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Moderating Effect Of Taxpayer Education On The Relationship Between Tax Reforms And Rental Income Tax Compliance Among Property Owners In Dagoretti North, Nairobi County, Kenya

Edwin Gikonyo

Abstract
This study investigates the impact of tax reforms on rental income tax compliance among property owners in Dagoretti North, Nairobi County, Kenya, with a particular focus on the moderating effect of taxpayer education. The importance of tax revenue for government operations worldwide is emphasized, and taxation is identified as a complex issue in both developing and technologically advanced countries. The specific objectives of the study were to determine the effects of system automation reforms, tax administration reforms, and tax legislative reforms on rental income tax compliance. The study was anchored on the Theory of Reasoned Action, Ability to Pay Theory, and Technology Acceptance Theory, employing an explanatory research design with a sample size of 287 respondents from a target population of 1027 property owners. The study found that unit changes in system automation reforms causes increase in increased rental income tax compliance β1=0.118, p value=0.00321, unit change in tax administration reforms causes increase in increased rental income tax compliance β2=0.197, p value=0.000166. Unit change in tax legislative reforms significantly increased rental income tax compliance, β3=0.303, p value=0. 000003E-8. Furthermore, tax education was found to have a significant moderating effect on the relationship between these reforms and tax compliance the interaction terms were statically significant β5=0.028, p value =0.013 β6=0.070 p value =0.00012E-8 and β7=0.169 p value =0.009581. These findings have implications for policymakers, highlighting the importance of investing in automation, enhancing tax administration, and promoting taxpayer education to improve tax compliance. Expanding the scope of the study to include multiple regions within Kenya or even other countries would enable a comparative analysis of the impact of tax reforms and taxpayer education on tax compliance. Such a study could reveal regional variations and their underlying factors. Investigating the effectiveness of different channels for taxpayer education, such as workshops, digital resources, or community outreach programs, would help identify which methods are most successful in enhancing tax compliance. This research could inform the development of tailored taxpayer education strategies. Focusing on specific components of tax reforms like e-filing systems, simplified tax codes, or property assessment methods) and their isolated effects on compliance could yield valuable insights into which reform aspects have the most significant impact.

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I.Introduction

Overview

The chapter presents the background of the study, the statement of the problem, objectives of the study, research hypotheses significance of the study and the scope of the study.

Background of the study

Understanding the compliance of rental income taxation is very important (Berhane & Yesuf, 2013). Rental income taxes are a fundamental source of revenue to government and local authorities (Ross & McGee, 2012). However, the amount of revenue to be generated from these sources depends on many factors. According to Kirchler (2007), the factors may be individual, institutional and economic. With regard to rental income tax payers, Rizal (2011) and Kuria (2013) established attitudinal and knowledge difference, high tax rate, taxation system, dishonesty of rental tax payers, lack of awareness, complexity of tax law and regulation may lead to high levels of tax noncompliance. Tax compliance is viewed as the degree to which a taxpayer obliges to tax rules and regulations (Sapiei & Kasipillai, 2013).

In the United States (U.S.) alone, non-tax compliance is estimated to cost the federal government over $300 billion annually. Tax evasion is a universal phenomenon that takes place in all societies and economic systems including both developed and developing countries. In the US, it is estimated that the extent of tax gap (the difference between taxes owed and taxed filed) for 2001 were US$ 353 billion (IRS, 2006). This concern is particularly severe for developing countries given the rapid growth of investment in their economies and their lack of adequate experience in dealing with this problem.

Regionally, Berhane and Yesuf (2013) assessed the challenges and opportunities of house rental income business tax in Regional state of Tigray in Ethiopia. The study collected data via a survey questionnaire. The study findings established that there exists inefficiency and insufficient number of business house rent tax assessment and collection officers in the regional state of Tigray. Moreover, the study found that most taxpayers lack sufficient knowledge of tax assessment and collection procedures. Thus, most of business house rent taxpayers do not know the existing applicable rules and regulations. Further, the study found that due to negligence, delay in tax payment and evasion are taken by taxpayers as solution to escape from payment of proper business house rental income taxes.

Engida and Baisa (2014) did a study on factors influencing taxpayers' compliance with the tax system in Mekelle City, Ethiopia. The study used a cross-sectional survey method of research design. Given the scaled ranking information of the dependent variable (tax compliance), an ordered probit was applied to examine determinants of tax compliance in Mekelle city, Ethiopia. The study results from the survey conducted in Mekelle using 102 respondents indicated that tax compliance was influenced by the probability of being audited, financial constraints, and changes in government policy.

Tax reforms in Kenya were initiated under the Tax Modernization Programme (TMP) in the late 1980s. The major objective for undertaking reforms was to create a sustainable tax system that could generate adequate revenues to finance public expenditure and also address issues of inequality (Wanjala, 2005). In 2003, the second category of tax reforms were implemented by Kenya Revenue Authority under modernization program with the objective of transforming KRA into a modern, fully integrated and Client-focused organization (Asala, 2013). Tax reform is a main component of macroeconomic policy. Tax reforms are considered as the most important part of fiscal policy and also in agreement with monetary policy (Holban, 2007). Tax reform is the process of changing the way taxes are collected or managed by the government (Mahon, 1997).

Tax reforms are a necessary tool to ensure that domestic revenue base is regularly protected and nurtured (Gituku, 2011). The reforms ensure that tax administration is efficient and increase taxpayer compliance since they are aimed to reduce the incidence of tax evasion by both individuals and business entities (Okafor, 2012). In addition, it can be noted that the reforms are not only geared for KRA tax administration but to build trust among taxpayers especially through the various seminars the revenue authority officials hold with the stakeholders (ICPAK, 2011).

Kenyan taxation on income scheme works on a self-assessment basis. Since the government anticipates individual to determine their own tax requirements and voluntarily pay whatever is due both regularly if monthly salary and annually. By assigning the responsibility on individuals, the government avoids the expensive alternative of determining each taxpayer's obligation and exploit alternatives to collect it. However, one cost of depending so greatly on the voluntary compliance of individual tax payers is that not all individuals voluntarily pay their taxes when due. Kenya is regarded as the one of the countries with low income and tax compliance. Kenya Revenue Authority performs education monthly to all newly registered taxpayers so as to improve tax compliance. Whether the increased taxpayer education has led to improved tax compliance or not, has not been captured in any observed study (KRA, 2011).

In the past, Kenyan businesses have been challenged by many trade restrictions both locally and internationally. Transactions previously took longer to conclude because of lengthy procedures. As such, KRA has taken an integrated and comprehensive approach aimed at improving its systems at both customs and domestic taxes departments to ensure local businesses and cross-border trade thrive by automating its systems. Tax reforms at KRA have also embraced the adoption of Information Communication Technology (ICT) in revenue mobilization (KRA, 2018).

Residential Income Tax Compliance

Monthly rental income tax is the tax imposed on income from rent of residential buildings. It can be in form of lease with option to buy, part interest and rental of property also used as your home. Every year the owners of property are required to declare the property they own since any income that is received from renting out a property is legally chargeable to income tax return. This type of income is in the form of renting out building and leasing out buildings (Yesuf, 2013).

According to Feinstein (1998) tax Compliance can be viewed from many perspectives: It can be viewed as problem of public finance, law enforcement, organization design, labor supply, or ethics, or a combination of all of this. Compliance spans the notion of equity, efficiency and incidence. If for instance the wealthy can systematically evade a larger share of their taxes than can the poor, then the effective tax system will be less equitable than the legislated one (Feinstein, 1998).

In Kenya, the government set up a 10% rental income tax rate on gross which applies to all property owners. It applies to rental income received from the month January 2016. Persons eligible are required to file their tax return via iTax System (Authority, 2015). KRA has implemented measures to encourage tax compliance by property owners. Some of the benefits include simplified tax computation at 10% flat rate on gross rent and not at 10% -30% rates (KPMG, 2015).

Problem statement

Governments require revenue to augment the spending needs to maintain an adequate level of public investment and social services. Taxes are the main source of raising revenue in both developed and developing countries (Aizenman and Jinjarak, 2018; Saeed and Sheikh, 2017). Tax plays an important role in the growth of any economy so tax noncompliance is harmful to the economy. Tax non-compliance hampers government revenue gathering along these lines wastefulness in government spending since it lessens the limit of the state to prepare household incomes, assets that are required for ventures.

Despite the tremendous growth from real estate sector from the past few years, the corresponding tax collection from the sector has remained very low. In 2018 rental income tax compliance rate was low at 40% in Nairobi County. The contribution by landlords has been very low despite all the efforts to enforce rental income tax policies. There has been little improvement in rental tax compliance in the region. In 2019 Kenya Revenue Authority had targeted to collect Kshs. 190 million rental income taxes in Nairobi County, however only Kshs. 77.9 million rental income taxes were collected. These represented a non-compliance rate of 60% (KRA, 2022).

Some of the empirical studies on rental tax compliance include a study by Osebe (2013) on factors affecting tax compliance in Kenyan real estate sector and established that compliance costs, knowledge of tax and education, penalties and the perceived tax evasion opportunities influenced tax compliance. Waithira (2016) did a study to examine the determinants residential rental income tax compliance by property owners in Thika town and found a significant positive relationship between tax rate, tax knowledge and residential rental income tax compliance and an insignificant positive relationship between attitude and perception and residential rental income tax compliance. Given that there are few studies that evaluate the effect of tax reforms on monthly rental income tax compliance among property this research was undertaken to determine the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

Research Objectives

The study was guided by general and specific objectives.

General objective

The general objective was to determine the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

Specific objectives

The following were the specific objectives:

i. To determine the effect of system automation reforms of rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
ii. To establish the effect of tax administration reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
iii. To determine the effect of tax legislative reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
iv. To determine the moderating effect of taxpayer education on relationship between system automation reforms, tax administration reforms, tax legislative on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

a) To determine the moderating effect of taxpayer education on relationship between system automation reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
b) To determine the moderating effect of taxpayer education on relationship between system tax administration reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
c) To determine the moderating effect of taxpayer education on relationship between system tax legislative reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

Research Hypotheses

The research hypotheses for the study were;

H_{01}: System automation reforms have no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

H_{02}: Tax administration reforms have no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
H_{03}: Tax legislation reforms has no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
H_{04}: There is no statistically significant moderating effect of taxpayer education on relationship system automation reforms, tax administration reforms, tax legislative on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
H_{04a}: There is no significant moderating effect of taxpayer education on relationship system automation reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
H_{04b}: There is no statistically significant moderating effect of taxpayer education on relationship tax administration reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.
H_{04c}: There is no statistically significant moderating effect of taxpayer education on relationship tax legislative on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

Significance of the study

Upon completion, this study was of benefit to various individuals and organizations.

The study benefited other scholars who wished to pursue further research in this study area. The study would also extend the body of knowledge in this study area of tax reform and rental income tax compliance

The findings of the study were used by the government policy makers to better understand the emerging economic sector of rental income tax compliance and ensure that the policies formulated facilitates the government through its tax agency to tap into the huge global economy and reap its benefits.

Further, the study provided useful information to the KRA board and Management in evaluating the best strategy to focus on which yields higher returns in terms of revenue collection and compliance. It will also help them to priorities their activities and know what to incorporate in the corporate plan as far as rental income tax compliance is concern.

Scope of the study

The study aimed to determine the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Specifically, the study looked at system automation, tax administration reforms tax legislation reforms and their effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya The population of the study was1027 which comprised property owners in Dagoretti North Nairobi Kenya and 287 respondents as a sample size. The context was selected as the most ideal for the study owing to its being most representatives as a reflection of the Nairobi county. The study used primary data with the use of questionnaires for gathering of the relevant data. The study will focus on 2021/2022 financial years.

Limitations of study

The study relied on self-reported data from the questionnaire from respondents, which can be subject to biases and inaccuracies. Participants may not always provide entirely accurate information, potentially affecting the reliability of the data. Moreover, social desirability bias may lead participants to overstate their tax compliance.

The study was conducted in a specific region, Dagoretti North, Nairobi County, Kenya. The findings may be influenced by the unique economic, cultural, and regulatory context of this area. Therefore, the generalizability of the results to other regions or countries may be limited.

II.Literature Review

Introduction

This chapter covers the introduction, the concept of the study variables followed by the theories in which the study was anchored. Discussion of the existing scholarly works in the area of tax reforms and their effect on rental income tax compliance especially among property owners form a global, regional and local perspective. The study also reviewed and the research gaps and finally conceptual framework

Review of concepts

Concept of Rental Income Tax Compliance

The Finance Act 2015 introduced a new Section 6A in the Income Tax Act Cap 470 Laws of Kenya, which provides for a simplified tax regime on Residential rental income. The tax to be known as residential rental income tax is payable by any resident person from income which accrued in or was derived from Kenya for the use of residential property and which does not exceed ten million shillings (Kshs. 10 million) during any year of income. The new tax took effect on 1st January 2016 and applied to Residential rental income. The first return for January 2016 was due on 20th February 2016.

Rental Income Tax is charged at a rate of 10% of gross rent received on monthly basis. No expenses are allowed for deduction. The simplified tax at 10% is the final tax. Landlords falling in this regime are not subjected to further taxes on the residential rental income declared. In addition, eligible landlords are not required to file annual returns unless one has other incomes commercial rent, business income, farm income.The Residential Rental Income Tax rate applies only for persons whose Residential rental income does not exceed Kshs. 10 million during any year of income. The 10% tax on gross rent is payable on monthly basis on or before the 20th day of the month following rent collection. Any tax not paid by the monthly due date attracts penalties and interest as specified in the current Income Tax Act.

Concept of Tax Reforms

According to Bjork (2019) tax reforms improves compliance and reducing non-compliance means more tax collection. Regulatory and tax burdens mostly fall disproportionately on SMEs due to the limited size and structure (Pope & Abdul-Jabbar, 2019). This makes the tax compliance an important issue for SMEs as they are constrained of resources and relevant skills to comply with tax codes. Also, high costs of compliance results to tax avoidance and tax evasion among SMEs. This inhibits investment by diminishing county competitiveness as a result of poor taxation attractiveness

Tax non-compliance is failure to fill out and submit a tax return before the deadline; non-submission, failure to state the correct income and expenditure or failure to pay the amount assessed on taxes before the deadline (Kasipillai & Abdul Jabbar, 2019). Studies show that evasion of tax is a common problem Fagbemi, Uadile & Noah (2020) found tax evasion is more widespread in underdeveloped countries resulting to slow economic growth and socio-economic problems.

Concept of system Automation Reforms

Automation of the revenue collection process has been praised for the increase in revenues in organizations. The benefit that automation accords to revenue collection has also been established among county governments in Kenya. Several Government ministries, departments and state-owned enterprises have taken advantage of automation in a bid to improve revenue collection. Gituma (2019) report a significant and positive relationship between automation and revenue performance at Kenya Revenue Authority after the introduction of the Simba system.

The most important system automation tax administration reform is shifting to online information-based tax administration systems, filing of returns and making payments (Rao and Rao, 2017). An appropriate tax administration system should be available for taxpayers to use in declaring their tax returns efficiently and effectively this tax system should enable taxpayers lower their tax compliance costs and improve their tax paying abilities.

Oduor et al (2016) report a marked improvement in revenue collection after automation of Kiambu county revenue collection process. Mutisya (2021) reveal that the revenue levels of Machakos County improved after automation of the revenue collection process. However, it is not clear as to whether the revenue collection of other entities would improve after automation as there are many factors, other than automation that may influence the success of revenue collection efforts.

Concept of Tax administration Reforms

Tax administration reforms include both economic policy and structural design reforms depending on the specific needs or requirements of a country, Musgrave, (2021). The tax reforms include both tax related and institutions related reforms (Ameth, 2019). The core reason for tax administration reforms is the enhancement or improvement of tax revenues, Rao, (2000). When considering various reasons for tax administration reforms, increasing tax revenues is the major motivation, (Morrissey, 2021). To improve tax to GDP ratio in a country, it requires the growth of the tax base and the formulation of appropriate tax reforms, Morrissey, (2021). Weak tax administration strategies characterise low tax revenues or low tax performance, (Morrissey, 2021).

Tax administration reforms have been undertaken across the globe, (Morrisset and Izquierdo ,2019) studied tax administration reforms in Argentina and the contributions that tax reforms contributed to Argentina. Some of the reforms they studied include, increments of tax penalties, introduction of new technologies and various administrative reforms. They concluded that, tax to GDP ratio increased from 12.7% to 22.5% over the years, Morrisset and Izquierdo (2018).

In Sub Saharan Africa, a study by Munoz and Cho (2021) in Ethiopia revealed that a shift from sales tax to value Added Tax (VAT) in 2014 brought a higher revenue return as compared to sales tax. Osei and Quartey (2018) carrying out a study in Ghana observed that tax to GDP ratio more than doubled due to a change in the tax system over the years. According to Karingi and Wanjala (2020), Tax Modernization Programme reforms in

Kenya initiated in the year 1985 and that were aimed at expanding the tax base had a positive influence in the tax revenues in Kenya.

Concept of Tax legislation Reforms

To ensure compliance with turnover tax, it is essential to have an effective tax administration system in place. According to Sohail and Shah (2019), an efficient tax administration system can reduce the cost of tax compliance, making it easier for taxpayers to comply with the tax system. This system should be equipped with modern technology to streamline tax collection processes, reduce compliance costs, and improve accuracy. The use of electronic tax registration, filing, and payment systems can simplify the tax compliance process and minimize the time and effort required to meet tax obligations. By adopting technology, the risk of human errors in tax compliance can be reduced, which can prevent under-reporting of taxable income and evasion of tax liabilities.

Concept of Taxpayer Education

Taxpayer education can be described as a method of educating the people about the whole process of taxation and why they should pay tax (Aksnes, 2021). It assists taxpayers in meeting their tax obligations to the government. This means that the primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. According to Misra (2004), the main objective of tax payer education is in three folds: impart knowledge as regards tax laws and compliance; change taxpayer's attitude towards taxation and increase tax collection through voluntary compliance.

Taxpayer education program serves to create taxpayer awareness on their tax obligation, encourages taxpayers on reporting the correct income and amount of tax, maintaining close relationship with the tax authority and taxpayer continuously and create public confidence in taxation system (Oyedele, 2019). Tax education to small and medium enterprises is important in raising tax revenue at the changing environment particularly from official tax assessment is considered (Normala, 2019). Ndirangu, 2021 notes that he primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. Taxpayer education is one of the strategies of improving service delivery to the tax payers which is critical to enhance voluntary tax compliance.

Taxpayer education in Kenya is coordinated by the Kenya Revenue Authority (KRA) which is a government agency responsible for all matters of taxation in the country. In the bid to educate both existing and potential taxpayers, the Kenya Revenue Authority has a unit known as Taxpayer Services (KRA, 2017). The unit endeavors to conduct education programs for individuals and businesses that will cover basic information with respect to all taxes; issue simplified publications that contain information on all taxes administered by KRA: issue media releases and compliance publications that explain new procedures and requirements in a simplified manner; and increase interaction with stakeholders, business and professional associations in order to obtain their opinion, regarding the quality of our services with a view to further improvement (KRA, 2021).

Theoretical review

This section reviews the theories that support the study variables this include Theory of Reasoned Action, Ability to pay Theory and Technology Acceptance Theory

Theory of Reasoned Action

Fishbein & Ajzen (1980) introduced this theory to enhance Anderson's theory of Information integration. The aspect of enhancement is derived from behavioral intention and the duration of pre-existing human attitudes. Human intentions can predict his response which means that an individual behaviour will be affected or be influenced not only by his perceptions but also be his expectations. According to theory of reasoned action human behaviour and intentions are determined by three things that is personal opinion on whether a certain behavior is bad or good; favorable or otherwise; negative or positive. The individual attitude must be specific since the specificity allows the prediction in the resulting behaviour. Second the prevailing subjective social pressure from other people expectations that is individual normative beliefs or need to comply with what others expect (Ajzen & Fishbein, 2004). Behavioral intention is seen as the precursor that immediately leads to the actual behaviour that means that individual will react depending on the behavioral intention formed and developed. According to Theory of Reasoned Action individual actions are influenced by perceptions and attitudes and the theory recognizes that reality that attitudes indicate specific behaviour and perceived social norms may contradict it (Ogjen, 2003).

The theory of reasoned action has been used in the field of tax compliance to explain compliance behavior and examine the behavioral beliefs related to compliant reporting (Mollie, 2010). There is evidence in the prior tax compliance research that normative beliefs and subjective norms are related to tax compliance behavior (Bobek et al. 2007). This theory is relevant to this study as it supports the independent variable taxpayer education.

The Ability to Pay Theory

The ability to pay theory by Piguo attempts to advocate for every tax payer's ability to pay leading to the higher income earners paying more and the lower income earners paying less (Wienzerl, 2018). In other words, taxation is meant to be a progressive exercise in which there is no equilibrium but where entities are taxed as per their ability to pay that amount. This principle calls high earning entities to be observed and carefully taxed in order to avoid any tax shortfalls since their high income will most likely play the highest role in supporting government expenditure. However, critics of the principle quickly point to the fact that taxes are there for public goods and that it is not possible to control calamities like floods and defence using only the large earners incomes since the benefits to the population will not discriminate who gave much and who gave less (Ross, 2018; Hunt, 2016).

The ability to pay theory indicates that, every person should pay taxes to the government depending on his or her ability to pay Zolt & Bird, (2003), Rai, (2004); Chodorow, (2008); Batt, (2012). The insinuation in this theory is that the wealthy class people should pay higher taxes to the government, because without the protection of the government authorities, they could not have enjoyed the income that they earn. Adam Smith argued that the taxes should be proportional to the income Zolt & Bird, (2003); Rai, (2004); Chodorow, (2008); Batt, (2012). It can therefore be argued that this is one of the critical principles of tax because it advocates for tax to provide equity in its application, wherein those who have the financial resources should make the payment.

This theory propagates that people should be asked to pay taxes according to their ability to pay and assessment of their taxable capacity should be made based on the basis of income and property. The most popular and accepted principle of equity or justice in taxation is that citizens of a country should pay taxes to the government in accordance with their ability to pay (Limerick, 2013). It can therefore be argued and appears reasonable and just that taxes should be taxed on the basis of the taxable capacity of a person and in using this principle it can be stated that if the taxable capacity of one individual is greater than that of the other person, that a person who earns more should be asked and expected to pay more taxes in comparison with the one who earn less.

Technology Acceptance Theory

This is an information system theory that models how users come to accept and use a technology. This theory was developed from the Theory of Reasoned Action (TRA) by Azjen and Fisbein (1980). There are so many researches trying to compare between Theory of Reasoned Action (TRA) and Technology Acceptance Model (TAM) with the Theory of Planned Behaviour (TPB). Davis, Bagozzi & Warshaw (1989) found that TAM is better in explaining the desire to receive technology compared to TRA.

The Technology Acceptance Model (Davis *et al*, 1989), one of the most researched and accepted models that explains individual IT use at the acceptance stage, has identified two salient beliefs that predict information technology use: perceived usefulness and perceived ease-of-use. Perceived usefulness (PU) - This was defined as "the degree to which a person believes that using a particular system would enhance his or her job performance". Perceived ease-of-use (PEOU) - Davis defined this as "the degree to which a person believes that using a particular system would be free from effort" (Davis *et al,* 1989).

This theory develops a framework to establish the effects of external variables on the system usage. According to this model, individuals accept a particular system if they believe in the system (Jullie, 2017). When taxpayers understand or learn the on-line tax filing system quicker, the filing efficiency and accuracy will be increased. Taxpayers can complete tax filing quicker (perceived usefulness) when they perceive the ease of use of the system is higher (Fu, Cheng, and Wen 2013).

The goal of TAM is to provide an explanation of the determinants of computer acceptance that is general, capable of explaining user behaviour across abroad range of end-user computing technologies and user population, while at the same time being both parsimonious and theoretically justified. This theory is relevant to this study as it posits that positive attitude towards the technnology as taxpayers perceive, that the system is easy to operate, they will have more positive attitude towards, lead to more declaration of taxes, payment and hence increased rental income tax

Empirical Review

This section encompasses a discussion of the existing empirical studies that had been conducted to the link between tax reforms and turnover tax compliance among SMEs. The discussion is guided by the specific objectives in order to identify the research gaps.

System Automation Tax Reforms and Rental Income

Developing countries collect averagely 15% of GDP in taxes while developed economies collect averagely 40% of GDP to taxes (Akitoby, 2018). Tax reforms in Georgia that began in 2003 focussed on fighting corruption, simplifying the tax system and reducing tax rates. The revenue loses that were shelved on lowering the tax rates were compensated through an increase in the tax base, improved tax compliance and stricter enforcement of the applicable laws and regulations. Among the measures introduced in Georgia was the introduction of electronic tax filing system, (Akitoby, 2019).

In Africa, Liberia introduced a simplified tax system and a reduction in the tax rates as a form of tax reform and the strategies have proved improved revenues over the years. Studies have proved that in Georgia tax to GDP ratio had increased from 12% in 2003 to 25% in 2018. The study by (Akitoby, 2019) draws this conclusion that, regardless of the challenges that developing countries face, they can upscale their strategies in collection of tax revenues by undertaking unique tax reforms in their countries and focussing the tax administration strategies on system automation to make work easier for the authorities and the taxpayers.

Automation is expected to bring about improvements in business process management since it is geared at saving costs of operations, saving time and enhancing the quality of the processes (Kimani, 2020). An automated process is expected to consume less manpower compared to one that is manual. Raw materials such as papers work and energy are also assumed to decline with the use of automation. An important aspect of automated process is that if it is managed well, it can provide an audit trail which provides feedback about the efficiency, the effectiveness and any manipulation by users. This has the effect of reducing resource wastage, reduction of fraudulent activities, increased ability to make strategic decisions arising out of the information generated and the overall improvement in outcomes (Owino et al., 2021)

Owino et al (2017) conducted a study on effect of innovation in revenue collection processes on organizational performance of Nairobi City County. The study found that that online billing process, online receipting process, online payment and online responses affect the organizational performance to a very great extent. Oduor et al (2021) concentrated on determining the effect of receiving computerized income gathering framework and its impacts on administration and administration conveyance in Kiambu County. There was an expansion of 60% change in income accumulation inside the primary period of the usage of County Pro framework

Tax administration Reforms and Rental Income

Musa and Ibrahim (2019) studied Administrative and technological tax reforms and small corporate tax compliance behavior In Nigeria. On administrative reforms study dwells on tax structure variables namely tax rate, tax audit and penalties and how they influenced the level of compliance among small companies. On technological reforms, the study assess the indirect effects of tax compliance costs on the small corporate tax compliance behavior. Results show that both administrative and technological tax reforms have a positive effect on small corporate tax compliance.

Kim and Kim (2019) studied tax reform and tax compliance in Tanzania and Uganda. The study used data from the two countries to establish and compare the extent to which tax compliance was influenced by the level of tax reforms. Compliance was represented by quasi voluntary compliance and general level of tax performance. Despite introducing the same tax administration reforms, the study notes that Tanzania achieved better outcomes inform of tax performance and quasi voluntary compliance. Nonetheless, it is noted that in both cases, administrative tax reforms positively influence the level of tax compliance.

Waithera (2020) studied the tax compliance challenges among small and medium enterprises in Kenya. The study used a desk study approach that involved review of already existing studies on the subject matter. The results highlighted complexity of tax laws, scanty tax knowledge and high compliance costs as some key challenges hindering SMEs compliance. Empirically, the study presents gaps as it failed to make an attempt to link the reforms implemented against the background of the challenges highlighted to the level of SMEs' compliance.

Tax legislative Reforms and Rental Income

Ayodele and Dada (2018) suggest that a simplified tax system can alleviate the burden on taxpayers and encourage them to fulfill their tax obligations. A complicated tax system with multiple rates and forms can be perplexing and daunting, leading to non-compliance. Simplification can be achieved by reducing the tax rate or the number of forms required. Adopting a flat tax rate can eliminate complex calculations, saving time and effort. Simplifying tax laws and regulations can also help taxpayers understand their obligations, reducing errors and non-compliance. Voluntary compliance is facilitated when taxpayers perceive the system as fair and understandable.

Li and Li (2020) assert that effective enforcement measures, such as audits, penalties, and criminal prosecution, can act as a deterrent to non-compliance and encourage compliance rates. These measures instill accountability among taxpayers, increasing the likelihood of adherence to the tax system. However, it is important to note that the success of enforcement measures depends on their effective implementation. Weak enforcement measures may create a perception of impunity among taxpayers, leading to non-compliance. Therefore, it is vital to ensure consistent and fair application of these measures across all taxpayers. Additionally, penalties for non-compliance should be proportionate to avoid excessive punishment

Kariba (2021) studied policy tax reforms and tax compliance in Kenya. A descriptive survey research design was employed. The study was comparative in approach and considered tax collection data from Kenya revenue authority for the period before and after policy reforms. In particular, the study sampled 10 years, 5 years before institution of the policy reforms and 5 years after institutions of the policy reforms. Secondary data was used and was obtained from published statistics from Kenya Revenue Authority. The findings indicated that the policy tax reforms had positively influenced tax compliance and tax revenues at Kenya Revenue Authority. Conceptually, gaps emerge in that the study considered only the policy dimension of reforms and left out administrative and technical aspects of reforms.

Lisa and Hermanto (2018) studied the effect of administrative and policy tax reforms in Indonesia. Policy reforms addressed tax amnesty while administrative reforms was confined to taxpayer awareness. The study used the Structural Equation Modeling (SEM) in the analysis. Findings revealed that policy tax reforms (Tax Amnesties) has a positive effect on compliance. In addition, administrative tax reforms (enhanced taxpayer awareness) also showed a positive effect on compliance level. If the taxpayer has the willingness to pay tax, compliance in paying taxes will be high.

Moderating effect of Taxpayer Education on Rental income tax

Taxpayer education strategies have been explored across the globe however different countries employ different strategies in taxpayer education that fit the requirements in particular countries. Bangladesh runs a national income tax day as a taxpayer education strategy amidst other taxpayer education strategies internet and facilitation centres (OECD, 2019). According to (Giulia and Fabrizio, 2021) the focus of taxpayer education strategies currently in Africa is in line with modern tax administration reforms, that seek to identify taxpayers as customers and tax agencies as facilitators to provide services to the customers.

Burundi, Rwanda, Kenya and Tanzania have adopted the use of schools as a centre for training taxpayers (OECD, 2020). South Africa, Nigeria and Kenya have identified social media platforms as the appropriate tax education platforms to carryout tax education (Giulia and Fabrizio, 2018). South Africa has adopted the use of mobile tax units where by the tax authority carries trainings to the taxpayers' place of business especially in rural areas (Giulia and Fabrizio, 2019).

A study on taxation among SMEs in the informal sector in Ghana found that in spite of about 65% of SMEs surveyed being aware that they were required to pay taxes, more than half of the respondents were not well informed why they paid taxes (Carroll, 2021). Similarly, more than 50% of the respondents said they did not enjoy the benefits of paying tax. The implication therefore is that tax education alone may not guarantee continued tax compliance.

In another study on the effect of taxpayer education on voluntary tax compliance among SMEs in Mwanza in Tanzania, the findings showed that while 83% of the respondents agreed that taxpayer education helped them in understanding clearly the procedure of paying taxes, 17% said that taxpayer education did not help them clearly know procedures of paying taxes (Machogu and Amayi, 2019). Khalfan (2010) therefore recommended that the government should increase the number of seminars and workshops on tax issues and issue guidebooks written in Kiswahili in order to enhance transparency on tax assessment. This meant to enable SMEs be well acquainted on tax policies and procedures hence enhancing tax compliance.

Taxpayer education may take various forms, digital education, technological education or even tax clinics. Studies across the world have proved that taxpayer education plays a vital role in the performance of various taxes. Turnover tax is majorly affected by taxpayer education strategies. According to (Gitaru, 2017), turnover tax performance is a combination of three key factors, print media taxpayer education, stakeholder sensitization programmes and electronic taxpayer education strategies. He argues that if these aspects are enhanced and promoted effectively, turnover tax performance will be achieved. Taxpayers in the informal sector are necessitated by issues around them that encourage them or discourage them to pay taxes and comply with the tax law. Given the sheer volumes of businesses that operate in the informal sector, Gitaru (2017) views this as a massive opportunity to raising turnover tax revenues from the informal sector.

Conceptual framework

A conceptual framework is a visual pictorial diagram that shows the association between the independent variable and the dependent variable (Mugenda & Mugenda, 2003). In this research the Independent variable is system automation reforms which will be measured by online filing, tax administrative reforms will be measured by customs care at huduma centre and KRA 24-hour call centre. Tax legislative reforms will be measured by taxpayer incentives and tax amnesty programs while the dependent variable is turnover tax compliance. The moderator variable will be taxpayer education which will be measured by print media and seminar

III.Summary Of Literature And Research Gap

Musa and Ibrahim (2019) studied Administrative and technological tax reforms and small corporate tax compliance behavior In Nigeria. On administrative reforms study dwells on tax structure variables namely tax rate, tax audit and penalties and how they influenced the level of compliance among small companies. On technological reforms, the study assess the indirect effects of tax compliance costs on the small corporate tax compliance behavior. Results show that both administrative and technological tax reforms have a positive effect on small corporate tax compliance. Musa and Ibrahim 2019 researched on Administrative and technological tax reforms and small corporate tax compliance behavior In Nigeria this points out both conceptual and contextual gaps

Kariba (2021) studied policy tax reforms and tax compliance in Kenya. A descriptive survey research design was employed. Secondary data was used and was obtained from published statistics from Kenya Revenue Authority. Lisa and Hermanto (2018) studied the effect of administrative and policy tax reforms in Indonesia. Policy reforms addressed tax amnesty while administrative reforms was confined to taxpayer awareness. The study used the Structural Equation Modeling (SEM) in the analysis. Kariba (2021), Lisa and Hermanto (2018) used secondary data well as Structural Equation Modeling (SEM) in the analysis thus methodological gap

Owino et al (2017) conducted a study on effect of innovation in revenue collection processes on organizational performance of Nairobi City County. The study found that that online billing process, online receipting process, online payment and online responses affect the organizational performance to a very great extent, hence conceptual gap

IV.Research Methodology

Introduction

This chapter discusses how the research was conducted. It includes the research design the target population, the sampling technique and size, research instruments, data collection procedure, data analysis techniques and the ethical considerations.

Research Design

Research design is a blueprint for conducting the research that specifies the procedures necessary to obtain the information needed to structure and solve the research problems (Cooper and Schindler, 2003). The study used explanatory research design Explanatory research is a research method that explores why something occurs when limited information is available. It can help you increase your understanding of a given topic, ascertain how or why a particular phenomenon is occurring, and predict future occurrences. Explanatory research can also be explained as a “cause and effect” model, investigating patterns and trends in existing data that haven’t been previously investigated Gray (2013).

Target Population

Odoh and Chinedum (2014), describe target population of a study as the point of focus from which a generalization is made regarding the research findings. According to Mugenda & Mugenda (2013) and Ngechu (2004), target population entails an entire group of persons or things that have similar features that are preferred by the investigator. Target population consisted of a group of entities or elements that might be huge than or distinct from sampled group from which the researcher drew conclusions about the interested population. The target population of this study comprised of 1027 Property owners in Dagoretti North KRA, (2022)

Sample Size and Sampling Technique

Saunders, Lewis and Thornhill, (2017) define sampling as selecting a given number of subjects from a defined population as representative of that population. The study employed a simple random technique to identify the respondents. Simple random refers to a complete enumeration of all items in the population. To reduce sampling errors, the sample size will be determined by The Yamane formula

The formula is as follows:

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

Where,
n is sample size
N is target population
e is the margin error/ level of precision taken as 0.05

$n = \frac{1027}{1+1027}$=287 property owners

Data Collection Instruments

This study will use primary data which will be collected using structured questionnaires with closed-ended questions so as to find out the opinion of the respondents The use of questionnaires will be preferred because a questionnaire is simple to administer and convenient for collecting data within a short time (Cooper & Schindler, 2010).

Data Collection Procedure

Kombo and Tromp (2009), states that data collection is important in research because it allows for dissemination of accurate information and development of meaningful programmes. The questionnaires were self-administered. The researcher informed the respondents that the instruments being administered were for research purpose only and the response from the respondents would be kept confidential. The researcher also obtained an introductory letter from Moi University in order to collect data. Follow-ups were made to monitor the progress of the respondents in filling up the questionnaires. The researcher hired a research assistant to assess the filled questionnaires.

Pilot study

A pilot study also known as pilot test or pilot experiment is a small-scale preliminary study conducted before the actual study with an aim evaluating the feasibility, time, cost, adverse effects in order to improve upon the study design prior to the actual research (Hulley 2007). Procedures to be used in pre-testing the questionnaire will be identical to those that will be used during the actual study or data collection. 10% of the entire sample size was used which was 28 property owners in Ngon'g Town (Mugenda Mugenda, 2008). Pre-testing helps detect deficiencies like unclear directions, insufficient space to write response, wrong phrasing of questions, vague questions

Validity of research instruments

According to Creswell, (2006) validity is the degree to which results acquired from process of analysis of the data actually embodies the phenomenon under study. There are two types of validity: content validity and face validity. Face validity refers to probability that a question is misinterpreted or misunderstood. According to Cooper and Schindler, (2006) pre-testing is a proper way to increase the possibility of face validity. On the other hand, content validity, also referred to as logical validity, refers to the degree to which a measure depicts all facets of a given social construct. In this study, the content validity was used to by seeking the opinions of experts in the field of study, particularly the supervisors. Also, the face validity of the research instrument was improved by carrying out a pilot test by use of factor analysis.

Reliability of research instruments

Reliability is the consistency of measurement, or the degree to which an instrument gives the same results each time it is used on the same subjects under the same condition. In the study reliability of the research instrument was measured by measuring the internal consistency of the responses. The Cronbach's Alpha technique was used to measure the internal consistency technique, where alpha values range from 0 to 1, with the reliability increasing as the alpha value increases. The commonly used coefficient of reliability is 0.7, with greater than indicating a good reliability, (Kothari, 2004). In the study, a Cronbach's Alpha of 0.7 and above will be accepted but a Cronbach's Alpha of below 0.7 would necessitate adjustment in the research instrument.

Data Analysis and Presentation

The data research methods involved the use of quantitative information. With the use of Statistical Package for Social Sciences (SPSS) version 21.0, analytical tool, data will be coded to facilitate computer input or entry. The actual data analysis was carried out by use of descriptive statistical approaches; which included measures of mean and standard deviations. Given the nature of this research, the information collected was analyzed and a conclusive report drafted. Before analysis, the completed questionnaires were edited for completeness and consistency. The data was presented using tables and figures which include bar charts and pie charts.

Multiple regression model and equation was used as follows;

$\mathbf{Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$

Equation (ii)

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

Equation (iii)

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

Equation (iv)

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

Equation (v)

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

Whereby;

Y = Rental income tax compliance

B_0 = Constant
β_1 to β_3 = Coefficients of determination
X_1 = system automation reforms
X_2 = tax administration reforms
X_3 = tax legislative reforms
X_4 = taxpayer education as a moderating variable
X_1X_4 = system automation reforms * taxpayer education
X_2X_4 = tax administration reforms * taxpayer education
X_3X_4 = tax legislative reforms * taxpayer education
$\mathcal{E}$ = Error term

Diagnostic Tests

In scientific research, diagnostic tests are usually carried out to empirically determine the quantitative effect of study design shortcomings of estimates of diagnostic accuracy (Lijmer et al., 1999). In this study, several diagnostic tests will be done before data analysis is conducted to authenticate the accuracy of the research findings. The tests will include normality, multicollinearity tests and Heteroscedasticity Test

Normality Test

The normality test was used to determine whether a set of data had been modeled by a normal distribution (Doornik & Hansen, 2008). In this study, normality tests was performed using the Shapiro-Wilk statistic.

According to Razali & Wah,(2011), the significant value for the Shapiro- Wilk test should be above 0.05 for the assumption to be met.

Multicollinearity Test

Multicollinearity refers to the high degree of association between independent variables (Kothari, 2004). Multicollinearity tests allowed researchers to determine whether two independent variables are essentially related. The consequences of Multicollinearity I is an increased standard error of estimates of the Betas, meaning decreased reliability and often confusing and misleading results. Osborne and Walters (2014), states that to access whether there was a high correlation between one or more variables in the study a Multicollinearity test which is the Variable Inflation Factor was employed. VIF measured correlation level between the predictor variables and estimated the inflated variances due to linear dependence with other explanatory variables. It was tested by computing the Variance Inflation Factors (VIF) and its reciprocal, the tolerance. A variance inflation factor test was conducted to test for multicollinearity of the predictors and a value less than 10 is acceptable

Heteroscedasticity Test

This refers to situations where the variance of the residuals or error term, in a regression model is constant. To test this, Goldfeld-Quandt test will be applied, when λ (=F) is greater than the critical F at the chosen level of significance, we reject the hypothesis of homoscedasticity; we can say that heteroscedasticity is very unlikely (Gujarati & Porter, 2014).

Operationalization and measurement of variables

The study variables cannot be directly measured hence the need to identify measurable indicators to take the place of the variables. The measurements of the variables will be measured by the 5 likert scale points as shown in table 3.1.

Table 3.1: Operationalization of Variables

	Variable	**Indicators**	**Source**	**Measurement scale**	**Tool of Analysis**
Dependent Variable	Rental income tax compliance	Returns filed Turnover tax payments	KRA, 2022	Questionnaire 5point Likert scale	Regression Analysis Descriptive and inferential statistics
Moderator	Taxpayer education	Print media seminar	Pope, 2018).	Questionnaire 5point Likert scale	Regression Analysis Descriptive and inferential statistics
Independent variables	System automation reforms	Online filing Online payment	(Rao and Rao, 2019)	Questionnaire 5point Likert scale	Regression Analysis

					Descriptive and inferential statistics
	Tax administrative reforms	Customer care at Huduma centers KRA 24-hour call centers	Musa and Ibrahim (2019)	Questionnaire 5point Likert scale	Regression Analysis Descriptive and inferential statistics
	Tax legislative reforms	Taxpayer incentives Tax amnesty programs	Ayodele and Dada (2020)	Questionnaire 5point Likert scale	Regression Analysis Descriptive and inferential statistics

Source: Researcher (2023)

Ethical considerations

Ethical considerations entail informed consent, confidentiality and anonymity during the research process. The researcher will also adhere to all ethical issues of honesty, cultural sensitivity, informed consent, and voluntary participation. Moreover, respect for intellectual property will be ensured by honoring patents, copyrights, and acknowledgment of other contributions from various parties and scholars. Permission will be obtained from Moi University and NACOSTI to conduct data collection. Respondents will be at liberty to pull out from the study any time they feel not comfortable proceeding with the survey. Personal particulars like name and address will not be disclosed.

V.Data Analysis And Interpretation Of Findings

Introduction

This section of the report outlines how the results obtained from the participants are connected to the objectives and hypothesis of the research. It includes the descriptive and inferential statistics of the respondents and views on system automation reforms, tax administration reforms, tax legislative reforms and taxpayer education.

Reliability Test

Cronbach's reliability test assesses the internal consistency of a measurement scale or questionnaire. It measures how well items in a scale correlate with each other. High Cronbach's alpha values (typically > 0.7) indicate strong internal reliability Cronbach (1951). Table 4.1 indicates results for the alpha value with alpha => 0.7 indicating reliability. System

system automation reforms α = 0.701, tax administration reforms α =0.785, tax legislative reforms α = 0.772, taxpayer education α = 0.823 and rental income tax compliance α =0.901

Table 4.1 Reliability test

Variable	Cronbach's Alpha	N of Items
system automation reforms	0.701	6
tax administration reforms	0.785	3
tax legislative reforms	0.772	3
taxpayer education	0.823	5
rental income tax compliance	0.901	4

Source: Researcher (2023)

Response rate

Response rate in questionnaire data analysis refers to the percentage of individuals who participated and completed a survey or questionnaire. It is a vital measure in research because it directly influences the quality of data and how well the sample represents the population. An appropriate response rate above 60% bolsters the dependability and applicability of research outcomes. Researchers should disclose response rates to maintain transparency and validate the data collection's robustness.

Figure 4.1 indicates a 79% response rate since 226 out of an expected 287 questionnaires were filled and submitted.

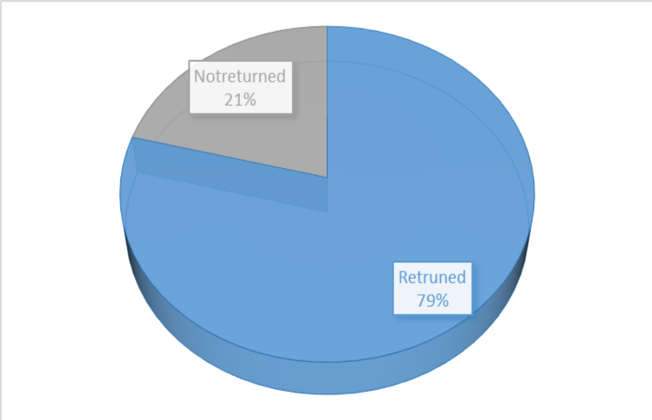

Figure 4.1: Response rate
Source: Researcher (2023)

Demographics data
Demographics of Gender;

In Table 4.2, the demographics related to gender are presented. This table includes the frequency and percentage distribution of gender among the research participants. The data indicates that out of the total sample size of 226 individuals, 107 respondents, or 47.3%, identified as female, while 119 respondents, or 52.7%, identified as male.

Table 4.2: Demographics on Gender

Gender	Frequency	Percent
Female	107	47.3
Male	119	52.7
Total	226	100.0

Demographics on age;

In Table 4.3, the demographics of the study participants' age are presented. The table is divided into categories based on age groups and includes the frequency and percentage of participants falling within each category. The data reveals that the majority of the respondents are aged between 31 and 40 years, constituting 32.7% of the total sample. The second-largest group falls within the 51-60 age bracket, accounting for 19.9%. Additionally, 16.4% are between 41 and 50 years old, while 22.1% are below the age of 30. A smaller portion, 8.8%, consists of individuals above 60 years of age.

Table 4.3: Demographics on age

Gender	Frequency	Percent
31-40	74	32.7
41-50	37	16.4
51-60	45	19.9
above 60	20	8.8
below 30	50	22.1
Total	226	100.0

Source: Researcher (2023)

Demographics on education level;

In Table 4.4, the demographics pertaining to the education level of the respondents are presented. The table encompasses data on the distribution of respondents across different education categories, including postgraduate, secondary education, technical level, and undergraduate. The frequency column reveals the number of respondents falling into each education category, while the percent column represents the proportion of respondents relative to the total sample size. Post graduate: There are 46 individuals (or 20.4% of the total) in the study who have a post-graduate education level. Secondary education: There are 52 individuals (or 23.0% of the total) with a secondary education level. Technical level: There are 43 individuals (or 19.0% of the total) who have education at the technical level. Undergraduate: The largest group, with 85 individuals (or 37.6% of the total), has an undergraduate education level. Total: This row provides the overall count of participants in the study, which is 226.

Table 4.4: Demographics on education level

Gender	Frequency	Percent

Post graduate	46	20.4
Secondary education	52	23.0
Technical level	43	19.0
Undergraduate	85	37.6
Total	226	100.0

Source: Researcher (2023)

Descriptive statistics

Descriptive statistics involved summarizing and analyzing data to gain insights into a dataset. The mean, a central measure, represents the average of the data. A higher mean suggests higher values, while a lower mean implies lower values. Standard deviation measures data dispersion from the mean. A larger standard deviation indicates greater variability, while a smaller one suggests data is more tightly clustered around the mean Kenney & Keeping, (1962). These statistics provide a clear overview of data distribution and central tendency, aiding researchers and analysts in understanding the dataset.

Descriptive on System Automation Reforms

Table 4.5 shows that "Online Filing is more efficient and effective for taxpayers" has a mean of 4.09 with a standard deviation of 1.38. This suggests that, on average, respondents perceive online filing as somewhat efficient and effective. The implications are that the automation of tax filing systems has a positive impact on taxpayer efficiency, aligning with the objective of improving the efficiency of tax processes.

"The Online Payments has enhanced turnover tax compliance" has a mean of 4.03 and a standard deviation of 1.45. This indicates that, on average, respondents believe that online payments have a highly positive impact on turnover tax compliance. The results support the objective of increasing tax compliance.

"Online remittances of taxes are easy to track thus I can tell when taxes are due" has a mean of 4.22 and a standard deviation of 1.41. This implies that most respondents find it easy to track their tax remittances online, which helps them know when taxes are due. This aligns with the objective of providing transparency and ease of tax tracking.

"Electronic tax system is simple to use and this motivates me to comply with tax regulations" has a mean of 4.11 and a standard deviation of 1.34. The results suggest that the electronic tax system's user-friendliness motivates respondents to comply with tax regulations. This is in line with the objective of encouraging tax compliance.

"I am aware of KRA’s online turnover tax return filing systems" has a mean of 4.04 and a standard deviation of 1.36. This indicates that, on average, respondents are aware of the online turnover tax return filing systems. This suggests that the objective of increasing awareness about these systems is being met.

Table 4.5: Descriptive on System Automation Reforms

Items	Mean	Std.Dev
Online Filing is more efficient and effective for taxpayers	4.09	1.38
The Online Payments has enhanced turnover tax compliance	4.03	1.45
Online remittances of taxes are easy to track thus I can tell when taxes are due.	4.22	1.41
Electronic tax system is simple to use and this motivates me to comply with tax regulations	4.11	1.34
I am aware of KRA’s online turnover tax return filing systems	4.04	1.36
N=226		
Source: Researcher (2023)		

Descriptive on Tax Administration Reforms

Table 4.6 illustrates that "I have all my queries quickly responded to by the KRA call centers, especially during emergencies at all times" has a mean of 4.92 and a standard deviation of 1.42. This indicates that, on average, respondents have a largely positive perception (mean > 4) of KRA call centers' responsiveness to their queries. However, the relatively high standard deviation suggests significant variability in responses. To achieve the study's objectives, the tax authority may need to focus on improving the consistency of emergency query responses.

"I have been able to easily and quickly access the needed tax services provided by customer care centers placed at Huduma centers and mobile centers" has a mean of 4.04 and a standard deviation of 1.35. The mean is slightly higher than 4, indicating a highly positive perception regarding access to tax services. However, like the first statement, the standard deviation suggests variation in experiences. To align with the study's objectives, the tax authority might work on improving consistency in service accessibility.

"I have been able to conveniently seek assistance in handling issues related to our PIN registration from cybercafé operators within my reach whenever necessary" has a mean of 4.22 and a standard deviation of 1.47. The mean is again largely positive, indicating that respondents generally find it convenient to seek assistance from cybercafé operators for PIN registration issues. The standard deviation suggests some variability in these experiences. This aligns with the study's objectives of assessing the convenience of tax-related services.

Table 4.6: Descriptive on Tax Administration Reforms

Items	Mean	Std.Dev
I have all my queries quickly responded to by the KRA call centers especially during emergencies at all time.	4.92	1.42
I have been able to easily and quickly access the needed tax services provided by customer care centers placed at Huduma centers and mobile centers.	4.04	1.35
I have been able to conveniently seek assistance in handling issues related to our PIN registration from cybercafé operators within my reach whenever necessary	4.22	1.47
N=226		
Source: Researcher (2023)		

Descriptive statistics on Tax Legislative Reforms

Table 4.7 illustrates "I have adequate knowledge and understanding of the presumptive tax system in place. Mean: 4.06 Standard Deviation: 1.44 Result: On average, participants rated their knowledge of the presumptive tax system at 4.06, which is largely above the mid-point on the scale This suggests that participants have some knowledge of the presumptive tax system, but there is a notable level of variability in their understanding, as indicated by the relatively high standard deviation. The study's objective related to assessing participants' understanding of the tax system might need further consideration or clarification. I find the current presumptive tax system quite affordable and reasonable. Mean: 4.12 Standard Deviation: 1.40 Result: On average, participants rated the affordability and reasonability of the current presumptive tax system at 4.12, again above the mid-point on the scale. This suggests that participants generally find the tax system somewhat affordable and reasonable, but there is considerable variation in their perceptions, as indicated by the standard deviation. The objective related to assessing the affordability and reasonability of the tax system seems to have mixed responses, which should be explored further. "I find the current presumptive tax system fair to us." Mean: 4.15 Standard Deviation: 1.39 Result: On average, participants rated the fairness of the current presumptive tax system at 4.15, still above the mid-point on the scale. Participants tend to view the tax system as somewhat fair, but there is variation in their opinions, as shown by the standard deviation. The study's objective concerning the fairness of the tax system also appears to have mixed perceptions that may require further investigation.

Table 4.7: Descriptive on Tax Legislative Reforms

Items	Mean	Std.Dev
I have adequate knowledge and understanding of the presumptive tax system in place.	4.06	1.44
I find the current presumptive tax system quite affordable and reasonable	4.12	1.40
I find the current presumptive tax system fair to us	4.15	1.39
N=226		
Source: Researcher (2023)		

Descriptive statistics on Taxpayer Education

Table 4.8 illustrates that, "Taxpayer workshops have improved my compliance" has a mean of 4.92 and a standard deviation of 1.40. This indicates that, on average, participants' compliance has somewhat improved due to taxpayer workshops. However, the relatively high standard deviation suggests that there is considerable variability in the extent to which these workshops have impacted compliance. The study may want to explore the factors contributing to this variability.

"I have attended workshops, trainings, and seminars about rental income" has a mean of 3.06 and a standard deviation of 1.39. On average, participants have attended such events, and the standard deviation suggests a moderate level of variability in attendance. This could be relevant for assessing the effectiveness of these events in promoting knowledge about rental income taxation.

"I have access to print media, and you can read to your understanding" has a mean of 4.13 and a standard deviation of 1.42. Participants generally report having access to print media for tax education. The high standard deviation implies varying levels of understanding and usage of print media for tax-related information.

"The knowledge acquired through seminars has enabled our business to be compliant" has a mean of 4.11 and a standard deviation of 1.41. On average, participants find that the knowledge gained from seminars has contributed to business compliance. However, the high standard deviation suggests differing degrees of impact on various businesses. "My understanding of tax obligations has improved through stakeholder sensitization conducted by KRA" has a mean of 4.23 and a standard deviation of 1.35. On average, participants feel that their understanding of tax obligations has improved through KRA's stakeholder sensitization efforts. The relatively low standard deviation suggests a relatively consistent impact across participants.

Table 4.8: Descriptive on Tax Education		
Items	Mean	Std.Dev
Taxpayer workshops has improved my compliance	4.92	1.40
I have attended workshops, trainings, and seminars about rental income	4.06	1.39
I have access to print media and you can read to your understanding.	4.13	1.42
The knowledge acquired through seminars has enabled our business to be compliant	4.11	1.41
My understanding of tax obligation has improved through stake holder sensitization conducted by KRA	4.23	1.35
N=226		
Source: Researcher (2023)		

Descriptive statistics on Rental Income Tax Compliance

Table 4.9 illustrates that "I pay my taxes on time" has a mean of 4.02 and a standard deviation of 1.34. This suggests that, on average, respondents tend to indicate that they pay their taxes on time. The relatively low standard deviation indicates that responses are somewhat consistent in this regard. Implication: The study's objective, possibly related to assessing timely tax payments, may be seen positively.

"I have registered for rental income tax compliance obligation" has a mean of 4.09 and a standard deviation of 1.40. This item's mean suggests that many respondents have registered for rental income tax compliance. However, the higher standard deviation implies more variability in responses. Implication: The objective may reflect a positive trend, but the variability suggests some respondents may not have registered.

"I pay the tax liability that arises from my rental income tax obligation without failure" has a mean of 4.08 and a standard deviation of 1.41. The mean indicates that respondents, on average, tend to pay their rental income tax liability without failure, but the relatively high standard deviation suggests significant variability. Implication: The objective related to consistent payment is somewhat met on average, but there's room for improvement and variation among respondents.

"The tax system in place motivates me to voluntarily comply with tax obligation" has a mean of 4.14 and a standard deviation of 1.43. The mean suggests that, on average, the tax system motivates respondents to comply voluntarily. However, the standard deviation indicates significant variability in how individuals perceive this motivation. Implication: The objective related to motivation for voluntary tax compliance is partially met, but improvements may be needed to make it more consistent.

Table 4.8: Descriptive on Rental Income Tax Compliance		
Items	Mean	Std.Dev
I pay my taxes on time	4.02	1.34
I have registered for rental income tax compliance obligation	4.09	1.40
I pay the tax liability that arise from my rental income tax obligation without failure	4.08	1.41
The tax system in place motivates me to voluntarily comply with tax obligation	4.14	1.43
N=226		
Source: Researcher (2023)		

Factor Analysis

Factor analysis diagnostic tests

KMO & Bartlett's test

The Kaiser-Meyer-Olkin (KMO) test and Bartlett's test are used to assess the suitability of data for factor analysis. Kaiser, (1974) states that to measure KMO, calculate the KMO statistic, typically using statistical software. It ranges from 0 to 1, with values above 0.7 indicating good suitability. Bartlett, (1950), Bartlett's test assesses the null hypothesis that the data correlation matrix is an identity matrix. A significant result ($p<0.05$) suggests the data is suitable for factor analysis. Both tests help ensure robustness in factor analysis according to.

The KMO and Bartlett's test indicates a KMO statistics all >0.5, and Bartlett's test of sphericity with p values <0.05, indicating that all the variables are suitable for factor analysis.

Table 4.9: KMO and Bartlett's test

	system automation reforms	tax administration reforms	tax legislative reforms	taxpayer education	rental income tax compliance
KMO	0.570	0.552	0.685	0.797	0.633
Bartlett's Test of Sphericity	0.050	0.017	0.007	0.005	0.000

Source: Researcher (2023)

Exploratory Factor analysis

Exploratory Factor Analysis (EFA) is a valuable technique for picking feasible variables in survey data. It helps identify fundamental factors or dormant constructs from a set of observed variables. Factor loadings in EFA designate the métier and direction of associations between variables and factors. Higher factor loadings above 0.5 suggest that the variable is a good candidate for reduction. Lower loadings indicate frailer associations. EFA helps researchers in abridging complex datasets by identifying and retaining variables that contribute most significantly to the underlying constructs according to Fabregas et al. (1999). The factor loading above 05 were chosen and a mean of the various views were generated to form the variables for regression modeling.

Dimension reduction involves condensing a vast amount of data into a smaller number of variables or dimensions, while preserving as much of the original data as possible. Factor analysis aids in condensing and reducing the number of variables. It makes a model that shows how different things are related to each other. The aim is to locate the correct combination of being accurate and easily comprehensible. Researchers strive to validate their model by demonstrating its ability to capture a large portion of the variability in the data, using as few factors as possible for ease of use. This balance ensures that the standard model accurately represents the actual data.

Table 4.10 shows the results of a factor analysis for five variables: system automation reforms (SAR), tax administration reforms (TAR), tax legislative reforms (TLR), taxpayer education (TE), and rental income tax compliance (RIT). The table displays the factor loadings for each variable on each of the five factors. Factor loadings indicate the strength and direction of the relationship between a variable and a factor. A higher absolute value of a factor loading means a stronger relationship, while a positive or negative sign indicates a positive or negative relationship, respectively.

The results suggest that the five variables can be reduced to five factors, each representing a different dimension of tax reform and compliance. The factors are:

Factor 1: System automation reforms. This factor has high positive loadings on all six items related to SAR (SAR1 to SAR6). This factor reflects the extent to which the tax system is automated and modernized.

Factor 2: Tax administration reforms. This factor has high positive loadings on all items related to TAR (TAR1 and TAR3)

Factor 3: Tax legislative reforms. This factor has positive loadings on all items related to TLR (TLR1 to TLR3) This factor reflects the extent to which the tax legislation is comprehensive and coherent.

Factor 4: Taxpayer education. This factor has high positive loadings on all items related to TE (TE1, to TE5) This factor reflects the extent to which the taxpayers are educated and informed about their tax obligations and rights.

Factor 5: Rental income tax compliance. This factor has high positive loadings on all four items related to RIT (RIT1 to RIT4). This factor reflects the extent to which the taxpayers comply with the rental income tax regulations.

Table 4.10: Factor Analysis

	system automation reforms	tax administration reforms	tax legislative reforms	taxpayer education	rental income tax compliance
SAR1	.785				
SAR2	.788				
SAR3	.633				
SAR4	.566				
SAR5	.666				
SAR6	.666				
TAR1		.719			
TAR2		.666			
TAR3		.723			
TLR1			.966		
TLR2			.773		
TLR3			.616		

TE1				.810	
TE2				.605	
TE3				.525	
TE4				.615	
TE5				.753	
RIT1					.934
RIT2					.856
RIT3					.655
RIT4					.899

Statistical assumptions

Regression analysis assumes several key statistical conditions: linearity, independence of errors, homoscedasticity (constant variance of errors), and normally distributed residuals. Violations of these assumptions can affect the validity of regression results. Linearity assumes that the relationship between independent and dependent variables is linear. Independence of errors suggests that residuals should not be correlated. Homoscedasticity infers that the spread of residuals ought to be consistent. Normally distributed residuals indicate that they should follow a normal distribution. These assumptions are essential for accurate regression analysis according to Hair et al., (2010).

Normality test

The Shapiro-Wilk test is a statistical method used to assess the normality of data. It calculates a W statistic, and if the p-value is greater than 0.05, the data is considered normally distributed Shapiro & Wilk, (1965).

Table 4.11 shows System Automation Reforms: The Shapiro-Wilk yielding a p-value of 0.175. Since p > 0.05, we fail to reject the null hypothesis, suggesting that the data for system automation reforms is normally distributed.

Tax Administration Reforms: with a p-value of 0.064, indicating that the data for tax administration reforms is not significantly different from a normal distribution,

Tax Legislative Reforms: the p-value is 0.070. This suggests that the data for tax legislative reforms is not normally distributed,

Taxpayer Education: the p-value is 0.053, indicating that the data for taxpayer education is normally distributed

Table 4.11: Tests of Normality

	Shapiro-Wilk		
	Statistic	df	Sig.
system_automation_reforms	.991	226	.175
tax_administration_reforms	.981	226	.064
tax_legislative_reforms	.972	226	.070
taxpayer_education	.985	226	.053

Source: Researcher (2023)

Heteroscedasticity test

A Breusch Pagan test was conducted to test assumption that the spread of residuals ought is consistent. Table 4.12 In this case, the null hypothesis (Ho) is that there is constant variance, meaning there is no heteroscedasticity. The test is applied to the residuals of a regression model. The key results are as follows:

chi2(1) = 0.20: This value represents the chi-squared statistic for the test.

Prob > chi2 = 0.6578: This is the p-value associated with the chi-squared statistic. It measures the probability of observing a chi-squared statistic as extreme as the one calculated if the null hypothesis (constant variance) is true.

In this test, the p-value is 0.6578, which is greater than the commonly chosen significance level of 0.05. Therefore, you fail to reject the null hypothesis. This suggests that there is no evidence of heteroscedasticity in the model, and the assumption of constant variance of error terms is not violated.

based on the results of this test, there is no significant heteroscedasticity in the regression model, and the assumption of constant variance of residuals holds.

Table 4.12: Heteroscedasticity test	
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity Ho: Constant variance Variables: residuals	
chi2(1)	= 0.20
Prob > chi2	= 0.6578

Source: Researcher (2023)

Multicollinearity test

The Variance Inflation Factor (VIF) is used to test the assumption of multicollinearity in regression analysis. It quantifies how much the variance of an estimated regression coefficient is increased due to multicollinearity among predictor variables Belsley, Kuh, & Welsch, (1980). A VIF< 10 indicates that the assumption has not been violated. The results from table 4.13 system automation reforms: The VIF for this variable is 1.003, and the tolerance is 0.997. A VIF around 1 indicates low multicollinearity. In this case, the VIF is very close to 1, suggesting that there is little to no multicollinearity between this variable and the other independent variables in the model. Tax administration reforms: The VIF is 1.005, and the tolerance is 0.995. Like the first variable, this VIF is also close to 1, indicating low multicollinearity. Tax legislative reforms: The VIF is 1.010, and the tolerance is 0.990. Again, the VIF is nearly 1, indicating low multicollinearity. Taxpayer education: The VIF for this variable is 1.012, and the tolerance is 0.988. Similar to the others, this VIF is very close to 1, indicating low multicollinearity.

Table 4.13: Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	system_automation_reforms	.997	1.003
	tax_administration_reforms	.995	1.005
	tax_legislative_reforms	.990	1.010
	taxpayer_education	.988	1.012
a. Dependent Variable: monthly_rental_income_tax_compliance			

Source: Researcher (2023)

Correlation Analysis

Correlation analysis evaluates the relationships between variables. It calculates the correlation coefficient, such as Pearson's r, which enumerates the strength and direction of links between two variables. Positive values shows a positive correlation, negative values indicate a negative correlation, and values near zero suggest little or no correlation. Correlation analysis aids researchers recognize the degree to which changes in one variable affect another, aiding in identifying patterns and dependencies in data as per Dancey & Reidy, (2014).

Table 4.15 illustrates that system automation reforms has a Pearson correlation of 0.533 with rental income tax compliance, and the correlation is statistically significant (p = 0.042). Tax administration reforms has a Pearson correlation of 0.579 with rental income tax compliance, and the correlation is statistically significant (p = 0.041).

Tax legislative reforms has a correlation with rental income tax compliance which is low (0.241) and not statistically significant (p = 0.000).

Taxpayer education has a strong positive correlation (0.698) with rental income tax compliance, and the correlation is statistically significant (p = 0.020).

The correlation matrix indicates the strength and significance of relationships between rental income tax compliance and other variables. Notably, system automation reforms, tax administration reforms, and taxpayer education show significant positive correlations with rental income tax compliance, suggesting that these factors are positively associated with compliance in paying rental income taxes. Conversely, tax legislative reforms do not exhibit a significant correlation with rental income tax compliance.

Table 4.15: Correlation Analysis

		RIT	SAR	TAR	TLR	TE
monthly_rental_income_tax_compliance	Pearson Correlation	1				
	N	226				
system_automation_reforms	Pearson Correlation	.533	1			
	Sig. (2-tailed)	.042				
	N	226				
tax_administration_reforms	Pearson Correlation	.579	.035	1		
	Sig. (2-tailed)	.041	.597			
	N	226				
tax_legislative_reforms	Pearson Correlation	.241	.038	-.007	1	
	Sig. (2-tailed)	.000	.574	.917		
	N	226				
taxpayer_education	Pearson Correlation	.698	.004	.060	-.090	1
	Sig. (2-tailed)	.020	.949	.366	.176	
	N	226				
**. Correlation is significant at the 0.05 level (2-tailed).						

Source: Researcher (2023)

Regression analysis

The general objective was to determine the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Regression analysis is a powerful statistical method used to examine the relationship between a dependent variable and one or more independent variables. It seeks to understand and quantify how changes in independent variables impact the dependent variable.

Model summary effect of tax reforms on rental income tax compliance

The model summary on table 4.16 provides a snapshot of the relationship between tax reforms and rental income tax compliance. The R value 0.521 indicates a moderate positive correlation, and the R^2 value 0.263 suggests that the tax reforms explain approximately 26.3% of the variance in rental income tax compliance. The remaining 73.7% of the variance is caused by factors not captured in the model.

Table 4.16: Model summary: Effect of tax reforms on rental income tax compliance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.521	.263	.259	.69739

Source: Researcher (2023)

Analysis of variance: effect of tax reforms on rental income tax compliance

Table 4.17 the ANOVA table is used to determine whether there is a statistically significant relationship between the independent variables taxpayer education, system automation reforms, tax administration reforms, tax legislative reforms) and the dependent variable rental income tax compliance. The low p-value (0.000) and F statistic of F=26.407 suggests that at least one of the independent variables has a significant impact on rental income tax compliance.

Table 4.17: ANOVA effect of tax reforms on rental income tax compliance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.57	3	10.191	26.407	.000[b]
	Residual	85.68	222	0.386		
	Total	116.25	225			

Source: Researcher (2023)

Regression: effect of tax reforms on rental income tax compliance

From table 4.18 indicates the effect of tax reforms on rental income tax compliance on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. A unit change in Systems automation reforms causes 0.052 increase in rental income tax compliance on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Unit change in tax administration reforms causes 0.020 increase on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. An increase of 0.211 on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. is caused by unit change in tax legislative reforms.

Table 4.18: Regression effect of tax reforms on rental income tax compliance

Model		Standardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	2.229	0.333	6.694	0.000
	system_automation_reforms	0.052	0.009	5.778	0.000
	tax_administration_reforms	0.020	0.008	2.500	0.000
	tax_legislative_reforms	0.211	0.057	3.702	0.000
a. Dependent Variable: monthly_rental_income_tax_compliance					

Source: Researcher (2023)

Moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

Awidely employed framework for investigating moderation in the context of multiple independent variables, offering a valuable approach to comprehend the nuanced interrelationships among variables according to Baron and Kenny (1986) introduced a. To evaluate moderation with multiple independent variables, a sequential procedure is followed.

The initial step involves establishing the main effects of each predictor variable (tax reforms) on the dependent variable through individual regression. If these main effects demonstrate statistical significance, the foundation is laid for moderation examination.

In the second step, interaction terms between the independent variables and the moderator (tax education) are formulated and incorporated into the model. These interaction terms signify the cumulative influence of the moderators on the dependent variable. Assessing the significance of these interaction terms is crucial. Statistically significant interaction terms indicate the presence of moderation.

The third and final step involves result interpretation. Significant interaction terms suggest that the moderators jointly impact the relationship between the independent variables and the dependent variable. It is imperative to scrutinize the direction and magnitude of the interaction effects. Figure 4.2 presents a path diagram to elucidate the moderation process.

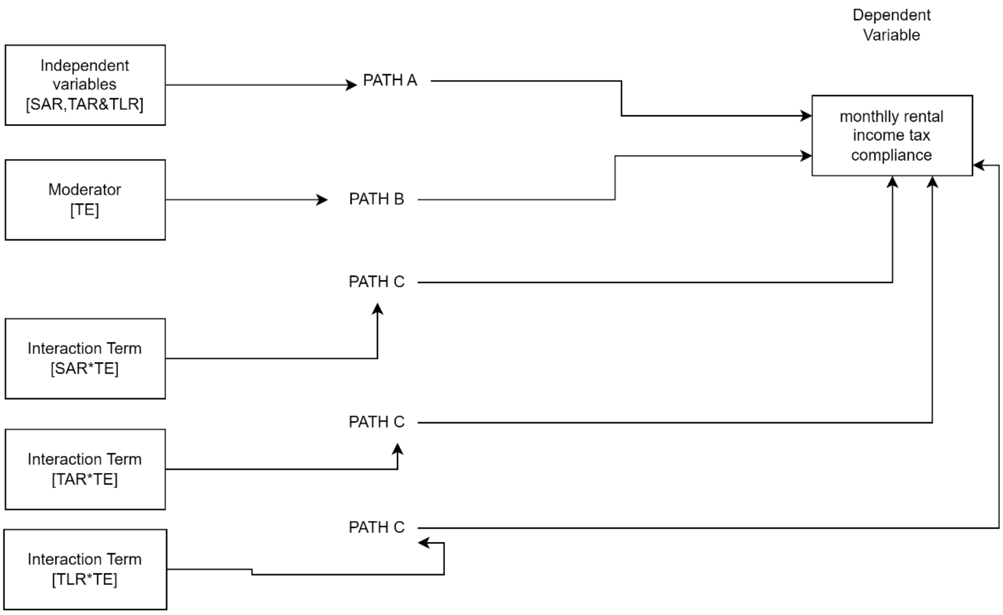

Figure 4.2 path diagram
Source: Baron and Kenny (1986)

Model summary: moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

In the context of Table 4.20, moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance. The table presents a model summary for this analysis, with several key statistics.

Model 1, the baseline model, the relationship between tax reforms and rental income tax compliance was explored. The R Square value of 0.263 indicates that 26.3% of the variance rental income tax compliance can be explained by tax reforms.

In Model 2, tax education was introduced as a moderating variable. The R Square Change of 0.070 suggests that the addition of social norms as a moderator has a minimal effect on the overall variance explained in corporation tax compliance.

Model 3 further investigates the moderating effect. The R Square Change of 0.008 indicates that, while still relatively small, the inclusion of interaction terms between relationship of tax reforms and rental income tax compliance contributes slightly to the explained variance in corporation tax compliance. The changes in the coefficients of determination are statistically significant indicating that moderation causes a significant reduction in variation caused on rental income tax compliance.

Table 4.19: Model Summary: moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Sig. F Change
1	0.521	0.263	0.259	0.70127	0.263	1.2577E-25
2	0.439	0.193	0.190	0.69739	0.070	0.000089
3	0.430	0.185	0.165	0.69590	0.008	0.000023

Source: Researcher (2023)

ANOVA moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

Table 4.20 illustrate that Model 1: The F-value is 26.407 with a very low p-value (0.000), indicating that the regression model is statistically significant. This suggests that there is a significant relationship between tax reforms and rental income tax compliance, and this relationship is not moderated by taxpayer education.

Model 2: The F-value is 13.190 with a very low p-value (0.000), indicating that this model is also statistically significant. In this model, it appears that there is a significant relationship between tax reforms and rental income tax compliance, and there is an additional predictor or moderator variable. This may indicate that taxpayer education moderates the relationship between tax reforms and tax compliance.

Model 3: The F-value is 7.073 with a very low p-value (0.000), indicating that this model is statistically significant as well. In this model, it appears that there is a significant relationship between tax reforms and rental income tax compliance, and there are multiple predictor or moderator variables, including taxpayer education.

Table 4.20: ANOVA: moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.57	3	10.191	26.407	.000
	Residual	85.68	222	0.386		
	Total	116.25	225			
2	Regression	22.404	4	5.601	13.190	.000
	Residual	93.846	221	0.425		
	Total	116.250	225			
3	Regression	21.517	7	3.074	7.073	.000
	Residual	94.733	218	0.435		
	Total	116.250	225			

Source: Researcher (2023)

Regression: moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

The main objective of the study was to determine the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.

Table 4.21 shows that after introduction of tax education there was a change in coefficients and that the interaction terms influenced the effect of tax reforms on rental income tax compliance in model 3. The third model indicates at a constant of 2.530 A unit change in Systems automation reforms causes 0.118 increase in rental income tax compliance on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Unit change in tax administration reforms causes 0.197 increase on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. An increase of 0.303 on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. is caused by unit change in tax legislative reforms. A unit change in tax education causes a 0.082 increase in rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Lastly the interaction terms between tax reforms and tax education causes increases rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. in SAR_TE β= 0.028 TAR_TE β=0.070 and TLR_TE β=0.169. The Moderating effect of tax education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya is statistically significant since the p values <0.05.

Before moderation the model shows $Y = 2.229 + 0.052X_1 + 0.020X_2 + 0.211X_3$

The findings from the model 3 $Y = 2.530 + 0.118X_1 + 0.197X_2 + 0.303X_3 + 0.082X_4 + 0.028X_5{*}M + 0.070X_6M + 0.169X_7M$

Table 4.21: the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance

Model		Standardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	2.229	0.333	6.694	0.000012
	system_automation_reforms	0.052	0.009	5.778	0.00026
	tax_administration_reforms	0.020	0.008	2.500	0.00019
	tax_legislative_reforms	0.211	0.057	3.702	0.00007
2	(Constant)	1.795	0.405	4.432	0.000153
	system_automation_reforms	0.051	0.007	7.083	0.000223
	tax_administration_reforms	0.026	0.006	4.483	0.000335

	tax_legislative_reforms	0.220	0.057	3.860	0.000215
	tax_education	0.138	0.065	2.123	0.010666
3	(Constant)	2.530	0.505	5.010	0.000033
	system_automation_reforms	0.118	0.038	3.138	0.00321
	tax_administration_reforms	0.197	0.032	6.156	0.000166
	tax_legislative_reforms	0.303	0.030	10.00	0.000003E-8
	tax_education	0.082	0.031	2.637	0.006089
	SAR_TE	0.028	0.012	2.435	0.013
	TAR_TE	0.070	0.010	6.931	0.00012E-8
	TLR_TE	0.169	0.065	2.600	0.009581

Source: Researcher (2023)

Hypotheses Tests

The first null hypothesis was that system automation reforms have no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. The null hypothesis is rejected since systems automation reforms was found to have significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. $p=0.00321<0.05$

The second null hypothesis was that tax administration reforms have no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. The null hypothesis is rejected since Tax administration reforms has positive and significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. $p=0.000166<0.05$.

The third null hypothesis was that tax legislation reforms has no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. The null hypothesis is rejected since Tax legislation reforms has significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. $p=0.000003$ E-8<0.05

The study examined the impact of taxpayer education on rental income tax compliance among property owners in Dagoretti North, Nairobi County, Kenya. Specifically, it investigated whether taxpayer education had a moderating effect on the relationship between system automation reforms and tax compliance. The null hypothesis (H_{04a}) posited that there would be no statistically significant moderating effect.

Nevertheless, the study rejected this null hypothesis. The findings revealed that taxpayer education does have a significant moderating effect on the relationship between system automation reforms and rental income tax compliance. The p-value of 0.013, which is less than the significance level of 0.05. Figure 4.3 indicates that taxpayer education significantly affects the relationship between systems automation and rental income tax compliance

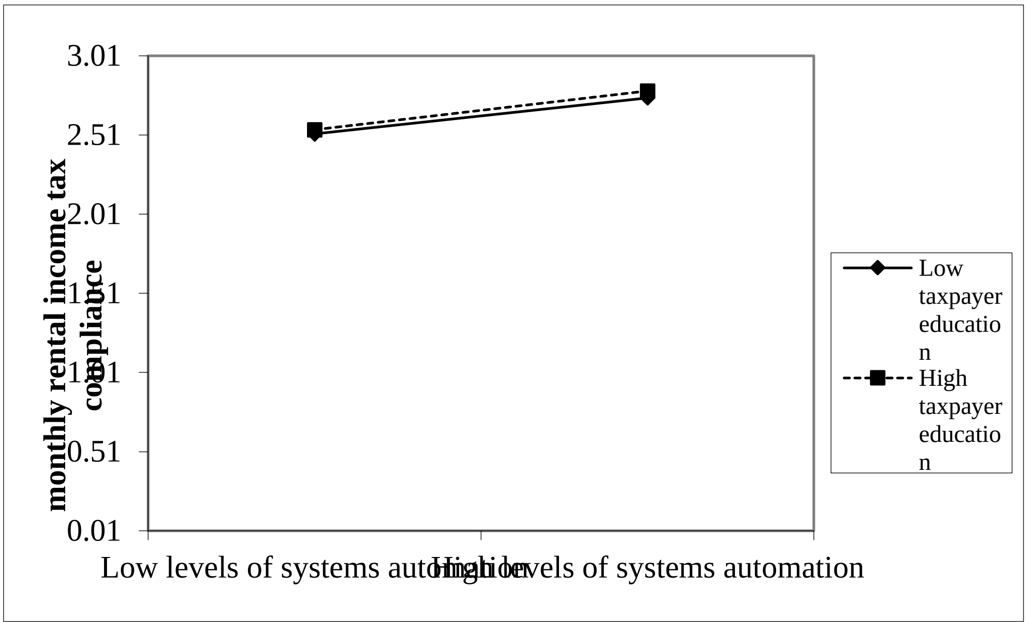

Figure 4.3: Moderating effect of taxpayer education on relationship system automation reforms on rental income tax compliance
Source: Researcher (2023)

Hypothesis H_{04b} states that there is no statistically significant moderating effect of taxpayer education on the relationship between tax administration reforms and rental income tax compliance.

However, the study rejects this null hypothesis since the study results indicates that taxpayer education significantly moderates the relationship between tax administration reforms and rental income tax compliance. The p-value of 0.00012 E-8, which is significantly less than the conventional significance level of 0.05, supports this decision.

Figure 4.4 indicates that taxpayer education significantly affects the relationship between tax administration and rental income tax compliance and that taxpayer education slightly improves the effects of tax administration on rental income tax compliance

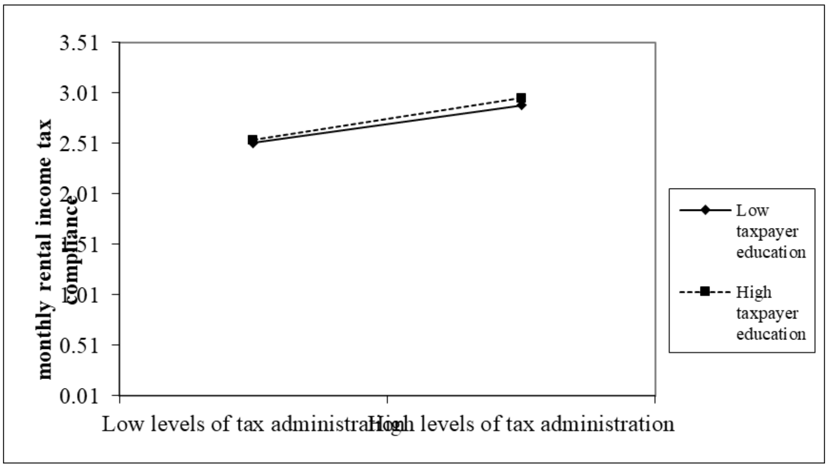

Figure 4.4: Moderating effect of taxpayer education on relationship tax administration on rental income tax compliance
Source: Researcher (2023)

Lastly the Hypothesis H_{04c}: states that there is no statistically significant moderating effect of taxpayer education on the relationship between tax legislative reforms and rental income tax compliance.

However, the study rejects this null hypothesis since the study findings indicates that taxpayer education significantly moderates the relationship between tax legislative reforms and rental income tax compliance. The p-value of 0.009581, which is significantly less than 0.05,

Figure 4.5 indicates that taxpayer education significantly affects the relationship between tax legislative reforms and rental income tax compliance and that taxpayer education slightly improves the effects of tax legislative reforms on rental income tax compliance

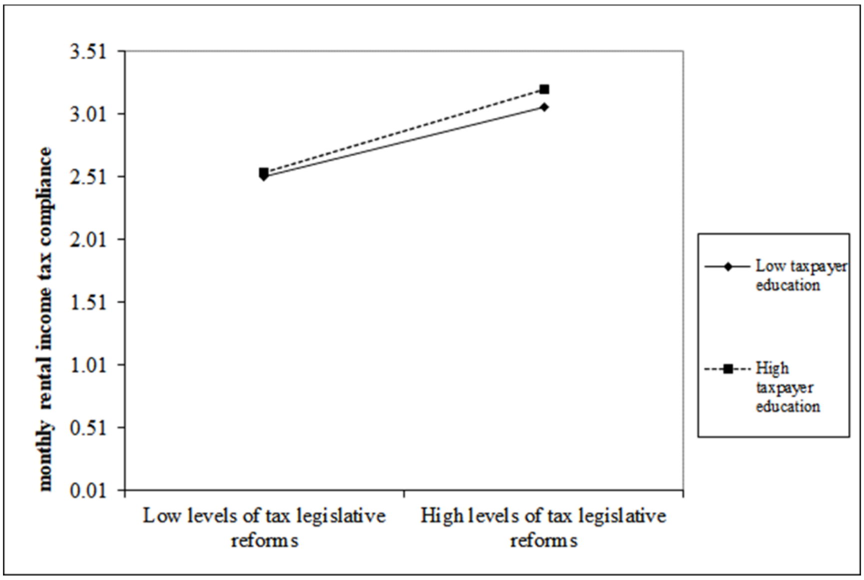

Figure 4.5: Moderating effect of taxpayer education on relationship tax legislative reforms on rental income tax compliance
Source: Researcher (2023)

A summary of the hypotheses testing was expressed on table 4.22.

Table 4.22: Hypotheses testing

Hypothesis	P-value	Decision
H_{01}: System automation reforms have no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.	0.00321	Reject **H_{01}**
H_{02}: Tax administration reforms have no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.	0.000166	Reject **H_{02}**
H_{03}: Tax legislation reforms has no significant effect on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.	0.000003 E-8	Reject **H_{03}**
H_{04a}: There is no statistically significant moderating effect of taxpayer education on relationship system automation reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.	0.013	Reject **H_{04a}**
H_{04b}: There is no statistically significant moderating effect of taxpayer education on relationship tax administration reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya	0.00000 E-8	Reject **H_{04b}**
H_{04c}: There is no statistically significant moderating effect of taxpayer education on relationship tax legislative reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya	0.009581	Reject **H_{04c}**

Source: Researcher (2023)

Discussion of findings

This section provides a discussion of findings.

System automation reforms of rental income tax compliance

The first specific objective was to determine the effect of system automation reforms of rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya.This variable has a moderate positive correlation with rental income tax compliance Pearson Correlation (r): 0.533, p-value (Significance): 0.042 The regression model study findings indicated a positive and significant effect of system automation reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya $\beta=0.118$, p-value=0.00321.. The positive correlation indicates that as system automation reforms increase, rental income tax compliance tends to improve. This aligns with the objective of assessing the impact of automation on tax compliance. The statistically significant p-value ($p = 0.042$) suggests that this relationship is not likely due to chance. Government ministries, departments and state-owned enterprises have taken advantage of automation in a bid to improve revenue collection. Gituma (2017) report a significant and positive relationship between automation and revenue performance at Kenya Revenue Authority after the introduction of the Simba system.

Tax administration reforms on rental income tax compliance

The second specific objective was to establish the effect of tax administration reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Tax administration reforms exhibit a strong positive correlation with rental income tax compliance Pearson Correlation (r): 0.579 p-value (Significance): 0.041. The regression model study findings indicated a positive and significant effect of tax administration reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya $\beta=0.197$, p-value=0.000166. This suggests that as tax administration reforms improve, rental income tax compliance tends to increase. This finding is in line with the objective of evaluating the influence of administrative changes on tax compliance. The low p-value ($p = 0.041$) indicates that this relationship is statistically significant. A study by Kim and Kim (2018) which concluded that. Despite introducing the same tax administration reforms, the study notes that Tanzania achieved better outcomes inform of tax performance and quasi voluntary compliance. Nonetheless, it is noted that in both cases, administrative tax reforms positively influence the level of tax compliance.

Tax legislative reforms on rental income tax compliance

The third specific objective was to determine the effect of tax legislative reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya Tax legislative reforms show a low correlation with rental income tax compliance. Pearson Correlation (r): 0.241, p-value (Significance): 0.000. The regression model study findings indicated a positive and significant effect of tax legislative reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya $\beta=0.303$, p-value=0.000003E-8. The Furthermore, the p-value indicates that this correlation is not statistically significant. This means that changes in tax legislation do not appear to have a substantial impact on rental income tax compliance. This result does not align with the objective of evaluating the impact of legislative changes on compliance. Kariba (2021) concurs with the study which indicated that the policy tax reforms had positively influenced tax compliance and tax revenues at Kenya Revenue Authority. Conceptually, gaps emerge in that the study considered only the policy dimension of reforms and left out administrative and technical aspects of reform

Taxpayer education on the relationship between tax reforms and rental income tax compliance

The fourth specific objective was to determine the moderating effect of taxpayer education on relationship between system automation reforms, tax administration reforms, tax legislative on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Taxpayer education exhibits a strong positive correlation with rental income tax compliance Pearson Correlation (r): 0.698, p-value (Significance): 0.020. The regression model study findings indicated a positive and significant effect of taxpayer education reforms on rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya β=0.082, p-value=0. 000.This suggests that as taxpayer education increases, rental income tax compliance tends to rise significantly. This finding is consistent with the objective of examining the role of education in tax compliance. The low p-value ($p = 0.020$) indicates that this relationship is statistically significant. The moderating effect of tax education was further investigated and the findings showed that there was a statistically significant moderating effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti north, Nairobi County, Kenya. Since all the p values of all the interaction terms for system automation and tax education β=0.028, p-value=0.000, for tax administration reforms and tax education β=0.070, p-value=0.000 and lastly interaction between tax legislative and tax education β=0.169, p-value=0.000. Machogu and Amayi, 2013). Khalfan (2010) cocured the government should increase the number of seminars and workshops on tax issues and issue guidebooks to enhance tax reforms in a bid to improve compliance

VI.Summary, Conclusion And Recommendations

Introduction

Within this section of the report, you will encounter a succinct summary of the research findings, the formulation of conclusions, and the offering of recommendations that are in accord with the study's objectives. Furthermore, this chapter puts forward potential directions for future research endeavors.

Summary of findings

The summaries of findings of the research are;

System Automation Reforms

The research sought to determine the effect of system automation reforms on rental income tax compliance. A moderate positive correlation was found, indicating that as system automation reforms increase, tax compliance tends to improve. This aligns with the study's objective of assessing the impact of automation on tax compliance.

Tax Administration Reforms

The study aimed to establish the effect of tax administration reforms on rental income tax compliance. A strong positive correlation was observed, suggesting that improved tax administration leads to increased tax compliance, in line with the objective of evaluating administrative changes' influence on tax compliance.

Tax Legislative Reforms

The impact of tax legislative reforms on tax compliance was examined, but a low correlation and non-significant p-value indicated that changes in tax legislation do not significantly affect rental income tax compliance. This result doesn't align with the objective of evaluating the impact of legislative changes on compliance.

Taxpayer Education

The study aimed to determine the moderating effect of taxpayer education on the relationship between tax reforms and tax compliance. A strong positive correlation was found, indicating that as taxpayer education increases, tax compliance tends to rise significantly. This supports the objective of examining the role of education in tax compliance. Moreover, the study confirmed a statistically significant moderating effect of taxpayer education on the relationship between tax reforms and tax compliance.

The study revealed that system automation reforms and tax administration reforms have positive effects on tax compliance, taxpayer education plays a crucial role, while tax legislative reforms appear to have minimal impact in this context.

Conclusions

In accordance with the study's general objective, which was to investigate the moderation effect of taxpayer education on the relationship between tax reforms and rental income tax compliance among property owners in Dagoretti North, Nairobi County, Kenya, several specific objectives were set, and hypotheses were formulated. The study findings and analyses led to the following conclusion:

The first specific objective sought to determine the effect of system automation reforms on rental income tax compliance. The results revealed a moderate positive correlation, indicating that as system automation reforms increase, rental income tax compliance tends to improve. Furthermore, the analysis of the regression model provided additional support for a positive and significant effect of system automation reforms on tax compliance. This aligns with the study's objective of assessing the impact of automation on tax compliance.

The second specific objective aimed to establish the effect of tax administration reforms on rental income tax compliance. The findings indicated a strong positive correlation between tax administration reforms and tax compliance. Additionally, the regression analysis confirmed a positive and significant effect of tax administration reforms on tax compliance. This finding is consistent with the objective of evaluating the influence of administrative changes on tax compliance.

The third specific objective sought to determine the effect of tax legislative reforms on rental income tax compliance. However, the results revealed a low correlation and a non-significant p-value, indicating that changes in tax legislation do not significantly affect rental income tax compliance. This outcome does not align with the objective of evaluating the impact of legislative changes on compliance.

The fourth specific objective aimed to determine the moderating effect of taxpayer education on the relationship between various tax reforms and rental income tax compliance. The findings showed that taxpayer education exhibits a strong positive correlation with tax compliance, and the regression analysis confirmed a positive and significant effect of taxpayer education on compliance. Moreover, the study revealed a statistically significant moderating effect of taxpayer education on the relationship between tax reforms and tax compliance, with the interaction terms showing significant coefficients.

Recommendations

The positive correlation between system automation reforms and tax compliance suggests that policy makers, such as the KRA and the Treasury Ministry, should consider further investments in technology-driven tax systems. Automating tax processes can streamline reporting and payment, reduce opportunities for tax evasion, and enhance overall compliance.

Academics should continue to explore and develop theories related to the impact of technology on tax compliance to guide policy and practice.

The strong correlation between tax administration reforms and tax compliance emphasizes the importance of effective tax administration. Policy makers should prioritize improving administrative processes, enhancing taxpayer services, and strengthening enforcement mechanisms. Academics should engage in research to better understand the specifics of effective tax administration and contribute to the development of tax compliance theories.

While the study found a low impact of tax legislative reforms on tax compliance, this should prompt policy makers, particularly in the Parliament, to review and assess the relevance of existing tax legislation. Consideration should be given to simplifying and clarifying tax laws to make them more comprehensible to taxpayers, potentially leading to increased compliance. Academics can delve into the theoretical foundations of tax legislation and its impact on tax behavior.

The strong correlation and moderating effect of taxpayer education on tax compliance highlight the significance of taxpayer education programs. Policy makers, including the KRA and the Treasury Ministry, should expand and improve taxpayer education initiatives. These should include providing resources, workshops, and outreach efforts to enhance taxpayers' understanding of their obligations. Academics should further study the theories and strategies related to taxpayer education and contribute to the development of effective educational models.

Collaborative research among economists, tax experts, psychologists, and educators is essential for a holistic understanding of tax compliance. Academics should engage in interdisciplinary research to explore the interplay between economic theories, psychological factors, educational theories, and tax compliance. This can lead to a more comprehensive understanding of tax compliance and the development of multifaceted strategies.

Policy makers, particularly the KRA, should continuously monitor the impact of their initiatives and reforms. Regular evaluations and data-driven decision-making will help in identifying areas for improvement and making necessary adjustments to policy and enforcement.

Policy makers should collaborate with academics to ensure that tax legislative reforms align with academic theories and research findings related to tax compliance. This collaborative approach can lead to more effective policy development.

Limitations of study

Limited Sample Size: The sample size of the questionnaire, which consisted of 226 respondents, is relatively small, especially when examining the impact of multiple independent variables on tax compliance. A larger sample size would provide more statistical power and a better representation of the population. The findings from a small sample may not be generalizable to a broader population of property owners in other regions or countries.

Low Variation in Independent Variables: The study encountered limited variation in some of the independent variables, particularly in the case of tax legislative reforms. The low variability in these variables can make it challenging to identify significant effects on the dependent variable, as the limited range of values can restrict the ability to detect meaningful relationships. This may result in an underestimation of the true impact of these variables on tax compliance.

Self-Reported Data: The study relied on self-reported data from respondents, which can be subject to biases and inaccuracies. Participants may not always provide entirely accurate information, potentially affecting the reliability of the data. Moreover, social desirability bias may lead participants to overstate their tax compliance.

Context Specific: The study was conducted in a specific region, Dagoretti North, Nairobi County, Kenya. The findings may be influenced by the unique economic, cultural, and regulatory context of this area. Therefore, the generalizability of the results to other regions or countries may be limited.

Excluded Variables: The study focused on a specific set of independent variables (system automation reforms, tax administration reforms, tax legislative reforms, and taxpayer education). Other potentially relevant factors that could influence tax compliance, such as cultural factors, economic conditions, or social influences, were not included in the analysis.

Suggestions for further research

Expanding the scope of the study to include multiple regions within Kenya or even other countries would enable a comparative analysis of the impact of tax reforms and taxpayer education on tax compliance. Such a study could reveal regional variations and their underlying factors.

Investigating the effectiveness of different channels for taxpayer education, such as workshops, digital resources, or community outreach programs, would help identify which methods are most successful in enhancing tax compliance. This research could inform the development of tailored taxpayer education strategies.

It is suggested that further research focusing on components of tax reforms like e-filing systems, simplified tax codes, or property assessment methods) and their isolated effects on compliance could yield valuable insights into which reform aspects have the most significant impact.

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