

Effect of Intrinsic Factors on Advance Tax Compliance in the Transport and Logistics Sector in Kenya: A Case of Public Service Motor Vehicle Owners in Kasarani Sub-County, Nairobi City County

Emilio Kibui Nderitu^{1*}, Peter Magero¹, Patrick Limo²

¹Department of Accounting and Finance, Kenya School of Revenue Administration, Kenya

²Moi University, Kenya

*Corresponding author email: emilionderitu@yahoo.com

Accepted: 29 July 2026 || Published: 07 September 2026

Abstract

Advance tax is a mandatory prepayment of income tax for commercial vehicle owners in Kenya and serves as an important mechanism for enhancing domestic revenue mobilization. However, compliance among Public Service Motor Vehicle (PSV) owners remains low despite regulatory requirements. This study examined the effect of intrinsic factors, specifically tax knowledge and tax enforcement, on advance tax compliance among Public Service Motor Vehicle owners in Kasarani Sub-County, Nairobi City County. The study adopted an explanatory research design targeting 725 PSV owners in Kasarani Sub-County. A sample of 257 respondents was selected using simple random sampling, yielding 212 valid responses. Primary data were collected using semi-structured questionnaires and analyzed using descriptive statistics and multiple regression analysis with SPSS. The findings revealed that tax knowledge had a positive and statistically significant effect on advance tax compliance ($\beta = 0.493$, $p < 0.05$), indicating that improved understanding of tax obligations, payment procedures, and deadlines enhances compliance. Tax enforcement also had a positive and significant effect on advance tax compliance ($\beta = 0.203$, $p = 0.05$), demonstrating that effective enforcement measures, including penalties, monitoring, and audits, promote compliance among PSV owners. The study concludes that both tax knowledge and tax enforcement significantly enhance advance tax compliance among PSV owners. It recommends that the Kenya Revenue Authority, in collaboration with the National Transport and Safety Authority and PSV SACCOs, strengthen taxpayer education programmes, simplify dissemination of tax information, and enhance transparent enforcement through integrated compliance monitoring and consistent application of tax regulations.

Keywords: *Advance tax compliance, tax knowledge, tax enforcement, Public Service Vehicles, Kenya Revenue Authority, transport and logistics sector.*

How to Cite: Nderitu, E. K., Magero, P., & Limo, P. (2026). Effect of Intrinsic Factors on Advance Tax Compliance in the Transport and Logistics Sector in Kenya: A Case of Public Service Motor Vehicle Owners in Kasarani Sub-County, Nairobi City County. *Journal of Finance and Accounting*, 6(9), 1-15.

1. Introduction

Tax compliance refers to the extent to which taxpayers fulfill their tax obligations by accurately reporting income, filing tax returns on time, and paying taxes as required by law (Aryantika & Mildawati, 2021). In Kenya, advance tax is a mandatory prepayment of income tax imposed on owners of commercial vehicles, including Public Service Vehicles (PSVs), before licensing, inspection, or transfer of ownership. The tax is administered under Section 12A of the Income Tax Act and is intended to improve revenue collection by ensuring that commercial vehicle owners make tax payments in advance of their annual income tax assessment (Kenya Revenue Authority [KRA], 2025). Despite this requirement, advance tax compliance among PSV owners remains a challenge, limiting the government's ability to mobilize domestic revenue from the transport and logistics sector.

Tax knowledge is widely recognized as an important determinant of voluntary tax compliance. It enables taxpayers to understand their tax obligations, applicable procedures, payment timelines, and the consequences of non-compliance (Naape, 2023). Taxpayers with adequate knowledge are more likely to comply voluntarily because they understand both the legal requirements and the benefits of taxation. Conversely, inadequate taxpayer education, complex tax laws, and limited awareness of tax obligations have been associated with lower compliance levels, particularly among small businesses and informal-sector operators (Republic of Kenya, 2022; D'Andria & Heinemann, 2023). Improving tax knowledge has therefore become a key strategy for enhancing compliance in many tax jurisdictions.

Tax enforcement is another critical factor influencing tax compliance. Enforcement encompasses audits, inspections, penalties, monitoring, and other regulatory measures designed to encourage taxpayers to comply with tax laws (Oladele et al., 2019). Effective enforcement increases the perceived probability of detection and the cost of non-compliance, thereby discouraging tax evasion. Empirical evidence suggests that consistent and transparent enforcement mechanisms improve tax compliance, particularly in sectors characterized by informal operations and cash-based transactions (Lawal et al., 2024; Mohamadi et al., 2023). Consequently, tax authorities continue to strengthen enforcement strategies alongside taxpayer education to improve revenue collection.

In Kenya, the transport and logistics sector contributes significantly to economic activity, with thousands of PSVs operating under SACCOs nationwide. However, compliance with advance tax requirements remains relatively low despite legal enforcement measures by the Kenya Revenue Authority (KRA, 2025). Kasarani Sub-County, Nairobi City County, has approximately 725 Public Service Motor Vehicle owners who operate through organized SACCOs (Nairobi County Report, 2025). While KRA has introduced digital tax administration systems and enforcement mechanisms to improve compliance, the extent to which tax knowledge and tax enforcement influence advance tax compliance among PSV owners in Kasarani Sub-County remains inadequately documented. This study therefore sought to determine the effect of tax knowledge and tax enforcement on advance tax compliance among Public Service Motor Vehicle owners in Kasarani Sub-County, Nairobi City County.

1.1 Problem Statement

Kenyan Public Service Vehicle (PSV) regulations state that a government body responsible for licensing and inspection must require an income tax exemption certificate or evidence of advance tax payment from the owner of a commercial vehicle. This applies to activities like

registration, transfer of ownership, licensing, and inspection of commercial vehicles. Advance tax must be paid before January 20th each year. The NTSA uses an e-Citizen platform to book and pay the vehicle inspection application fee, which is KSh 1,050 (NTSA report, 2025).

Despite the simplicity of advance tax, the low compliance rate among PSV owners, even those within structured SACCOs, denies the government the much-needed revenues for public services. KRA reports (2025) suggested that a loophole exists where individuals book and pay the inspection fee without necessarily having paid their advance tax, potentially leading to non-compliance among Motor vehicle owners. In early 2025, a loophole was reportedly created that allowed police to harass and extort money from struggling drivers, with the NTSA accused of creating ambiguity in inspection requirements and failing to clearly communicate them to drivers. Additionally, in 2023, high-level vehicle registration fraud involving NTSA officials and fraudulent system accounts was uncovered. The NTSA is also facing scrutiny over a KSh 2.1 billion smart driving license contract, with concerns raised about delays and value for money (KRA Report, 2025).

Previous studies have examined tax compliance in the informal sector. Pinheiro, Diogo, and Samagaio (2021) focused on tax compliance in Portugal, examining how Portuguese taxpayer invoice requests are influenced by certain factors. The study revealed a methodological gap by drawing on empirical research into why taxpayers request a sales invoice, as well as insights from tax compliance. Valerian (2023) examined the variables affecting tax compliance and non-compliance among small- and medium-sized businesses. There is a conceptual gap because the study was not focused on intrinsic elements. Ohola (2020) concentrated on variables influencing Mombasa County auto dealers' tax compliance. There is a contextual gap because the study was conducted in Mombasa County. There was therefore little specific research focusing on PSV SACCOs and factors influencing their owner's compliance with the advance tax. This research aimed to fill this gap by providing empirical evidence focusing on this unique context of PSV SACCOs operating in Kasarani Sub-County, Nairobi.

1.2 Research Objectives

1. To determine the effect of tax knowledge on advance tax compliance among Motor vehicle owners in Kasarani Sub-County, Nairobi
2. To establish the effect of tax enforcement on advance tax compliance among Motor vehicle owners in Kasarani Sub-County, Nairobi

1.3 Research Hypothesis

1. H_{01} : Tax knowledge does not significantly affect advance tax compliance among Motor vehicle owners in Kasarani Sub-County, Nairobi
2. H_{02} : Effective enforcement does not significantly affect tax compliance among Motor vehicle owners in Kasarani Sub-County, Nairobi.

2. Literature Review

2.1 Theoretical Review

The Ability-to-Pay Taxation Theory was proposed by Adam Smith in 1776. Many progressive nations base their tax policies on the ability-to-pay theory. According to the ability-to-pay principle, everyone should pay a fair share of taxes based on their income. This theory proposes that businesses and individuals should pay taxes only on the money they earn. Consequently, higher-income earners should expect to pay a larger share of their income in taxes. Higher tax

rates show that a larger portion of a company's income goes toward paying taxes (Downer, 2016).

The ability-to-pay argument does not take into account the quantity of services that taxpayers utilize. The taxation model that holds that taxes should always be imposed in accordance with the taxpayer's financial capacity is a form of progressive taxation. Furthermore, the theory requires those with the greatest resources to contribute to public services accessible to the general population. Government services like healthcare, education, and security are essential to a nation's businesses and citizens. As a result, the ability-to-pay hypothesis guarantees that persons and companies with the greatest financial resources should pay higher taxes. The ability-to-pay theory states that low-wage workers probably need all of their income, and that a low tax rate guarantees they retain a larger share, since this will boost the economy (Schwarz, 2017).

Theory guided the selection of advanced tax compliance as the dependent variable. Taxpayers are more inclined to pay their fair share when they feel their income is being fairly distributed, according to the Ability-to-Pay Theory. The theory is pertinent to this study because public service motor vehicle owners who are well-versed in taxes are better able to understand their tax responsibilities, and reasonable compliance costs and efficient tax enforcement can improve their capacity and willingness to comply with advance tax requirements. Furthermore, a favorable taxpayer perception of the tax system's fairness may promote voluntary compliance. Therefore, the theory provides a basis for understanding how tax knowledge and tax enforcement influence advance tax compliance among public service motor vehicle owners in Kasarani Sub-County, Nairobi.

2.2 Empirical Review

2.2.1 Tax Knowledge and Advance Tax Compliance

Fauziati, Minovia, Muslim, and Nasrah (2020) examined how tax knowledge affected tax compliance in a case study of Kota Padang, Indonesia. The investigation was carried out using a survey research design. Three hundred (300) copies of the self-administered questionnaire were disseminated, and the data were the major source. Two hundred and thirty-seven (237) completed and returned questionnaires made up the 79% response rate. Simple linear regression models were used to examine the association between tax knowledge and compliance. The study variables were evaluated for significance using t-statistics. There was no correlation between tax knowledge and tax compliance.

Kurniawan (2020) examined how tax education in higher education influences tax knowledge and individual tax compliance. The methods of convergence and parallelism are utilized in this mixed-methods approach. In a parallel, convergent fashion, the author collects all qualitative and quantitative data simultaneously and then analyses them. The results of a survey of 100 students eligible to be taxpayers who attend night sessions at Politeknik Negeri Batam (Polibatam) show that tax education significantly influences tax compliance. Furthermore, tax knowledge has a multiplicative influence on tax compliance via indirect effects of tax education. The findings of interviews with two students, two tax instructors, and one Directorate General of Taxation professional corroborate the quantitative research findings.

2.2.2 Tax Enforcement and Advance Tax Compliance

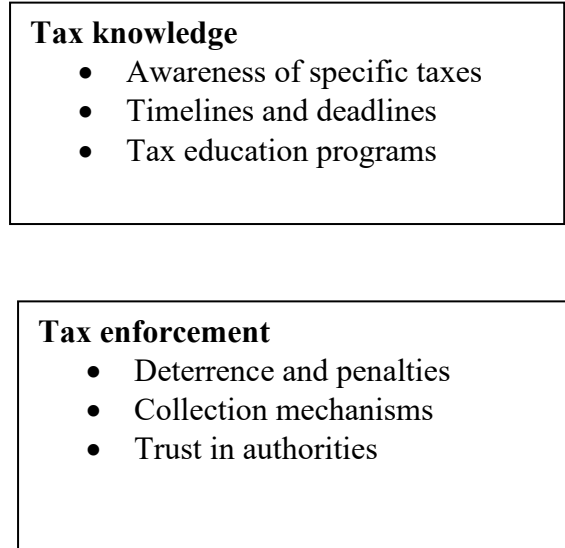
Jiang and Jiang (2025) focused on how tax enforcement affects business digitization. This article empirically investigates the relationship between regional tax enforcement and business digitization using microdata on Chinese A-share-listed companies from 2007 to 2021. The findings demonstrate that strengthening tax enforcement contributes to business digitization. The tests of effect identification reveal that there are “governance effect,” “tax effect,” and “rent-seeking effect” in tax enforcement simultaneously, but the “governance effect” plays the main role in the digitization of enterprises. Considering the impact of the institutional environment on taxing behavior, this article finds that a better institutional environment strengthens the governance effect of tax enforcement, thus promoting the digital transformation of enterprises. Furthermore, the contribution of tax enforcement to enterprises’ digitization is influenced by institutional investors and ownership.

The focus of tax law enforcement efforts by Putra and Tjaraka (2020) was on enhancing taxpayer compliance. One of the study's topics examined the potential effects of the relationship between taxpayers' knowledge of their tax obligations and the enforcement of those obligations on improving taxpayer compliance. Second, trust in tax authorities and the enforcement of tax laws may encourage taxpayers to comply more often. According to the test results, both tax knowledge and trust in tax authorities have a favorable effect on taxpayer compliance behavior. The tax law enforcement moderation variable supports the taxpayer's compliance behavior.

2.3 Conceptual Framework

The conceptual framework for this study illustrates the hypothesized relationship between the independent and dependent variables. The independent variables included tax knowledge and tax enforcement, while the dependent variable is advanced tax compliance.

Independent Variables



Dependent Variable

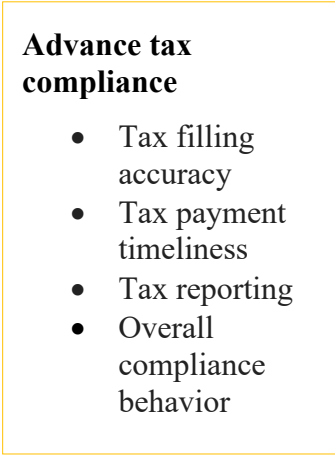


Figure 1: Conceptual Framework

3. Methodology

This study used an explanatory research design. The design helped explain the causal relationship between variables. The population comprised 725 Public Service Vehicle owners in Kasarani Sub-County, Nairobi County (Nairobi County Report, 2025). This study's sampling frame included all 725 Public Service motor vehicle owners in Kasarani Sub-County, Nairobi. The sample comprised 257 public service vehicle owners in Kasarani Sub-County, Nairobi. Simple random sampling was used to select the sample. Simple random sampling is often favored because it ensures each member of a population has an equal chance of being selected, minimizing bias and promoting representativeness.

Primary data were collected using semi-structured questionnaires. Quantitative data were initially entered into Excel, cleaned, and sorted. The Statistical Package for Social Sciences (SPSS) software was then used to code and analyze the data. Descriptive and inferential statistics were the main techniques used in this study's data analysis. The mean and standard deviation were among the descriptive statistics that were examined. The link between the independent and dependent variables was examined using additional multiple regression analyses. A 5% significance level was used to examine the association. Content analysis was used to display qualitative data from open-ended questions.

4. Results and Discussion

4.1 Demographic Information

The demographic characteristics were discussed. This included the age, gender, and education level. Results are discussed in Table 1.

Table 1: Demographic Information

		Frequency	Percent
Age	Below 30 yrs.	6	2.8
	30-39 years	28	13.2
	40-49 years	129	60.8
	50-59 years	43	20.3
	above 60 years	6	2.8
		Frequency	Percent
Gender	Male	127	59.9
	Female	85	40.1
	Total	212	100
		Frequency	Percent
Education	Certificate	42	19.8
	Diploma	119	56.1
	Bachelors degree	46	21.7
	Masters degree	5	2.4
	Total	212	100

Results showed that the majority of respondents (60.8%) were 40–49 years, 20.3% were 50–59 years, 13.2% were 30–39 years, 2.8% were above 60 years, while another 2.8% were below 30 years. This implies that most (PSV) SACCO members in Kasarani Sub-County were between 40 and 49 years.

Further outcomes showed that the majority of respondents (59.9%) were male, while 40.1% were female. This implies that most (PSV) SACCO members in Kasarani Sub-County were men.

Results also showed that the majority of respondents (56.1%) held a diploma, 21.7% held a bachelor's degree, 19.8% held a certificate, and only 2.4% held a master's degree. This implies that most (PSV) SACCO members in Kasarani Sub-County had at least a diploma.

4.2 Descriptive Analysis

The descriptive analysis results for the study variables are presented in this section.

4.2.1 Tax Knowledge

Descriptive results on tax knowledge are shown in Table 2.

Table 2: Descriptive Statistics on Tax Knowledge

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	std. dev
I am aware of the specific taxes (e.g., presumptive tax) applicable to my PSV business.	9.00%	11.30%	13.20%	43.40%	23.10%	3.60	1.21
I understand the timelines and deadlines for paying advance tax.	7.10%	2.80%	14.60%	40.60%	34.90%	3.93	1.12
I have participated in tax education programs or seminars organized by my Sacco or the tax authority.	11.30%	5.20%	17.50%	37.70%	28.30%	3.67	1.26
I get information about tax laws from the Kenya Revenue Authority (KRA) website or publications	8.50%	13.70%	16.00%	32.10%	29.70%	3.61	1.27
My Sacco leadership provides me with information on tax matters.	7.10%	6.60%	17.00%	42.50%	26.90%	3.75	1.13

The majority of respondents (66.5%) reported being aware of the specific taxes (such as the presumptive tax) that apply to their PSV business, according to the results (mean=3.60, std.dev=1.21). This indicates that most respondents are generally aware of some taxes that apply to their PSV business, such as presumptive tax. Furthermore, the majority of respondents (75.5%) believed that they understood the deadlines and timetables for paying advance tax, according to the data (mean=3.93, std.dev=1.12). This suggests that the majority of PSV operators are aware of the deadlines for paying advance tax, which is crucial for compliance. The study's conclusions are consistent with those of Perveen et al. (2024), who found that taxpayers with greater tax knowledge are more likely to comply. This is consistent with your findings, which indicate that PSV operators' compliance behavior is improved by high tax awareness and access to information.

Additional findings revealed that 66.0% of respondents agreed that they had participated in seminars or tax education programs run by their Sacco or the tax authority (mean=3.67, std.dev=1.26). This suggests that although there are tax education programs, not all PSV operators are fully covered by them. Furthermore, the majority of respondents (75.5%) agreed with the assertion that obtaining knowledge about tax rules via publications or the Kenya Revenue Authority's (KRA) website (mean=3.61, std.dev=1.27). This suggests that the majority of respondents obtain their tax information from official sources, including publications and the Kenya Revenue Authority (KRA) website. The study's results corroborated those of William (2022), who demonstrated that many aspects of tax knowledge, such as awareness, procedural comprehension, and information access, have a favorable impact on compliance behavior.

Additional findings revealed that 66.0% of respondents agreed that they receive knowledge on tax issues from their Sacco leadership (mean=3.75, std.dev=1.13). This result shows that SACCO leadership is an important source of tax information for PSV operators. These findings differ from those of Fauziati et al. (2020), who found that tax knowledge does not significantly influence compliance behavior.

4.2.2 Tax Enforcement

Descriptive results on tax enforcement are shown in Table 3.

Table 3: Descriptive Statistics on Tax Enforcement

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	std.dev
The severity of penalties for non-compliance, such as fines or vehicle impoundment, motivates me to pay my advance tax on time	5.20%	12.30%	9.00%	50.00%	23.60%	3.75	1.11
I believe the tax authorities are likely to detect non-compliance among PSV operators in my Sacco	10.40%	8.00%	23.10%	39.60%	18.90%	3.49	1.19
The Sacco's internal systems make it easy to pay my advance tax.	8.50%	9.40%	7.50%	30.70%	43.90%	3.92	1.29
I am aware that my Sacco provides information to the tax authority to verify member tax compliance	17.90%	5.20%	12.30%	41.50%	23.10%	3.47	1.38
I trust that the tax authorities use the collected tax revenue for public benefit.	12.70%	5.20%	7.50%	49.50%	25.00%	3.69	1.26

Results also showed that 73.6% of respondents agreed that the severity of penalties for non-compliance, such as fines or vehicle impoundment, motivates them to pay their advance tax on time (mean=3.75, std.dev=1.11). This suggests that tax compliance in the PSV sector is driven more by fear of sanctions than by voluntary compliance. The study's conclusions aligned with those of Abdulrasaq and Babatunde (2024), who found that tax enforcement tactics such as tax penalties, tax clearance certificates, and tax amnesty significantly improved SMEs' tax compliance.

Further results showed that 58.5% of respondents agreed that they believe the tax authorities are likely to detect non-compliance among PSV operators in their Sacco (mean=3.49, std.dev=1.19). This implies that improving audit systems, surveillance, and enforcement visibility by tax authorities such as KRA could further enhance compliance. The study findings were consistent with Juma (2020), who found that tax enforcement strategies such as court suits, agency notices, and charge placement significantly and positively influence tax revenue (a compliance proxy) in Kenya.

Results also showed that the respondents (74.6%) agreed that SACCOs' internal systems make it easy to pay their advance tax (mean=3.92, std.dev=1.29). This implies that simplifying payment procedures and integrating SACCO platforms with tax payment systems significantly reduces compliance barriers. The results of the study were consistent with those of Kumi et al. (2024), who found that while trust in authorities enhances voluntary compliance, tax authority power increases enforced compliance.

Furthermore, the majority of respondents (64.6%) agreed that they were aware that their Sacco gives information to the tax authority to confirm members' tax compliance (mean=3.47, std.dev=1.38). This suggests that by improving transparency and communication about data-sharing systems, compliance could be enhanced. The majority of respondents (74.5%) stated that they trust the tax authorities to use the money gathered for public benefit, according to the results (mean = 3.69, standard deviation = 1.26). This implies that taxpayers are more inclined to comply when they think taxes are spent efficiently. The results of the study corroborated those of Jiang and Jiang (2025), who found that increased tax enforcement fosters organizational transformation and governance, primarily through a "governance effect" that enhances compliance behavior.

4.2.3 Advance Tax Compliance

Descriptive results on advance tax compliance are shown in Table 4.

Table 4: Descriptive Statistics on Advance Tax Compliance

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	std.dev
I always pay my advance tax on time and in full.	25.50%	1.40%	4.20%	25.50%	43.40%	3.60	1.64
I voluntarily comply with my tax obligations without fear of penalties	21.70%	13.20%	18.90%	27.80%	18.40%	3.08	1.42
I keep accurate financial records to help with my tax calculations.	17.50%	4.70%	14.60%	31.10%	32.10%	3.56	1.43
My Sacco membership encourages me to be tax-compliant.	22.20%	1.40%	11.80%	23.10%	41.50%	3.60	1.56
I am confident that I am fulfilling all my tax obligations correctly	11.80%	5.20%	13.20%	19.30%	50.50%	3.92	1.38

The majority of respondents (68.9%) reported always paying the advance tax in full and on time (mean = 3.60, std. dev. = 1.64). According to the findings, a sizable percentage of taxpayers exhibit consistent compliance, which improves tax authorities' ability to estimate revenue. Furthermore, the majority of respondents (68.9%) agreed with the assertion that they freely comply with tax obligations without fear of penalties (mean=3.08, std. dev.=1.42). The findings imply that voluntary compliance is emerging among some taxpayers, suggesting that internal motivation is beginning to complement deterrence-based enforcement.

The results showed that 63.2% of respondents agreed that they keep accurate financial records to help with their tax calculations (mean = 3.56, std. dev. = 1.43). The finding implies that improved record-keeping practices enhance taxpayers' ability to compute and remit taxes correctly, thereby reducing compliance errors. In addition, 64.6% agreed that Sacco membership encourages them to be tax-compliant (mean = 3.60, std. dev. = 1.56). The findings imply that collective financial structures and peer-based systems positively influence compliance behavior through shared norms and accountability.

In addition, 69.8% of respondents agreed that they are confident they are fulfilling all their tax obligations correctly (mean = 3.92, std. dev. = 1.38). The findings imply that increased taxpayer confidence reflects improved awareness and understanding of tax requirements, which supports overall compliance effectiveness.

4.3 Regression Analysis Results

Regression analysis was conducted to determine the intrinsic factors influencing advance tax compliance among public service motor vehicle owners in Kasarani Sub-County, Nairobi. Table 5 shows the outcomes.

Table 5: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.222	0.236		0.94	0.348
Tax knowledge	0.559	0.067	0.493	8.358	0.000
Tax enforcement	0.229	0.069	0.203	3.32	0.001

Results showed that tax knowledge had a positive and significant effect on advance tax compliance among public service motor vehicle owners ($\beta = 0.493$, $p = 0.000$). This implies that improving taxpayers' understanding of tax obligations substantially enhances advance tax compliance among public service motor vehicle owners. The results agree with Do et al. (2022), who established that taxpayer understanding of tax systems significantly improves compliance behavior. Similarly, Ebrahimiyan, Ahmadi, and Iman (2021) found that tax-related awareness and knowledge-based attitudes significantly influence compliance through improved understanding of tax justice and obligations.

The null hypothesis (H_{01}): Tax knowledge does not significantly affect advance tax compliance among Motor vehicle owners in Kasarani Sub-County, Nairobi. A p-value of 0.000, which was less than 0.05, was displayed in the results. The study concluded that tax awareness had a substantial impact on advance tax compliance among motor vehicle owners in Kasarani Sub-

County, Nairobi, after rejecting the null hypothesis. The results of the study were consistent with those of Do et al. (2022), who found that taxpayers' knowledge and understanding of tax systems have a favorable and significant impact on tax compliance behavior.

In addition, results showed that tax enforcement had a positive and significant effect on advance tax compliance among public service motor vehicle owners ($\beta = 0.203$, $p = 0.001$). This implies that strengthening enforcement measures such as penalties, audits, and monitoring systems effectively promotes higher levels of tax compliance. This is also consistent with Juma (2020), whose study in Kenya found that enforcement mechanisms such as court suits and agency notices positively and significantly influence tax compliance and revenue collection. Furthermore, Kumi et al. (2024) found that stronger tax authority power enhances enforced compliance, confirming that enforcement intensity increases compliance behavior.

The null hypothesis (H_{02}): Tax enforcement does not significantly affect advance tax compliance among Motor vehicle owners in Kasarani Sub-County, Nairobi. According to the results, the p-value was less than 0.05, at 0.001. The study concluded that tax enforcement significantly affects advance tax compliance among motor vehicle owners in Kasarani Sub-County, Nairobi, after rejecting the null hypothesis. The results were in line with those of Abdulrasaq and Babatunde (2024), who found that tax compliance among SMEs is significantly enhanced by enforcement measures such as fines, tax clearance certificates, and sanctions.

4.4 Discussion

According to the regression analysis, public service motor vehicle owners' advance tax compliance was positively and significantly impacted by tax knowledge ($\beta = 0.493$, $p = 0.000$). The positive correlation suggests that PSV owners are more likely to adhere to advance tax restrictions when they are more knowledgeable about tax laws, processes, and deadlines. The study's results corroborated those of Perveen et al. (2024), who found that tax knowledge greatly enhances compliance behavior by fostering a sense of fairness regarding taxes. This is consistent with the theory of tax compliance, which holds that knowledge reduces inadvertent noncompliance stemming from ignorance of legal requirements. The results of the study differed from those of Fauziati et al. (2020), who concluded that tax knowledge does not affect tax compliance.

The results indicated that public service motor vehicle owners' advance tax compliance was positively and significantly impacted by tax enforcement ($\beta = 0.203$, $p = 0.001$). This implies that PSV owners' compliance with advance tax payments rises in tandem with increased tax enforcement tactics. The study's conclusions concurred with those of Abdulrasaq and Babatunde (2024), who found that three tax enforcement tactics significantly improve tax compliance: the use of tax clearance certificates, tax amnesty grants, and the imposition of tax penalties. The findings also corroborate the economic theory of deterrence, which holds that the likelihood of being caught and punished significantly affects tax compliance. The possibility of fines, car seizures, or license revocation serves as a powerful disincentive to tax cheating among PSV owners.

5. Conclusion

The study concludes that as PSV owners gain greater tax knowledge, they are better equipped to act, make decisions, and strategize to fulfill their tax obligations. This means they are more likely to properly calculate their taxes and make payments on time, thereby reducing tax arrears and improving overall compliance. The study concludes that deepening PSV owners' understanding of tax regulations, such as advance tax rates, payment deadlines, and the benefits of compliance, directly increases their willingness to comply without external pressure. Enhanced knowledge makes taxpayers aware of their responsibilities, reducing unintentional non-compliance.

The positive effect on compliance is sustained only when tax administration is well implemented, and enforcement efforts are fully and consistently implemented, suggesting that predictable enforcement is key to increasing compliance rates. The study also concluded that tax enforcement measures, such as audits and penalties, play a vital role in deterring tax evasion by increasing the perceived risks and costs of non-compliance.

6. Recommendations

6.1 Policy Recommendations

The Kenya Revenue Authority (KRA), in collaboration with the National Transport and Safety Authority (NTSA) and Public Service Vehicle (PSV) SACCOs, should strengthen taxpayer education initiatives to improve tax knowledge among motor vehicle owners. Regular awareness campaigns, practical training workshops, and simplified taxpayer guides should be developed to enhance understanding of advanced tax obligations, payment procedures, filing requirements, and the consequences of non-compliance. In addition, KRA should leverage digital platforms, including iTax, social media, and SMS notifications, to disseminate timely tax information and reminders to PSV operators.

The government should also strengthen tax enforcement policies to enhance compliance with advance tax requirements. KRA should adopt consistent and transparent enforcement measures, including regular compliance monitoring, risk-based audits, and the equitable application of penalties for non-compliance. Further, integration between the KRA iTax system and the NTSA vehicle registration and licensing system should be enhanced to ensure that vehicle licensing, inspection, and transfer processes are completed only after verification of advance tax compliance. Such measures will encourage voluntary compliance while promoting fairness and accountability within the transport sector.

6.2 Managerial Recommendations

The management of KRA should prioritize continuous taxpayer education by working closely with PSV SACCO officials to organize periodic tax sensitization programmes for vehicle owners. SACCO managers should also encourage their members to participate in these programmes and regularly communicate updates on advance tax requirements to improve tax knowledge and promote voluntary compliance.

In addition, KRA management should strengthen enforcement mechanisms by improving compliance monitoring systems and ensuring the consistent application of tax laws across all PSV operators. Enforcement activities should be conducted transparently and fairly to enhance taxpayer confidence while deterring deliberate non-compliance. Regular collaboration between

KRA, NTSA, and PSV SACCO management will further improve compliance monitoring and facilitate the effective implementation of advance tax regulations.

References

- Abdulrasaq, M., & Babatunde, A. A. (2024). Tax enforcement strategy: The antidote to non-tax compliance in North-West Nigeria. *Journal of Business Management and Accounting*, 14(1), 67-89.
- Aryantika, D., & Mildawati, T. (2021). The effect of awareness, modernization of administrative systems, financial condition, and tax sanctions on taxpayer compliance. *Journal of Accounting Science and Research*, 10, 2–22.
- D’andria, D., & Heinemann, M. (2023). Overview of the tax compliance costs faced by European enterprises—with a focus on SMEs.
- Downer, P. (2016). Taxation of Electronic Commerce (E-Comm): Examination of Canadian Government Tax Policies and Directives Application of Adam Smith's Canons of Taxation. *Journal of Financial Management & Analysis*, 29(1).
- Ebrahimiyan, J. S. Y., Ahmadi, M., & Iman, K. N. (2021). Effects of tax justice and tax culture on taxpayers' compliance, with taxpayers' attitudes in mind.
- Fauziati, P., Minovia, A. F., Muslim, R. Y., & Nasrah, R. (2020). The impact of tax knowledge on tax compliance: a case study in Kota Padang, Indonesia. *Journal of Advanced Research in Business and Management Studies*, 2(1), 22-30.
- Jiang, Y., & Jiang, X. (2025). The Impacts of Tax Enforcement on Enterprises' Digitization. *Emerging Markets Finance and Trade*, 1-22.
- Juma, A. M. (2020). Effect of Tax Enforcement Strategies on Domestic Taxes in Kenya.
- Kumi, R., Bannor, R. K., Oppong-Kyeremeh, H., & Adalety, J. E. (2024). Voluntary and enforced tax compliance determinants and impact among agrochemical businesses in Ghana. *Arab Gulf Journal of Scientific Research*, 42(3), 991-1011.
- Kurniawan, D. (2020). The influence of tax education during higher education on tax knowledge and its effect on personal tax compliance. *Journal of Indonesian Economy and Business: JIEB.*, 35(1), 57-72.
- Lawal, L. O., Hashidu, S. M., Lawal, T., & Muftah, S. A. (2024). Effect of Socio-Psychological Factors on Voluntary Tax Compliance in Gombe State. *Journal of the Management Sciences*, 61(8), 269-283.
- Mohamadi, M., Reza Zadeh, J., & Beshkoh, M. (2023). Identifying the social psychological factors affecting the behavior of tax non-compliance of taxpayers. *Financial Accounting Knowledge*, 10(1), 97-133.
- Naape, B. (2023). Tax Knowledge, Tax Complexity and Tax Compliance in South Africa. *Finance, Accounting and Business Analysis*, 5(1), 14-27.
- Ohola, C. A. (2020). Factors affecting Tax Compliance of Motor Vehicle Dealers in Mombasa County.

- Oladele, R., Aribaba, F. O., Ahmodu, A. L. O., Yusuff, S. A., & Alade, M. (2019). Tax enforcement tools and tax compliance in Ondo State, Nigeria. *Academic Journal of Interdisciplinary Studies*, 8(2), 27-38.
- Perveen, N., Farooq, S., Akram, M., & Ullah, H. A. (2024). Impact of Tax Knowledge and Tax System Complexity on Compliance Behavior of Salaried Taxpayers: The Mediating Role of Fairness Perception. *Contemporary Journal of Social Science Review*, 2(04), 1053-1065.
- Pinheiro, J. M., Diogo, T. A., & Samagaio, A. (2021). Tax compliance: Factors that influence taxpayer invoice requests in Portugal. *Revista Brasileira de Gestão de Negócios*, 23(4), 619-634.
- Putra, E. P., & Tjaraka, H. (2020). Tax law enforcement in strengthening tax compliance behavior of individual taxpayers. *Jurnal Akuntansi*, 24(1), 154-168.
- Schwarz, P. (2017). Federalism and horizontal equity across Switzerland and Germany: A new rationale for a decentralized fiscal structure. *Constitutional Political Economy*, 28(2), 97-116.
- Valerian, K. (2023). *Analysis of factors influencing tax compliance and non-tax compliance among Small & Medium Enterprises*. Doctoral dissertation, IAA.
- William, J. W. (2022). Effect of Tax Knowledge on Alternative Dispute Resolution Mechanism among Three-Star Hotels in Mombasa County, Kenya.