Effect of Tax Knowledge on Pay as You Earn (PAYE) Tax Compliance Among Micro, Small, and Medium Enterprises (MSMEs) in Ruiru Town

Michael Ikonya Njihia[1*], Dr. Joel Tenai[2], Dr. Bernard Biamwera[3]
[1,3]Tax Administration, Kenya School of Revenue Administration
[2]School of Business and Economics, Moi University
Corresponding Author Email: njihia.michael@yahoo.com

Abstract

Tax compliance is an important government policy for Kenya, as tax revenue is the single largest source of government revenue. According to KRA reports, the informal sector employs around 15 million people and represents 83% of the country's total labour force, and has tremendous revenue potential. However, despite there being many administrative reforms to enhance tax compliance, the PAYE compliance level has remained low, with KRA falling short of meeting the revenue collection targets for the past three years. Particularly, in the Ruiru town in April 2020 report, a total of 220 SMEs that are registered filed nil returns, while others did not file the returns at all. The overall goal of this research was to determine the effect of tax knowledge on Pay as You Earn (PAYE) tax compliance among micro, small, and medium-sized businesses in Ruiru Town. The study was influenced by Vroom's expectancy theory. The study's target population consisted of 597 micro, small, and medium firms in Ruiru Town. The specific responders were the managers of SMEs. The sample size was 239 managers of SMEs in Ruiru Town, chosen using stratified and purposive sampling methods. This study used primary data obtained through the use of a questionnaire. Quantitative data were analyzed using both descriptive and inferential statistics. Descriptive statistics included mean, standard deviation, percentages, and frequencies. To demonstrate the relationship between variables, inferential statistics such as regression and correlation analysis were performed. The statistical program for social sciences (SPSS version 22) was used to compute and analyze research results. The study discovered that knowledge had a favorable and significant impact on pay-as-you-earn tax compliance among micro, small, and medium-sized businesses in Ruiru Town. In order to boost tax compliance and, consequently, government revenue generation, the research recommended that measures be made to enhance taxpayer knowledge. In order for business owners to be aware of the legal and technical facets of tax administration, the Kenyan government should also make sure that they receive adequate training on the tax system.

Keywords: *Tax Knowledge Pay as You Earn (PAYE), Tax Compliance, Micro, Small, and Medium Enterprises*

1. Introduction

Taxation is a mechanism that encourages citizens and the government to be more accountable for enacting measures that could reduce inequality in any nation (Dibie & Raphael, 2020). Personal income tax is administered by the state government in connection with Pay-As-You-Earn (PAYE) and direct taxation (self-assessment) for independent contractors. According to Obutor and Iyere (2022), taxpayers can attain the goals of compliance by accurately filing their tax returns and paying the correct amount of taxes, which will enable them to reach an adequate compliance level. The current study focused on Pay-As-You-Earn (PAYE) compliance.

PAYE (Pay as You Earn) compliance refers to the extent to which employers comply with the regulations governing the withholding and remittance of income taxes from their employees' salaries (KRA, 2023). The PAYE system applies to all employees who receive a salary or wage, including those in the private and public sectors. Employers are required to register with the KRA and obtain a tax PIN identification number (PIN) for their employees. Failure to comply with this requirement may result in penalties and legal action against the employer (Income Tax Act, CAP 470).

In many countries, employees pay their taxes with their paychecks; however, investors in the informal sector often have to figure out how much money they made, declare it, and pay taxes "out of their pocket." Payroll, income, and property taxes are only a few of the many forms of business taxes that they must pay in addition to their PAYE. When they have employees, they are additionally liable for withholding taxes, such as personal income taxes and value-added taxes. There will always be a revenue shortfall for the government if PAYE tax compliance is poor (Mengere, 2018). In an effort to boost government revenue collection, Kenya implemented the PAYE system in 1973. This system was designed to replace the previous system, which allowed taxpayers to submit annual tax returns and pay their taxes in one lump sum. The PAYE system was implemented to ensure that taxes were paid in a timely manner rather than waiting for an entire year (IRS, 2020).

According to Tilahun (2019), a number of factors affect whether or not taxpayers pay their fair share of taxes. As the tax system gets more intricate, the expense of complying also rises. Taxpayers must seek assistance from outside experts and undergo further training to comply with the intricate tax systems (Musimenta, 2020). When it comes to elucidating the internal costs of compliance, additional knowledge requirements work better than external expenses. In addition, attitudes towards tax compliance are thought to be heavily influenced by one's level of tax knowledge (Fauziati et al., 2020). Aspects that are covered include taxpayers' comprehension of withholding VAT legislation, their desire to comply, and the significance of taxes for the advancement of the country. Knowledge is classified according to the kind of education one has acquired, whether it be formal or informal, and how much one knows about ways to avoid paying taxes. Since people will always comply when they know what is expected of them, knowing one's tax obligations is critical (Kirchler et al., 2018).

Initiatives to enhance PAYE compliance have been implemented by the KRA, the government agency charged with collecting taxes, including electronic filing and payment systems, taxpayer education, and audits of tax compliance. However, compliance rates remain poor, and the KRA has recorded large revenue losses as a result of employer noncompliance (KRA, 2021). Employer noncompliance with PAYE requirements has resulted in considerable revenue losses for the Kenyan government. The KRA reported a KES 24.5 billion ($225

million) deficit in PAYE income collection in 2020 owing to employer noncompliance. (KRA, 2021). The epidemic of COVID-19 has had a considerable influence on PAYE compliance in Kenya, with many companies encountering financial difficulties and being unable to satisfy their tax responsibilities (KRA, 2021).

In Kiambu County, the county government has continued to complain of low tax compliance, especially amongst the SMEs. More than 23% of the registered businesses in Kiambu County did not file their taxes in the year 2020 (Kiambu County, 2021). In addition, more than 36% of the SMEs in Kiambu County evaded income tax in the year 2021 (Kiambu County Report, 2022). Further, Ruiru Subcounty in Kiambu county has recorded the highest number of SMEs that are evading taxes. In 2022, only 46% of the SMEs filed their reports (KRA Report, 2023).

1.1 Problem Statement

Tax evasion is detrimental to the economy since taxes affect various aspects of it, such as the growth of businesses and the building industry (Adhiambo, 2019). According to Obutor and Iyere (2022), taxpayers can attain the goals of compliance by accurately filing their tax returns and paying the correct amount of taxes, which will enable them to reach an adequate compliance level. According to KRA reports, the informal sector employs around 15 million people and represents 83% of the country's total labour force, has tremendous revenue potential, and should be made easier to comply with (KRA, 2023).

The level of PAYE compliance has stayed low despite numerous administrative modifications aimed at improving tax compliance. In the financial year 2022/2023, PAYE collection was Ksh 494,904 billion against a target set by the treasury of Ksh 511,104 billion, thus falling short by Ksh 16,199 billion. In the financial year 2023/2024- first quarter, PAYE collection was Ksh 123,044 billion against a target set by the treasury of Ksh 142,928 billion, thus falling short by Ksh 19,884 billion (KRA, 2023). Similarly, in the second quarter, the targets were also not met the PAYE collection was 256,302 billion versus a target of 312,803 billion, thus failing short by 48,859 billion (KRA, 2024). In Ruiru town, in the month of April 2020 report, a total of 220 SMEs that are registered filed nil returns, while others did not file the returns at all (KRA Report, 2023).

The primary focus of Musimenta's (2020) research in Uganda was tax complexity, knowledge demands, compliance costs, and compliance. The study's use of cross-sectional and correlational research designs, as well as VAT-registered withholding agents, exposed a methodological gap. This research employed an explanatory research design. Cherop (2020) investigated the variables that affect tax compliance in Kenya's informal sector, specifically looking at small and medium-sized enterprises (SMEs) in Machakos County. However, there was a lack of context since the study only looked at medium and small businesses in Machakos County. This study sought to find out the effect of tax knowledge on pay-as-you-earn tax compliance among micro, small, and medium enterprises in Ruiru Town.

1.2 Research Objective

To determine the effect of tax knowledge on Pay as You Earn (PAYE) tax compliance among micro, small, and medium enterprises (MSMEs) in Ruiru Town.

1.3 Research Hypothesis

H_0: There is no significant effect of tax knowledge on pay-as-you-earn tax compliance among micro, small, and medium enterprises in Ruiru Town.

2. Literature Review

2.1 Theoretical Review

The study was guided by Vroom's Expectancy Theory. Vroom came up with this notion in 1964. According to Vroom (1964), an anticipation is a fleeting belief in the probability of a result followed by a deliberate action. It posits that, to maximize pleasure and minimize suffering, action is the result of choosing one option among others. Personal factors, including a worker's temperament, skill set, knowledge, and experience, all have a role in an employee's level of success, according to Vroom's research. This theory proposes an explanation for the inner workings of desire or choice. The procedures an entity follows to conclude are defined by this. As a process that is under the control of the individual, Vroom characterized motivation as a system that regulates the selection of certain kinds of voluntary actions. The individual bases their choices on their best guesses as to how likely it is that a particular course of action will produce the desired results or bring them about. Participants are motivated to exert a specific amount of effort when they have faith that their efforts will yield a desired result (Hester & Adams, 2014).

According to Lunenburg (2011), there are four underlying assumptions of the expectation theory. One presumption is that institutions share expectations about their requirements, driving forces, and prior experiences. A second assumption is that people choose their actions consciously. A third presumption is that individuals/organizations want diverse things from the organization/regulatory authority. Fourthly, people/organizations will choose between alternatives to personally maximize outcomes.

The theory's relevance to the study indicates that taxpayers will be more inclined to pay their fair share of taxes if they think doing so would result in benefits that meet some of their most urgent needs (Gaffney, 2018). The government should provide seminars, workshops, media, and stakeholder sensitization to help small and medium-sized enterprises (SMEs) understand their tax obligations. Tax education has the potential to educate taxpayers on taxes, which in turn can influence their attitudes towards compliance, increase their motivation to pay their taxes, and ultimately lead to economic development, which in turn improves their standard of living (Murgaš & Böhm, 2015).

Thus, tax knowledge is an independent variable that is informed by this theory, while PAYE compliance is a dependent variable. Theoretically, it is necessary to provide taxpayers with information that encourages them to pay their fair share. According to Vroom's expectation theory, a direct correlation exists between SMEs' tax awareness and their compliance with tax laws.

2.2 Empirical Review

Mambori's (2020) study found a weak but significant positive link between SMEs' knowledge and tax compliance. The outcomes of a study by Pertiwi et al. (2022) indicate that tax awareness influences MSMEs' adherence to tax regulations. Tax knowledge improves taxpayer compliance and makes it simpler for people to fulfill their tax obligations.

According to Mubarokah et al. (2020) focused on tax awareness as an effect on taxpayer non-compliance in KP2KP Bumiayu Brebes, another study indicated that "taxpayer knowledge does not affect compliance" (Lesmana & Setyadi, 2020). Inadequate tax awareness is caused by respondents' lack of formal education and informal knowledge, both of which have a limited

effect on expanding tax laws. Since there is still a gap in prior research findings, the effect of this tax knowledge variable on compliance levels requires additional investigation.

The impact of taxpayers' degree of tax knowledge on their compliance was the focus of a study by Suriyadi and Hani (2024). At KPP Pratama Binjai, this figure shows a correlation between tax knowledge and tax compliance. The stronger the taxpayer's awareness, the greater their devotion to KPP Pratama Binjai. Furthermore, the above results are inconsistent with the research undertaken by Lesmana & Setyadi (2020), which revealed that tax education does not affect tax payments.

Amin et al. (2022) use tax education at colleges to investigate how tax knowledge might increase taxpayer compliance in Malaysia. The descriptive methodology used in this study is questionnaires. The findings show that one element influencing a country's degree of tax compliance is tax awareness. While the other study was conducted in Malaysia, this one was undertaken in Kenya.

According to a study by Kehelwalatenna and Soyza (2020) on the factors that influence tax compliance behavior, a significant amount of the tax compliance behavior of individual taxpayers in Sri Lanka can be explained by factors like the tax rate, fines and penalties, and the fairness and transparency of the tax system. Additionally, it was found that tax education and awareness lessen the influence of the above-listed factors on the tax compliance behavior of individual taxpayers. There is a conceptual and contextual gap because this study was carried out in Sri Lanka, but the current study will be carried out in Kenya.

Hauptman et al. (2024) examined tax compliance in Slovenia by measuring people's understanding of taxes and their perceptions of how fair they are. Gender and settlement size disparities were the primary foci of the study's evaluation of Slovenian taxpayers' tax knowledge and perceptions of justice. In order to accomplish this, we adjusted the questionnaire and the sampling processes such that they would yield early results. To better understand the association between gender, tax awareness, and other demographic factors, future studies should use a stratified random sample and enhance the questionnaire.

Based on behavioural economics theory, Vincent's (2021) study used paper-and-pencil survey devices to gather data from 392 individuals throughout all of Nigeria's geographic zones. According to the study's findings, there might not be a significant correlation between tax compliance behavior and factors including tax knowledge, tax attitude/perception, tax deterrence sanction, tax non-compliance opportunity, tax system complexity, and compliance cost and rate. A number of economic and behavioral variables impact tax compliance behavior, according to the study's main conclusion. The paper states that having access to reliable tax information is a key component in determining tax compliance.

Individual taxpayers' tax compliance behavior in Romania was investigated by Trifan, Szentesi, Cuc, and Pantea (2023). Here are the nine factors that contribute to tax compliance: a fair system, confidence in government and tax authorities, openness and efficiency in government spending, familiarity with tax laws, ease of understanding tax laws, individual financial limitations, moral and ethical standards, social context, and coercive measures. The study, which focused on developing countries, identified a number of factors that encourage people to pay their fair amount of taxes. To test the research hypotheses, 402 individual taxpayers were polled using quantitative data analysis methods such as partial least squares-structural equation modeling. According to the study, there are seven factors that greatly

enhance the likelihood of tax compliance among individuals: a just tax system, faith in the government and tax authorities, understanding of the laws and regulations, limited personal finances, threats of punishment, ethical principles, and clear and straightforward laws and regulations.

The purpose of the study by Dewi Anggadini, Lnu, Bramasto, and Fahrana (2022) was to identify the most important elements influencing taxpayer compliance, as well as to modernize tax administration and raise taxpayer awareness. Descriptive and confirmatory analyses were conducted using a quantitative technique in this study. Multiple samples were comprised of 100 respondents. Evidence from this study shows that elements, including taxpayer awareness, tax knowledge, and the modernization of the tax administration system, are interdependent on one another and contribute to taxpayer compliance in tax settlement. One may conclude that Tax Knowledge greatly improves Taxpayer Compliance. There was a marked improvement in taxpayer compliance following the system's upgrade. Compliance with tax obligations in Indonesia saw a marked improvement after taxpayer education efforts.

To examine and debate tax knowledge as a component impacting tax compliance, Bornman and Ramutumbu (2019) established a conceptual framework of tax knowledge. The framework's constructs were identified by searching relevant literature for terms related to tax knowledge. The next step was to put the suggested framework to the test using theme analysis on secondary interview data regarding the tax difficulties faced by small company owners. There are three parts to tax knowledge: general, procedural, and legal. The three main categories of tax knowledge are general knowledge, which is necessary for fiscal awareness, procedural knowledge, which is necessary for understanding tax compliance procedures, and legal knowledge, which is necessary for comprehending rules.

Research by Newman and Nokhu (2018) on a number of Zimbabwean SMEs found that while the SMEs in question had a passing familiarity with tax principles, they lacked a thorough comprehension of the distinctions between income-based and presumptive taxes. Nonetheless, their level of noncompliance is unaffected by this outcome, suggesting that tax knowledge does impact tax compliance. Tax tariff and corruption concerns, according to Newman and Nokhu (2018), need to be addressed seriously if we want to see an improvement in tax compliance. According to research on Kenyan export processing zones (EPZs) by Bernard, Memba, and Oluoch (2018), taxpayers' tax knowledge is strongly correlated with their understanding and compliance with tax rules and regulations. Employers who provide their workers with education and training in taxation are more likely to voluntarily meet their tax responsibilities in accordance with the laws and regulations that are in effect.

The suitability and efficacy of Malaysian citizens' tax knowledge were questioned when Amin, Buhari, Yaacob, and Iddy (2022) tried to explain why the country's compliance rate has consistently been low. This study aimed to assess whether tax education programs at universities are necessary from the viewpoint of the students themselves. A quantitative method was employed in the paper by collecting data from 208 respondents using surveys. One of the characteristics that affected the degree of tax compliance in a given country was found to be tax awareness, according to the results.

3. Methodology

The study's target population consisted of 597 micro, small, and medium firms in Ruiru Town. The specific responders were the managers of SMEs. The sample size was 239 managers of

SMEs in Ruiru Town, chosen using stratified and purposive sampling methods. This study used primary data obtained through the use of a questionnaire. Quantitative data were analyzed using both descriptive and inferential statistics. Descriptive statistics included mean, standard deviation, percentages, and frequencies.

4. Results and Discussion

4.1 Descriptive Analysis

4.1.1 Tax Knowledge

Descriptive outcomes for tax knowledge are presented in Table 1.

Table 1: Tax Knowledge

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	std.dev
SMEs know which earnings to include and which to exclude when determining taxable income.	9.40%	4.20%	21.90%	26.00%	38.50%	3.80	1.26
SMEs can submit the real income received from various sources to KRA.	9.90%	13.00%	16.10%	33.30%	27.60%	3.56	1.29
SMEs can retain documents and records related to numerous transactions.	8.30%	5.20%	12.50%	37.50%	36.50%	3.89	1.20
SMEs are informed of current tax legislation and developments.	10.40%	1.00%	11.50%	27.10%	50.00%	4.05	1.26
KRA should educate and inform SMEs about the importance of tax compliance.	9.90%	12.00%	17.20%	39.10%	21.90%	3.51	1.24

The findings revealed that 64.5% of respondents agreed that when determining taxable income, SMEs are aware of which earnings to omit and which to include (mean=3.80, standard deviation=1.26). This means that SMEs in Ruiru are well aware of the income streams they must ignore.

The results also revealed that 60.9% of the respondents agreed that SMEs can declare the actual income received from various sources to KRA (mean=3.56, standard deviation=1.29). This indicates that SMEs in Ruiru town can declare multiple KRA sources. Further results revealed that 74.0% of respondents agreed with the assertion that SMEs can retain documentation and records relevant to various transactions (mean=3.80, standard deviation=1.26). This assumes that most SMEs in Ruiru town can keep track of the transactions they have completed. Furthermore, 77.1% of respondents agreed that SMEs are aware of existing tax regulations and advancements (mean=4.05, standard deviation=1.26). This indicates that SMEs in Ruiru town are fully aware of current tax regulations and trends. Further analysis found that 61.0% of participants agreed that KRA should train and improve tax awareness among SMEs about the importance of tax compliance (mean=3.51, SD=1.24).

4.1.2 PAYE Compliance

Descriptive outcomes for PAYE compliance are presented in Table 2.

Table 2: PAYE Compliance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	std.dev
The organization files return accurately	24.00%	15.10%	2.10%	33.90%	25.00%	3.21	1.55
The organization files return on time	19.80%	10.90%	3.10%	38.50%	27.60%	3.43	1.49
The organization files the correct returns	19.30%	6.80%	3.10%	33.90%	37.00%	3.62	1.51
Every record, including TB, is current, as are journals and ledgers.	17.70%	6.20%	3.10%	37.50%	35.40%	3.67	1.46
The organization is listed in the KRA system as a taxpayer.	17.70%	1.60%	8.30%	25.00%	47.40%	3.83	1.48

The results showed 58.9% of the respondents agreed with the assertion that the organization's files returned accurately (mean=3.21, standard deviation=1.55). This means that more than half of the SMEs in Ruiru town were able to file proper taxes. Further results revealed that 66.1% of respondents agreed with the assertion that the organization's files are returned on time (mean=3.43, standard deviation=1.49). This means that more than half of the SMEs in Ruiru town were able to file returns on time. Furthermore, the results showed that the respondents, 70.9%, agreed with the assertion that the organization files the correct returns (mean = 3.62, standard deviation = 1.51). This means that more than half of the SMEs in Ruiru town filed their returns accurately. Additional findings showed that 72.9% of respondents (mean=3.67, std.dev=1.46) agreed with the assertion that all records, including journals, ledgers, and TB, are updated. Additionally, the results showed that 72.4% of respondents (mean=3.83, standard deviation=1.48) agreed with the statement that the organization is registered as a taxpayer in the KRA system. This shows that the vast majority of Ruiru town's SMEs have registered with KRA.

4.2 Correlation Analysis

The correlation analysis appears to indicate the direction and degree of the relationship between the many variables that influence PAYE compliance.

Table 3: Correlation Analysis

		PAYE Compliance	Tax knowledge
PAYE compliance	r	1	
	P value		
Tax knowledge	r	.685**	1
	P value	0.000	

Table 3 demonstrates a positive and substantial link between tax knowledge and PAYE compliance (r = 0.685, p=0.000). This implies that tax knowledge changes in the same direction with PAYE compliance.

4.3 Regression Analysis

This study conducted a linear regression model to determine the effect of tax knowledge on the dependent variable (PAYE compliance).

Table 4: Regression of Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.520	0.384		3.956	0.000
Tax knowledge	0.538	0.058	0.524	9.287	0.000

According to Table 4, tax knowledge has a positive and significant effect on tax compliance (β_1=0.538, p=0.000). Based on these data, the null hypothesis was rejected because the p-value was less than the significance level of 0.05. This revealed that tax knowledge improves pay-as-you-earn tax compliance in micro, mid, and medium-sized businesses.

The null hypothesis was that there is no significant effect of tax knowledge on pay-as-you-earn tax compliance among micro, small, and medium enterprises in Ruiru Town. The study found tax knowledge has a positive and significant effect on pay as you earn tax compliance (p=0.000<0.05), and the null hypothesis was therefore rejected.

5. Conclusion

The study revealed that there is a statistically significant relationship between tax knowledge and pay-as-you-earn compliance tax among Ruiru Town's micro, small, and medium-sized firms. Increased knowledge of tax laws, the structure and operation of the tax system, simpler taxation regulations that are easy for non-professionals to understand, and easy access to tax rule information are all essential to promoting tax compliance.

6. Recommendations

In order to boost tax compliance and, consequently, government revenue generation, the research recommended that measures be made to enhance taxpayer knowledge. In order for

business owners to be aware of the legal and technical facets of tax administration, the Kenyan government should also make sure that they receive adequate training on the tax system. Small business owners can also get tax advice from tax professionals on a frequent basis to improve their tax compliance.

References

Adams, J. S. (2014). Towards an understanding of inequity. The journal of abnormal and social psychology, 67(5), 422.

Adhiambo, O. J. (2019). Factors affecting tax compliance among small-scale traders in Nakuru town, Kenya. *Postgraduate thesis*

Admin. (2021, September 21). *Managing KRA Audits*. UHY. Retrieved April 17, 2023, from https://uhy-ke.com/2021/09/27/1423/

Alya, N., & Iqbal, S. (2021). Pengaruh Pemeriksaan Pajak Terhadap Kepatuhan Wajib Pajak Badan Berdasarkan Ukuran Perusahaan. Jurnal Ilmiah Mahasiswa Fakultas Ekonomi Dan Bisnis Universitas Brawijaya, 9(2). https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/7143

Amin, S. N., Buhari, P. Z. A., Yaacob, A. S., & Iddy, Z. (2022). Exploring the Influence of Tax Knowledge in Increasing Tax Compliance by Introducing Tax Education at Tertiary Level Institutions. *Open Journal of Accounting*, *11*(2), 57-70.

Anto, L., Husin, H., Hamid, W., & Bulan, N. (2021). Taxpayer awareness, tax knowledge, tax sanctions, public service account ability, and taxpayer compliance. Accounting, 7(1), 49-58.

Bernard, O. M., Memba, F. S., & Oluoch, O. (2018). Influence of tax knowledge and awareness on tax compliance among investors in the Export Processing Zones in Kenya. International Journal of Scientific Research and Management (IJSRM), 06(10), 728–733. https://doi.org/10.18535/ijsrm/v6i10.em01

Bornman, M., & Ramutumbu, P. (2019). A conceptual framework of tax knowledge. Meditari Accountancy Research, 27(6), 823-839.

Bougie, R., & Sekaran, U. (2019). *Research Methods for Business: A Skill-Building Approach*. John Wiley & Sons.

Dewi Anggadini, S., Lnu, S., Bramasto, A., & Fahrana, E. (2022). Determination of individual taxpayer compliance in Indonesia: A case study. Journal of Eastern European and Central Asian Research, 9(1).

Dibie, R., & Raphael, D. (2020). Analysis of the determinants of tax policy compliance in Nigeria. *Journal of Public Administration and Governance*, *10*(2).

FIRS. (2020). Annual Report 2020. Retrieved from https://www.firs.gov.ng/TaxPayerService/AnnualReports

Gaffney, M. (2018). Corporate power and expansive US military policy. *American Journal of Economics and Sociology*, *77*(2), 331-417.

Hauptman, L., Žmuk, B., & Pavić, I. (2024). Tax Compliance in Slovenia: An Empirical Assessment of Tax Knowledge and Fairness Perception. Journal of Risk and Financial Management, 17(3), 89.

Hester, P. T., & Adams, K. M. (2014). The why of systemic thinking. In *Systemic Thinking* (pp. 125-153). Springer, Cham.

Income Tax Act, CAP 470 OF 1973

IRS. (2020). *A Conceptual Analysis of Pay-As-You-Earn (PAYE) Withholding Systems as a Mechanism for Simplifying and Improving U.S. Tax Administration*. Taxpayer Advocate Service. https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2020/11/ARC18_Volume2_01_PAYE.pdf

Kehelwalatenna, S., & Soyza, B. (2020). Determinants of Tax Compliance Behaviour: The Case of Sri Lankan Taxpayers. Global Review of Accounting and Finance, 11(1), 42-61.

Kirchler, E. (2007).*The economic psychology of tax behaviour*. Cambridge University Press.

Lesmana, A. L., & Setyadi, B. (2020). The effect of inspection, taxpayer knowledge, sanctions, and morality on the compliance of MSME taxpayers. Jurnal Akuntansi Dan Manajemen, 17(01), 01–15. https://doi.org/10.36406/jam.v17i01.323

Lunenburg, F. C. (2011). Expectancy Theory of Motivation: Motivating by Altering Expectations. International journal of management, business, and administration, 15(1), 1-6.

Mambori, G. L. (2020). Factors affecting the Tax Compliance of Small-scale traders in Voi Sub-County, Kenya.

Mubarokah, I., Priatnasari, Y., & Kridiyawati. (2020). Analysis of factors affecting taxpayer non-compliance (Case study at the Tax Service, Counseling, and Consultation Office <KP2KP> Bumiayu Brebes). Jurnal Penelitian Akuntansi, 1(1), 38–52.

Murgaš, F., & Böhm, H. (2015). Does economic growth improve the quality of life? *15th International Multidisciplinary Scientific GeoConference SGEM*, 213-220.

Musimenta, D. (2020). Knowledge requirements, tax complexity, compliance costs, and tax compliance in Uganda. *Cogent Business & Management*, *7*(1), 1812220.

Newman, W., & Nokhu, M. (2018). Evaluating the impact of tax knowledge on tax compliance among small and medium enterprises in a developing country. Academy of Accounting and Financial Studies Journal, 22(6), 1–14.https://www.abacademies.org/articles/Evaluating-the-Impact-of-Tax-Knowledge-on-Tax-Compliance-Among-Small-MediumEnterprises-1528-2635-22-6-302.pdf

Obutor, I., & Iyere, S. (2022). Taxpayers' education and tax compliance of the informal sector in Bayelsa State. *FUO Journal of Management Sciences*, *6*(1), 65-81.

Pertiwi, A. R., Iqbal, S., & Baridwan, Z. (2020). Effect of fairness and knowledge on tax compliance for Micro, Small, and Medium Enterprises (MSMEs). International Journal of Research in Business and Social Science (2147-4478), 9(1), 143-150.

Sari, N. W. (2021). The influence of e-billing and e-filing on compliance of individual taxpayers (Case Study at the Pratama Tax Office in Jakarta Duren Sawit). Jurnal Ilmiah Mahasiswa Akuntansi, 1(1), 47-59.

Sekaran, U. Bougie (2010). *Research Methods for Business: A Building Approach*.

Suriyadi, S., & Hani, S. (2024). The Influence of Tax Knowledge and Tax Examination on Taxpayer Compliance with Tax Sanctions as a Moderating Variable AT KPP Pratama Binjai. International Journal of Economics and Management, 2(01), 84-92.

Tilahun, M. (2019). Determinants of tax compliance: a systematic review. *Economics*, *8*(1), 1-7.

Trifan, V. A., Szentesi, S. G., Cuc, L. D., & Pantea, M. F. (2023). Assessing Tax Compliance Behavior among Romanian Taxpayers: An Empirical Case Study. SAGE Open, 13(3), 21582440231195676.

Vincent, O. (2021). Assessing SMEs tax non-compliance behaviour in Sub-Saharan Africa (SSA): An insight from Nigeria. Cogent Business & Management, 8(1), 1938930.

Vroom, V. H. (1964). Work and motivation. New York: John Wiley & Sons Ltd.