



**TAX ADMINISTRATION AND REVENUE COLLECTION IN GOGONYO SUB  
COUNTY, PALLISA DISTRICT**

**BY**

**OSUBULA MOSES**

**REG. NO: BU/UP/2021/2940**

**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF MANAGEMENT  
SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE AWARD OF A BACHELORS DEGREE OF PUBLIC  
ADMINISTRATION AND MANAGEMENT  
OF BUSITEMA UNIVERSITY**

**AUGUST, 2024**

## DECLARATION

I OSUBULA MOSES, REG.NO BU/UP/2021/2940 declare that this research report is my original work and has never been submitted by anyone to Busitema university for any qualifications.

Signature: .....  .....

Date 2/8/2024 .....

**OSUBULA MOSES**

**REG.NO.BU/UP/2021/2940**

## APPROVAL

This research report is submitted to Busitema university Faculty of management sciences for examination as partial fulfillment for the award of Bachelors of Public Administration and Management with my approval as an academic supervisor.

Signature.....

Date.....6<sup>th</sup>/09/2024.....

**MR. KANGAWO JOEL**

## **ACKNOWLEDGEMENT**

I thank the Almighty GOD for the gift of life given to me during my research work. I take my sincere thanks to my supervisor Mr. Joel Kangawo and Mr. Emusugut Desterio for their support and guidance he offers to me throughout research period that the Almighty God grants him peace and life.

My sincere acknowledgement goes to my beloved parents, friends and whoever supported me during my research report. May the good Lord grant them all the good things they want in their life.

To everyone who helped me in the preparation of this report, I thank them all.

May the Almighty God bless them.

## ABSTRACT

The study examined the effects of tax administration on revenue collection. Tax administration was the independent variable while revenue collection was the dependent variable. The study was guided by the following specific objectives: to establish how institutional capacity affect local revenue collection, to find out the effects of local government tax legislation on revenue collection, to ascertain the effect of tax payer education on revenue collection in Gogonyo Sub-county, Pallisa district. The study involved the use of quantitative research design and cross-sectional survey. Quantitative approach was selected because it allowed the researcher to gather quantitative data to explain the existence of the phenomena, and understand the existence of reality. The cross-sectional research design was used because it enabled data to be collected at a snapshot, that is, at a particular point in time with the view of drawing conclusions about an intrusive population. A total sample of 56 respondents was selected. This consisted of 32 staff, 15 business men and 09 Sub-county councilors from Gogonyo Sub County. Both primary and secondary data sources were used. Close ended questions were used in permitting the respondents to answer questions at an ample time using a questionnaire. The questionnaire was based on a 5- Likert scale. This scale was used to quantify responses of items.

The findings confirmed that institutional capacity has a positive and significant effect on revenue collection. The findings further depict that technological capacity is paramount for enhancing revenue collection, the findings seem to suggest that enhancing on revenue collection calls local governments to ensure they employ qualified and competent staff, the findings further depict that tax audit is paramount for enhancing revenue collection. The findings also seem to suggest that enhancing on revenue collection calls local governments to ensure tax enforcement is done on tax payers findings seem to suggest financial penalties acts as a ruse to revenue collection. The findings confirmed that tax payer education has a positive and significant effect on revenue collection. The findings further portray that tax awareness is paramount for enhancing revenue collection. The findings seem to suggest that enhancing on revenue collection calls local governments to ensure they have effective tax education channels that are accessible and understood by the all the tax payers in the community. Also, findings seem to suggest that skilled personnel act as a ruse to revenue collection.

## TABLE OF CONTENTS

| <b>Contents</b>   | <b>Pages</b> |
|---|--------------|
| DECLARATION .....   | i            |
| APPROVAL.....   | ii           |
| ACKNOWLEDGEMENT.....  | iii          |
| ABSTRACT.....   | iv           |
| TABLE OF CONTENTS.....  | v            |
| LIST OF TABLES .....  | viii         |
| LIST OF FIGURES.....  | ix           |
| LIST OF ACRONYMS.....   | x            |
| CHAPTER ONE.....  | 1            |
| INTRODUCTION.....   | 1            |
| 1.0 Introduction.....   | 1            |
| 1.1 Background of the Study.....                                | 1            |
| 1.2 Statement of the Problem.....                               | 3            |
| 1.3 Purpose the Study.....                                      | 3            |
| 1.4 Specific Objectives.....                                    | 3            |
| 1.5 Research Questions .....                                    | 4            |
| 1.6.3 Time Scope.....   | 4            |
| 1.8 Conceptual Framework .....                                  | 5            |
| 1.9 Definition of Key Terms.....                                | 6            |
| CHAPTER TWO.....  | 8            |
| LITERATURE REVIEW.....  | 8            |
| 2.2 Empirical Review.....                                       | 9            |
| 2.2.1 Institutional Capacity and Local Revenue Collection ..... | 9            |
| 2.2.2 Tax Legislation and Revenue Collection.....               | 10           |
| 2.2.3 Tax Payer Education and Revenue Collection.....           | 12           |

|   |    |
|---|----|
| 2.3 Summary of the Literature Review .....                      | 13 |
| CHAPTER THREE.....  | 14 |
| RESEARCH METHODOLOGY .....                                      | 14 |
| 3.0 Introduction .....  | 14 |
| 3.1 Research Design.....  | 14 |
| 3.2 Study Population .....                                      | 14 |
| 3.3 Sample Size .....   | 14 |
| 3.4 Sampling Method .....                                       | 15 |
| 3.5 Type and Sources of Data .....                              | 15 |
| 3.6 Data Collections Methods .....                              | 15 |
| 3.7 Data Analysis Plan .....                                    | 16 |
| 3.8 Data Analysis .....   | 16 |
| 3.9 Reliability and Validity .....                              | 16 |
| 3.9.1 Validity.....   | 16 |
| 3.9.2 Reliability.....  | 16 |
| 3.10 Ethical Consideration .....                                | 17 |
| 4.2 Demographic Information .....                               | 18 |
| 4.3.1 Institutional capacity and revenue collection.....        | 21 |
| 4.3.2 Tax legislation and revenue collection .....              | 21 |
| 4.3.3 Tax payer education and revenue collection.....           | 22 |
| 4.4 Regression Analysis .....                                   | 22 |
| CHAPTER FIVE.....   | 25 |
| DISCUSSION OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS.....    | 25 |
| 5.0. Introduction .....   | 25 |
| 5.1.0 Discussion of the Study Findings .....                    | 25 |
| 5.1.1 Institutional Capacity and Local Revenue Collection ..... | 25 |
| 5.1.2 Tax Legislation and Local Revenue Collection.....         | 26 |
| 5.1.3 Tax Payer Education and Revenue Collection .....          | 26 |

|   |    |
|---|----|
| 5.2. Conclusion.....  | 27 |
| 5.3 Recommendations .....   | 28 |
| 5.4. Limitations of the Study .....                                   | 28 |
| 5.5. Areas of Further Research.....                                   | 29 |
| REFERENCES.....   | 30 |
| APPENDICES.....   | 32 |
| APPENDIX I: LETTER OF INTRODUCTION .....                              | 32 |
| APPENDIX II: QUESTIONNAIRE.....                                       | 33 |
| APPENDIX III: WORK PLAN.....  | 37 |
| APPENDIX IV: RESEARCH BUDGET .....                                    | 38 |
| APPENDIX V: MAP OF PALLISA DISTRICT SHOWING STUDY AREA.....           | 39 |
| APPENDIX VI: SAMPLE SIZES (S) REQUIRED FOR THE GIVEN POPULATION ..... | 40 |



## LIST OF TABLES

|                |  |           |
|----------------|--|-----------|
| <b>Table 1</b> | <b>3.1 Showing sampling frame</b> .....                          | <b>15</b> |
| <b>Table 2</b> | <b>3.2 Showing Reliability and Validity of Results</b> .....     | <b>17</b> |
| <b>Table 3</b> | <b>4.2.1 Gender of the Respondents</b> .....                     | <b>19</b> |
| <b>Table 4</b> | <b>4.2.2 Education Level Characteristics</b> .....               | <b>19</b> |
| <b>Table 5</b> | <b>4.2.3 Work Experience Characteristics</b> .....               | <b>20</b> |
| <b>Table 6</b> | <b>4.3 Findings from the Objectives</b> .....                    | <b>21</b> |
| <b>Table 7</b> | <b>4.4.1 Institutional capacity and revenue collection</b> ..... | <b>22</b> |
| <b>Table 8</b> | <b>4.4.2 Tax legislation and revenue collection</b> .....        | <b>23</b> |
| <b>Table 9</b> | <b>4.4.3 Tax payer education and revenue collection</b> .....    | <b>24</b> |

## LIST OF FIGURES

|   |          |
|---|----------|
| <b>Figure 1 1.8: Showing Conceptual Framework .....</b> | <b>6</b> |
|---|----------|

## **LIST OF ACRONYMS**

|             |   |
|-------------|---|
| <b>CVI</b>  | Content Validity Index                    |
| <b>GDP</b>  | Gross Domestic Product                    |
| <b>FY</b>   | Financial Year                            |
| <b>URA</b>  | Uganda Revenue Authority                  |
| <b>IRAS</b> | Integrated Revenue Administrative System  |
| <b>AG</b>   | Auditor General                           |
| <b>IV</b>   | Independ Variable                         |
| <b>DV</b>   | Dependent Variable                        |
| <b>YLP</b>  | Youth Livelihood Programme                |
| <b>UPE</b>  | Universal Primary Education               |
| <b>USE</b>  | Universal Secondary Education             |
| <b>PDM</b>  | Parish Development Model                  |
| <b>ICT</b>  | Information and Communication Technology  |
| <b>KRA</b>  | Kenya Revenue Authority.                  |
| <b>ITAX</b> | Income Tax                                |
| <b>ICMS</b> | Integrity and Conflict Management System  |
| <b>WEDB</b> | Well Equipped Database                    |
| <b>SPSS</b> | Statistical Package for Social Scientists |
| <b>DAP</b>  | Data Analysis Plan                        |

# CHAPTER ONE

## INRODUCTION

### 1.0 Introduction

This chapter gives the background to the study, the objectives of the study, statement of the problem, the scope of the problem and the significance of the problem.

### 1.1 Background of the Study

Revenue collection is crucial for the functioning of any organization as it provides the necessary funds needed to cover operational expenses and invest in future growth. Businesses of all sizes need effective billing and collection processes to maintain a healthy cash flow (Were, 2023). Efuntade (2020) submits that collection of revenue by every unit is of supreme significance and this cuts across homes, companies and countries. Federation administrators decrease their helplessness to doubts in revenue accruing from external sources such as statutory allocation by exploiting internal sources of revenue (Ojedokun H.A, 2023).

However, globally, according to World Bank (2023), revenue collection is particularly acute in countries currently collects less than 15% of Gross Domestic Product (GDP) in taxes. This level of taxation is an important tipping point to make a state viable and put it on a path to growth. But 86% of low-income countries and 43% of lower middle-income countries are below this threshold. In countries affected by fragility, conflict, and violence, the average tax-to-GDP ratio was as low as 12.6 percent. In Malaysia a total revenue collection of 1,025,319,006,780 was realized in 2019 and in 2020 the revenue collected was 523,933,624,905 this shows that there is total decline in revenue collection.

In Africa, Revenue collection is low, but similar to other regions at a similar income level in 2018, the most recent year with wide data coverage, Sub-Saharan African countries collected 14 percent in taxes as a share of GDP (UNU-WIDER Government Revenue Dataset, 2021). This makes significant variation across countries.

In Nigeria, according to the Accountant Generals report F/Y 2020/2021 show that there was a shortfall of N3,676,825,115.61. Additionally, Nigeria's Finance Act 2023, its revenue targets

## REFERENCES

- Dawson, C. (2002). Practical research methods: A user-friendly guide to mastering research. How to books.
- Kotharia C. R. (2004). Research Methodology: Methods and Techniques. 2<sup>nd</sup> Edition, New Age International Publishers, New Delhi.
- Nunnally, J. C. (1978). Psychometric theory (2<sup>nd</sup> ed.). New York: McGraw-Hill.
- Mugenda, O.M. and Mugenda, A.G. (2003) Research Methods, Quantitative and Qualitative Approaches. ACT, Nairobi.
- Mirrlees, James A., (1971). "An Exploration in the Theory of Optimal Income Taxation," Review of Economic Studies 38, 175-208
- Kremer, Michael (2002). "Should Taxes be Independent of Age," Working Paper.
- Ramsey, Frank. (1927). "A Contribution to the Theory of Taxation," Economic Journal, 37, (March), 47-61.
- Babbie, E. R. T. (2010). The Practice of Social Research. 12th ed. Belmont, CA: Wadsworth Cengage
- Harelimana, J. B. (2018). The Impact of E-Procurement on the Performance of Public Institutions in Rwanda. Global Journal of Management and Business Research: D Accounting and Auditing, 4.
- Efuntade, O.O. (2020). The effect of budget deficit on economic growth in Nigeria. KIU Interdisciplinary Journal of Humanities and Social Sciences, 1(2), 320-334.
- Kremer, Michael (2002). "Should Taxes be Independent of Age," Working Paper.
- Pallisa District Local Government Performance Review Report FY 2022/2023).
- Uganda Revenue Authority (URA) (2021, 2023) reports
- Adom, D., & Hussein, E. K. (2018). A.--agyem Joe, "Theoretical and Conceptual Framework: Mandatory Ingredients Engineering,". Int. J. Sci. Res, 7(1), 438-44

- Adom, D., Hussein, E. K., & Joe, A.--agyem. (2018). Theoretical And Conceptual Framework: Mandatory Ingredients. *International Journal of Scientific Research*, 7(1), 438–441
- Ramsey, F. P. (1927). A Contribution to the Theory of Taxation. *Economic Journal* 37 (145), 47–61.
- Ramsey, F. (1927). Frank Ramsey’s contribution to the theory of taxation. In *Economic Journal* (Vol. 125, Issue 583, pp. 235–268). <https://doi.org/10.1111/eoj.12187>
- An exploration in the theory of optimum income taxation. J. A. Mirrlees, Nuffield College, Oxford
- Kothari, C. R. (2004). *Research Methodology-Methods and Techniques*. New Delhi: New age international (p) limited publishers.
- Book Review Creswell, J. W. (2014). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches* (4th ed.). Thousand Oaks, CA: Sag
- Krecie,R.V.,\$ Morgan,D.w.(1970). Determining sample size for Research activities.Educational and psychological measurement.
- Francis Kipilimba, T. (2018). Impact of Tax Administration Towards Government Revenue in Tanzania- Case of Dar-es Salaam Region. *Social Sciences*, 7(1), 13. <https://doi.org/10.11648/j.ss.20180701.13>
- AG report. (2022). Auditor Generals report for Pallisa District Local Government for FY 2021/22. KAMPALA: OFFICE OF THE AUDITOR GENERAL
- Thomas, L. (2020). Simple Random Sampling | Definition, steps & Examples. In *Journal of Physics A: Mathematical and Theoretical* (pp. 1–7).