

**STRATEGIES TO ENSURE COMPLIANCE WITH PROVISIONS OF THE
INCOME TAX ACT AT THE INLAND REVENUE REGIONAL OFFICE IN
WALVIS BAY**

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RICHEL NALISHEBO SIBEYA

200834461

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SUPERVISOR: DR K R SHARMA

Abstract

This study focused on the strategies to ensure tax compliance at the Inland Revenue office in Walvis Bay. The main objective of this study was to investigate what are the strategies to ensure compliance with the provisions of the Income Tax Act in Namibia, taking the Regional Office of IRD at Walvis Bay as a case. The sub objectives were to: to critically analyse the current status of compliance by tax payers with the provisions of the Income tax laws and the problems faced; to identify the factors hampering tax compliance, to determine the effectiveness of different measures in the context of tax compliance and to come up with strategies for dealing with the problems and issues encountered.

Primary data was collected from the Walvis Bay individual taxpayers within the tax bracket of 18% by means of questionnaires and by interviewing the executives. Secondary data was collected from the reports of the Ministry of Finance and other documents that provided information on factors hampering tax compliance, status of individual taxpayers' compliance and strategies used by the authorities of the IRD to ensure tax compliance. Statistical package for social sciences (SPSS), was used to create frequencies that were used to generate descriptive statistics in the form of pie charts, graphs and tables for data analysis and presentation to simplify the results and support the findings.

The majority of respondents (73%) pointed out that much needs to be completed in order to advance the administration of tax matters to enhance and ensure tax compliance by individual taxpayers at the Walvis Bay regional office. The effectiveness of the tax compliance system arisen as main concern as highlighted by 63% of the respondents. The sentiment was that the IRD office need to focus on improving the strategies in place in order to enhance and ensure tax compliance by individual taxpayers with the provisions of the Income Tax Act. carrying out audits and Timely, accurate disclosure of tax information to taxpayers needs to be improved. The major recommendation from this study was to urge the management at IRD Walvis Bay office to revisit their strategic processes to ensure tax compliance of the individual tax payers with the provisions of the Income Tax Act.

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IRS- Internal Revenue Service

SMART- Specific, Measurable, Achievable, Realistic, Timely

SOPs- Standard Operating Procedures

TCMP- Taxpayer Compliance Measurement Program

LIST OF ABBREVIATIONS AND / OR ACROYNMS

IRD- Inland Revenue Department

IRS- Internal Revenue Service

SMART- Specific Measurable Attainable Realistic Timely

SOPs - Standard Operating Procedures

TCMP - Taxpayer Compliance Measurement Program

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Dedication


I would like to express my heartfelt gratitude to all the people who offered of their time and assistance in any form while I was pursuing my studies. This work is dedicated to my parents, Albert and Julia. Finally, I dedicate this dissertation to my almighty heavenly father. You are wonderful and amazing! I will proclaim what you have done for me until my departure from earth! Hallelujah!

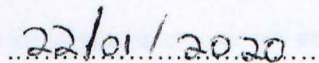
Declarations

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Date

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The importance of tax compliance in Namibia is centred on how the taxation laws should be governed and controlled, given that the management entrusts tax officials to carry out the work accordingly in order for the tax payers to adhere to the rules and regulations of the Income Tax Act. Governing of the Income Tax Act therefore, calls for transparency and accountability.

Evans (2004), defined tax compliance as an act to ensure that tax matters are handled in accordance with the rules and regulations in line with the Income Tax Act. Price Waterhouse Coopers (2017) argued that the strategies to ensure tax compliance promote a relationship between the tax authorities, tax payers and the stakeholders at large. The interaction of both parties promotes calls for a better understanding of the parties involved in ensuring that tax procedures are in line with the Income Tax Act. In Namibia's perspective it is essential to note that the Income Tax Act is a law which falls under Act 24 of 1981 as amended. The tax system in Namibia is based on the source and deemed source principles. Under these principles all income earned or deemed to have been earned within the borders of Namibia is subject to taxation.

The collection of tax affects the average citizen's life directly and indirectly both in many ways, be it the stakeholders, labour force, taxpayers, state owned companies or the

government. The tax collected is utilised to pay for public goods, development, grants for the elderly, schools, health departments, salaries to the employees, and for the safety of the nation. Thus, income tax compliance is important as it enhances revenues in the central government's coffers, which is then used for the development of the country. The researcher contends that it is important for every tax authority to plan and have tax strategies to ensure compliance. They also need to identify the vision and mission of the organisation, the objectives, leading to the development of strategies. The Inland Revenue Department office at Walvis Bay needs strategies which may lead to maximisation of revenue collection in order to reach its goals.

The purpose of this research was to identify the most appropriate and effective strategies to improve taxpayer compliance at the Inland Revenue regional office at Walvis Bay. This is an inspiring task as taxpayer compliance in itself is a complicated phenomenon that takes place in an active environment with many factors at play including tax policy and tax administration. Since there is little literature available in the Namibian context, the research used the examples of other developing countries to illustrate the applications. Before a coming up with a detailed account on the strategies to ensure tax compliance, it is essential to emphasis on the background of this study.

1.1 Background of the study

The research focuses on evaluating the state of tax compliance with the provisions of the Income Tax Act in Namibia at the Inland Revenue office at Walvis Bay. The IRD in Namibia is experiencing a reduction in revenue collections due to non-compliance by taxpayers. The main reason why governments all over the world impose taxes on people is to create revenue to manage the economy and to reallocate the resources among different activities that benefit all sections of the society. The main goal of the Inland Revenue office at Walvis Bay in this respect is to maximize revenue collection in line with its goals and the vision of the Ministry of Finance.

The research focuses on evaluating the state of tax compliance with the provisions of the Income Tax Act in Namibia at the Inland Revenue office at Walvis Bay. The Income Tax Act was established through the Inland Revenue Act 24 of 1981. The mandate of the Inland Revenue in Namibia is to administer the tax laws in an efficient and effective manner to maximise state revenue from internal taxation sources.

1.2 Problem Statement

The IRD in Namibia is experiencing a reduction in revenue collections due to non-compliance by taxpayers. The main challenge faced by the tax authorities is that it has never been easy to encourage taxpayers to comply with the rules and regulations of taxation (Nghaamwa, 2011). According to the financial reports availed by the auditors general' February 2019, the IRD in Namibia at Walvis bay regional office had estimated to collect a revenue of 882 255 929 at the end of 2019 financial year but instead of meeting the target, the Walvis bay office only managed to collect a revenue of 873 694 190 from income tax on individuals, therefore the IRD at Walvis bay office is experiencing a

reduction in revenue collections due to non-compliance by taxpayers. In previous financial years, the IRD at Walvis bay office used to meet its revenue targeted estimation. Tax evasion is widespread in all societies and revenue age brackets, though taxes are an acute element for day to day functioning and development activities undertaken by any government. A foremost struggle in analysing evasion is its measurement. After all, individuals have an incentive to cover their dishonesty.

In this context, it is important to recognise the attitude of taxpayers in Namibia so as to strive towards optimised revenue generation through an effective and efficient tax collection system by the Namibian government and ensuring equitable redeployment of public goods and services for all citizens. In recent years, the IRD has adopted different strategies for tax compliance such as media campaigns, taxpayers' education etc. However, there have been challenges due to some of the taxpayers not being willing and able to comply, some due to being illiterate (Price Waterhouse Coopers, 2017). In order to deal with this issue, the IRD has initiated a program of availing the services of accountants and book-keepers to help taxpayers with computations for financial statements and for filing tax returns.

There is preliminary evidence that provision of knowledge and education amongst taxpayers improves compliance. However, given the problems and issues faced, there was need for designing a comprehensive strategy to deal with the problems encountered in ensuring compliance with the provisions of tax laws and regulations. This would also allow for one to pursue appropriate strategies to deal with them.

Objectives of the study

With the above background, this study aimed to achieve the following objectives:

1.3 Main objective of the study

The main objective of this research was to investigate what are the strategies to ensure compliance with the provisions of the Income Tax Act in Namibia, taking the Regional Office of IRD at Walvis Bay as a case.

1.4 Sub objectives of the study

- To critically analyze the current status of compliance by tax payers with the provisions of the Income tax laws and the problems faced at the IRD's Regional Office at Walvis Bay.
- To identify the factors hampering tax compliance at the regional office of the IRD at Walvis Bay.
- To determine the effectiveness of different measures in the context of tax compliance at the regional office of the IRD at Walvis Bay and to come up with strategies for dealing with the problems and issues encountered.

1.5 Significance of the study

The outcomes of this study are expected to be of significance to a wide range of stakeholders. The study will help the revenue authorities of the government to identify the problems and issues faced in ensuring compliance and thereby lead to identification of appropriate strategies to ensure better tax compliance and strengthen the performance of

regional offices in carrying out the tasks assigned to them towards meeting the objective. The study will help the revenue authorities in developing and modifying their existing policies and strategies and in evolving new strategies to meet taxpayers' needs and expectations, which may consequently create productive tax compliance. The IRD and the Ministry of Finance, Government of Namibia will be thus being direct beneficiaries of this research. The experience gained from dealing with the problems of compliance in taxation may also help the government in dealing with similar problems in other departments.

The findings and conclusions of the study may also be helpful to the existing and the potential taxpayers in meeting their obligations under tax laws and thereby their obligations towards the society. This study was based on experiences from a developing economy and will be a rich source of literature and serve as a useful reference to researchers in the field of taxation.

1.6 Limitations of the study

The focus of this study has been limited to Income tax laws and regulations in Namibia, the functioning of the tax authorities at various levels in the Internal Revenue Department and responses of the tax payers in light of conditions prevailing at the Erongo Regional office of the IRD at Walvis Bay. Though adequate care has been taken to provide a holistic view, still generalisation of the research findings to other departments of the government in the country as a whole may to an extent be limited.

Due to the fact that the researcher was on a block release study programme and a full-time employee, availability of time and resources for the research was constrained, limiting the

efforts and the outcomes of the research to this extent, though every effort was made to cover all aspects of the research problem in depth.

The review of literature was heavily dependent on research carried out in other countries including those in Africa, as there was little or no research available on the Namibian situation in this field at the time of research. For this reason, a comprehensive comparison with other departments and other regions was not entirely feasible.

1.7 Delimitations of the study

This research focused on the activities of the regional office of the IRD at Walvis Bay. The office has been experiencing problems in ensuring compliance by taxpayers registered with it. The regional offices of the IRD at other places in Namibia were not covered. Further while there may be several problems and issues in the efficient functioning of the regional offices of the IRD and several aspects of the strategies that could be adopted by the regional offices of the IRD in different areas of their responsibility, this research covered the problems faced and strategies adopted in respect of tax compliance only.

1.8 Outline of the thesis

The study is presented over five chapters:

Chapter 1: Introduction and Background: Chapter one in this thesis discusses the background of the study, the problem statement, the research objectives, and highlights the significance and the contribution of the study. Giving an overview of the background of the research, the research problem, objectives and significance. The chapter prepares the reader for the next chapter on literature review.

Chapter 2: Literature Review: Chapter two deals with literature review. This chapter is divided into appropriate themes and sub-themes that provide a comprehensive account of the theoretical knowledge on strategies to ensure compliance with provisions of the Income Tax Act. The gap in knowledge in the area and in that light the relevance of this study is stated. The chapter prepares the reader for the next chapter on methodology of research.

Chapter 3: Research Methodology: Chapter three presents the methodology used in the research and that includes the research design, population of the study, sample and sampling, data collection, data analysis and ethical concerns in the research. Finally, it rounds off and prepares the reader for the next chapter on analysis and discussion.

Chapter 4: Analysis and Discussion: This chapter presents analysis and discussion based on the information collected through field surveys and the findings based on the same. The findings are compared with the literature review wherever considered appropriate. To facilitate easy understanding and implementation of the findings, the results are presented in the form of tables and graphics.

Chapter 5: Summary of Findings, Conclusions and Suggestions: The fifth chapter presents a summary of findings, conclusions drawn from the findings, a review of the research findings in light of the objectives of the research and provides suggestions on strategies and actions to be adopted to meet the challenge and ensure better tax compliance. Following this research, areas of further research have been identified and suggested at the end.

1.9 Summary

This chapter dealt with the introduction, background to the problem, the problem statement, the aim of the study and the objectives of the study. The significance of the study was also highlighted and the limitations and delimitations of this study were covered. The next chapter focuses on the review of literature.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Tax compliance has received important attention at the offices of the Internal Revenue Department, Ministry of Finance, of the Government of Namibia in recent times. As a new phenomenon; there exists a huge literature gap on Income tax compliance in Namibia. There is an increasing feeling that tax payers need to become more accountable and compliant with the provisions of the Income Tax Act. Tax compliance in the Namibian perspective is centred on taxpayers' adherence to the rules and regulations of the Inland Revenue Department (IRD) of the Ministry of Finance. Patrick and Michel (2013) argued that there is a great need to design strategies to encourage and ensure tax compliance. The present study was undertaken to explore and understand the status of compliance with the provisions of Income Tax Act in Namibia and identify the strategies to ensure compliance. A conceptual and empirical review of literature was necessary before the research was undertaken for strengthening understanding of the research problem.

It is argued that there is need to see what those who came before did in encouraging tax compliance in order for a researcher to identify gaps in literature. The purpose of this chapter therefore was to review the related literature on income tax compliance and also non-compliance, and to identify the strategies available to ensure compliance. The chapter also targets putting into perspective the significance of understanding the factors influencing taxpayers' attitude in the context of tax compliance, tax avoidance and tax evasion, and how these are connected. Since the literature available on tax compliance in

Namibia was limited, the reviews were being based on research reports from some other countries and the publications in research journals.

The following chapter is based on the different arguments from different sources detailing why there is a reduction in revenue collection at IRD, Walvis bay regional office. The theoretical framework introduces and defines the theory that explains why the research problem about non-compliance of individual taxpayers under present research exists worldwide. The empirical literature review in the study deals with original research, therefore, it includes; the surveys, experiments, observations and research studies of other researchers. The empirical review in the study is focused on the different strategies tested in several countries to ensure tax compliance of individual taxpayers such as effective system of tax settlement, effective system of customer service, effective tax administration - positive attitude of tax officials and audit enforcement, effective system of self-assessment, effective system of communication, effective system of identifying existing problems and evolving solutions, effective system of tax education, effective strategic planning, and effective system of building integrity and tackling corruption.

2.1 Tax compliance

The dangerous element in revenue collection for any government is accomplishment of an adequate level of tax compliance on the part of taxpayers. Preferably any government would like to achieve one hundred percent compliance, which would mean best possible tax collection. Tax compliance is influenced by the conduct of taxpayers, which is shaped by their attitude. Such attitude is influenced by numerous factors. Understanding taxpayers' behaviour in terms of aspects that influence their attitude towards tax

compliance is therefore important in aspiring to achieve a higher level of compliance and formulating strategies to ensure compliance and thereby minimisation of non-compliance.

Kibuta (2011) contends that tax compliance has succeeded in attracting a good deal of public interest because of its apparent importance for the economic health and development of the nation at large. Torgler (2007) argued in this respect that income tax compliance is the act by which individuals who fall under a tax bracket are liable to comply with the tax rules and regulations. The Organisation of Economic Cooperation and Development (1999) defined tax compliance as the system by which individuals are directed and controlled to meet the requirements of taxation laws and regulations. In the Namibian perspective, tax payers are assessed on their taxable income, which is derived by deducting exempt income and allowable deductions from the gross income. The gross income is made up of all amounts received by or accrued to a person from a source within Namibia by excluding the amounts of a capital nature.

Tax compliance is the willingness of taxpayers to pay their taxes (Kirchler, 2009:21). It is therefore, a significant aspect of the collection of tax revenue. Taxpayers make sensible decisions on whether or not to obey the tax laws. It can be concluded from the above definitions that tax compliance should not just be described as an individual tax payer's compliance but should go beyond such discussion. The researcher argues that tax compliance should surely not just be based on the rules and regulations but also on the strategies to ensure tax compliance.

2.2 Objectives of tax compliance

Good tax compliance strategies are an integral part of the functioning of the Inland Revenue Department, since it promotes taxpayers' confidence and loyalty. In this context, various objectives of tax compliance abound. Torgler (2007) in this respect argued that in order to enhance compliance, tax collectors should treat taxpayers well, moreover tax collectors should be well remunerated and motivated in order to reduce corruption against tax-payers.

Torgler (2007) further argued that the tax officials should adopt transparent procedures, practices and strategies and arrive at decisions on the strength of adequate information. He further stated that the tax officials should observe the duties entrusted to them by the government in accordance with the Income Tax Act. This also means that the government should supply relevant information to all stakeholders at the right time. It emerged from the discussion that it is the responsibility of the government to monitor the operational activities of the IRD to ensure that they carry out their responsibilities to the full and effectively. The bottom line is to develop the department personnel for the benefit of the taxpayers, the government, and the society at large.

2.3 Benefits of tax compliance

According to Paul (2014) the collection of tax enables the government to maintain expenditure on the social safety net and to continue investing in the country's much needed infrastructure without incurring unsustainable levels of debt, which the future generations will bear. Furthermore, it enables the country to achieve strong and sustainable economic growth. Compliant tax payers do not struggle to get a 'certificate of

good standing' or directives relating to pension and provident funds. Moreover, compliant taxpayers are filled with the satisfaction of having contributed to nation-building and attainment of prosperity. Therefore, the researcher emphasized on the essentiality of revenue authorities to formulate strategies to ensure tax compliance, as this benefits not only the tax payers and the revenue authorities but also other stakeholders.

2.4 Consequences of non-compliance

Non-compliance is the failure or refusal to act in accordance with the laws, regulations, or terms of a contract. In the context of the present study it is the failure or the refusal to comply with the tax laws and regulations in Namibia. Non-compliance with the tax laws includes a range of activities aimed at disregarding the Namibian tax laws. This includes tax avoidance, which is tax reduction by legal means and also tax evasion, which is illegal non-payment of tax.

In the Namibian context, penalties on non-compliance under the provisions of the Income Tax Act include a penalty of 10% per month or part of the month attracted by late payment of any final tax amount outstanding. Moreover, interest is payable at the rate of 20% per annum from the due date of the payment.

Non-payment of tax reduces state revenue, which in turn affects capital development projects. Furthermore, it also affects the government's ability to provide social welfare services aimed at eliminating poverty. To the taxpayer, non-compliance leads to delays in the issuance of tax directives as well as good standing certificate in time. Moreover, non-compliance could lead to attachment of private assets of the tax-payer such as vehicles, machinery, and property by the government (Financial Consulting Services, 2015).

2.5 Monitoring tax compliance

Revenue authorities have an important role in ensuring tax compliance as they are entrusted with the responsibility of ensuring that taxpayers and other parties concerned understand their obligations under the revenue laws and meet them. For them, like the tax officials, the taxpayers also have an important role and responsibility in meeting their obligations as in many situations it is the only who are in a position to know that they have an obligation under the law and what is to be done about it.

While the precise obligations placed on the taxpayers vary from one tax payer to another and from one authority to the next, four comprehensive classifications of their obligations are likely to occur for almost all taxpayers, irrespective of authority. According to (Patrick, 2013) the four classifications of taxpayers' obligations include registration in the system, timely filing or lodging of mandatory taxation data, reporting of complete and correct information, which includes good record keeping, and payment of tax in time. If a taxpayer fails to meet any of the above requirements, then they may be considered to be non-compliant. However, there are clearly different degrees of non-compliance. The researcher therefore, argues that compliance will essentially relate to the degree to which the taxpayer meets these obligations.

Paul (2014) emphasised that clarity of the taxation law symbolizes a classification of risk to be addressed either by altering the law or changing the way in which it is managed. Hence it is for the revenue authorities to decide which compliance risk to be prioritized, and to decide which non-compliant conduct can be accepted and which requires immediate action. Under the above given definitions, non-compliance may be due to involuntary error as well as intentional fraud, which might include even overpayment of

tax. In addition, a taxpayer may theoretically meet the obligations but compliance may be in question due to interpretational variances of the law. Therefore, the researcher argues that it is essential for the revenue authorities to decide at what level should the taxpayers be considered as non-compliant in order to formulate strategies to ensure compliance.

2.6 Strategies for tax compliance

In the early 1990s due to the lack of Information Technology facilities in sub-Saharan Africa countries and extensive use of manual procedures limited the tax collection procedures in countries such as Benin and Cameroon, and as a result the taxpayers' information was unreliable or was lost and as such follow up on outstanding taxes was difficult (Patrick & Michel, 2013).

It is usually said that the only things sure in life are death and taxes. It is unmistakable that taxes are in fact far more unavoidable. But individuals do not like paying taxes and they take a diversity of actions to decrease their tax liability. Some of these actions can be classified as tax evasion or the legal reduction in tax liability by practices that take fuller advantage of the tax code, such as income splitting, rearrangement of taxes, and tax arbitrage across income that faces diverse tax conduct. Tax evasion consists of illegal and deliberate actions taken by individuals to reduce their lawfully due tax obligations. Individuals and firms can evade taxes by under-reporting incomes, sales, or capital or by overstating deductions, exemptions, or credits or by failing to file suitable tax returns. For its part, the government must take action to ensure compliance with the tax laws. Given the above evidence the researcher argues that as tax evasion is difficult to measure the strategies to ensure compliance are considered vital.

A strategy helps identify what the tax authority is striving to achieve and map out the necessary steps to be taken in order to get there. Every year the management of IRD draws up a strategic plan in this respect. In order to have a clear strategy it is important for the tax authority employees to have a passion for what they are doing and a clear idea of what they want to attain. According to Kelly (2013), it is vital for the tax authority to understand where it is heading before the development of the strategic plan. The organisation must have a vision statement, mission statement, perform a gap analysis, write the SMART goals and monitor progress.

The main aim of a revenue authority is to collect the taxes and duties payable in accordance with the laws and to do this in such a manner that will sustain confidence in the tax system and its administration. The activities of the taxpayers whether due to ignorance, negligence, irresponsibility, or deliberate evasion as well as weaknesses in tax administration mean that instances of failure to comply with the laws are unavoidable. Therefore, tax management should be in place in the form of strategies and structures to ensure that non-compliance with tax laws is kept down to the minimum level.

Franzen and McCluskey (2017) have stated that strategies to ensure income tax compliance relate to the relationship of individual taxpayers and adherence to the tax rules and regulations of the Income Tax Act 24 of 1981 in Namibia. The relationship is vested on the principle of individual taxpayers to obey and act in accordance with the tax rules and regulations. Non-compliance therefore exists, where the tax payer does not act in accordance with the tax rules and regulations. Given this situation, it is important to examine these strategies in detail.

2.7 Review of theoretical literature:

The theoretical framework introduces and defines the theory that explains why the research problem about non-compliance of individual taxpayers under the present research study exists worldwide. Tax non-compliance problem exists universally. The Academy of Management (2006) states that attitude towards non-compliance and receipt of cash income were two important explanatory variables of tax non-compliance behaviour of understating income knowingly.

According to the Academy of Management (2006), various tax organisations have used several techniques to measure the extent of non-compliance, but there has always remained some non-compliance reliant on the social attitudes and behavioural aspects of taxpayers. According to Clive (2012) the extent of non-compliance among individual taxpayers not only depends on individual factors, but also on a complex combination of conditions. In general, non-compliance may take numerous forms such as failure of individual taxpayers to submit a tax return within the stipulated period or non-submission, under-estimation of income, exaggeration of deductions; and failure to pay assessed taxes by the due date (Jeyapalan, 2006). There are various factors that affect the reporting decisions of taxpayers. For example, the individual taxpayers in the Internal Revenue Service are incompetent to explain the level of tax reporting, even when they have more success in explaining the change in reporting in response to policy innovations due to lack of knowledge (Richard, 1993).

According to Simon & Clinton (2009), there are two main methods the economic and the behavioural, that are used to inspire taxpayers to comply with the taxation system. The economic approach, usually limited to penalties, may be necessary to enforce compliance

by those taxpayers who would otherwise refuse to discharge their obligations as citizens. However, Simon and Clinton (2009) further argued that there are threats in using such an approach more widely. The researcher argues that the reduction in revenue collection at Walvis Bay regional office exists due to lack of strategies to ensure that individual tax payers adhere to rules and regulations of the tax system.

2.8 Review of empirical literature:

Several strategies have been established to ensure tax compliance. Important strategies to ensure compliance in accordance with the tax laws that have been tried and tested in several countries include effective system of tax settlement, effective system of customer service, effective tax administration - positive attitude of tax officials and audit enforcement, effective system of self-assessment, effective system of communication, effective system of identifying existing problems and evolving solutions, effective system of tax education, effective strategic planning, and effective system of building integrity and tackling corruption. The literature and experiences in different jurisdictions on these strategies is reviewed here.

2.8.1 Effective system of tax settlement -raising demand and refund of dues to taxpayers:

According to Roberta (2006) it is important for authorities of Internal Revenue to operate like businesses in order to encourage compliance. Numerous businesses make life easier for the customers by eliminating bill-paying difficulties. He further argued that tax payers are always frustrated by filling in tax returns every year. Taxpayers must have the privilege

to fill in forms just once in order for the authorities of Internal Revenue to directly debit the tax payer account.

In the United States, the IRS already knows the taxpayer's income because it is reported by employers and financial institutions. The IRS already has all the information it needs to determine liability or refund amount (Rafael, 2015). In brief, this strategy is very essential in the context of survival of authorities of Internal Revenue, particularly at the regional office at Walvis Bay, as it enhances tax compliance.

2.8.2 Effective system of customer service:

According to Roberta (2006) the most serious problem faced by revenue authorities is the provision of service delivery. While most revenue authorities strive to improve tax compliance, there is evidence that service delivery is a declining priority with most revenue authorities. In the USA, the IRS has proposed increasing the number of sites where it provides assistance to walk in taxpayers. When an IRS employee provides helpful, correct information to a taxpayer, it may encourage compliance (Forum on Tax Administration Compliance Sub-group, 2004). With the given evidence in the study, the researcher therefore argues that, it is essential for tax officials to treat tax payers well in order to encourage compliance.

The Inland Revenue office at Walvis Bay could develop a software which allows tax payers to submit tax returns online to avoid queue and to do enquiries online to enhance service delivery. Moreover, the system also contains a provision whereby tax payers are provided with an advice number. The researcher argues that the new system could give

the Inland Revenue office at Walvis Bay a new image by making taxpaying stress-free and more satisfying, which may help to influence taxpayers to be more compliant.

Roberta (2006) argued that honest confused taxpayers come with various problems. For instance, small tax payers find it difficult to get computer access, some elderly and physically challenged taxpayers find it difficult to use the computer, etc. Therefore, the researcher argues that before the Inland Revenue Department introduces a new system, it would be more convenient if they conduct an in depth tax payers' need assessment to cater for the computer illiterate customers, in order to make provision for every taxpayer to get the service desired to enhance compliance.

2.8.3 Effective tax administration:

There is a strong view that tax administration seeks to maximise tax collection while minimizing costs and maximising tax compliance by concentrating efforts on those taxpayers who do not comply voluntarily (Cobham,2007). Moreover, as Torgler (3013) argued tax payers are more likely to comply voluntarily when the tax administration adopts a service-oriented attitude towards taxpayers and educates and assists them in meeting the obligations. In order to enhance tax compliance, tax collectors, have to display an image of transparency, fairness and honesty in the handling of tax administration in accordance with the tax laws and regulations.

According to Chau and Leung (2009), a strong audit program must be initiated rather than using penalties to harp on the issue of non-compliance. In Australia the establishment of travelling teams to combat illegal foreign workers' activities, especially in the construction industry is one of the measures taken to ensure compliance (Evans, 2004).

According to Torgler (2007) in order to enhance compliance, tax collectors should treat taxpayers well and the tax collectors should be well remunerated and motivated in order to reduce corruption by tax payers.

2.8.4 Effective system of self-assessment:

There is an underlying suggestion that in order to enhance tax compliance countries must introduce the self- assessment principle. Berenson (2007) argued that most countries have introduced and enhanced the use of self- assessment principle in income tax. However, due to the reason that this legal authority is not applied constantly this becomes a challenge. He further stated that most countries rely heavily on audit, while risk management practices remain unutilised. Namibia has implemented the scheme of self- assessment returns by tax payers as one of the strategies to enhance voluntary compliance. Namibia has adopted the self-assessment system, under which all taxpayers are required to compute their taxable income and file tax returns by the due date on an annual basis. Individual taxpayers are categorised into three groups each submitting a tax return in different colour form, namely brown, blue and yellow form.

According to Ajzen (2013) self-assessment plays an important role as the tax on the tax return submitted by the taxpayer is based on assessment calculations done by the tax payer. If this is done accordingly, this gives satisfaction to the taxpayers knowing that their tax affairs are up to date. The direct involvement of the individual tax payers in tax computation results leads to better financial planning by taxpayers (Cobhan, 2007). Thus, tax compliance is enhanced through self-assessment and self-tax calculations.

The researcher believes that in order to enhance tax compliance, revenue authorities should use the strategy of self-assessment instead of relying heavily on audits, as self-

assessment serves as a guidance to tax payers. Knowing about their tax status in advance, tax payers are given the privilege to determine their tax liability and make payments in advance to avoid the interest charge that is added to the amount of tax in case of delays in payment of revenue after the assessment.

2.8.5 Effective system of audit strategy

The audit strategy is being premised on the argument that tax returns are verified by the tax officials to ensure that the assessment was completed according to rules and regulations in line with the Income Tax Act. Denney (2011) argued that one of the strategies to ensure tax compliance in developing countries is through an organisation conducting audits on stratified random samples of returns. This procedure helps the auditors to identify which category of taxpayers are non-compliant.

According to Evans (2004) the tax organizations such as those found in Canada, the United States of America and the United Kingdom rely on voluntary compliance by individual tax-payers. This may be useful as a risk cover, as some tax-payers might not obey to the rules and regulations of the Income Tax Act by declaring false income or even by evading tax. However, the threat of Audit also encourages tax-payers to comply voluntarily at no cost to revenue authorities, considering the fact that most agencies are faced with problems due to limited resources, as a result the audit enforcement strategies are enforced as a part of alternative strategies for tax payers to comply voluntarily.

Kibuta (2011), argued in this respect that the tax administration is required to audit some or all its taxpayers to monitor evasion and ensure compliance. Although conducting audits involves costs, tax authorities are required to look for better procedures for the taxpayers

and the economy at large both. Authorities therefore, must use their limited resources wisely to achieve maximum taxpayers' compliance at minimal cost.

According to Rafael (2015) since 1965, in the United States of America, the Internal Revenue Service (IRS) has been conducting a complete line-by-line audit using a stratified random sample of roughly 50,000 individual tax returns on a roughly 3-year cycle for its Taxpayer Compliance Measurement Program (TCMP). The greatest modern TCMP was performed in 1988. These audits yield an IRS estimate of the taxpayers' accurate income, which consents measures of individual and comprehensive income tax evasion to be calculated. Such approximations are probably the greatest accurate that are available. However, Paul (2014) argued that TCMP data have some serious and well-recognised deficiencies, as the audits do not detect all under-reported income, non-filers are not often captured, honest errors are not identified, and final audit adjustments are not included.

In some areas, the evidence suggests that when taxpayers are audited and penalties are imposed for being non-compliant, taxpayers are likely to comply because of the fear of punishment and of the outcomes which may occur, if the audit detected information is otherwise compared to the one compiled in the returns (Picur & Riahi, 2006).

Audit indirectly encourages voluntary compliance and directly generates additional tax collections, which help tax authorities to reduce the tax gap between tax due and tax collected. The Inland Revenue Department in Namibia is experiencing reduction in the revenue collections due to non-compliance by taxpayers. The main challenge encountered by tax authorities is that it has never been easy to encourage taxpayers to comply with the rules and regulations of taxation (Nghaamwa, 2011).

The audit strategy plays a vital role in tax administration and in achieving the revenue objectives, which is maximisation of tax collection, ensuring good health of the country through development programmes, and moreover audit also encourages honesty among taxpayers. Some studies in Kenya in this respect showed that providing for fines and penalties play an essential role in improving tax compliance (Kibuta, 2011). The revenue authorities can therefore ensure tax compliance by enforcing tax audit strategies (Manish, 2017). However, on the other hand Nghaamwa (2011) stipulated that audit is not considered a very welcoming procedure/strategy for the taxpayers and the economic development of the country both, because it involves costs. In order for the audit to be effective strategy authorities must therefore use this limited resource available to them more wisely to achieve taxpayers' compliance at a lower cost.

Evans (2004) explored the subject of audit selection rule in India where a large number of taxpayers fail to declare their tax liabilities correctly, thus forcing the tax administration to tackle the issue by conducting audit to detect non-compliant taxpayers and enforce compliance. The researcher therefore, considers planning an effective audit procedure a very essential strategy.

2.8.6 Effective system of communication strategy

The communication strategy is an essential part in the functioning of tax authority, because it improves understanding between taxpayers and the tax officials. Having good communication strategy and skills help in eliminating misunderstandings. It also helps in encouraging a healthier relationship between the organisation and the customers. The communication strategy of tax authorities towards the public takes place through the modes of social media, e-mails, telephones, newspapers, pamphlets, and through face to

face dialogue with the tax payers (Rafael, 2015). Behavioural research and taxpayers' self-reports have reported mixed results regarding the use of persuasive communication to encourage taxpayers to willingly comply.

Rafael (2015) stipulated that under the Spanish legislation, law 11/2007 of the 22nd of June on citizens' electronic access to public services, instituted their relationship with the government through electronic means as a citizens' right. Also as a collective duty for the public authorities to be furnished with the essential electronic equipment and systems to enable this right to be exercised in order to enhance tax compliance.

The researcher emphasises that the way the tax officials treat and communicate with the taxpayers plays a very vital role in ensuring tax compliance. If tax payers are not communicated with effectively, it might lead some taxpayers to not complying voluntarily. Therefore, good customer care and efficient communication are important to ensure enhanced tax compliance.

2.8.7 Effective system of identifying problems and selecting appropriate strategy

There is a strong view that tax authorities must identify existing problems, evaluate the possible solutions and select the appropriate strategies under given conditions to hamper the non-compliance issue of tax payers in order to improve the efficiency and to achieve the tax authority's vision, which is maximization of revenue collection.

Gifford and Frucher (1973) suggested in this respect that the revenue agencies should always work towards accomplishing its vision, goals and mission. One of the strategies that the offices need to take into consideration is the strategy of identifying existing

problems and selecting appropriate strategies leading to its goals as ways to accomplish the goals, vision and mission.

Cobham (2007) suggested that even in countries which already have effective tax administration, in order to maintain its effectiveness, which may vary due to changes in the economy, the tax system, agency and taxpayers living within the community need to review the strategy being followed on a regular basis, as this action measures the effectiveness of the strategy in place. Kelly (2013), contended that in order to design an effective strategy, it is essential for the tax authority to measure the country's tax gap, usually the larger the tax gap the more radical the changes that need to be considered in the strategy. Furthermore, the research suggests that in order to improve effectiveness of a strategy, it is important for the government to be politically devoted to the reform. Moreover, successful implementation of changes in the tax structure and in systems and procedures also require a committed management team, which should consist of highly trained and qualified officials (Blanthorne, Burton & Karlinsky, 2005). It can therefore, be suggested for the tax authorities to identify existing problems and select appropriate strategies as a way forward to ensure compliance with the provisions of the Income Tax Act in Namibia.

2.8.8 Effective system of tax education strategy

Ajzen (2013) viewed tax education as a way to teach tax payers about what they must do in order to be in good standing with the Receiver of Revenue and to ensure and enhance tax compliance. Through tax education campaigns tax payers are educated on how to maintain tax records, complete the tax returns, make payment of tax and are given opportunities to ask questions in order to improve their knowledge on tax.

In Namibia's context the Receiver of Revenue carries out tax education campaigns every year with objective of improving taxpayers' knowledge and understanding of the tax systems and procedures, to educate the taxpayers and to advise them in areas where they need help, consequently contributing to closing the gap in knowledge and maximising the revenue collection. The tax education is important strategy for better compliance as it helps to keep the ongoing engagement and contact with the taxpayers and other stakeholders.

Cobham (2007) argued in this respect that in order to enhance tax compliance tax forms and procedures should be made as easy as possible for taxpayers. The main goal of any tax administration is to promote voluntary compliance without penalizing the tax evaders (Chau & Leung, 2009). On tax education days, the tax officials are required to go out to the public to convey the message, educate the tax payers by sharing essential knowledge on tax matters in order to reduce non-compliance.

Berenson (2007), stated that many authorities fail in this respect and find it difficult to reach their goals and objectives. However, sharing information on tax issues provides a mechanism to establish good co-ordination. Therefore, the authorities must ensure that the office administers fairness and conducts good tax education programs. Furthermore, Frenzen and McCluskey (2017) emphasized that for this professionalism of the tax officials is critically important.

2.8.9 Effective system of strategic planning

A strategic plan helps to identify what the tax authority is striving to achieve and maps out the necessary steps to be taken in order to get there. Every year the management of

IRD draws up a strategic plan. In order to have a clear strategy it is important for the tax authority that the employees have desire for what they are doing and also have a clear idea of what they want to attain. Kibuta (2011) argued in this respect that it is important for the tax authority to understand where it is going before the development of the strategic plan. The organisation must have a vision statement, mission statement, perform a gap analysis, write the SMART goals and monitor the progress.

Researchers are of the view that apart from the tax authorities developing strategic plans, corruption is one of the major aspects hampering the compliance by taxpayers. Researchers show that taking a bribe by some tax officials is on the increase due to low wages. Bribe taking leads to delays in processing other taxpayers' returns who cannot afford to pay the bribe. This is perceived as an unfair practice. As a way to solve this problem, the tax officials should be adequately remunerated. This may result in tax authorities convincing the taxpayers to voluntarily comply with the rules and regulations of the tax system.

According to Scholz (1995) citizens' belief about their obligation to obey laws and regulations in accordance with the taxation laws is dominated by fear of getting caught and punishment thereof being enforced resulting from being non-compliant. Therefore, citizens tend to report greater commitment in adherence to tax rules and regulations due to the fear of expected penalties and interest applied for being non-compliant. Evan (2004) further states that even if the collective interest of taxpayers outweighs the temptation of being free riders due to the incentives attached with them, the obligation of obeying with the provisions of the income tax law still dominates the taxpayers' behaviour.

For exercising a clear strategy Price Waterhouse Coopers (2017) argued that the tax authorities must be able to observe the different changes in taxpayers' behaviour and difficulties, which cause the limitations in the taxpayers' compliance. The researcher feels that the Inland Revenue in Namibia should therefore, have a clear strategy and a strategic plan to ensure compliance by tax payers.

2.8.10 Effective system of building integrity and tackling corruption:

The integrity of the revenue authorities and their staff and system are vital elements of any effective revenue administration. Yet the media reports have been publishing about corruption cases taking place at the Inland Revenue offices. If we go in to the history, this is not happening just in Namibia but also in many other developing countries.

Ajzen (1991) argued that it would be naïve to believe that corruption is not a severe issue in developing countries. Corruption may be an organised activity involving groups of staffs acting together in a corrupt style and often led by senior staff or individuals and may or may not involve external customers. Examples are not hard to quote. Some such activities often mentioned are charging for services that should be free, distracting cash, creating false reimbursement claims, losing files, accepting payments to complete tax returns and accepting bribe to positively settle an audit.

Blanthorne (2005) contended that corruption does not include tax activities but it can also include abuse of power such as theft or private use of goods like office equipment; fraudulent subsistence and travel allowance claims; and stealing time to pursue outside interests and/or employment. Such activities display a bad image of the administration. The consequences of corruption are evident. It is a cancer that destroys the organisation itself and demoralizes all other aspects of the society. It erodes confidence in the tax

system and inspires tax evasion. The researcher therefore, emphasizes on the need for Inland Revenue Department to stop corrupt activities as it not only reduces the amount of tax collection but also encourages non-compliance.

2.8.11 Effective systems and procedures -filing tax returns and payment of tax:

There is a strong view that the procedures for filing tax returns and payment of tax on the basis of self-assessment began with the old business turnover tax. According to Roberta (2006) the procedure of filing tax returns and payment of tax became common following the introduction of Value Added Tax. Then it was gradually extended to the personal and corporate income taxes. These procedures, built on voluntary compliance, have raced up the payment of taxes by restructuring the formalities and reducing opportunities for negotiations.

Under the new system the taxpayers are projected to comply with their responsibilities with limited interference from the tax management. Cobham (2007) argued that for this system to work, there must be appropriate education and information programs to ensure that tax payers understand their tax obligations, know how to compute the tax payable, how to complete the tax returns and submit them along with proper payment to the tax office. Moreover, under this procedure the tax payers stand ready to provide appropriate documentation to validate their tax returns in case of tax audit.

The spread of these procedures has been facilitated by broad basing the tax collection function to the tax department. It is evident that despite this important improvement, which has sometimes been challenging the old performance of non-compliant taxpayers, who still dominate the revenue authorities in most developing countries, instead of the

revenue authorities maximising the tax collection which is used for the development activities of nation. It is reported that most countries are faced with under collection of tax. The Financial Consulting Services (2015) posit the need for the revenue authority at Walvis Bay regional office to provide training in tax accounting to book keeping companies in order to enhance the filing and payment procedure. Price Waterhouse Coopers (2013) emphasized the need for Revenue Authorities to work with book keeping companies, as it educates the book keepers on how to calculate the taxable income to improve the payment procedure.

Some countries have maintained a registration process that is no longer necessary. In addition, in a number of countries, interruptions in reforming the legal framework for tax collection outcome is unproductive and troublesome procedure for the tax offices and is a problem to reforming the tax payment methods, payment of taxes through banks. Moreover, major progress is still essential in most countries to simplify tax return forms and eliminate obsolete practices which confuse taxpayers' compliance and reduce the effectiveness and efficiency of the tax management. The researcher emphasizes that there is a need for tax officials and management to be well-balanced, diverse and of right size to encourage improvement of the tax filing and payments system. This procedure serves as an advantage as it improves voluntarily compliance.

2.9 Gaps in knowledge:

The review of literature given above brings out that compliance has been and remains an important issue in tax administration in all countries. The reviews given above further illustrates that efforts have been made in different countries to deal with this problem

adopting different strategies. Namibia is faced with a similar situation and efforts are being made to deal with the same. However, no research in the area has come to the knowledge of the researcher, hence the gap in knowledge. The present work on 'strategies to ensure compliance with the provisions of Income Tax Act' has attempted to fill this gap in knowledge.

2.10 Summary

The purpose of this literature review was to highlight the findings on issues, problems and strategies to ensure compliance with the provisions of the income tax act in studies done in different jurisdictions. It is clear from the literature reviewed that a clear strategy as per the conditions available and the challenges faced is essential to ensure compliance. The above discussion has demonstrated that there is no single strategy that can ensure compliance with the provisions of tax laws at Inland Revenue offices. While the effective tax administration strategy provides a basic and partial explanation because of its universal and fundamental nature, the self-assessment strategy falls short once the debate goes beyond the taxpayers

The closest a strategy gets to adequate explanation to the tax authorities is the audit strategy. However, as explained in the review, this strategy is not without its limits especially since it can drag the tax compliance debate to the costs of the authority connected to the auditing strategy process, which if not well planned can mean the use of unlimited resources resulting in adverse economic consequences. According to the literature, compliance can be enhanced through an effective communications strategy, which enhances taxpayers' understanding of the compliance procedures and develops mutual trust and confidence among tax payers and tax authorities.

These lessons learned from the above chapter will help with the selection of the appropriate research design, methods selection, instruments design, and data analysis in order to reach the objectives in the study. The lessons learned from the study will be blended together with the designs to reach the objectives of the study. The lessons learned will help with the arrangement of the conditions and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Furthermore, the lessons learned will add to honest interpretation of data collected.

1.1 Research Design

This research used a case study method. Case study involves the collection and analysis of data concerning an individual or a few individuals (Merriam, 2014). The case study method is one that was used in order to obtain the insights that balance the weaknesses of both the quantitative and qualitative methods. The research design was a case study based on the methodological level of strategies to ensure compliance with the provisions of the Income Tax Act in the office of general manager of Wabwi Bay, Namibia. As per Robins (2012), a case study is by means of systematic investigation of a specific individual.

It aims to assess the effectiveness of the realization, the current status of compliance by its payers with the objectives of the income tax laws and the problems faced at the IRD's

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter focuses on the methodology of the study which includes the research design, population of the study, sample and sampling procedure, methods of data collection, data analysis and ethics considerations. Kothari (2011), Biggam (2008) provided systematic steps considered necessary in research methodology that include research approach, research strategy, data collection, data analysis and ethical considerations. This chapter presents the blue-print of the methodology of this research based on the investigations done on strategies to ensure compliance with the provisions of the Income Tax Act at the office of Internal Revenue, Walvis Bay and underscores all the systematic steps involved in the research.

3.1 Research design

This research used a mixed method. Mixed methods involves the collection and mixing of both quantitative and qualitative data (Cresswell, 2014). The mixed method in this study was used in order to offer the strengths that balance the weaknesses of both the quantitative and qualitative research. The research design was a case study based on the investigations done on strategies to ensure compliance with the provisions of the Income Tax Act at the office of Internal Revenue at Walvis Bay, Namibia. As per Robson (2012), a single case study involves empirical investigation at a specific institution.

In order to assess the objective of the analyzation the current status of compliance by tax payers with the provisions of the Income tax laws and the problems faced at the IRD's

Regional Office at Walvis Bay, the researcher used a qualitative method because the level of tax compliance of tax payers is a community issue, it focuses less on the metrics of the data that is being collected and more on the subtleties of what can be found in that information. To assess the objective of determining the effectiveness of different measures for tax compliance at the regional office of the IRD in Walvis Bay, the researcher used a quantitative method because it involve the systematic collection of data about a phenomenon using statistical analysis. In order to assess the objective of coming up with strategies to improve tax compliance with tax provisions in Namibia, the researcher used a qualitative method because it is about answering questions about experience. Qualitative research techniques include semi- structured interviews to seek views on the focused topic.

3.2 Population

This research focused on the Inland Revenue Department's regional office at Walvis Bay in Namibia. The population of this study include the executives, tax officials and tax payers registered at the regional office of the IRD at Walvis Bay within the 18% tax bracket. There were 12 executives, 23 tax officials and 85 taxpayers registered at the regional office of the IRD at Walvis Bay within the tax bracket of 18%. Thus, the total population of the study with $12 + 23 + 85 = 120$ persons was the base. However, the findings of the research were generalized to all tax authorities, tax executives and tax officers, and individual taxpayers falling under the specified tax bracket in Namibia.

3.3 Sample

A sample is the group of entities or individuals selected through a specified method of selection from the population of the study and form the basis of investigations under the study. A representative sample of an appropriate size of participants/respondents was selected. Selection of the sample from the population was done using the stratified random sampling method. Selection of the sample from the population was done using the stratified random sampling method. The use of stratified random sampling was employed because the researcher wanted to observe the existing relationships between two or more subgroups, in this case which is the relationships between the tax executives, junior tax officials and tax payers at IRD, Walvis bay regional office.

Considering the requirements of the selection of a sample from a population unknown to a researcher, the researcher used Slovene's sampling formula (Guilford & Frucher, 1973) for the calculation of sample size. Sample size calculation was concerned with how much data the researcher needed to make correct decisions from the study. The more the data to be collected and more the level of accuracy of the information and there will be less error in the parameter estimate. The formula used in the selection of the sample was as under:

$$\text{Sample: } n = N / (1 + N(e^2))$$

Where: N = Population, n = Sample Size, $e = (1 - 0.95)^2$, and Margin of error = (0.05^2) .

Taking a confidence level of 95%, Margin of error of 5%, given that N = 120, and $e = 0.0025$, the Sample Size (n) arrived at was composed of:

Sample: 8 tax executives, 18 tax officials and 66 taxpayers, total = 92.

3.4 Research Instruments

The research instruments in this study were questionnaires with structured sets of questions for the interviews. the independent variable in this study is tax compliance. The dependent variable are the strategies and factors to ensure tax compliance. The variables include tax rate, tax knowledge, timely accurate disclosure of tax information. The descriptive variables captured by the software were rating of administration, value to customers, inland revenue effectiveness, effectiveness in compliance, effectiveness in communication, effectiveness of Audit Department, available tax education, beneficial adequate information, tax education, and issues raised and resolved. These were used to collect data from the respondents.

Structured questionnaires were designed for each segment of the respondents and tested for validity and reliability. These questionnaires were then used for collecting the required information from the selected individual taxpayers, tax executives and tax officers at the office of IRD at Walvis Bay. Besides the questionnaires, direct interviews were conducted with the selected group of the tax executives and tax officers and experts at the regional office of the IRD at Walvis Bay. The questionnaires and the interview guide used for conducting interviews are given in an Appendix at the end of the thesis.

3.5 Procedure

The researcher divided the population into separate groups namely, tax executives, junior taxation officers and tax payers. Then, a probability sample was drawn from each group. The participants/respondents were selected at the office of the IRD at Walvis Bay in two

rounds by picking up every 3rd taxpayer who walked in at the office, every 3rd tax official seated on the desk and every 3rd tax executive seated between 9 am and 12 am at the office. The sample selected thus consisted of 8 tax executives out of 12, 18 tax officials out of 23 and 66 taxpayers out of 85, total 92 participants/respondents out of 120.

Primary data was collected through a field survey covering the selected respondents using the questionnaires and interviews. For the field survey, first voluntary consent to participate in the study was obtained from each of the selected respondents after explaining the purpose of the study. A copy of the questionnaire was then mailed on the email id of the selected persons or hand delivered in the case of persons not having an email id. The objectives of the study were explained to the respondents and the researcher assured them that complete confidentiality would be maintained regarding the information collected and it would be used only for academic study. Also, that the data collected would be destroyed after the completion of the study.

The interviews with the selected persons were carried out after explaining the purpose of the study and obtaining their consent. This was done at the time and place of convenience to the respondents, with most preferring it to be done at their offices. The structured questions were explained and interviews were conducted as per the requirements of the study and the responses were recorded.

Secondary data was collected from the reports of the Bank of Namibia and the Ministry of Finance, Government of Namibia. Collected and analysed from the IRD and the Ministry of Finance were also, other documents that provided information on income tax laws, regulations, the strategies used by the authorities to ensure tax compliance. The

documents also covered the status of revenue collection and compliance with the Income tax laws.

The data collected through the field investigations and secondary sources was first organised and verified to ensure accuracy and completeness. It was then processed and compiled on excel sheets using Microsoft Word 10. This was so as to make the information suitable for further processing and analysis.

3.6 Data Analysis

The research used descriptive and inferential statistics generated through the use of SPSS to analyse the collected data. Garson (2012) stated that descriptive statistics is a statistical technique, which provide descriptive information in terms of the mean, standard deviation and other statistical measures. Likewise, Runyon and Haber (1980) stated that inferential statistics are obtained through a statistical procedure used to arrive at generalisations from the sample data from the population in a study. The descriptive statistics utilized by the SPSS software in this research were Mean, Standard deviation, Maximum and Minimum.

In this study, the data collected from the field survey through structured questionnaires and interviews and secondary sources was inspected, cleaned, organised and analysed using the Statistical Package for Social Sciences (SPSS) software package version 21. The research utilised One Way Anova in analysing the collected data. The results were determined at a significance level of .05 which means that any independent variable that was at $p\text{-value} < .05$ was considered for the study as significant and need further interpretation. Frequencies were generated in order to clean the data and identify any missing link in the study.

After analysis transformed the data and made the same suitable for drawing useful conclusions and for making appropriate suggestions which may support decision making, a discussion of the results was undertaken. The researcher used pie charts and bar graphs to simplify and support the findings.

3.7 Research ethics

The researcher strictly adhered to the research ethics guidelines of the University of Namibia and conducted research following the ethical practices in conducting research through all its stages. In this context, prior written consent was obtained from the individuals and organisations participating in the research and providing information. Participants were told that their participation was voluntary and they were free to walk out from the field investigations at any stage. Confidentiality of information shared was maintained through all stages. Information on the researcher's laptop is password protected. Filled in questionnaires and replies recorded to questions are being kept in a locked up cupboard and will be destroyed after a period of 5 years by shredding and burning.

3.8 Summary

This chapter covered the methodology employed in this research. The research design, the population of the study, the sample and the method of selection of the sample, the research instruments, the procedure for data collection and data analysis as well as ethical considerations in this study were discussed in this chapter. The next chapter presents the results of the research and their discussion.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This study focused on the identification of strategies to ensure tax compliance with the provisions of the Income Tax Act at the Walvis Bay Regional office by individual tax payers. The Report represents the outcome of the study based on analysis of the data and the discussion of the findings of the investigation. The data included the opinions and attitudes of taxpayers, tax officials and management. The data was gathered using the structured questionnaires and structured sets of questions for interviews that were conducted with the selected respondents.

For in-depth investigation of the subject matter, questionnaires were administered to each one among the selected corporate taxpayers and tax executives and tax officials and the management. Besides the questionnaires, direct interviews were conducted with the selected group of the tax executives and tax officers and experts at the regional office of the IRD at Walvis Bay.

The study also included findings that were based on data collected from the reports of the Bank of Namibia, the Ministry of Finance, Government of Namibia and other documents that provided information on income tax laws, regulations, the strategies used by the authorities of the IRD and the Ministry of Finance. The documents provided information on tax compliance, and the status of revenue collections.

The critical variables that had a significant influence on Inland Revenue at the Walvis Bay regional office were identified through the analysis of variance using SPSS software version 21. These were as follows:

- The probability of being audited
- Tax knowledge
- Timely accurate disclosure of tax information
- Procedures and Practices
- Taxpayers, tax officials and management
- Effective Performance Management system

Meaning and scope of key research variables

Meanings and scope of the variables covered under the research and forming part of the field investigations are as follows:

Acting in best interest of tax payers: Acting in the best interests of tax payers means evaluating and balancing all elements to promote the advantage to the tax payers. In the context of tax administration this means, the administration and functioning of the system of taxation including tax payer education, tax payer communication, settlement of issues and complaints, filing of tax returns, assessment of tax and payment of tax, etc., should be so managed that paying tax provides him satisfaction of fulfilling the obligations towards the society and the state.

Compliance: Compliance is willingness to meet the requirements by individuals who fall under the category and are liable to comply with the rules and regulations or terms of contract. Tax compliance thus is willingness to meet the requirements by individuals who fall under the category and are liable to comply with the rules and regulations to pay tax. For tax authorities' compliance is the system by which individuals are directed and controlled to meet the requirements of taxation laws and regulations. Understanding taxpayers' behaviour and aspects that influence their attitude towards tax compliance is important to achieve the expected level of compliance and thereby minimize non-compliance. Tax compliance strategies are an integral part of the functions of tax authorities since it promotes taxpayers' confidence and loyalty.

Non-compliance: Non-compliance is failure or refusal to act in accordance with the laws, regulations, or terms of a contract. In the context of taxation, it is failure or refusal to comply with the tax laws and regulations by the taxpayers. Non-compliance with the tax laws includes a range of activities aimed at disregarding the tax laws, including tax avoidance, which is tax reduction by legal means and also tax evasion, which is illegal non-payment of tax.

Strategies for compliance: A strategy is identifying what the entity is striving to achieve and map out the necessary measures in order to achieve that. The main goal of state revenue authorities is to collect taxes and duties payable in accordance with the laws in a manner that will sustain confidence in the tax system and its administration. Tax administration therefore, needs strategies and a strategic plan, a clear idea of what they want to attain, to understand where it is heading to and develop a clear line of action to lead to it.

Effective strategic planning: A strategic plan helps to identify what the tax authority is striving to achieve and map out the necessary steps to be taken in order to get there. A strategic plan for tax authority is prepared in order to have a clear strategy to ensure that the executives have passion for what they are doing and also have a clear idea of what is to be attained. Under a strategic plan the authority must have vision statement, mission statement, perform gap analysis, lay down goals and monitor progress.

Effective system of tax compliance: An effective system of tax compliance is to operate like businesses in order to encourage compliance, make life easier for the taxpayers by easing the system of filling tax returns, raising demand, eliminating payment difficulties and make payment of refund dues to taxpayers in time. Taxpayers must have the comfort of filling tax returns just once and the tax authorities to directly debit the tax payer account for tax dues.

Effective system of monitoring tax compliance: Individuals mostly do not like paying taxes and take a variety of actions to reduce their tax liability indulging in actions classified as tax evasion or legal reduction in tax liability by practices that take fuller advantage of the tax code, such as income splitting, rearrangement of taxes, and tax arbitrage across income that faces diverse tax conduct, and tax evasion by deliberate illegal actions. A strong system of monitoring that effectively covers all aspects of income generation and tax payment is needed to realise the tax revenue due to the state.

Effective system of communication: Communication is essential part in the functioning of taxation system, as it improves understanding between taxpayers and tax officials, helps in eliminating misunderstandings and also helps in encouraging healthier relationship

between the tax authority and the taxpayers. The way tax authority and officials treat and communicate with the taxpayers plays a vital role in ensuring tax compliance. The communication of tax authorities with taxpayers as well as public takes place through the modes of social media, e-mails, telephones, newspapers, pamphlets, and through face to face dialogue.

Effective customer service: It is essential for tax authorities to treat tax payers well, establish communication and provide helpful and correct information to encourage compliance. An efficient system of customer service allows tax payers to make enquiries, submit tax returns, avoid queue and thereby enhancing the service delivery. The system must have provision for making complaints, and seeking efficient redress to grievances, making taxpaying stress-free, more satisfying, and influence taxpayers to be more compliant.

Effective system of tax education: Tax education is empowering tax payers with knowledge and information about what they must do in order to be in good standing with the tax authorities and to ensure and enhance tax compliance. This provides an opportunity to tax payers to ask questions and improve and update their knowledge on tax matters. Through tax education campaigns tax payers are educated on maintaining tax records, completing tax returns, and making payment of tax. The tax authorities through tax education programmes reach out to the public, the present and potential taxpayers, to convey the message, educate them, share essential knowledge on tax matters in order to enhance voluntary compliance.

Effective tax administration: The purpose of tax administration is to maximize tax collection while minimizing costs and to maximize tax compliance by concentrating efforts on those taxpayers who do not comply voluntarily. The tax payers are more likely to comply voluntarily when the tax administration adopts a service-oriented attitude towards taxpayers and educates and assists them in meeting the obligations. For this the tax administration is required to display an image of transparency, fairness and honesty in handling the tax matters in accordance with the tax laws and regulations.

Effective system of assessment of tax liability: Self- assessment is considered an effective system of assessment of tax liability as the tax return submitted by the taxpayer are based on assessment and calculations done by him. This gives satisfaction to the taxpayers that their tax affairs are up to date. The direct involvement of individual tax payers in tax computation also results in better financial planning by taxpayers. Thus, most countries including Namibia have introduced and enhanced the use of self- assessment in income tax as tax compliance is enhanced through self-assessment and self-tax calculations.

Effective system of audit: To ensure effective tax compliance one of the strategies is audit based on stratified random sampling of returns to identify the non- compliant taxpayers. This may be useful as a risk cover, as some tax payers might not adhere to the rules and regulations by declaring false income or even by evading tax. The threat of audit encourages tax payers to comply voluntarily at no cost to revenue authorities considering the fact that most agencies are faced with problems due to limited resources. However, the audit is premised on the argument that tax returns should be verified to ensure that the assessment was completed according to rules and regulations.

4.1 Primary Data Analysis

The discussion is based on the data collected on the highlighted variables above. These were considered and a comparison of the results obtained during the study of the related literature. The rationale for collecting primary data was to establish respondents' views on the status of income tax administration and compliance and the strategies needed to ensure compliance by individual tax payers with the provisions of Income Tax Act. The data would then be used to determine patterns that emerge from the study and ultimately draw conclusions on the impact of strategies to ensure tax compliance on the Walvis Bay Regional office.

4.2 Response rate

The researcher distributed questionnaires, conducted interviews to the sample in order to critically analyse the current status of compliance by tax payers with the provisions of the Income tax laws and the problems faced, to identify the factors hampering tax compliance and to determine the effectiveness of different measures in the context of tax compliance at the regional office of the IRD at Walvis Bay.

The respondents consisted of tax payers as well as the tax authorities Care was also taken to ensure that bias of individuals does affect the results of research by selecting the respondents objectively by random sampling method. All the respondents were persuaded to complete the questionnaires given to them through repeated calls. Further 8 tax executives and 18 tax officers who participated in field survey by completing the questionnaires were further persuaded to clarify certain salient details during interviews. This the findings were cross checked.

The research was successful in realising a 100% response rate from the tax executives (8 out of 8) and tax officials (18 out of 18) at the IRS regional office in Walvis Bay. All the tax executives and tax officials completed and returned the completed questionnaires and the selected tax executives and tax officials also participated in the interview sessions.

However, the response realised from the individual tax payers was 74.24% as only 49 individual tax payers out of 66 selected in the sample returned the completed questionnaires. The loss of 25.76% of responses occurred due to the respondents who lost some of the questionnaires and some of the respondents did not want to participate in the research and declined after initially agreeing to do so.

Though the researcher made relentless efforts through constant phone calls to the respondents and personal follow ups, this did not produce positive results although the researcher had obtained the consent from the selected respondents before administration of the questionnaire. All the completed responses of the three groups of respondents were compiled into tabular formats in order to facilitate analysis and understanding of the attitudes and opinions of different groups of participants and their understanding of the revenue collection function at the IRS office in Walvis Bay.

4.3 Analysis and discussion on individual tax payers' questionnaires and results

This section contains the results obtained after compilation of responses and analysing the outcomes by individual taxpayers in order to determine the attitudes and opinions and understanding and identify the strategies to ensure compliance with the provisions of the Income Tax Act at Inland Revenue Department office, Walvis Bay, which may assist the

researcher to come up with strategies for dealing with the problems and issues encountered and to improve tax compliance with provisions with the income tax act at IRD, Walvis bay regional office.

4.3.1 Distribution of individual tax payer respondents by age

Table 4.1 Distribution of individual tax payers' respondents by age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20>	1	2.0	2.0	2.0
	21-30	14	28.6	28.6	30.6
	31-40	21	42.9	42.9	73.5
	41-50	6	12.2	12.2	85.7
	51-60	5	10.2	10.2	95.9
	60>	2	4.1	4.1	100.0
	Total	49	100.0	100.0	

It may be observed from table 4.1 that with 73.5% individual tax payer respondents being 40 years and less in age, 22.4% being between 40 and 60-year age groups and only 4.1% being 60 years or more years in age, a high proportion of the tax payers were young in age

and as such were capable and expected to understand the subject matter of research. This further indicated that the sample selected was comprehensive and represented individual tax payers from all age groups. Therefore, this represents that all age groups of individual taxpayers' opinions and attitudes were represented in analysing the current status of compliance by tax payers with the provisions of the Income tax laws and the problems faced, identifying the factors hampering tax compliance, in determining the effectiveness of different measures for tax compliance and to come up with strategies to improve tax compliance with provisions of the Income Tax Act at IRD, Walvis bay regional office.

4.3.2 Distribution of individual taxpayer by years registered

Table 4.2 Distribution by years registered as individual taxpayer at the IRD office, Walvis Bay

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1>	4	8.2	8.2	8.2
	2-3	11	22.4	22.4	30.6
	4-5	13	26.5	26.5	57.1
	6-10	14	28.6	28.6	85.7
	10>	7	14.3	14.3	100.0

Total	49	100.0	100.0
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It may be observed from table 4.2 that 42.9% of the individual tax payer respondents have been registered as tax payers for 6 years and more at IRD office Walvis Bay, another 26.5% have been registered for 4 to 5 years, 22.4% for 2 to 3 years and only 8.2% have been registered for 1 years and less. Thus, a very high proportion of the individual tax payer respondents have been registered for a longer period of time and as such were able to understand and appreciate and respond appropriately to the subject matter of research. This contributed to the quality of responses in order to achieve the objectives of the study.

4.3.3 Descriptive Variables and Statistics

```

DESCRIPTIVE VARIABLES = Rating_of_Admin Value_to_Customer_serv
InlandRW_Effectiveness Complainece_by_Tax_payers Communication_Effectiveness
Audit_Department_Available Tax_Education_Beneficial
Adequate_Information_TaxEdu Issues_Raised_Resolved
/STATISTICS=MEAN STDDEV MIN MAX.

```

The descriptive variables captured by the software were rating of administration, value to customers, inland revenue effectiveness, effectiveness in compliance, effectiveness in

communication, effectiveness of Audit Department, available tax education, beneficial adequate information, tax education, and issues raised and resolved.

The statistics analysed by the software were Mean, Standard deviation, Maximum and Minimum.

4.3.4 Ratings of administration, value to customers, inland revenue effectiveness, effectiveness of tax compliance, strategies, etc.

Table 4.3 Responses on ratings of administration, value to customers, inland revenue effectiveness, effectiveness of tax compliance and strategies, etc., at Inland Revenue, Walvis Bay

	N	Minimum	Maximum	Mean	Std. Deviation
Rating_of_Admin	49	1	5	3.55	1.156
Value_to_Customer_serv	49	1	4	2.47	1.243
InlandRW_Effectiveness	49	1	5	2.94	1.329
Complaine_by_Tax_payers	49	1	4	2.35	1.052
Communication_Effectivene	49	1	5	3.33	1.231
Audit_Department_Available	49	1	2	1.35	.481
Tax_Education_Beneficial	49	1	2	1.24	.434
Adequate_Information_TaxE	49	1	2	1.29	.456
Issues_Raised_Resolved	49	1	2	1.33	.474

The tables 4.3 shows the summary of statistics, Mean, Standard deviation, Maximum and Minimum of the total number of questionnaires (49) that were received and fully answered and contained the views of tax-payers on tax compliance matters in relation to tax officials and management, communication strategies used and their effectiveness, value which they receive, as well as whether the issues raised by tax-payers are resolved in a satisfactory manner or not.

Literature reviewed in this research showed that the management at the IRD offices is the central point in ensuring tax compliance by individual taxpayers with the provisions of the tax law and regulations. This means the executives are not only necessary for ensuring that individual tax payers comply with the law and regulations but also to implementing the strategies effectively in order to encourage voluntary compliance by the tax payers.

The analysis of the responses given in table 4.3 in the form of the ratings out of 5 by individual tax payers in respect of the administration of tax matters and the inland revenue effectiveness revealed that at about 3 or more the performance of these functions was considered good by the respondents. Further the rating of value to customers, effectiveness in compliance, and effectiveness in communication at about 2.5 were also considered satisfactory.

However, with the ratings at 2 or less for of the services like effectiveness of Audit Department, available tax education, beneficial adequate information, tax education, and issues raised and resolved indicated low by individual tax payers. This brought out clearly the areas of strength and the areas of weakness in the working of the IRD office, Walvis Bay and contained a message that there is a need of giving greater attention and improving the working in these areas for improved results. It is evident from the results above that the effectiveness of different measures in place are not resourceful, Therefore, The IRD office at Walvis bay is encouraged to give greater attention to improving the Audit Department, tax education campaigns and resolving issues raised by tax payers as this will benefit the office with the maximization of revenue collection.

4.3.5 Effectiveness of strategies to ensure compliance

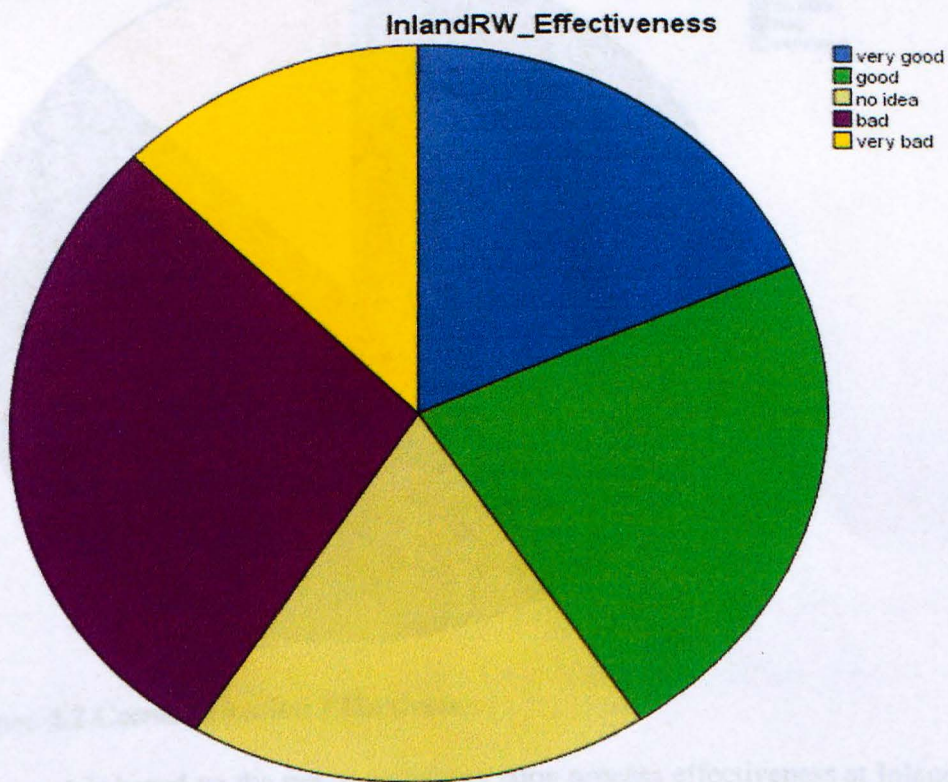


Figure 4.1 Respondents on effectiveness of strategies to ensure compliance

Figure 4.1 above reflected the respondent taxpayers' view on whether the Inland Revenue office at Walvis Bay was effective in services provided. The graph shows that 37% respondents (very good and good) were positive about the effectiveness of Inland Revenue while 63% (combining very bad, bad and the neutral) expressed a negative view on this.

It can be inferred from the graph that in the view of individual tax payer respondents the Inland Revenue Office at Walvis Bay was not achieving effectiveness. It can therefore be stated that the effectiveness of the Inland Revenue office at Walvis Bay in achieving its strategies and implementing tax compliance requires serious attention of the management.

4.3.6 Communication Effectiveness

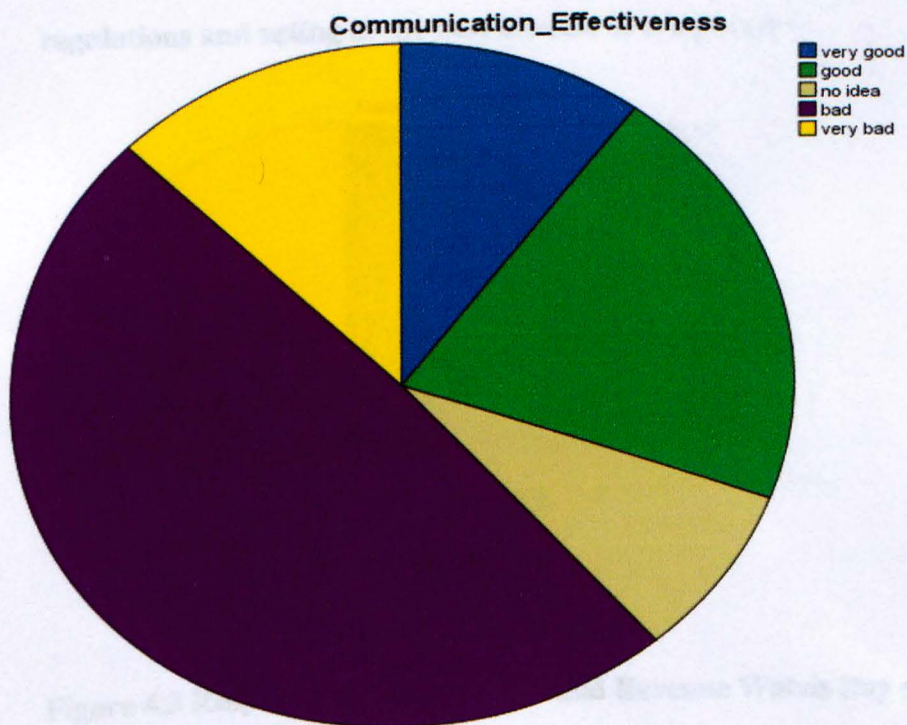


Figure 4.2 Communication Effectiveness

Figure 4.2 is based on the rating communication process effectiveness at Inland Revenue Walvis Bay with individual tax-payers. It is evident from the graph that in the view of

32% of the respondents (good and very good) the communication was effective. But in the view of 68% tax payers (including the very bad, the bad and the neutral) it was not effective.

So, it can be inferred that in the respondents view Inland Revenue Office at Walvis Bay was not achieving effectiveness in communication with the individual tax payers. It can therefore be argued that effectiveness in communication in achieving its strategies and implementing tax compliance at Inland Revenue office Walvis Bay requires attention of the management.

4.3.7 Ratings of Inland Revenue Walvis Bay office in exercising rules and regulations and acting in the best interest of tax payers

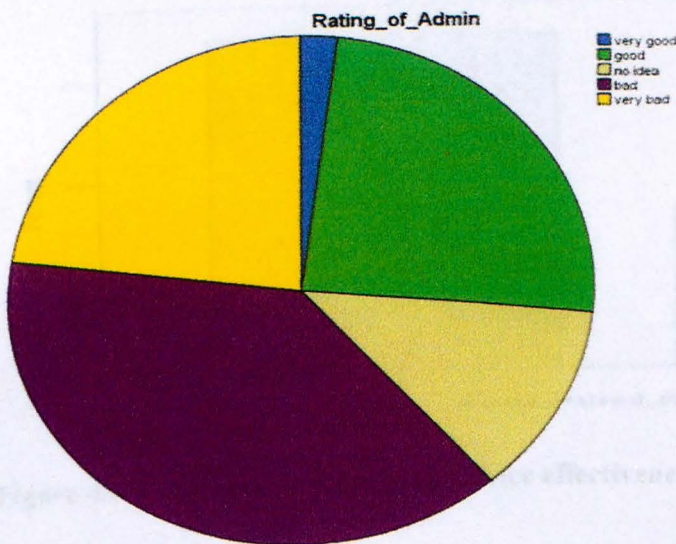


Figure 4.3 Responses on ratings of Inland Revenue Walvis Bay office in exercising of rules and regulations and acting in the best interest of tax payers.

The figure 4.3 above reflects the rating by individual tax payers of Inland Revenue office Walvis Bay in exercising the rules and regulations and acting in the best interest of tax-

payers. It is evident from the responses that in the view of 27% respondents it was positive (rating good and very good) while in the view of 73%, respondents it was negative (including very bad, bad and neutral). So, it can be inferred that the respondents were of the view that the Inland Revenue Office Walvis Bay was not achieving effectiveness.

It can therefore be argued that achieving effectiveness in its strategies and implementing tax compliance at the Inland Revenue office Walvis Bay requires the attention of the management.

4.3.8 Taxpayers' services effectiveness – Issues raised and resolved

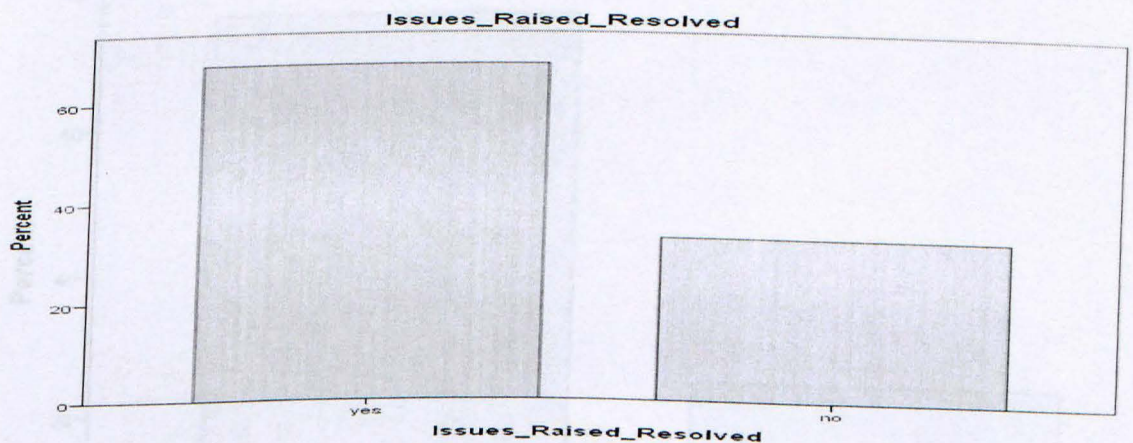


Figure 4.4 Responses on taxpayer's service effectiveness – Issues raised and resolved

The figure 4.4 shows the ratings by individual taxpayers registered at the Walvis Bay Regional office on compliance with relevant laws and regulations. It is evident from the figure that 66% of the tax-payer respondents agreed that Walvis Bay office was able to

resolve issues and complaints raised by individual taxpayers, while 34% disagreed and stated that the office was not able to resolve the issues and complaints from the tax-payers.

It can therefore be argued that while about two thirds of the individual tax-payers registered at Walvis Bay Regional office gave a positive rating and only about one third gave a negative rating on tax payer problems resolution, there is a need for strengthening the effectiveness to achieve higher rating.

4.3.9 Tax Education Benefits

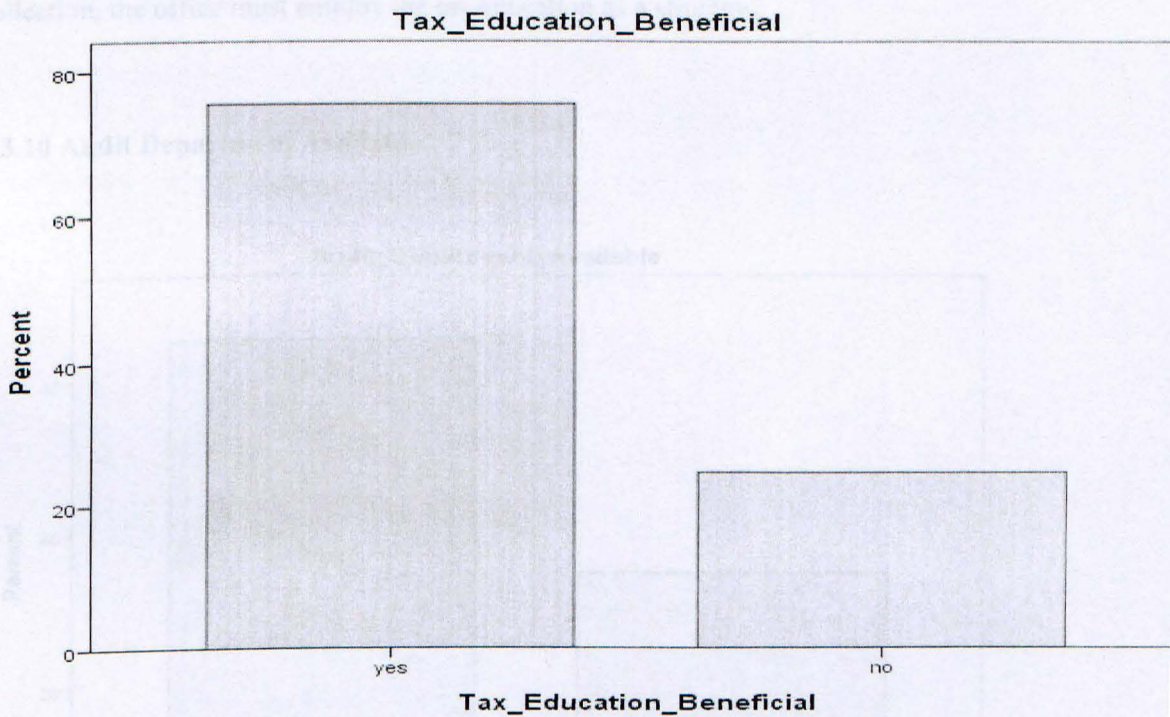


Figure 4.5 Tax Education Beneficial?

Figure 4.5 is based on the responses of individual tax payers on tax payer education. It is evidence from figure 4.5 that 77% of the tax-payers agreed that they benefited from the taxpayer education programs provided by the Inland Revenue office Walvis Bay, while 23% disagreed that the taxpayers' education provided by the Inland Revenue office was beneficial for the tax-payers. Thus, about three fourth of the respondents were satisfied with the activity about one fourth were not satisfied with it. In a developing country taxpayer education is a must and as such the program should be continued for the benefit of the taxpayers and for ensuring voluntary compliance. Therefore, it is evident from figure 4.5 that in order for the IRD office at Walvis bay to maximize the revenue collection, the office must employ the tax education as a strategy.

4.3.10 Audit Department Available

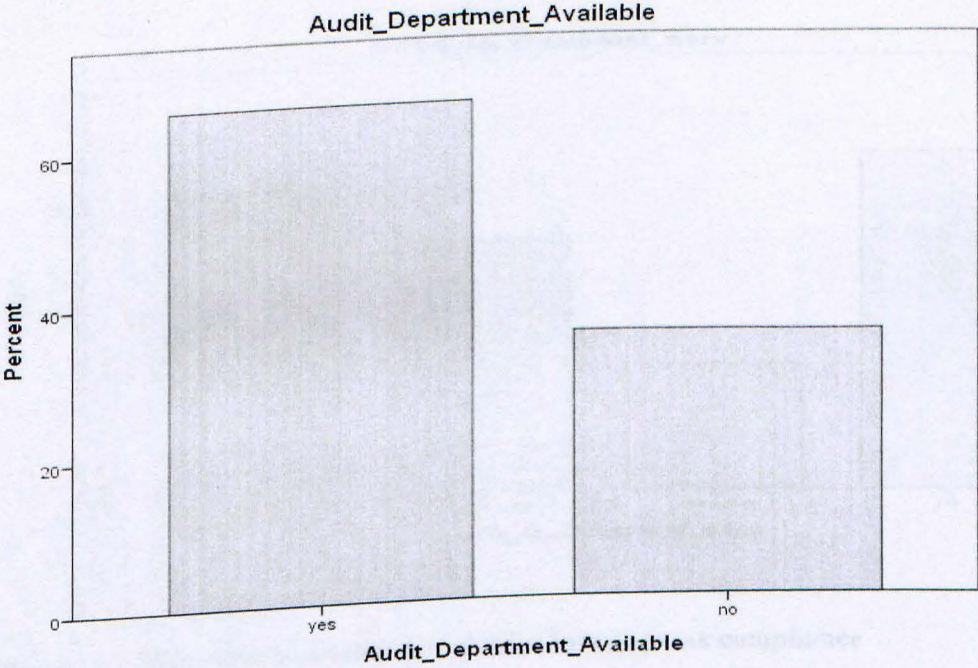


Figure 4.6 Audit Department Available

Figure 4.6 gives the summary of responses of individual tax payers on tax audit department. The figure shows that 64% tax-payer respondents were knowing that there is an Audit department at Inland Revenue office Walvis Bay, while 36% stated that there was no Audit department at the office of Inland Revenue Walvis Bay. The audit department plays an important role in ensuring tax compliance by taxpayers. However, if the audit department is not effective it negatively affects tax compliance by individual taxpayers with the provisions of the tax laws. The management at Walvis Bay office therefore, must ensure that the audit process is effective in order to provide accurate results and to ensure that there is no tax evasion.

4.3.11 Value customer care service brings to tax compliant

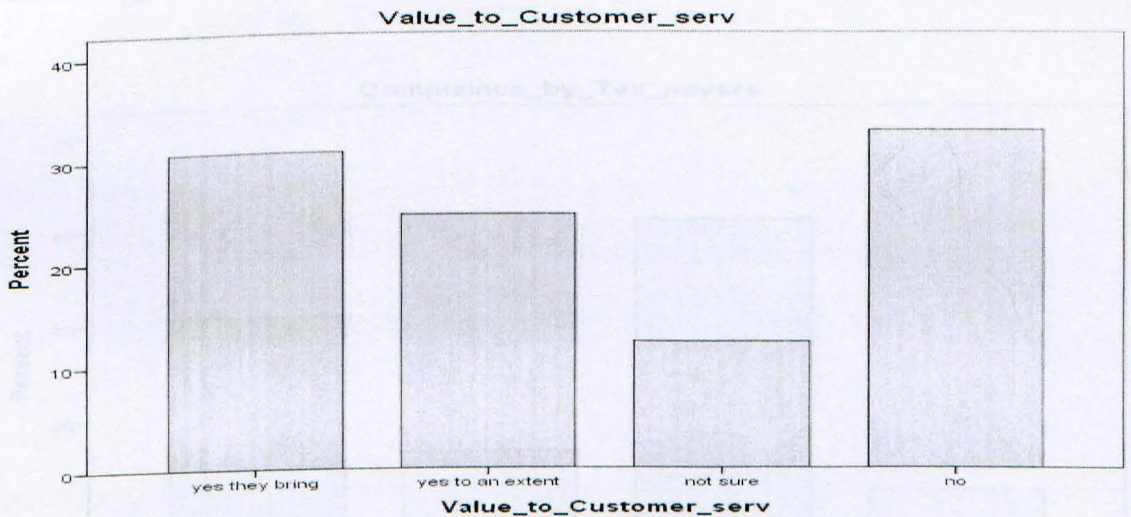


Figure 4.7 1 Value that customer care service brings to tax compliance

Figure 4.8 Rating of Compliance by tax payers

It is evident from figure 4.7 that 31% of the tax-payers agreed, 26% of the tax-payers agreed to an extent, 12% were not sure while 31% of the tax-payers claimed that the Inland Revenue does not bring value towards the customer service. Thus, while 57% of the respondents were of positive view on the customers' care service 43% were not sure or did not have a positive view on it.

However, customer care service is necessary and important and strengthens the compliance efforts and need to be strengthened. In order to ensure higher level of compliance by individual taxpayers, the office must strengthen its customer care service so that every tax payer may realize its utility.

4.3.12 Rating of Compliance by tax payers

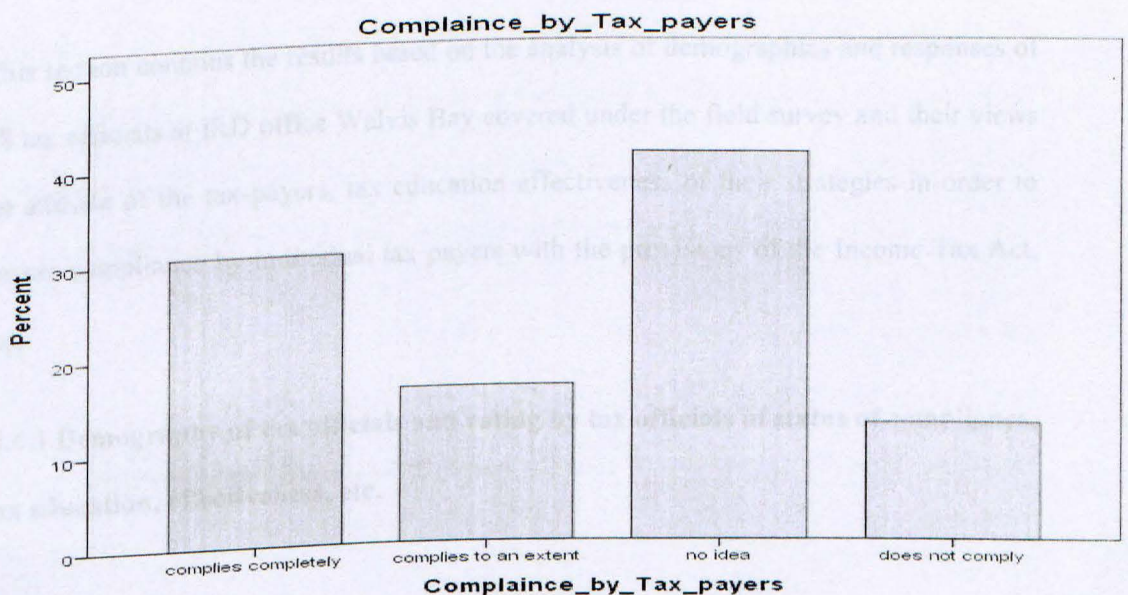


Figure 4.8 Rating of Compliance by tax payers

Figure 4.8 shows the rating of compliance by the tax payers. It is evidence from the figure that 30% stated that tax-payers comply completely, 16% tax-payers stated that they comply to an extent, 40% respondents had no idea while 14% tax-payers claimed that the taxpayers do not comply. Thus, the view emerging shows that only 46% really comply (30% completely and 16% partially) while 54% stated that they have no idea of compliance or do not comply.

The above situation presents a challenge for the IRD office at Walvis Bay and the management must gear up their resources to ensure a high level of compliance. For this, greater effort should be made for tax payer education and customer services on the one hand and tax executives and tax officers' training and motivation on the other hand.

4.4 Analysis of Responses of Tax-officials on questionnaire/interviews

This section contains the results based on the analysis of demographics and responses of 18 tax officials at IRD office Walvis Bay covered under the field survey and their views on attitude of the tax-payers, tax education effectiveness of their strategies in order to ensure compliance by individual tax payers with the provisions of the Income Tax Act, etc.

4.4.1 Demography of tax officials and rating by tax officials of status of compliance, tax education, effectiveness, etc.

Table 4.4 Demography of tax officials and rating by tax officials of status of compliance, tax education, effectiveness, etc.

	N	Minimum	Maximum	Mean	Std. Deviation
Age	18	1	4	2.00	.686
Years_working_	18	2	5	3.39	.850
Compliance	18	2	5	2.61	1.092
Strategies_Effectiveness	18	1	4	1.78	.943
Tax_Education	18	1	2	1.22	.428
Effectiveness_in_achieving	18	2	4	3.22	.943
Valid N (listwise)	18				

Table 4.4 in its first two rows shows the age and years of work experience of 18 tax officials covered under the field survey. This indicated that the officials had 2 to 5 years' experience with mean 3.39 years of experience. The table also contains the rating by tax officials on 5 points scale of compliance and effectiveness of strategies to ensure compliance by individual tax payers with provisions of tax laws, and tax education. As per the ratings the effectiveness in achieving the objectives was high at 3.22, compliance rating at 2.61 was also satisfactory but the rating of strategies effectiveness at 1.78 and rating of taxpayer education at 1.22 were poor in their view.

The results indicated that the IRD office must adopt strong strategy to ensure tax compliance by the individual taxpayers. The taxpayers' education should be strengthened and the taxpayers should be encouraged to voluntarily comply to maximise the collection of revenue.

4.4.2 Years of work experience of tax official

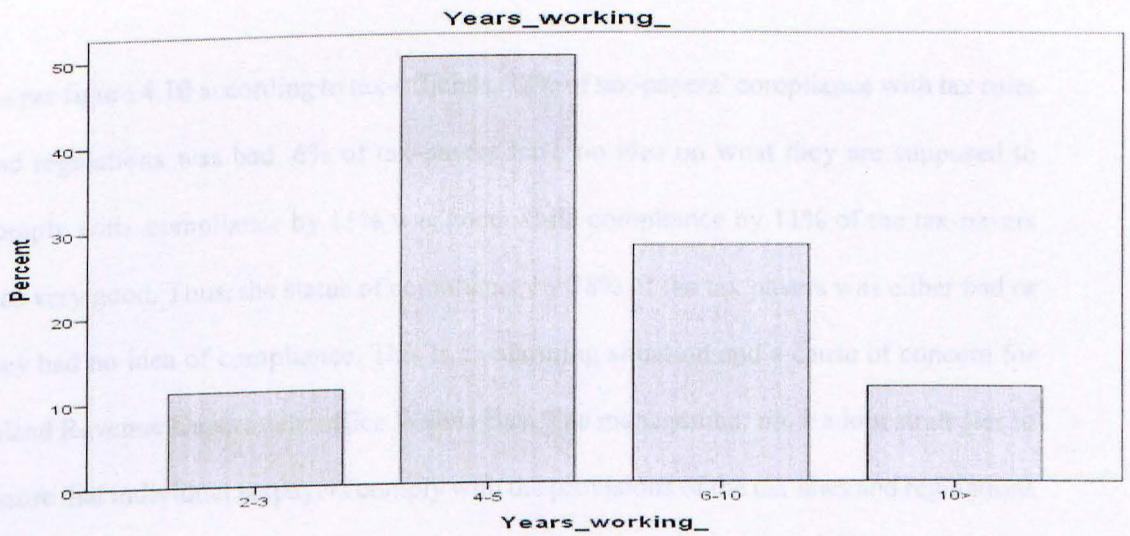


Figure 4.9 Years of work experience as tax official

Figure 4.9 shows that 10% of the tax officials had experience of 2-3 years, 50% had experience of 4-5 years, 30% had experience of 6-10 years, and 10% had experience of more than 10 years.

4.4.3 Rating of tax payers' Compliance by tax officials

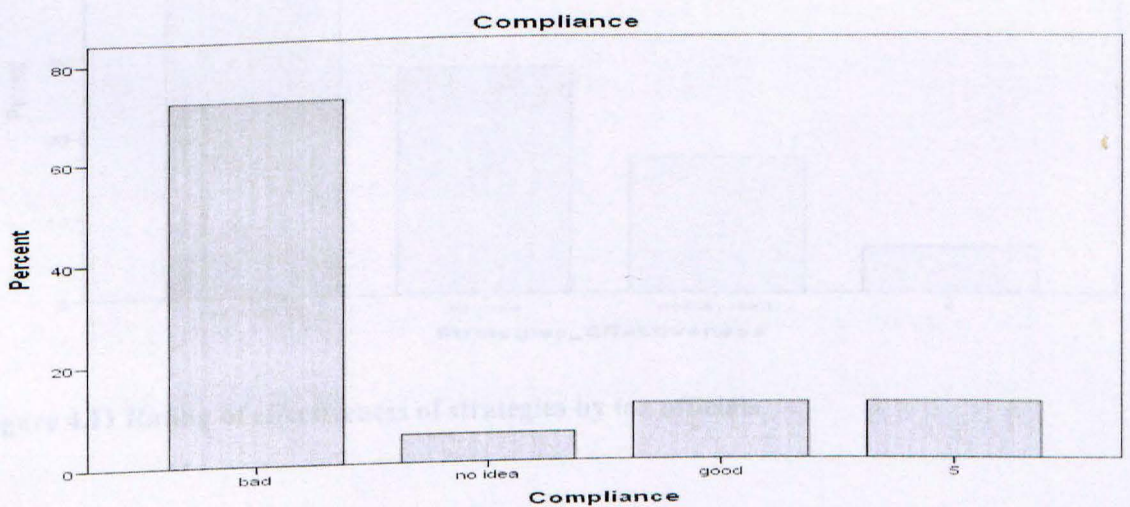


Figure 4.10 Rating of tax payers' Compliance by tax officials

As per figure 4.10 according to tax-officials, 72% of tax-payers' compliance with tax rules and regulations was bad, 6% of tax-payers have no idea on what they are supposed to comply with, compliance by 11% was good while compliance by 11% of the tax-payers was very good. Thus, the status of compliance by 78% of the tax payers was either bad or they had no idea of compliance. This is an alarming situation and a cause of concern for Inland Revenue Department office Walvis Bay. The management must adopt strategies to ensure that individual taxpayers comply with the provisions of the tax laws and regulations in order to enhance compliance.

4.4.3 Rating of effectiveness of strategies by tax officials

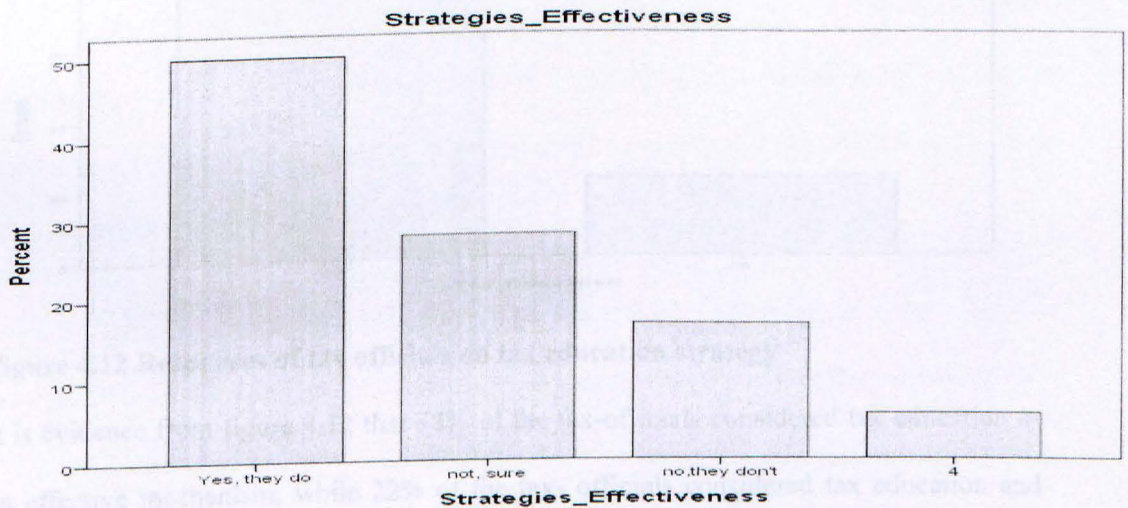


Figure 4.11 Rating of effectiveness of strategies by tax officials

It is observed from figure 4.11 that 50% of the tax-officials agreed that the strategies offered are effective, 28% of the tax-officials were not sure, 17% do not find these effective while 5% of tax officials strongly claimed that the Inland Revenue's strategies were not effective. Combining the responses of tax-officials who were not sure and those who expressed that the strategies were not effective 50% tax officials expressed that the strategies implemented were not effective.

This is a matter of alarm for the management and there is a strong need for strengthening the existing compliance strategies for producing better results.

4.4.5 Tax education strategy

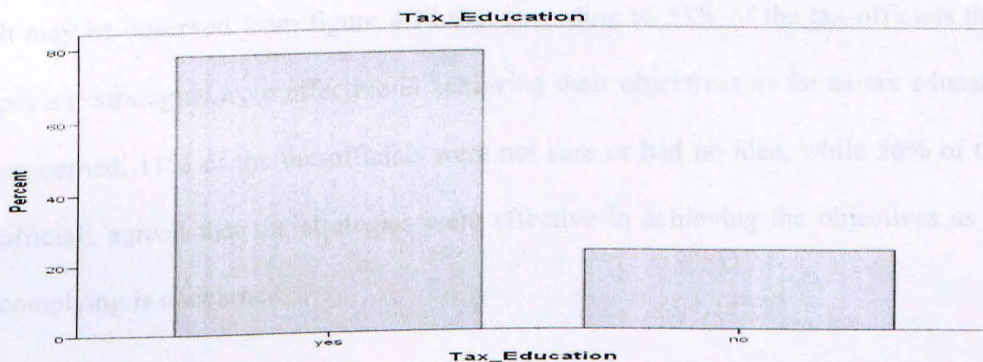


Figure 4.12 Responses of tax officials on tax education strategy

It is evidence from figure 4.12 that 78% of the tax-officials considered tax education as an effective mechanism, while 22% of the tax-officials considered tax education and training as not effective as far as compliance is concerned. Thus, more than three fourth among the tax officials find tax payer education and training as effective mechanisms for

ensuring better compliance. Education and training programs should therefore be continued and also strengthened.

4.4.6 Effectiveness of strategies for compliance in achieving the objectives



Figure 4.13 Effectiveness of taxpayer strategies in achieving objectives

It may be observed from figure 4.13 that according to 33% of the tax-officials the taxpayers' strategies were effective in achieving their objectives as far as tax education is concerned, 11% of the tax-officials were not sure or had no idea, while 56% of the tax officials agreed that the strategies were effective in achieving the objectives as far as complying is concerned.

The main goal of the IRD office is to maximise the revenue. Therefore, in order to achieve its goal, the IRD needs to implement the strategies that will convince the remaining 44% officials also on the utility of the strategies.

4.5 Results from Responses of Tax Executives on questionnaires / interviews

This section analyses and presents the results obtained from the responses of 8 tax executives selected in the sample and participated in the field survey through the

questionnaires and interview questions administered to them and their views on the attitude of the tax-payers, effectiveness of the IRD strategies to ensure that the individual taxpayers adhere to rules and regulations of the Income Tax Act.

		Years_In_Management	Compliance_scale
N	Valid	8	8
	Missing	0	0

Figure 4.14 Years in Management

Table 4.5 validation of tax Compliance scale rated by executives

4.5.1 Years of experience in management

Table 4.6 Years of experience in management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1<	2	25.0	25.0	25.0
	2-5	3	37.5	37.5	62.5
	5-10	3	37.5	37.5	100.0
	Total	8	100.0	100.0	

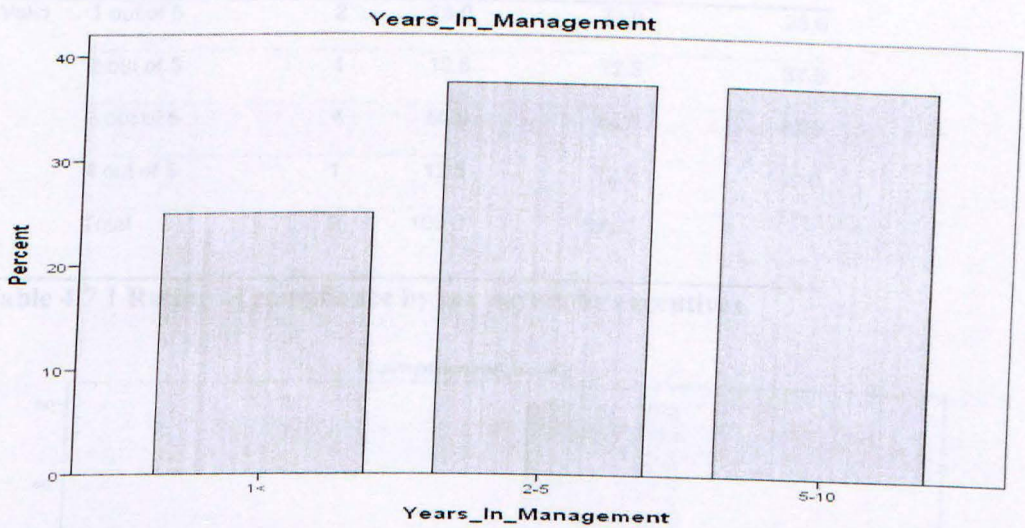


Figure 4.14 Years in Management

It is evidence by table 4.6 and figure 4.14 that out of 8 tax executives at IRD office Walvis Bay selected in the sample and responding to the questionnaire in field survey 3 (37.5%) had 2-5 years' experience, 3 (37.5%) had 5-10 years' experience and 2 (25%) had 1 year of less experience. Thus, 76% respondents were senior and experienced persons of with more than 2 years' experience in tax management and had good understanding of tax matters in Namibia. This validated the responses from management as their experience on tax-payers' compliance was useful in achieving the objectives of measuring tax-payer compliance.

4.5.2 Rating of compliance by tax payers by executives

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	1 out of 5	2	25.0	25.0	25.0
	2 out of 5	1	12.5	12.5	37.5
	3 out of 5	4	50.0	50.0	87.5
	4 out of 5	1	12.5	12.5	100.0
Total		8	100.0	100.0	

Table 4.7 1 Rating of compliance by tax payers by executives

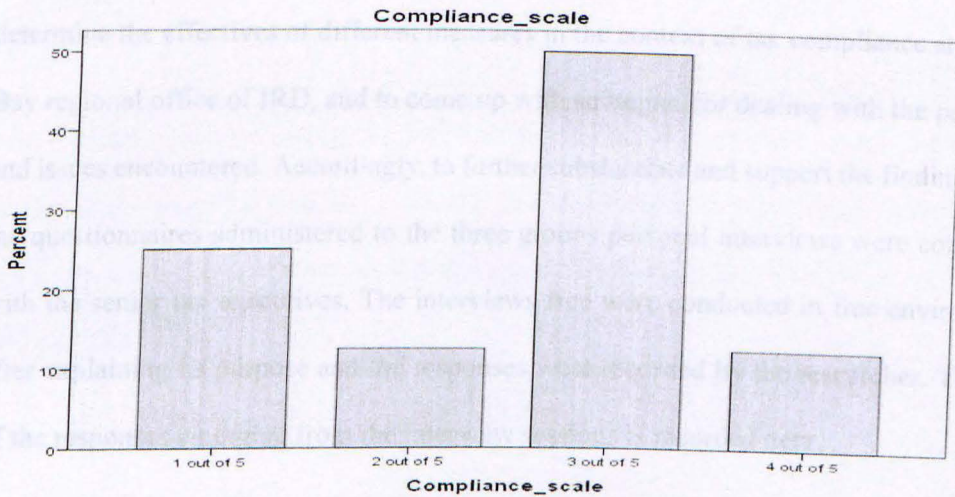


Figure 4.15 Rating of compliance of tax payers by tax executives

Table 4.7 and figure 4.15 show how the tax executives view the tax-payers' compliance during the period of their years in management position. It may be observed that out of 8 tax executives 5 tax executives (62.5%) awarded 3 and 4 rating out of 5 to tax compliance by individual tax payers (3 rating by 50% and 4 rating by 12.5%), while 3 tax executives (37.5%) awarded 1 or 2 rating out of 5 to compliance by tax payers (2 rating by 12.5% and 1 by 25%). This indicated that about two third of the tax executives were satisfied with the compliance performance of individual taxpayers and one third tax executives were not satisfied with it.

4.6 Analysis and discussion on interview data

The aim of this study was to identify and understand the attitudes and perceptions of the target group consisting of tax payers, tax officials and executives at Inland Revenue Department, Walvis Bay office to investigate the strategies, analyze the current status of tax compliance of individual taxpayers, identify factors hampering tax compliance, to determine the effectiveness of different measures in the context of tax compliance at Walvis Bay regional office of IRD, and to come up with strategies for dealing with the problems and issues encountered. Accordingly, to further substantiate and support the findings from the questionnaires administered to the three groups personal interviews were conducted with the senior tax executives. The interviews were conducted in free environment after explaining its purpose and the responses were recorded by the researcher. The gist of the responses emerging from the interview sessions is recorded here.

Question 1: *In your own opinion, what do you think tax payers registered at Walvis Bay regional office must do to enhance and ensure compliance? Elaborate.*

This question was asked to both the tax executives and the tax officials to explore and understand what the individual tax payers are expected to do in their perception, to enhance and ensure compliance at IRD, Walvis Bay regional office. Responses of the two groups are summarized here separately.

a) Responses from tax executives

In response to this question five out of eight tax executives stated that they think that the tax payers were being ignorant when it comes to sharing knowledge on tax matters with them. One tax executive emphasized the need for the tax payers to have willingness to learn more on tax matters, as this was the obligation of the taxpayer to ensure tax compliance.

Another tax executive mentioned that it is the obligation of the tax payers to ask where he/she does not understand, to ensure that tax information does not bypass him/her. The third tax executive commented that tax payers must learn the benefits of paying tax, perhaps this could encourage voluntary compliance.

The fourth tax executive said that tax payers must always make sure that they know their status of tax. The fifth tax executive said that “tax compliance is the obligation of the tax payers, and therefore the tax payers must learn the benefits of being compliant towards tax and stop tax evasion”.

b) Responses from tax officials

In response to the above question, 60% of the tax officials stated that in order to enhance tax compliance the tax payers must always submit their tax returns on time and pay outstanding debts to enhance and ensure compliance. Individual tax payers must also participate in the amnesty programs, which are offered by IRD, Walvis Bay office to uplift the compliance status of taxpayers from time to time.

Thus, both the groups the tax executives and tax officials agreed that there was a need for tax payers to understand their tax status and obligations and make efforts to ensure that they are tax compliant. The tax payers must ask questions and seek clarifications in case of doubt. Further at the same time it is essential for the tax officials and tax executives to share knowledge on tax matters with the tax payers, as this was essential to ensure better compliance.

Question 2: In your own opinion, what are some of the factors hampering the compliance by the tax payers?

This question was asked to explore the issues which were involved in hampering the tax compliance by individual tax payers.

a) Responses from tax executives

In response to this question six out eight executives expressed that tax payers are not happy with the Inland Revenue Department services. One executive said that individual tax payers are not motivated to comply voluntary. He further commented that “the IRD office at Walvis Bay does not offer rewards to tax payers to encourage them to comply”. The second executive said that attitude of individual tax payers plays a big role in ensuring compliance. He commented that “when individual taxpayers have negative attitude towards the Receiver of Revenue, this makes it very difficult for the Receiver of Revenue to convince taxpayers to comply. The third executive emphasized that individual tax payers are not charged with heavy fines and penalties to enforce them to comply.

The fourth executive said that individual tax payers are negatively affected by the corruption cases, which takes place at Walvis Bay Regional office and reported in the media. The fifth executive said that some of the individual taxpayers cannot afford to pay for consulting services offered by different companies at Erongo region to ensure that their tax returns are filed in and submitted to the Inland Revenue Department as they are supposed to be. The sixth tax executive said that individual tax payers perceived favouritism, which is practiced by the persons at Inland Revenue Department at Walvis Bay office, which negatively affects the compliance by tax payers. He further commented that “it is very hard for the tax payers to get assistance as they are supposed to get unless the tax payers know someone working at the office”.

b) Responses from tax officials

In response to the above question, 70% of the tax officials said that tax payers are negatively affected by the delays in tax refunds payments due to tax payers. They commented that taxpayers’ returns always take a long time to be assessed, and therefore this limits the individual taxpayers to comply with the provision of the tax laws.

To sum up the responses of the two groups in this respect there are a number of issues between the tax payers and tax department that hamper the compliance. These included lack of willing support to tax payers by tax officials, lack of communication and understanding, high cost of support from tax experts, delay in finalization of tax assessments and refunds of claims to the tax payers.

These matters need to be addressed by the IRD management at Walvis Bay.

Question 3: 4. *Do you think the measures/strategies already put in place by the Receiver of Revenue to hamper non-compliance are effective? Elaborate?*

This question was asked to explore the effectiveness of the measures and strategies put in place by the Receiver of Revenue at Walvis Bay office to hamper the non-compliance of individual tax payers.

a) Responses from tax executives

In response to the question, 80% of executives stated that the measures and strategies put in place by the Inland Revenue Department to hamper non-compliance of individual tax payers are not effective. They commented that “there is no strong law, there is no strong punishments to enforce individual tax payers to comply with the provisions of the tax act.” In order to enhance the effectiveness of tax compliance of individual taxpayers 80% of the tax executives mentioned that the IRD management should enforce strong penalties, and the law to enforce individual taxpayers to comply should be strengthened.

b) Responses from tax officials

In response to the above question, 90% of the tax officials responded that the measures and strategies put in place by the Inland Revenue Department at Walvis Bay office are not effective. They commented that there is still reduction in the revenue collection and the tax evasion is still high amongst individual taxpayers. In order to enhance the effectiveness of the measures and strategies of the office, 90% tax officials commented that the IRD management should simplify the filling methods to make it easier for the tax payers to comply with the provisions of the income tax act and also adopt strong policies.

4.7 Conclusions:

To sum up the responses of the two groups, it was observed that though the measures and strategies to ensure compliance are in place, they are not proving effective. There is a delay in submission of tax returns and making payment of tax. There is non-compliance by individual tax payers. To remedy the situation therefore, on the one hand the tax compliance procedure should be simplified and made efficient and on the other hand the regulations should be made strict to ensure that non-compliance may be checked and willingly defaulting tax payers may be punished.

5.1 Summary of Major findings

Generally, there is much that needs to be done at the ground level to improve tax compliance. It is also clear in order to improve and ensure that tax compliance, government should take steps to educate taxpayers. This particularly is the case with the small and medium business owners. The government should also take steps to improve the procedures and processes of tax compliance.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter revisits the steps taken in carrying out this research. The purpose of this research was to investigate the strategies to ensure compliance with the provisions of the Income Tax Act at the Inland Revenue Walvis Bay Regional office. The chapter provides a summary of the independent variables that emerged from the study at a significance level of .05 after data analysis that was performed through One-Way ANOVA, using the software package SPSS. The chapter also presents a summary of the study. The conclusions arrived at and the recommendations based on the findings of the study.

In order to carry out the research, the researcher applied the stratified random sampling technique to deal with the whole population of the study and to select the sample of respondents. Structured questionnaires and sets of questions for the interviews were administered to the target respondents by the researcher. The findings of the study were linked to relevant literature that was reviewed in chapter two.

5.1 Summary of Major findings

Generally, there is much that needs to be done at the Inland Revenue regional office in Walvis Bay in order to improve and ensure the tax compliance process between the office management and the taxpayers. This, particularly in the areas of functioning of the management, implementation of the procedures and practices, in carrying out the regular

performance assessments of the employees. Furthermore, in carrying out regular tax compliance assessments of tax payers, in making timely and accurate disclosures of tax education information to tax payers and introducing an effective management system to ensure compliance in all tax matters.

To sum up the responses of the sample group, it was observed that though the measures and strategies to ensure compliance are in place, they are not proving effective. There is a delay in submission of tax returns and making payment of tax. There is non-compliance by individual tax payers. To remedy the situation therefore, on the one hand the tax compliance procedure should be simplified and made efficient and on the other hand the regulations should be made strict to ensure that non-compliance may be checked and willingly defaulting tax payers may be punished.

5.2 Conclusions as per specific research objectives:

This section presents the conclusions based on the findings from the responses of selected taxpayers, tax officials and tax executives during the field investigations at the IRD regional office, Walvis bay in the light of the objectives of the research.

a. To determine the level of tax compliance by tax payers with the provisions of the Income tax laws at the IRD's regional office, Walvis Bay.

As per the findings during field investigations the status of tax compliance by tax payers with the provisions of Income tax laws at the IRD regional office, Walvis bay was as under:

As per individual tax payers the performance of the Inland Revenue regional office at Walvis Bay in achieving effectiveness in voluntary compliance was not satisfactory. As per the tax officials' respondents the status of compliance by more than three fourth among the tax payers was considered either bad or they had no idea of compliance. This is an alarming situation and a cause of concern for the authorities of Inland Revenue Department regional office Walvis bay.

About two third of the tax executives gave higher rating (3 and 4) to tax compliance by individual tax payers and appeared satisfied with the compliance performance of individual taxpayers and only one third among the tax executives gave lower rating (1 and 2) to tax compliance by individual tax payers and appeared not satisfied with the compliance by individual tax payers.

b. To determine the effectiveness of different measures for tax compliance at the IRD regional office, Walvis Bay.

As per the findings during field investigations the status of effectiveness of different measures for tax compliance at the IRD regional office, Walvis bay was as under:

As per tax payers' respondents the value of customer service to taxpayers cannot be considered satisfactory. It can be inferred from the emanating results from that in the view of individual tax payer respondents the effectiveness of services provided by Inland Revenue regional office at Walvis Bay was poor in ensuring compliance.

It can be inferred from the responses from the tax payer respondents' view the Inland Revenue regional office at Walvis Bay was not achieving effectiveness in communication with individual tax payers. Thus, it can be argued that effectiveness in communication in

achieving its strategies and implementing tax compliance at Inland Revenue regional office Walvis Bay is not satisfactory. The taxpayer respondents recognised the availability of tax audit. This must have exercised influence in ensuring tax compliance. About three fourth of the tax payer respondents agreed that they benefitted from the tax payer education activity while about one fourth did not say so. This further confirmed that the respondents recognised the importance and benefits of tax payer education. Responses show that most tax payers were satisfied with the efforts made by the administration in resolving the issues and problems faced by them.

The opinion showed that in respect of effectiveness of strategies among the respondent tax officers was divided and diverse. The view of the tax officers on effectiveness of strategies to ensure compliance was vague, though significant. The responses on the view of the tax officers on useful of tax education to ensure compliance was inclined towards negative and significant. This was different from the view given by tax payers who expressed that tax education was useful in ensuring better compliance. Moreover, the views of the tax officers on effectiveness of strategies in ensuring compliance was positive and significant.

c. To come up with strategies to improve tax compliance with tax provisions of Income tax laws in Namibia.

As per the findings during the field investigations at the IRD regional office, Walvis bay the strategies to improve tax compliance with tax provisions of Income tax laws in Namibia may be as under:

This is a challenge for the administration at IRD regional office, Walvis Bay as per the taxpayers to not only improve the effectiveness in its functioning but also to win the confidence of the taxpayers to improve compliance. As per the taxpayers since the customer care and service are necessary and important and strengthens the compliance efforts of the tax administration these need to be strengthened. In order to ensure higher level of compliance by individual taxpayers, the IRD regional office at Walvis Bay must strengthen its customer care service so that every tax payer may realise its utility and the compliance improves.

As per tax payers the Inland Revenue regional office at Walvis Bay's strategies in ensuring tax compliance require serious attention of the management. This contains a message for the tax administration on the need for giving greater attention to improve the level of activities for improved compliance by tax payers. The authorities should consider strengthening the strategies to ensure better tax compliance by tax payers. As per tax payers there is a strong need for improving the communication effectiveness for improved results. As per tax payers the management at IRD regional office at Walvis bay must further strengthen the effectiveness of the tax audit process in order to ensure that there is no tax evasion. As per tax payers in a developing country like Namibia the taxpayer education programmes are necessary for improved tax compliance. The tax payer education programs should therefore, be further strengthened and continued for the benefit of the taxpayers and for ensuring voluntary compliance. As per tax payers there was need to be greater stress on resolution of issues and problems, settle the grievances of tax payers and giving relief to them. This is necessary for creating trust and good faith and win the confidence of taxpayers. The responses of taxpayers give indication of the challenges

before the IRD regional office at Walvis bay regarding resolution of issues and problems, settle the grievances of tax payers and giving relief to them. The situation regarding compliance thus is alarming. The management must gear up their resources to ensure high level of positive response to the issues presented above. For this greater effort should be made in the area of tax payer education and customer services on the one hand and tax executives and tax officers' training and motivation on the other hand. Tax officials' respondents the authorities at IRD regional office Walvis bay must adopt strategies to ensure that individual taxpayers comply with the provisions of the tax laws and regulations in order to enhance compliance.

As per the tax officers lack of effectiveness in strategies for ensuring compliance is a matter of great concern for tax authorities at IRD regional office Walvis Bay and there is a strong need for strengthening the existing compliance strategies and looking for more strategies for producing better results. The divergence in the opinion of tax payers and tax officers need further investigation. Further since the value of tax education is well established the authorities at IRD regional office Walvis Bay must continue with the education and training programs and also strengthened.

As per tax officials the main goal of the IRD office is to maximize the state revenue from tax. Therefore, in order to achieve the objectives, the IRD regional office Walvis Bay needs to implement the strategies with full vigour and zeal, sensitize and motivate the tax payers for voluntary compliance by individual taxpayers.

Both the groups, the tax executives and tax officials, agreed that there was a need for tax payers to understand their tax status and obligations and make efforts to ensure that they are tax compliant. The tax payers must ask questions and seek clarifications in case of doubt. Further at the same time it is essential for the tax officials and tax executives to share knowledge on tax matters with the tax payers, as this was essential to ensure better compliance.

To sum up the responses of the two groups, the tax executives and tax officials, in this respect there are a number of issues between the tax payers and the tax department that hamper the compliance. These included lack of willing support to tax payers by tax officials, lack of communication and understanding, high cost of support from tax experts, delay in finalization of tax assessments and refunds of claims to the tax payers. These matters need to be addressed by the IRD management at Walvis bay.

To sum up the responses of the two groups, the tax executives and tax officials, the measures and strategies put in place by the Inland Revenue Department regional office at Walvis bay are not effective. The IRD management should therefore, simplify the tax filling and tax payment methods and procedures to make it easier for the tax payers to comply with the provisions of the income tax act and also adopt strong policies to check tax evasion by wrong methods by unscrupulous persons.

Thus, it can be argued that achieving effectiveness in its strategies and implementing tax compliance at the Inland Revenue office Walvis Bay requires serious attention of the IRD management. The problems and issues identified and indicated above should be taken up seriously and due considerations should be given to measures suggested to strengthen the compliance.

Important conclusions based on the research study were as follows:

5.2.1 The Management

The Inland Revenue Department's regional office at Walvis Bay must consider the independent variables that emerged in this study as critical in ensuring compliance with the provisions of the Income Tax Act by the tax payers registered at the regional office. As a result, there is a need to address each of the identified independent variables if the tax authority is to master its strategies to ensuring income tax compliance. The results showed that most independent variables that emerged from this study can be improved if the tax officials, management and taxpayers have a will to do so.

5.2.2 Procedures and practices

The IRD regional office Walvis Bay should focus on improving the effectiveness and efficiency of the tax authority through strengthening the procedures and policies to determine the effectiveness of different measures in the context of tax compliance at the regional office of the IRD at Walvis Bay and to come up with strategies for dealing with the problems and issues encountered. The executives should oversee their mandates for the discharge of their duties by ensuring that the top, middle and lower level management and the tax officials implement the policies and procedures effectively to ensure compliance by the tax payers. In addition to this, the Inland Revenue Department needs to adopt Standard Operating Procedures (SOPs) that will guide the operations of the tax officials and in turn provide checks and balances to ensure that employees carry out their work to encourage tax compliance. This would enhance accountability in terms of the

operations and it would ensure that taxpayers are more compliant in terms of the Income Tax Act.

5.2.3 Carrying out regular tax compliance assessment of tax payers through audits

Literature reviewed reflected the importance of carrying out tax compliance assessment of taxpayers in order to prevent tax evasion. The IRD should ensure that proper measures are put in place to regulate the compliance of individual tax payers and to encourage voluntary compliance by carrying out regular audits.

5.2.4 Timely and accurate disclosure of tax education information to tax payers

Disclosure of tax information is fundamental to ensuring that tax payers comply appropriately and on time. The Inland Revenue Department office and Management at Walvis Bay should ensure effective and timely disclosure of tax information to the tax payers. Timely and accurate disclosure of tax information to tax payers is identified in the study as one of the main factors hampering tax compliance of individual taxpayers at the regional office. Tax compliance requires that tax officials disclose the tax information on time in order to encourage voluntary compliance by tax payers and to improve the understanding of tax payers. This would ensure that the tax payers are compliant.

5.3 Recommendations

The major recommendations for this study are as follows:

- The Inland Revenue Department needs to embrace the tax reduction in collection and the problems due to tax evasion if it is to ensure compliance by individual tax payers.

- The IRD needs to embrace appropriate strategies to ensure that individual tax payers are compliant.
- The study found strong support for the conclusion that by enhancing the Audit department, individuals will be more compliant due to the fear of fines and penalties, the IRD can help in promoting and ensuring tax compliance by individual tax payers at the IRD, Walvis Bay regional office.
- It is important for the IRD to enhance timely disclosure of tax information to the public and in turn this will encourage voluntary compliance by individual tax payers. This should be the responsibility of the management. Timely disclosure enhances accountability and transparency. Furthermore, it strengthens the tax compliance process and enhances revenue collection.
- It is important for the IRD to enhance tax education programmes in order to promote timely disclosure of tax information to the public and in turn this will encourage voluntary compliance by individual tax payers. This should be the responsibility of the management. Timely disclosure enhances accountability and transparency. Furthermore, it strengthens the tax compliance process and enhances revenue collection.
- The IRD needs to introduce the use of Standard Operating Procedures (SOPs) as a necessary tool to enhance accountability and transparency. The use SOPs ensures that taxpayers are more compliant to tax laws. Revenue Authorities that have adopted and use of SOPs are realising increments in revenue collection instead of reductions. A good example in the African continent is the Mauritius Revenue Authority.

5.4 Directions for Future Research

The present study has uncovered many important aspects in the area of strategies to ensure compliance with the provisions of the Income Tax Act taking the IRD regional office at Walvis Bay as the case. The findings have been recorded above. However, it is realised and suggested that a similar study should be considered for other regional offices and taking a wider spectrum of variables. Further it is also realised and suggested that more studies need to be undertaken with changes in the research methodology and taking wider scope in the coverage of the area under study. This may produce additional and significant variables that might help the Inland Revenue Department and the regional offices in ensuring tax compliance amongst individual taxpayers and increase revenue collections for the development works of the state.

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APPENDICES

APPENDIX I - Questionnaire for taxpayers

STRATEGIES TO ENSURE COMPLIANCE WITH PROVISIONS OF INCOME TAX ACT: A CASE STUDY OF INLAND REVENUE OFFICE WALVIS BAY

Section A: Biographical Data

(Tick the appropriate box to indicate response)

1. Age

Below 20 years	
21-30 years	
31-40 years	
41- 50 years	
51- 60 years	
Over 60 years	

2. For how long have been an individual taxpayer registered under Walvis Bay regional office?

Less than 1 year	
2- 3 years	
4- 5 years	
6- 10 years	
More than 10 years	

Section B: Ratings of Administration, tax compliance and strategies at Inland Revenue Walvis Bay

Please tick the appropriate box to indicate your rating.

Question 3: How do you rate the Inland Revenue Walvis Bay office in exercising of rules and regulations in terms of acting in the best interest of tax payers?

Very bad	
Bad	
No idea	
Good	
Very good	

Question 4: In your own opinion, do you think the Tax officials at Inland Revenue Walvis Bay bring value towards the customer service to ensure tax compliance?

Yes, they bring	
Yes to an extent	
Not sure	
No, they do not	

Question 5: How do you rate the effectiveness of Inland Revenue Walvis Bay 's strategy in achieving and implementing tax compliance?

Very effective	
Effective	
No Idea	
Somehow ineffective	
Ineffective	

Question 6: How do you rate the way Individual tax payers registered under WalvisBay regional office comply with all the relevant laws and regulations?

Complies completely	
Complies to a certain extent	
No idea	
Does not comply	

Question 7: How do you rate the effectiveness of communication process between Inland Revenue Walvis Bay office with the individual tax payers?

Very effective	
Effective	
No idea	
Somehow ineffective	
Ineffective	

Question 8: Does the office have an Audit department?

Yes	
No	

Question 9: have you ever benefited from tax education in Walvis Bay?

Yes	
No	

Question 10: Is there adequate information on individual tax payers' education?

Yes	
No	

Question 11: Is the Walvis Bay office able to resolve the issues, complaints raised by the individual taxpayers?

Yes	
No	

Question 12: In your own opinion, do you think the management brings value towards income tax compliance? Elaborate.

Tick the appropriate box in indicate response
1- Never
2- 1-3 years
3- 4-6 years
4- 7-10 years
5- 11-15 years
6- 16-20 years
7- More than 20 years

1- Less than 1 year	
2- 1 years	
3- 2-3 years	
4- 4-5 years	
5- 6-10 years	
6- More than 10 years	

Section B: Ratings of Administration, tax compliance, status and strategies at Inland Revenue Walvis Bay office

Tick appropriate box to indicate your rating

1. How do you rate taxpayers' compliance at Walvis Bay regional office in existing of rules and regulations with provisions of the income tax act in Namibia?

Very Bad	
Bad	
Pro-Bad	
Good	

APPENDIX II - Questionnaire for Tax officials

STRATEGIES TO ENSURE COMPLIANCE WITH PROVISIONS OF INCOME TAX ACT: A CASE STUDY OF INLAND REVENUE OFFICE WALVIS BAY

Section A: Biographical data

(Tick the appropriate box to indicate response)

1. Age

21 – 30 years	
31 – 40 years	
41- 50 years	
51- 60 years	

2. How long have you been working at the Receiver of Revenue (Walvis Bay office)?

Less than 1 year	
2- 3 years	
4- 5 years	
6 – 10 years	
More than 10 years	

Section B: Ratings of Administration, tax compliance, status and strategies at Inland Revenue Walvis Bay office

(Tick appropriate box to indicate your rating)

3. How do you rate taxpayers' compliance at Walvis Bay regional office in excising of rules and regulations with provision of the income tax act in Namibia?

Very Bad	
Bad	
No idea	
Good	

Very Good	
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4. Do you think the Inland Revenue at Walvis Bay office have effective strategies implemented to ensure tax compliance?

Yes, they do	
Not sure	
No, they don't	

5. Have you ever benefited being part of the tax education program?

Yes	
No	

6. How do you rate the effectiveness of Inland Revenue Walvis Bay 's strategy in achieving and implementing tax compliance?

Very effective	
Effective	
No Idea	
Somehow ineffective	
Ineffective	

7. In your own opinion, what do you think are some of the factors hampering the compliance of taxpayers at IRD Walvis Bay regional office? Elaborate

APPENDIX III - Questionnaire for executives

Section A: Demographic data

(Tick the appropriate box)

1. How long have you been working in the management position at the Revenue Region Day office?

Less than 1 year

1-5 years

5-10 years

More than 10 years

8. In your own opinion, what strategies do you think the management can implement to enhance and ensure tax compliance at IRD Walvis Bay regional office? elaborate

(Tick appropriate box to indicate your rating)

2. How do you rate your company's compliance with the law?

1	
2	
3	
4	
5	

3. What might you suggest to the Board of Directors of the Ministry of Finance? elaborate

APPENDIX III - Questionnaire for executives

Section A: Biographical data

(Tick the appropriate box)

1. How long have you been working in the management position at the Receiver of Revenue (Walvis Bay office)?

Less than 1 year	
2- 5 years	
5- 10 years	
More than 10 years	

Section B: Ratings of Administration, tax compliance, status and strategies at Inland Revenue Walvis Bay office

(Tick appropriate box to indicate your rating)

2. How do you rate/ scale taxpayers' compliance with provisions of the income tax act in Namibia?

1	
2	
3	
4	
5	

3. What might non- compliant mean for the future of Ministry of finance? Elaborate

APPENDIX IV - Questions for Interviews of Tax Services

1. How many years have you been working for the tax services department?

2. What benefits do you think the manager of the tax services department should be a receiver of revenue and tax payer?
4. In your own opinion, what do you think tax payers registered at Walvis Bay regional office must do to enhance and ensure compliance? Elaborate

3. What do you think the tax payer must do to ensure compliance?

5. How do you think the tax payer can ensure compliance?

6. How do you think the tax payer can ensure compliance?

APPENDIX IV - Questions for Interviews of Tax Executives

1. How many years have you been working for the receiver of revenue?
2. What benefits do you think the strategies to ensure tax compliance can bring to the receiver of revenue and tax payers?
2. What are some of the factors hampering the compliance of tax payers?
3. what do you think the tax payers can do in order to be more compliant?
3. Do you think the strategies put in place by the management to ensure tax compliance are effective?
4. Do you think the measures/strategies already put in place by the receiver of revenue to hamper non- compliance are effective? Elaborate?
4. What do you think are some of the strategies the management can put in place to ensure that individual tax payers are compliant?

YN

Dr. Giv

Address

Email

Your Name

CONTACT

10000 10th,
Springfield,
Illinois,
62761

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The Rev. Dr. Greenfield Mwakipesile

ThD, MBA, HBS | mwakipg@outlook.com

CONTACT

PO Box 40529,
Aussparnplatz,
Windhoek,
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

25th May 2019

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF RICHEL NALISHEBO SIBEYA'S THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread RICHEL NALISHEBO SIBEYA's Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN INVESTIGATION INTO STRATEGIES TO ENSURE COMPLIANCE WITH PROVISIONS OF THE INCOME TAX ACT AT THE INLAND REVENUE REGIONAL OFFICE IN WALVIS BAY**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, Swaziland, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile



greenfield.mwakipesile



@mwakipg



+264813901701



Dr. Greenfield
Mwakipesile