INCOME TAX RATES AND TAX COMPLIANCE: A CASE OF BRITANIA ALLIED INDUSTRIES LIMITED

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DECLARATION

I Nicholus Mushabenta, Reg.No. 13/U/2004/GMBA/PE do declare that this dissertation is my original effort and has never been presented to any University or academic Institution for an award of any degree or diploma or any other academic qualification.

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APPROVAL

This is to certify that the dissertation carried out by Nicholus Mushabenta, entitled: *"Income Tax Rates and Tax Compliance: A Case of Britania Allied Industries Limited"* was carried out under our supervision and is now ready for submission for the award of a Master in Business Administration of Kyambogo University.

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DEDICATION

This dissertation is dedicated to my beloved Uncle who inspires me most in a bid to achieving academic excellence and greater heights, and for his unconditional financial, moral, and parental support. Furthermore, this piece of work is dedicated to my mentor Mr. Richard Asiimwe, my beloved family (daughter Nicole and Wife Merry), and my siblings.

May the Almighty God bless you all abundantly!

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ABBREVIATIONS

EAC:	East African Community
GDP:	Gross Domestic Product
ITA:	Income Tax Act, laws of Uganda
IMF:	International Monetary Fund
KCCA:	Kampala Capital City Authority
PAYE:	Pay As You Earn
r	Pearson correlation
SME:	Small Medium Enterprise
UGX:	Uganda Shillings
URA:	Uganda Revenue Authority
VAT:	Value Added Tax

ABSTRACT

The study sought to examine the relationship between income tax rates and tax compliance using a case of Britania Allied Industries Limited. The specific objectives of the study include: (1) to examine the relationship between PAYE Rates and tax compliance, (2) to assess the relationship between corporation tax rates and tax compliance, and (3) to analyse the combined influence of PAYE and corporation tax on tax compliance. A case study research design was used with both quantitative and qualitative research strategies. The study was based on a sample of 60 respondents selected among URA staff (supervisors and staff) as well as management and some staff members of Britania. Data collection was done through the use of questionnaire and interview methods. Data was later analyzed using correlation and regression analysis. On the basis of this analysis, the findings of the study reveal that PAYE rates are high, unfair based on levels of income, and attributed to tax avoidance/evasion for some tax payers inclusive of business enterprises as per r=0.714. Except for Britania that is tax compliant, business enterprises fairly file returns and remit PAYE timely to URA. Uganda's corporation tax rate is high and partly attributed to tax avoidance/evasion by business enterprises (r=0.792). Most business enterprises do not file/remit provisional returns in line with Sec.111 of the Income Tax Act (2014). There is a significant negative combined effect of high PAYE tax rates and corporation tax rate on tax compliance based on 2-stage least squares regression with F=92.9. Other factors responsible for tax non-compliance are; ignorance of tax payers, tax system, tax payers' negative perception and attitude of tax payers.

Recommendations to the study include; establishing a full-fledged research and development department, significantly reducing tax rates or scrapping off PAYE and corporation taxes, focus on partnerships and strategic alliances, ensure adequate accountability of taxpayers' money and focus on communicating to taxpayers the benefits of tax compliance or consequences arising from tax non-compliance.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The areas covered in this chapter include: background to the study based on historical perspective, theoretical perspective, conceptual perspective and contextual perspective; statement of the problem; objectives of the study; research questions; significance of the study; and scope of the study.

1.2 Background to the study

1.2.1 Historical background

Tax is the price we pay for civilization and this explains the history of tax, which goes hand in hand with organised society linked to tax non-compliance. According to Uganda Revenue Authority (URA) (2011) and Yiga (2013), Uganda's taxation was introduced in East Africa (EA) by the early British colonial administrators through the system of compulsory public works such as road construction and building schools. The first formal tax, the hut tax, was introduced in 1900 (URA 2011). Ugandans started paying customs duty as an indirect tax, which involved imposition of an *ad valorem* import duty at a rate of 5% on all goods entering EA, through the ports of Mombasa, Dar-es-Salaam and Tanga, and then destined for Uganda.

The Government of Uganda introduced a flat rate poll tax that was imposed on all male adults before introduction of graduated tax to finance local governments in 1953. Income tax was introduced in Uganda in 1940 by a Protectorate ordinance (URA 2011, Yiga 2013). The East African Income Tax Management Act of 1952 was repealed and replaced by the East African Income Tax Management Act of 1958, administered by East African Community (EAC) until its collapse (URA, 2011). After the breakup of the EAC, the tax departments were transferred to the Ministry of Finance with the transfer of the Income Tax Department in 1974; followed by the Customs Department in 1977, and shifted later in 1991 to URA (Yiga, 2013).

1.2.2 Theoretical background

It is said that given the chance, a lot of businesses would not pay taxes unless there is a motivation to do so (Ojochogwu & Ojeka, 2012). For the case of theories for tax non-compliance, some authors like Feld and Frey (2007) believe that the best way is to increase incentives and others believe the best way is to increase penalties to increase compliance. Tax compliance theories can be broadly classified into two: economics-based theories and psychology-based theories. However, the study adopted an economic thinking on tax compliance and utilized the deterrence theory.

Deterrence theory is the classic economic-based (utility) theory introduced by Allingham and Sandmo (1972) which places emphasis on incentives (Manhire, 2014). The theory suggests that taxpayers are moral utility maximizes, who are influenced by economic motives such as profit maximization and probability of detection. As such, tax payers under deterrence theory analyze alternative compliance paths, for instance, whether or not to evade tax, the likelihood of being detected and the resulting repercussions. Tax payers then select the alternative that maximises their expected after tax returns after adjusting for risk. This process is referred to as "playing the audit lottery". Therefore according to the theory, in order to improve compliance, audits and penalties for non-compliance should be increased.

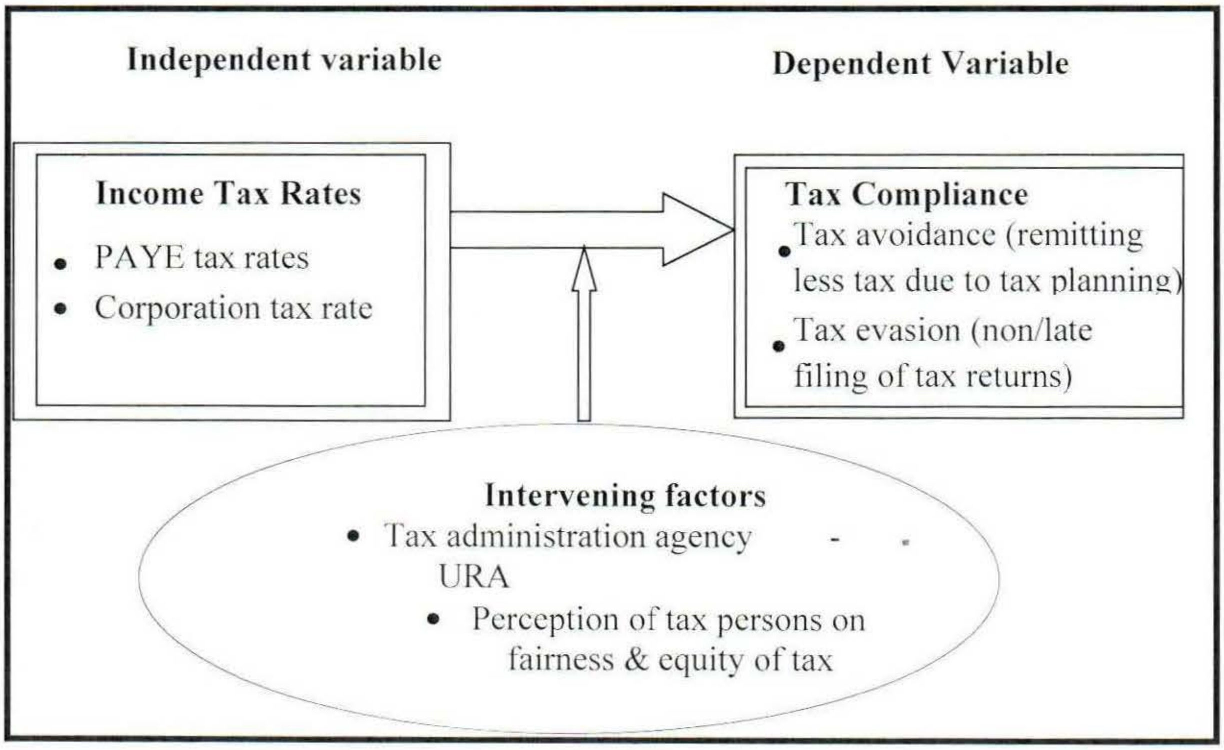
1.2.3 Conceptual background

According to the Investopedia (2015), the tax rate is the percentage at which an individual or corporation is taxed. The income tax rate is the tax imposed by the government or through the revenue collection body based on an individual's taxable income or a corporation's earnings. However, the Organisation for Economic Cooperation and Development (OECD) (1996) defined tax rate as the compulsory, unrequited payment to general government, in the sense that benefits provided by government to taxpayers are not normally in proportion to their payment. TurboTax (2014) defines income tax rates as the percentage of income that the government takes in taxes. Despite being related, this study will adopt the concept of income tax rate as per Income Tax Act laws of Uganda and Yiga (2013), which is defined as tax charged for each year of income and is imposed on every person who has chargeable income for the year of income (Income Tax Act, 2013). The tax rates under this study are confined to only income tax rates (on individuals' income) and corporation tax (on companies' income).

On the other hand, tax non-compliance refers to failure of fulfilling all tax obligations as specified by the law freely and completely (Marti, 2010). The concept differs according to Azrinawati, et el (2015). The latter defines tax non-compliance as the action of not disclosing the actual incomes to the tax administration body aimed at minimising the tax payable (tax avoidance) or to avoid any payment of tax payable (tax evasion). According to Kasipillai & Abdul Jabbar (2006), tax non-compliance may be in one of many forms; it could either be failure to submit a tax return within the stipulated period or non-submission, understatement of income, overstatement of deductions, failure to pay assessed taxes by due date, untimely remittances of taxes or returns, and in some cases non-compliance may mean an outright failure to pay levied taxes. Thus, tax non-compliance under this study, is the range of activities that are unfavourable to a state's tax system, which may include tax avoidance (tax reduction by legal means,) and tax evasion (the criminal non-payment of tax liabilities).

Azrinawati, et el (2015) revealed that some tax payers try to pay less due to high income tax rates. This gives an indication that income tax rates may be linked to tax non-compliance. Since tax rates can be classified as one of three types: progressive tax, proportional, or regressive (Roach, 2003). This is not clear as to whether all income tax rates result into tax non-compliance. A progressive tax is one in which the percent paid as tax rises as the income amount rises (for example, personal income tax in many countries). A proportional tax is one in which the percent paid as tax stays the same as the income amount rises (for example, sales tax, or corporate income tax in some countries). A regressive tax is one in which the percent paid as tax falls as the income amount rises (for example, value added tax in some cases). Thus, a person's applicable tax rate depends on how much of each type of tax he/she pays as part of his/her total tax burden (Investopedia, 2015).

Figure 1.2.3.1: Conceptual Framework



Source: *Adapted from Trivedi and Shehata (2005)*

As shown from the illustration above, the study focuses on only PAYE taxes and corporation tax. In the conceptualization, it is expected that there is a relationship between the independent variable (income tax rates) and dependent variable (tax non-tax compliance) (Ojochogwu & Ojeka, 2012). Specifically, it is conjectured that high tax rates and complex filing procedures are the most crucial factors affecting compliance of an enterprise. PAYE and corporation taxes are evaluated as the independent variables and tax avoidance plus tax evasion are considered under the outcome variable in an attempt to establish the relationship between income tax and tax non-compliance. It is assumed that tax non-compliance in form of tax avoidance and tax evasion can be influenced by PAYE and corporation tax rates. This relationship however, is expected to depend on the strategies employed by the tax administration body (URA) and perceptions of tax persons. A similar view is echoed by Feld and Frey (2007).

1.2.4 Contextual background

Income taxes are imposed on almost all forms of businesses in Uganda including medium business enterprises, as per Income Tax Act, laws of Uganda section 4 (revised 2014) and as per Yiga (2013) who noted that income tax is "a tax charged for each year of income and is imposed on every person who has chargeable income for the year of income".

Ojochogwu and Ojeka (2012) in line with International Tax Dialogue (2007), noted that since the Medium Business Enterprises (MBEs) pay a very small amount of tax compared to what the larger business enterprises would pay, tax authorities tend to give the larger corporations more attention than MBEs. This was equally acknowledged by Prajakta (2012) and Jaramog (2015) who noted that Uganda is full of small and medium business enterprises which are less targeted by the tax regime.

Furthermore, it was noted by Ojochogwu and Ojeka (2012) that high tax rates and complex filing procedures are the most crucial factors causing non-compliance of SMEs in Nigeria, like as earlier identified by Shahroodi (2010) due to the fact that higher tax rate increase taxpayers' burden and reduces their disposable income. Other authors like Mukasa (2011) further stressed a number of factors attributing to tax non-compliance including ignorance of potential tax payers. In fact, Mukasa (2011) and Celia (2014) suggested for educating tax payers about tax systems and reducing tax rates as a way of limiting the propensity to evade tax. It is against this discussion of the linkage between tax rates and propensity to evade taxes, that the below table of statistical trends with subsequent analyses are presented:

Table 1.2.4.1: Statistical Trends of Tax Rates and Compliance

Highest Corporation Tax Rates in the World		**Highest Personal Income Tax Rates in the World**	
Country	**Corporation tax**	**Country**	**Personal income tax (PAYE)**
United Arab Emirates	55%	Chad	60%
Chad	40%	Ivory Cost	60%
Puerto Rico	39%	Aruba	59%
United States of America	39%	Sweden	56.7%
Suriname	36%	Portugal	56.5%
Lowest Corporation Tax Rates in the World		**Lowest Personal Income Tax Rates in the World**	
Bahamas	0%	Bahamas	0%
Bahrain	0%	Bahrain	0%
Bermuda	0%	Bermuda	0%
Cayman Islands	0%	Cayman Islands	0%
Isle of Man	0%	Brunei	0%
Highest Corporation Tax Rates in Africa		**Highest Personal Income Tax Rates in Africa**	
Chad	40%	Chad	60%
Congo	35%	Ivory Cost	60%
Equatorial Guinea	35%	Zimbabwe	50%
Gabon	35%	Congo Republic	45%
Guinea	35%	South Africa	41%
Lowest Corporation Tax Rates in Africa		**Lowest Personal Income Tax Rates in Africa**	
Mauritius	15%	Libya	10%
Libya	20%	Mauritius	15%
Madagascar	20%	Seychelles	15%
Botswana	22%	Sudan	15%
Algeria	23%	Angola	17%
Corporation Tax Rates in EA and Uganda		**Personal Income Tax Rates in EA and Uganda**	
Kenya	30%	Kenya	30%
Tanzania	30%	Tanzania	30%
Rwanda	30%	Rwanda	30%
Uganda	30%	Uganda	40%

Deloitte (2014), Economics (2015) and Trading-economics (2015)

It is still not clear as to whether income tax rates affect tax compliance since some authors like Shahrodi (2010) and Ojochogwu & Ojeka (2012) noted that high tax rates demoralise tax payers to fully and consistently comply. However, this is refuted by other authors like Prajakta (2012) and Deloitte (2014) who noted that high taxes may not necessarily be the attributing factors to tax non-compliance with reference to countries like US which has a higher corporation tax rate of 39% but with increased tax compliance as compared to Uganda with lower corporation tax rate of 30% but with increased tax non-compliance. This prompted the researcher to investigate and establish a clear relationship between tax rates and tax non-compliance while focusing on income tax rates and corporation tax rates.

1.3 Problem statement

Uganda Revenue Authority (URA) has been publishing a list of tax defaulters (shame list) as one of the penalties for tax evasion (Ladu, 2015). Ssempebwa (2015) noted that URA has been undertaking countless sensitisations aimed at educating taxpayers and reducing the list of tax defaulters through reduced tax evasion and tax avoidance catalyzed by voluntary tax compliance. Despite such efforts, Nkonge (2013) noted that there is still a worrying large gap between actual tax paid on overall earnings and expected tax to be paid on income-generating activities in Uganda. For instance, URA closed its 2017/2018 account with a deficit of UGX 606.32 billion (2017: UGX 457.5 billion) (URA 2017, URA 2018; Ladu 2017). Thus, necessitating the need to understand non-tax compliance in Uganda. On the other hand, companies such as Britania Allied Industries Limited have been tax compliant as justified by the fact that they have been included in the taxpayer category of "designated payers" (Income Tax Designation of Payer Notice, 2013, and Income Tax Designation of Payer Notice, 2018). It is upon this background that the study uses the case of such, as an exemplary company to investigate the relationship between income tax rates and tax compliance.

1.4 General objective of the study

To examine the relationship between income tax rates and tax compliance, a case of Britania Allied Industries Limited.

1.5 Specific objectives

i. To examine the relationship between Uganda's PAYE rates and tax compliance, a case of Britania Allied Industries Limited.

ii. To assess the relationship between Uganda's corporation tax rates and tax compliance, a case of Britania Allied Industries Limited

iii. To analyse the combined influence of Uganda's PAYE rates and corporation tax rates on tax compliance, a case of Britania Allied Industries Limited

1.6 Research questions

i. What is the relationship between Uganda's PAYE rates and tax compliance, a case of Britania Allied Industries Limited?

ii. What is the relationship between Uganda's corporation tax rates and tax compliance, a case of Britania Allied Industries Limited?

iii. What is the combined influence of Uganda's PAYE rates and corporation tax rates on tax compliance, a case of Britania Allied Industries Limited?

1.7 Significance of the Study

1.7.1 Policy makers. The study seeks to provide an answer to the policy makers and policy implementers like URA as tax body administrator, as to whether there is a relationship between Uganda's income tax rates and tax compliance. This has been answered by the study findings and recommendations of the study.

1.7.2 Business owners and management of medium business enterprises. The established findings and recommendations would benefit business owners and management of business enterprises especially on how to take advantage of better tax planning measures other than tax evasion which attracts penalties.

1.7.3 Academicians. This study would give a basis for other researchers and academicians, especially to those with a desire for facts about Uganda's income tax rates and tax compliance.

1.7.4 Researcher. The researcher expects to benefit a lot by the end of this study. Acquisition of more knowledge and skills are among his expectations.

1.8 Scope of the Study

1.8.1 Geographical scope: This dissertation study was carried out using a case of Britania Allied Industries Limited, geographically situated in Nakawa Municipal Council, under Kampala Capital City Authority (KCCA), in the central region of Uganda.

1.8.2 Time scope: The dissertation was conducted and limited on current (as defined below) information with a few exceptions like historical and theoretical background. Current period was defined to be any period ranging from 2005 to date (completion date of dissertation). The tax amount data base used in this study falls within the current period as defined above. That is, ranging from 2005 to 2018.

1.8.3 Subject scope: The subject scope of the study was entirely based on the relationship between Uganda's income tax rates and tax compliance, a case of Britania Allied Industries Limited. Therefore the two subject variables were: Uganda's income tax rates of PAYE and corporation tax (independent variable) and tax compliance in form of tax evasion and tax avoidance (dependent variable). The two dimensions of income tax rates were chosen due to the fact that they are amongst highest tax rates in Uganda (maximum as 30% for corporation tax and 40% for PAYE), which are said to be the key attributing factors to increased levels of tax non-compliance.

1.9 Conclusion

Based on the above introduction to the study, it has been justified that efforts have been made by responsible authorities like Uganda Revenue Authority and the government to ensure favourable tax rates to all parties and equally ensure effective taxation administration system aimed at improving tax compliance (reducing tax non-compliance). However, increased tax non-compliance has been cited especially amongst business enterprises, and this calls for further investigation into the relationship between Uganda's income tax rates and tax compliance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides detailed explanations from the review of related literature for the topic under consideration, based on the study objectives. These explanations are drawn from a variety of sources which included magazines, reports, textbooks, and academic Journals. In particular, review of related literature covered theories on the topic, the concepts utilized in the study, and issues underlying the objectives of the study which included the relationship between Uganda's PAYE rates and tax compliance, the relationship between Uganda's corporation tax rates and tax compliance, and the combined influence of Uganda's PAYE rates and corporation tax on tax compliance.

2.2 Deterrence or Economic theory Review

Deterrence theory is a classical theory specifically concerning tax compliance that was introduced by Allingham and Sandmo in 1972 (Feld & Frey, 2007). The traditional deterrence theory is based on "economic theory of crime" first introduced by Becker in 1968 (Manhire, 2014). The deterrence theory acknowledges that the extent of deterrence (tax evasion) is in form of probability for taxpayer being detected and the size of the associated fine imposed on tax payer (Feld & Frey, 2007).

According to Devos (2014), the economic deterrence theory has been commonly used to examine tax evasion and compliance from a theoretical perspective. Both Feld and Frey (2007) and Devos (2014) concur that deterrence can be achieved through a number of approaches such as punitive and persuasive. This implies that deterrence theory emphasises that tax non-compliance may be addressed with a number of strategies like increasing the probability of detection, increasing the tax rate, and imposition of tougher penalties (Devos, 2014; Manhire, 2014). Alternatively, it may take on the form of better education, increased advertising/publicity and incentives (Devos, 2014). In line with Allingham and Sandmo (1972) and Manhire (2014), Devo (2014) emphasised that tax payers under deterrence theory are tax compliant through acting morally, being risk-neutral or risk-averse with an aim of maximising their utility or chose to evade tax whenever the expected gain exceeds the expected cost of being tax compliant.

This study will therefore establish whether it is factual based on deterrence theory, that tax non-compliance can only be addressed with the help of punitive and persuasive measures. Thus, the study will establish whether tax-compliance is affected by income tax rates and corporation tax rate.

2.3 Conceptual review

2.3.1 Tax rates in Uganda

The tax rate is the percentage at which an individual or corporation is taxed and can be classified as one of three types; progressive tax, proportional, or regressive (Roach, 2003). This can alternatively be referred to as the tax imposed by the government or through the revenue collection body based on an individual's taxable income or a corporation's earnings (Investopedia, 2015). TurboTax (2014) defines income tax rates as the percentage of income that the government takes in taxes, as noted in the Uganda's Income Tax Act Cap 340 (2014), Third Schedule.

The third schedule under the Income Tax Act (ITA) Cap 340 (2014) includes income tax rates applicable for resident individuals (depending on the income bracket), income tax rates applicable for non-resident individuals (depending on the income bracket), corporation tax as income tax rates for companies (30%) other than mining companies, income tax rates for trustees and retirement funds (30%). Grant-Thornton (2013) noted that income tax rates for non-resident persons are 15% and 20% for any income and interest payment on government securities respectively. Withholding tax rates for interest and dividends for resident persons are 15% or 10% or 20% for interest and dividend excluding government securities or for dividend from listed companies to individuals, or for interest payment from government securities respectively (Yiga, 2013).

2.3.2 Tax compliance and tax compliance in Uganda

According to Marti (2010), tax compliance refers to fulfilling all tax obligations as specified by the law freely and completely. Tax non-compliance as per Investopedia (2015), which is a range of activities that are unfavourable to a state's tax system, and of which they may include tax avoidance (which is tax reduction by legal means) and tax evasion (criminal non-payment of tax liabilities).

Not only that tax non-compliance may be in form of tax evasion, an outright failure to pay levied taxes, but also it may be in form of failure to submit a tax return within the stipulated period or non-submission (Kasipillai & Abdul Jabbar, 2006), laxity or less focus of tax administration body on small and medium enterprises (Mukasa, 2011; Prajakta, 2012; IMF, 2015), understatement of income (Ladu, 2015), overstatement of deductions (Kasipillai & Abdul Jabbar, 2006; Ladu, 2015), and failure to pay assessed taxes by due date (Kasipillai & Abdul Jabbar, 2006).

2.3.3 Taxation system in Uganda

2.3.3.1 Classification of Taxes in Uganda

Direct Taxes are imposed on income arising from business, employment, property and the burden of the tax is borne by the individual or business entity. Examples of direct taxes include Corporation tax, Individual Income Tax, for example, Pay As You Earn (PAYE), Capital Gains tax and Rental tax (URA, 2011; Yiga 2013). Indirect Taxes are taxes levied on consumption of goods and services collected by an Agent (Taxpayer). Notable indirect taxes include Value Added Taxes (VAT), excise duty, import duty (URA, 2011; Yiga 2013). Therefore, this study focuses mainly on direct taxes and in particular, corporation tax and individual income tax of PAYE

2.3.3.2 The legality of taxes collected by the Central Government in Uganda

According to the Ugandan Constitution (1995) as per Article 152 (i), it provides that "No tax shall be imposed except under the authority of an Act of Parliament" (URA, 2011). This implies that Uganda Revenue Authority Act Cap 196 was put in place to provide the administrative framework in which taxes under various Acts are collected. The Uganda Revenue Authority administers the tax laws (Acts) on behalf of the Ministry of Finance, Planning and Economic Development under the following legislation regulating taxes, under which study's targeted taxes of corporation tax and individual income tax of PAYE are covered under one or more Acts:

(i) Customs Tariff Act. Cap 337.

(ii) East African Customs Management Act

(iii) Excise Tariff Act Cap 338.

(iv) Income Tax Act Cap 340 (as amended)

(v) Stamps Act Cap 342

(vi) Traffic and Road Safety Act Cap 361

(vii) Value Added Tax Act Cap 349 (as amended)

(viii) The Finance Act.

(ix) All other taxes and non-tax revenue as Minister responsible for Finance may prescribe.

2.3.4 Uganda's taxation system and how it is linked to tax compliance

Taxation system is the mechanism or process of imposing a tax, which itself is the monetary charge imposed by the government on persons (URA, 2011). One of the main characteristics of a tax is that the payer does not demand something equivalent in return from the government for the payment. Thus, every tax payer is expected to be compliant not being tax non-compliant. It is expected that when taxes are collected, they are used by government for public good and not just for those who make the payment (URA, 2011; Yiga, 2013).

To some extent, Uganda's taxation system alongside its tax rates have been attributed to tax non-compliance (Ojochogwu & Ojeka, 2012; Prajakta, 2012; Jaramog, 2015). For instance, presumptive tax rate was increased from 1% to 3% as per Budget Speech for Financial Year 2014/15. Among other criticised tax policies (rates and other tax issues) as per Budget Speech for Financial Year 2014/15 quoted by Ernst & Young (2014), which were linked to tax non-compliance by the prior mentioned authors (Ojochogwu & Ojeka, 2012; Prajakta, 2012; Jaramog, 2015) include the following; reinstating interest income on agricultural loans that had been previously exempted, and termination of zero-rated supplies under the third schedule of VAT Act Cap 349. Thus, subjecting them to 18% VAT, termination of the exemptions under the second schedule of the VAT Act Cap 349 and thus subjecting them to 18% VAT, increasing exercise duty on Kerosene and Petrol, introduction of 10% excise duty on mobile money withdrawal fees, introduction of 10% excise duty on bank charges and money transfer fees, increasing excise duty on sugar from 25 to 50 shillings, and introduction of new tax laws plus other tax reforms which included new excise duty, stamps duty, lotteries and gaming bills (Ernst & Young, 2014).

2.3.4 Medium Business Enterprises

According to Uganda Investment Authority (UIA) (2015), a medium enterprise employs more than 50 people but below 250 people and with annual sales turnover (assets) of between UGX 360 million to UGX 30 billion, which is in line with the European Union definition, a medium business enterprise is the business that employs not more than 250 employees (UIA, 2015).

2.4 Corporation tax and tax compliance

According to Investopedia (2015), corporate tax is defined as "a levy placed on the profit of a firm, with different rates used for different levels of profits. Thus, corporate taxes are taxes against profits earned by businesses during a given taxable period".

In Uganda, every corporate entity (excluding exempt entities) that has chargeable income for the year of income is subject to corporate income tax of 30 percent (Celia, 2014). Uganda tax residents are subject to income tax on their world-wide income, whereas non-residents are subject to tax on income from a source in Uganda. A company is a Ugandan tax resident if it is incorporated or formed under the laws of Uganda, has its management and control exercised in Uganda or undertakes the majority of its operations in Uganda during the year of income. According to the Income Tax Act (ITA) Cap 340 (2014), taxes are collected by self-assessment and by withholding tax on payments to residents and non-residents.

Income tax exempt entities (those not charged corporation tax) include religious, charitable or educational institutions of a public character, trade unions, employees' associations, association of employers, and certain associations established for the purpose of promoting farming, mining, tourism, manufacturing, or commerce and industry and amateur sporting associations (URA 2011; Celia, 2014).

The basic rate of corporate income tax in Uganda is 30%, except for specific entities like mining firms (Yiga 2013; Celia, 2014). In line with the Income Tax Act (2014), mining companies are subject to a corporate income tax calculated according to a specified formula. Petroleum operations are taxed in accordance with a specific tax regime contained in Part IXA of the ITA, which mirrors the Production Sharing Agreements, in terms of which tax is generally levied at 30 percent of the aggregate contract share and any other credits earned by petroleum operations (Celia, 2014).

Based on the report (2015) on illicit financial flows (IFFs) quoted by Ladu (2015), it was estimated that Uganda loses at least UGX 1.5 trillion every year to illegal activities (tax non-compliance) perpetrated by the multinational companies, which are expected to pay corporation tax. The African Union/Economic Commission for Africa High Level Panel on Illicit Financial Flows from Africa report, chaired by former South African president Thabo Mbeki, revealed that the multinational companies in Africa deny the African continent its due share of revenue through tax evasion, money laundering, overpricing, transfer pricing, money laundering, corruption and false declarations (Ladu, 2015). This implies that some companies especially multi-national companies may be tax non-compliant not only because of high corporation tax but also due to embraced illegal activities. This further implies that non-tax compliance may not only be inform of tax evasion but also through other ways like transfer pricing and money laundering (illegal activities).

The above issue of tax non-compliance through illegal activities was emphasised by the URA commissioner general, Ms Doris Akol, at the Legal Counsel Workshop for African Tax Administrations in Kampala, who noted that "African countries have been dominated by abusive and manipulative practice by multinational enterprises (MNEs) to reduce their rightful tax liabilities through aggressive and harmful tax planning," She continued: "The Practice by MNEs to use gaps in interaction of different tax systems to artificially reduce tax income or shift profits to low tax jurisdictions remains a matter of grave concern. This is because they account for a significant share of African tax base." According to Ms Akol, what is at stake is corporate Income Tax (CIT) which accounts for 29% of total taxes in Africa (Ladu, 2015).

It was reported by Prajakta (2012) that Uganda presents an intriguing case of tax avoidance especially in relation to corporation tax, in a way that Uganda's tax system conforms to global benchmarks with tax rates such as income and corporate tax rates being at 30% per annum (Prajakta, 2012; Nkonge, 2013). However, in the period 2005 to 2011, Prajakta (2012) noted that tax revenues only contributed on average 12% to the GDP and that the large gap between the tax paid on the overall earnings in the country and the tax expected to have been paid on income-generating activity was worrying due to a number of reasons including tax non-compliance and inaccurate capture of the service sector by GDP calculations. In line with Mukasa (2011), it was further stressed by Prajakta (2012) that tax avoidance does not just occur due to those who intentionally elude paying tax but also due to the fact that informal sectors which cover both small and medium business enterprises are not captured by the tax regime as well as ignorance among the masses about tax matters.

Amongst other reasons for tax non-compliance of business enterprises as noted by URA Assistant Commissioner for Corporate Affairs Sarah Birungi Banage, during a Private Sector Foundation (PSFU-) Uganda press conference ahead of the 7th annual SMEs week, was noted to be laxity (less focus) by the tax administration body (URA) on small and medium enterprises (Jaramog, 2015). The author's views are in line with Prajakta (2012) who had earlier noted that tax avoidance in Uganda is equally as a result of informal sectors (small and medium business enterprises) being largely not captured by the tax regime. It was emphasised that majority of the Small and Medium Enterprises constitute over 70% of the market and that they do not pay taxes, as URA's efforts have since been on the largest tax payers (for corporation tax) who constitute only 10% (Prajakta, 2012; Jaramog, 2015).

Deloitte (2014) noted that some medium business enterprises are eligible for presumptive tax and others eligible for corporation tax, depending on annual income. As quoted by Jaramog (2015), the PSFU chief Gideon Badagawa concurred with Sarah Birungi when he clarified that there are over 1.5 million SMEs in the Uganda yet very few pay taxes. Tax non-compliance was highlighted but equally more blame was pushed to URA as tax administration body which has been neglecting medium and small enterprises but rather focus on 10% large enterprises for corporation taxes.

2.5 PAYE rates (Individual or employment income) and tax compliance

In Uganda, income tax applies generally to all types of persons who derive income, whether an individual, bodies of individuals, or corporate entities. Resident persons are taxed on worldwide income, while non-resident persons are taxed only on income derived from sources in Uganda (Grant Thornton, 2013; Income Tax Act, 2014).

According to Income Tax Act (2014, as amended) and Celia (2014), a resident is defined as an individual who: (i) has a permanent home in Uganda; or (ii) is present in Uganda for a period of, or periods amounting in aggregate to, 183 days or more in any 12-month period that commences or ends during the year of income; or during the year of income and in each of the 2 preceding years of income for periods averaging more than 122 days in each such year of income; or is an employee or official of the government of Uganda posted abroad during the year of income. This implies that tax varies depending on residence of the tax payers, and this may result into tax non-compliance.

The income tax rate for individuals depends on the income bracket in which the individual falls. Resident individuals enjoy a tax free annual income threshold of UGX. 2,820,000 per-annum. The balance is taxed at 10%, 20% or 30% depending on the income bracket. Individuals who earn above UGX 120,000,000 per annum, and pay an additional 10% on the income above UGX 120 million (URA 2011, Grant Thornton, 2013).

Ugandan tax residents are subject to income tax on their worldwide income, whereas non-residents are subject to tax on income accrued in or derived from Uganda (Yiga, 2013; Celia, 2014). Tax is imposed at graduated rates ranging from 0 percent to 40 percent. In line with individual taxation (based on employment income), employers are further obliged to contribute on a monthly basis to the National Social Security Fund 15% of an employee's monthly salary, wages and cash allowances, but 5% may be deducted from the employee's wage as his share of the contribution. In line with the Income Tax Act (ITA) Cap 340 (2014), the employer is obliged to withhold and account for income tax on one's employee remuneration and benefits (the PAYE system). One is charged with penalties and interest for non-compliance and late payment of taxes in Uganda.

As reported by Jaramogi (2012), the International Monetary Fund (IMF) was concerned about the tax inequality issues in Uganda especially income tax, describing them as "unfortunate". "The taxation mechanism is not fair. The poor are paying just like the rich," said Thomas Richardson the senior IMF Resident Representative in Uganda as reported by Jaramogi (2012). In agreement with Nkonge (2013) who decried of a high rate of tax non-compliance as evidenced by the gap between actual tax paid and expected tax collections (tax revenue), Richardson further emphasised that inequality is bad for growth of the economy and urged government to eliminate tax exemption and incentive given to investors, describing them as 'enemies' of economic growth.

According to Balaam Muhebwa, a tax and business consultant, as reported by Jaramogi (2012) withholding taxes especially PAYE rates and other tax rates contribute much to increased tax non-compliance especially with the low income earners (poor people) due to unfavourable Uganda's tax system. The effect of increased tax rates on the poor was clearly pointed out by Muhebwa, as he noted that, well to do firms have benefited from the various tax incentives such as the 10 year tax exemptions granted to agro-processing firms, thus further eroding the progressiveness of the income tax structure. The poor cannot even put up a case to benefit from such. It was further being noted that Uganda was realising more tax revenues from indirect taxes in 2012 like VAT and as of now, yet they are more regressive with increased tax burden continuing to fall on the poor. This goes against the tax justice principle; that the state creates a system of taxation that requires each person to pay tax according to his/her means (Jaramogi, 2012).

2.6 Combined influence of Corporation Tax and PAYE rates on tax compliance

High compliance costs in respect of all categories of taxes like corporation tax and individual income tax (PAYE) can result into tax avoidance, tax fraud, and inhibit investment by way of diminishing competitiveness of the country in terms of taxation attractiveness (Pope & Abdul-Jabbar, 2008). Regulatory burdens including tax burdens fall disproportionately on small and medium enterprises internationally (Pope & Abdul-Jabbar, 2008). However, not only tax rates are the factors responsible for tax non-compliance but also other factors like as it was noted by Feld & Frey (2007) that, "there is a systematic relationship between external intervention (in this case, how the tax officials/administrators deal with taxpayers) and intrinsic motivation (in this case, individuals' tax morale or perception)"

The nation's taxation system has got a great influence on tax non-compliance, in respect of affected tax rates which may include withholding taxes such as PAYE and other taxes such as corporation tax and Value Added Tax. This conforms with Shahroodi (2010) who stated that "for a tax system to be efficient, the tax policy needs to be designed such that the tax rates are appropriate and rational, the exemptions are lower in amount, the tax collection organization are more efficient, the tax burden of the indigent people should be lighter and the fight against corruption and tax evasion should be much more intense".

It was revealed by a number of reports (International Tax Dialogue, 2007; IMF, 2015) and other authors (Kasipillai & Abdul Jabbar, 2006; Ojochogwu & Ojeka, 2012; Ladu, 2015) that lots of government tax revenues are being lost due to the effect of losing combined taxes of corporation tax or presumptive tax for small business tax payers and individual income tax known as PAYE in form of tax non-compliance and less focus by government on small business tax payers. According to International Tax Dialogue (2007), small and medium business enterprises need to be strategically captured by the tax system for most of the countries since they are not fully targeted and concentrated on for government revenues. However, though tax legislations are necessary for government revenue, they may equally hamper tax compliance and the growth of businesses, Ojochogwu & Ojeka, 2012, noted.

Based on the above concern regarding loss of government tax revenues (from all tax categories including corporation tax and personal income tax of PAYE) due to not focusing on small business tax payers (small and medium business enterprises), there is a need for inclusiveness through developing modifying taxation systems and policies targeting small and medium enterprises (Jaramog, 2015). Similarly, it was earlier confirmed by Mukasa (2011) that citizens who access greater tax education may be aware of non-compliance opportunities such as tax loopholes and hence a reduced likelihood of deliberate non-compliance. The author justified his point that taxation encompasses the process through which government implements tax regulations/ laws in order to benefit from its application.

Mukasa (2011) further recommended for embracing of presumptive taxation which is a form of taxation where the taxpayer's tax base and liability are ascertained basing on estimation of actual activity. It is levied to combat avoidance; evasion but stressed by high costs of verification and detection; and compliance difficulty. Thus, presumptive taxation is a method of determining income and tax liability of small business taxpayers with the view of widening the tax base, increasing the tax revenue yield and reducing levels of tax non-compliance from all taxes especially corporation tax paid by businesses and individual income tax (PAYE) still paid by businesses inclusive of business enterprises.

The recent report released in 2015 by International Monetary Fund (IMF) indicated that there is still high non-tax compliance amongst small business tax payers which include medium enterprises, across the world and especially in low developed countries. This was reported on all forms of taxes such as withholding tax, VAT, stamp duty, corporation tax, PAYE, among other taxes. IMF (2015) reported that due to non-tax compliance issues, small and micro businesses with gross annual turnover below UGX 2 billion (US$ 720,000) or total tax payable in a year less than UGX 700 million (US$ 252,000) contributed to 95.7% as the percentage of all businesses in Uganda and yet to have contributed only 16.7% as the percentage of all Uganda's taxes collected (IMF 2015). Similarly, Mukasa (2011) had reported that irrespective of the tax reforms to include small and medium enterprises in Uganda's tax system, tax non-compliance rate on combined taxes (corporation tax, presumptive tax, PAYE, etc) among the small and medium enterprises remained high.

2.7 Conclusion

The reviewed related literature revealed that there is still a gap between the relationship between Uganda's income taxes (PAYE rates and corporation tax rates) and tax compliance, as concluded below.

There was no consensus as per the different authors based on the secondary data on the exact influence of Uganda's individual or employment income tax rate (known as PAYE tax brackets ranging from 0% to 40%) on the levels of tax non-compliance. This implies that there is a need to develop an appropriate methodology aimed at filling the identified gap regarding establishing the exact relationship between PAYE tax rates (individual income tax rates) and tax compliance.

There was equally no consensus as per the different authors based on the secondary data on the exact influence of Uganda's corporation tax rate of 30% on the levels of tax non-compliance. This implies that there is a need to develop an appropriate methodology aimed at filling the identified gap regarding establishing the exact relationship between corporation tax rate and tax compliance.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methods which were used in execution of the research. The study sought to establish the relationship between Uganda's income tax rates and tax compliance. The methods in the execution include; research design, study population, sample size and selection, sampling techniques and procedure, data collection methods, data collection instruments, validity and reliability of the data collection instruments, procedure of data collection, procedure and techniques used in data presentation and analysis, data processing, ethical considerations, and limitations to the study.

3.2 Research design

The study applied a case study research design and studied Britania Allied Industries Limited in Nakawa Municipal Council, Kampala Capital City Authority. The study employed both qualitative and quantitative research methods in obtaining information in relation to the subject under study. A case study was preferred as suggested by Sekaran (2004), as it easily enables establishment of relationship amongst two variables. The survey design (use of questionnaires) was preferred because it helps to measure the relationship among variables within the unit of study, and helps in determining the extent and the likely causes of the problem under study. Management, business owner and key employees (accountants) of the selected business (Britania) plus some URA supervisors and staff from the domestic taxes department representatives were the units of analysis.

3.3 Study population

The study targeted a total of 66 relevant respondents, as study population. These relevant respondents were classified as business owner of the selected Business Enterprise, Britania Allied Industries Limited (1), management and employees of the selected business enterprise (45 targeted members), and some URA supervisors and staff from the department of domestic taxes (20 targeted officers). All respondents were subjected to survey design. Only representatives from URA and management of Britania constituted key informants, who were subjected to both questionnaire and interview data collection methods.

3.4 Sample size and selection

Sampling was done to select 60 representatives out of 66 (using the formula as noted below, in order for the study to produce more reliable results. The sample size was determined using the formula as adopted by Krejcie and Morgan (1970) as illustrated below:

Sample size (n) = $\frac{N}{1 + N(e)^2}$ where;

n = Sample size; N = Population size; and e = Level of precision (0.05)

Table 3.4.2: Category of respondents, sample size, and sampling techniques used

Category	Population (N)	Sample Size (n) = $\frac{N}{1 + N(e^2)}$	Sampling technique
URA supervisors and staff from domestic department	20	19	Purposive sampling
Owner of selected business enterprise	1	1	Census sampling technique
Management and staff of selected enterprise	45	40	Stratified random sampling
Totals	**66**	**60**	

The above table shows the numbers representing the study population with corresponding figures for the sample size and the techniques used to get the sample size. As a result, a total sample size of 60 respondents were given questionnaires and key informants were further interviewed for detailed findings.

3.5 Sampling techniques

In relation to the sample size considered, the following methods were independently used to select sample size; purposive to select key staff for interviews in order to select only relevant officers with required information, stratified random to group the targeted management and staff into strata with identical characteristics to ensure that each stratum is represented, and simple random sampling techniques to ensure that each member of the stratum has equal chances of being selected. Census sampling technique was used to select the owner of the business. Simple random sampling technique was applied to select management of Britania Allied Industries Limited as it gives equal chances to all managers of selected business enterprise, while purposive sampling was used to select key informants since not all URA officials possess relevant information, and then stratified random sampling was applied to select employee respondents as employees were to be selected from accounting and related departments which handle tax matters in one way or another.

3.6 Data Sources

3.6.1 Primary data: The primary sources of data were inclusive of the researcher going to the premises of Britania Allied Industries Limited and URA, as the selected business enterprise in Nakawa, then gathered information through interviews and questionnaires.

3.6.2 Secondary data: The secondary sources of data were inclusive of the researcher getting information by visiting URA website and reading URA publications especially notices of domestic taxes department, and published and unpublished reports of taxpayers.

3.7 Data collection methods and tools

Primary and secondary data of both qualitative and quantitative in nature was collected by the researcher during the study. Primary data was collected using questionnaires and interviews whereas secondary data was obtained from literature published and unpublished through documentary review.

3.7.1 Questionnaire

A questionnaire is a set of questions designed to represent the variables under research which are investigated from final respondents. The tool was a self-administered questionnaire, as the researcher designed a questionnaire tool with open ended and closed ended questions. The questionnaire was used in data collection since respondents could take more time to respond at their convenient time thereby giving more genuine responses (Sekaran, 2004).

The use of questionnaire method was due to the fact that (advantages):

- It eliminates interview bias, in form of avoiding face-to-face interactions for responses.
- It could be filled with ease at any convenient time, place and thus favouring respondents
- Respondents have alternative choices regarding closed ended questions for summarised information, and equally open-ended requiring detailed responses.
- Questionnaire method helped the researcher to achieve one of study ethical objectives of anonymity on the side of respondents regarding relevant but sensitive information

3.7.2 Interview

The interview guide contained critical questions which were answered by the key informants. The responses from interviewees gave the research a clear in depth understanding of the subject under study where by the key informants were required to answer according to their own understanding.

This tool was preferred because (advantages);

- Interviews enabled the researcher to obtain sensitive information, as it could be obtained from the respondents with ease if it through persona or face-to-face interviews.
- Questionnaire bias (impersonal effect) was avoided with the use of personal or face-to-face interviews with key informants
- Interviews enabled the researcher to obtain clear and unambiguous findings since he had a chance to clarify and elaborate on the probing questions asked and in line with responses given by the interviewees

3.7.3 Documentary Review

Different documents were obtained upon which information to back up the research results was got. These sources included online journals, websites, text books, periodicals, magazines, newspapers, and reports. This information extracted was related to the study specific objectives so as to remain relevant to the subject under study.

3.8 Validity and Reliability

Data collection instruments were pre-tested in order to ensure reliability and validity of data. Reliability tests showed how consistent a questionnaire could measure accurately the subject understudy while validity tests showed how well an instrument that is developed measures the particular concept it is intended to measure.

3.8.1 Validity of Instruments

The validity of an instrument refers to the ability of the instrument to collect justifiable and truthful data, thus, ability of the instrument to measure what it is developed to measure (Sekaran, 2003; Odiya, 2009). Content-related validity was based-on to establish validity of instruments by use of two supervisors who were experts in the research. The supervisors allocated to the researcher by the University were helpful in evaluating instrumental content to determine whether they covered all study aspects, based on all questions in the data collection instruments. Draft questionnaires were reviewed by researcher's supervisors, three (3) irrelevant questions were removed, twenty six (26) questions were appropriately modified and thus, 90% of the questions in the final data collection instruments (questionnaire and interview guide) were evaluated by the researcher's supervisors as relevant since Content Validity Index (CVI) of all the instruments was 90%. The CV formula is:

$$CVI = \frac{\text{Number of items (questions) rated as relevant}}{\text{Total number of items in data collection instrument}}$$

If the CV1 is equal to 0.7 or above, then the data collection instrument is considered valid.

3.8.2 Reliability of instruments

Reliability of an instrument refers to the ability of the instrument to collect the same data consistently under similar conditions (Odiya, 2009). Test-retest reliability were used and this aimed at data collection about study variables from respondents; management, business owner, URA officials, management and relevant employees (accountants and related employees who handle tax matters) of Britania Allied Industries Limited, by use of the same instrument on two different well specified occasions. Participants' scores were recorded on the two administering occasions and correlation between them was calculated with 0.8 (80%) where 4 out 5 participants had similar responses. The correlation coefficient became the measure of test-retest reliability, and the value of 0.70 or more had been set to be considered good for research purposes.

3.9 Procedure of data collection

Data collection instruments (Questionnaire and interview guide) were adopted after the pretest. The tools together with the cover letter for respondents were submitted to the supervisor for approval. Upon getting the approval, the researcher was also given a letter of recommendation from Kyambogo University introducing him and explaining the purpose of the research to all those concerned within the study area. The researcher thereafter obtained an authorization letter from the management of the selected business enterprise (Britania Allied Industries Limited) and URA, as this was aimed at easing questionnaire administration plus interviews with the selected sample representatives.

3.10 Data Presentation and Analysis

Collected data was presented using frequency and percentage tables and figures. The researcher used descriptive analysis, which involved editing, coding and classification. Data from the filled questionnaires were then processed in such a way that it would be entered into the computer for further analysis, done using Statistical Package for the Social Sciences (SPSS) (due to many data analysis components e.g. Regression analysis and Pearson's Correlation). This proved some authors' views regarding the relationship between Uganda's income tax rates and tax compliance.

3.11 Measurement of Variables

For all the variables (tax rates and tax compliance) in the background section, a nominal scale was used. The nominal scale categorized individuals into mutually exclusive categories. In this study, this type of scale was of great importance because the generated information was used to determine the particular percentages in the samples of respondents which were very useful to the researcher in making conclusions. For independent and dependent variables, the researcher used a four point likert scale to measure the variables ranging from strongly agree to strongly disagree and these were represented by figures 1-4 where 1= strongly disagree 2= disagree, 3=agree and 4=strongly agree.

Tax rates and tax compliance were measured based on the above 4-point-linkert-scale which was aligned to relevant questions like whether business enterprises pay corporation tax, or file income tax returns in time, or deduct PAYE and remit it to URA in time, and among other relevant tax compliance questions. Responses were evaluated in line with reviewed statistics or data from classified reports or documents inspected from URA, auditors, and other companies.

3.12 Ethical Implications/Considerations

According to Sekaran (2003), researchers are supposed to restrict their activities to practices that are ethically sound. Similarly, all work and correspondences were treated with secrecy and confidentially they deserved. This is why instruments like questionnaires were bearing no names. Further-more, respondents and their opinions were greatly respected, and there was no falsification of data/information.

3.13 Limitation to the Study and Solutions

- The researcher was time constrained because a lot of work was required in a limited time. However, the researcher managed this through good time management.
- Respondents' reluctance (at first) to return the questionnaires. However, the researcher obtained/used respondents' telephone contacts and subsequently obtained all responses.
- Some respondents answered using short forms, which made it hard to understand. The researcher notified and requested respondents when distributing questionnaires. In addition, the researcher first perused through questionnaire before collecting.
- Limited financial resources, as the study was financially demanding like costs of transport during data collection, communication costs and costs for secretarial services. However, the researcher would sometimes walk short distances when collecting the data and minimize limited available financial resources.

3.14 Conclusion

Based on the above research methodology, it is clear that valid and reliable information (relevant primary data) was collected. This became the basis for the next chapter four, which is all about; presentation, analysis and interpretation of study findings collected based on the above delineated methodology.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND DISCUSSIONS OF FINDINGS

4.1 Introduction

This chapter presents the analysis, interpretation and discussions of findings. The findings were presented based on the objectives of the study which included: to examine the relationship between Uganda's PAYE rates and tax compliance, to assess the relationship between Uganda's corporation tax rates and tax compliance, and to analyse the combined influence of Uganda's PAYE rates and corporation tax rates on tax compliance. The presentation begins by giving the response rate and the background characteristics of the respondents.

4.2 Background characteristics of the respondents

Table 4.2.3: Data collection methods applied and response rate achieved

Data collection method	*Data collection instrument*	*Category of respondents subjected to the data collection method*	*Response rate*
Survey	Questionnaires	All categories of respondents	60 respondents (100%)
Interviews	Interview guides	Management (5), URA supervisors (5), and URA selected staff from the domestic taxes department (5)	N/A

Source: Primary data

As earlier presented in Table 3.4.2, respondents included URA officials from the domestic department who are primarily charged with handling domestic taxes inclusive of income taxes plus corporation tax, management and staff of Britania Allied Industries Limited but only those in relevant departments or positions with knowledge of income and corporation taxes, and the business owner. These included respondents of different gender, age brackets, education levels, and management levels as presented below under Tables 4.2.4, 4.2.5, 4.2.6, and 4.2.7 respectively.

Table 4.2.3 above indicates that all the selected sample representatives (100%) were subjected to survey method with the use of questionnaires, due to regular follow-ups with telephone calls. Then, only 15 representatives were further subjected to interview method. All the 60 questionnaires were received back due to effective monitoring and administration of questionnaires by the researcher. Amongst the 60 selected sample, a total of 15 respondents were further subjected to another data collection method of interviews as noted above.

Table 4.2.4: Respondents' gender

Gender	Frequency	Percentage (%)
Male	34	57%
Female	26	43%
Total	**60**	**100%**

Source: Primary data

As seen from table 4.2.4 above 57% of the respondents were males and 43% of the respondents were female. All gender types were represented and this implies that the study findings were free from gender bias. This is in line with the fact that tax is a compulsory charge subjected to all tax payers regardless of gender. Thus, a need to obtain views and opinions from both male and female respondents.

Table 4.2.5: Respondents' age bracket

Age bracket	Frequency	Percentage (%)
Below 20 years	0	0%
20 – 30 years	12	20%
31 – 40 years	42	70%
41 years and above	6	10%
Total	**60**	**100%**

Source: Primary data

As shown from table the 4.2.5 above, 20% of the respondents were in the age bracket of 20 to 30 years, 70% of the respondents were in the age bracket of 31 to 40 years, and 10% of the respondents were in the age bracket of 41 years and above. This can be understood that most of the respondents were mature people who were above 18 years of age, of which all of them (100%) are tax payers who understood various tax rates subjected to them as either individuals (PAYE as income tax) or through their organisations (30% corporation tax).

Table 4.2.6: Level of education

Educational level	Frequency	Percentage (%)
Secondary and below	0	0%
Certificate and diploma	9	15%
Bachelor's degree	36	60%
Masters and PhD	15	25%
Total	**60**	**100%**

Source: Primary data

From the table 4.2.6 above, 15% of the respondents were certificate and diploma holders, 60% of the respondents were bachelors degree holders, and 25% of the respondents were masters and PhD holders. With the majority of the respondents being bachelor's degree holders, eased data collection and the proper understanding of the questions by the respondents resulted into reliable study findings on the relationship between the income tax rates in Uganda and tax compliance, whether as a result of tax avoidance or tax evasion.

Table 4.2.7: Level of management

Management level	Frequency	Percentage (%)
Top management	4	7%
Middle management	12	20%
Lower management	26	43%
Ordinary worker	18	30%
Total	**60**	**100%**

Source: Primary data

As presented from the table 4.2.7 above, 7% of the respondents were top managers as per their respective institutions (URA and Britania), 20% of the respondents were middle managers, 43% of the respondents were in the low level managers (supervisors), and 30% of the respondents were ordinary workers. All the levels of management were represented and thus balanced views and opinions regarding the relationship between the income tax rates in Uganda and tax compliance in form of tax avoidance and tax evasion.

4.3 Income tax rates (PAYE brackets) and compliance

Views and opinions on the relationship between income tax rates (PAYE) and tax compliance of business enterprises were obtained under the guidance of key questions about; if PAYE rates are high and discouraging, if PAYE brackets do not reflect fairness in tax payers' levels of income, if PAYE returns are filled in time, and if PAYE is always paid/remitted to URA in time. Details of findings are presented below.

Table 4.3.8: PAYE rates and tax compliance

Item	Freq/ Percent	4 (SA)	3 (A)	2 (D)	1 (SD)	Total
PAYE rates are high and thus increasing non-compliance for Britania	Frequency	4	42	14	0	**60**
	Percentage	7%	70%	23%	0%	**100%**
PAYE rates and brackets do not reflect tax payers' levels of income, thus, increasing non-compliance	Frequency	33	19	6	2	**60**
	Percentage	55%	32%	10%	3%	**100%**
PAYE returns are filled to URA in time i.e. by 15th day of following month, by Britania	Frequency	5	27	18	10	**60**
	Percentage	8%	45%	30%	17%	**100%**
PAYE is remitted/paid to URA in time i.e. by 15th day of following month, by Britania	Frequency	3	15	42	0	**60**
	Percentage	5%	25%	70%	0%	**100%**

Source: Primary data

As shown from table 4.3.8 above, 7% of the respondents strongly agreed that PAYE rates are high and thus increasing non-compliance, 70% of the respondents agreed, and only 23% of the respondents disagreed that PAYE rates are high and attributed to tax non-compliance. With 70% of the respondents agreeing that PAYE rates are high, this implies that income tax of PAYE is actually high and is amongst key factors why some tax payers are non-compliant. This is supported by the report obtained from URA (earlier published in 2015) which shows that 24% of the amount defaulted in 2015 was income tax. It was revealed through interviews that most tax payers are non-compliant on PAYE especially through tax avoidance as compared to other tax heads which are highly through tax evasion.

As presented from the table 4.3.8 above, 55% of the respondents strongly agreed that PAYE rates and brackets do not reflect tax payers' levels of income, thus, increasing non-compliance, 32% of the respondents agreed, 10% of the respondents disagreed, and 3% of the respondents strongly disagreed and think that PAYE rates and brackets reflect tax payers' levels of income. Most of the respondents strongly agreed that PAYE brackets do not reflect tax payers' levels of income since the threshold is too low to the extent that it covers even low income earners. This was mainly the URA officials and company's ordinary workers whose earnings are greatly affected by PAYE rates.

As seen from table 4.3.8 above, 8% of the respondents strongly agreed that PAYE returns are filled to URA in time (by 15th day of following month), 45% of the respondents agreed, 30% of the respondents disagreed, and 17% of the respondents strongly disagreed that PAYE returns are filled to URA by 15th day of following month. Averagely, most of the respondents (45%) especially management of Britania Allied Industries Limited agreed with timely filling of PAYE returns. This is because, the company has a good track record with URA as clarified by the finance manager who noted that Britania is still amongst trusted companies recognised by URA as a withholding tax agent. The researcher confirmed manager's information by tracing the name of the company as number forty-two (42) on page four (4) of the Income Tax (Designation of Payers) Notice, 2013, Legal Notices Supplement No.9.

As reflected in the table 4.3.8 above, only 5% of the respondents strongly agreed that PAYE is paid to URA in time i.e. by 15th day of following month, 25% of the respondents agreed, and 70% of the respondents disagreed that PAYE is paid to URA in time – by 15th day of following month. The biggest percentage (70%) of the respondents disagreed with PAYE being remitted to URA timely. This was mainly URA officials, and some of the company's staff, with an exception of company's management who emphasised during face-to-face interviews that some companies are clean in all URA matters including remittance of PAYE.

Table 4.3.9: Analysis of PAYE rates and tax compliance using SPSS

Criteria		*PAYE rates and tax compliance*	*PAYE rates and brackets do not reflect taxpayer income levels*
PAYE rates and tax compliance	Pearson Correlation	1.000	0.714**
	Sig. (2-tailed)		0.000
	N	60	60
PAYE rates and brackets do not reflect tax payer income levels	Pearson Correlation	0.714**	1.000
	Sig. (2-tailed)	0.000	
	N	60	60

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

In line with the table 4.3.8 above, there is a significant influence between the PAYE rates or brackets and tax compliance with tax requirements. This is justified by Pearson correlation of 0.714 (71.4%) as presented above (Table 4.3.9). With $r = 0.714$ based on the likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), this implies that high tax rates actually related with tax compliance with a negative relationship due to the significant relationship represented by 71% as shown above.

The qualitative evidence also support this finding as indicated from the summary from the interviews below.

PAYE rates are very high and do not favour low income earners. This is as per interviewed URA selected staff from the domestic taxes department and management respondents, who attributed high PAYE rates to increased tax evasion. One of the URA selected staff from the domestic taxes department lamented with reference to some of the western countries like Bahamas and Bermuda which do not subject employees to income tax (nil PAYE). However, according to interviewed URA officials, PAYE rates are average and in line with one's income level. Some of the URA official is quoted saying "*Ugandan employees should not complain but rather appreciate by comparing Uganda's extreme PAYE tax bracket of 40% with other African countries with more PAYE rates like Chad and Ivory-Cost that charge 60%*" one of the URA interviewed respondents justified.

One of the compliant staff from domestic taxes department noted that business enterprises except for companies like Britania are not 100% compliant in terms of filing and remitting tax returns. However, interviewed URA respondents further noted that with an exception of few companies designated as tax agents and except from withholding tax due to their clean records with URA, most of other business enterprises are tax non-compliant regarding filing and remitting taxes in time as provided for under the income tax Act, laws of Uganda. "*This is why URA is publishing list of tax defaulters as one of the penalties for tax evasion*" one of the interviewed URA officials emphasised. This implies that the shame list of 230 tax defaulters (14% (33), 24% (55), and 62% (142) in respect of corporation tax, PAYE and other taxes respectively) as per appendix iii is aimed at revealing tax payers who evade taxes in a bid to encourage voluntary tax compliance.

4.4 Corporation tax rate and tax compliance

A number of guiding questions were formulated and subjected to respondents in a bid to obtain views and opinions regarding the relationship between corporation tax rate and compliance. The questions answered were in regard to whether 30% corporation tax rate is high and discouraging, if provisional returns are filled in time (both first and second), if final returns are filled in time and if final payments are made in time. Table 4.4.9 gives the results.

Table 4.4.10: Corporation tax rate and tax compliance

Guiding questions on relationship between corporation tax rate and tax compliance	Freq/ Percent	4 (SA)	3 (A)	2 (D)	1 (SD)	Total
Uganda's 30% corporation tax rate is high and thus increasing non-compliance	Frequency	39	14	04	0	**60**
	Percentage	65%	23%	7%	0%	**100%**
1st provisional returns are filled to URA by due date i.e. for the 1st (within 6 months after the start of accounting period) and 2nd provisional returns (at the accounting period end)	Frequency	07	20	25	08	**60**
	Percentage	12%	33%	42%	13%	**100%**
1st provisional returns are paid to URA by due date i.e. for the 1st (within 6 months after the start of accounting period) and 2nd provisional returns (at the accounting period end)	Frequency	05	18	27	10	**60**
	Percentage	8%	30%	45%	17%	**100%**
Final tax returns are filled to URA by the due date i.e. within 6 months after the accounting period end by Britania	Frequency	06	27	22	05	**60**
	Percentage	10%	45%	37%	8%	**100%**
Final tax returns are remitted (paid) to URA by the due date i.e. within 6 months after the accounting period end by Britania	Frequency	0	33	24	3	**60**
	Percentage	0%	55%	40%	5%	**100%**

Source: Primary data

As seen from the table 4.4.10 above, 65% of the respondents strongly agreed that Uganda's 30% corporation tax rate is high and thus increasing non-compliance, 23% of the respondents agreed, and only 7% of the respondents disagreed that Uganda's 30% corporation tax rate is high and thus increasing non-compliance. Majority of the respondents (65%) strongly agreed that 30% slashed on corporation's profit is high and is attributed to why some companies are non-compliant to tax. Some companies are somehow tax compliant like Britania Allied Industries Limited but others are tax non-compliant. It is the same reason why Britania and others do not appear on the list of defaulters published by URA in 2010 (top 1000 tax defaulters) and 2015 (top 230 tax defaulters). The list contains non-compliant tax payers largely through tax evasion. However, some of the interviewed URA staff from the domestic department emphasised that some companies excluding Britania Allied Industries Limited are not fully compliant based on the fact the company does not appear amongst the URA's list of tax agents and list of taxpayers exempted from 6% withholding tax. In line with Sec 119(5)

(f) (ii) of the Income Tax Act, Cap 340 (2016), URA annually designates taxpayers who a good track record of tax compliance as tax agents and exempted taxpayers.

As shown from table 4.4.10 above, 12% of the respondents strongly agreed that 1st provisional returns are filled to URA by due date (within 6 months after the start of accounting period) and that the 2nd provisional returns are filled by to URA by due date (at the accounting period end), 33% of the respondents agreed, 42% of the respondents disagreed, and 13% of the respondents strongly disagreed that provisional returns (1st and 2nd) are filled to URA by due dates. Though to a lesser extent (42%), findings show that 1st and 2nd provisional tax returns are not filled in time. URA officials expressed great concerns with filling provisional returns as they added that most tax payers disregard provisional returns and focus on final returns, yet all are required by the Income Tax Act under tax laws of Uganda (Sec.111, Income Tax Act, 2014, Cap 340).

As presented from the table 4.4.10 above, 8% of the respondents strongly agreed that provisional returns are remitted/paid to URA by due date (within 6 months after the start of accounting period for 1st provisions and at the accounting period end for 2nd provisional returns), 30% of the respondents agreed, 45% of the respondents disagreed, and 17% of the respondents strongly disagreed that provisional returns are remitted/paid to URA by due date. Similarly with filling provisional returns, their respective remittances are not made in time as required by Section 111 of the Income Tax Act (2014) Cap 340. This is justified by the 45% of the respondents who disagreed in addition to 17% of the respondents who strongly disagreed that 1st and 2nd tax provisional returns are remitted to URA within 6 months and the end of accounting period respectively.

As seen from the table 4.4.10 above, 10% of the respondents strongly agreed that final tax returns are filled to URA by the due date (within 6 months after the accounting period end), 45% of the respondents agreed, 37% of the respondents disagreed, and 8% of the respondents strongly disagreed that final tax returns are filled to URA by the due date (within 6 months after the accounting period end). Filling final tax returns is also still a challenge faced by URA though 45% of the respondents agreed with timely filling of final tax returns by most of the taxpayers including Britania Allied Industries Limited. Interviewed URA officials noted that tax non-compliance in respect of filling final tax returns is greatly associated with individual tax payers and small business enterprises.

As reflected in the table 4.4.10\ above, 55% of the respondents agreed that final tax returns are remitted (paid) to URA by the due date (within 6 months after the accounting period end), 40% of the respondents disagreed and only 5% of the respondents strongly agreed that final tax returns are remitted (paid) to URA by the due date (within 6 months after the accounting period end). Payment of final corporation tax is fairly done as it can be seen that 55% of the respondents agreed with remittance of final tax returns by taxpayers. Some of the URA officials generalised their views and evaluated tax compliance at an overall level of business enterprises in Nakawa Municipal Council. At company level, interviewed URA supervisors (except for URA staff from domestic department) were in agreement with interviewed company's management that some companies like Britania have a good track record on compliance with most of the tax heads such as PAYE, Corporation tax, Withholding tax, VAT, Import duty, among others. That, it's why such companies have never appeared on the list of defaulters published by URA. Refer to Appendix iii for one of the recent lists published in May 2015.

Table 4.4.11: Analysis of Corporation tax rate and tax compliance using SPSS

Criteria		Corporation tax rates and tax compliance	Final tax returns of corporation tax are paid to URA timely
Corporation tax rate and tax compliance	Pearson Correlation	1.000	0.792**
	Sig. (2-tailed)		0.000
	N	60	60
Final corporation tax returns are paid timely to URA	Pearson Correlation	0.792**	1.000
	Sig. (2-tailed)	0.000	
	N	60	60

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

According to the analysis using Pearson (r) correlation as shown above (Table 4.4.11), there is a significant relationship between corporation tax and compliance with tax requirements by business enterprise tax payers in Uganda. With $r = 0.792$, this implies that 79.2% of the respondents consented that high corporation tax rates result into delayed remittance of corporation tax and generally, increased tax non-compliance especially for business enterprises. This is in line with findings under table 4.4.9 above which indicated that most of the business enterprises do not file their returns to URA in time, do not remit their final tax returns timely, and that there is increased tax evasion amongst business enterprises like as reflected under appendix iii (list of tax defaulters).

The qualitative evidence also support this finding as indicated from the summary from the interviews below.

The interviewed respondents concurred that business companies excluding Britania Allied Industries Limited are not 100% tax compliant regarding corporation tax as justified by over 30% of the respondents under Table 4.4.9 who disagreed that companies do not file their provisional and final returns. One of the company's managers posed a question, "*Have you ever seen the company's name on the list of tax non-compliant published by Uganda Revenue Authority (URA)? It's the same reason why it does not appear on the list of defaulters as normally publicised by URA with the recent list being published in 2015 for top 230 tax defaulters with over Ushs 60 billion evaded where Ushs 7 billion is in respect to corporation tax (12%), Ushs 15 billion is in respect to PAYE (24%) and Ushs 38 billion is in respect to other taxes like VAT, import duty and customs duty (64%)*".

Save for some few large corporations, URA officials expressed great concerns with filling and remitting provisional returns. It was noted that most of the tax payers especially individual and small business tax payers that disregard provisional returns and focus on final returns, yet all are required by the Income Tax Act under tax laws of Uganda (Sec.111, Income Tax Act, 2014, Cap 340).

At company level, interviewed URA officials were in agreement with interviewed management respondents that companies like Britania have a good track record except for other business enterprises not tax compliant with all tax heads such as PAYE, Corporation tax, Withholding tax, and VAT. One of the URA interviewees stated that "*Uganda's corporation tax rate is fair since other east African countries like Kenya and Tanzania charge the same rate of 30%" and when compared with some African countries which charge higher rate like that of 40% for Chad.* This is contrary to one of the respondent managers who lamented that "*despite the fact that companies like Britania are somehow tax compliant, Uganda corporation tax rate of 30% is high as compared to other African countries with lowest rates of 15% and 20% for Mauritius and Libya respectively*". This is line with the literature reviewed as per Trading-economics (2015) tax data base.

4.5 Combined influence of PAYE rates and Corporation tax rates on compliance

Findings were obtained regarding the combined influence of the key tax rates of PAYE and corporation based on the following dimensions; if all the tax limits of 30% and 40% for corporation and PAYE respectively are highly discouraging, if business enterprises would be tax compliant with low tax rates, and if there are other factors attributing to non-compliance. Details of the findings are presented below;

Table 4.5.12: Influence of income tax rates and corporation rate on tax compliance

Guiding questions on combined influence of income tax rates and corporation rate on tax compliance	Freq/ Percent	4 (SA)	3 (A)	2 (D)	1 (SD)	Total
Combined maximum tax rates of 30% corporation tax rate and 40% PAYE rate make it costly for business enterprise and thus increasing tax non-compliance	Frequency	45	11	04	0	**60**
	Percentage	75%	18%	7%	0%	**100%**
Business enterprises would be fully complying to tax obligations e.g. of corporation and PAYE taxes if the rates were low	Frequency	15	32	13	0	**60**
	Percentage	25%	53%	22%	0%	**100%**
High tax rates are not the only factors attributing to increased tax non-compliance	Frequency	9	19	20	12	**60**
	Percentage	15%	32%	33%	20%	**100%**
Ignorance of business enterprise tax payers is one of the other factors attributing to tax non-compliance	Frequency	6	28	21	5	**60**
	Percentage	10%	47%	35%	8%	**100%**
Unfavourable Uganda's tax system is one of the other factors attributing to tax non-compliance	Frequency	10	30	20	0	**60**
	Percentage	17%	50%	33%	0%	**100%**

Source: Primary data

As shown from the table 4.5.12 above, 75% of the respondents strongly agreed that combined maximum tax rates of 30% corporation tax and 40% PAYE rate make it costly for business enterprises and thus increasing tax non-compliance. 18% of the respondents agreed, and only 7% of the respondents disagreed that the combined maximum tax rates of 30% corporation tax and 40% PAYE rate make it costly for business enterprises and thus increasing tax non-compliance. Majority (75%) of the respondents from all categories strongly agreed that there is a negative combined effect of high corporation tax rate and high PAYE rates on tax compliance. Therefore, findings show that corporation tax and PAYE rates are greatly attributed to tax non-compliance in Uganda, both in form of tax avoidance and tax evasion.

As presented from the table 4.5.12 above, 25% of the respondents strongly agreed that business enterprises would be fully complying to tax obligations including corporation tax and PAYE taxes if the rates were low, 53% of the respondents agreed, and 22% of the respondents disagreed that business enterprises would be fully complying to tax obligations such as corporation tax and PAYE if the rates were low. Using the list of recent defaulters as disclosed under appendix iii, this implies that 202 tax payers (88%) out of 230 tax defaulters would not have been defaulters had it not been the effect of high rates of corporation tax and PAYE rates. The majority of the respondents who consented were URA selected staff from the domestic taxes department, company's staff and management. URA supervisors were hesitant to accept that 30% of corporation tax and extreme 40% PAYE rate are the major attributing factors to tax non-compliance. They rather attributed the list of tax defaulters (shame list) to the fact that such potential tax payers are difficult, untraceable and uncooperative who ignore URA's calls to settle their obligations over time and instead close their businesses or illegally change business names or shifting business locations.

As seen from the table 4.5.12 above, 15% of the respondents strongly agreed that high tax rates are not the only factors attributing to increased tax non-compliance, 32% of the respondents agreed, 33% of the respondents disagreed, and 20% of the respondents strongly disagreed that high tax rates are not the only factors attributing to increased tax non-compliance. In line with the previous paragraph, it was later clarified by some of the respondent management personnel and some interviewed URA selected staff from the domestic taxes department, that high corporation and PAYE rates are not the only factors to explain tax non-compliance. In fact URA officials further noted that it's not about the rates but rather other factors like as noted below.

As shown from table 4.5.12 above, 10% of the respondents strongly agreed that ignorance of tax payers is one of the other factors attributing to tax non-compliance, 47% of the respondents agreed, 35% of the respondents disagreed, and 8% of the respondents strongly disagreed that ignorance of tax payers is one of the other factors attributing to tax non-compliance especially for business enterprises. Though most of the respondents (47%) were in favour of ignorance as a key attributing factor to tax non-compliance other than high corporation tax and PAYE rates, interviewed URA officials further disagreed with other categories of respondents. URA believes that it has done enough in-terms of creating awareness through education and sensitisation programs like as earlier noted by Ssempebwa (2015) regarding URA undertaking countless sensitisations aimed at educating taxpayers and reducing tax non-compliance.

As reflected from the above table 4.5.12, it can be seen that 17% of the respondents strongly agreed that unfavourable Uganda's tax system is one of the other factors attributing to tax non-compliance, 50% of the respondents agreed, and 33% of the respondents disagreed that unfavourable Uganda's tax system is one of the other factors attributing to tax non-compliance especially for business enterprises. Almost all other respondents (38 out of 41, 93%) other than URA representatives agreed that unfavourable Uganda's tax system is greatly attributed to tax non-compliance. URA representatives partially admitted that Uganda's tax system is unfavourable and to be responsible for such defaulters published in 2010 (top 1000 tax defaulters with over Ushs 340 billion) and such defaulters published in 2015 (top 230 tax defaulters with over Ushs 60 billion). Some of the interviewed URA supervisors, other interviewed URA selected staff from the domestic taxes department and company's management believe that the main factor is tax payer's perception and attitude towards the benefits associated with tax compliance. "The long list of tax defaulters shows that some tax payers do not appreciate and don't see any business benefit of tax compliance since there have always been numerous reports on corruption and misuse of tax payers' funds", one of the URA selected staff from the domestic taxes department respondent lamented. One of the URA representative noted, "despite URA's reminders to pay their outstanding tax arrears, all the tax payers on the various lists of tax defaulters were not responsive," The study preferred two stage regression analysis because it could help in establishing the influence on a dependent variable of tax compliance caused by various (2) independent variables of income tax rates and corporation tax rates. In line with the findings presented under table 4.5.11, further analysis of the combined influence of income tax rates and corporation tax rates on tan compliance is given below.

2-Stage Least Squares Regression Analysis					
Dependent Variable			Tax compliance with PAYE rates and Corporation tax rates		
Independent (Explanatory) Variable			Combined influence of PAYE rates and Corporation tax rate		
Instrumental Variable			PAYECORP		
Multiple R	.78460		Adjusted R Square	.60897	
R Square	.61559		Standard Error	.31756	
Analysis of variables					
	DF	Sum of Squares	Mean Square		
Regression	1	9.3667680	9.3667680		
Residuals	58	5.8490370	.1008455		
F = <u>92.88239</u>		**Signif F = .000**			
Variable	B	SE B	Beta	T	Sig T
PAYECOR. P	.715474	.074238	.810950	9.638	.0000
(Constant)	.198003	.276500		.716	.4768

Based on the analysis above using 2-stage least square regression analysis, it can be understood that there is a significant negative influence of high corporation tax rates and PAYE rates on tax compliance in Uganda. This was justified by a bigger percentage of 93% 2-stage least square regression (with F = 93%) of the respondents who consented (both strongly agreed and agreed) that combined maximum tax rates of 30% corporation tax and 40% PAYE rate make it costly for business enterprise and thus increasing tax non-compliance. The regression as presented above confirms earlier findings under table 4.5.10 that a combination of corporation tax and PAYE rates are greatly attributed to tax non-compliance, both in form of tax avoidance and tax evasion.

The following are supportive qualitative evidence based on interviews with some of the management respondents, and official representatives from the tax administration body of URA (Supervisors and URA selected staff from the domestic taxes department). Interview findings below relate to the objective of combined influence of corporation tax and PAYE tax rates on tax compliance, and are in support of survey findings under table 4.5.12 above;

Interviewed URA supervisors (managers) were hesitant to accept that 30% of corporation tax and extreme 40% PAYE are the major attributing factors to tax non-compliance. They rather attributed tax non-compliance to other factors. According to URA's manager debt collection, *"clients that make it to the shame list (tax defaulters) are the difficult, untraceable and uncooperative ones who have ignored URA's calls to settle their obligations over time and have instead closed their businesses and others illegally changing their business names or shifting business locations"* he noted

Though some of the interviewed management respondents and URA selected staff from the domestic taxes department noted that one of other factors attributing to increased tax non-compliance is ignorance of tax payers, URA officials further disagreed claiming that URA has done enough in-terms of creating awareness through education and sensitisation programs.

URA representatives partially agreed with other interviewees that Uganda's tax system is unfavourable and thus, partly attributed to tax evasion as exhibited by long lists of tax defaulters published in 2010 (top 1000 tax defaulters with over Ushs 340 billion) and such in 2015 (top 230 tax defaulters with over Ushs 60 billion).

Other key attributing factors to tax non-compliance amongst all classes of tax payers inclusive of business enterprises emphasised by all interviewees are; tax payers' perception, and tax payers' attitude towards the benefits associated with tax compliance. *"The long list of tax defaulters shows that some tax payers do not appreciate and don't see any business benefit of tax compliance since there have always been numerous reports on corruption and misuse of tax payers' funds"*, one of the URA selected staff from the domestic taxes department respondent lamented.

CHAPTER FIVE

DISCUSSION, SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter entails the discussion of major findings, summary of the findings, conclusion for the report, recommendations to the study and areas for further research. The findings were discussed in line with the objectives of the study which were: to examine the relationship between Uganda's PAYE rates and tax compliance, to assess the relationship between Uganda's corporation tax rates and tax compliance, and to analyse the combined influence of Uganda's PAYE rates and corporation tax on tax compliance.

5.2 Discussions

5.2.1 Income tax rates (PAYE brackets) and tax compliance

As shown from table 4.3.8 of the study findings and the Pearson correlation coefficient (r) of 0.714, the majority (70%) of the respondents agreed that PAYE rates are high. This implies that income tax of PAYE rate is actually high and is amongst key factors why some tax payers are non-compliant to the extent of some potential tax payers embracing tax avoidance especially through taxation planning and seeking advice from taxation experts on how to dodge such high taxes (tax avoidance). This is supported by the report obtained from URA (earlier published in 2015) which shows that 24% of the amount defaulted in 2015 was income tax. Similarly, Balaam Muhebwa, a tax and business consultant was quoted by Jaramogi (2012) noting that withholding taxes especially PAYE rates and other tax rates contribute much to increased tax non-compliance most especially with the low income earners due to unfavourable Uganda's tax system rates.

As presented from the table 4.3.8 above, 55% of the respondents strongly agreed and 87% overall respondents (both strongly agreed and agreed) consented that PAYE rates and brackets do not reflect tax payers' levels of income, thus, increasing non-compliance. Interview findings revealed that PAYE threshold is too low to the extent that it covers even low income earners. Jaramogi (2012) had earlier noted that PAYE rates and other Ugandan tax heads are more regressive with increased tax burden falling on the poor, contrary to the tax justice principle. This is contrary to interview findings as per URA officials. One of the interviewed URA representative stated that "*Ugandan employees should not complain but rather appreciate by comparing Uganda's extreme PAYE tax bracket of 40% with other*

African countries with more PAYE rates like Chad and Ivory-Cost that charge 60%". This is in agreement with tax data base in the literature review which shows that; *Chad and Ivory Cost have the highest PAYE of 60% in the whole world and in Africa, Uganda has the highest PAYE of 40% in East African region as compared to 30% of the rest of the East African countries, all the countries of Bahamas, Bahrain, Bermuda, Cayman Islands, and Isle of Man have the lowest PAYE of 0% in the whole world, and Libya has the lowest PAYE of 10% in Africa* (Deloitte, 2014; Trading-economics, 2015).

Concerning filling of PAYE returns, Table 4.3.8 of the study findings shows that averagely, most of the respondents (45%) especially management respondents agreed with timely filling of PAYE returns. This implies that the biggest percent (55%) disagreed with timely filling of PAYE returns. Concerning remittance of PAYE by business enterprises e, 70% of the respondents (Table 4.3.8) disagreed that PAYE is remitted/paid to URA in time (by 15th day of following month). URA designates a tax payer as withholding tax agent in line with Income Tax Act, Sec.119(1) if only and only the tax payer has been fully compliant with all applicable tax heads for a long period of time. Such trusted tax payers (as reflected under Income Tax Designation of Payers Notice, 2013, Legal Notices Supplement No.9, and Income Tax Designation of Payer Notice, 2018) are designated withholding tax agents, to help the government collect 6% tax on payment of goods or services above one million Uganda shillings. Out of more than 1,000 business taxpayers in Uganda, only 392 were designated as tax agents as they are believed to be tax compliant (Income Tax Designation of Payer Notice, 2013). In line with study's 55% of non-compliant taxpayers, designation of 392 reveals that the remaining percentage of 69% of business tax payers are tax non-compliance.

5.2.2 Corporation tax rate and tax compliance

Table 4.4.10 of the study findings shows that 65% of the respondents strongly agreed (88% overall consented) that Uganda's 30% corporation tax rate is high and thus increasing non-compliance in form of tax avoidance and tax evasion. This was confirmed with the analysis done using Pearson correlation which produced a correlation coefficient of 0.792 (79%). Since respondents and interviewees agreed that companies are not 100% tax compliant, corporation tax is amongst the reasons why there is increased rate of tax defaulters published by URA in 2010 (top 1000 tax defaulters) and 2015 (top 230 tax defaulters of which around 14% relates to corporation tax defaulters). Such lists of tax defaulters are in line with the report (2015) on illicit financial flows (IFFs) quoted by Ladu (2015). The report (2015) estimated that Uganda loses at least Shs1.5 trillion every year to illegal activities perpetrated by the multinational companies, which are expected to pay corporation tax. Similarly, the African Union/Economic Commission for Africa High Level Panel on Illicit Financial Flows from Africa report, chaired by former South African president Thabo Mbeki, revealed that the multinational companies in Africa deny the African continent its due share of revenue through tax evasion, money laundering, overpricing, transfer pricing, money laundering, corruption and false declarations (Ladu, 2015).

As required by Section 111 of the Income Tax Act (2014) Cap 340, findings under table 4.4.10 revealed that companies excluding Britania are somehow non-compliant with tax laws on filling returns except for most of other business enterprises whose provisional returns (1st and 2nd) are not filled to URA by due dates of within 6 months after the start of accounting period and at the accounting period end respectively. Regarding final returns (not provisional returns), Table 4.4.9 of the study findings revealed that 45% of the respondents agreed (55% overall consented) that final tax returns are filled to URA by the due date (within 6 months after the accounting period end).

Though 55% consented with filling of final returns by most of the business enterprises, interview findings with URA officials confirmed that filling final tax returns is also still a challenge and greatly associated with individual tax payers and small business enterprises. The entire 55% of the respondents who agreed that final corporation tax returns are filled and remitted in time were reflecting business tax payers who try to be tax compliant with all tax heads such as PAYE, Corporation tax, Withholding tax, VAT, Customs duty, Import duty, among others. That, it's why the company never appeared on the list of defaulters published by URA in 2010 (top 1000 tax defaulters) and 2015 (top 230 tax defaulters), *with over Ushs 60 billion evaded where 12% represented by Ushs 7 billion is in respect to corporation tax, 24% represented by Ushs 15 billion is in respect to PAYE and 64% represented by Ushs 38 billion is in respect to other taxes like VAT, import duty and customs duty (Appendix iii).*

There was conflicting views based on interview findings as to whether Uganda's corporation tax rates are high or fair in comparison of other countries. One of the URA interviewees stated that "*Uganda's corporation tax rate is fair since it's other east African countries like Kenya and Tanzania charge the same rate of 30%" and when compared with some African countries which charge higher rate like that of 40% for Chad.* This is contrary to one of the respondent managers who lamented that "*despite the fact that some business tax payers are* *somehow compliant. Uganda's corporation tax rate of 30% is high as compared to other African countries with lowest rates of 15% and 20% for Mauritius and Libya respectively*". This is line with the literature reviewed as per Trading-economics (2015) tax data base which shows; United Arab Emirates has the highest corporation tax rate of 55% in the world, Chad has the highest corporation tax rate of 40% in Africa, all the countries of Bahamas, Bahrain, Bermuda, Cayman Islands, and Isle of Man have the lowest corporation tax rates of 0% in the whole world, Mauritius has the lowest corporation tax rate of 15% in Africa, and all East African countries have same corporation tax rates of 30% (Deloitte, 2014; Trading-economics, 2015).

5.2.3 Combined influence of PAYE rates and Corporation tax rates on compliance

It was revealed under Table 4.5.12 of the study findings and as per 2-stage least square regression (with F = 93%) that there is a negative combined effect of high corporation tax rate and high PAYE rates on tax compliance. This implies that corporation tax rate and PAYE rates are greatly attributed to tax non-compliance in Uganda especially for business enterprises in form of both tax avoidance and tax evasion (93% overall as per study findings). This was further clarified by 53% (88%) as the biggest percentage of the respondents agreed (both agreed and strongly agreed) that business enterprises would be fully complying to tax obligations such as corporation tax and PAYE if the rates were low. However, the percentage on study findings is too high contrary to 38% of the tax defaulters (14% for corporation tax defaulters and 24% for income tax PAYE defaulters) as per URA's recent list of tax defaulters. The biggest percentage of 62% related to defaulters of other tax heads like VAT, customs duty, import duty, and WHT. Findings are in line with literature review as it can be recalled that a number of reports (International Tax Dialogue, 2007; IMF, 2015) and authors (Kasipillai and Abdul Jabbar, 2006; Ojochogwu & Ojeka, 2012; Ladu, 2015) had reported that lots of government tax revenues are being lost due to the effect of losing combined taxes of corporation tax, presumptive tax for small business tax payers and individual income tax known as PAYE in form of tax non-compliance and less focus by government on small business tax payers.

Interviews with URA officials revealed that 30% of corporation tax rate and extreme 40% PAYE rate are not the major attributing factors to tax non-compliance, but rather due to a number of reasons including; being difficult tax payers, being untraceable and uncooperative tax payers despite URA's calls to settle their obligations over time and generally being difficult tax payers to the extent of closing their businesses or illegally changing business names or shifting business locations after ignoring URA's plea. Interview findings were later supported by questionnaire findings on a different question still under table 4.5.12 where in overall, 53% of the respondents were not in support with the idea that high tax rates are the only factors attributing to increased tax non-compliance. These views are in line with the views of Shahroodi (2010) and Mukasa (2011) who attributed tax non-compliance to poor system (tax system loopholes) not necessary high tax rates.

Study findings under Table 4.5.12 indicated that unfavourable Uganda's tax system is one of the key other factors attributing to tax non-compliance (67% overall respondents who consented), followed by ignorance of tax payers (57% overall respondents who consented). However, interview findings revealed that URA has done enough in-terms of creating awareness through education and sensitisation programs like as earlier noted by Ssempebwa (2015) who reported that URA undertook countless sensitisations aimed at educating taxpayers and reducing tax non-compliance. Other than URA representatives, most of the respondents agreed that unfavourable Uganda's tax system is greatly attributed to tax non-compliance especially for business enterprises. In line with Prajakta (2012) and Jaramog (2015) who noted that to some extent Uganda's taxation system alongside its tax rates have been attributed to tax non-compliance, URA representatives partially admitted that Uganda's tax system is unfavourable and responsible for such defaulters published in 2010 (top 1000 tax defaulters with over Ushs 340 billion) and such defaulters published in 2015 (top 230 tax defaulters with over Ushs 60 billion). Some of the interviewed URA officials, other interviewed URA selected staff from the domestic taxes department and company's management believe that other main factors attributing to tax non-compliance are; tax payer's perception and attitude towards the benefits associated with tax compliance as justified by some tax payers who do not appreciate and don't see any business benefit of tax compliance due to numerous reports on corruption and misuse of tax payers' funds.

5.3 Summary of the findings

5.3.1 Income tax (PAYE) rate and tax compliance

Most of the respondents (70%) agreed that PAYE rates are high and being amongst key factors why some tax payers including business enterprises are tax non-compliant. A case in point is the Appendix iii which shows recent published list of tax defaulters through tax evasion), inclusive of income tax at 24% of the amount defaulted (evaded), and in line with Pearson correlation (r) of 0.714 (71.4%).

The majority of the respondents (55%) strongly agreed that PAYE rates and brackets do not reflect tax payers' levels of income since the threshold is too low to the extent that it covers and suffocates mainly low income earners.

On average, it was revealed by 45% of the respondents that there is timely filling of PAYE returns, leaving a bigger average 55% of the respondents who disagreed that all business taxpayers do not timely file PAYE returns (are tax non-compliant)

Most of the respondents (70%) disagreed that generally PAYE is remitted/paid to URA in time (by 15th day of following month). The bigger percentage of 70% is in line the fact most of the companies remit returns timely, though not 100% tax compliant.

5.3.2 Corporation tax rate and tax compliance

Majority of the respondents (65%) strongly agreed that 30% tax rate for business enterprises is high as confirmed by the Pearson correlation analysis of r=0.792. This was attributed to why some companies are non-compliant to tax especially in form of tax evasion. Some business tax payers are somehow tax compliant though not all tax payers are 100% tax compliant, as per interviews with some of the tax compliant staff from the domestic taxes department, who are in charge of tax filing, remittance and related domestic tax tasks.

On average, provisional returns (1st and 2nd) are filled to URA by due dates. Thus, to a lesser extent (42%), 1st and 2nd provisional tax returns are not filled in time, as findings revealed that most tax payers disregard provisional returns and instead focus on final returns, yet they are all required by the Income Tax Act Cap 340 under tax laws of Uganda. Similarly, provisional remittances are not fully made in time as required by Section 111 of the Income Tax Act (2014) Cap 340.

On average still by 45% of the respondents, final tax returns are filled to URA by the due date (within 6 months after the accounting period end) and thus still a challenge faced by URA especially with individual tax payers and small business enterprises.

Slightly to a greater extent (55%), final tax returns are generally remitted (paid) to URA by the due date (within 6 months after the accounting period end). It was revealed at an overall level of business enterprises in Nakawa Municipal Council that most of the tax payers including business enterprises do not remit their taxes like as published in 2010 and 2015 by URA regarding top tax defaulters.

5.3.3 Combined influence of PAYE rates and Corporation tax rate on compliance

Majority (75%) of the respondents agreed that there is a negative combined effect of high corporation tax rate and high PAYE rates on tax compliance, thus, both high corporation tax rate and PAYE rates are greatly attributed to tax non-compliance in Uganda, both in form of tax avoidance and tax evasion. Overall as per 2-stage least square regression analysis with F = 92.88239, this implies that 93% of the respondents consented that a combination of corporation tax rate and PAYE rates are greatly attributed to tax non-compliance especially for business enterprises in Uganda.

It was also revealed that 88% of the business enterprises would be fully complying to tax obligations such as corporation tax and PAYE if the rates were low. For instance, 202 tax payers (88%) out of 230 recently published tax defaulters would not have been defaulters had it not been the effect of high rates of corporation tax and PAYE.

It was fairly agreed that high tax rates are not the only factors attributing to increased tax non-compliance. other factors revealed by the respondents include; ignorance of tax payers (57% of the respondents strongly agreed and agreed) though not supported by URA that believes that it has done enough in-terms of creating awareness through education and sensitisation programs, Uganda's tax system (67% as total respondents who consented), perception and attitude of tax payers (as per interview findings with URA selected staff from the domestic taxes department and management respondents).

5.4 Conclusions

In line with the study's general objective, specific objectives of the study, and based on the discussed study findings, the researcher concludes that;

PAYE rates are high and being amongst key factors why some tax payers including business enterprises are tax non-compliant in form of tax avoidance and tax evasion.

PAYE rates and brackets do not reflect tax payers' levels of income since the threshold is too low to the extent that it covers and suffocates mainly low income earners.

Generally, business enterprises fairly files returns and remit PAYE timely to URA.

Uganda's corporation tax rate subjected to corporation's chargeable income is high and partly attributed to why some business enterprises are tax non-compliant.

Most of the business enterprises except for Britania do not file/remit provisional returns and final tax returns in line with Section 111 of the Income Tax Act (2014) Cap 340.

There is significant negative combined effect of high PAYE tax rates and corporation tax rate on tax compliance. Thus, increased tax non-compliance in form of tax avoidance and tax evasion due to combined effect of the two tax heads of PAYE and corporation tax.

Other than the effect of increased tax rates, there are other factors responsible for tax non-compliance in Uganda especially in form of tax evasion and these include; ignorance of tax payers, Ugandan tax system, negative perception and attitude of tax payers regarding the benefits of paying taxes.

5.5 Recommendations to the Study

5.5.1 Establish a fully-fledged research and development department

The tax administration body is currently lacking a fully-fledged research department. URA should establish a research department aimed at conducting periodical surveys on how the tax administration body can address tax non-compliance in Uganda, especially with PAYE income tax and corporation tax. Such a department would help the tax administration body in identifying the key attributing factors of increased tax non-compliance, act as the basis for tax reforms, and establish appropriate measures of how to improve tax compliance or reduce tax non-compliance.

5.5.2 Significantly reduce or scrap off direct income taxes like PAYE tax and corporation, and then increase indirect taxes like excise duties

Significantly reducing or scrapping off direct taxes will significantly improve tax payers' disposable income. Uganda should adopt zero tax system like that of some countries like Bahamas and Bermuda with nil PAYE tax rate and nil corporation tax rate (Table 1.1.4.1). As a result reducing income taxes and consequently increasing tax payers' disposable income, more items will be purchased and this implies people will be tax compliant since they will indirectly pay taxes on items willingly purchased. This was equally highlighted by Mitchell (2012) that, "having lower tax rates based on taxpayer's expectations, is the best way to reduce tax evasion".

5.5.3 Capitalise on partnerships and strategic alliance with key stakeholders

Good cooperation and working relationship between the different stakeholders is crucial towards encouraging tax payers to shy away from tax evasion and tax avoidance due to high tax rates of PAYE and corporation tax. The tax rates may be high but a good relationship between tax payers and tax collectors may reduce tax non-compliance due to improved image and reduced tax payers' negative perception. This was earlier revealed by interviewees under

4.5 of this report, that some tax payers are non-compliant due to their negative perception in relation with corruption and misuse of tax payers' funds by government officials. Key parties for partnerships and alliances are; between the tax payers and the tax collectors (Uganda's tax administration body (URA), KCCA, local governments, and other government agencies).

5.5.4 Accountability and clearly articulate associated benefits of tax compliance

URA as the tax administration body of the government should publically and adequately account for tax payers' money. Tax communications by URA should address taxpayers' complaints and other positive areas especially benefits of paying taxes (tax compliance) to citizens and the country at large. Tax communications to potential tax payers should focus on accountability of tax payers' money and thus, incorporate appeals that have an emotional element. For instance, linking the use of tax revenue to the funding of schools or highlighting sanctions for failure to comply. Accountability and communicating benefits of tax compliance or communicating negative consequences of tax non-compliance promotes voluntary compliance. This was earlier justified by Mukasa (2011) who reported that citizens who access greater tax education may be aware of non-compliance opportunities like tax loopholes and hence a reduced likelihood of deliberate non-compliance.

5.6 Areas for further studies

i. The effects of tax rates and enforcement policies on taxpayer compliance
ii. The effects of online tax system on tax compliance among small business taxpayers
iii. The impact of tax knowledge and awareness on tax compliance of business enterprises
iv. Relationship between perception/attitude of taxpayers and tax compliance

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APPENDICES

Appendix I: Questionnaire – for the respondents

Dear Correspondent,

I am **Mr. Nicholus Mushabenta** currently conducting a research in partial fulfillment of the requirement of the award of a Master's Degree in Business Administration of Kyambogo University. **Topic**: **"Income Tax Rates and Tax compliance, A Case Study of Britania Allied Industries Limited".**

You have been carefully selected because of your knowledge, and position in the organisation. I kindly request you to help me in data collection by responding to this questionnaire. Any information given to me in the course of this study will be strictly confidential.

SECTION A. BIO DATA (Tick/Write Where Appropriate)

1. Sex

(a) Male ☐ (b) Female ☐

2. Age of respondents (years)

(a) Below 20 ☐ (b) 20-30 ☐

(c) 31-40 ☐ (d) 41 and above ☐

3. Level of education

(a) Secondary and below ☐ (b) Certificate/Diploma ☐

(c) Bachelors degree ☐ (d) Masters and PhD ☐

4. Category of respondent, as per your respective organisation or institution

(a) Top management ☐ (b) Middle management ☐

(c) Lower management ☐ (d) Ordinary worker ☐

SECTION B: Objectives

Relationship between Uganda's PAYE Rates and tax compliance

Please indicate by whether you

Strongly agree (SA) – 4, Agree (A) – 3,

Disagree (D) – 2, and Strongly disagree (SD) – 1, in the statements where applicable.

The following statements justify the relationship between Uganda's income tax rates (PAYE brackets) and tax compliance in form of tax avoidance and tax evasion:	**4**	**3**	**2**	**1**
PAYE rates are high and thus increasing non-compliance of business enterprises like Britania				
PAYE rates and brackets do not reflect tax payers' levels of income, thus, increasing non-compliance for enterprises like Britania				
PAYE returns are filled to URA in time i.e. by 15th day of following month, by Britania and other business enterprises				
PAYE is remitted/paid to URA in time i.e. by 15th day of following month, by Britania and other business enterprises				
Others (specify)				

Relationship between Corporation Tax Rates and tax compliance

Please indicate by whether you

Strongly agree (SA) – 4, Agree (A) – 3,

Disagree (D) – 2, and Strongly disagree (SD) – 1, in the statements where applicable.

The following statements justify the relationship between Uganda's corporation tax rates and tax compliance in form of tax avoidance and tax evasion:	**4**	**3**	**2**	**1**
30% corporation tax rate is high and thus increasing non-compliance				
Provisional returns are filled to URA by the due date i.e. for the 1st (within 6				

months after the start of accounting period) and 2nd provisional returns (at the accounting period end) by Britania and other business enterprises				
Provisional returns are remitted (paid) to URA by the due date i.e. for the 1st (within 6 months after the start of accounting period) and 2nd provisional returns (at the accounting period end) by Britania and other business enterprises				
Final tax returns are filled to URA by the due date by Britania and other business enterprises i.e. within 6 months after the accounting period end				
Final tax returns are remitted (paid) to URA by the due date by Britania and other business enterprises i.e. within 6 months after the accounting period end				
Others (specify)				

Combined influence of Uganda's PAYE rates and corporation tax rate on tax compliance

Please indicate by whether you

Strongly agree (SA) – 4, Agree (A) – 3,

Disagree (D) – 2, and Strongly disagree (SD) – 1, in the statements where applicable.

The following statements justify the combined influence of Uganda's PAYE rates and corporation tax rate on tax compliance in form of tax avoidance and tax evasion:	4	3	2	1
Combined maximum tax rates of 30% corporation tax and 40% PAYE make it costly for business enterprise and thus increasing tax non-compliance				
Business Enterprises would be fully complying to tax obligations e.g. of corporation and PAYE tax rates if the rates were low				
High tax rates are not the only factors attributing to increased tax non-compliance for business enterprises				
Other factors attributing to tax non-compliance for businesses include;				
Ignorance of business enterprise tax payers				
Unfavourable Uganda's tax system				
Others (specify)				

months after the start of accounting period) and 2nd provisional returns (at the accounting period end) by Britania and other business enterprises				
Provisional returns are remitted (paid) to URA by the due date i.e. for the 1st (within 6 months after the start of accounting period) and 2nd provisional returns (at the accounting period end) by Britania and other business enterprises				
Final tax returns are filled to URA by the due date by Britania and other business enterprises i.e. within 6 months after the accounting period end				
Final tax returns are remitted (paid) to URA by the due date by Britania and other business enterprises i.e. within 6 months after the accounting period end				
Others (specify)				

Combined influence of Uganda's PAYE rates and corporation tax rate on tax compliance

Please indicate by whether you

Strongly agree (SA) – 4, Agree (A) – 3,

Disagree (D) – 2, and Strongly disagree (SD) – 1, in the statements where applicable.

The following statements justify the combined influence of Uganda's PAYE rates and corporation tax rate on tax compliance in form of tax avoidance and tax evasion:	4	3	2	1
Combined maximum tax rates of 30% corporation tax and 40% PAYE make it costly for business enterprise and thus increasing tax non-compliance				
Business Enterprises would be fully complying to tax obligations e.g. of corporation and PAYE tax rates if the rates were low				
High tax rates are not the only factors attributing to increased tax non-compliance for business enterprises				
Other factors attributing to tax non-compliance for businesses include;				
Ignorance of business enterprise tax payers				
Unfavourable Uganda's tax system				
Others (specify)				

Appendix II: Interview Guide – for the interviewees

The relationship between Uganda's income tax rates (PAYE brackets) and tax compliance in form of tax avoidance and tax evasion

1) Are PAYE rates high and attributed to increasing tax non-compliance?
2) Do PAYE rates and brackets reflect tax payers' levels of income? If no, are they attributed to increasing tax non-compliance?
3) Are PAYE returns generally filled to URA in time i.e. by 15^{th} day of following month?
4) Is PAYE remitted/paid to URA in time i.e. by 15^{th} day of following month?

The relationship between Uganda's corporation tax rates and tax compliance in form of tax avoidance and tax evasion

5) Do you think 30% corporation tax rate is high and thus increasing non-compliance?
6) Are provisional returns filled to URA by the due date i.e. for the 1st (within 6 months after the start of accounting period) and 2^{nd} provisional returns (at the accounting period end)?
7) Are provisional returns remitted (paid) to URA by the due date i.e. for the 1st (within 6 months after start of accounting period) and 2^{nd} provisional returns (at period end)?
8) Do final tax returns get filled to URA by the due date i.e. within 6 months after the accounting period end?
9) Are the final tax returns remitted (paid) to URA by the due date i.e. within 6 months after the accounting period end?

The combined influence of Uganda's PAYE and corporation tax rates on tax compliance in form of tax avoidance and tax evasion

10) Do you think the combination of maximum tax rates of 30% corporation tax and 40% PAYE make it costly for business enterprise, thus increasing tax non-compliance?
11) Do you believe business enterprises would be fully compliant say by filling and payment of corporation and PAYE taxes if the rates were lower than 30% and 40% respectively?
12) Do you think that high tax rates are the only factors attributing to increased tax non-compliance for business enterprises? If no, mention other attributing factors?

Appendix III: List of Tax Defaulters – Non-compliant tax payers

S/N	Tax Payer Name	Tax Head	Tax Head (Classified)	Amount (Ushs)
1	Neptune Petroleum Uganda Limited	WHT	Others (VAT, WHT, Import duty & Customs)	5,534,422,511
2	Polaris Seismic International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	5,410,785,640
3	Alert Investments Limited	VAT & Income Tax	Income Tax (PAYE)	3,354,589,750
4	Dan Office Limited	VAT	Others (VAT, WHT, Import duty & Customs)	3,274,570,513
5	Mulyoowa Michael Ezra	Income Tax	Income Tax (PAYE)	3,181,608,945
6	Hussein Systems International Limited	Corp Tax	Corporation Tax	1,299,717,079
7	Super 8 Entertainment Centre	VAT & Corp Tax	Corporation Tax	1,289,319,970
8	Ntume Hardware Limited	VAT	Others (VAT, WHT, Import duty & Customs)	1,165,121,229
9	Mujenka Construction and General Supplies Limited	VAT	Others (VAT, WHT, Import duty & Customs)	1,033,058,134
10	Megha Electronics Limited	Import Duty	Others (VAT, WHT, Import duty & Customs)	1,023,672,564
11	Civil Aviation Authority Staff Provident Fund	Income Tax	Income Tax (PAYE)	911,901,346
12	Swift Link Tours And Travel Limited	VAT	Others (VAT, WHT, Import duty & Customs)	778,681,442
13	Moyo Hardware Limited	VAT	Others (VAT, WHT, Import duty & Customs)	776,427,709
14	Musalaba Mwekundu Limited	VAT & Corp Tax	Corporation Tax	759,220,927
15	Instrument Support Company Limited	VAT	Others (VAT, WHT, Import duty & Customs)	656,655,153
16	Rukundo United Traders Limited	Corp Tax	Corporation Tax	509,365,425
17	Highway Engineering Industries Limited	VAT	Others (VAT, WHT, Import duty & Customs)	506,790,399
18	Gao Ling Ling	Income Tax	Income Tax (PAYE)	502,958,400
19	Vicom Centre Limited	VAT	Others (VAT, WHT, Import duty & Customs)	487,197,616
20	Hongai General Suplies	VAT	Others (VAT, WHT,	482,657,723

	Limited		Import duty & Customs)	
21	MTM Catering Services	VAT	Others (VAT, WHT, Import duty & Customs)	475,000,836
22	Kaboyo Enock T/A Zurich Consult	VAT	Others (VAT, WHT, Import duty & Customs)	468,579,133
23	Fabec Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	464,248,385
24	Linda Ka Limited	Corp Tax	Corporation Tax	457,346,748
25	Bce Brothers (U) Limited	Income Tax	Income Tax (PAYE)	428,879,849
26	Mian Trading International Co. Limited	VAT	Others (VAT, WHT, Import duty & Customs)	401,175,311
27	Apidex Enterprises Limited	Corp Tax	Corporation Tax	397,406,348
28	Wisteria Limited	Import Duty	Others (VAT, WHT, Import duty & Customs)	393,740,892
29	Drd Developers Limited	VAT	Others (VAT, WHT, Import duty & Customs)	389,009,795
30	Katosi Filling Station	Import Duty	Others (VAT, WHT, Import duty & Customs)	387,851,852
31	A.N Consult Limited	Corp Tax	Corporation Tax	384,325,054
32	Uganda Projects Implementation And Management Centre	VAT	Others (VAT, WHT, Import duty & Customs)	378,382,620
33	Muguluma Fred	Income Tax	Income Tax (PAYE)	377,429,768
34	Alcom Agriforicare Limited	VAT & Icome Tax	Income Tax (PAYE)	353,673,585
35	40 Miles Investment Limited	VAT	Others (VAT, WHT, Import duty & Customs)	350,143,646
36	Olulung Bosco	Corp Tax	Corporation Tax	348,399,315
37	Xiang Guang Investment Limited	VAT	Others (VAT, WHT, Import duty & Customs)	337,898,652
38	Busia District Local Govt	Income Tax	Income Tax (PAYE)	335,039,479
39	Kavuma Investments (U)Limited	VAT	Others (VAT, WHT, Import duty & Customs)	303,106,480
40	Bigways Construction	VAT	Others (VAT, WHT, Import duty & Customs)	300,628,980
41	Zhongfu Import & Export Co.Limited	VAT	Others (VAT, WHT, Import duty & Customs)	297,051,239
42	Quick Wholesalers (U) Limited	Customs	Others (VAT, WHT, Import duty & Customs)	294,467,074
43	Marketing Information Limited	VAT	Others (VAT, WHT, Import duty & Customs)	289,198,170
44	Bob Kasango	Income Tax	Income Tax (PAYE)	289,163,179
45	Mineral Impex Limited	Income Tax	Income Tax (PAYE)	285,615,120
46	Gaming International	Income Tax	Income Tax (PAYE)	283,483,050

	Limited			
47	Kampala Wines And Spirits Limited	VAT & Corp Tax	Corporation Tax	282,540,489
48	Steak Out Limited	VAT & Income Tax	Income Tax (PAYE)	277,175,086
49	Shine Products Limited	VAT	Others (VAT, WHT, Import duty & Customs)	267,320,427
50	Zoom Technology	VAT	Others (VAT, WHT, Import duty & Customs)	267,284,436
51	Mr. Munyankuge Issa	VAT	Others (VAT, WHT, Import duty & Customs)	259,435,465
52	Walakira William	Income Tax	Income Tax (PAYE)	250,051,900
53	Hearton Concepts Limited	VAT	Others (VAT, WHT, Import duty & Customs)	247,643,288
54	Bajje Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	246,006,017
55	Myka Transporters Limited	VAT	Others (VAT, WHT, Import duty & Customs)	245,406,704
56	Club 24/7 Limited	VAT	Others (VAT, WHT, Import duty & Customs)	245,355,297
57	SKMG Holdings Limited	VAT	Others (VAT, WHT, Import duty & Customs)	236,038,586
58	Mellen Ranchers Limited	Corp Tax	Corporation Tax	235,190,415
59	Joan Traders	Import Duty	Others (VAT, WHT, Import duty & Customs)	234,634,004
60	Zakuna Enterprises Limited	VAT	Others (VAT, WHT, Import duty & Customs)	232,379,305
61	Emerald Hotel Limited	VAT	Others (VAT, WHT, Import duty & Customs)	230,679,958
62	East African Courier (Uganda) Limited	VAT & Income Tax	Income Tax (PAYE)	230,268,106
63	Ahmed Said	VAT & Income Tax	Income Tax (PAYE)	217,541,958
64	Samuel Black	Income Tax	Income Tax (PAYE)	207,668,623
65	Adwest Technologies (U) Limited	Income Tax	Income Tax (PAYE)	207,463,258
66	Muhumuza Silver	Corp Tax	Corporation Tax	205,585,703
67	Afronile General Trading Limited	VAT	Others (VAT, WHT, Import duty & Customs)	205,048,865
68	Agriforicare Limited	VAT	Others (VAT, WHT, Import duty & Customs)	205,048,865
69	Hass Iganga Fuel Filling Station	Import Duty	Others (VAT, WHT, Import duty & Customs)	203,674,365

70	Serwanja Yusuf	Income Tax	Income Tax (PAYE)	203,605,095
71	Ba Steward Company Limited	VAT	Others (VAT, WHT, Import duty & Customs)	201,816,546
72	Atelakani Enterprises Limited	Corp Tax	Corporation Tax	194,315,474
73	Buckeye Industrial Enterpries	Import Duty	Others (VAT, WHT, Import duty & Customs)	190,604,557
74	Tofan Engineering Contractors Limited	VAT	Others (VAT, WHT, Import duty & Customs)	188,783,330
75	Maimuna Nanfuka/Soft Chain Distributors	VAT	Others (VAT, WHT, Import duty & Customs)	184,985,536
76	Miter Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	179,909,364
77	Rugi Enterprises Limited	VAT	Others (VAT, WHT, Import duty & Customs)	178,156,226
78	Michael Kasawuli	VAT	Others (VAT, WHT, Import duty & Customs)	177,765,182
79	Taili International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	176,543,028
80	Comico International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	172,585,832
81	Conrad House Limited	VAT & Income Tax	Income Tax (PAYE)	172,111,858
82	Labuhu Technical Services Limited	VAT	Others (VAT, WHT, Import duty & Customs)	159,960,770
83	Halai Enterprises (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	156,355,074
84	Imagine Partners Limited	Income Tax	Income Tax (PAYE)	153,852,865
85	Ranchers Limited	Income Tax	Income Tax (PAYE)	149,001,557
86	Joka Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	148,320,030
87	Earthwise Ferries Uganda Limited	Income Tax	Income Tax (PAYE)	147,267,322
88	Okello T/A Lagoro Property Consultants	VAT & Corp Tax	Corporation Tax	142,056,677
89	Phenix Oils Limited	VAT	Others (VAT, WHT, Import duty & Customs)	140,790,740
90	Mukafra Contractors Limited	VAT	Others (VAT, WHT, Import duty & Customs)	140,785,849
91	Adrian Uganda Limited	VAT	Others (VAT, WHT, Import duty & Customs)	140,128,932
92	Mr. Were Geoffrey T/A Uphill Consults	VAT	Others (VAT, WHT, Import duty & Customs)	135,485,889

93	Nakaseero Properties Limited	VAT	Others (VAT, WHT, Import duty & Customs)	134,708,447
94	Budget Safaris And Car Rental Services	VAT	Others (VAT, WHT, Import duty & Customs)	133,734,261
95	Roofclad Limited	VAT & Income Tax	Income Tax (PAYE)	130,894,100
96	Barohooza Julius	Income Tax	Income Tax (PAYE)	124,083,585
97	Weiye International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	121,695,010
98	Top Rate Construction Limited	VAT	Others (VAT, WHT, Import duty & Customs)	118,923,776
99	Bolton International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	118,370,134
100	Oloka Pila David Japiens	Income Tax	Income Tax (PAYE)	113,704,392
101	Kenshan Enterprises Eastern Africa Limited	VAT	Others (VAT, WHT, Import duty & Customs)	113,558,675
102	Adroit (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	112,627,508
103	Transworld Properties Limited	VAT	Others (VAT, WHT, Import duty & Customs)	112,128,318
104	Mugema Francis	Income Tax	Income Tax (PAYE)	111,629,445
105	Dial Safes Limited	VAT	Others (VAT, WHT, Import duty & Customs)	108,746,691
106	Gelp Kafumbe Mukasa	Import Duty	Others (VAT, WHT, Import duty & Customs)	107,910,160
107	Mukal General Agencies Limited	VAT	Others (VAT, WHT, Import duty & Customs)	106,002,141
108	Sawika Transporters	VAT	Others (VAT, WHT, Import duty & Customs)	104,581,430
109	Cervoise Limited	VAT &Income Tax	Income Tax (PAYE)	103,795,720
110	Life FM Limited	VAT	Others (VAT, WHT, Import duty & Customs)	103,161,847
111	Mwesigwa Titus T/A Taremwa General Hardware	VAT	Others (VAT, WHT, Import duty & Customs)	102,159,677
112	Top Rank	VAT	Others (VAT, WHT, Import duty & Customs)	101,242,583
113	Lucky Industries Limited	VAT	Others (VAT, WHT, Import duty & Customs)	101,154,412
114	Godfrey Sebagala	Income Tax	Income Tax (PAYE)	100,626,972
115	Blazers Trading Co.Limited	VAT	Others (VAT, WHT, Import duty & Customs)	99,605,728
116	Claymark Limited	VAT	Others (VAT, WHT, Import duty & Customs)	98,330,673

117	Michael Makoha Limited	VAT	Others (VAT, WHT, Import duty & Customs)	96,281,035
118	Bugisu Farmers Aa Coffee Limited	VAT	Others (VAT, WHT, Import duty & Customs)	96,210,038
119	African Network Resource Development Limited	VAT	Others (VAT, WHT, Import duty & Customs)	95,791,477
120	Dawood Construction Co.Limited	VAT & Corp Tax	Corporation Tax	95,213,174
121	Kabaizi Justus	Import Duty	Others (VAT, WHT, Import duty & Customs)	94,278,907
122	Tayebba Group Co Limited	Income Tax	Income Tax (PAYE)	93,725,017
123	Ssenfuka John	Income Tax	Income Tax (PAYE)	91,651,947
124	Fabri Trade International Uganda	Income Tax	Income Tax (PAYE)	91,270,072
125	Interdisciplinary Technical Limited	Corp Tax	Corporation Tax	90,730,553
126	Jc International (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	90,671,925
127	Sms Victoria International Limited	Import Duty	Others (VAT, WHT, Import duty & Customs)	90,050,493
128	Sunrise Trading Co. Limited	VAT	Others (VAT, WHT, Import duty & Customs)	88,684,931
129	Royal Commodities Limited	Import Duty	Others (VAT, WHT, Import duty & Customs)	88,041,081
130	C and A Tour and Travel	Corp Tax	Corporation Tax	87,854,642
131	Emoc Engineering And Contractors U Limited	VAT	Others (VAT, WHT, Import duty & Customs)	87,492,325
132	Lwebuga Solomon	Income Tax	Income Tax (PAYE)	86,687,226
133	Consolidated Services Limited	Import Duty	Others (VAT, WHT, Import duty & Customs)	83,080,745
134	Sira Enterprises	VAT	Others (VAT, WHT, Import duty & Customs)	83,070,446
135	Salum Rucakeri	Income Tax	Income Tax (PAYE)	82,686,350
136	Katumba Furniture & Construction (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	80,720,227
137	Liza Tech U Limited	VAT & Income Tax	Income Tax (PAYE)	79,966,821
138	Prudence Construction And Civil Engineering	Income Tax	Income Tax (PAYE)	79,385,112
139	Lasting Solutions Limited	VAT	Others (VAT, WHT, Import duty & Customs)	77,673,248
140	Jambo International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	77,406,193

141	Vision Africa General Trading Limited	Income Tax	Income Tax (PAYE)	75,472,807
142	Incomm Uganda Limited	VAT	Others (VAT, WHT, Import duty & Customs)	75,231,035
143	West Records U Limited	VAT	Others (VAT, WHT, Import duty & Customs)	75,202,672
144	Rehna International Uganda Limited	VAT	Others (VAT, WHT, Import duty & Customs)	74,852,665
145	Kerd Construction Limited	VAT	Others (VAT, WHT, Import duty & Customs)	74,635,420
146	Sakana Co. Limited	Income Tax	Income Tax (PAYE)	74,239,533
147	Mulyanti Anne	Income Tax	Income Tax (PAYE)	72,900,000
148	Inland Petroleum Limited	VAT	Others (VAT, WHT, Import duty & Customs)	72,574,160
149	Odens And Wandera Court Bailiffs	VAT	Others (VAT, WHT, Import duty & Customs)	71,186,657
150	Classic African Art Limited	VAT	Others (VAT, WHT, Import duty & Customs)	68,830,713
151	Auya Star Company Limited	VAT	Others (VAT, WHT, Import duty & Customs)	66,923,940
152	Muhammed Hamid	Income Tax	Income Tax (PAYE)	65,161,940
153	Electrical And Refrigerator Masters Limited	VAT	Others (VAT, WHT, Import duty & Customs)	64,237,952
154	Rost Agencies	Customs	Others (VAT, WHT, Import duty & Customs)	63,516,843
155	Damocles Security Solutions Limited	VAT	Others (VAT, WHT, Import duty & Customs)	63,300,976
156	Mobile Trade	Import Duty	Others (VAT, WHT, Import duty & Customs)	62,567,513
157	Rhino Medicine [U] Limited	Corp Tax & PAYE	Corporation Tax	62,564,616
158	Christopher Obey	Income Tax	Income Tax (PAYE)	62,415,842
159	TMK Maestro Limited	VAT	Others (VAT, WHT, Import duty & Customs)	62,101,479
160	Network For Stepping Stones Approaches	VAT	Others (VAT, WHT, Import duty & Customs)	61,860,456
161	Zk Advertising	Income Tax	Income Tax (PAYE)	59,587,447
162	Interdisciplinary Tech Limited	Corp Tax	Corporation Tax	57,234,823
163	Nankeba Maria	Income Tax	Income Tax (PAYE)	57,229,048
164	Signage And Graphics U Limited	VAT	Others (VAT, WHT, Import duty & Customs)	56,748,180
165	Buyi D Limited	VAT	Others (VAT, WHT,	55,811,661

			Import duty & Customs)	
166	Bhartfield Merchantile	Import Duty	Others (VAT, WHT, Import duty & Customs)	55,677,140
167	Buildcon Limited	VAT	Others (VAT, WHT, Import duty & Customs)	55,423,285
168	KFK Metal Works And Gen Engineering Limited	VAT	Others (VAT, WHT, Import duty & Customs)	54,446,738
169	Coda Corporation (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	53,710,437
170	Kato Pat Technical Services Limited	VAT	Others (VAT, WHT, Import duty & Customs)	52,594,687
171	Abesiga John T/A Abesiga And Sons	Income Tax	Income Tax (PAYE)	51,480,000
172	Basheija Fred	Income Tax	Income Tax (PAYE)	50,264,640
173	Uganda Liquor Distributors	Import Duty	Others (VAT, WHT, Import duty & Customs)	48,137,038
174	Dukelight Investments Limited	Import Duty	Others (VAT, WHT, Import duty & Customs)	46,733,316
175	Installation World Limited	VAT	Others (VAT, WHT, Import duty & Customs)	46,687,350
176	Ayoro Construction Co. Limited	Income Tax	Income Tax (PAYE)	46,320,686
177	Basemaster Engineering Limited	Income Tax	Income Tax (PAYE)	44,880,026
178	Ateker Logistics	VAT	Others (VAT, WHT, Import duty & Customs)	43,914,813
179	Executive Links Limited	VAT	Others (VAT, WHT, Import duty & Customs)	43,456,055
180	Kamanyi Lazarus Frank	Income Tax	Income Tax (PAYE)	41,657,252
181	ATM Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	40,481,495
182	Builtrust Construction Company	Income Tax	Income Tax (PAYE)	39,467,304
183	Rorad Supplies Limited	VAT	Others (VAT, WHT, Import duty & Customs)	39,182,169
184	Jetspeed Air Freighters Limited	VAT	Others (VAT, WHT, Import duty & Customs)	38,627,634
185	Triomas Electronics Uganda Limited	VAT	Others (VAT, WHT, Import duty & Customs)	38,627,634
186	Kings Universal Limited	VAT	Others (VAT, WHT, Import duty & Customs)	38,199,658
187	J.S. Engineering Limited	Corp Tax	Corporation Tax	38,198,739
188	Kids and Teens Collections	Income Tax	Income Tax (PAYE)	37,063,240

	Limited			
189	Kneel (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	36,364,732
190	Stevola Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	35,949,602
191	Mubiru John	VAT	Others (VAT, WHT, Import duty & Customs)	35,945,815
192	Joy Mugabi T/A Kita General Works	VAT	Others (VAT, WHT, Import duty & Customs)	35,536,624
193	Real Distillers Limited	VAT	Others (VAT, WHT, Import duty & Customs)	35,208,658
194	Black And White Limited	VAT & Income Tax	Income Tax (PAYE)	35,116,841
195	Ess Kay Traders	VAT	Others (VAT, WHT, Import duty & Customs)	33,646,773
196	Panok International Limited	Customs	Others (VAT, WHT, Import duty & Customs)	33,496,869
197	Mc Neil Services Uganda	VAT	Others (VAT, WHT, Import duty & Customs)	33,385,433
198	Jerome Mugondi T/A Jeroe Fore Enterprises	VAT	Others (VAT, WHT, Import duty & Customs)	33,118,789
199	Blest International Limited	VAT	Others (VAT, WHT, Import duty & Customs)	32,032,188
200	Moses Arinaitwe	VAT	Others (VAT, WHT, Import duty & Customs)	31,375,543
201	Enaush Investment Co Limited	VAT	Others (VAT, WHT, Import duty & Customs)	31,346,869
202	Haji Kavuma Harron	Import Duty	Income Tax (PAYE)	30,848,973
203	Penguins Limited	VAT	Others (VAT, WHT, Import duty & Customs)	30,295,461
204	Fibreaid (U) Limited	VAT	Others (VAT, WHT, Import duty & Customs)	30,100,511
205	Apila Engineering And Construction Limited	Income Tax	Income Tax (PAYE)	28,658,502
206	Aba J Kihika Merchanise 1984 Limited	VAT	Others (VAT, WHT, Import duty & Customs)	28,324,000
207	Baguma Rodgers	VAT	Others (VAT, WHT, Import duty & Customs)	28,253,374
208	Anko Trading Co Limited	VAT	Others (VAT, WHT, Import duty & Customs)	27,065,257
209	Erubi Engineering Services And Supplies Limited	Income Tax	Income Tax (PAYE)	24,201,000
210	Gramato (U)Limited	Corp Tax	Corporation Tax	23,988,126

211	Dynamic Engineering Services Limited	Corp Tax	Corporation Tax	22,803,055
212	Rm Business Solutions Limited	VAT	Others (VAT, WHT, Import duty & Customs)	22,722,928
213	Oburu Ziphorah T/A Benda General Traders	Corp Tax	Corporation Tax	21,846,534
214	Bemo Nyero Investment	VAT	Others (VAT, WHT, Import duty & Customs)	20,715,671
215	Formula View Investor Limited	Corp Tax	Corporation Tax	20,078,159
216	David Bahakanira	VAT	Others (VAT, WHT, Import duty & Customs)	18,474,697
217	Brisk Investments Limited	VAT	Others (VAT, WHT, Import duty & Customs)	16,551,429
218	Eagle Engineering & T. Co Limited	Corp Tax	Corporation Tax	14,392,874
219	Alima Engineering Work Limited	Corp Tax	Corporation Tax	13,833,979
220	Kemis Ismail & Brothers Co. Limited	Corp Tax	Corporation Tax	11,887,943
221	Habitat Construction Store Limited	Corp Tax	Corporation Tax	8,864,528
222	Ogwal Richard	Income Tax	Income Tax (PAYE)	8,251,915
223	Daniela Construction Co Limited	Corp Tax	Corporation Tax	7,196,438
224	Opio & Sons Limited	Corp Tax	Corporation Tax	7,196,438
225	Idipodo Technical Services	Corp Tax	Corporation Tax	6,849,177
226	Paunoucs Engineering Limited	Corp Tax	Corporation Tax	6,476,794
227	C&B United Construction Engineering	Corp Tax	Corporation Tax	4,611,327
228	J.H. Engineering Works Limited	Corp Tax	Corporation Tax	4,520,910
229	Hon. Cadet Benjamin	Import Duty	Others (VAT, WHT, Import duty & Customs)	2,054,844
230	Okol Pius Achuma	Income Tax	Income Tax (PAYE)	2,012,742
	Total			**60,113,817,594**