



**TAX ADMINISTRATION AND FINANCIAL PERFORMANCE OF PALLISA  
DISTRICT LOCAL GOVERNMENT**

**BY**

**TUKEI INNOCENT**

**REG NO: BU/ UP/2021/2560**

**EMAIL:innotukei8@gmail.com**


**A RESEARCH PROPOSAL SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF A DIPLOMA  
OF BUSINESS ADMINISTRATION AT BUSITEMA UNIVERSITY  
FACULTY OF MANAGEMENT SCIENCES**

**NOVEMBER, 2023**

**DECLARATION**

**DECLARATION**

I TUKEI INNOCENT do declare that this is my personal original piece of work as a result of my own effort after the approval of the research topic; tax administration and Financial Performance,' case study: SMEs in Pallisa and has never been submitted before to any institution, or University for the award of a Diploma in Business Administration Accounting and Finance option.

SIGNATURE:  .....

NAME: TUKEI INNOCENT

DATE: 15/01/2024 .....

## APPROVAL

### APPROVAL

This is to certify that the research proposal done by TUKEI INNOCENT on the topic; 'Tax Administration and Financial Performance,' case study, SMEs in Pallisa and has been produced under my supervision and it is now ready for submission to Busitema University Faculty of Management Sciences

ACADEMIC SUPERVISOR

SIGNATURE.....

NAME: MRS. KALEMBE DOREEN

DATE.....18/01/24.....

## **DEDICATION**

I have a pleasure to dedicate this work to, the family of Mr. and Mrs. Nakiria Kevin and my beloved brothers' olinga Vincent, Obukol Moses for their financial and physical support towards the completion of this research proposal. I also dedicate the report to my academic supervisor, Mrs. Kalembe Doreen, Mr. Okiror Ismael and to one and only beloved wife Akumu Teddy and then to my sisters.

If it was not for the support and guidance of those people, this research would not have been completed. I pray that God Almighty may bless them abundantly.

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## TABLE OF CONTENTS

DECLARATION .....	i
APPROVAL.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS .....	v
LIST OF FIGURES.....	vii
LIST OF ACRONOMS AND ABBREVIATIONS.....	viii
ABSTRACT .....	ix
CHAPTER ONE .....	1
1.0 Introduction .....	1
1.1 Background of the study .....	1
1.2 Problem statement .....	3
1.3 Purpose of the study.....	3
1.5 Research questions.....	4
1.6 The scope of the study.....	4
1.6.1 Content scope.....	4
1.6.2 Geographical scope.....	4
1.6.3 Time scope.....	4
1.7 Significances of the study.....	5
1.8 Conceptual frame work.....	5
1.9 Definition of key terms.....	6
CHAPTER TWO: .....	7
LITERATURE REVIEW .....	7
2.0 Introduction .....	7
2.1 Theoretical review .....	7
2.2 Empirical review.....	8
2.2.1 Effects of tax Registration on Financial Performance of the SME's.....	8
2.2.2 Effects of tax Incentives on Financial Performance of the SMEs.....	9
2.2.3 Effects of tax assessment on Financial Performance of the SMEs .....	10
2.4 Summary of the gap identified.....	11
CHAPTER THREE:.....	12

RESEARCH METHODOLOGY .....	12
3.0 Introduction .....	12
3.1 Research Design.....	12
3.2 Study Population.....	12
3.3 Sample Size .....	12
3.4 Sampling method.....	13
3.5 Type of data .....	13
3.5.1 Primary data .....	13
3.5.2 Secondary data .....	13
3.6 Data Collection methods.....	13
3.7 Data collection procedure.....	14
3.8 Reliability .....	14
3.9 Validity .....	14
3.10 Ethical Considerations.....	14
REFERENCES.....	16
APPENDICES.....	18
APPENDIX I: THE QUESTIONNIRE .....	18
Appendix II: Work Plan .....	27
Appendix III: Research Budget .....	28
Appendix IV: Sample Size Determination using Krejcie and Morgan Table.....	29

## LIST OF FIGURES

<b>Figure 1.1</b> Conceptual framework showing the effect of tax administration on the financial performance of SMEs. ....	5
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### LIST OF ACRONOMS AND ABBREVIATIONS

SMEs	Small and Medium Enterprises
POT	Pecking order theory
PTC	Pallisa town council
KMS	Kilograms
GDP	Gross domestic policy
LMS	Listed manufacturing firms
UK	United kingdom

## **ABSTRACT**

This study will examine the effect of tax administration on financial performance of SMEs in pallisa. The study will adopt a cross sectional research design and quantitative approach. Data will be collected from 60 as a study population with accessible unit of inquiry being 52 respondents consisting of accountants, administrators, internal auditors, social workers, legal officers, IT specialists, public information officers, security personnel, environmental officers and elected officials. Data will be collected using a closed ended questionnaire and statistical package for social sciences will be for analyzing data from which frequency tables, descriptive statistics, reliability, validity, correlation and regression results will obtained.

## **CHAPTER ONE**

### **1.0 Introduction**

This chapter consists of the following areas, the background of the study, problem statement, purpose of the study, objectives of the study, and the scope of the study, significances, conceptual frame work and the definitions of the key terms.

### **1.1 Background of the study**

Financial performance is of concern to all stakeholders in the SMEs. According to (Fatihudin et al., 2018) is a measure of how well a firm can use its assets from its primary mode of business and generate revenues. In addition, he further says financial performance helps to inform investors about the general wellbeing of a firm; it requires both private and public agencies to make financial reports to describe the organizational financial performance to outsiders (puspitasari et al 2022).

Globally, according to the national bureau of statistics in UK (2015-2016) showed a decrease in the financial performance of small and medium enterprises especially in the manufacturing sector from 57% to 52% and in 2014-2015.

In China, the financial growth rate in small and medium enterprises decreased with 67%, where it had 98.46% of businesses in china being small and medium enterprises. Due to the insignificant growth of the SMEs in (2014 and 2017) the loans share also decreased from 64.96% to 54.60% and this led to the collapse of many SMEs in the same period leading to a decrease in shares evidenced by 56.10% to 41.62% (Kelly,2020).

In Africa, in South Africa, SMEs do not perform and their failure rate is 75% one of the highest in the world, the major obstacle to financial performance of small and medium enterprises in south Africa was termed financial which largely an internal factor. The other obstacles determined by PACA were termed economic in nature like poor administrative skills, poor registration system, poor mobilization and collection (Aliyu, 2015); Andarwati et al...2020).The financial performance rate of small and medium enterprises in South Africa are low with an average rate of 50%.However, by (2012) it reduced to 39% below the average rate (Hutadujulu & Blesia, 2016).

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