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Abstract

Taxation has played a crucial role in administering national income and more so in developed countries. Although, both developed and developing countries have intensified measures to enhance tax compliance and minimize reliance on foreign donations and internal and external borrowing, the results of these measures cannot yield the desired results due to high levels of tax avoidance. The main objective of this study was to establish the influence of channels of communication on tax compliance by small taxpayers in Nairobi City County. The specific objectives were to establish the influence of electronic, print media and stakeholders sensitization programme influence on tax compliance by small taxpayers in Nairobi City County. This study employed a descriptive research design. Descriptive research was used to describe the opinions of the respondents regarding the communication channels and tax compliance in Nairobi City County. The study targeted all small taxpayers in the four tax stations/districts in Nairobi, who were approximately 839,560 taxpayers (employees and small-scale traders). The study used probability sampling and stratified random sampling method. Random sampling technique was used later to sample individual taxpayers within the stratum to eliminate research bias. The researcher collected primary data using a semi-structured questionnaire. Secondary data was collected using secondary data collection schedule. Construct validity in primary data and Content validity in secondary data was measured. The generated data from SPSS was analysed using both descriptive and inferential statistics. Descriptive statistics involved the use of frequencies, percentages, mean and standard deviation to summarize the data. Inferential statistics involved the use of regression and correlation to establish the relationship between the independent variables and the dependent variable. The findings indicated that investing in Electronic communication channel is very expensive to implement and sustain but government must make effort since this is one of the factors that increase compliance among small taxpayers in Nairobi County. The study recommended that due to increased tax compliance requirement by government, small taxpayers in Kenya should monitor and respond to printed media communication channel updates to ensure that they acquire and sustain the operations. To improve tax compliance the government should emphasize on stakeholder sensitization programme. The study recommended that current

policies be reviewed by assessing their relevance in order to take care of these emerging issues. There is a need for Kenya Revenue Authority (KRA) to enhance tax compliance through the use of electronic, printed and stakeholder communication channels

Keywords: *Electronic Communication, Print Media Communication, Stakeholder Sensitization Programme, Tax Compliance, Small Taxpayers and Nairobi City County*

1.0 INTRODUCTION

1.1 Background of the Study

Taxation is one of the imperative components in managing countrywide profit, explicitly in created countries and has played out a critical element in humanized social orders considering the truth that their conveyance parts years prior (Lymer & Oats, 2009). Duty is an obligatory measure of cash charged by a legislature or an assessment expert upon its subject and non-residents. Globally, taxation is utilized as hardware to produce income to spend on normal administrations (Singh, 1999; Shanmugam, 2003; Lymer & Oats, 2009), to redistribute riches from the rich to poor people and to empower or demoralize utilization. Taxation has old roots to pilgrim interims when British colonialists forced cottage charge on every family. As indicated by Waris (2007), each family unit was required to make good on regulatory obligations of one Rupee as British Tax Regulation, it was for the most part paid to educate of work by all hovel locals inside British Africa. This law was later revised to enable the duty to be collected among cottage proprietors.

World duty positioning affirms that regardless of Kenya being among low-pay nations it is looked with the test of low assessment consistency, which can be adjusted to various productivity dimensions of expense organization (Lymer & Oats, 2009). As indicated by The Economic Survey in 2017, Kenya, enlisted a stupendous increment in total national output (GDP) and overall undertaking positioning. In fact, in 2011 Kenya's GDP was 0.11% (70.53 Billion US dollars) of the world's economy. In 2017 Kenya's positioning for simplicity of working together enhanced from position 113th to 92nd universally. These are clear markers of imminent assessment development. Regardless of this, Kenya is crippling obligated to outside loan bosses, for example, The World Bank, IMF and a few other universal contributors. As of late Kenya glided a 2 Billion US dollar Eurobond (The Daily Nation Thursday 8th March 2018), which calls for refinement on the consistency of expense to heighten impose accumulation along these lines empower overhauling of obligation.

Kenya relied on unified tax policies and an administrative system jointly administered by the initial three members of the EAC. This was a legacy of British colonial administration that all the three countries inherited at independence. At that point, the government's three main sources of tax revenue were: income tax; customs and excise duties; and Inland Revenue. Changes in both policies and administration were collaboratively determined and minimal until the early 1970s. Following a decision to assign responsibility for income tax to each EAC member state, Kenya adopted the community legislation and enacted the Income Tax Act of 1973 (A.D.B, 2010) Thereafter, three distinct phases of major initiatives in tax policy reforms can be discerned for Kenya.

Additionally, there have been concerted efforts to combat tax evasion and fraud using intelligence and risk-based forward-looking enforcement. Through these Revenue Enhancement Initiatives (REI) programmes, KRA revenue collection for the financial year 2017/2018 was KShs. 1.435 trillion in spite of the tough economic environment. The revamped

iTax platform saw 6.7 million taxpayers registered on iTax compared to 5.4 million enrolled the previous year. In 2019, KRA targets to have more than 4 million taxpayers file their 2018 income tax returns. In 2018, 3.2 million taxpayers filed their returns on the iTax platform for both resident and non-resident categories. In addition, the Tujijenge campaign will be used as a rallying call to drive compliance to enable KRA to attain 2018/2019 revenue target of Sh1.8 trillion. KRA calls on all employers to issue out P9 forms to their employees to enable them to file their 2018 tax returns by June 30th 2019. To ensure there was an increased tax compliance level, a penalty of Kshs. 2,000 for late submission as stipulated in the Tax Procedures Act 2015 was imposed (KRA Report, 2019). To measure tax compliance, the current study used Registration of new taxpayers, filing returns and taxes paid as the indicators of tax compliance in Kenya.

There is a need for KRA to embrace successful and productive correspondence channels this will spare managerial expenses of gathering to the assessment experts. Right now, the Kenya Revenue Authority has executed a few correspondence procedures so as to sharpen the general population on the advantages of expanded assessment consistency to the country. This refinement has been required by the experimental proof that uncovers that few individuals will agree to taxation laws (Owen, 2006), henceforth there is have to grasp correspondence methodologies to improve impose consistency. As per Brown and Mazur (2003) a selection of the up close and personal correspondence channel with citizens; is better put to change their disposition towards expense consistency as their municipal obligation.

1.2 Statement of the Problem

Tax plays an important role in the growth of any economy so tax evasion is harmful to the economy. Tax evasion hampers government revenue collection thus inefficiency in Government spending because it diminishes the capacity of the state to mobilize domestic revenues, resources that are needed for investments. Tax evasion also damages the country's growth capacity by discouraging both local and foreign investors. Both developed and developing nations have strengthened measures to upgrade impose consistency and limit dependence on outside gifts and inner and outer obtaining the aftereffects of these measures can't yield the ideal outcomes because of elevated amounts of duty evasion (IMF, 2011). Regardless of whether impose shirking is a worldwide test, the African substance is calamitously influenced in this way they need to obtain locally and remotely to fund their spending shortfalls (Fuest & Riedel, 2009). In East Africa measures to improve assess consistency appear to yield results for instance burden of fines and punishments and reception of correspondence methodologies has upgraded charge consistency (Tusubira & Nkote, 2013). There is a low tax compliance level by small taxpayers in Kenya and that has resulted in the reduction in revenue collected.

In Kenya the circumstance isn't distinctive even notwithstanding KRAs 6th corporate arrangement features the vital centre initiating July 2015 to July 2018, the focused on duty consistency is 65%, expansion the expense base from the current 1.6 million to 4 million dynamic citizens and enhance the consumer loyalty to 80% and in addition embrace innovative administrations conveyance. The objective is by all accounts outlandish as indicated by (KRA'S Sixth corporate arrangement, 2015) the consistency level for quite a long time 2012/13 was 22%, 2013/14 25%, 2014/15 31%, 2015/16 40%.

In spite of the fact that there are a few exact requests which have been done in Kenya on assessment consistency, they have been skewed towards the job of instruction on duty consistence Mugo (2013) pointed utilizing the citizens examined for PAYE to measure whether

they have any information on PAYE as an expense commitment. Thus, Ndirangu (2014) completed an examination on impacts of assessment instruction on VAT by engine vehicle merchants inside Nairobi CBD. Her emphasis was on VAT; generally, the goal was equivalent to that of Mugo (2013). In spite of the fact that training can go about as a stage to advance expense consistence it very well may be done to accomplish different jobs and subsequently its discoveries can't be found to affect the job of correspondence against duty consistency. The researchers (Ndirangu, 2014; Tusubira & Mugo, 2013), proposed a change in outlook in analyzing the impact of correspondence diverts in improving willful duty consistency. This will be done, by building up whether the exertion has been made by Kenya Revenue Authority to utilize correspondence channels on expense issues and whether citizens have picked up learning on assessment issues, and whether such information has prompted deliberate consistency. The last can be estimated by the quantities of citizens' enrolled, exact and auspicious documenting of assessment forms and expanded income as far as convenient settlements of duties due (Tusubira, 2013).

The question as to why some people pay tax while others do not has raised a lot of concern among economists, governments and tax administrators alike. Tax revenues have, for quite some time, remained low relative to the number of both registered and non registered firms and individuals who are legally qualified to pay tax. Continued low revenue collection levels for government is detrimental to the economic development of this nation. (Cobham, 2005). A large segment of the informal sector, especially the SMEs in Industrial area in Nairobi exhibit low tax compliance levels. This is a great loss of revenues meant for public expenditure. It is for this reason that research needs to be undertaken to identify the causes for low tax compliance among small and medium enterprises in the Industrial area. It is also instructive to note that there is little research that has been done in this area. In this context, SMEs in Nairobi's Industrial area exhibit low tax compliance levels and this requires an understanding on the determinants of tax compliance to enable the government to improve on its tax collection among the SMEs in Nairobi's Industrial area. Therefore, this study sought to determine the relationship between the communication channels and the tax compliance of small taxpayers in Nairobi, Kenya.

1.3 Objectives of the Study

- i. To establish the influence of electronic communication channels on tax compliance by small taxpayers in Nairobi City County.
- ii To determine the influence of print media communication channels on tax compliance by small taxpayers in Nairobi City County.
- iii. To establish the influence of stakeholder sensitization programme on tax compliance by small taxpayers in Nairobi City County.

1.4 Research Questions

- i. Does the electronic communication channel influence tax compliance amongst small taxpayers in Nairobi City County?
- ii. What is the influence of print media communication channel on tax compliance by small taxpayers in Nairobi City County?
- iii. How does the stakeholder sensitization programme influence tax compliance by small taxpayers in Nairobi City County?

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Economic Deterrence Theory

Becker (1968) developed the economic deterrence theory under the aspect of criminology. Economic deterrence theory is based on the premise that an individual is likely not to commit a crime if the punishment for committing the crime outweighs the benefits of the crime itself. The assumption is that awareness of what is right and wrong and the consequences of wrongdoing are known to all individuals in a society. The first step an individual does to weigh the situation on whether to obey or disobey the tax laws and calculate the gains and risks associated.

Allingham and Sandom (1972) are the founders of economic deterrence model who improved the model of expected utility of criminal activity developed by Becker (1968). A taxpayer who is economically intelligent will violate the tax laws by evading payment of taxes as long as the amount of tax evaded is greater than the costs associated once he is caught. Therefore, the economic deterrence theory is purely based on the expected reward or benefit.

The first aspect of this model is that if the taxpayer is unwilling to take risks then the probability to evade taxes is minimal. Secondly, the taxpayer should have the requisite knowledge and awareness of the tax system in order for him to gauge the likelihood of getting caught in case he commits an offence and also the consequences of the tax offence. The A-S model allows the taxpayer to carry out self-assessment and establish the amount of taxes to declare to the tax authority.

The decision-making process by the taxpayer involves a comparison of the expected reward of each outcome weighed against the likelihood that the particular outcome will occur. Where the probability of an audit is high then this will deter under the declaration. The interpretation is that compliance levels are largely dependent on tax enforcement measures that is tax audits and penalties. In conclusion, taxpayers only pay taxes not voluntarily as loyal citizens but because they fear the sanctions associated with non-compliance. Taxation penalties can be easily communicated through revenue bodies websites inform of emails and through of print media.

2.1.2 Theory of Planned Behaviour

This theory is a successor to the Theory of Reasoned Action of Ajzen and Fishbein (1980). This theory tries to explain human behaviour that is why people behave in a particular way. This theory is an improvement of the theory of reasoned action. According to The theory of planned behaviour, the ability to act and behave in a particular way is dependent on one's intention. Three factors influence the behavioural intention that is one's attitude towards the behaviour, perceived social pressure and perceived behavioural control.

This theory backs up the morals and ethics of a taxpayer. It asserts that a taxpayer is likely to comply with the taxation rules despite the fact that the low probability of detection upon non-compliance. The theory supports electronic communication and stakeholders engagement variables. Through holding of stakeholder's sensitization forums tax workshops and seminars, the culture of voluntary compliance is emphasized and promoted.

2.2 Empirical Review

A Nigerian case to examine the impact of information technology adoption on tax compliance through the use of descriptive research design and primary data collection by semi-structured questionnaire was put forth by Olatuji and Ayodele (2017). Simiyu (2003) and Mutua (2011) which showed that high rates create an undue burden to most businesses and have therefore been a hindrance towards increased compliance. The tax rates in Kenya range from as low as 5% on income derived from qualifying dividends to a high of 37.5% in corporation tax on non-resident companies. Individual income tax rates are progressive in nature with different tax brackets along the income spectrum.

Andreoni et.al., (2010) based on studies of data generated from the Internal Revenue Service's Taxpayers Compliance Management Programme (TCMP) observed that due to the low probability of communication and detection even high penalties has no observable impact on the level of compliance. Merima et al., (2013) when studying factors affecting tax compliance in a sample of African countries observed that an increase in perception of individuals about the difficulty of evading taxes enhances taxpayer's attitude towards compliance. To improve correspondence of assessment arrangements it was prescribed that duty experts ought to create flyers and pamphlets which can be effortlessly trailed by citizens as they attempt to record their government forms. It was central to arrange charge information into formal and casual and look at their free effect on duty consistency. The decision of straightforward direct relapse was suitable however the elucidating configuration was the most proper.

Angus, Lawrence and Wong, (2016) paper endeavoured to review investigate about China's individual cost consistency. While correct research in this ward is still in its soonest organizes, the span of the issue might be under-assessed, or if nothing else ignored. Almost, evaluate consistency as a theme has gotten huge thought in made Western economies, where the data had revealed a growing example of nationals not consenting to their obligation responsibilities. The examination used an unquestionable research diagram and used observational composition to overview China's individual evaluation consistency. The examination found that any undertaking to develop increasingly unmistakable cost consistency in China ought to address the importance of obligations as responsibilities to general society financing of family and gathering.

Angus Young, et al., (2016) paper sought to review research about Kenya's individual tax compliance. While empirical research in this jurisdiction is still in its infancy, the scale of the problem might be underestimated, or at least overlooked. The effectiveness of media campaigns in the TV, use of tax information magazines, business customers/prospects and national newspapers will enhance awareness, tax filing, and ultimately tax morale among the taxpayers.

2.3 Conceptual Framework

Figure 1 is the conceptual framework model showing the correlation between the independent and dependent variables. The independent variables in this study were the communication channels that are electronic communication channel, print media communication channel and stakeholder engagement communication channel. The dependent variable was compliance; it is the outcome of the independent variables working together. Tax compliance was measured by the numbers of people registered as taxpayers, the number of returns filed and the amount of revenue collected from taxation.

Independent Variables

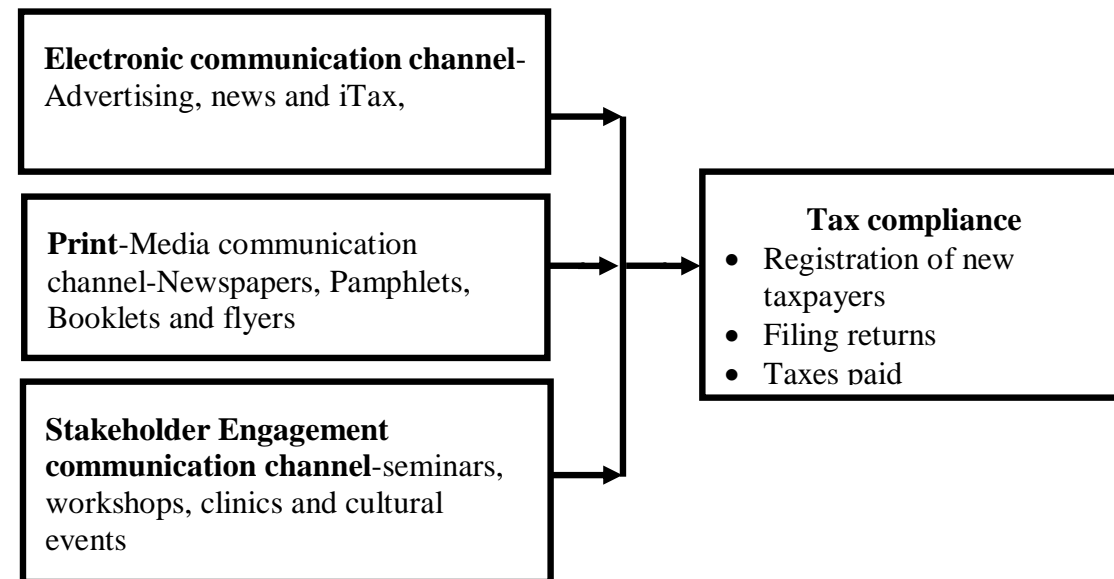


Figure 1: Conceptual Framework

Source: Researcher 2018

3.0 RESEARCH METHODOLOGY

A descriptive research design was adopted for the study. This study target population was 839,560 small taxpayers who were drawn from four tax stations in Nairobi City County.

Table 1: Target Population

	Company Return	Individual return	Partnership return	Turnover tax return	Percent age	Total
East of Nairobi	16,759	172,929	1,742	1,702	23.1	193,132
North of Nairobi	20,890	172,716	2,460	1,464	23.6	197,530
South of Nairobi	6,311	145,382	542	495	18.3	152,730
West of Nairobi	21,097	269,078	1,600	793	35.0	292,568
Total	65,057	760,105	6,344	4454	100	835,960

Fishers' formula was used to obtain a sample size of 150. To ensure that the sample was a true representative of the target population the respondents were classified according to regions and those who filed tax returns categorized into the company, partnership, turnover and individual. In order, to achieve a successful representation, the population was classified into homogenous groups and a sample picked from each group.

Table 2: Sample Size

	Company Return	Individual return	Partnership return	Turnover tax return	Tot al
East of Nairobi	3	30	1	1	35
North of Nairobi	4	30	1	1	36
South of Nairobi	1	24	1	1	27
West of Nairobi	4	46	1	1	52
Total	12	130	4	4	150

Source: Researcher 2018

Semi-organized surveys were utilized; that is, with open and close-finished inquiries for subjective and quantitative information separately. Reliability was tried utilizing Cronbach's Alpha with a foreordained edge of 0.7 and all the variables had a value above 0.7 and thus proved reliable. After data was a collection, the data was cleaned, edited, coded and systematically organized in a manner that facilitates analysis using the Statistical Package for Social Sciences (SPSS). The study employed descriptive analysis (frequencies, rates, mean and standard deviation), Pearson correlation analysis and multiple regression analysis. To determine the relationship between the independent variables and the dependent variable the researcher used Multiple Regression Analysis. The regression is modeled as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where: Y= Tax compliance, X1= Stakeholder refinements programme, X2= Printed media correspondence channel, X3 = Electronic correspondence channel and ε = error term). B0 to B3 are independent variables coefficient. Preceding multiple regression analysis was tested for normality, multicollinearity, and homoscedasticity. Data presentation was in the form of tables and figures.

4.0 RESEARCH FINDINGS AND DISCUSSION

4.1 Response Rate

In this research out of 150 questionnaires administered to the respondents a total of 118 questionnaires were returned. This represents a 78.6 % response rate. For generalization, Mugenda & Mugenda (2003) noted that a response rate of 70% and above is excellent. This response rate is therefore satisfactory to make conclusions for the study.

Table 3: Response Rate

	Frequency	%
Number of questionnaires returned	118	78.67%
Number of questionnaires not returned	32	21.33%
Total number of questionnaires	150	100.00%

Source: Researcher 2018

4.2 Descriptive Statistics

4.2.1 Tax Compliance

In this study tax compliance was the dependent variable. Respondents were asked to indicate how they would rate tax registration as a useful tool used by KRA to enhance tax compliance. Majority 52.5% indicated that they were quite useful followed by 33.9% who indicated that they were very useful. Eight point five percent indicated that they were satisfactory while 5.1% said they were poor. When asked whether the information in the various Tax Acts assist them in filling of returns and calculation of taxes majority 46.6% indicated that they were helping a little while 39.8% indicated that they were very helpful with the item to mean of 3.17.

Four point two percent had no comment while 9.3% indicated that they did not help at all. In response to whether the tax system assists you in paying taxes on time, majority 53.4% indicated that it was very helpful while 33.1% indicated it was helpful a little. Nine point three percent had no comment while 4.2% indicated it did not help at all. When asked whether the segmentation of taxpayers assist them to clarify any tax compliance issues majority 71.2% indicated that it was very helpful with 19.5% indicating that it was helping a little. This item had the highest mean of 3.58 with a standard deviation of 0.778. Finally, respondents were asked whether they felt committed to pay their taxes after the implementation of various development projects in Kenya like the SGR; 44.1 % indicated that they felt very committed while 38.1% were a bit committed. Thirteen point six percent indicated they didn't know while 4.2% indicated they were not committed at all. The findings are shown in table 4 below.

Table 4: Descriptive Statistics on Tax Compliance

Question	Poor	Satisfactory	Quite useful	Very useful	Mean	SD
Rate tax registration as a tool to enhance tax compliance	5.1%	8.5%	52.5%	33.9%	3.15	.780
	Did not help at all	No comment	Helped a little	Very helpful		
Information is Helpful	9.3%	4.2%	46.6%	39.8%	3.17	.890
Tax system assist in paying taxes	4.2%	9.3%	33.1%	53.4%	3.36	.822
Segmentation helps to clarify tax compliance issues	4.2%	5.1%	19.5%	71.2%	3.58	.778
	Not committed at all	I don't know	A bit committed	Very committed		
Committed to pay taxes	4.2%	13.6%	38.1%	44.1%	3.22	.839

Source: Researcher 2018

4.2.2 Electronic Communication Channel

In the study, the first objective sought to investigate whether electronic communication channel affects tax compliance among small taxpayers in Nairobi City County, Kenya. The findings are shown in table 5 below.

Table 5: Descriptive statistics on Electronic Communication Channel

Question	Poor	Satisfactory	Quite useful	Very useful	Mean	SD
How would you rate the quality of educational information on I-Tax in helping you to file your taxes online?	0%	18.6%	43.2%	38.1%	3.19	.731
	Did not help at all	No comment	Helped a little	Very helpful		
Online taxpayer education information helpful	4.2%	4.2%	43.2%	48.3%	3.36	.757
Online taxpayer education, helpful on the procedure for filing tax returns online	0%	8.5%	38.1%	53.4%	3.45	.648
Online taxpayer education make it easy	0%	5.1%	55.9%	39.0%	3.34	.573
	Not committed at all	I don't know	A bit committed	Very committed		
Committed to being honest with your financial data	0%	5.1%	55.9%	39.0%	3.57	.592

Source: Researcher (2018)

Respondents were therefore asked to indicate how they would rate the quality of educational information on I-Tax in helping them to file their taxes online. In response majority, 43.2% indicated it as quite useful while 38.1% indicated that it was very useful. The remaining 18.6% indicated it was satisfactory. In a question as to whether the online taxpayer education information helps them answer any questions they had about their obligations on tax filing, majority 48.3% indicated it was very helpful while 43.2% indicated it helped a little. Those respondents had no comment and those who indicated it did not help at all were equal at 4.2%.

In a subsequent question as to how well the online taxpayer education helped them answer questions they had about the procedure for filing tax returns online, majority 53.4% indicated it was very helpful while 38.1% indicated it helped a little. The remaining 8.5% had no comment. This item had a mean of 3.45 and a standard deviation of 0.648. Respondents were also asked to indicate how well the online taxpayer education made it easy for them to use I-Tax as small-taxpayers with majority 55.9% indicating it helped a little while 39.0% indicating it was very helpful. The remaining 5.1% had no comment.

Finally, respondents were asked whether after receiving the online taxpayer education, they felt committed to being honest with their financial data when filing their taxes online where majority 57.9% indicated that they felt a bit committed with 39.0% indicating that they felt very committed. The remaining 5.1% indicated that they didn't know.

4.2.3 Printed media communication channel

In the study, the second objective sought to investigate whether the printed media communication channel affects tax compliance among small taxpayers in Nairobi City County, Kenya. The findings are shown in table 6 below.

Table 6: Descriptive Statistics on Printed media communication channel

Question	Poor	Satisfactory	Quite useful	Very useful	Mean	SD
Rate the quality of the information you obtained	4.2%	10.2%	43.2%	42.4%	3.24	.803
	Did not help at all	No comment	Helped a little	Very helpful		
Printed material helpful you understand the	0%	4.2%	37.3%	58.5%	3.25	.579
Printed materials helped to understand the process of submitting tax returns	2.3%	18.6%	49.4%	29.7%	3.25	.529
Printed material helped educate on filling tax return	5.9%	10.2%	43.2%	40.8%	3.44	.499
	Not satisfied	I don't know	Slightly satisfied	Very Satisfied		
Satisfied with the availability of printed material	5.1%	5.1%	51.7%	38.1%	3.23	.767

Source: Researcher (2018)

Respondents were therefore asked to rate the quality of the information obtained from the printed material where 43.2% indicated that it was quite useful with 42.4% indicating that it was very useful. Ten point two percent rated the information as satisfactory while 4.2% rated it as poor. In a subsequent question as to how well the printed material helps the respondents understand their legal obligations as a small taxpayer, majority 58.5% indicated that it was very helpful with 37.3% indicating that it helped a little. The remaining 4.2% had no comment. Concerning how well the printed materials helped them understand the process of submitting tax returns as small taxpayers, 49.4% of the respondents indicated that it only helped a little, followed by 29.7% who said it was helpful.

The item with the highest mean of 3.44 was the one where respondents were to indicate how well the printed materials helped educate them on the processes of filling tax return forms as small taxpayers. The standard deviation was 0.499. Lastly, respondents were asked whether they were satisfied with the availability of printed material for small taxpayers in Kenya where majority 51.7% indicated that they were slightly satisfied while 38.1% indicated they were very satisfied. Five points one percent of the respondents didn't know while 5.1 were not satisfied.

4.2.4 Stakeholder Sensitization Programme

The third objective in this study was to establish the effect of stakeholder sensitization programme on tax compliance among the small scale taxpayers in Nairobi city-county Kenya. The findings are shown in table 7.

Table 7: Descriptive Statistics on Stakeholder Sensitization Programme

Question	Poor	Satisfactory	Quite useful	Very useful	Mean	SD
Rate the quality of the information obtained	5.1%	22.9%	49.2%	22.9%	3.1	.810
	Did not help at all	No comment	Helped a little	Very helpful	3.41	.573
Tax workshop/seminar helpful	3.4%	4.2%	50.8%	41.5%	3.39	.839
Tax workshop/seminar helpful on tax returns	4.2%	10.2%	28.0%	57.6%	3.40	.471
Tax workshop/seminar helpful	6.8%	5.1%	44.9%	43.2%	3.40	.741
	Not convinced at all	I don't know	A bit convinced	Very convinced		
Convinced that tax is an obligation for all citizens	5.1%	14.4%	41.5%	39.0%	.330	.708

Source: Researcher (2018)

Respondents were therefore asked to rate the quality of the information they obtained from the tax workshops/seminars attended where 49.2% indicated that it was quite useful. This was followed by 22.9% of the respondents who said that the information was very useful. Twenty-two-point nine percent indicated that it was satisfactory while 5.1% said it was poor. Respondents were also asked how well the tax workshops/seminars helped them understand their obligations as small taxpayers where majority 50.8% indicated that they helped a little while 41.5% said that they were very helpful. In a different question, the respondent was to indicate how well the tax workshop/seminar helped them understand how to file tax returns as a small taxpayer. Majority 57.6% indicate seminars/workshops were very helpful while 28.0% indicated that they helped a little. Ten-point two percent of the respondents had no comment while 6.8% said that they were not helpful at all. In response to a question as to how well the tax workshop/seminar helped understand the tax laws for small taxpayers in Kenya, 44.9% indicated that it helped a little while 42.3% said that it was very helpful. Six-point-eight percent

indicated that workshops and seminars did not help them at all in understanding tax laws in Kenya. After engaging in the taxpayer workshop/seminar, respondents were to indicate how convinced they felt that tax is an obligation that must be fulfilled by every citizen. Majority 44.9% indicated that they were a bit convinced while 39.0% were very convinced. Five-point one percent of the respondents were not convinced at all while 14.4% had no comment.

4.3 Correlation Analysis

Correlation analysis presented the relationship between variables. Table 8 presents the results.

Table 8: Correlation Results

		Electronic communication channel	Printed media communication channel	Stakeholder sensitization programme	Tax compliance
Electronic communication channel	Pearson Correlation	1	.724**	.803**	.430**
	Sig. (2-tailed)		.000	.000	.000
	N	118	118	118	118
Printed media communication channel	Pearson Correlation	.724**	1	.702**	.384**
	Sig. (2-tailed)	.000		.000	.000
	N	118	118	118	118
Stakeholder sensitization programme	Pearson Correlation	.803**	.702**	1	.599**
	Sig. (2-tailed)	.000	.000		.000
	N	118	118	118	118
Tax compliance	Pearson Correlation	.430**	.384**	.599**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	118	118	118	118

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

Source: Researcher 2018

The Pearson Correlation coefficient of every free factor versus subordinate variable, Tax Compliance was processed and built up as 0.724 for Electronic correspondence channel, 0.803 for Printed media correspondence channel, and 0.430 for Stakeholder sensitization programme all with (p-value=0.000). From table 8 it could then be inferred that there is a moderate positive direct connection between every autonomous variable and ward variable, Tax consistency since the relationship coefficient is somewhere in the range of 0.4 and 0.6 as per Dancey and Reidy's (2004) arrangement.

To test the centrality of relapse connection between Stakeholder refinement programme and Tax consistence the model was exposed to the t-test. The outcomes on the beta coefficient of the subsequent model in table 9 demonstrate that the steady $\alpha = 1.757$ is altogether not quite

the same as 0 since the p-esteem = 0.000 is under 0.05. The coefficient $\beta = 0.463$ is additionally altogether not quite the same as 0 with a p-value=0.000 which is under 0.05.

Table 9. Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.766 ^a	.586	.532	.22087

a. Predictors: (Constant), Stakeholder sensitizations programme, Printed media communication channel, Electronic communication channel

Source: Researcher 2018

The regression analysis shows a relationship between $R=0.766$ and $R^2=0.586$. This meant that 58.6% of the variation in the Tax compliance can be explained by a unit change of all independent variables (Stakeholder sensitizations programme, Printed media communication channel and Electronic communication channel.). The remaining percentage of 41.4% can be explained by other variables not captured but represented by the error term (e).

Table 10: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	3.215	3	1.072	21.876	.000 ^b
Residual	5.562	114	.049		
Total	8.777	117			

Source: Researcher (2018)

a. Dependent Variable: Tax compliance

b. Predictors: (Constant), Stakeholder sensitizations programme, Printed media communication channel, Electronic communication channel.

Further, F-test was carried out to test the relationship between communication channels and tax compliance. The ANOVA test in Table 10 above indicated that the significance of the F-statistic 0.000 is less than 0.05 meaning that there is a relationship between communication channels and tax compliance.

Table 11: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.867	0.213		8.751	.000
1 Electronic communication channel	0.417	0.091	0.524	4.012	00.033
Printed media communication channel	0.321	0.080	0.438	3.271	0.047
Stakeholder sensitization programme	0.562	0.101	0.726	5.542	0.000

a. Dependent Variable: Tax compliance

Source: Researcher 2018

This suggests the model $Y = 1.867 + 0.417 X_1 + 0.321 X_2 + 0.562 X_3$ (where: X_1 = Stakeholder refinements program, X_2 = Printed media correspondence channel, X_3 = Electronic correspondence channel and ε = mistake term).

The findings in table 11 indicate that holding factors (electronic communication channel, printed media and stakeholders sensitization) the tax compliance would be 1.867 units. The findings presented that the relationship between the electronic communication channel and tax compliance was positive and significance ($B=0.417$, $P=0.033$). This indicated that a unit change in the electronic communication channel resulted in 0.417 unit changes in tax compliance.

The findings presented that the relationship between print media communication and tax compliance was positive and significance ($B=0.321$, $P=0.047$). This indicated that a unit change in print media communication resulted in 0.321 unit changes in tax compliance. The findings presented that the relationship between stakeholder's sensitization and tax compliance was positive and significance ($B=0.562$, $P=0.000$). This indicated that a unit change in stakeholder's sensitization resulted in 0.562 unit changes in tax compliance. The study agreed with Fauvelle-Aymar (1999) findings on the investigation on differences in the level of tax revenue among developing countries. The study found that tax revenue is negatively affected by the degree of taxpayer noncompliance. The study indicated that communication channel affects the level of tax compliance.

5.0 CONCLUSION

5.1 Electronic communication channel and tax compliance

Based on findings of the study it was concluded that Electronic communication channel affects tax compliance among small taxpayers in Nairobi County in Kenya. The electronic communication channel has played a tremendous role in the success of tax compliance among small taxpayers in Nairobi County in Kenya and is expected to drive to greater and efficient tax compliance. Continuous sustainable tax compliance can only be guaranteed if the government is able to embrace Electronic communication channel. Investing in Electronic communication channel is very expensive to implement and sustain but the government must make effort since this is one of the factors that increase compliance among small taxpayers in Nairobi county.

5.2 Printed media communication channel affects tax compliance

Pertaining to printed media communication channel the study concluded that it has an influence on compliance among small taxpayers in Nairobi County. Need for tax compliance among small taxpayer has led the government to put emphasis on print media communication channels. Nowadays those businesses that are tax compliance will have no problem with the government when filing their returns and on their day to day operation. In this era of increased tax compliance requirement by government, small taxpayers in Kenya must monitor and respond to printed media communication channel updates to ensure tax compliance.

5.3 Stakeholder sensitization programme and tax compliance

Concerning Stakeholder sensitization programme the study concluded that they influence tax compliance among small scale taxpayers in Nairobi County. The study also concluded that tax compliance is now a major concern for all governments around the world and despite the governments' effort to increase tax compliance; they are faced with many challenges especially

among small taxpayers in Nairobi County. To improve tax compliance the government should emphasize on stakeholder sensitization programme.

6.0 RECOMMENDATIONS

Based on the conclusion made that communication channels affect tax compliance among small taxpayers in Nairobi County in Kenya, the study recommended that the government should invest in promoting communication channels in terms of, electronic communication channel, Printed media communication channel and Stakeholder sensitization programme in ensuring that tax compliance is enhanced. The Government should come up with an increased penalty policy to encourage tax compliance among small tax payers. The policies should be formulated in such a way that small taxpayers at all levels are able to embrace them in order to improve tax compliance. Further, the Government should periodically review the tax compliance policies to deal with a dynamic environment facing small taxpayers in Nairobi County. The study recommended that modern communication policy by KRA should be reviewed to take care of ever increasing non-tax compliance.

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