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**CHALLENGES OF MANAGING TAX COMPLIANCE IN
UGANDA**

WASAGALA ANTHONY WANNYS

B.COM (MUK)

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ABSTRACT

There has been a big challenge of managing tax compliance in Uganda from the time taxes were managed under a department in Ministry of Finance up to now when URA is a semi-autonomous corporate body. The study set out to determine the factors affecting tax compliance. The study objectives were; to identify factors that affect tax compliance behavior of individual tax payers in Uganda; to analyze the different factors affecting tax compliance and to identify the measures so far undertaken and recommend new strategies to improve tax compliance in Uganda. The study was carried out using a qualitative approach in the form of open ended questions to understand the challenges that lead to non-compliance. Additional data was obtained through documentary analysis to achieve the objectives of the study. Qualitative data was collected on the sampled population that included staff from the Central district of Uganda Revenue Authority as they interface with the bulk of tax payers; Staff from selected Audit firms around Kampala because they are the consultants and sometimes offer tax services; sampled employer organizations for PAYE information. The Researcher targeted 20 respondents through convenient selection within the different target populations including 3 Staff from selected Audit firms around Kampala, up to 2 interviews with employer organizations for PAYE information, 2 Clearing Agents on information related to import duty compliance, 5 respondents from URA Senior management and staff, 6 general business tax payers. The instrument that was employed was the interview guide. Atlas.ti analysis software was used to capture and analyze the data collected. The results were presented in form of frequency tables, charts and figures. The study findings as opined by respondents revealed that the challenges of tax compliance are more of behavioral responses to government failure to provide social services and public infrastructure like roads and schools.

The study concluded that Tax compliance will improve greatly if all the issues raised by tax payers are addressed in tax planning. These issues include accountability and transparency in usage of government revenue, provision of the necessary social infrastructure by government, fighting corruption and investing in tax education. The study recommended the introduction of tax in school curriculum to cultivate a tax paying culture by all Ugandans, sensitizations, strengthening accountability especially within MDAs of Government, introduction of more user-friendly payment solutions (such as Pay way, mobile money platforms), and translation of tax education materials in local languages