

**AN INVESTIGATION OF THE EFFECT OF ONLINE SERVICES ON REVENUE
COLLECTION
(A CASE STUDY OF THE INTEGRATED TAX MANAGEMENT INFORMATION
SYSTEM OF THE DOMESTIC TAXES DEPARTMENT OF KENYA REVENUE
AUTHORITY)**

BY

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DECLARATION

This project is my original work and has not been presented for a degree in any other university or for any other award.

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DEDICATION

This project is dedicated to my wife Stella, children Griffins, Gloria, Breda and Celestine dear for their love, understanding and support during the many long hours committed to this program.

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ABSTRACT

Online services forms part of the tax reforms were by Kenya Revenue Authority. Since its formation, Kenya revenue authority has implemented several tax reforms with the motive of enhancing tax collections and tax efficiency. Taxation is the main source of government revenues in Kenya. Kenya's tax revenues have been increasing rapidly due to the country's rapid economic development; therefore, Government has invested time and money in an integrated online tax filing system for tax administration to improve the efficiency of its tax system. Using the integrated tax management information system of the domestic tax department as an example of e-governmental services, this study seeks to develop an understanding of the effect of online services in revenue collection in Kenya. The specific objective of the study is to assess the impact of KRA online services on revenue collection, to assess whether online services will significantly reduce queues experienced at the time of submitting tax returns and to determine the relevance of electronic record keeping in enhancing revenue collection. The study adopts a case study approach of one of the departments of the Kenya Revenue Authority, the Domestic Tax Department-MST with emphasis to VAT and PAYE collections. The study will use a structured questionnaire as the main data collection tool. The collected data was analyzed using descriptive statistics and frequency tables to answer the objectives of the study. The data was presented using charts and tables.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Tax reform is a change in the status quo. It has been one of the major preoccupations of most developing countries in the 1980s. Over 100 attempts at tax reforms in developing countries have been recorded since 1945 (Osoro, 1993). Tax reform has turned from a desired or preferred task to being a necessary one (Gillis, 1989a).

Since the late 1990s, numerous government agencies have made huge investments in electronic government (e-Government) services to link government networks and deploy a variety of service infrastructure to provide extensive and proactive services. However, low levels of user acceptance of these services are recognized as an endemic problem for government policy makers, government agencies, and e-Government services providers. For example, the online tax filing and payment system (OTFPS) is a well-known e-Government service in Kenya. The OTFPS system was launched in 1998. The Kenya Revenue Authority tax agency has invested millions of dollars in promoting the online services (an integrated tax system) for Domestic Tax Department taxpayers (integrated tax management information system).

An integrated System is a system which will give a single view of a Taxpayer for all the Tax obligations. ITMIS was found to be necessary after creation of Domestic Taxes Department.

While the merger resulted to improved services for management, it faced challenges of parallel I.C. T. Systems. This system denied the users the benefit of Integrated View of a Taxpayer. ITMIS will provide a suitable environment for efficient and effective delivery of services to Taxpayers. (*KRA ICT report 2012*).

The objectives of ITMIS will be to provide efficient & effective services to taxpayers & public and reduce interaction with staff, Improve tax collection, Facilitate seamless sharing of information across KRA & relevant 3rd parties for data-matching purposes in order to detect non-compliance and to facilitate combined enforcement actions, Provide a single view of a taxpayer , Reduce the cost of collection and compliance, Exploit the advancement in technology and facilitate staff performance measurement and monitoring. *(KRA ICT report, 2012)*

Expected benefits from ITMS includes: Enhanced protection of revenue collection, Efficient & effective provision of services to public & taxpayers, Elimination of the tedious, costly & error-prone manual data capture operations currently undertaken by staff who will be freed to do more productive work, Effective tax administration through enhanced control, monitoring of taxpayer activities & enhanced taxpayer's compliance, Reduced operational costs, Efficient utilisation of KRA resources, Reduced occasions of petty graft associated with paper based & manual processes through minimization of taxpayers & staff contact and Improved security of information. *(KRA ICT report, 2012)*

In the environment of growing popularity of electronic services, the fact that automation should not happen for the sake of automation frequently remains unnoticed. However, new automated services should bring considerable added value over its traditional counterparts. Therefore, in the area of e-Government it is important to remember the public value of e-initiatives. Public value of e-Government is a multi-dimensional topic and can be viewed from various perspectives, such as financial and organizational value (driven by improved efficiency), political value (driven by improved democracy) or constituency value (driven by improved effectiveness), as suggested by the European Commission (2006).

1.1.1 Online Tax Strategy

A strategy is a company's game plan' (Pearce & Robinson, 2007). Strategy concerns what a firm is doing in order to gain a sustainable competitive advantage (Porter, 1980). The principal concern of corporate strategy is identifying the business areas in which a company should participate in to maximize its long run profitability.

Johnson and Scholes (2002) view strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and fulfill stakeholders' expectations. Strategy comprises actions employed to meet a firm's long-term objectives. Pearce and Robinson (2007) have recommended three critical ingredients for the success of strategy. These are; strategy must be consistent with conditions in the competitive environment; it must take advantage of existing and emerging opportunities and minimize the impact of major threats; and strategy must place realistic requirements on the firm's resources.

KRA online service is a strategy were by an organization to receive and transfer data in real time concerning its operations and that of its appointed agents. Information is accessed through the internet or any other computer network. A taxpayer software (TSW) developed by Kenya Revenue Authority is available in the KRA website. The software is downloadable and installable by taxpayers into their computers. The Taxpayer software enables end users to register their personal details using their Personal identification number (PIN) and other details to be able to submit returns online for registered tax obligations. Details of the various returns are completed at the registered taxpayers' personal computer before uploading the returns to Kenya Revenue Authority database. The strategy enables faster flow of a large

volume of data. Online filing is expected to significantly contribute to a reduction in the cost of doing business as the taxpayers will substantially spend less time queuing at KRA offices, post offices and banks to drop tax returns. (KRA Fifth Corporate Plan)

The concept of online filing has generally revolutionised filing of tax returns in Kenya. Registered taxpayers are now able to file their returns from their personal computers and on a real time. Payments for taxes are transmitted instantly to KRA. Taxpayers are not experiencing long queues usually experienced at end month at Times tower and KRA stations countrywide. The question we may ask now is whether the increased use of internet usually a major loophole for tax evasion and avoidance is the source of high inflows of revenue currently recorded by Kenya Revenue Authority. (KRA Fifth Corporate Plan)

1.1.2 Taxation in Kenya

The Kenyan tax system features corporate and personal income taxes, value added tax (VAT) on goods and services, customs and excise duties, stamp duty and agency revenues. Taxes are collected and accounted by registered taxpayers through self-assessment returns and by withholding tax on payments to residents and non-residents. Employers are obliged to withhold and account for income tax on employee remuneration and benefits (the PAYE system). Penalties and interest for non-compliance and late payment of taxes are deterrents as specified by various Acts. Kenya Revenue Authority conducts regular compliance checks, in-depth audits and investigations on registered taxpayers to determine compliance levels and punish those who commit offences stipulated under various Acts whose implementation it oversees.

1.1.3 The Kenya Revenue Authority

The Kenya Revenue Authority (KRA) was established by an Act of Parliament, Chapter 469 of the laws of Kenya, which became effective on 1st July 1995. The Authority is charged with the responsibility of collecting revenue on behalf of the Government of Kenya. A Board of Directors, consisting of both public and private sector experts, makes policy decisions to be implemented by KRA Management. The Chairman of the Board is appointed by the President of the Republic of Kenya. The Chief Executive of the Authority is the Commissioner General who is appointed by the Minister for Finance. (KRA ACT, CAP 469)

The mandate of Kenya Revenue Authority is to assess, collect, administer and enforcement of laws relating to revenue. The Authority is a Government agency that runs its operations in the same was as a private enterprise. In order to offer better single-window services to taxpayers, KRA is divided into five Regions as follows: Rift Valley Region, Western Region, Southern Region, Northern Region and Central Region. Each region is headed by a Senior Deputy Commissioner. (KRA ACT, CAP 469)

In terms of revenue collection and other support functions, the Authority is divided into the following Departments: Customs Services Department, Domestic Taxes Department, road transport department, support department and investigation and enforcement department Role of KRA in the economy include; to administer and to enforce written laws or specified provisions of written laws pertaining to assessment, collection and accounting for all revenues in accordance with these laws, advise on matters pertaining to the administration or and the collection of revenue under the written laws, enhance efficiency and effectiveness of tax administration by eliminating Bureaucracy, Procurement, Promotion, Training and

Discipline, eliminate tax evasion by simplifying and streamlining procedures and improving tax payer service and education thereby increasing the rate of compliance and promote professionalism and eradicate corruption amongst K.R.A. employee by paying adequate salaries that enables the institution to attract and retain competent professionals of integrity and sound ethical morals. (KRA Fifth Corporate Plan)

The Authority collects over 97% of the government's ordinary revenues needed to fund the government's annual national budget. Revenue collections have in the last 3 years shown an upward growth in terms of amounts collected and the fact that the authority has been surpassing treasury targets.

Kenya Revenue Authority's vision is to be the leading revenue authority in the world respected for professionalism, integrity and fairness. It is charged with the a mission to promote compliance with Kenya's tax, trade and border legislation and regulations by promoting the standards set out in the taxpayer charter and responsible enforcement by highly motivated and professional staff thereby maximising revenue collection at the least possible cost for the socio-economic wellbeing of Kenyans. (KRA Fifth Corporate Plan)

1.2 Statement of the Problem

The Kenya tax system over the years has been conducted manually. This form of tax system has its many problems like tax evasion and avoidance, errors in taxpayer payment and tax return details occasioned by manual processing of returns and long queues experienced when filing tax returns at KRA offices, leading to high financial losses to the government hence low revenue collections.

To solve these problems the government through KRA had to modernize its Tax system. This led to commencement of an integrated tax management system (ITMS) through KRA offer online tax services to its clients. Online Tax filing system is fairly a new system being implemented in phases by Kenya Revenue Authority. The system is meant to enhance revenue, reduce paper work and long queues during the time of filing tax returns. It is also meant to take the tax return process to the people with a hope of increasing efficiency and effectiveness by KRA.

It should be noted that several studies have been done on tax reforms in Kenya which include: The tax reform experience of Kenya, (Wanjala & Karingi, 2005); Taxpayers' attitudes and tax compliance in Kenya, (Lumumba 2010); Tax reforms and revenue mobilization in Kenya, (Muriithi& Moyi, 2003). These studies focused on tax reforms, tax compliance and revenue mobilization and its impact. Studies done in reference to KRA include the influence of change on revenue collection by KRA, (Mwambingu, 2002), management perception of social responsibility at KRA, (Korir, 2006) and application of the balanced scorecard in implementation of strategy at KRA (Kamau, 2006). To the researcher's understanding, no study has been done to investigate the effects of online services on revenue collection in Kenya with the main focus on KRA. It is in this light that this study seeks to fill the existing gap by carrying out a research on the effect of online service on revenue collection by Kenya Revenue Authority.

1.3 General Objective of the Study

The objective of the study is to investigate the effect of the online services on revenue collection by the Domestic Tax Department of Kenya Revenue Authority.

1.4 Specific Objectives

The specific objectives of this study were;

- i) To establish whether online services will curb tax evasion and avoidance.
- ii) To assess whether online services will significantly reduce queues experienced at the time of submitting tax returns.
- iii) To determine the relevance of electronic record keeping in enhancing revenue collection.

1.5 Research Questions

The following research questions shall be addressed;

- i) To what extent is KRA online service (ITMIS) operational in Domestic Tax Department-MST, Nairobi stations?
- ii) To what extent is KRA online service (ITMIS) responsible for KRA performance?
- iii) To what extent can online service solve the problem of long queues experienced at KRA stations during the period of submitting tax returns?
- iv) To what extent can service delivery and administrative efficiency be achieved at KRA offices through electronic taxation?
- v) What effect will online services have on tax evasion and avoidance?
- vi) How relevant is computer literacy on the effectiveness of electronic tax administration?
- vii) To what extent can electronic tax system help to reduce operating compliance costs?
- viii) How relevant is proper record keeping such as electronic filing of tax returns, in enhancing revenue?

1.6 Importance of the Study

The finding of this study will be of great importance to Kenya Revenue Authority in establishing the impact of the online services on revenue collection in terms of whether it leads to growth or decline of revenue collections. The Authority will also use the study to identify user interaction challenges that can be improved for the smooth running of the system. The Authority will also observe and take note of effect of online services on cost of revenue collection. Scholars in the field of online computerization will learn some of the benefits, problems and challenges users face while using online systems. Other institutions both private and public institutions at large will also benefit from the finding of the study especially in knowing the reactions and challenges faced by their employees upon implementation of online serves and how such challenges can be overcome. Other government agencies will also benefit from this study in understanding early the implementation challenges they might face in the application of online systems and also predictable end user reactions to the systems. Other Revenue Authorities in other countries, especially East Africa Community which intend to computerize their Tax returns will have a case to refer to before adopting an integrated online system.

1.7 Scope of the Study

The study will focus on the effect of online services on revenue collection especially VAT and PAYE collections by Domestic Taxes Department- MST of KRA. The main respondents to the study were senior managers, assistant managers and revenue officers of KRA. The study will also be limited only to KRA employees for domestic taxes department – MST in five (5) stations and return processing unit within Nairobi who use the integrated tax

management information system (ITMIS) to arrive at decisions for smooth running of the Authority. The study was accomplished within a period of 3 months.

1.8 Limitations of the Study

The limitation of the study is its inability to include all revenue officers of Domestic Tax Department-MST within Kenya Revenue Authority. Due to the large number of revenue officers who are scattered in KRA stations countrywide, the study will use managers and revenue officers from six (6) DTD-MST stations and return processing unit in Nairobi. The other obstacle that may be experienced during the study is the fact that the respondents may fear to express their feelings fully concerning the system due to lack of accurate revenue collection data for each sector, fear of exposing themselves and victimization.

1.9 Assumptions of the Study

There are a number of assumptions that have been made in order for this study to be successfully carried out. First, it has been assumed that the sample is representative of the population of study. Second, the respondent will not delegate the filling of questionnaire. Lastly, the respondents will answer the questions used in the study truthfully making the data reliable.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with the available literature that has been reviewed for the study. The literature is mainly on online services as a form of electronic government. The chapter is hence structured into theoretical and empirical review.

2.2 Theoretical Review

Electronic government (e-Government) has attracted more and more research interest in the worldwide. To bring fundamental transformation of the government services, numerous regions' e-Government development status have been reported. Every government generates an enormous amount of information in its day-to-day activities. The socio-cultural, political, economical and historical status of any government is largely affected by the knowledge it has and how this knowledge is utilized. The most effective way of utilizing the knowledge by the government is to bring the government close to the citizens through Electronic Government (e-Government). (West, 2002)

E-government is the application of information technology and other web based telecommunication technologies in the provision of government information and services with an aim of minimizing the burden of public administration and the business activities to its citizens. It plays a big role in bridging the gap between the urban and rural population in any country. With e-government, information about the services offered by the government through the different ministries can be disseminated fast up to the grass root levels. This is intended to avail and improve the delivery of government services to the citizens to all citizens wherever and whenever needed (CAFRAD. 2005)

To implement these improvements Tax Administration needs advanced information technology systems and, in fact, it is among the largest users of IT in Finnish public sector and IT expenses are second only to labor costs (Finnish Tax Administration 2008). More importantly, Tax Administration needs to critically review current service delivery processes and service content, so that it could improve its performance in all value drivers – efficiency, democracy and effectiveness.

It is the duty of the government to put in place the required infrastructure and a competitive environment to allow the interchanging of information between the government, Non-Governmental Organizations (NGOs), the citizens and other stakeholders like development partners. (CAFRAD. ,2005).

Over the past 14 years since its formation, Kenya Revenue Authority has been re-engineering business processes and modernising technology: the goal was to be achieved by modernising IT systems, improving IT security and modernising business processes and infrastructure. During the plan period, IT initiatives included the modernisation of the Customs (CSD) SIMBA 2005 system and its rollout to the stations, introducing additional CSD systems including the (Customs Oil Stocks Information system (COSIS) and the Valuation data base, acquisition of cargo X-ray scanners to assist in verification and detection, the development and implementation of the Domestic Taxes (DTD), Integrated Tax Management System (ITMS) and modernising the Road Transport Department's (RTD) Vehicle Management System (VMS) to allow it to communicate seamlessly with the SIMBA 2005 system. Business processes were improved by implementing the Revenue Authority Digital Data Exchange (RADDEX which allows for sharing of customs information with Kenya's regional partners, introducing self assessment declarations in customs management and initiating

implementation of the one stop border post as part of the East African Trade and Transport initiative. During this period, KRA was also able to review the functional structure of several departments as well as achieve ISO 9001: 2008 certification. (KRA Fourth Corporate Plan)

Impact of KRA online services can be viewed in terms of broadened taxpayer base and revenue collections. This has been manifested in the growth of the number of registered taxpayers and improvement in revenue collections as depicted here below:

Table 2.1(a) Registration figures for new taxpayers and existing taxpayers

New taxpayers

	2008	2009	2010	2011 up to 7/10/11
Individuals	40	319,874	588,524	465,815
Companies	0	18,559	27,715	23,519

Existing taxpayers

	2008	2009	2010	2011 up to 7/10/11
Individuals	0	75,773	183,838	184,960
Companies	5	13,682	8,719	4,030

Source KRA- ICT, 2012

Table 2.1 (b) Revenue Collection by Department: FY 2008/09 - 2011/2012 in Kshs. Million*

	2008/2009	2009/2010	2010/2011	2011/2012
DTD-MST <i>Domestic taxes</i>	298,799	338,152	408,787	243,010

Source: KRA Revenue and Finance Departments

* Cumulative collection up to May 2012

Table 2.1 (c) Cost of Collection by Departments FY 2008/09-2011/12 in Percentage*

Year	08/09	09/10	10/11	11/12
DTD-MST <i>Domestic taxes</i>	0.7	0.8	0.8	0.7

Source: KRA Revenue and Finance Departments

* Cumulative collection up to May 2012

Nevertheless, the introduction of online tax system has to some extent imparted positively in Kenya Revenue Authority revenue collections, but the new system can only help effectively if all taxable persons, businesses, stakeholders etc. are captured in the system for tax payment. Kenyan tax system has not been fully designed to achieve her desired objective, despite e-taxation, which has been partially implemented in some areas where revenue has not improved. Kenyans are still in the habit of avoiding and evading tax. The problem lies mostly on not being able to capture all taxable persons in Kenya to be paying tax to government, a situation where only registered companies and those in civil service pay tax. This supports Waseem (2010)'s view that for e-taxation to bear its fruit, there must be appropriate legislation embodiment for record keeping and maintenance of records of corporate website (KRA online).

2.3 Empirical Review

Although the history of internet connectivity in Kenya dates back to 1994, it was not until 1996 that Kenya became connected to the internet (Mutula, 2001b). The African Regional Center for Computing (ARCC) set up the first full internet connectivity in the country through the support of the US National Science Foundation thus making Kenya among the first African countries to get internet connection. Two years later, Jambonet, Kenya's national internet backbone, was established and ushered in dramatic changes in internet provision in the country by facilitating key urban centres to access the internet.

Also, the Kenya Communications Act of 1998, Section 23(412) (Kenya Government, 1998) provides that the regulatory authority (the Communication Commission of Kenya (CCK)) must promote effective competition between persons engaged in commercial activities connected with telecommunications services in Kenya and provide international transit services by persons providing telecommunications services in the country (Kenya Government, 1998). The CCK long-term plan is to raise Kenya's professional training institutes, post secondary training institutions, schools, research institutions, libraries, and Telkom Kenya as a facilitating partner. Each of these participating organizations is expected to commit resources in the form of manpower, time, and finances to facilitate the development of KENET's Plan of Action.

Despite the fact that Kenya was among the first countries to get internet connections in the region, the mass use of this technology remained limited due to telecommunication infrastructure that has been relatively wanting. Efforts to revamp the telecommunication situation, however, point to enabling telecommunication environment in the near future. It is

hoped, for instance, that the completion of the TEAMS undersea cable and the laying of fibre optic cables, and with other advances in ICT, will create a conducive environment for fair competition in the telecommunication industry and subsequently, improve the country's telecommunication-based services. Eventually, communications costs are expected to decline and with increased use of this medium, Kenya Revenue Authority's operations will increase. (Mutula, 2001b).

Though the Kenyan tax structure had changed tremendously over the years, massive reforms commenced in 1986 following the publication of Session Paper No 1 of 1986. Since then, the implementation of major tax reforms introduced the following changes to the tax system. There has been a reduction in direct taxes through a widening of tax brackets and gradual lowering of income tax rates. Indirect taxes (VAT) have been increased to cover the shortfall in revenue. Since indirect taxes are regressive and therefore impose a greater burden on the poor, this shift has been criticized as reducing the redistributive effect of the tax system (Mureithi 2003).

Kenya's tax reform programme, Mureithi (2003) argues, should seek to (a) improve the efficiency and productivity of taxation, (b) improve tax collection and administration while lowering the rates, and (c) gain tax effectiveness through greater tax elasticity. On the basis of tax/GDP ratios for the period 1992/93–1996/97, this author observes that Kenya's tax burden (averaging 26.6%) is high by international standards and therefore the ultimate objective of a reform scheme should be to lower the excessive tax burden and efficiency costs of taxation. The specific reforms are described below (Mureithi 2003).

One of the main objectives of the tax modernization programme (1986) was to implement organizational reform that would modernize tax collection. Before the reform period, tax administration was under separate departments (Custom and Excise, Income Tax, VAT departments) in the Ministry of Finance. The Kenya Revenue Authority was incorporated in 1995 in order to strengthen revenue collection and harmonize the separate tax collection arms. It was expected that KRA would put in place an efficient and effective system to seal the widespread loopholes in the tax system, bring down the vice of tax evasion, and enlist as many eligible taxpayers into the tax net as possible. To accomplish this, it was allocated more budgetary support to enhance the pay structures of the revenue officers and attract and retain professional staff. Structures for identifying and dismissing incompetent or corrupt staff were strengthened. This was necessary since efficient revenue collection was seen as a means to lower government borrowing and, therefore, of easing pressure on inflation and interest rates (Mureithi 2003).

In 2009 Kenya Revenue Authority, commenced stringent tax administration reforms to seal loopholes in its tax system by initiating the domestic tax department integrated tax management system (ITMS). The Authority commenced the development and implementation of the Integrated Tax Management Information System (ITMIS) in a phased approach. The piloting of the system began with online registration of taxpayers (this include online PIN application, and registration for a variety of tax obligations i.e. VAT, Excise Duty, PAYE and Corporation Tax) and online filing of returns (VAT 3 and VAT 32). E-registration is fully operational and cumulatively, 60,310 new taxpayers had registered online by the end of May 2009. Through ITMS taxpayers and stakeholders will seamless pass information to Kenya revenue authority. (KRA 4th corporate plan, 2009/2010- 2011/2012)

The current *e-file* platform is designed such that third party involvement is required for the electronic transmission of returns, resulting in third party participation in the process from start (preparation) to finish (filing). Figure 2.3 presents a simplified overview of how *e-file* works and the significance of the third party role. Individual taxpayers or their tax Agent use tax preparation software to prepare monthly, quarterly and annual tax returns. The returns are then submitted electronically to Kenya Revenue authority (database) through its website.(KRA-ICT step by step guide on online services).

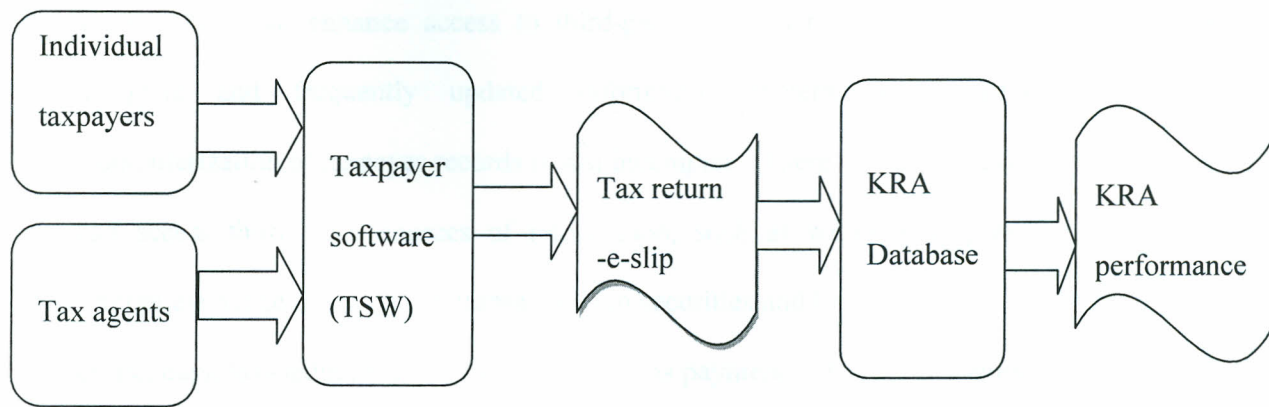


Figure 2.3: Tax filing Model

Source: KRA (2012)

The above diagram shows that an individual taxpayer or his tax agent can prepare a tax return using taxpayer software (TSW) installed in his computer to prepare and upload Tax returns to KRA database.

Tax reform measures are mainly undertaken in order to restore buoyancy to revenues, strengthen modern taxes, and drastically reduce the complexity and lack of transparency of the system (World Bank, 1990). The main factors contributing to an improved revenue performance are changes in tax legislation, tax administration and minimal tax evasion (Morrisset and Izquierdo, 1993).

Generally there is no research that is known to the researcher that has been conducted on the effects of online tax filing system in Kenya , however several research have been done in the area of taxation and tax modernization in Kenya, (Eliud Moyi and Ronge 2006) and tax reforms and revenue mobilization in Kenya by Muriithi & Moyi (2003).

Though there have been attempts by Government ministries and parastatals to develop systems that can enhance access to third-party sources of information. KRA still lacks adequate and frequently updated information systems on registered taxpayers. Computerization of taxpayer records is still incomplete. There is need to develop systems that can access third party sources of information, such as withholdings, bank transactions, foreign exchange transactions, transactions in securities and large transactions (involving real estate, cars, tax-deductible transactions, customs payments). Use of tax amnesties can prove useful. (Moyi and Ronge 2006).

Kenya has been modernizing its tax system since 1986, while budget rationalization started in 1987. One of the key objectives of the modernization programme was to ensure that the revenue structure was flexible enough to guarantee increased revenues during the growth process without the necessity of resorting to discretionary policy or inflationary financing. For the tax weapon to mitigate the dangers of perpetual fiscal imbalances, it was expected that the structure would ensure that tax revenue grew faster than national income as required by the growth in expenditure. Tax policy was expected to ensure, first, that every individual tax is designed so that its yield is responsive to national income changes and, second, that the predominant taxes in the revenue are those with a highly elastic yield with respect to national income (or proxy bases).

The findings of the study conducted by Muriithi & Moyi (2003) suggest that tax reforms had a positive impact on the overall tax structure and on the individual tax handles, even though the impact of the reforms was not always uniform. The reforms had a bigger impact on direct taxes than on indirect taxes, suggesting that revenue leakage is still a major problem for indirect taxes. The better responsiveness of direct taxes can be attributed to the relative effectiveness of the reforms in direct taxes, which not only made the tax system simpler but also reduced avenues for evasion and corruption. Such reforms include the introduction of PIN, lower rates, reduction of exemptions and a shift away from multiple rates across many categories.

The reforms improved the tax-to-income elasticity of direct taxes (from 0.488 to 2.165), excise duties (from 0.073 to 1.699), import duties (from 0.380 to 1.661) and sales tax/VAT (from 0.062 to 0.547). Clearly, one of the greatest achievements of tax reforms was to make both the whole tax structure and the individual tax handles more elastic. Whereas all other taxes became elastic after the reforms and the elasticity of sales tax/VAT improved, this latter revenue source remained inelastic. It is notable that the reforms had different impacts on different taxes. Some taxes became more responsive than others. (Muriithi & Moyi (2003).

Generally companies have performed better by letting their business partners perform certain activities that could actually be done by departments within their organization. According to Domberger S, 1998, “there is great deal of evidence to show that the outsourcing of activities previously done in-house is increasing taking over from vertical integration as preferred approach to organizing the provision of many goods, processes and services”. For example , “a survey conducted in the united kingdom found out that 44% of all companies that

introduced robots met with initial failure and that 22% of those firms abandoned their use altogether mainly because of inadequate technological knowledge and skills'' (international labour review, Volume 125, no.1 (1986). Thus organizations which have been receiving volumes of records and documents from its customers and later processing them are now taking advantage of the internet to have their customers file their tax returns and update their records with the revenue authorities' database on a real time basis.

This study will therefore provide a high-level overview of the factors affecting online filing tax system (electronic tax registration, e tax filing, e tax payments and enquiries) and the effects (both negative and positive) as a result of adoption of online filing of return in Kenya.

2.4 Conceptual Framework

Performance of Kenya Revenue Authority depends on several factors. In this research, KRA performance is hypothesized to be related to electronic filing of tax returns, cost of collecting revenues, tax evasion and avoidance and long queues at KRA offices. Figure 2.4 shows the relationship between variables involved in this study.

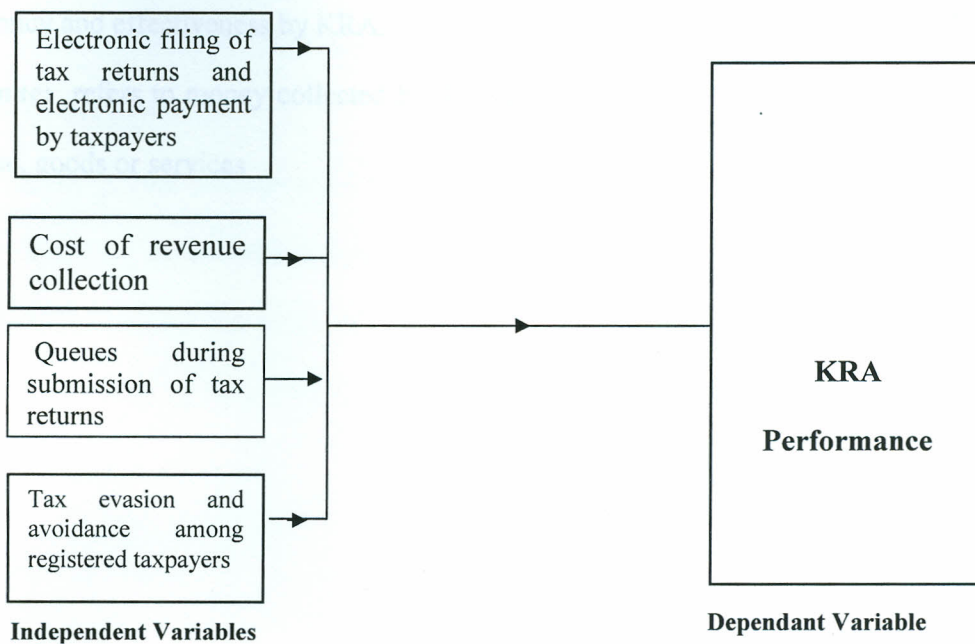


Figure 2. 1: Relationship between the research variables

Source: Researcher (October, 2012).

2.5 Operationalization of the study Variables

The independent variables in this study are relevance of electronic record keeping, reduced queues and curbing of tax evasion and avoidance through KRA online services. Changes in these variables influence the performance of KRA.

2.6 Definition of Terms

Integrated Tax system: In this study an integrated System is a system which will give a single view of a Taxpayer for all the Tax obligations..

Online: Accessing information through the internet or any other computer network

Effect: The outcome whether negative or positive due to implementation of online filing tax system.

Tax: refers to a levy imposed on income, goods and services by the government to run its business.

Strategy: is a plan in this case online services that is intended to achieve and enhance efficiency and effectiveness by KRA.

Revenue: refers to money collected by the Kenya Revenue Authority from taxes levied on income, goods or services

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides information on the research design were the target population for the study, sampling design and sample size, tools for data collection, and procedures for data analysis. It discusses the methodology used to investigate the effect of online services on revenue collection by Kenya Revenue Authority.

3.2 Research Design

The study adopted a case study research design. It is important to highlight the two main methods when investigating and collecting data; quantitative and qualitative. A quantitative approach is strongly linked to deductive testing of theories through hypotheses, while a qualitative approach to research generally is concerned with inductive testing (Zikmund, 2003). The main focus of this study was qualitative research and adopted a case research design which is meant to investigate the effects of online services (ITMIS) on revenue collection since adoption of the system by Kenya Revenue Authority.

According to Yin (1994) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari, (2004) noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Study Population

Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), a population is a well defined or set of people, services, elements, events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. By population the researcher means complete census of the sampling frames. Population studies also called census are more representative because everyone has equal chance to be included in the final sample that is drawn according to Mugenda and Mugenda (2003).

The population of interest of this study was the staff employed by Kenya Revenue Authority. There are nine (9) departments in the Kenya Revenue Authority with a total population of 4,312 officers. However the study was a survey where data was collected from 75 employees out of 370 employees of the 5 stations and return processing unit making up the Domestic Tax Department- Medium and Small Taxpayers (DTD-MST) of the Kenya Revenue Authority within Nairobi city. The sample size was 20% of the population. This therefore means that sampling method was used. Systematic random sampling technique was used.

3.4 Data Collection

In order to investigate the effects of online services (integrated tax management information system) adapted by Kenya Revenue Authority on revenue collection, self-administered drop and pick questionnaires were distributed among sampled employees currently employed by the Kenya Revenue Authority.

The questionnaire was designed to investigate the effects of online services adapted by Kenya Revenue Authority to revenue collection. In order to obtain views aimed at investigating the

impact of online tax filing system adapted by Kenya Revenue Authority on revenue collection, employees were selected from each selected station of the Domestic Tax Department-MST in the Kenya Revenue Authority in Nairobi and administered with the questionnaire. The staff in the Kenya Revenue Authority will include senior managers, assistant managers and revenue officers. This will make it easier to get adequate and accurate information necessary for the research.

The researcher will use structured questionnaires as the main data collection instrument. The questionnaires will have both open and close-ended questions. The close-ended questions will provide more structured responses to facilitate tangible recommendations. The open-ended questions will provide additional information that may not be captured in the close-ended questions.

Secondary data sources were employed through the use of previous documents or materials to supplement the data received from questionnaires and information from interviews.

3.5 Data Analysis

This section covers data analysis. Before processing the responses, the completed questionnaires were edited for completeness and consistency. The respondents' views about the effect of online services were by Kenya Revenue Authority on revenue collection was analyzed for content. The data will then be coded to enable the responses to be grouped into various categories. Descriptive statistics were used to analyze the data. This will include percentages and frequencies. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.

CHAPTER FOUR

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on to establish the effect of the online services on revenue collection by the Domestic Tax Department of Kenya Revenue Authority. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.2 Demographic information

Gender of the respondents

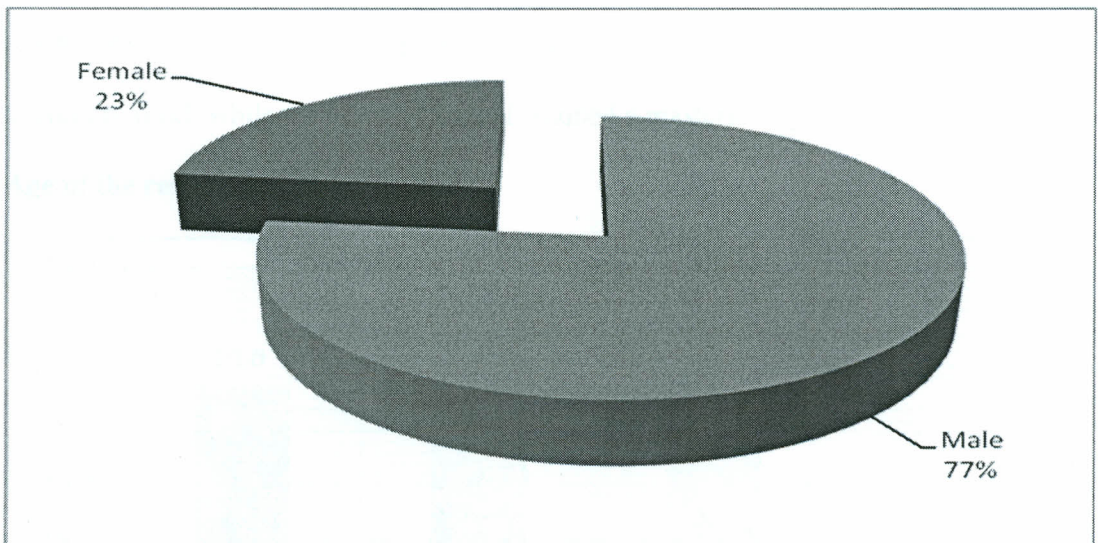


Figure 4. 1: Gender of the respondents

On the gender of the respondents, the study revealed that 77% of the respondents were male while the rest (23%) were female.

Highest level of education attained by the respondents

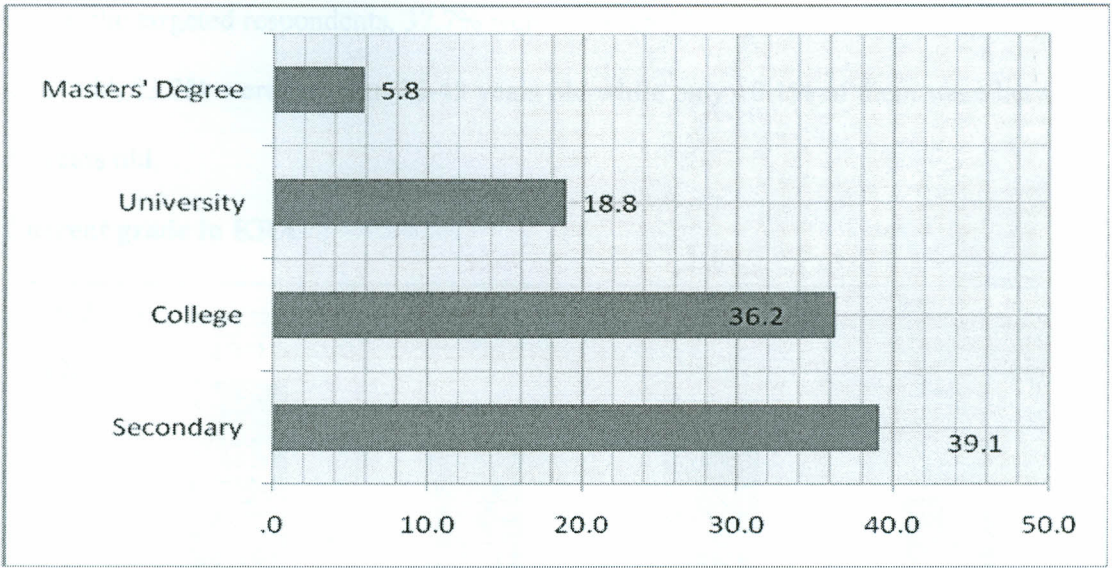


Figure 4. 2: Highest level of education attained by the respondents

On the highest level of education attained, 39.1% of the respondents indicated that they had reached secondary school education, 36.2% had reached college, 18.8% of them had reached university level, while the rest (5.8%) had attained a masters' degree.

Age of the respondents

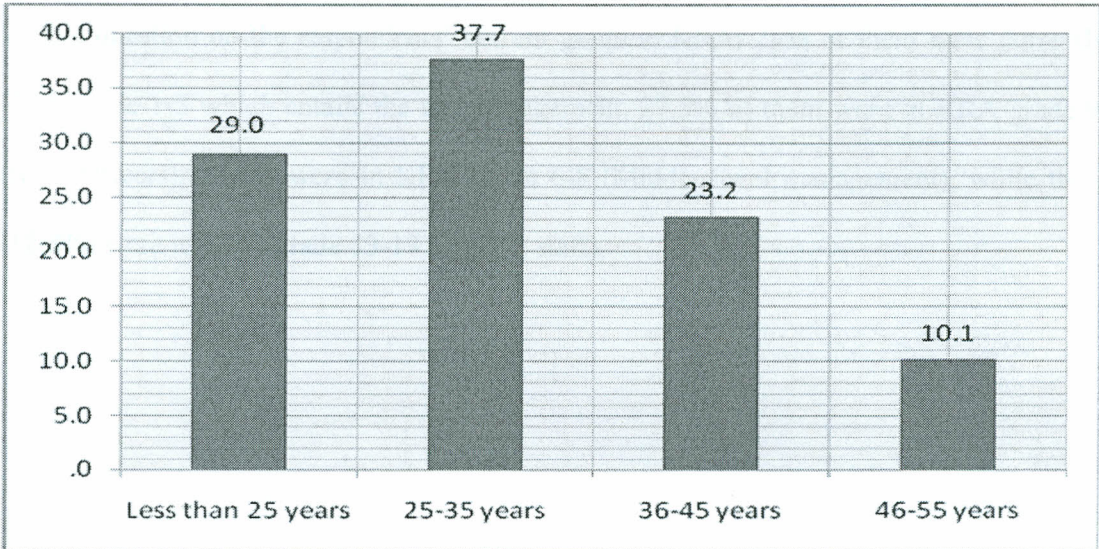


Figure 4. 3: Age of the respondents

Out of the targeted respondents, 37.7% were between 25-35 years old, 29% were less than 25 years old, 23.2% were between 36-45 years old while only 10.1% of them were between 46-55 years old.

Current grade in KRA

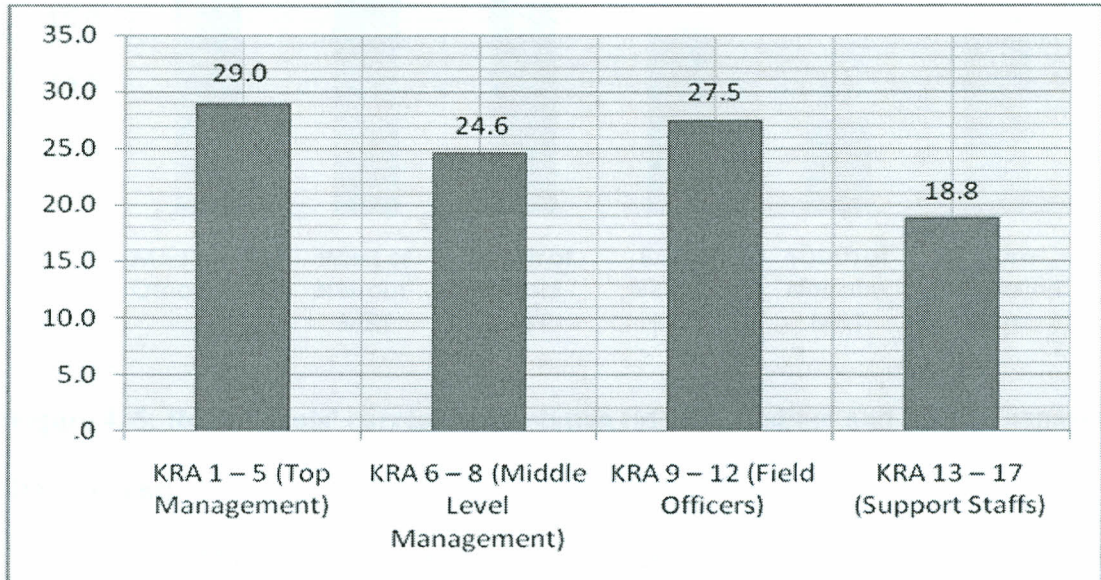


Figure 4. 4: Current grade in KRA

On the question on the respondents' current grade in KRA, 29% of them were currently in KRA grade 1-5 which entails the top management, 27.5% of them were in KRA grade 9-12 (field officers), 24.6% were in KRA grade 6-8 (Middle level management), while the rest (18.8%) were in KRA grade 13-17 (support staff).

Respondents' current work station (MST – Medium and Small Taxpayer Department)

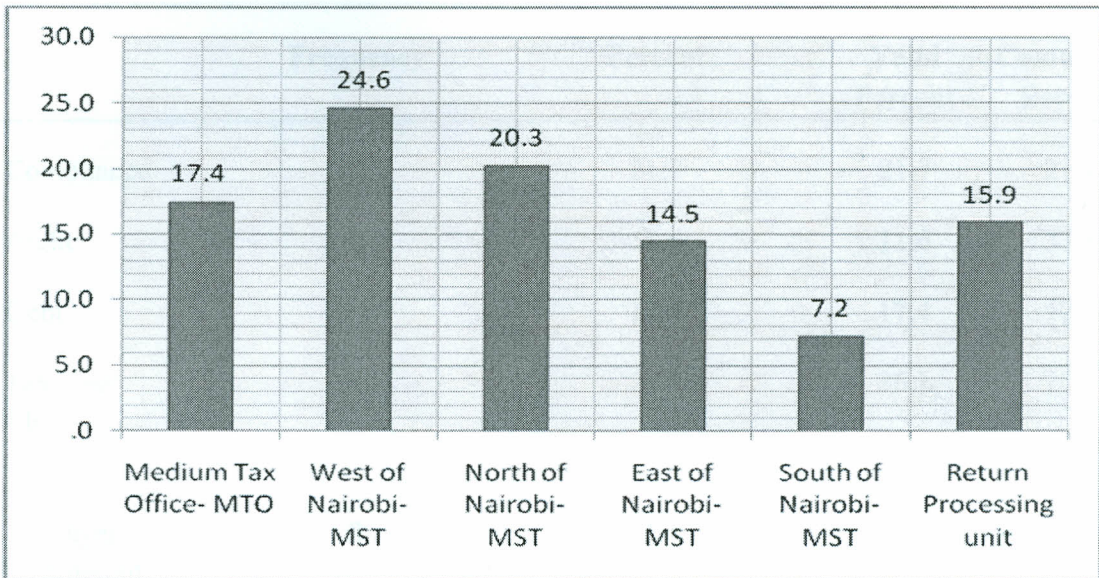


Figure 4. 5: Respondents' current work station (MST – Medium and Small Taxpayer Department)

The study sought to find out the respondents' current work station for those respondents in the MST – Medium and Small Taxpayer Department. According to the findings, 24.6% of the respondents worked at the West of Nairobi MST, 20.3% of the respondents worked at the North of Nairobi MST, 17.4% of the respondents worked at the Medium Tax office (MTO), 15.9% of them worked at the return processing department, 14.5% of them worked at the East of Nairobi MST, while the rest (7.2%) worked at the South of Nairobi MST.

Table 4. 1: Respondents' current work programme

	Frequency	Percent	Valid Percent	Cumulative Percent
Compliance	15	21.7	21.7	21.7
Audit	8	11.6	11.6	33.3
Debt	12	17.4	17.4	50.7
Taxpayer education services	18	26.1	26.1	76.8
Taxpayer recruitment	8	11.6	11.6	88.4
Return Processing Unit	8	11.6	11.6	100.0
Total	69	100.0	100.0	

According to the findings, 26.1% of the respondents' current work programme was taxpayer education services, 21.7% indicated their current work programme was compliance, 17.4% indicated their current work programme was debt, 11.6% indicated their current work programme was audit, 11.6% indicated their current work programme was taxpayer recruitment, while 11.6% indicated their current work programme was return processing unit

Table 4. 2: Sector in which respondent were currently deployed

	Frequency	Percent	Valid Percent	Cumulative Percent
Agriculture and Farming	13	18.8	19.1	19.1
Service sector	19	27.5	27.9	47.1
Manufacturing sector	15	21.7	22.1	69.1
Financial and Banking sector	13	18.8	18.8	86.8
Government sector	6	8.7	8.8	95.6
Return processing unit	3	4.3	4.4	100.0
Total	69	100.0	100.0	

The study sought to find out the sector in which respondent were currently deployed.

According to the findings, 27.9% of the respondents were deployed in the service sector, 22.1% were in the manufacturing sector, 19.1% were in the agriculture and farming sector, 18.8% were in the financial and banking sector, 8.8% were in the government sector while 4.4% were in the return processing unit.

Respondents' work experience in KRA (Years)

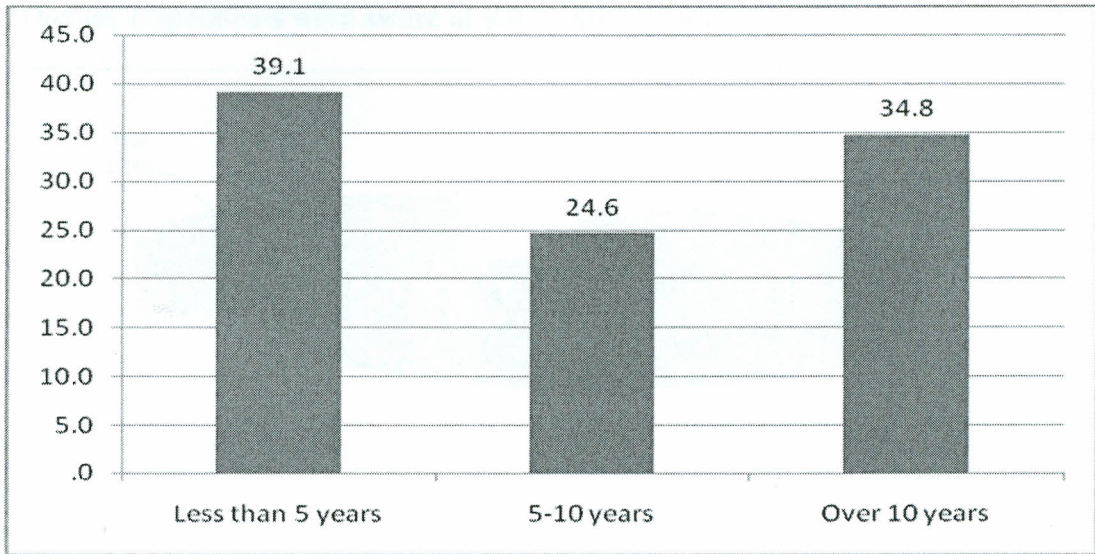


Figure 4. 6: Respondents' work experience in KRA (Years)

According to the findings, 39.1% of the respondents had an experience of less than 5 years, 34.8% had an experience of over 10 years, while the rest (24.6%) of them had an experience of 5-10 years.

4.3 Impact of KRA Online Services on KRA Performance

Whether respondents were aware of KRA online services

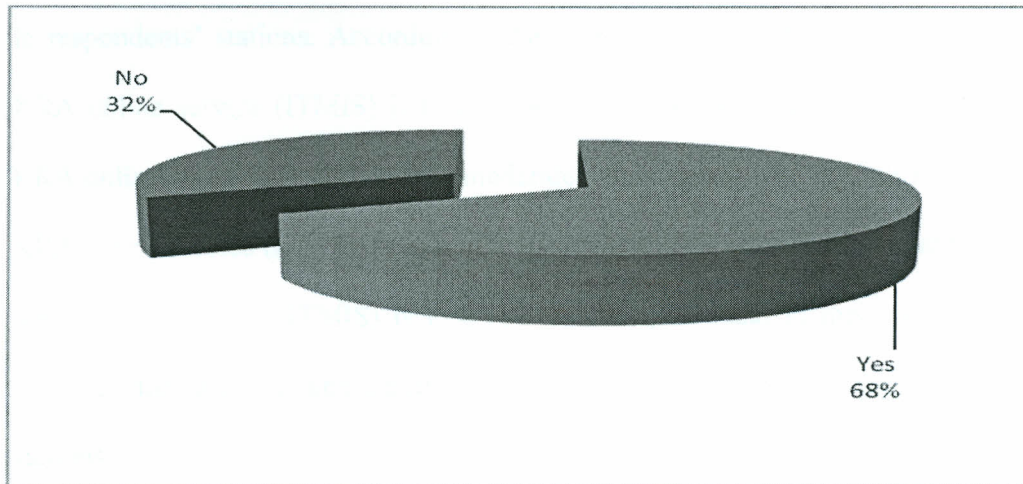


Figure 4. 7: Whether respondents are aware of KRA online services

The study sought to find out whether respondents were aware of KRA online services. From the findings, 68% of the respondents indicated that they were aware of KRA online services while 32% of them were not aware of KRA online services.

Extent to which KRA online service (ITMIS) is operational in respondents' stations

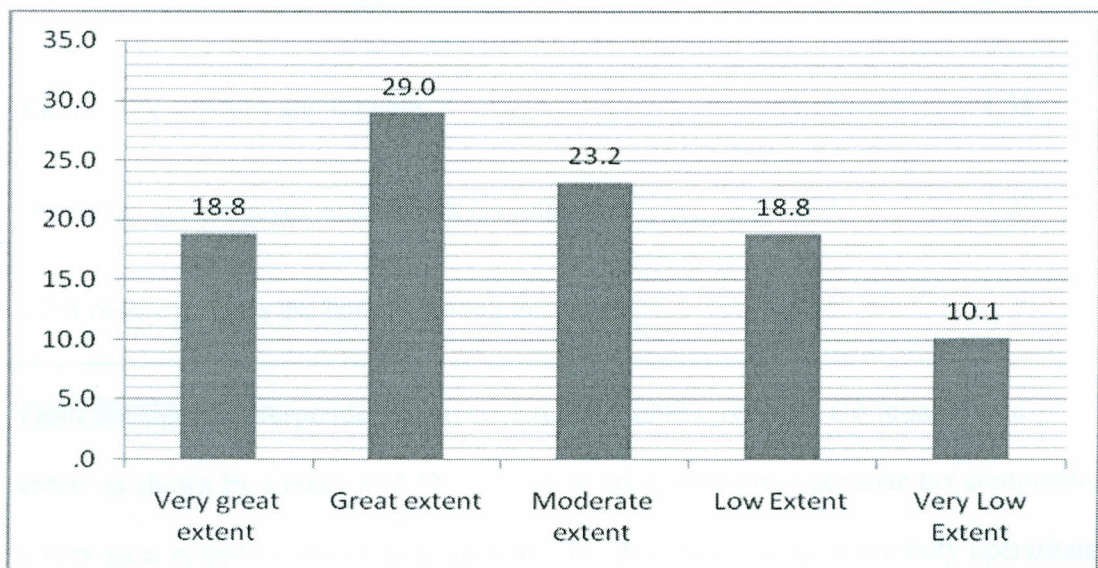


Figure 4. 8: Extent to which KRA online service (ITMIS) is operational in respondents' stations

The study sought to find out the extent to which KRA online service (ITMIS) is operational in respondents' stations. According to the findings, 29% of the respondents indicated that KRA online service (ITMIS) is to a great extent operational in their stations, 23.2% that KRA online service (ITMIS) is to a moderate extent operational in their stations, 18.8% that KRA online service (ITMIS) is to a very great extent operational in their stations, 18.8% that KRA online service (ITMIS) is to a low extent operational in their stations while 10.1% indicated that KRA online service (ITMIS) is to a very great extent operational in their stations.

Table 4. 3: Respondents' level of agreement with various factors related to KRA online service as a strategy to enhance revenue collection

	Mean	Stdev
Respondent is satisfied that the KRA online service is accessible	3.77	1.36
Online services are fully operational	3.81	1.24
KRA online services are reliable	4.58	1.37
Online tax system gives accurate tax computations	3.81	1.29
KRA online services are famous among tax payers	3.65	1.25

From the findings, respondents agreed that KRA online services are reliable to a very great extent as shown by a mean of 4.58; that online tax system gives accurate tax computations to a very great extent as shown by a mean of 3.81; that online services are fully operational to a very great extent as shown by a mean of 3.81, that the respondent is satisfied that the KRA

online service is accessible to a very great extent as shown by a mean of 3.77; that KRA online services are famous among tax payers to a very great extent as shown by a mean of 3.65.

4.4 Extent to which online services can solve queue dilemma

Respondents' opinion on whether their stations experienced long queues during the period of submitting tax returns

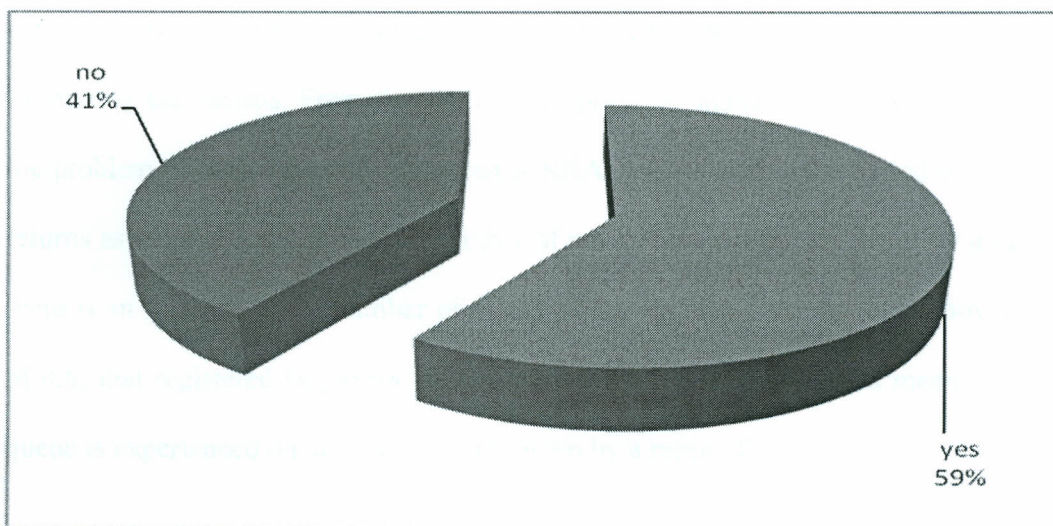


Table 4. 4: Respondents' opinion on whether their stations experienced long queues during the period of submitting tax returns

The question sought to establish whether respondents' stations experienced long queues during the period of submitting tax returns. According to the findings, 59% of the respondents indicated that their stations experienced long queues during the period of submitting tax returns, while the rest (41%) indicated that their stations did not experience long queues during the period of submitting tax returns.

Table 4. 5: Respondents' opinion on the extent to which online service can solve the problem of long queues experienced at KRA stations during the period of submitting tax returns.

	Mean	Stdev
There is a decline in the number of manual tax returns	4.6	0.3
Registered taxpayers file tax returns online	4.0	0.2
Increased number of newly online registered taxpayers	4.6	0.3
No queue is experienced on tax due dates	3.7	0.3

The study sought to find out the respondents' opinion on the extent to which online service can solve the problem of long queues experienced at KRA stations during the period of submitting tax returns. From the findings, respondents agreed that online service can solve the problem of long queues experienced at KRA stations during the period of submitting tax returns as there is a decline in the number of manual tax returns as shown by a mean of 4.6; there is an increase in the number of newly online registered taxpayers as shown by a mean of 4.6; that registered taxpayers file tax returns online as shown by a mean of 4.0; and no queue is experienced on tax due dates as shown by a mean of 3.7.

4.5 Extent to which Relevance of Electronic Record Keeping Enhances Revenue Collections

Do you think that electronic filing of returns and keeping of records has enhanced revenue collection for your station

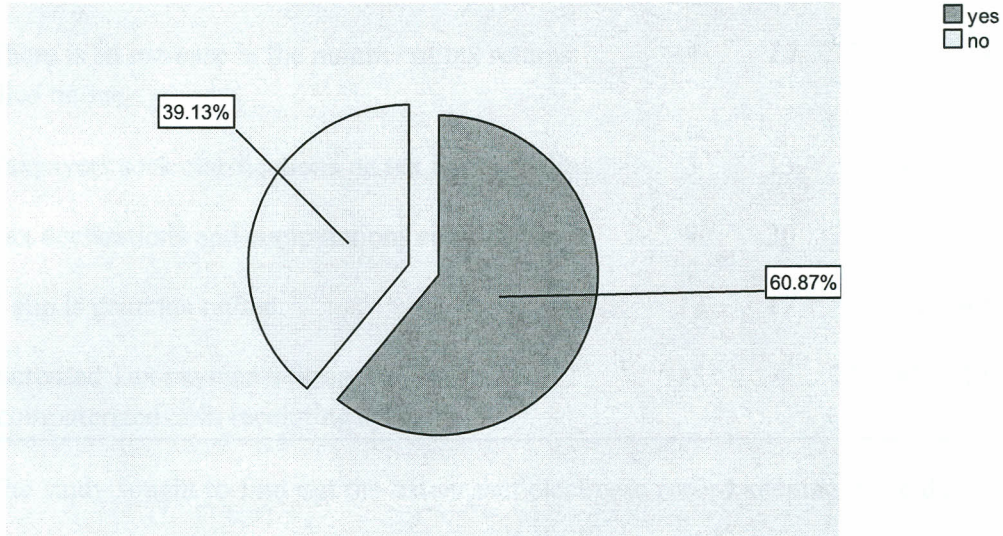


Figure 4. 9: Respondents opinion on whether electronic filling of returns has enhanced revenue collection for respondents

On whether electronic filling of returns has enhanced revenue collection for respondents, 60.87% of the respondents indicated that electronic filling of returns has enhanced revenue collection for them, while the rest (39.13%) of them indicated that electronic filling of returns has not enhanced revenue collection for them

Table 4. 6: Extent that electronic record keeping has enhanced revenue.

	Great extent	Great	Moderat	Little	No	Mean	Stdev
The online tax system is famous among taxpayers	7	3	30	25	45	3.8	0.2
There is an increase in the number of tax returns filed online	4	13	22	17	44	3.6	0.5
Taxpayers seek clarifications on tax issues online	3	13	9	40	35	3.1	0.3
Tax declarations and computations are accurate	9	30	26	26	9	2.9	0.2
E slip is generate online	13	17	0	23	47	3.6	0.5
Increased Tax payments through CCRS (computerized cash receipting system)	13	4	22	44	17	3.9	0.2

The study sought to find out the extent that electronic record keeping has enhanced revenue. According to the findings, respondents indicated that Increased Tax payments through CCRS (computerized cash receipting system) has enhanced revenue allocation as shown by a mean of 3.9; that the online tax system is famous among taxpayers has enhanced revenue allocation as shown by a mean of 3.8; that E slip is generated online has enhanced revenue allocation as shown by a mean of 3.6; that there is an increase in the number of tax returns filed online has enhanced revenue allocation as shown by a mean of 3.6; that taxpayers seek clarifications on tax issues online has enhanced revenue allocation as shown by a mean of 3.1; that tax declarations and computations are accurate has enhanced revenue allocation as shown by a mean of 2.9.

4.2 Extent to which online

4.2.1 Extent to which online

4.2.1.1 Extent to which online

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate the effect of the online services on revenue collection by the Domestic Tax Department of Kenya Revenue Authority.

5.2 Summary of the Findings

The study aimed to investigate the effect of the online services on revenue collection by the Domestic Tax Department of Kenya Revenue Authority.

5.2.1 Impact of KRA Online Services on KRA Performance

The study found out that respondents were aware of KRA online services; that KRA online services are reliable to a very great extent as shown by a mean of 4.58; that online tax system gives accurate tax computations to a very great extent as shown by a mean of 3.81; that online services are fully operational to a very great extent as shown by a mean of 3.81, that the respondent is satisfied that the KRA online service is accessible to a very great extent as shown by a mean of 3.77; that KRA online services are famous among tax payers to a very great extent as shown by a mean of 3.65 and that KRA online service (ITMIS) is to a great extent operational in their stations.

5.2.2 Extent to which online services can solve queue dilemma

The study found out that stations experienced long queues during the period of submitting tax returns; that online service can solve the problem of long queues experienced at KRA stations

during the period of submitting tax returns as there is a decline in the number of manual tax returns as shown by a mean of 4.6; there is an increase in the number of newly online registered taxpayers as shown by a mean of 4.6; that registered taxpayers file tax returns online as shown by a mean of 4.0; and no queue is experienced on tax due dates as shown by a mean of 3.7.

5.2.3 Extent to which Relevance of Electronic Record Keeping in Enhancing Revenue Collections

The study also observed that that electronic filling of returns has enhanced revenue collection for them; that Increased Tax payments through CCRS (computerized cash receipting system) has enhanced revenue collection as shown by a mean of 3.9; that the online tax system is famous among taxpayers has enhanced revenue collection as shown by a mean of 3.8; that E slip is generated online has enhanced revenue collection as shown by a mean of 3.6; that there is an increase in the number of tax returns filed online has enhanced revenue collection as shown by a mean of 3.6; that taxpayers seek clarifications on tax issues online has enhanced revenue collection as shown by a mean of 3.1; that tax declarations and computations are accurate has enhanced revenue collection as shown by a mean of 2.9.

5.3 Conclusions

The study concludes that respondents were aware of KRA online services; that KRA online services are reliable to a very great extent; that online tax system gives accurate tax computations to a very great extent; that online services are fully operational to a very great extent, that the respondent is satisfied that the KRA online service is accessible to a very great extent; that KRA online services are famous among tax payers to a very great extent and that KRA online service (ITMIS) is to a great extent operational in their station.

The study also concludes that stations experienced long queues during the period of submitting tax returns; that online service can solve the problem of long queues experienced at KRA stations during the period of submitting tax returns as there is a decline in the number of manual tax returns; there is an increase in the number of newly online registered taxpayers; that registered taxpayers file tax returns online; and no queue is experienced on tax due dates.

The study further concludes that electronic filling of returns has enhanced revenue collection for them; that Increased Tax payments through CCRS (computerized cash receipting system) has enhanced revenue collection; that the online tax system is famous among taxpayers has enhanced revenue collection; that E slip is generated online has enhanced revenue collection; that there is an increase in the number of tax returns filed online has enhanced revenue collection; that taxpayers seek clarifications on tax issues online has enhanced revenue collection; that tax declarations and computations are accurate has enhanced revenue collection.

5.4 Recommendations

In terms of online services, it would be useful to KRA to adopt a computerised online system for all its services to increase efficiency in performance, and also to assist in management of its funds. This will also help in improving the accuracy in the management of its accounts.

The KRA should also automate all sections that deal with tax refunds. This is in order to speed up the process as staff currently deployed in these sections is inadequate. If possible, KRA should separate revenue collection function from the processing of refunds.

The best tax policies in the world are worth little if they cannot be implemented effectively. Therefore tax policy design must take into account the administrative dimension of taxation

at every step of the process. Even though reform of tax policy and tax administration entails fiscal and political costs, there is no other way to develop a sustainable tax system. At the very least, KRA needs to move to fully computerized tax processes not only to improve administrative functioning, but to reduce the contact between taxpayers and tax officials in order to counter corruption.

5.5 Recommendations for further studies

The study investigated the effect of the online services on revenue collection by the Domestic Tax Department of Kenya Revenue Authority. To this end therefore, further research should be conducted to assess the challenges in the running of the online services on revenue collection by the Domestic Tax Department of Kenya Revenue Authority.

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Appendices

Appendix I: Letter of Introduction

Gilbert Atika

Kenyatta University,
Department of Business Administration,
P.O BOX 19161 – 00501,
Nairobi.
OCTOBER 2012

Dear Sir/Madam,

RE: DATA COLLECTION

I am a postgraduate student at Kenyatta University, Department of Business Administration- strategic management, undertaking a management research project on ‘An investigation of the effect of online services on revenue collection: A case of the integrated tax management information system of the Domestic Tax Department of Kenya Revenue Authority’.

You have been selected to form part of the study. This is to kindly request you to assist me collect the data by responding to the questionnaire. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence.

A copy of the final report will be available to you upon request. Your assistance will be highly appreciated.

Yours sincerely,

Gilbert Atika

Appendix II: Questionnaire

PART I: DEMOGRAPHIC DATA

1. Gender

Male

Female

2. Highest level of education attained

Secondary

College

University

Masters degree

3. Age (years)

Less than 25 years

25-35 years

36-45 years

46-55 years

4. Current grade in KRA

KRA 1 – 5 Top Management

KRA 6 – 8 Middle Level Management

KRA 9 – 12 Field Officers

KRA 13 – 17 Support Staffs

5. Current work station (MST – Medium and Small Taxpayer Department)

Medium Tax Office- MTO

West of Nairobi- MST

North of Nairobi- MST

East of Nairobi- MST

South of Nairobi- MST

Return Processing unit

6. Current work Programme

Compliance

Audit

Debt

Taxpayer education services

Taxpayer recruitment

Return Processing Unit

7. Sector in which you are currently deployed

Agriculture and Farming

Service sector

Manufacturing sector

Financial and Banking sector

Government sector

Return processing unit

8. Work experience in KRA (Years)

Less than 5 years

5-10 years

Over 10 years

PART II: FACTORS RELATED TO KRA ONLINE SERVICE

9. Are you aware of KRA online services?

Yes No Do not know

10. Is KRA online service (ITMIS) operational in your stations?

Yes No

11. The table below lists the factors related to KRA online service as a strategy to collect revenue. Please indicate by ticking your level of agreement on the factors; 5 –Strongly Agree, 4 – Agree, 3 -Undecided, 2 - Disagree, 1- Strongly Disagree.

KRA online service factors	5	4	3	2	1
I am satisfied that the KRA online service is accessible					
Online services are fully operational					
KRA online services are reliable					
Online tax system gives accurate tax computations					
KRA online services are famous among tax payers					

Others.....

PART III: IMPACT OF KRA ONLINE SERVICES ON KRA PERFORMANCE

12. Is KRA online service (ITMIS) responsible for KRA performance?

Yes No

13. Table below list some of the elements on the extent to which KRA online services have impacted on revenue collection. Please tick the elements you are comfortable with when using the system. 5 –Strongly Agree, 4 – Agree, 3 -Undecided, 2 - Disagree, 1- Strongly Disagree.

Impact of online services on KRA performance	5	4	3	2	1
Enhanced revenue collection					

Has lead to efficient & effective provision of services to public & taxpayers					
Elimination of the tedious, costly & error-prone manual data capture operation					
Effective tax administration through enhanced control, monitoring of taxpayer activities					
Reduced operational costs					
Efficient utilisation of KRA resources					
Reduced occasions of petty graft associated with paper based & manual processes					
Improved security of information					

Others.....

PART IV: EXTENT TO WHICH ONLINE SERVICES CAN SOLVE QUEUE DILEMMA

14. A queue exists when we are unable to serve customers efficiently. Do you think your station experiences long queues during the period of submitting tax returns?

Yes

No

14. The following table list factors related to extent to which online service can solve the problem of long queues experienced at KRA stations during the period of submitting tax returns. Please indicate by ticking your level of agreement of factors that support the extent to which online services have solved queues at your station: 5 –Strongly Agree, 4 – Agree, 3 -Undecided, 2 - Disagree, 1- Strongly Disagree.

Queue dilemma factors	5	4	3	2	1
There is a decline in the number of manual tax returns					
Registered taxpayers file tax returns online					
Increased number of newly online registered taxpayers					
No queue is experienced on tax due dates					

Others.....

PART V: EXTENT TO WHICH RELEVANCE OF ELECTRONIC RECORD KEEPING ENHANCES REVENUE COLLECTIONS.

16. Proper electronic record keeping such as electronic filing of tax returns significantly enhances revenue collections. Do you think that electronic filing of returns and keeping of records has enhanced revenue collection for your station?

Yes No Do not know

17. The table below lists the elements indicating the relevance of proper record keeping such as electronic filing of tax returns in enhancing revenue. Please indicate by ticking your level of agreement of factors; 5 –Strongly Agree, 4 – Agree, 3 -Undecided, 2 - Disagree, 1- Strongly Disagree.

How electronic record keeping has enhanced revenue	5	4	3	2	1
The online tax system is famous among taxpayers					
There is an increase in the number of tax returns filed online					
Taxpayers seek clarifications on tax issues online					
Tax declarations and computations are accurate					
E slip is generated online					
Increased Tax payments through CCRS (computerized cash receipting system)					

Others.....

THANK YOU FOR YOUR TIME