax fairness on turnover tax compliance among SMES in Nairobi, Kenya. Hence the gaps of the study.

1.3 Research Objectives

This study endeavors to address the following general and specific objectives.

1.3.1 General Objective

The general objective of this study is to determine the effect of perceived tax fairness on turnover tax compliance: the role of ease of use of electronic tax system among small and medium enterprises in Nairobi

1.3.2 Specific Objectives of the study

This study was guided by the following specific objective

1. To determine the effect of procedural tax fairness on turnover tax compliance among SMES in Nairobi, Kenya
2. To determine the effect of distributive tax fairness on turnover tax compliance among SMES in Nairobi, Kenya
3. To determine the effect of retributive fairness on turnover tax compliance among SMES in Nairobi, Kenya
4. a) To determine moderating effect of perceived ease of use of electronic system on the relationship between procedural tax fairness and turnover tax compliance SMES in Nairobi, Kenya.

   b) To determine moderating effect of perceived ease of use of electronic system on the relationship between distributive tax fairness and turnover tax compliance SMES in Nairobi, Kenya.

   c) To determine moderating effect of perceived ease of use of electronic system on the relationship between retributive fairness and turnover tax compliance SMES in Nairobi, Kenya.

1.4 Research Hypotheses

The study sought to test the following hypothesis

H_{01}: Procedural tax fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya

H_{02}: Distributive tax fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya

H_{03}: Retributive fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya

H_{04a}: Perceived ease of use of electronic system has no moderating effect on the relationship between procedural tax fairness and turnover tax compliance SMES in Nairobi, Kenya.

H_{04b}: Perceived ease of use of electronic system has no moderating effect on the relationship between distributive tax fairness and turnover tax compliance SMES in Nairobi, Kenya.

H_{04b}: Perceived ease of use of electronic system has no moderating effect on the relationship between retributive fairness and turnover tax compliance SMES in Nairobi, Kenya.

1.5 Significance of the Study

The findings of this study would be of great importance to the stakeholders such as tax regulatory bodies, the Kenya Revenue Authority, enabling the crafting of tax laws by the government of Kenya, which would play a significant role in making SMEs comply with remitting of their turnover tax. The findings would as well be pivotal in contributing to the body of Knowledge and practice of turnover tax, as well as contributing to theory.

The findings would be used by the government to strengthen revenue collection and management strategies. The findings would assist Kenya's National Government in comprehending the issues of tax collection as well as the contributions of recent tax policy revisions. If the companies' performance is good they create job employment hence helping the government solve the problem of unemployment. This in turn enables the country to have law and order with less petty crimes because most citizens have something to feed their families.

Practitioners would gain from this study because it would enable them to better counsel their clients by enabling them to comprehend the various issues that SMEs face when it comes to TOT compliance. The study would highlight a number of problems that taxpayers run into in their pursuit of complete compliance, as well as potential solutions to these problems, making it important for the general public.

The research would be used as a foundation for future research on other tax-related subjects. The study would also point out crucial situations or elements that need to be investigated further. The findings of this study would thus be useful in the academic field, as they would contribute to addressing gaps in the literature on tax compliance among SMEs. This serves as an invaluable reference for scholars to make informed decisions about the impact of tax reforms on revenue performance.

1.6 Scope of the Study

The research based its primary focus on the moderating effect of turnover tax among SMEs in Nairobi in Kenya. The study was limited to procedural tax fairness, distributive tax fairness, retributive fairness, and perceived tax fairness. The factors were selected basing on the study gaps and theoretical review. The

study was done using primary data that was collected by means of structured questionnaires administered to owners or managers of small and medium enterprises in Nairobi. The study was conducted for a period of three-month April and June 2023.

CHAPTER TWO:

LITERATURE REVIEW

2.0 Introduction

The extant literature on TOT compliance and the underlying factors is reviewed in this chapter. The chapter is organized around an overview of the study concepts, theoretical discussion of tax compliance, followed by a presentation of supporting data from empirical research. The conceptual framework and the knowledge gap that the study aims to fill are discussed at the end of the chapter.

2.1 Concept of Turnover Tax Compliance

Tax compliance refers to the level of adherence by a taxpayer to their country's tax regulations, including reporting their income, submitting tax returns, and paying the appropriate taxes on time, as defined by McBarnett in 2016. Tax compliance also includes timely filing, disclosing, and paying of any owed taxes (LE et al., 2020). Taxpayers are in compliance with tax laws when they accurately calculate and report their tax liabilities, file their income and expense tax returns on time, pay their tax liabilities when they are due, and fulfil all other requirements imposed by tax laws (Olaoye et al., 2017).Three types of tax compliance behaviour were emphasized by According to McBarnett (2016), there are three types of tax compliance: committed compliance, capitulated compliance, and inventive compliance. The committed compliance approach maintains that tax compliance involves fulfilling one's tax obligations in an ethical and conscientious manner. Creative compliance is the practice of avoiding taxes by making use of legal loopholes, which properly lowers tax payments. The act of tax evasion through the

use of legitimate loopholes ultimately results in the proper minimization of tax liabilities. Creative compliance is the act of avoiding taxes via legal loopholes, which has the effect of appropriately lowering tax liabilities, as opposed to capitulative compliance, which is the performance of tax obligations with some resistance under regulatory duress.

Different studies have used various methods to measure tax compliance when it comes to operationalization. For the sake of operationalizing tax compliance, McKercher and Evans (2018) defined it as the capacity of people and businesses to make timely tax payments and to submit accurate tax information. Mwangi (2014) calculated tax compliance based on tax payments, filings, truthfulness, accuracy, and adherence to tax laws. Tax compliance was measured by Mwangi (2014) in terms of greater revenue collection and increased knowledge of tax laws and regulations.

Despite the abundance of literature on the factors influencing tax compliance, there is no consensus among tax researchers regarding a universal definition of tax compliance. Some studies offer a clear explanation of the concept of tax compliance and its application, while others, surprisingly, do not (Richardson and Sawyer, 2001).

Some research, such as those undertaken by Ho and Wong (2008), Kirchler et al. (2008), and Kastlunger et al. (2010), use psychological or econometric theories to investigate tax compliance, but they do not clearly define the idea of tax compliance. This research, on the other hand, employs the OECD's 2008 compliance requirements, which also include registering for tax purposes,

submitting tax returns as required by law, declaring all taxable income and claiming relevant deductions on the taxable income, and paying the estimated tax by the deadlines.

Many research (Ho and Wong, 2008; Kastlunger et al., 2010; Kirchler, et al., 2008) used psychological and econometric theories to investigate the concept of tax compliance and its numerous contributing elements. These studies, however, did not give a specific definition of tax compliance. In contrast, the OECD (2008) defines tax compliance duties as adhering to tax rule by tax registration, tax return submission, disclosure of taxable income, deductions claims, on the tax return, and paying assessed taxes by the due date. In this research, The current study used the number of new taxpayers registered, the filing of returns, and the amount of taxes paid as the indicators of tax compliance among SMEs.

2.2.1 Turnover Tax

Turnover tax is a lump sum direct tax collected by governments. It is a tax on the gross income of any resident who owns a business with annual sales of more than Kshs. 1 million. Turnover tax is calculated by applying a single tax rate to a taxable turnover, as opposed to the income tax system, which uses complex rules and procedures and necessitates the preservation of documentation for each expenditure (McCluskey, 2017). Different criteria are used by different countries to decide whether a turnover tax must be applied. Turnover taxes have different structures depending on the governments and the items that are taxed. This is done in an effort to keep costs low for everyone (Cheeseman & Griffiths, 2015). A tax that targets the unorganized sector is the turnover tax. Micro and small businesses

make up the informal sector; the majority of them are poorly organized, employ labor-intensive technologies, and are generally unregistered. Turnover taxes are aimed at business owners, craftspeople, and people who operate at market stalls, private residences, or public spaces.

Thus, the turnover tax is an example of an indirect tax because it is gathered by third parties rather than the government. Businesses are required to abide by the provisions of the tax code pertaining to indirect taxes, the collection of taxes as instructed, and the recording of transactions subject to taxation. When taxes are paid, this information is provided to indicate the amount that has been collected on behalf of the government (Arunasalam, 2019). A turnover tax's structure can change. For certain items, some governments impose varying taxes. This aims to tax luxury while keeping necessities accessible for everybody. Additionally, turnover taxes may take the form of punitive taxes intended to discourage consumers from purchasing specific goods. This technique is occasionally encouraged by environmental restrictions, which raise taxes on purchases that are unfriendly to the environment.

The Presumptive Tax was established in 2018 as a replacement for the Turnover Tax that had been in effect since 2007. The first day of 2019 was the intended implementation date for this legislation. In an effort to increase tax compliance among MSMEs, the turnover tax was restored through the Finance Act 2019 less than a year later. As a result, the government kept the turnover tax in place for any transactions above Ksh. 500,000 up to Ksh. 5 million while lowering the presumed tax level to Ksh 1,000,000 (Karanja, 2019). The monthly contribution to the turnover tax is 1% of the gross turnover. Small business owners promote the

presumptive tax and turnover tax as the best strategy for tax compliance. Turnover tax was designed as an affirmative move to include small business owners in the national tax system.

2.2 Concept of Perceived Tax Fairness

Perception of fairness relates to the provision of justice, equality, and impartiality toward any system. It defines taxpayers' feelings toward the tax system's imposition of fair tax liabilities according to the taxpayers' abilities (Azmi et al., 2016). The fairness perception in the tax system depicts that the tax system has justice and impartial rules and procedures that offer a sense of equality and reduce the misconception that decreases compliance behavior (Richardson, 2006). Tax fairness refers to the equitable payment of tax (and accompanying penalty) to tax authorities, with the incidental amount equalling the recorded amount of tax. Fairness, in its most basic form, refers to the standard of action that should really be equitable, or at the very least, acceptable and reasonable. Fairness, on the other hand, has many different aspects and, thus, many understandings of the concept (Sikayu et al. 2022). Tax fairness is an argumentative, controversial, and contentious issue, since not all taxpayers might pay the same rate of taxes (Abate 2019).

Numerous studies have discussed these aspects, including overall fairness, distributive fairness, governmental or procedural fairness, retributive fairness, vertical fairness, horizontal fairness, and individual fairness (Gilligan and Richardson 2005; Saad 2012). Tax fairness covers various dimensions (Saad, 2012). In this respect, Wenzel (2003) explicitly defines tax fairness as an

equilibrium perceived by taxpayers on administrative procedures and punishment for violating regulations. Tax fairness can be manifested as distributive fairness, procedural fairness, and retributive fairness (Gberegbe, et al., 2015). Distributive fairness refers to how taxpayers perceive that they are treated equally to other taxpayers in terms of the benefits of tax payments (Van Dijke, *et al.,* 2014). Meanwhile, procedural fairness is a form of fairness where tax authorities implement tax procedures fairly (Van Dijke, *et al.,* 2014) and retributive fairness refers to fairness on actions to comply with existing regulations such as audit and sanction (Van Dijke, *et al.,* 2014).

In the tax compliance literature, taxpayers' perception on (distributive, procedural, and retributive) fairness is an important factor that affects tax compliance behavior (Palil, et al., 2013; Oberholzer & Stack, 2014). Taxpayers will arguably increase their compliance when they perceive that the benefits of their tax payments have been provided fairly, tax procedures have been implemented fairly, and tax audit and sanctions have been implemented fairly (Saad, 2014).

2.3 Concept of Perceived of Ease of Use of Electronic Tax System

Chen et al (2011) defines perceptions of ease as the degree to which individuals believe that the use of a particular technology will improve the performance of the individual. avis (1989) defined perceived ease of use as, the degree to which a person believes that using a particular system would be free of effort. In the context of e-tax system area, perceived ease of use is the extent to which taxpayers believe that using e-tax system is not challenging and easy to interact with, and

allows taxpayers to accomplish their job in a little mental effort (Chau & Hu, 2007).

The perception of utility directly affects the intention to try and use the e-filing system, if the taxpayer feels the benefit will intend to use e-filing system, otherwise if the taxpayer does not feel the benefits of the system then will not intend to use it (Susanto, 2011). Perceived ease is the level of user confidence that the system can be used easily and can be learned. Based on previous research conducted by Desmayanti (2012), it was stated that perceived ease of use had a significant positive effect on the intensity of behavior in using e-filing. Lie and Sadijarto (2013) research states that perceived ease of use affects taxpayers' interest in using e-filing. Wibisono and Toly (2014) state that perceived convenience affects taxpayers interest in using e-filing.

2.4 Theoretical Review

The theories which anchored the study include equity theory and technology acceptance model.

2.4.1 Theory of Economic Deterrence

This tax compliance theory is also known as the A-S models, which are based on the deterrence theory. According to the idea, the taxpayer is needed to optimize the expected utility of the evading taxes gamble, weighing the advantages of successful tax avoidance against the danger of being found and penalised by tax authorities (Sandmo, 2005). Becker's (1968) theory of economic deterrence proposes that strategy factors such as tax rate, complexity of tax laws, and other

variables affecting the monetary benefits of avoiding paying taxes, in addition to the possibility of being nabbed and the ramifications of defrauding, which ascertain the associated costs, influence taxpayers' actions regarding tax compliance.

This suggests that if the chances of being caught and the penalties for noncompliance are high, there will be fewer instances of tax evasion. The deterrence theory was developed to address the challenges associated with tax compliance. Ortega and Sanguinetti (2013) explain that the theory aims to provide an enforcement mechanism that is most likely to appeal to taxpayers' sense of tax morality. According to the theorists, taxpayers are primarily concerned with maximizing the expected benefits of evading taxes.

According to Alm and El-Ganainy (2013), the deterrence hypothesis is based on a comparison of the advantages of successfully dodging taxes with the danger of suffering punishment if detected. Tax evaders deliberately and willfully utilize unlawful means to avoid compliance with tax legislation. This may include failing to disclose earned income, claiming fake tax deductions, or engaging in other unlawful activities to decrease or eliminate their tax burden (Alstadsaeter et al., 2018).

The deterrence hypothesis, according to Alabede et al. (2011), is largely based on tax audits and fines, and taxpayers are encouraged to comply with tax rules out of fear of being penalised. According to Sandmo (2005), the deterrence theory indicates that taxpayers "play the audit lottery" by calculating the economic repercussions of various compliance alternatives. According to Alabede et al.

(2011), the tax compliance deterrent model tries to study how the interplay between the chance of discovery and the severity of punishments effects noncompliance. Brook (2001) contends that, whereas classical theory is entirely focused on economic analysis, social and psychological elements are equally essential in explaining tax evasion.

Several significant studies have explored the impact of deterrence on tax compliance, such as those conducted by Hasseldine (2000) and Kirchler (2007). According to Braithwaith's argument in 2003, if deterrence (referring to the likelihood of being caught and the severity of punishment) were the most crucial factor in promoting compliance, rational individuals in many societies worldwide would choose to be non-compliant since the levels of deterrence are generally low. This study revolves around this theory as it addresses several variables such as perceived tax fairness and SMES Turnover tax compliance in Nairobi Central Business in Kenya.

2.4.2 The Equity Theory

The equity hypothesis was chosen acceptable because of its effectiveness in addressing the appearance of fairness. This theory examines whether resource distribution and allocation are fair to all parties concerned, including taxpayers and tax officials. The equity hypothesis measures fairness by weighing an individual's costs against their advantages and rewards. Adams and Freedman (1976), who were behavioral psychologists, developed the hypothesis. They contended that people try to preserve a feeling of fairness between their contributions as well as the expected benefits they receive in comparison to others.

According to the equity theory, in order to motivate an individual, rewards for attaining a particular performance level should be seen as fair and justifiable and should be comparable to those of other people who achieve the same level of performance (Lăzăroiu, 2015). Otherwise, the individual may feel demotivated. Based on the same equity theory assumption, numerous studies have demonstrated that when taxpayers perceive horizontal and exchange imbalances in any tax system, they have a tendency to report lower incomes (Kinsey et al., 1991). Taxpayers who feel they are paying more taxes in exchange for public goods or services than others may experience trade inequity. The reported income may decline as a result of this perception. Changes in tax rates have less of an effect on tax reporting behavior when taxpayers believe they are being treated fairly in comparison to others (Pope & Abdul-Jabbar, 2008).

The equity hypothesis, according to Bobek et al. (2013), implies that when people are treated equitably inside a system, they are more likely to comply with laws. According to the notion, people evaluate fairness based on the rewards they receive in accordance to their contributions. As a result, when individuals think they are being given fair and equal treatment, they are more likely to respect the law. Based on this association, it is possible to deduce that if taxpayers feel unequal treatment from the administration or tax department, they may not be compliant with tax regulations, resulting in a loss in tax collections. Therefore, the equity theory is relevant in the study in determining the effect of perceived fairness on compliance of turnover tax among SMEs in Nairobi, Kenya

2.4.3 Technology Acceptance Model

Davis et al., (1989) theory of Technology Acceptance Model (TAM) premise of the theory is computer usage and acceptance of electronic tax system hence ability of users to use technology to comply with tax laws and regulations. It is contended that it will help in understanding selection of innovation in public procurement (Mathieson, 1991). Most of previous studies based on the TAM framework have proposed consistent hypotheses to understand the role of individual factors played in the use of innovative technologies. And the core variables include perceived usefulness, perceived ease of use, attitude toward using, and behavioural intention to use (Min et al., 2019).

It considers two important constructs that affect the utilization of new technology for e-filing of tax in the presence of other factors. These factors include perceived ease of use (PEOU) with reference to tax technology for electronic tax filing (Perveen and Ahmad, 2022). Acceptance of the individual against the information technology system which is determine by two construction namely perceived usefulness and perceived ease of use, both the construction of such influence to behavioral intention. The usefulness of this theory is the extent to which a person believes that using a particular system will improve the performance of the job. With ease of use is the extent to which a person believes that using a the will be free from effort And perceived ease of use a person feel confident that the information system is easy to use then he will use it (Juliyana & Herliansyah, 2021).

Several previous studies that analysed the behavior of taxpayers on the application of e-filing systems were research conducted by Susanto (2011) who investigated

what factors (variables) affect taxpayers' acceptance of the e-filing system. The research model carried outing this study is a modified TAM model from Gardner and Amoroso (2010) by adding subjective norm variables, perceived risk, and Perceived Belief Control as independent variables that influence behavioural intention to use the e-filing system. The results of the study indicate that perceptions of ease of use affect perceived usefulness and ultimately encourage taxpayer intentions to use e-filing, perceptions of usage complexity have a negative correlation with perceived usefulness, perceived usefulness influences intention to use both directly and indirectly in using e-filing.

2.5 Empirical Literature

2.5.1 Procedural Tax Fairness and Turnover Tax Compliance

Procedural fairness can encourage obedience to the law and support for public policy in many contexts. Examples of these effects have been presented by Jason and Tyler (2003). Additionally, research on tax compliance shows that people are more willing to abide by tax laws and procedures when they perceive the choices made by tax authorities to have a high level of procedural justice (Farrar, 2015).

Some academics have pointed to procedural fairness as a key element in predicting tax compliance behaviors. Procedural fairness specifically refers to the treatment of taxpayers fairly by the taxing authority and just decision-making processes during tax-related procedures. Van Dijke and Verboon (2010) looked into this area of tax compliance. In terms of psychology, Frey (2003) contends that the tax authority's polite behavior and open procedures help reduce tax evasion since the way tax

officials treat taxpayers can affect their tax morale and their willingness to fulfil their tax duties.

There has been empirical research on the relationship between tax compliance and procedural fairness. Rechberger et al. (2008) looked into this connection by looking at data from 2,040 Australian taxpayers. They found that people are less likely to abide by tax laws if they feel the tax authorities have treated them unfairly and disrespectfully. Additionally, a longitudinal investigation by Murphy and Tyler (2008) revealed a relationship between perceived procedural justice and good tax compliance behavior. They have also suggested that the connection between procedural fairness and tax compliance is mediated by emotions. Faizal and Palil (2015) discovered that procedural fairness had a positive impact on tax compliance in Malaysia.

Kim and Lee (2020) carried out a study to find out how tax compliance in Korea is affected by procedural fairness. A survey questionnaire conducted by a researcher was used to collect information from 1,120 people with knowledge and experience in taxation. A cross-sectional regression analysis was performed on the 342 replies that made up the final sample in order to assess the study's assumptions. The study's findings imply that the degree of tax non-compliance is influenced by perceptions of procedural injustice as evaluated by operational inconsistency and regulation ambiguity.

In order to investigate the relationship between procedural fairness and tax compliance behavior in Malaysia, Faizal et al. (2017) carried out a study. Fieldwork was used by the researchers to collect data, which comprised selecting

people and randomly giving them questionnaires to them. According to the Ministry of Education (2013), 300 respondents were chosen from a population of 57,613 academics teaching in public and private higher education institutions situated in the Klang Valley (Selangor and Kuala Lumpur). The researchers performed a regression analysis to look at the correlations between the variables after making sure the data's reliability was sufficient. The results revealed that only procedural justice and trust have an impact on tax compliance, and that there is a strong and positive relationship between them.

2.5.2 Distributive tax fairness and Turnover Tax Compliance among SMEs

According to Verboon and van Dijke (2007), the degree to which outcomes of a process that divides rewards and obligations are thought to conform to implicit norms like the equity rule, which mandates that people receive rewards in proportion to their contributions, is known as distributive fairness. According to research, individuals react more favorably when they believe that the outcomes of the decision were fair (Bianchi et al., 2015). According to studies on tax compliance, people are more likely to voluntarily abide by tax laws and regulations when they believe that the burdens and advantages of paying taxes are distributed fairly among individuals, groups, and society as a whole (Saad, 2011).

In order to determine how procedural and distributive fairness interact to influence tax payers' intent to pay, Bayissa (2022) undertook a study. The information was gathered by conducting a cross-sectional survey among Category C taxpayers in Addis Abeba and a few surrounding Oromia zones. According to the findings of the study's hierarchical multiple regression and PROCESS macro regression

analyses, taxpayers' willingness to comply with tax responsibilities is influenced by how justly they believe the distribution of wealth is distributed as well as how emotionally attached they are to the tax authorities.

Faizal and Palil (2015) looked into how distributive tax fairness affected tax compliance in Malaysia. 82 academic participants participated in the study and answered questionnaires. The results show that the participants thought fairness could influence their tax compliance behavior. However, although not statistically significant, there was a positive association between distributive fairness and tax compliance.

Fajriana et al. (2023) investigate how tax fairness (procedural and distributive) and taxpayer trust (cognitive) affect MSME taxpayers' willingness to voluntarily comply with the law. Malang Raya, Indonesia. Data were gathered via a Google Forms-created online survey as part of a study that used a positivist paradigm and judgment sampling. 204 individuals responded to the survey. The results indicate that among MSME taxpayers in Malang Raya, Indonesia, tax fairness (both procedural and distributive) and taxpayer trust (cognitive) are important determinants of voluntary compliance.

2.5.3 Retributive tax fairness and Turnover Tax Compliance among SMEs.

Retributive fairness is defined by Kirchler (2007) as the belief that tax offenders should receive just punishment. When taxpayers believe that an injustice has occurred and that their rights are being violated because a wrongdoer is not held accountable, they frequently experience retributive fairness. Taxpayers might also believe that the punishment they are receiving is unfair and out of proportion to the

crime they committed (Wenzel, 2002a). Therefore, implementing a just and fair punishment for offenders is necessary to encourage justice (Natrah, 2011). In order to encourage retributive fairness in the tax system and eventually boost tax compliance, the appropriateness of the punishment is essential. Rewards offered to compliant taxpayers can have an impact on compliance behavior in addition to penalty, which is a negative type of retaliation (Feld et al., 2006). There haven't been many studies looking into the connection between tax compliance and retributive fairness (Kirchler, 2007). This is so that tax authorities and taxpayers can engage fairly, which is strongly related to procedural fairness (Kirchler, 2007). Further study is advised by Kastlunger et al. (2009) to determine whether the penalties, rewards, and incentives for auditing are successful.

Okafor (2023) looked into how intentions to comply with the tax code are impacted by retributive tax fairness. Taxpayers between the ages of 21 and 80 who were equally dispersed across all age groups and genders were included in the study. Participants were chosen at random. For each trial, data collection was halted when 300 complete replies were received. According to the study, shame has a positive effect on how people view retributive justice. The results indicate that perceptions of retributive fairness in the shaming punishment mediate the effect of shaming on intentions to comply with tax laws.

The perspective of taxpayers toward tax fairness in the Gondar town tax system was assessed in a study by Gebregiorgies (2021). 285 business profit taxpayers responded to a self-administered questionnaire survey that was used to gather the core data. Only 268 replies, however, were received. To accomplish the goals of the study, descriptive and inferential statistics were both used. Five hypotheses

were developed and tested using a one sample t-test, and the obtained data were presented using mean and standard deviation. The study's conclusions demonstrated that Gondar town taxpayers believed Ethiopia's tax system to be unfair in terms of retributive fairness, which had a detrimental effect on tax compliance.

The goal of the study by Belay and Viswanadham (2016) was to examine how perceptions of retributive tax fairness affect the compliance behavior of business income taxpayers in the major cities of Ethiopia's Amhara Regional State. They combined a qualitative research methodology with a cross-sectional survey research design. With a sample size of 24, the study subjects were chosen using a method known as purposeful sampling. Data were gathered via semi-structured interviews, and theme analysis was employed to examine it. The results showed that the respondents did not think that the retributive taxes were fair, especially the penalties, which ultimately resulted in a drop in tax compliance.

King, (2021) studied how the effect of retributive punishment and disclosures of the nation's tax shortfall affect observers' intentions to comply with tax laws. According to the study, views of punishment outcomes as either fair or unjust can have a varied impact on compliance intentions. However, depending on the presence or absence of the national tax gap and the sequence in which the justice disclosure appears relative to tax gap information, the impact of punishment outcomes on compliance intents may be muted. Therefore, disclosing retributive justice and other justice-related information, like the tax gap, may not always have the desired beneficial effect on compliance intentions and may instead have unfavorable effects.

Kogler et al. (2015) surveyed 476 self-employed taxpayers in Austria to learn more about the relationship between tax compliance and retributive justice. Retributive justice and compliance were found to be related, but only when the specific characteristics of tax authority power and trust were taken into consideration. Two indirect linkages between retributive justice and compliance were found by the researchers using the slippery slope framework (Kirchler, et al., 2008). The relationships were found to be one through trust and the other through power.

Mahangila and Holland (2015) carried out research in Tanzania by sending surveys to 257 business owners in order to determine whether enforcing proper corporate income tax penalties has a good impact on tax compliance. No matter the offense, whether it is connected to inaccurate record keeping or late tax payments, the results showed that there is a direct and positive link between retributive justice and tax compliance intentions.

2.5.4 Moderating Effect of Ease of Use of Electronic System

According to Khaddafi et al. (2018), the perception of an electronic tax system's usability, level of behavior, and user satisfaction all have a role in how well it is adopted. As a result, while the system itself should be user-friendly, taxpayers must have a favorable attitude toward and be driven to utilize the electronic tax system. According to Zaidi et al. (2017), taxpayers who are computer literate are more likely to use an electronic tax system than taxpayers who are not. According to Motwani et al. (2015), perceived utility and convenience of use have a big impact on whether or not e-tax systems are adopted. Khaddafi et al. (2018) contend that attitudes regarding e-tax systems have a substantial impact on adoption as

well, with perceived usability, level of behavior, and user satisfaction serving as important determinants. This assertion is further supported by Zaidi et al. (2017), who discovered a favorable and significant link between computer proficiency and the perceived user-friendliness of an e-tax system.

Using taxpayer behavioral intention as a mediating variable, Rahayu and Prastiwi (2021) performed a study to investigate the effect of perceived ease of use and utility of e-filing on taxpayer compliance. Individual taxpayers who file their taxes electronically at KPP Pratama Ngawi made up the study population, and the sample size was 100 taxpayers. Data were gathered using a standardized questionnaire, and using the SPSS 23 program, path analysis was utilized to examine the data. The results of the linear regression analysis revealed a significant and positive correlation between perceived usefulness and taxpayer compliance as well as a positive correlation between perceived usability and perceived simplicity of use. According to the study, both the association between perceived usefulness and taxpayer compliance and the relationship between perceived simplicity of use and taxpayer compliance can be mediated by behavioral intention.

In an African developing country, small business enterprises (SBEs) were the focus of a study by Night and Bananuka (2020) to investigate the relationship between attitudes toward electronic tax systems, tax compliance, and the mediating impact of perceived ease of use. Close-ended questionnaires were used in the study's quantitative research methodology for data collecting. The data were analyzed using a cross-sectional and correlational research design with SPSS v22 and the MedGraph tool (Excel version). Managers of SBEs provided 214 valid questionnaires for the study, and the findings indicated that adoption of the

electronic tax system mediates the relationship between attitudes regarding the system and tax compliance to some extent. The findings also show a strong correlation between tax compliance, the adoption of an electronic tax system, and attitudes toward electronic taxes.

2.6 Conceptual Framework

Based on the theoretical framework, empirical review and gaps, the study independent variables are procedural tax fairness, distributive tax fairness retributive tax fairness and moderating effect of perceived ease of use electronic system which have been hypothesized to have an effect on compliance of turnover tax among the small and medium enterprises in Nairobi as shown in Fig 2.1

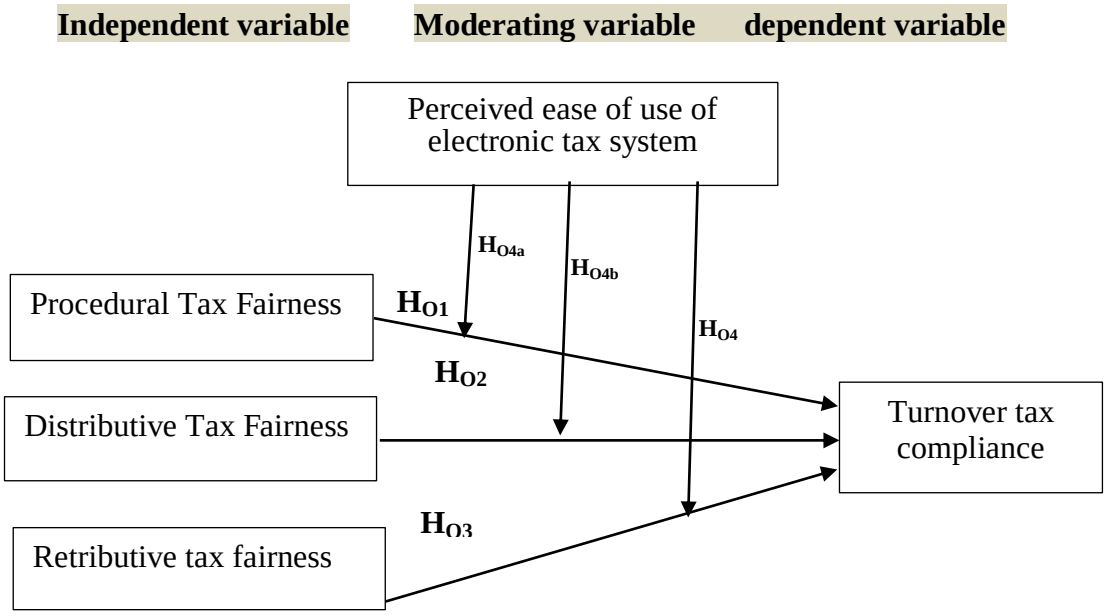

Figure 2.1 Conceptual Framework

Source: Author, 2023

2.7 Summary of Literature Review and Research Gap

Some Previous studies came up with theories that provided a different approach in understanding the determinants of turnover tax compliance. However, empirically the studies have not been comprehensive enough in determining effect of perceived tax fairness on turnover tax compliance. As such, most of the studies conducted have investigated the compliance Turnover tax determinants without describing the specific effect of procedural tax fairness, distributive tax fairness and retributive tax fairness. Further, there is limited research that has been conducted locally in Kenya more so among the SMEs in Nairobi county . This study intends to fill that gap.

A review of previous studies revealed a gap not covered by studies that had been conducted in Kenya on factors affecting turnover tax compliance among SMES, as none of them had focused on perceived tax fairness (tax compliance, distributive tax fairness, perceived tax fairness and retributive fairness) on turnover tax compliance as they are covered in this study. Most of the studies that had been conducted tackled general information on SMEs Turnover tax compliance, with most of them having been conducted in developed countries, and very few in the developing countries setting such as Kenya. Very little research has been conducted in the developing countries moderating effect of perceived ease of use of electronic system on effect of perceived tax fairness on SMEs Turnover tax compliance. This study thus intends to fill that lacuna in knowledge. It is against this backdrop that the urgency of this study is pinned upon and aimed at investigating effect of perceived tax fairness on compliance of Turnover Tax among SMEs in Nairobi, Kenya as moderated by perceived ease of use of electronic tax system.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The research design, study population, and data collection devices are all covered in this chapter. The chapter also goes over data analysis and presentation approaches before concluding with the study's ethical considerations.

3.1 Research Design

A research design is an outline or approach that a study takes to address the various research objectives. It is the framework within which the research is carried out in a systematic manner (Kothari, 2017). The study design should be thorough enough to allow the research to be conducted in a smooth and structured manner by collecting all necessary information. This study used explanatory research design. It helped to define the research phenomenon by analyzing the independent variables (e.i procedural tax fairness) and how their variations make changes in the dependent variable (turnover tax compliance). It also helped the researcher to conduct hypothesis testing and to analyze the outcome whether significant or not in longer period of time (Gay et al., 2011). The design also allows causal relationship between an independent variable(s) and one or more dependent variables and discovered causal inferences (Cohen, Manion & Marison, 2011) In this respect, understanding of phenomena in reality must be measured and supported by evidence (Hammersley, 2013).

3.2 Target Population

A target population of 4,821 registered SMEs within Nairobi CBD were considered (Nairobi County, Ministry of Trade, 2023). Managers and owners were selected purposively on the grounds that they are in a higher management level to comprehend turnover tax decision issues of SMEs and in a position to give the correct data.

Table 3.1 Target Population

Strata	No. of SME
Manufacturing	892
Hospitality	1059
Consulting	767
Information technology	557
General shops	827
Tours & travel	719
Total	4821

Source: (Nairobi County, Ministry of Trade, 2023)

3.3 Sample Design and Sampling Techniques

The strategy of sampling contains utilizing part of a population to make deductions about the entire population (Zikmund et al., 2010). The study employed stratified sampling technique in selecting the SMEs that participated in the study. From the

County Government of Nairobi ministry of trade, the SMEs are stratified based on the type of business. There are 6 strata's; manufacturing, hospitality, consulting, information technology, general shops, tours and travel. Random sampling was used to select the SMEs that participated in the study within each stratum.

Stratified random sampling accurately reflects the population being studied because the researcher stratifies the entire population before applying random sampling methods. Researcher ensured each sub-group (stratum) within the population receives proper representation within the sample. As a result, stratified random sampling provided better coverage of the population since the researcher have control over the subgroups to ensure all of them are represented in the sampling. To determine the sample size for large populations, the researcher used normal approximation to the hyper-geometric distribution formulae. Slovin's formula (2018) also developed by Yamane (1967), was used to calculate the sample size of 369.

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

$$n = \frac{4821}{1 + 4821(0.05)^2}$$

$$n = 369$$

Where;

n= is the required sample size

N= is the population size (4821)

E- Sets the accuracy of the sample proportions (set to 0.05).

As a result, 369 people were chosen at random from a population of 4821 SMEs to make sure that the chosen participants are fairly representative of each population strata, simple random sampling was used. The population of interest being studied is not homogeneous, hence it is advised to utilize a stratified sampling strategy in table 3.2.

Table 3.2 Sample Size

Strata	**No of SMEs**	**Sample Size**
Manufacturing	892	68
Hospitality	1059	81
Consulting	767	59
Information technology	557	43
General shops	827	63
Tours & travel	719	55
Total	4821	369

Source: Researchers Computation (2023)

3.4 Data Collection Instruments

Data for the study was gathered via questionnaires divided into parts, with each component addressing a distinct research objective. The existing literature, as well as extra direction from the supervisor, was used to design the questionnaire. A Likert Scale was used to score the replies of the respondents to the questionnaire's statements. The researcher administered the questions directly to the respondents.

3.5 Measurement of Variables

Turnover Tax compliance was measured using 4 adopted from the OECD (2008), Olaoye et al., 2017 and McKercher and Evans (2018). Items wwere such as number of new taxpayers registered, the filing of returns, timely pay of turnover tax compliance and the amount of taxes paid as the indicators of tax compliance among SMEs were under 5-point likert scale.

Procedural tax fairness was measured using 8 items adopted and revised from Kim and Lee (2020) and Faizal, et al., (2017). Distributive tax fairness was measured using a proxy of 7 items derived and developed from Saad, (2011), Bayissa, (2022) and Fajriana, et al., (2023). Retributive tax fairness was measured using 7 items were used to gather information about retributive fairness brought by turnover tax penalty for failure to comply adopted from Okafor (2023), Gebregiorgies (2021) and Belay and Viswanadham (2016).

Perceived ease of use is measured using the same scale as tax e-filing behavioural intention above, which is, using 5-point Likert Scale from Strongly Disagree (1) to Strongly Agree (5). Six items were adapted from Venkatesh et al. (2003) for measurement of PU.

3.6 Pilot testing

Ten SMEs were used in the pilot study within Thika, in order to test the reliability of the research instrument. A questionnaire was used in the pilot study. Connelly (2008) suggests that a pilot study should have a sample size of 10% of the expected sample size for the research. The selected firms should share similar characteristics

with those in the actual survey. However, respondents from the pre-tested SMEs were not included in the study to avoid introducing assessment biases.

3.6.1 Reliability of Research Instruments

Researchers have discovered that various factors impact tax compliance, and as a result, no single explanation can adequately account for tax noncompliance behavior. As a result, ideas from sociology, psychology, and economics have been offered as useful in explaining tax compliance behavior. This study uses a variety of factors from numerous sources to achieve a more thorough insight. The Cronbach's alpha coefficient, with values ranging from 0 to 1, was applied to ensure that the findings were higher than 0.7 (Mugenda, 2009). The pilot study reliability analysis was carried out using cronbach alpha test.

3.6.2 Validity of Research Instruments

The capacity of a data collecting instrument to capture and reflect the information it is designed to examine is referred to as validity (Bridget & Lewin 2011). To ensure data correctness, content validity, defined as the extent to which the acquired data describe a specific phenomenon, was employed. Construct validity was tested using factor analysis. For face validity, the research supervisor, and some other experts in our department were consulted.

3.7 Data Analysis

Data analysis allows one to use logic to interpret the obtained data in order to identify comparable forms and summarize the essential components revealed in the research. The completed questions were processed and examined for consistency.

The coded surveys were then placed into the computer program Statistical Packages for Social Scientists (SPSS) for analysis. The research evaluated and displayed data in the form of tables, means, and charts using descriptive statistics. Additionally, at a 5% significance level, inferential statistics was used to assess the study hypotheses. The theories were put to the test in the following ways:

3.7.1 Model specification

The following regression model was used to investigate the relationship between perceived tax fairness and SMES Turnover Tax Compliance

$$Y = \beta_0 + + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon_1 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

Where Y is the SMES Turnover Tax Compliance; β_0 = constant (coefficient of intercept); X_1= Procedural tax fairness X_2= Distributive tax fairness; X_3= Retributive fairness; ε =Error Term; B_1, B_2, B_3, = regression coefficient of four variables.

3.7.2 Testing For Moderation

The fifth hypothesis also consists of four sub-hypotheses that use a hierarchical regression model to investigate the moderating effects. Through moderated regression analysis, the moderating variable's impact on the connection was evaluated. The "R square," "F change," and "p values" that are the results of the several steps in this process was reported. All effects must be substantial in order to establish moderation. The moderation testing procedure is summarized and shown by the moderation equation.

$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 M + \varepsilon_3$..... Model 2

$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 M + \beta_5 x_1 * M + \varepsilon_3$..... Model 3

$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 M + \beta_5 x_1 * M + \beta_6 x_2 * M + \varepsilon_3$.....Model 4

$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 M + \beta_5 x_1 * M + \beta_6 x_2 * M + \beta_7 x_3 * M + \varepsilon_3$....Model 5

Where:

Where Y is the SMES Turnover Tax Compliance; β_0 = constant (coefficient of intercept); X_1= Procedural tax fairness X_2= Distributive tax fairness; X_3= Retributive fairness;, m= perceived ease of use of electronic tax system, ε =Error Term; B_1, B_2, B_3, B_6 = regression coefficient of four variables

3.7.7 Assumption of Regression Model

Test for Homoscedasticity: Homoscedasticity implies that there is equal variability throughout a range of predictor variables, whether categorical or continuous (Hair et al., 2010). In order to avoid breaching the assumption, the researcher performed the Levine test in SPSS and focus on the statistical significance of the statistic, which is supposed to be larger than 0.05 (non-significant). A substantial outcome would imply heteroscedasticity.

Test for Multicollinearity: A significant link between two or more predictor variables is referred to as multicollinearity. According to Midi, Sarkar, and Rana (2010), multicollinearity arises when the Pearson correlation between two or more predictor variables is more than 0.8. According to Hair et al. (2010), multicollinearity exists when tolerance and Variance Inflation Factor (VIF) have values more than 0.2 and s less than 10 respectively for all variables. To test for the

presence of multicollinearity in this study, VIF and tolerance was utilized to see if non-monetary variables in the regression model were substantially associated with each other. Tolerance and VIF statistics was used to make the diagnosis, with high VIF values and low tolerance values confirming the presence of multicollinearity (Keith, 2006).

Test for Linearity: The ANOVA test is used to determine the degree of association between the dependent variable and the predictor factors. This test checks if the variables have a linear connection. To test for linearity in this study, an ANOVA test of linearity between each predictor variable and the dependent variable was performed using SPSS. A significant F statistic with a p-value less than 0.05 indicates that the variables are linearly related. The significance threshold is set at 0.005.

Normality: The normality test is employed to see if a set of data is adequately modelled and is normally distributed, to calculate the likelihood that a value of the independent variable underpinning the collected data was normally distributed, and to assess the degree to which sample group were selected from a group with a normal distribution, Shapiro Wilks Test was performed to determine the data distribution's shape (Shapiro and Wilk, 1968). Kolmogorov-Smirnov should have significant value of more than the standard value of 0.05 (Ghasemi & Zahediasl, 2012) for the data to be normally distributed

3.8 Ethical Consideration

Ethical standards of the study shall be observed by ensuring that all information acquired from all sources is correctly acknowledged. In addition, the institution

was requested for permission to gather data. The university was also offered an introductory letter outlining the researcher's role and the goal of the study. All information received from the respondents in the course of the research was used purely for academic purposes and remained absolutely confidential. The researcher also guaranteed that no one, no organization, and no party was harmed as a result of this investigation.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1. Introduction

This chapter presents findings of the study on the effect of perceived tax fairness on turnover tax compliance: the role of ease of use of electronic tax system among SMEs in Nairobi. The study was anchored on the following objectives: the effect of procedural tax fairness on turnover tax compliance, effect of distributive tax fairness on turnover tax compliance, effect of retributive tax fairness on turnover tax compliance and determine moderating effect of perceived of ease of use of electronic tax system on the relationship between perceived tax fairness and turnover tax compliance. Towards the achievement of these, the chapter presents the response rate, demographic data, quantitative findings, hypothesis testing, and discussion of research findings.

4.2. Response Rate

Data for the study was collected from registered SMEs in Nairobi Central Business District, Kenya. A total of 369 questionnaires were distributed to respondents in various SMEs. A total of 283 were returned which represents a 76.6 percent response rate. This response rate was considered adequate for analytical purposes for the study. Cooper and Schindler (2014) affirm this by stating that the study can continue if the response rate is above 60%.

4.3 Respondents' Characteristics

This section presents findings on the respondents' characteristics which include the gender of the respondents, age bracket and the highest level of education. The findings are presented in the following subsections. The findings are shown in table 4.1.

From the findings majority (52.3%) of the respondents were male while 47.7% were female. This near-equal gender distribution highlights the importance of considering and understanding the perspectives of both male and female SME owners and operators in Nairobi on the issues of perceived tax fairness and the electronic tax system's ease of use. A balanced gender representation in the research sample can provide valuable insights to help identify potential gender-related differences in perceptions and experiences, and aid in developing more equitable and efficient policies and strategies for tax compliance and electronic tax systems implementation.

From the findings most (31%) of the respondents were aged between 35-39 years, 23% were aged between 30-34 years, 30.5% were 40 years and above while 15.5% were aged between 25-29 year. This depicts that the study includes a wide range of perspectives from different age groups, which may provide valuable insights into the role of ease of use of the electronic tax system in shaping tax compliance behavior. This diversity in age can help to ensure the study's findings are generalizable to the broader population of SME owners in Nairobi.

From the findings majority (53.4%) of the respondents indicated that they had diploma level of education, 29.9% undergraduate degree, 7.5% secondary and

below, while 9.2% had postgraduate level of education. This depicts that most of the SME owners and operators in Nairobi have at least some form of higher education, with a significant majority having a diploma qualification. This could potentially imply that the level of understanding of tax regulations and the ability to access and utilize electronic tax systems among SMEs in Nairobi may be relatively fair due to their educational background.

Table 4.1: Respondents' Characteristics

		Frequency	**Percent**
Gender	Male	148	52.3
	Female	135	47.7
	Total	**283**	**100**
Age	25-29 years	44	15.5
	30-34 years	65	23
	35-39 years	88	31
	40 and above years	86	30.5
	Total	**283**	**100**
Education	Secondary and below	21	7.5
	Diploma	151	53.4
	Undergraduate Degree	85	29.9
	Postgraduate	26	9.2
	Total	**283**	**100**

Source; Field Data (2023)

4.4 Firm characteristics

The respondents were requested to indicate how long they have been in the business. The findings are shown in table 4.2. From the findings majority (44.3%) of the respondents had been in business for a duration of 1-10 years, 41.4% indicated 11-20 years, 9.8% indicated 21-30 years, while 4.5% indicated over 30 years. This could be indicative of various factors, such as the possibility of businesses not surviving beyond a certain age, changes in market dynamics, or the entry of new entrepreneurs into the market who prefer starting their own ventures rather than taking over existing ones.

Regarding the size of the firms surveyed, a substantial 81% reported that their SMEs employed between 1 to 30 individuals, with 13.8% indicating staff counts exceeding 30 employees. Notably, 5.2% of respondents specified that their SMEs had fewer than 10 employees. It's worth highlighting that the majority of SMEs in the sample operated with a workforce ranging from 1 to 5 employees. These statistics illuminate the fact that businesses with a relatively modest number of employees make up a significant proportion of the dataset. As such, their insights into tax compliance and the utilization of electronic tax systems could exert a more considerable influence on the overall outcomes of the study. Consequently, the study's conclusions may more accurately represent the perspectives and experiences of smaller, newer enterprises, potentially shaping their perceptions of tax equity and the user-friendliness of electronic tax systems.

Table 4.2: Firm Characteristics

		Frequency	Percent
Business Age	1-10 Years	125	44.3
	11-20 Years	117	41.4
	21-30 years	28	9.8
	Over 30 years	13	4.5
	Total	**283**	**100**
Firm Size	Below 10 employees	15	5.2
	1-30 employees	229	81
	Above 30 employees	39	13.8
	Total	**283**	**100**

Source; Field Data (2023)

4.5 Factor Analysis

The study employed the Principal Component Method to investigate components that were highly connected with perceived tax fairness, ease of use of electronic tax system and turnover tax compliance in order to increase the trustworthiness of the data. Components with weak or negative correlations were discarded during the analysis. The Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Test of Sampling Adequacy were employed to assess the tool's validity. All variables went through a component factor analysis using varimax rotation to extract components from each construct. Hair et al.'s recommendations were followed to remove items with a loading factor below 0.50 and retain those above 0.50. This section details and evaluates the data after accurately allocating items to their corresponding dimensions.

4.5.1 Factor Analysis for Turnover Tax Compliance

The five constructs connected to turnover tax compliance are shown in Table 4.3's principal component matrix, which shows how the factors were loaded using the varimax rotation method. The study also included the Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy for Turnover Tax Compliance in Table 4.3. The results showed that a significant Chi-Square (2) of 333.504 with a p-value =.000.05. The Bartlett's Test of Sphericity yielded these results. Additionally, the data met the criteria for factor analysis on the variable of turnover tax compliance because the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.789, which was greater than the permissible value of 0.5. Additionally, Table 4.3's factor analysis results showed that only one component, accounting for 62.219% of the variance in Turnover Tax Compliance. All items had loadings greater than 0.7 and were thus retained for further analyses.

Table 4.3: Factor Analysis of Turnover Tax Compliance

	loadings
I run a registered business	0.688
I normally pay the required turnover tax for my business	0.674
I file my turnover tax returns in good time	0.622
I remit the required turnover tax within the required timeframe	0.505
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.789
Bartlett's Test of Sphericity, Approx. Chi-Square	333.504
Df	6
Sig.	0.000
Total Variance Explained	
Initial Eigenvalues	2.489
% of Variance	62.219
Cumulative %	62.219

Extraction Method: Principal Component Analysis.

Source: *(Survey Data, 2023)*

4.5.2 Factor Analysis for Perceived Tax Fairness

All of the constructions relevant to perceived tax fairness methods are shown in Table 4.4's principal component matrix, which shows how the factors were loaded using the varimax rotation method. The study also included the Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy in Table 4.4. The Bartlett's Test of Sphericity, as shown in the table, produced a significant Chi-Square (2) of 3346.79 with a p-value of.000<.05. Additionally, the data was adequate for factor analysis on this variable of perceived tax fairness since the

Kaiser-Meyer-Olkin measure of sampling adequacy was 0.559, which was higher than the acceptable value of 0.5. This was in line with what Leech et al. (2013) and Morgan et al. (2012) had discovered.

As shown in Table 4.4, three components were obtained using Varimax rotation after the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicated that the data was suitable for factor analysis. The table also included the total variation that the components explained. Indicating that the items were suitable for describing the variable, the exploratory factor analysis (EFA) generated three factors with total extracted variance of 1.149%, 11.487%, and 57.135%, respectively. Additionally, every other item—aside from three that were eliminated—had factor loading scores above Hair et al.'s (2014) minimum recommended value of 0.40. They were therefore retained for further analysis.

Table 4.4: Factor Analysis of Perceived Tax Fairness

	PTF	DTF	RTF
I consider the procedures for filling turnover tax fair	0.758		
The procedures of expressing views and opinions on turnover tax are fair	0.753		
I believe that the appeal procedures are fair	0.718		
KRA ensures that all necessary information about procedures for turnover tax are	0.814		
KRA procedures for filling turnover tax are fair to everyone	0.711		
I believe KRA has taken into account the individual circumstances of each SME when formulating procedures for turnover tax			
I believe there is opportunity to ask any questions regarding filling turnover tax	0.684		
I have several options to rectify errors in the computation of my turnover tax liability, if required, without incurring any extra charges.	0.754		
I believe turnover tax is fair among all SMEs regardless of their revenue		0.651	
It is fair that SMEs with lower incomes should be taxed lower turnover tax rates.		0.637	
The amount of turnover tax I must pay seems excessive given the benefits		0.736	
I believe every SMEs pays their fair share of turnover tax		0.814	
It is fair for SMEs in earning low revenue should receive greater benefits from the government as compared to SMEs earning high revenue		dropped	
It is fair for SMEs with comparable levels of income to pay a commensurate		0.671	
In my opinion, it is fair for me to contribute an equivalent proportion of turnover tax as other SMEs who earn a comparable income.		0.749	
I believe the monthly tax penalty charge to be suitable.			0.853
In my opinion, the monthly penalty charge is fair , regardless of the type of documents that have not been maintained properly		Dropped	
I think that the penalty imposed is fair, considering the offense committed.			0.964
It is fair that individuals who deliberately evade paying their taxes should be penalized with the same amount of penalty regardless of the amount of tax evaded			0.725
I believe that the estimated tax liability imposed on SMEs who fail to keep records is appropriate.			0.663
I believe that I do not have to be abide by the deadline for the submission of tax			0.704
The rules related to turnover tax are fair and understandable that on penalization			0.569
In my opinion, the initial penalty for late payment of unpaid taxes, which is imposed on non-compliant taxpayers according to the current tax system, is fair.	dropped		
KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.559		
Bartlett's Test of Sphericity, Approx. Chi-Square	3346.79		
Df	171		
Sig.	0.000		
Total Variance Explained			
Total	3	1.314	1.149
% of Variance	32.51	13.138	11.487
Cumulative %	32.51	45.648	57.135

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Source: *(Survey Data, 2023)*

4.5.3 Factor Analysis for Perceived ease of use of electronic system

The study performed a factor analysis on the perceived ease of use of electronic system. The findings are illustrated in table 4.5. The sampling adequacy was evaluated using the Kaiser-Meyer-Olkin (KMO) Measure of sampling adequacy. The KMO value above 0.5 (0.79), as shown in the table, as advised by Hair et al. (2010). The Bartlett's Test also had a significant p-value of 0.000, Chi-Square 2 (21) = 852.88. According to the findings, perceived ease of use of electronic system had a single element that explained 54.567% of the variance. In addition, all the seven items had factor loadings over the suggested value of 0.50 (Hair et al., 2014). As such, these items were retained for further analysis.

Table 4.5: Factor Analysis of Perceived Ease of Use of Electronic System

	Loadings
It is easy for me to become skillful at using filling turnover tax online	0.740
I find online filling of turnover tax easy to use in tax management	0.775
I understand the electronic tax filing system very well	0.775
The electronic-tax platform is user friendly	0.726
I can assess my tax obligations accurately using the electronic-tax filing system	0.745
Electronic tax filing system is fast and convenient compared to the old manual system	0.717
I can pay my taxes at my convenience using the electronic-tax filing system	0.690
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.790
Bartlett's Test of Sphericity, Approx. Chi-Square	852.88
Df	21
Sig.	0.000
Total Variance Explained	
Initial Eigenvalues	3.82
% of Variance	54.567
Cumulative %	54.567

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Source: *(Survey Data, 2023)*

4.6 Reliability Analysis

The study generated Cronbach's Alpha table to enhance the reliability of the instruments. The study considered Cronbach's Alpha coefficient of 0.7 and above, Hair *et al.* (2010) recommends that composite reliability values larger than .70 as sufficient for data collection to proceed. The questionnaire items that did not attain the threshold were dropped or edited. The findings in Table 4.6 indicate that turnover tax compliance had a coefficient of 0.826, procedural tax fairness had a coefficient of 0.847, distributive tax fairness had a coefficient of 0.933, retributive tax fairness had a coefficient of 0.920 while perceived ease of use of electronic system had a coefficient of 0.840. All the constructs depicted that the value of Cronbach's Alpha was greater than 0.7 and thus, the study constructs were reliable. Hair *et al*. (2010) recommends that composite reliability values should be larger than .70.

Table 4.6: Reliability Analysis

Variables	**Cronbach's Alpha**	**N of Items**
Turnover Tax Compliance	0.826	4
Procedural Tax Fairness	0.847	8
Distributive tax fairness	0.933	7
Retributive tax fairness	0.920	8
Perceived ease of use of electronic system	0.840	7

Source: *(Survey Data, 2023)*

4.7 Descriptive Statistics

4.7.1 Descriptive Statistics for Turnover Tax Compliance

From the findings in the table, most SMEs in Nairobi run registered businesses (mean = 4.107, SD = 0.979), reflecting a relatively high level of compliance with the legal requirements for operating a business. Also, the SME operators normally pay the required turnover tax for their business (mean = 4.039, SD = 0.772). This is a positive sign of tax compliance among SMEs in Nairobi. Furthermore, there is timeliness in filling tax returns (mean = 3.922, SD = 0.957). This has the potential to contribute positively to overall tax compliance. Additionally, there is compliance with the statutory deadlines for remitting turnover tax payments (mean = 3.854, SD = 0.785). Overall, the findings on turnover tax compliance had a mean score of 3.958 and a standard deviation of 0.725, a strong indication of a generally high level of compliance among SMEs in Nairobi.

Table 4.7: Turnover Tax Compliance

N=283	Mean	Std. Deviation	Skewness	Kurtosis
I run a registered business	4.107	0.979	-1.672	3.063
I normally pay the required turnover tax for my business	4.039	0.772	-1.099	1.621
I file my turnover tax returns in good time	3.922	0.957	-0.996	1.041
I remit the required turnover tax within the required timeframe	3.854	0.785	-0.719	0.480
Turnover Tax Compliance	3.958	0.725	-1.360	1.715

Source: *(Survey Data, 2023)*

4.7.2 Descriptive Statistics for Procedural Tax Fairness

Procedural tax fairness, which entails the transparency, consistency, and fairness of the tax administration system, has been identified as a significant determinant of tax compliance behavior among SMEs. Therefore, the study deemed it necessary to establish the effect of procedural tax fairness on turnover tax compliance. The findings are as illustrated in table 4.8. From the findings, the respondents consider the procedures for filing turnover tax to be fair (mean = 3.961, SD = 0.663). In terms of expressing views and opinions on turnover tax, the SME owners perceive the procedures as fair (mean = 3.976, SD = 0.653). This indicates that the SME owners believe that they have some platform for airing their views and opinions on turnover tax.

Further, the SME owners generally believe that the appeal procedures are fair (mean = 4.020, SD = 0.760). This suggest that there is a higher level of satisfaction with these procedures, but also more variation in the opinions of the respondents. They also perceive that KRA ensures the availability of necessary information about procedures for turnover tax (mean = 3.854, SD = 0.670). The implication is that the SME owners find the information provided by KRA to be moderately helpful and accessible, with a slight variation in the opinions among them. Moreover, they are of the opinion that there is fairness of KRA procedures for filing turnover tax (mean = 3.956, SD = 0.702).

Additionally, KRA has considered the individual circumstances of each SME when formulating procedures for turnover tax (mean = 4.020, SD = 0.542). Also, they have the opportunity to ask questions about filling turnover tax (mean = 4.010, SD

= 0.610). This indicates that the SME owners are of the view that they have ample opportunities for seeking clarifications. Further, there is a general belief among respondents that they have some options for correcting mistakes in their tax calculations (mean = 3.922, SD = 0.957). Besides, the SME owners are of the view that they have some options for correcting mistakes in their tax calculations (mean = 3.922, SD = 0.957). Overall, perceived procedural tax fairness had a mean of 3.967 and a standard deviation of 0.468. This implies that SME owners in Nairobi regard the procedures on turnover tax compliance as reasonably fair, with a moderate level of satisfaction and a smaller degree of variability in the opinions of the SME owners.

Table 4.8: Descriptive Statistics for Procedural Tax Fairness

n=205	Mean	Std. Deviation	Skewness	Kurtosis
I consider the procedures for filling turnover tax fair	3.961	0.663	-0.569	1.029
The procedures of expressing views and opinions on turnover tax are fair	3.976	0.653	0.024	-0.628
I believe that the appeal procedures are fair	4.020	0.760	-0.033	-1.262
KRA ensures that all necessary information about procedures for turnover tax are available	3.854	0.670	0.179	-0.779
KRA procedures for filling turnover tax are fair to everyone	3.956	0.702	-0.454	0.407
I believe KRA has taken into account the individual circumstances of each SME when formulating procedures for turnover tax	4.020	0.542	-1.104	4.833
I believe there is opportunity to ask any questions regarding filling turnover tax	4.010	0.610	-0.789	2.391
I have several options to rectify errors in the computation of my turnover tax liability, if required, without incurring any extra charges.	3.922	0.957	-0.996	1.041
Procedural Tax Fairness	**3.967**	**0.468**	**-0.739**	**1.313**

Source: *(Survey Data, 2023)*

4.7.2: Descriptive Statistics for Distributive Tax Fairness

Distributive tax fairness refers to the extent to which the tax burden is perceived as being equitably distributed among taxpayers, contributing to their overall satisfaction with the tax system. The study sought to find out the SME owners' views on distributive tax fairness. The findings are as presented in table 4.9. As evidenced in the table, SME owners were of the view that turnover tax is fair among all SMEs regardless of their revenue (mean = 3.863, SD = 0.679).This suggests that there is a general belief that turnover tax is not perceived as being excessively biased towards certain revenue levels of SMEs. Also, they agreed that SMEs with lower incomes should be taxed lower turnover tax rates than those in the middle-income bracket (mean = 3.873, SD = 0.763). It shows that they support the idea of a progressive taxation system for SMEs based on their income levels.

Further, they were of the view that the amount of turnover tax they must pay seems excessive given the benefits they receive from the government (mean = 4.088, SD = 0.800). This suggests that many SMEs in Nairobi perceive that the taxes they pay are not commensurate with the services and support they receive from the government. Moreover, SME owners pay their fair share of turnover tax under the current tax system (mean = 3.883, SD = 0.878). They also find it fair for SMEs earning low revenue to receive greater benefits from the government compared to SMEs earning high revenue (mean = 4.181, SD = 0.768). This finding indicates a perception among the SME owners that the government should support revenue-struggling SMEs more than their high-earning counterparts.

Additionally, SME owners were of the view that it is fair for SMEs with comparable levels of income to pay a commensurate amount of income tax (mean = 3.971, SD = 0.678). It indicates that they believe in a fair taxation system where the burden of tax is shared equally by SMEs with similar income levels. In a nutshell, the items on distributive tax fairness had a mean of 3.999 and a standard deviation of 0.611. This suggests that, on average, the perceived distributive tax fairness among SMEs in Nairobi is moderate. However, there may be areas within the tax system that require improvement to increase the perception of fairness among SMEs in the city.

Table 4.9: Descriptive Statistics for Distributive Tax Fairness

n=205	Mean	Std. Deviation	Skewness	Kurtosis
I believe turnover tax is fair among all SMEs regardless of their revenue	3.863	0.679	-0.393	0.409
It is fair that SMEs with lower incomes should be taxed lower turnover tax rates than those in the middle-income bracket.	3.873	0.763	-0.718	0.620
The amount of turnover tax I must pay seems excessive given the benefits I receive from the government	4.088	0.800	-0.799	0.499
I believe everyone SMEs pays their fair share of turnover tax under the current turnover tax system	3.883	0.878	-0.647	-0.106
It is fair for SMEs in earning low revenue should receive greater benefits from the government as compared to SMEs earning high revenue	4.181	0.768	-0.649	-0.054
It is fair for SMEs with comparable levels of income to pay a commensurate amount of income tax	3.971	0.678	-0.536	0.811
In my opinion, it is fair for me to contribute an equivalent proportion of turnover tax as other SMEs who earn a comparable income.				
Distributive tax fairness	**3.999**	**0.611**	**-0.744**	**-0.047**

Source: *(Survey Data, 2023)*

4.7.3: Descriptive Statistics for Retributive tax fairness

The concept of retributive tax fairness has long been an essential element in understanding the determinants of turnover tax compliance among SMEs. In this study, we aimed to investigate the effect of perceived retributive tax fairness on turnover tax compliance. The findings are presented in table 4.10. Basing on the findings in the table, SME owners believe that the monthly tax penalty charge is suitable (mean = 4.054, SD = 0.787). This indicates that most SMEs in Nairobi have a similar perception of the suitability of monthly tax penalty charges. find the penalty imposed to be fair, given the offense committed (mean = 3.966, SD = 0.723). The standard deviation reinforces the idea that the variation in the responses is limited, meaning that the perception of fairness regarding tax penalties is similar among SMEs in Nairobi.

Further, the SME owners believe that the estimated tax liability imposed on SMEs who fail to maintain records is appropriate (mean = 4.224, SD = 0.713). Besides, SME owners disagree with the notion that they do not have to abide by the deadlines for submitting tax return forms (mean = 3.761, SD = 1.060). Moreover, they generally believe that the rules related to turnover tax are fair and understandable, and this perception on penalization rules is consistent among SMEs in Nairobi, as evidenced by the relatively low standard deviation (mean = 4.106, SD = 0.766). The findings on distributive tax fairness summed up to a mean of 3.997 and a standard deviation of 0.542. This shows that, on average, the respondents perceive the distributive tax fairness in the turnover tax system to be relatively fair. The low standard deviation reflects a limited variation in the

responses, suggesting that the majority of the sampled SMEs in Nairobi share a similar appraisal of the distributive tax fairness.

Table 4.10: Descriptive Statistics for Retributive tax fairness

n=283	Mean	Std. Deviation	Skewness	Kurtosis
I believe the monthly tax penalty charge to be suitable.	4.054	0.787	-0.461	-0.329
I think that the penalty imposed is fair, considering the offense committed.	3.966	0.723	-0.733	0.985
I believe that the estimated tax liability imposed on SMEs who fail to keep records is appropriate.	4.224	0.713	-0.357	-0.981
I believe that I do not have to be abide by the deadline for the submission of tax return form	3.761	1.060	-0.355	-1.100
The rules related to turnover tax are fair and understandable that on penalization	4.106	0.766	-0.658	0.308
Distributive tax fairness	**3.997**	**0.542**	**-1.238**	**1.275**

Source: *(Survey Data, 2023)*

4.7.4: Descriptive Statistics for Perceived ease of use of electronic system

The adoption of electronic tax systems has the potential to improve compliance by simplifying the tax filing process and reducing administrative burdens on taxpayers. In this context, the ease of use of such systems plays a pivotal role in shaping taxpayers' attitudes and perceptions towards tax compliance. This section of the analysis presents the findings on the perceived ease of use of electronic system. Table 4.11 illustrates the findings. Notably, the SME owners noted that it is easy for them to become skillful at using filling turnover tax online (Mean=4.181, SD=0.793). Also, they find online filling of turnover tax easy to use in tax management (Mean=4.337, SD=0.779).

Further, they find online filling of turnover tax easy to use in tax management (Mean=4.337, SD=0.779). This indicates that the SME owners find the online filing of turnover tax easy to use in managing their taxes. Moreover, they understand the electronic tax filing system very well (Mean=4.298, SD=0.763). Besides, they find the electronic-tax platform as user friendly (Mean=4.063, SD=0.858). They are also of the view that the electronic-tax filing system allows them to accurately assess their tax obligations (mean=4.073, SD=0.846). Additionally, they agreed that the electronic tax filing system is both faster and more convenient than the previous manual system (mean=4.063, SD=0.793).

Overall, the perceived ease of use of the electronic tax system has a mean score of 4.135 and a standard deviation of 0.599. This indicates that, in general, the SME owners find the electronic tax system easy to use, with a relatively low standard deviation showing consistency in their agreement. This reinforces the finding that the electronic tax system is an effective tool for SMEs in Nairobi in terms of ease of use for filing turnover taxes.

Table 4.11: Descriptive Statistics for Perceived ease of use of electronic system

n=205	Mean	Std. Deviation	Skewness	Kurtosis
It is easy for me to become skillful at using filling turnover tax online	4.181	0.793	-1.584	4.266
I find online filling of turnover tax easy to use in tax management	4.337	0.779	-0.920	0.061
I understand the electronic tax filing system very well	4.298	0.763	-1.163	1.486
The electronic-tax platform is user friendly	4.063	0.858	-0.781	0.129
I can assess my tax obligations accurately using the electronic-tax filing system	4.073	0.846	-1.171	2.208
Electronic tax filing system is fast and convenient compared to the old manual system	4.063	0.793	-1.068	1.369
I can pay my taxes at my convenience using the electronic-tax filing system				
Perceived ease of use of electronic system	**4.135**	**0.599**	**-1.470**	**2.181**

Source: *(Survey Data, 2023)*

4.8 Data transformation

The provided results indicate that the original categorical Likert scale data has been transformed into interval data represented by means. This transformation allows for a quantitative analysis of the variables. Each variable corresponds to a different concept being measured. The means represent the average rating on the transformed interval scale, while the standard deviations indicate the dispersion of the responses around the means. The mean score for "Turnover Tax Compliance"

is 3.958, indicating that, on average, respondents demonstrated a moderate level of compliance with turnover tax regulations. The variable "Procedural Tax Fairness" received a mean score of 3.967, suggesting that respondents perceived a slightly favorable level of fairness in tax-related processes. As for "Distributive Tax Fairness," the mean score of 3.999 suggests that respondents held a relatively positive perception of fairness in the distribution of taxes. Similarly, the variable "Retributive Tax Fairness" garnered a mean score of 3.997, indicating that respondents generally perceived a fair approach to the consequences or penalties associated with tax-related offenses. Lastly, the mean score of 4.135 for "Perceived Ease of Use of Electronic System" indicates that respondents found the electronic system, likely related to tax processes, relatively easy to navigate and utilize. By utilizing means, the data has been converted into a format that enables numerical comparisons and statistical analyses of the various constructs measured by the variables.

Table 4.12: Data transformation

Variables	Mean	Std. Deviation	Skewness	Kurtosis
Turnover Tax Compliance	3.958	0.725	-1.36	1.715
Procedural Tax Fairness	3.967	0.468	-0.739	1.313
Distributive tax fairness	3.999	0.611	-0.744	-0.047
Retributive tax fairness	3.997	0.542	-1.238	1.275
Perceived ease of use of electronic system	4.135	0.599	-1.47	2.181

4.9 Assumption of Regression Model

4.9.1 Normality

This study performed normality tests using the widely used Kolmogorov-Smirnov and Shapiro-Wilk methods to make sure the data were appropriate for multivariate analysis. These techniques were advised by Ghasemi and Zahediasi (2012) and Garson (2012). Table 4.12's results demonstrate that the data's normality was not in question because the K-S and S-W tests for each variable were not significant. As a result, multivariate analysis was found appropriate for the data distribution in this investigation.

Table 4.13: Normality Test

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	0.036	283	.200*	0.994	283	0.611
Standardized Residual	0.036	283	.200*	0.994	283	0.611
Studentized Residual	0.036	283	.200*	0.994	283	0.611

* This is a lower bound of the true significance.

a Lilliefors Significance Correction

Source: *(Survey Data, 2023)*

4.9.2 Multicollinearity

When the independent variables have a high correlation with one another, multicollinearity occurs. The correlation matrix, which calculates the Pearson's bivariate correlations among all independent variables, is one of the approaches available to test for multicollinearity. The magnitude of the correlation coefficients must be less than 0.80 to rule out multicollinearity. The Variance Inflation Factor (VIF), another technique, shows how much the variation in regression estimates rises as a result of multicollinearity. When VIF values above 10, multicollinearity is likely to be present. Furthermore, multicollinearity is indicated by tolerance values of less than 0.1. The findings in Table 4.13 showed that all of the independent variables' VIF values were under 10. In light of this, there was no proof of multicollinearity for all predictor variables .

Table 4.14: Multicollinearity

	Collinearity Statistics	
	Tolerance	**VIF**
Procedural Tax Fairness	0.394	2.538
Distributive Tax Fairness	0.347	2.883
Retributive Tax Fairness	0.383	2.609
PEUES	0.719	1.391

Source: *(Survey Data, 2023)*

4.9.3 Linearity Test

ANOVA is one of many tests offered by SPSS that is capable of being used to evaluate the linearity assumption (Field, 2009; Garson, 2012). According to the general rule, an ANOVA's p-value of less than 0.05 indicates that the correlation

between independent variables is linear, and a p-value of more than 0.05 indicates that the association deviates from linearity (Hair et al., 2010)..

According to table 4.14, which summarizes the results of the linearity tests, there is a linear relationship between turnover tax compliance and procedural tax fairness (F = 259.751, p =.000), distributive tax fairness (F = 212.254, p =.000), and retributive tax fairness (F = 199.727, p =.000). The overall results indicate that all independent variables and the dependent variable (Turnover Tax Compliance) have a substantial linear connection. This result shows that the linearity assumption is valid, allowing regression analysis to be used to establish the cause-and-effect relationship between the variables under consideration.

Table 4.15: Linearity Test

	ANOVA for linearity	
	F	**Sig.**
Turnover Tax Compliance * Procedural Tax Fairness	259.751	0.000
Turnover Tax Compliance * Distributive Tax Fairness	212.254	0.000
Turnover Tax Compliance * Retributive Tax Fairness	199.727	0.000
Turnover Tax Compliance * PEUES	317.001	0.000

Source: *(Survey Data, 2023)*

4.9.4 Heteroscedasticity Test

Homoscedasticity is the property of errors having an equal variance at all levels of independent variables (Williams et al., 2013). Levene's test, which assesses whether the variance of independent and dependent variables is equal, was employed in this work to determine heteroscedasticity. It is implied that the group variances are not homoscedastic and are therefore unequal or heteroscedastic if the

p-value of the Levene's test is statistically significant at =.05 (i.e., less than 0.05), which violates a fundamental tenet of linear regression models. Levene's statistic was used to calculate the p-values for each variable, and the results are displayed in Table 4.15. This shows that homoscedasticity is not a problem.

Table 4.16: Heteroscedasticity Test

	Levene Statistic	df1	df2	Sig.
Turnover Tax Compliance	2.141	3	279	0.095
Procedural Tax Fairness	2.385	3	279	0.069
Distributive tax fairness	1.437	3	279	0.232
Retributive tax fairness	2.033	3	279	0.110
PEUES	1.855	3	279	0.137

Source: *(Survey Data, 2023)*

4.10 Correlation Analysis

Correlation analysis is used to determine the relationship between two variables. The strength of the relationship is measured by the correlation coefficient, which can range from -1 to 1. A positive correlation means that the two variables move in the same direction, while a negative correlation means that they move in opposite directions. A correlation of 0 means that there is no relationship between the two variables. Table 4.16 illustrates the correlation results. From the findings in table 4.16, the relationship between procedural tax fairness and turnover tax compliance was found to be positive and significant, ρ = 0.842, p-value < 0.01. Furthermore, the relationship between distributive tax fairness and turnover tax compliance was found to be positive and significant, ρ = 0.793, p-value < 0.01. The findings also showed that the relationship between retributive tax fairness and turnover tax

compliance is positive and significant, ρ = 0.848, p-value < 0.01. Additionally, there was positive and significant correlation between perceived ease of use of electronic system and turnover tax

Compliance, ρ = 0.545, p-value < 0.01.

Table 4.17: Correlation Analysis

		TPRTC	PTF	DTF	RTF	PEUES
Turnover tax compliance (TTC)	Pearson Correlation	1				
Procedural tax fairness (PTF)	Pearson Correlation	.842**	1			
Distributive tax fairness (DTF)	Pearson Correlation	.793**	.740**	1		
Retributive tax fairness (RTF)	Pearson Correlation	.848**	.700**	.746**	1	
PEUES	Pearson Correlation	.545**	.477**	.472**	.488**	1

** Correlation is significant at the 0.01 level (2-tailed).

Source: *(Survey Data, 2023)*

4.11 Regression Analysis

4.11.1 Model Summary

The model summary provides information about the model fit, including the R-squared value, the adjusted R-squared value, the F-statistic, and the p-value for the F-statistic. The R-squared value indicates the percentage of the variance in the dependent variable that is explained by the model. The adjusted R-squared value adjusts for the number of independent variables in the model. The F-statistic is a measure of how well the model fits the data. The p-value for the F-statistic is the

probability that the model is a good fit for the data. Table 4.17 illustrates the model summary.

Table 4.18: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.921a	0.849	0.847	0.26208	1.834

a Predictors: (Constant), Retributive Tax Fairness, Procedural Tax Fairness, Distributive Tax Fairness

b Dependent Variable: Turnover Tax Compliance

Source: *(Survey Data, 2023)*

The model summary of the regression model is presented in table 4.17. Based on the model, the combined prediction of all the variables (retributive tax fairness, procedural tax fairness, distributive tax fairness) accounted for approximately 84.9% of the total variation in turnover tax compliance (R^2 = .849, Adjusted R^2 = .847.

4.11.2 ANOVA Model

The ANOVA model is a statistical model that is used to analyze the variance in a data set. This model is used to explain the variation in the dependent variable by the independent variables. The model is also used to test the hypothesis that the means of the dependent variable are equal. Table 4.18 highlights the ANOVA model.

Table 4.19: ANOVA Model

	Sum of Squares	df	Mean Square	F	Sig.
Regression	107.668	3	35.889	522.51	.000b
Residual	19.164	279	0.069		
Total	126.832	282			

a Dependent Variable: turnover tax compliance

b Predictors: (Constant), retributive tax fairness, procedural tax fairness, distributive tax fairness

Source: *(Survey Data, 2023)*

The ANOVA model showed that the joint prediction of all the independent variables as depicted in Table 4.18 above was statistically significant (F = 522.51, ρ=.000). Thus, the model was fit to predict Turnover Tax Compliance using retributive tax fairness, procedural tax fairness, and distributive tax fairness.

4.11.3 Hypotheses Testing and Discussion of Results

Hypothesis 1(H_{o1}) stated that procedural tax fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya. Findings showed that procedural tax fairness had coefficients of estimate which were significant basing on β_1 = 0.421 (p-value = 0.000 which is less than α = 0.05). The null hypothesis was thus rejected, and it was concluded that procedural tax fairness had a significant effect on turnover tax compliance. This suggested that there was an up to 0.421 unit increase in turnover tax compliance for each unit increase in procedural tax fairness. The findings are in line with the research by Farrar (2015), which indicates that people are more willing to abide by tax laws and procedures

when they perceive the choices made by tax authorities to have a high level of procedural justice. Similarly, the results tally with that of Frey (2003) which established that tax authority's polite behavior and open procedures help reduce tax evasion. Therefore, it can be understood that SMEs in Nairobi would be more compliant to turnover taxes if they are treated politely and encounter open procedures by the tax authorities.

Similarly, the findings align with that of Rechberger et al.'s (2008) which highlighted that people are less likely to abide by tax laws if they feel the tax authorities have treated them unfairly and disrespectfully. In the same way, Murphy and Tyler (2008) revealed a relationship between perceived procedural justice and good tax compliance behavior, which again supports the Nairobi findings. Moreover, Faizal and Palil (2015) established that procedural fairness had a positive impact on tax compliance in Malaysia. Similarly, the study findings are consistent with that of Kim and Lee (2020) which indicated that the degree of tax non-compliance is influenced by perceptions of procedural injustice as evaluated by operational inconsistency and regulation ambiguity. This implies that if SMEs in Nairobi perceive procedural inconsistency or ambiguous regulations in tax laws, they would be less likely to comply with tax requirements.

Hypothesis 2 (H_{o2}) stated that distributive tax fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya. However, research findings showed that distributive tax fairness had coefficients of estimate which were significant basing on β_2= 0.154 (p-value = 0.000 which was less than α = 0.05) hence the null hypothesis was rejected. This indicated that for each unit increase in distributive tax fairness, there was a 0.154 unit increase in turnover tax

compliance. The study findings support the notion by Saad (2011) indicating that people are more willing to comply with tax laws and regulations when they believe that the burden and advantages of paying taxes are distributed fairly. This suggests that the perception of fairness greatly impacts individuals' and businesses' tax compliance behavior. The results are also consistent with that of Bayissa (2022) which found that taxpayers' willingness to comply with tax responsibilities is influenced by the perception of distributional fairness, along with the emotional attachment to tax authorities. This implies that not only is distributive tax fairness crucial in fostering tax compliance among SMEs, but also maintaining a good relationship between taxpayers and tax authorities. In addition, Faizal and Palil (2015) reveale;d that participants believed that fairness could influence their tax compliance behavior. The study highlights the significant role of fairness perceptions in determining taxpayers' willingness to comply with tax responsibilities. The positive link found between distributive tax fairness and SMEs turnover tax compliance in Nairobi further supports the idea that taxpayers who perceive the tax system as fair are more likely to comply willingly.

Hypothesis 3 (H_{o3}) postulated that retributive fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya. Findings showed that retributive tax fairness had coefficients of estimate which was significant basing on $\beta_3 = 0.439$ (p-value = 0.000 which is less than $\alpha = 0.05$) implying that the null hypothesis was rejected, and it was concluded that retributive tax fairness had significant effect on turnover tax compliance. This indicated that for each unit increase in retributive tax fairness, there was an up to 0.439 unit increase in turnover tax compliance. Consistent with the results, Gebregiorgies (2021) found

that taxpayers in Gondar town, Ethiopia, believed that the tax system was unfair in terms of retributive fairness, which had a negative impact on tax compliance. The findings also tally with the results by Belay and Viswanadham (2016) which demonstrated that respondents did not find retributive taxes to be fair, particularly the penalties, which led to a decrease in tax compliance. On the other hand, Mahangila and Holland (2015) showed that there is a direct and positive link between retributive justice and tax compliance intentions. This finding aligns with the positive link found in the Nairobi study, suggesting that when taxpayers perceive the tax system to be fair and just, they are more likely to comply with tax regulations.

Table 4.20: Coefficients of Estimate

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	-0.739	0.114		-6.473	0.000
Procedural tax fairness	0.478	0.042	0.421	11.494	0.000
Distributive tax fairness	0.166	0.042	0.154	3.917	0.000
Retributive tax fairness	0.502	0.042	0.439	11.851	0.000

a Dependent Variable: turnover tax compliance

Source: *(Survey Data, 2023)*

4.12 Moderating Effect of Perceived Ease of Use of Electronic System

The fourth objective of the study was to establish the moderating effect of perceived ease of use of electronic system on the relationship between perceived tax fairness and turnover tax compliance. In order to confirm the moderating role

of perceived ease of use of electronic system, the following steps were carried out; First, the study standardized all variables to make interpretations easier afterwards and to avoid multicollinearity. Second, the study fitted a regression model (model 2) predicting the outcome variable turnover tax compliance from the perceived tax fairness (retributive tax fairness, procedural tax fairness, and distributive tax fairness). The effects as well as the model in general (R^2) should be significant. Third, the study added the interaction effect (perceived ease of use of electronic system* perceived tax fairness) to the previous model (model 3, 4 and 5) and check for a significant R^2 change as well as a significant effect by the new interaction term. If both are significant, then moderation is occurring. If the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred. If the predictor and moderator are significant with the interaction term added, then moderation has occurred (Marsh *et al*, 2013), however the main effects are also significant.

The hierarchical regression results are presented in Model 1 to 5 in Table 4.20. $\mathbf{H_{04a}}$ stated that perceived ease of use of electronic system does not moderate the relationship between procedural tax fairness and turnover tax compliance. However, the findings indicated that perceived ease of use of electronic system moderate the relationship between procedural tax fairness and turnover tax compliance (β =.45, ρ< .05). So, the null hypothesis was rejected. This was also confirmed by $R^2\Delta$ of 0.046 which indicate that perceived ease of use of electronic system moderates the relationship between procedural tax fairness and turnover tax compliance by 4.6%. The implication is that the perceived ease of use of the electronic system plays an important role in strengthening the relationship between procedural tax fairness and turnover tax compliance among SMEs in Nairobi. This

implies that improvements in the ease of use of the electronic tax system could potentially lead to increased tax compliance among SMEs, as they perceive the tax process to be fairer and more straightforward.

H_{04b} predicted that perceived ease of use of electronic system does not moderate the relationship between distributive tax fairness and turnover tax compliance. However, the regression results showed a positive and significant moderating effect of perceived ease of use of electronic system on the relationship between distributive tax fairness and turnover tax compliance (β = .04, ρ< .05). Hence, the null hypothesis was rejected. This was also supported by change of R squared of 0.0% ($R^2\Delta$= .000) indicating that the addition of the perceived ease of use variable does not significantly increase the explained variance in tax compliance. This implies that while the moderating effect is statistically significant, its practical impact on turnover tax compliance might be relatively small compared to other factors affecting tax compliance behavior.

H_{04c} stated that perceived ease of use of electronic system does not moderate the link between retributive tax fairness and turnover tax compliance. However, the regression results showed perceived ease of use of electronic system positively moderated the relationship between retributive tax fairness and turnover tax compliance (β = 0.05, ρ< .05), rejecting the null hypothesis. The moderating effect was also revealed by change in R squared ($R^2\Delta$ .000) which means that the moderating effect of the perceived ease of use of the electronic tax system has a very small impact on the relationship between tax fairness and tax compliance. This suggests that while the moderating effect is statistically significant, it may not be practically significant or have a large impact on the overall relationship between the variables.

Table 4.21: Moderating Effect of Perceived ease of use of electronic system on Perceived Tax Fairness and Turnover Tax Compliance.

	Model 1 B(S.E)	Model 2 B(S.E)	Model 3 B(S.E)	Model 4 B(S.E)	Model 5 B(S.E)
(Constant)	0.00(.02)	0.00(.07)	0.00(.02)	0.02(.02)	0.02(.02)
Zscore(PTF)	0.41 (.05)	0.41 (.03)*	0.38(.04)*	0.06(.19)*	-0.18(.11)**
Zscore(DFT)	0.15(.05)**	0.14(.05)*	0.14(.04)	-0.35(.11)**	0.18(.14)**
Zscore(RFT)	0.43(.04)**	0.42(.05)**	0.42(.06)**	0.43(.15)**	-0.42(.19)
Zscore(PEUES)		0.08(.05)*	0.05(.04)*	0.35(.12)*	0.53(.14)**
Zscore(PTF* PEUES)			0.45(.07)**	0.42(.19)**	0.65(.19)*
Zscore(DFT* PEUES)				0.04(.12)	0.03(.15)
Zscore(RFT* PEUES)					0.05(.15)
Model Summary Statistics					
R	.921	.924	.928	.930	.936
R Square	0.849	0.853	0.899	0.899	0.899
Adjusted R Square	0.847	0.851	0.899	0.899	0.899
S.E of the Estimate	0.391	0.386	0.386	0.371	0.357
Change Statistics					
R Square Change	0.849	0.004	0.046	0.000	0.000
F Change	148.381	6.515	112.717	78.644	141.741
df1	3	1	1	1	1
df2	203	202	201	200	199
Sig. F Change	0.00	0.01	0.00	0.00	0.00

a Dependent Variable: Zscore(TOT)

Source: *(Survey Data, 2023)*

4.13 Modgraphs

The research employed modgraph, as suggested by Jose (2008), in order to demonstrate enhancing moderating effects. The study adhered to the guidelines of Aiken and West (1991) by utilizing a moderation graph to investigate the interaction between the variables of interest, specifically perceived ease of use of electronic system, across varying levels of the moderator. Figure 4.1 demonstrated that higher levels of perceived ease of use of electronic system brought about a

steeper slope between procedural tax fairness and turnover tax compliance, hence, the null hypothesis 4a was not supported. This implied that perceived ease of use of electronic system positively and significantly moderates the relationship between procedural tax fairness and turnover tax compliance.

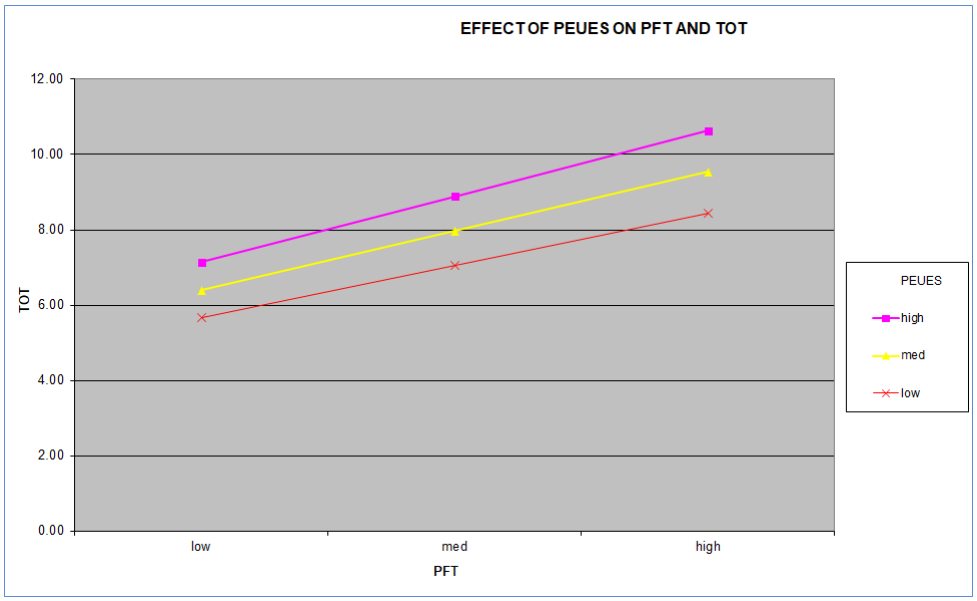

Figure 4.1: Modgraph for Moderating Effect of Perceived ease of use of electronic system on Procedural Tax Fairness and Turnover Tax Compliance

4.13 Summary of Hypotheses Testing Results

The results presented in Table 4.21 below indicated the summary of both multiple and hierarchical regression models. Thus, the table shows (R^2) and Δ in (R^2) for both main and interaction effects as well as the decision on the formulated hypothesis.

Table 4.22: Summary of Hypotheses Testing Results

Hypothesis Formulated	**Beta (β)**	**ρ – values**	**R^2**	**Decision**
Main Effects				
$H_{01:}$ Procedural tax fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya	0.421	0.000		Rejected
$H_{O2:}$ Distributive tax fairness has no significant effect on SMEs turnover tax compliance among SMEs in Nairobi, Kenya	0.154	0.000		Rejected
$H_{O3:}$ Retributive fairness has no significant effect on SMEs turnover tax compliance among in Nairobi, Kenya	0.439	0.000		
			0.849	Rejected
Moderation – perceived ease of use of electronic system	**Beta (β)**	**ρ – values**	**$R^2\Delta$**	
$H_{O4a:}$ Perceived ease of use of electronic system does not moderate the relationship between procedural tax fairness and SMEs turnover tax compliance among in Nairobi, Kenya	0.45	0.000	0.046	Rejected
$H_{O4b:}$ Perceived ease of use of electronic system does not moderate the relationship between distributive tax fairness and SMEs turnover tax compliance among in Nairobi, Kenya	0.04	P>0.05	0.000	Accepted
$H_{O4c:}$ Perceived ease of use of electronic system does not moderate the relationship between retributive tax fairness and SMEs turnover tax compliance among in Nairobi, Kenya	0.05	0.>0.05	0.000	Accepted

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The primary focus of this study was to determine the effect of perceived tax fairness on turnover tax compliance: the role of ease of use of electronic tax system among small and medium enterprises in Nairobi. To achieve this, the study investigated the effect of procedural tax fairness on turnover tax compliance, effect of distributive tax fairness on turnover tax compliance, effect of retributive tax fairness on turnover tax compliance and determine moderating effect of perceived of ease of use of electronic tax system on the relationship between perceived tax fairness and turnover tax compliance.This chapter presents the summary of the findings, conclusions derived from these findings, recommendations, and recommendations for future research.

5.2 Summary of the Findings

The findings on procedural tax fairness on revealed that the SME owners are of the view that turnover tax procedures are fair. This includes aspects such as filing, expressing views, and appealing. Besides, SME owners in Nairobi perceive the tax procedures as reasonably fair, with opportunities for seeking clarifications and correcting errors in tax calculations, as well as the belief that the Kenya Revenue Authority takes individual circumstances into account when formulating tax procedures. Additionally, the findings demonstrated that there is a significant relationship between procedural tax fairness and turnover tax compliance. Moreover, the findings indicated that the perceived ease of use of the electronic tax

system has a moderating effect on the relationship between procedural tax fairness and turnover tax compliance.

Additionally, the findings on distributive tax fairness indicated that turnover tax is fair among all SMEs regardless of their revenue and support the idea of a progressive taxation system for SMEs based on their income levels. However, many SMEs perceive that the taxes they pay are not commensurate with the benefits they receive from the government. Also, there is a belief among respondents that SMEs with similar income levels should share an equal burden of tax. Overall, the perceived distributive tax fairness among SMEs in Nairobi is moderate, pointing to areas within the tax system that require improvement to enhance the perception of fairness.

Further, research findings showed that there is a significant relationship between distributive tax fairness and turnover tax compliance. Additionally, the regression results revealed a positive and significant moderating effect of perceived ease of use of the electronic system on the relationship between distributive tax fairness and turnover tax compliance. This suggests that making the electronic tax system more user-friendly could positively influence the association between fairness perceptions and tax compliance among SMEs in Nairobi.

Furthermore, the findings on retributive tax fairness revealed that the SME owners find the monthly tax penalty charge to be suitable and believe that the penalty imposed is fair, considering the offense committed. In addition, most of them think that the estimated tax liability imposed on SMEs who fail to keep records is appropriate. Further, they generally disagree with the notion that they do not have

to abide by the deadlines for submitting tax return forms, and they believe that the rules related to turnover tax are fair and understandable.

Further findings showed that there is a significant relationship between retributive tax fairness and turnover tax compliance. Also, results showed that the perceived ease of use of the electronic system positively moderated the relationship between retributive tax fairness and turnover tax compliance. This suggests that when SMEs perceive the electronic tax system as easy to use, their tax compliance levels increase, further emphasizing the importance of user-friendly electronic tax systems in promoting tax compliance among SMEs.

5.3 Conclusion of the Study

In conclusion, procedural tax fairness positively influences the turnover tax compliance among the SMEs in Nairobi. This is attributed to the fact that the SME owners perceived turnover tax procedures as fair, with aspects such as filing, expressing views, and appealing contributing to this perception. Thus, the more SME owners perceive the tax procedures as fair, the higher their likelihood to comply with the tax requirements. Moreover, the perceived ease of use of the electronic tax system was found to have a moderating effect on the relationship between procedural tax fairness and turnover tax compliance, suggesting the importance of user-friendly and accessible digital tax systems in facilitating compliance.

Also, distributive tax fairness positively contributed to turnover tax compliance among the SMEs in Nairobi. The implication is that the SME owners are supportive of a progressive taxation system based on income levels. Besides, the

study provided evidence that the perceived ease of use of electronic tax systems plays a significant moderating role in the relationship between distributive tax fairness and turnover tax compliance among SMEs in Nairobi. This means that improving the ease of use of electronic tax systems may enhance tax compliance among small and medium-sized enterprises. However, it is essential to consider other factors that can influence tax compliance, as the practical impact of perceived ease of use appears to be relatively small compared to other determinants of tax behavior.

Finally, the findings indicate that retributive tax fairness plays a significant role in influencing turnover tax compliance. SMEs who perceive the tax system as fair and understandable are more likely to comply with tax regulations. Moreover, the study finds that the perceived ease of use of the electronic tax system positively moderates the relationship between retributive tax fairness and turnover tax compliance. This suggests that an easy-to-use electronic tax system is crucial to enhance tax compliance levels among SMEs. Streamlining the tax filing process and making it more accessible and user-friendly can lead to increased compliance rates.

5.4 Recommendations of Study

5.4.1 Managerial Implications

The study findings are indicative of a positive link between procedural tax fairness and turnover tax compliance among the SMEs in Nairobi. Therefore, it is imperative for policymakers and the Kenya Revenue Authority to continue providing fair and transparent tax procedures, while also ensuring that the electronic tax system is easy to use and understand for SME owners. By taking

individual circumstances into account, offering opportunities for seeking clarifications, and providing options for correcting errors in tax calculations, tax authorities can foster an environment that promotes tax compliance and strengthens the tax base in Nairobi and beyond.

Also, distributive tax fairness was associated with an increase in turnover tax compliance among the SMEs in Nairobi. Thus, the emphasis of the government and tax authorities should be on improving the perceived fairness of the tax system, ensuring that lower-income SMEs receive adequate support, and making the electronic tax system more efficient and user-friendly. Particularly, policymakers should focus on providing more extensive benefits and support to lower-income SMEs, such as tax breaks or incentives. By addressing these areas, the government can potentially enhance not only the perception of tax fairness but also improve turnover tax compliance among SMEs in Nairobi.

Finally, since retributive fairness contributes to more turnover tax compliance among the SMEs in Nairobi, policymakers and tax authorities should focus on improving the perceived fairness of the tax system while ensuring the electronic tax platforms are easy to use and understand. By doing so, they can foster a more conducive environment for promoting tax compliance among SMEs in Nairobi and potentially in other regions as well. Also, efforts should be made to improve the perception of tax fairness among SMEs by ensuring equitable distribution of tax burden and consistent application of rules and regulations. This can be achieved through transparent communication, offering support to SMEs, and regularly reviewing tax policies to ensure they are fair and accurately reflect the needs of the SME community.

5.4.2 Policy implications

Policymakers should focus on ensuring that tax procedures are transparent, easily understandable, and allow for participation, such as filing, expressing views, and appealing. This can increase SME owners' perception of fairness and, in turn, enhance their likelihood to comply with tax requirements.

Policymakers can consider implementing or maintaining progressive tax policies that distribute the tax burden fairly across different income brackets. This can foster a sense of fairness among SMEs and potentially increase compliance rates.

Policymakers should focus on designing tax systems that are perceived as fair and transparent, ensuring that SMEs can easily comprehend the tax regulations. Furthermore, the study highlights the role of an easy-to-use electronic tax system in moderating the relationship between retributive tax fairness and compliance. Streamlining the tax filing process, improving accessibility, and enhancing user-friendliness can contribute to increased compliance levels among SMEs.

5.4.3 Implication for Further Studies

The primary objective of the study was to determine the effect of perceived tax fairness on turnover tax compliance: the role of ease of use of electronic tax system among small and medium enterprises in Nairobi. In light of the study findings, future research could further investigate the specific aspects of electronic tax systems that contribute to improved ease of use and examine how other factors, such as perceived tax knowledge and trust in tax authorities, may influence tax compliance among SMEs. Additionally, studies could investigate how various

communication and engagement strategies, including education and awareness campaigns, can foster a better understanding and appreciation of the tax system among SME owners, ultimately contributing to higher compliance rates. Finally, further research should consider the potential differential impact of procedural, distributive, and retributive tax fairness on various subgroups of SME owners, such as by industry, business size, or socio-demographic characteristics. This would help to pinpoint specific fairness concerns or system usability issues that may disproportionately affect certain segments of the SME population in Nairobi, ensuring that tax policies and digital tax systems are effectively tailored to meet the needs of all SME owners and enhance overall tax compliance.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Introduction

I am Violet Tananko**,** a student at Kenya School of Revenue Administration. I wish to invite you to take part in my study. This study will be used for partial fulfilment for the degree leading to Masters in Tax and Customs Administration.

I AM CURRENTLY CONDUCTING A RESEARCH ON **"PERCEIVED TAX FAIRNESS AND TURNOVER TAX COMPLIANCE: THE ROLE OF EASE OF USE OF ELECTRONIC TAX SYSTEM AMONG SMALL AND MEDIUM ENTERPRISES IN NAIROBI.** I kindly request you to assist me to collect data by completing the accompanying questionnaire. The questionnaire will take 10 to 20 minutes to be completed and is in a simple language. The data provided will be strictly for academic purpose and will be held in strict confidence.

Thank you

Sincerely

Violet Tananko

Answer all questions as indicated by either filling in the blank or ticking the options that apply.

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender of the respondent

a) Male ( ) b) Female ( )

2. Indicate by ticking your age bracket

a) 24 yrs. and below	[ ]	b) 25-29	[ ]
c) 30-34	[ ]	d) 35-39	[ ]
g) 40 and above	[ ]		

3. Kindly indicate your highest level of education qualification (tick)

a) Secondary education [ ] c) diploma [ ]

d) undergraduate degress [ ] e) Postgraduate [ ]

4. How long has the business been operation?

1-10 years [ ] 11-20 years [ ]

21-30 years [ ] Over 30 years [ ]

5. How many employees does your business have

1-5 [ ] 6-10 [ ] Above 10 years [ ]

SECTION B: SMES TURNOVER TAX COMPLIANCE

1. Kindly, to what extent do you agree on the following statements on your compliance to turnover tax? This is for academic purposes only and information provided is confidential. 1 = Strongly Disagree 2 = disagree, 3= neutral, 4 = agree, 5 = Strongly Agree

	STATEMENT	5	4	3	2	1
TTC1	I run a registered business					
TTC2	I normally pay the required turnover tax for my business					
TTC3	I file my turnover tax returns in good time					
TTC4	I remit the required turnover tax within the required timeframe					

SECTION C: PROCEDURAL TAX FAIRNESS

2. Kindly, to what extent do you agree on the following statements on the procedural tax fairness? This is for academic purposes only and information provided is confidential. 1 = Strongly Disagree 2 = disagree, 3= neutral, 4 = agree, 5 = Strongly Agree

		5	4	3	2	1
PTF1	I consider the procedures for filling turnover tax fair					
PTF2	The procedures of expressing views and opinions on turnover tax are fair					
PTF3	I believe that the appeal procedures are fair					
PTF4	KRA ensures that all necessary information about procedures for turnover tax are available					
PTF5	KRA procedures for filling turnover tax are fair to everyone					
PTF6	I believe KRA has taken into account the individual circumstances of each SME when formulating procedures for turnover tax					
PTF7	I believe there is opportunity to ask any questions regarding filling turnover tax					
PTF8	I have several options to rectify errors in the computation of my turnover tax liability, if required, without incurring any extra charges.					

SECTION D: DISTRIBUTIVE TAX FAIRNESS

3. Kindly, to what extent do you agree on the following statements on the? This is for academic purposes only and information provided is distributive tax fairness confidential. 1 = Strongly Disagree 2 = disagree, 3= neutral, 4 = agree, 5 = Strongly Agree

		5	4	3	2	1
DTF1	I believe turnover tax is fair among all SMEs regardless of their revenue					
DTF2	It is fair that SMEs with lower incomes should be taxed lower turnover tax rates than those in the middle-income bracket.					
DTF3	The amount of turnover tax I must pay seems excessive given the benefits I receive from the government					
DTF4	I believe everyone SMEs pays their fair share of turnover tax under the current turnover tax system					
DTF5	It is fair for SMEs in earning low revenue should receive greater benefits from the government as compared to SMEs earning high revenue					
DTF6	It is fair for SMEs with comparable levels of income to pay a commensurate amount of income tax					
DTF7	In my opinion, it is fair for me to contribute an equivalent proportion of turnover tax as other SMEs who earn a comparable income.					

SECTION E: RETRIBUTIVE TAX FAIRNESS

4. Kindly, to what extent do you agree on the following statements on the retributive tax fairness? This is for academic purposes only and information provided is confidential. 1 = Strongly Disagree 2 = disagree, 3= neutral, 4 = agree, 5 = Strongly Agree

		5	4	3	2	1
RTF1	I believe the monthly tax penalty charge to be suitable.					
RTF3	I think that the penalty imposed is fair, considering the offense committed.					
RTF4	It is fair that individuals who deliberately evade paying their taxes should be penalised with the same amount of penalty regardless of the amount of tax evaded					
RTF5	I believe that the estimated tax liability imposed on SMEs who fail to keep records is appropriate.					
RTF6	I believe that I do not have to be abide by the deadline for the submission of tax return form					
RTF7	The rules related to turnover tax are fair and understandable that on penalization					
RTF8	In my opinion, the initial penalty for late payment of unpaid taxes, which is imposed on non-compliant taxpayers according to the current tax system, is fair .					

SECTION E: PERCEIVED EASE OF USE OF ELECTRONIC TAX SYSTEM

5. Kindly, to what extent do you agree on the following statements on the perceived tax fairness? This is for academic purposes only and information provided is confidential. 1 = Strongly Disagree 2 = disagree, 3= neutral, 4 = agree, 5 = Strongly Agree

		5	4	3	2	1
PEOU1	It is easy for me to become skillful at using filling turnover tax online					
PEOU2	I find online filling of turnover tax easy to use in tax management					
PEOU3	I understand the electronic tax filing system very well					
PEOU4	The electronic-tax platform is user friendly					
PEOU5	I can assess my tax obligations accurately using the electronic-tax filing system					
PEOU6	Electronic tax filing system is fast and convenient compared to the old manual system					
PEOU7	I can pay my taxes at my convenience using the electronic-tax filing system					

A SAMPLE LIST OF SME'S IN NAIROBI COUNTY (CBD)

1	Deluxe Fruits Ltd	40	Master Bakers
2	Demo Entertainment	41	Nice Cake Bakers
3	Wilsam Pharmaceticals Limited	42	N.K. Bakery
4	Janico Salon	43	Beneka Home Bakers
5	Gris Cafe	44	Emmanuel Bakers
6	Karis Services	45	Airfall Colling Services
7	Best Bite Cafe	46	Future Soft Technologies
8	Classic Touch Salon	47	Bero Tech
9	Emanuel Cafe	48	Caravet System Limited
10	Silver My Health Services	49	Open World
11	Sofie Hair Stylist	50	Compiterways Limited
12	Bulk Medical Suppliers	51	Olyeni Electornics Limited
13	Jello Butchery	52	Shrend Publishers Limited
14	Fish Wholesalers	53	Hillspan Printing Press
15	Keneco Mazingira Services	54	Star Printers
16	True Blaq Entertainment	55	EPZ Designers
17	Why Not Entertainment Ltd	56	Pinnacore Printers
18	Can Translators	57	Intermass Stationers & Printers Ltd
19	Kinyagi Foods Ltd	58	Charti International Ltd
20	Keneco Mazingira Services	59	Kenya Toner & Ink Suppliers
21	Silver Dine Kenya	60	Good Shepherd Computers
22	Fast Choice Ltd	61	Joriam Technologies Ltd
23	True Blaq Entertainment	62	Techbiz Ltd
24	Bozzi Bakers	63	Splice Technologies
25	Bake and Bite Bakers	64	Charti International Ltd
26	Boss Bakers	65	Kenya Toners & Ink Suppliers
27	Wega Bakers	66	Next Technologies Ltd
28	Eucla Bakers	67	Splice Technologies
29	Mina Bakers	68	Dunia Link Communication Ltd
30	Mashi Bakers	69	Empire Micro System Ltd
31	Bake & Bite Bakers	70	Next Technologies Ltd
32	Primavara Picknick	71	Symphony
33	Kim's Snacks Shop	72	Empire Microsystems Ltd
34	Bakers Mall	73	Michi Media Ltd
35	Will Bakers	74	Pinnacore Printers

36	Ahadi Bakers	75	Intermass Stationers & Printers Ltd
37	Luanda Bakers	76	Charti International Ltd
38	Umoja Royal Bakers	77	Kenya Toner & Ink Suppliers
39	Corner Bakers	78	Good Shepherd Computers
79	Stadicom Ltd	124	Cutlery Duka – Nairobi
80	Interdata Systems	125	Kuza Biashara
81	Intel Networks Ltd	126	Sadina Mini Market
82	Soloh Worldwide Enterprises	127	Emmu Stage Stores
83	Intel Networks Ltd	128	Lelua Enterprises
84	Webtribe Ltd	129	Joel Enterprises
85	Splice Technologies	130	The Flag Shop
86	Splice Technologies	131	Direct Sales and Distributors
87	Intel Data Systems	132	Roza Enterprises
88	Intel Networks Ltd	133	Dadson Enterprises
89	Take two Communication Ltd	134	Mimaki Agencies
90	Xtreme Media Solutions Africa	135	Mwea Rice Wholesalers
91	Twaweza Communications	136	Millenium Sales
92	Valley Point Telecoms Ltd	137	Eco - Line Suppliers
93	Airpress Communications	138	ABC Supplies
94	Dual Pix Communication Ltd	139	Kaperon Enterprises
95	Empire Microsystems Ltd	140	Intergrated Suppliers
96	Fontana Media Productions	141	Emalard Total Solutions
97	Interdata Systems	142	Emaland Total Solutions
98	Intel Networks Ltd	143	Ovation Enterprises Ltd
99	Kenpak Color Printers	144	Maxnan Enterprises Ltd
100	Media Edge Interactive	145	Akarim Agencies
101	Intel Networks Ltd	146	Broadlink General Merchants
102	Michi Media Ltd	147	Sarawet Agencies
103	Webtribe Ltd	148	Zeon Business Systems sultants
104	Spice Technologies	149	Accression Agencies
105	Splice Technologies	150	Maxnan Enterprises Ltd
106	Zeon Business Systems	151	Value Choice Agencies
107	Intel Data Systems	152	Soloh Worldwide Enterprises
108	Intel Networks Ltd	153	Aqua Enterprises Ltd
109	Designer Tours & Travel	154	Maxnan Enterprises Ltd

110	Take two Communication Ltd	155	Biashara Africa Limited
111	Xtreme Media Solutions Africa	156	Freyr International Limited
112	Protecht Ltd Africa	157	Express Travel Group
113	Twaweza Communications	158	Harvest Travels
114	Valley Point Telecoms Ltd	159	Leisure & Travel
115	Liason Media	160	Stadicom Ltd
116	Dual Pix Communication Ltd	161	Helina Safaris
117	Empire Microsystems Ltd	162	Senator Travel Safaris
118	Ramco Hardware	163	Klass Travel & Tours Ltd
119	Digital City Ltd	164	Uniglobe Northline Travel
120	Powerpoint Systems (EA) Ltd	165	Silverbird Travel Plus
121	Isolutions Associates	166	Vintage Travel & Tours
122	Avtech Systems Limited	167	Boma Travel Services
123	Onfon Media Ltd	168	Cupstone Travel Ltd
169	Venture Africa Safaris		
170	Chronicle Tours & Travel		
171	Africa Touch Safaris		
172	Travel Mart Ltd		
173	Venture Africa Safaris		
174	Uniglobe Northline Travel		
175	Designer Tours & Travel		
176	Helina Safaris		
177	Winter Tours & Travel		
178	Signature Tours & Travel		
179	Sky World Wide Express		
180	Timeless Courier		
181	Winter Tours & Travel		
182	Helina Safaris		
183	Senator Travel Safaris		
184	Klass Travel & Tours Ltd		
185	Uniglobe Northline Travel		
186	Silverbird Travel Plus		
187	Vintage Travel & Tours		
188	Akarim Agencies		
189	Boma Travel Services		
190	Cupstone Travel Ltd		

191	Venture Africa Safaris	
192	Chronicle Tours & Travel	
193	Africa Touch Safaris	
194	Travel Mart Ltd	
195	Venture Africa Safaris	
196	Uniglobe Northline Travel	
197	Sarawet Agencies	
198	Helina Safaris	
199	Winter Tours & Travel	
200	Signature Tours & Travel	
201	Sky World Wide Express	
202	Timeless Courier	
203	Winter Tours & Travel	
204	Intergrall Group Ltd	
205	Airpress Communications	
206	Niceline Products	
207	Trans-Counties Investments Limited	
208	Coast Industrials & Safety Supplies Ltd	
209	Kenya Bus Service	
210	Muranga Forwarders	
211	Charlstone Travel Limited	

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