

Tax reforms play a vital role in an economy of any country by improving its tax systems. Kenyan Government started massive tax reforms from the year 2002 through tax modernisation programme, tax rates adjustment and modification of tax penalties in its efforts to create a sustainable tax system that could harness adequate tax revenue to finance public expenditures. However, tax revenue collection from large tax payers has been increasing at a decreasing rate. It's in the light of low revenue collections that the study sought to assess impact of income tax reforms on compliance of large tax payers. Specifically, the study sought to assess how tax modernization programmes, tax rate adjustments, tax penalties modifications and compliance challenges affect compliance of large tax payers in the Western region. The study adopted descriptive study design and involved administration of questionnaires to a sample of 31 large taxpayers with 124 respondents drawn from the population of 60 large taxpayers in western region of Kenya. Data collected were analyzed using descriptive statistics and findings from the study indicated that, after the introduction of income tax reforms, KRA offered a platform for taxpayers to file online, report online and pay online, thereby improving the efficiency of tax record and tax administration which improved compliance. However, some respondent said that the programme was exclusive, slower than expected, hardly implementable and need more resources. Most of the respondents saw the tax adjustment as being punitive and needed time for adjustments as the new rate affected tax liability and productivity while slightly inducing investment by 51 %. The tax penalties reforms, organizations had clear policies for dealing with tax matters so as to avoid tax penalties. The study found that limited audits are carried out to tax payers and therefore more tax audits be carried to the tax payers to enhance compliance. The study found that compliance challenges do hinder compliance ability taxpayers after tax reforms. The study found that training organized by KRA was more effective in tackling these compliance challenges.a