

**AN EVALUATION OF THE CIRCUMVENT STRATEGY
IMPLEMENTATION FACTORS INHIBITING EFFECTIVE TAX
COLLECTION WITHIN THE INLAND REVENUE DEPARTMENT IN
THE MINISTRY OF FINANCE IN NAMIBIA**

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ABSTRACT

This study was conducted to evaluate the circumvent strategy implementation factors inhibiting effective tax collection within the Inland Revenue Department (IRD) in the Ministry of Finance in Namibia. The study was conducted against the background that the IRD in Namibia was struggling with the collection of taxes with more than N\$19 Billion uncollected tax revenue. The objectives of the study were: to identify circumvent strategy implementation factors that inhibit the effective collection of taxes by the Inland Revenue Department, to assess the impact of the strategy implementation factors on the effective collection of taxes by the Inland Revenue Department, to establish ways of avoiding strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department and to recommend best practices from the international and regional levels on how to avoid strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department. The study was conducted through a descriptive survey, based on a sample of 44 employees from the Khomas Region of the IRD in Windhoek, Namibia. Respondents were selected through stratified random sampling procedure and data was collected through interviews and self-administered questionnaires. The findings of the study revealed that factors that inhibited effective tax collection included tax avoidance and evasion, lack of capacity by revenue authorities, poor compliance and corruption and exemptions. The most prominent factor was tax evasion and avoidance, followed by lack of capacity of revenue department. The study established that there were significant but moderate correlations between strategy implementation factors and revenue collection at the IRD. The increase in inhibiting factors led to a moderate decrease in revenue collection, for instance, when tax evasion, exemptions, and corruption increased, there was a moderate decrease in revenue collected by the IRD. The major solutions suggested by respondents for reducing circumvent factors were tax education, frequent audits, training staff, incentivise employees and building IT systems to flag suspicious taxpayers. The study recommends an improvement in the capacity of revenue authorities and the adoption of international standards in the management of taxes.

Key Words: Tax collection, Inland Revenue, Taxation, Circumvent Strategy, Implementation Inhibiting Factors

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LIST OF ABBREVIATIONS AND ACRONYMS

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EPAU	Economic Policy Advisory Bureau	
GDP	Gross Domestic Product	
ITAS	Integrated Financial Management System	
MP	Ministry of Finance	
RED	Revenue Department	
GDPP	Gross Domestic Product	
OECD	Organisation for Economic Co-operation and Development	
VAT	Value Added Tax	
R2B	Revenue to Business	
EDM	Electronic Billing Machine	
ITAS	Integrated Accounting Tax System	
ITC	Informal Tax Collector	
POS	Point of Sale	

LIST OF ABBREVIATIONS AND/OR ACRONYMS

AG	Auditor General
BoN	Bank of Namibia
EPAS	Economic Policy Advisory Services
GDP	Gross Domestic Product
ITAS	Integrated Financial Management System
MoF	Ministry of Finance
IRD	Inland Revenue Department
GDP	Gross Domestic Product
OECD	Organisation for Economic Co-operation and Development
VAT	Value Added Tax
B2B	Business to Business
EBM	Electronic Billing Machine
ITAS	Integrated Automated Tax System
IT	Information Technology
POS	Point of Sale

DEDICATIONS

This research paper is dedicated to my family.

My sincere gratitude goes to the Almighty God for His grace and mercy for enabling me to successfully complete this thesis work for and in His name through His immeasurable grace and love.

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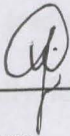
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DECLARATIONS

I Eila Nghiikimhote Vatileni, hereby declares that this study is true reflection of my own research, and this work or part thereof has not been submitted for a degree in any other institution of higher education.

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Date

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Taxation is defined as a way through which governments finance accrued expenses by administering charges on residents and businesses located within a country. Most countries globally rely on FDI and taxation to boost tax revenue collection (Deloitte & Touche, 2013). For taxation to be effective, countries need to collect adequate levels of revenue for various purposes such as for building different types of infrastructure: for national defense and for administration. However, studies across the globe, show that more than half of the taxes that could be collected remain uncollected and/or unaccounted for, due to a combination of factors such as tax avoidance, tax evasion, tax exemption and corruption in general (Fuest & Riedel, 2009). Abiola and Asiweh (2012) note that lack of transparency by a taxpayer is one of the major factors leading to inefficiency in tax administration and collection which eventually leads to tax evasion or avoidance. Low tax collections are a nightmare in most developing countries in Africa and Asia. According to Janet and Asegedeche (2017) many under developed countries face difficulties in the collection of tax revenues from the society and that leads to frequent shortage of funds and unproductive use of public funds.

In Namibia, tax collection (both individual and company tax) by the Inland Revenue Department, has always been a challenge and hence the need to find ways of avoiding and resolving factors such as a laissez-faire management

team in strategy implementation that could inhibit effective revenue collection (Brinkschröder, 2014). The Inland Revenue failed to collect N\$19 billion in taxes in the financial year 2016/17. The figure ballooned to N\$19 billion from N\$4 billion in uncollected taxes and penalties which accumulated over 20 years since independence. In 2017, the Minister of Finance informed the nation in a press statement that tax arrears were N\$4 billion and decried that only N\$ 242.78 million had been collected (Schlettwein, 2017). Failure by the Inland Revenue Department to collect taxes to the tune of N\$ 4 million contributed to the financial difficulties Namibia is facing and the ultimate downgrading of the country on the Fitch Credit Ratings (Schlettwein, 2017).

As a result of the financial hardships the country is experiencing, the Ministry of Finance introduced budget cuts in all ministries and suspended all key capital projects. The situation in which the MoF, Inland Revenue Department finds itself of failing to effectively collect state revenue is suspected to be as a result of factors such as ineffective top management teams within the Department.

Studies done on taxation in Namibia have not focused on the factors causing inefficiency in tax administration and collection. Most studies have dealt with tax reforms, revenue productivity and revenue mobilisation and performance (Alavuontuki & Hapanenei, 2019; Amukugo, Safura, Thow & Ersze, Kurera, 2012; Hamavindu, 2012). To the researcher's knowledge, there is no study that has isolated the factors causing inefficiency in administration and collection of tax in Namibia. The level of inefficiency in tax administration and collection in Namibia has increased significantly over the years. Through

the factors mentioned above, the researcher seeks to determine the administration and collection of tax.

The above assertions imply that there is a need to analyze thoroughly, factors contributing to inefficiency in tax collection. This study seeks to find and recommend strategies and solutions that could be utilised to circumvent factors that inhibit effective revenue collection. The focus of this study is to find out circumvent strategy implementation factors inhibiting effective tax collection. The empirical findings could generally assist in providing more policy options for tax administrators and policy makers aimed at maximising tax revenue in Namibia.

1.2 STATEMENT OF THE PROBLEM

The Inland Revenue Department is facing huge challenges in collecting revenue for the state in Namibia. The Directorate failed to collect almost N\$ 19 billion tax arrears in the financial year 2016/17. Failure of the Directorate to collect state revenue is endemic (Ministry of Finance, 2017). The uncollected revenue figure ballooned to N\$19 billion from N\$ 4 billion in taxes and penalties which accumulated over 20 years since independence (Ministry of Finance, 2017).

In 2014, at a time when the Minister of Finance gave a press statement in response to the downgrading of the country by Fitch Credit Ratings, out of N\$ 4 billion in tax arrears, only N\$ 242.78 million had been collected and the government was very unhappy with this (MoF, 2014). As a result of the problem described above, the Government of the Republic of Namibia is experiencing financial hardships. Budget cuts have been introduced in all

ministries, and major capital projects have been suspended. Several downstream businesses have been adversely affected (MoF, 2014).

In Africa, tax payment is considered by the society as a debt imposed by government and it is considered as increasing the wealth of the government officials. Therefore, the attitude of the taxpayers affects tax revenues. Attitude and taxpayers' awareness are the major challenge of the tax office (Niway & Wondwossen, 2017). Worku (2016) posits attitude and perceptions as having a significant impact on tax compliance. Moreover, most tax authorities in Africa have the problem of dealing with tax avoidance and evasion by the taxpayers. Therefore, the capacity of the tax office has to be improved through equipping with the necessary equipment.

Corruption is another factor influencing inefficiency in tax administration and collection and is practiced in different forms such as charging services that should be free. To help taxpayers with complicated procedures, the tax officials charge them. For instance, for one to get tax exemption qualification, the tax officials charge the tax payers. Tax-payers are also charged for the revenue authority's failure to assess the non-registered businesses, smuggling of goods into the country, overstating values, under assessing tax to importers and tax payers and losing files (Areweko & Hondaworefu, 2017).

However, despite the challenges mentioned above, there are a few, if any known studies that have sought to explore the factors that are contributing to poor tax collection in Namibia. However, a review of regional literature, informed by evidence from the government publications suggests three

principal groups of reasons why tax systems do not yield higher revenues in many developing countries: Internal political factors, Administrative constraints, External political factors such as multinational companies and other investors (Shikongo, 2019; Gituku, 2013; Mueni, 2020; Torome, 2013; 2009; Kasoga, 2020; OECD, 2013). However, most of these studies were done in Kenya, Nigeria and Tanzania and do not directly refer to the Namibian environment which has different political economic and social factors. The current study, thus sought to evaluate the circumvent strategy implementation factors inhibiting effective tax collection within the Inland Revenue department (IRD) in the Ministry of Finance in Namibia.

1.3 RESEARCH OBJECTIVES

The study sought to achieve the following objectives:

1.3.1 Main Objective

To evaluate circumvent strategy implementation factors inhibiting effective tax collection within the Inland Revenue Department (IRD) in the Ministry of Finance in Windhoek.

1.3.2 Sub objectives:

1. To identify circumvent strategy implementation factors that inhibit the effective collection of taxes by the Inland Revenue Department.
2. To assess the impact of the strategy implementation factors on the effective collection of taxes by the Inland Revenue Department.
3. To establish ways of avoiding strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department.

4. To recommend best practices from the international and regional levels on how to avoid strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department.

1.4 SIGNIFICANCE OF THE STUDY

This study sought to investigate circumvent strategy implementation factors that inhibit effective tax collection by the Inland Revenue Department. Identification of the factors that inhibit effective collection of taxes and analysis thereof is expected to enable effective implementation of the strategy for revenue collection. The findings are expected to benefit the Ministry of Finance with ways to effectively collect taxes. The study is also expected to produce information that can be used for policy drafting on revenue/tax collection. The study sought to formulate a formal system by means of strategy to extract maximum revenue collection.

1.5 SCOPE OF THE STUDY

The study was confined to the Inland Revenue Department in the Ministry of Finance in the Khomas region. The department has a staff compliment of 637 people. Other employees of the IRD in other regions of Namibia were not included. Restricting the study to the Khomas region was done to reduce the level of resources that the researcher would spend on the study as the study finances were limited. Limiting the study to the Khomas region was necessitated by the need to reduce travel during the COVID-19 partial lockdown. The researcher also felt that the Khomas region would produce a sample that was representative of the IRD employees in the country.

Time-wise, the study was restricted to collecting data for the period 2015 to 2020. The study acknowledges the creation of NamRA (Namibia Revenue Agency Act) gazetted on 12 December 2017 which only started its operations on 07/04/2021 hence the exclusion from the study. This season was chosen because it is the season that deficit in tax collection worsened in Namibia. Theoretically, the study focused on investigating circumvent strategy implementation factors that hinder the collection of taxes. Performance of the IRD was measured in terms of taxes collected in dollars.

1.6 LIMITATIONS OF THE STUDY

Delays in securing permission from the company slowed down the start of the project. Some respondents delayed the return of completed questionnaires. The researcher also faced difficulties in securing the trust and confidence of the respondents because some of the information requested was considered confidential. Organisational politics also affected the research output. Delays in securing permission from the company delayed the project. However, the researcher tried to expedite the situation by continuous follow ups of respondents and negotiating with management in the organisation to engage the respondents on the importance of the study. This has encouraged the respondents to complete the questionnaires in a short period of time.

1.7 ASSUMPTIONS OF THE STUDY

The following assumptions were made for the study:

- Respondents would be cooperative and provide accurate information on the strategies.

- An unbiased sample would provide the true characteristics of the population.
- Respondents would contribute positively and be friendly in disseminating information on the role played by information technology in managing human resources.

1.8 ORGANISATION OF THE STUDY

The study project is divided into five parts that provide an exhaustive understanding of the subjects under study.

Chapter 1: Chapter one builds a broad understanding of the field under research. The chapter begins by explaining the context of the study and outlines the research problem. After that the objectives and research questions are identified. The subsequent sections outline the significance, scope of the study and the research assumptions

Chapter 2: Chapter two reviews literature. The chapter portrays the theoretical framework chosen and also analyses empirical literature. This helps to identify gaps in the studies.

Chapter 3: This chapter presents the methodology and describes the research process applied. The chapter details the research design adopted, research approach, and study population, sample as well as research instruments used.

Chapter 4: Comprises the analysis of the data and discusses the findings

Chapter 5: This chapter gives the conclusions and recommendations, based on the findings reported in chapter four.

1.9 DEFINITIONS OF TERMS

Tax -Tax is a payment levied by the government on businesses and individuals in order to meet the expenses which will occur in maintaining the welfare of the public in the country and is therefore compulsory.

Tax avoidance - Avoidance of tax is practiced by using legal methods to exploit the tax system in order to reduce the liabilities.

Tax evasion - Evasion of tax is failing to pay taxes which have been administered to a tax payer.

Tax collection - Tax collection is the process of collecting tax revenues from different taxpayers

Tax compliance - Compliance refers to the readiness of persons to act in accordance with in both the 'spirit' and the 'letter' of the tax law and management without the application of enforcement action (Tehulu & Dinberu, 2014).

1.10 CHAPTER SUMMARY

This chapter outlined the problem statement, objectives of the study, significance of the study, delimitation and limitation of the study. The researcher also indicated the facts and the sources of information that made it possible for the researcher to evaluate the circumvent strategy implementation factors inhibiting effective tax collection. The next chapter will review and discuss the literature related to the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The previous chapter dealt with the problem and its setting. This chapter gives critical analysis of related literature. Conducting literature review helps identify gaps in past studies and hence avoid duplication of research (Baporikar, 2015). It also implies that knowledge accumulates and that a researcher is open to learning from what others have built (Xiao & Watson, 2019).

This chapter examines scholarly articles on the circumvent strategy implementation factors inhibiting effective tax. It provides a deeper understanding of the research topic. The chapter also looks into scholarly articles that discuss the impact of strategy implementation factors on the effective collection of taxes by the Inland Revenue Department. The third section of this discussion looks at ways of avoiding strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department. It also assesses best practices from the international and regional levels on how to avoid strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department.

2.2 CONCEPTUALISING AND DEFINING TAX

A tax is a financial charge or other levy imposed upon an individual or legal entity by a state or the functional equivalent of a state to fund various public expenditures. It could also be instituted by a government in order to finance

government activities such as public hospitals, roads, public schools and many more government projects (Bankole, Ashibogwu, & McDubus, 2018). This definition is corroborated by Popescu (2019) as *cited* in the Canons of Taxation (2010) who assert that tax is a payment levied by the government on businesses and individuals in order to meet the expenses which will occur in maintaining the welfare of the public in the country and is therefore compulsory. From these definitions, it can be seen that tax revenue is a way of maintaining economic equalities by imposing a tax to the income earners and improving the economic conditions of people in the country.

Conversely, other writers have a radical marxist way of looking at tax, for example Muli (2016) asserts that tax is a contribution which is compulsory and administered by an authority with no regard of the exact return service rendered to a taxpayer. This is supported by Jackson (2004) who define tax as a way to crush a bourgeoisie who prosper at the expense of the proletariat while Limbaugh (2007) defines tax as large fortunes that are all founded either on the occupation of land or lending of the labour. This shows that some writers see tax as a way of giving back wealth to the disadvantaged in a society.

2.3 THEORETICAL FRAMEWORK

Different theories have been discussed in depth below to show factors leading to inefficiency in the administration and collection of tax. The theories are discussed in-depth below.

2.3.1 Optimal Tax Theory

Theory of optimal taxation is referred to as the study of how tax is designed and implemented so as to reduce distortion and inefficiency under given economic constraints.

Both politicians and economists nowadays have long realised the importance of taxation and have even gone further and searched for a set of principles to guide tax policies. OECD (2013) emphasises that the taxes are administered to determine economic efficiency and promote income distribution fairly. The theory of optimality is therefore significant in the research since it helps in identifying some of the factors leading to inefficiency in administration and collection of tax in (Muli, 2016).

2.3.2 Ability-To-Pay Taxation Theory

Ability-to-pay theory maintains that tax should be administered in accordance with the paying ability of a taxpayer. This approach leans towards addressing the tax increases burden of tax to businesses and individuals. The ability-to-pay theory is that businesses and individuals earning more income can afford to pay higher levels of tax compared to those earning less income. The ability-to-pay tax theory notes that, it is mandatory to every state to impose tax on its residents since it needs to contribute income to support its government (Brunner, 2012). The ability-to-pay theory is reflected in Smith's phrasing of the burden being owed in proportion to their respective abilities (Chauke, Sebola, & Mathebula, 2017). The ability-to-pay approach treats the tax administered and collected by the government separately and these taxes in proportion to taxpayers' ability to pay. This theory is important in that it

identifies the ability in paying tax and how it affects tax administration and collection.

2.3.3 Gordon-Li Theory

Gordon and Wei Li developed a theory of tax enforcement based on Chinese experience in 1990s. During that time, the government of China had difficulty in collecting reasonable tax from small and medium sized businesses in that almost the entire taxes collected came from larger sized businesses. The model came to explain the reason behind the failure of the government of China from collecting tax from small and medium sized firms (Gordon & Li, 2009). The majority of firms entirely rely on the use of cash transactions which creates room for tax evasion, hence narrowing of the tax base.

Gordon and Li (2009) assert that businesses can have tax administered if they make use of the finance sector. The theory however, continues to argue that the large sized businesses will value more regarding the use of the finance factor because of the expected benefits (Gordon & Li, 2009).

2.4 PREVENTING STRATEGY IMPLEMENTATION FACTORS

An overview of general literature shows that a range of factors account for why tax systems do not yield higher revenues in many developing countries and these include administrative constraints, tax exemptions, tax evasions, tax avoidance, taxpayer awareness and attitudes and these are discussed in the section below:

2.4.1 Limited Tax authority capacity

Studies show that many developing countries face the challenge of lack of modern infrastructure, such as IT systems and property registers, and weak capacity in tax authorities due to shortage of skilled staff (Takumah & Iyke, 2017). The writers note that many governments lack training and capacity building for new and existing staff, coupled with resource constraints to make investments in modern infrastructure.

Abiola and Asiweh, (2012) is of the view that developing countries face considerable administrative constraints in revenue mobilization due to poor incapacitation of revenue authorities. These concern the dual challenges of a lack of modern infrastructure, such as IT systems and property registers, and weak capacity in tax authorities due to shortage of skilled staff. A study by Mills (2017) shows that in Uganda, for example, one of the biggest challenges to revenue collection is around collecting, managing and analysing data and information. This problem affects how the revenue authority shares and analyses the information it has, as well as how it accesses and utilizes information from other government agencies. The writer further notes that these difficulties are further exacerbated because large parts of the African economy is largely cash-based, which makes it hard to track transactions. Improving capacity and resources to access and analyse information could result in increased revenue collection (Mills, 2017)

Giovaniset *al.* (2017) says that in terms of capacity, the greatest challenge for tax administrations in developing countries is retention of skilled staff, particularly those with scarce and valuable skills in IT, accounting, and forensic auditing. The drain of skilled personnel away from tax administration

poses a serious obstacle to improving capacity and therefore to increasing tax revenue in developing countries (Giovaniset *al.*,2017). In some countries for example, there are several angles to this brain drain, for example, competent professionals often move with their former bosses to other government agencies. This is partly due to better pay in other agencies.

Savitri (2015) noted that a big another administrative challenge for revenue agencies concerns coordination with other entities. Collecting revenue efficiently and effectively involves establishing robust connections and interactions between various kinds of systems. Different units within the revenue collection apparatus struggle to co-operate with one another and establish IT systems that interface with one another. Similarly, revenue collection units fail to work effectively with banks, utility companies, property registration systems, passport authorities, tax practitioners and a wide range of other public and private sector actors. It takes time and much continuous effort to ensure that these connections work effectively (Sumartaya & Hafidiah, 2014).

Chikarapo (2015) notes that poor resources for revenue authorities mean that they are not able to track all taxpayers and do not have updated records of taxpayers in the country. The writer is of the view that that the starting point in controlling tax offences is to start by having a track record of all taxpayers in the country. This should be done by accurately deregistering those who are out of business to clean up the burden of administering non-performing taxpayers and initiate registration campaigns (Chikarapo, 2015). Mascagni *et al.* (2014) notes that taxpayer's recruitment can be enhanced by advertising

on radios, newspapers and television. These could also be done through direct co-operation between the revenue authority and those who issue trading licenses such as City council and Registrar of companies. However often times these departments are incapacitated because they do not have enough competent staff and have limited ICT resources to carry out these tasks do not work together and have limited resources. The company registration officers should make the taxpayer complete the registration form and submit all the forms to the tax authority on behalf of the clients. However, these are not updated frequently due to lack of resources in most developing countries and so are the track record of those who import motor vehicles such that those who import more than once per year should be treated as commercial importers (Chikarapo, 2015).

Nyaga, *et al.* (2016) is of the view that to improve tax authority most developing countries need to invest in technology, man power training, building more centers for tax workers and ICT infrastructure that makes the collection procedures easy. Nyaga, *et al.* (2016) notes that African governments must capacitate its office with professionals, updated technology and different equipment's. Improvement in revenue performance is also critically dependent upon the ability of authorities to minimize the cost of collecting revenues.

2.4.2 Tax Compliance

Compliance might be voluntary or enforced compliance. Voluntary compliance made possible by the trust and cooperation between tax authority and taxpayer and it is the willingness of the taxpayer on his own to comply with tax authority's directives and regulations (Nyaga, et al., 2016). However,

in the presence of distrust and lack of cooperation between authority and taxpayer, which creates tax hostile climate, authorities can enforce compliance through the threat and application of audit and fine (Tehulu & Dinberu, 2014). Compliance facilitation affects the tax yield by increasing voluntary collections. Compliance facilitation entails those tax administration measures that make it easier for taxpayers to comply with their obligations under the tax laws. Byaruhanga (2021) notes that compliance can be increased by make simple tax laws, restructuring managerial actions and information reporting requirements, and advancing taxpayer facilities. Gemmell and Hasseldine (2014) notes that when tax authorities reduce the cost of compliance, it gives incentives for taxpayers to pay their taxes. Taxpayers respond positively to incentives and this increase collections.

Compliance enforcement has both negative and positive effect on collection of taxes (Aliet *al.*,2014). Compliance enforcement increases the tax income by growing both deliberate collections and compulsory collections. Compliance enforcement action includes classifying potential registrants, detecting under reported tax liabilities, and improving delinquent tax returns and late tax payments.

Wanjiru (2014) notes that compliance is influenced by good tax laws strategy implemented by the country. There are a lot of things which can affect the taxpayers in doing their tax liability such as lack of tax knowledge and corruption. The problem of tax compliance has been around for a long time

as far as the existence of the tax itself (Wanjiru, 2014). This problem explains the reluctance of taxpayers to meet their tax obligation.

2.4.3 Tax Evasion and tax avoidance

Evasion and avoidance are a problem that tax administration has to face daily. Avoidance of tax is practiced by using legal methods to exploit the tax system in order to reduce the liabilities while evasion of tax is failing to pay taxes which have been administered to a tax payer. Tegegn and Kebede (2016) define tax evasion as the situation whereby a person fails to pay legally due taxes. The writers also note that organisations can evade paying taxes when they keep two books of records, one with actual records and the other for the purpose of showing tax authorities.

Research by Byaruhanga (2021) shows that developing countries' tax lose tax from aggressive tax planning and avoidance by multinational companies is sizable. Profits shifting by multinational corporations through transfer mispricing results in the erosion of the tax base and, consequently in lower tax revenues. Estimates by UK government suggests that losses from tax evasion could be between USD 100 to 240 billion annually in global corporate income tax revenue.

Studies by Gobachewet *al.* (2018) and Nyaga *et al.*(2016) show that tax avoidance is very high very high in the extractive sectors: Estimates around tax losses in the extractive sectors show that the losses are sizable and that developing countries are particularly vulnerable to losses from tax avoidance in the extractive sector. For example, research suggests that developing in

sub-Saharan Africa lost about USD 70 billion in tax over the 2003-2011 period if from tax avoidance in the extractive sector.

2.4.4 Corruption

A study from Wanjiru (2014) shows that corruption inhibits collection of taxes. Wanjiru (2014) notes that corruption inhibits loses tax money from corrupt activities of activities of tax authorities, for example a study in Kenya by showed that tax workers charge for services that should be done for free. The writer further notes that some Tax charged to help taxpayers with complicated procedures or to get tax and they deliberately avoid assessing the non-registered businesses, allow smuggling of goods into the country, overstate values, under assessing tax to importers and tax payers and lose. However, Chikarapo (2015) notes that this could be reduced through improved staff welfare, intrinsic motivational strategies, training, and merit-based promotions are some of the silent forks to corruption. Chikarapo (2015) says that employees should be given complete units of work with minimum supervision and performance appraisals should be done based on the outcomes of each completed work.

2.4.5. Tax Exemptions

Studies show that tax exemptions hinder effective collections of tax in most African countries and other developing countries in Asia (Enahoro & Olabisi, 2012). Tax exemptions in some countries are hidden expenses to the country. Moreover, tax exemptions involve large amounts of money. For example, in Kenya, in 2013-2019 2.5 % of GDP was granted in the tax exemptions. Tax exemptions in Africa are granted for various reasons such as exemptions in

items where their official nature doesn't need to be taxed like goods which the armed forces of Kenya consume. In some countries exemptions is also mostly applicable where activities of some organisations do not earn them profit but have supreme benefit to society such as charities by religious Organisations (Gemechu, 2014). For example, in Kenya, goods which are of benefit to society like fire fighting vehicles and medicines are exempted from VAT. Exemptions are granted Kenya in order to increase the growth of its economy but when they are not effective they cause the countries to lose money.

A report by Tehulu and Dinberu (2014) shows that large firms often make use of this tax incentive mechanism to avoid paying taxes. Governments of developing countries are much eager to attract investment in their countries and in so doing they end up granting exemptions to large firms as incentive to boost investment while in other large firms see as the loophole to avoid paying taxes. The exemption granted either can cover one of these taxes; corporate income tax, sales tax/VAT and import duties or both of them to a specific firm (Tehulu & Dinberu, 2014). Exemptions may be granted for variety of reasons such as promotion of investments, public interest ground or diplomatic and political grounds. For whatever reasons exemption by definition and implication are selective and discriminatory. They are therefore the source of inequality in the tax system and thus exemptions are sources of complexities in the tax administration (Brunner, 2012).

Some governments in Africa also have effectively signed away their rights to tax multinational companies operating within their borders through bilateral

tax treaties. A study by Farhi & Gabaix (2020) estimate that developing countries lost over US\$ 800 million in 2011 as a result of treaties with the Netherlands alone, and estimates show that US tax treaties cost non-OECD countries around US\$ 1.6 billion from 2010-2015. There have been recent calls for developed and developing countries alike to assess the developmental impact of their tax treaties and renegotiate the treaties accordingly.

Studies by Savitri (2015) also show that that governments also lose tax monies from exemptions and incentives given to investors, for example developing country governments typically offer various tax exemptions in order to attract investment, which lowers tax revenues. The same writers' aforementioned notes that the problem with this practice is that exemptions do not appear to result in higher investment and are, therefore, a pure loss of revenues. Thus, the problem is also that exemptions are often used for political reasons, and consequently, risk being linked with corruption. One solution to this problem is to take away exemptions. Sumartaya and Hafidiah (2014) notes that the negative effects of exemptions could be mitigated by inducing transparency into the system, either by making rules about exemptions firmly stated in laws and regulations, or by publicly disclosing information about exemptions.

2.4.6 Economic structure of developing economies

Studies by UK government show that the economic structure of most developing countries itself hinders effective tax collection. Developing countries are characterised by a small tax base, a cash-based and informal

market structure, and a heavy dependence on agriculture, all of which makes taxing difficult and tax rates low. The UK Government says that broadening the tax base may be politically more feasible than increasing tax rates. In addition, efforts to include the informal sector in the tax net may have positive indirect impact by contributing to improved governance and accountability.

Mascagni *et al.* (2014) further says that another challenge with structure of African countries and many other developing countries is that many countries in Africa collect much lower proportions of their GDPs in tax revenue than the governments of the OECD countries do: 10-20% compared with 30-40%. The lowest tax shares are observed in South East Asia and in the Pacific region, at levels close to 10%. Sub-Saharan Africa, the MENA region, and Latin America have higher average tax-to-GDP ratios (around 18%) although there is great variation within each region. Within Africa, countries differ according to income level, with upper-middle income countries approaching OECD levels of tax-to-GDP ratios. Low-income countries still lag behind, with many having rates below 15% of GDP, which is generally considered the threshold below which contemporary governments find it hard to finance their basic functioning and services (Mascagni *et al.*, 2014).

2.4.7 Internal political factors

Giovanis *et al.*, (2017) notes that internal political factors affect the effective collection of tax. The writers say that widening the tax net and increasing the tax base require governments to put effective policy in place and to be determined to ensure compliance. Having the political will to increase taxes is therefore necessary (Besley & Persson, 2013). Besley and Persson (2013)

note that governments know where the potential is and where most of the gaps are; if a government wants to tax, it will tax. In every country, a lot of theoretically tax-liable income, transactions or assets escapes the tax net, are too high, and sometimes because political influence and corruption enable some people and companies to escape their obligations.

Tax regimes tend to be biased in favour of taxpayers with the greatest bargaining power, who can easily evade or avoid taxes, and whose cooperation is most valuable in the long term (Uk government, 2015). As a result of this distribution of bargaining power, many governments show great reluctance to tax the personal incomes of their own rich citizens as well as the increasingly large accumulations of capital invested in real estate in low income countries.

Farhi and Gabaix (2020) notes that some stakeholders become a hindrance to tax collection because they benefit from a sub-optimal tax process, and stand in the way of reform. Tax collectors and tax administrators can be quite powerful groups in developing countries, since their specific expertise makes them difficult to replace. They therefore have the bargaining power to resist reform and to get away with extracting revenues from inefficient or even illicit tax practices for private gain (Mascagni, 2018).

Revenue agencies may also transfer funds informally and illegally to their political masters (Okech & Mburu, 2011). A in Bangladesh illustrates how the bargaining process around tax favours insiders and the politically powerful. The authors found that the repeated failure to reform the country's tax system was due to significant resistance to change that cut across political,

economic and administrative elites. Seeing that politics is at the heart of tax systems, adopting a political economy approach to reform is necessary in order to identify the progressive reformers within governments and revenue authorities.

2.4.8 External political factors: multinational companies and other investors

Farhi & Gabaix (2020) say that shortcomings in the ability and willingness of some developing country governments to effectively tax domestic businesses and multinational companies operating in their countries can constitute a very large loss in tax revenues. Four such barriers to effective tax mobilization are bilateral tax treaties and the resulting loss of right to tax multinational companies; tax evasion and avoidance in international trade; loss of potential tax revenues from the extractive sectors; and tax exemptions and incentives given to investors (Muli, 2016).

Dečman & Klun (2015) says that one major reason why tax revenue is not higher in many developing countries is that these countries have effectively signed away their rights to tax multinational companies operating within their borders through so-called bilateral tax treaties. A study by Kasoga (2020) shows that more than 3,000 bilateral tax treaties are in force, governing whether, how, and how much signatories can tax multinational companies and other cross-border economic activity. Tax treaties which lower the tax paid by international business are often used to compete against other countries for foreign investment (Farhi & Gabaix, 2020). However, the relationship between treaties and investment has repeatedly been questioned,

and the evidence suggests that any benefits that tax treaties might bring cannot be assumed (Hearson, 2018).

The Dutch Centre for Research on Multinational Corporations has estimated that developing countries lost US\$ 812 million (€770 million) in 2011 as a result of treaties with the Netherlands alone, and the IMF estimates that US tax treaties cost non-OECD countries around US\$ 1.6 billion in 2010.

2.5 STRATEGY IMPLEMENTATION FACTORS INTERVENTIONS

The strategy is explained as the actions that managers take in order to manage or run business operations (Dormehl, 2012). Company strategy is inclusive competitive moves and business approaches that managers utilise to make the business expand and grow. The strategy is also used to attract and be in a position to please customers.

Implementation of the strategy is an operations orientated process in which the focus of the organisation is to make things happen (Dormehl, 2012). In tax authorities, implementation of the strategy is targeted at increasing the performance of tax collected. Writers identify strategies such as providing training to the tax auditors and tax administrator.

2.5.1 Improving tax authorities' capacities

Writers like Muli (2016) identify increase of tax authority capacity as the major solution to counter factors that inhibit tax collection in developing countries. The writers note that tax authorities must establish of learning, development and teaching opportunities in order to advance individual, team and managerial performance (Akitoby, et al., 2020). Bird and Zolt (2014)

argue that tax authorities need training because revenue collection faces a problem of incompetent tax supervision. The preceding problem is attributed to inadequate administrative work with necessary skills, and high level of illiteracy among taxpayers and tax collectors and thus training is likely to improve the situation.

2.5.2 Top Management Commitment at Tax authorities

Gituku (2013) note that improving manager's commitment at top level could lead to improvement in tax collections. Gituku (2013) says that managers are agents of the people and stewards of the democratic process and are morally obligated to achieve goals and objectives in public interest. Coolidge (2012) says that management must set a culture of transparency which transmits to members through language, symbols and more proactive and tax compliant.

2.5.3 Taxpayers' registration

Salmanet *al.*, (2019) says that a good tax Administration system should identify all those required to pay taxes, registration, recording of taxpayer information and issue unique identification numbers that are fed into a master file upon which updates are made and from which retrievals can be made. According to Salmanet *al.*, (2019) taxpayer identification are most important aspects of tax administration where taxpayers are located and registered so that tax evasion is reduced. When taxpayers are identified and registered results it enhances efficiency and significantly ease revenue collection.

Djankov *et al.* (2010) note that it is important to increase formalisation of the tax systems in most growing economies because their systems are highly informal and unnecessarily complex. Simplifying the tax code encourages

voluntary compliance. Djankov *et al.* (2010) say that the analysis of opportunities should be done to close tax loopholes should be carried out using input from the senior tax officials, tax administrations can perform a top-down, granular analysis of each type of tax to establish whether there are opportunities to close sector-specific tax loopholes quickly.

The analysis helps to establish whether there are any significant gaps between the expected and effective tax rates. Often informal business that do not pay taxes interacts with other government agencies as part of normal operations. Tax administrations can work with these agencies to verify the tax status of the business. Such checks need not be overly intrusive but can still effectively encourage formalization (Pereira *et al.*, 2013).

2.5.4 Improvement of Technology and Information system

Some writers like Das-Gupta (2006) believes that improvement of ICT tools and information systems can help to improve tax collections and prevent circumvention. Das-Gupta (2006) says that computerized systems minimize errors, standardize operational procedures and reduce costs. Furthermore, computerized tax system reduces operational costs of expenditure revenue collections.

2.5.5 Reducing Compliance costs

Compliance costs are costs associated with obeying the law including planning and administration, direct time and money spent filing paperwork. Okech and Mburu (2011) say that in most developing countries tax laws and regulations are complicated for ordinary taxpayers to comprehend and given the numerous legal amendments every year, taxpayers lack necessary

expertise to complete the tax returns. Tax laws should be simplified to save time and money. Okech and Mburu (2011) further say this is particularly important for SMEs businesses to lower compliance costs since their revenues are very low. Thus, reducing administrative costs or uncertainty faced by taxpayers can help to improve the levels of tax compliance

2.5.6 Government working to improve Taxpayers Attitudes

Bird and Zolt (2011) say that government could improve their tax collections and prevent circumvent factors that hinder tax collections if they work on tax knowledge. According to Palilet *al.*, (2013) tax education is knowledge about tax laws to determining taxpayers' compliance behavior. Tax educations promote taxpayers understanding of the tax systems, processes, law and associated penalty for defaulting. This tends to increase people propensity to comply with tax obligation. Asrinanda (2018) provides tax knowledge affect tax attitudes towards the tax system fair. Knowledge of taxation owned by the taxpayer will affect the obedience of the taxpayer itself in carrying out its tax obligation and affect tax revenue received by the state if the people already have low tax knowledge.

2.5.7 Improving Tax Fairness

According to Bird and Zolt (2011) taxpayers should be accorded the same treatment. Kayaga and Lahey (2010) stated three types of fairness's, namely: horizontal, vertical. Horizontal equity expresses the principle that similarly situated taxpayers should pay the same amounts of taxes because they have the same ability to pay. Vertical equity is principles that are "better off" bear a larger proportion of the tax burden while those who are "worse off" should bear less.

2.5.8 Segmentation of tax base

The segmentation of the tax base is very important as this helps in identify larger collection opportunities. Most rapidly developing economies lack the advanced analytical tools and databases necessary to flag and follow up on suspicious taxpayer behaviour automatically (Farhi & Gabaix, 2020). The simply segmenting taxpayers according to attributes such as size, sector, and past behaviour can help tax authorities quickly perform a risk analysis identifying discrepancies between an individual taxpayer's behaviour or payments and that of his or her cohort.

2.5.9 Communication and Tax education

Pereira, Hoekstra and Queijo (2013) note that communication and tax education programs promote and increase the benefits of paying taxes, educating taxpayers about how to comply and the risk increasing the number of non compliance. The communication plan should include both institutional and initiative-specific messages. It can incorporate appeals that have an emotional element such as linking the use of tax revenue to the funding of schools or highlighting sanctions for failure to comply and other messages such as explaining changes to tax laws or procedures can be purely informative (Pereira, Hoekstra, & Queijo, 2013). This can be done through providing a simplified version of status and/or explanatory notes for complicated sections of the laws. This can also be done through television programs that educate taxpayers on the dangers of avoiding and evading tax (Chikarapo, 2015).

2.6 INTERNATIONAL AND REGIONAL BEST PRACTICES

Governments from developing countries could look at successful reforms made by low income and emerging market economies to achieve gains in taxes. In this section the researcher looks at after tax reforms from Georgia and Liberia.

2.6.1 Georgia

Regardless of the constraints faced by Georgia, Georgia continued to strengthen the capacity to collect tax revenue by pursuing reform strategies with certain distinct features (Akitoby, et al., 2020). Georgia offers a striking example of successful tax revenue reform. Following the collapse of the Soviet Union, the government struggled to collect tax revenue. By 2003, rampant corruption involving tax evasion, illegal tax credits, and theft of government tax revenue had left public finances in shambles. The government was no longer able to honour its obligations to public servants and pensioners, even though salaries and pensions were low (Akitoby, et al., 2020).

The tax reform by Georgia was made possible after the 2002 revolution, which gave the new government a mandate to reform the economy and fight widespread corruption (Akitoby, et al., 2020). The country's new leaders adopted a policy of zero tolerance for corruption and the culture began to change, along with the laws. A revised tax code, passed in 2004, simplified the tax system, reduced rates, and eliminated a series of minor local taxes that had been generating little revenue on pollution and gambling, for example, only 7 of 12 taxes remained the rates were reduced.

The progressive personal income tax rates 12 to 20 per cent were replaced with a flat rate of 20 per cent and the social security contribution tax rate was first reduced from 33 per cent to 20 per cent and then eliminated altogether. Corporate income was taxed at a flat rate of 15 per cent, and the value-added tax (VAT) was reduced from 20 per cent to 18 per cent. The revenue lost from lower tax rates was made up through a broader tax base, better compliance, and stricter enforcement.

The government also made it easier to pay taxes by introducing measures such as an electronic tax filing system. In this way, technology both improved efficiency and reduced opportunities for corruption. In parallel, the government lowered the minimum capital required to start a business, which also generated more tax revenue. The improvement in the country's ability to mobilise revenue between 2004 and 2011 is all the more impressive given the sharp reduction in tax rates. By 2008, Georgia's tax-revenue to GDP ratio had doubled to 25 per cent (Akitoby, et al., 2020).

2.6.2 Liberia

In Liberia following its emergency from civil war, Liberia introduced taxes on turnover or import values, such as the goods and services tax, excises, and customs tariffs, underpinned by simple tax legislation. Curbing exemptions in Liberia reduced the tax system's complexity while boosting revenue by broadening the tax base. Liberia had been losing sizable revenue through ill-designed exemptions, such as costly tax holidays and other incentives that fail to attract investment. And discretionary granting of exemptions provided opportunities for corruption.

2.7 EMPIRICAL STUDIES

Several studies have been conducted in the region to establish circumvent factors that inhibit collection of taxes. Abiola and Asiwah, (2012) studied tax revenue collection based on the tax administration office efficiency in Nigeria. The study showed that if a regime has well-organized tax management, it is likely to prevent numerous tax collection difficulties, tax evasion and avoidance. The study made use of 121 online survey questionnaires containing 25 relevant questions. Descriptive statistics used to analyse 93 practical responses because this method had become more suitable given the geographical disparity of the area to be covered. They used descriptive statistics for analyse the data.

According to Enahoro and Olabisi (2012) improving tax structure can increase tax administration. The study recommended that tax structures and tax collections should left in the hands of private organisations. The study shows that most tax payers avoids and evade tax as because of the immoral activities of tax commissioners. They used a survey methods questionnaire tools for tax administration, 130 samples used to analyse the opinion of civil servants.

Several empirical studies have been done within the region on factors inhibiting the effective collection of taxes. A study by Wanjiru (2014) in Kenya revealed that ability of tax office, information technology systems affected tax collections. The object of the research was to examine the factors that affected both positively and negatively, tax revenue collection in Kenya Revenue Authority.

The study used quantitative research design and the target population was taxpayers that fell under the bracket of large taxpayers. The study showed that Human Resources played a significant role in the procedure of Income Collection. Wanjiru (2014) used a descriptive research design as it addressed the research questions through empirical assessment involving numerical measurement and statistical analysis sample of 252 taxpayers was used. Correlation analysis was used to analyse the results.

A study by Kayaga and Lahey (2010) in Uganda showed that taxpayer's awareness has a significant role in the association with taxpayer's compliance. Conversely, taxpayer's awareness has no mediating role in the relationship between tax socialisation, tax knowledge, and taxpayer's compliance. The study uses an accidental sampling technique, and uses questionnaires as an instrument to collect data by spreading it to the taxpayers who come to the tax office. Therefore, the sample size with a margin of error of 10% and used regression analysis to analyse the relationships.

A study by Takumah and Iyke (2017) in Ghana pointed out the major causes of poor revenue collection were lack of capacity by tax authority. Their research objective was identifying problems associated with taxpayers and revenue authority in Desses town in Ghana. They used descriptive Research approach to analyse the collected data with the aid of Statistical Package for Social Scientists (SPSS) version 20. The data used in this study consists of both primary and secondary data. The primary data collected through standard questionnaire. The study used a sample of 600 taxpayers. The study showed that tax authority needs to be strong enough in order to implement

the tax law effectively and efficiently and the awareness of taxpayers should enhance.

A study by Niway and Wondwossen (2017) in Ethiopia revealed that tax knowledge was the major challenge for tax compliance attitude and major taxpayers assumed the current tax amount and fines were excessive and they understood that present tax arrangement is biased. The main objective of this study was to establish individual taxpayer's tax awareness, perception and tax compliance in selected cities in SNNPR, Ethiopia.

The study used descriptive research design. The study used primary and secondary data sources. Primary data was collected through questionnaire and secondary data collected from reports and manuals of Ethiopian Revenue and Customs Authority (ERCA) branches. Descriptive statistics such as tables and percentage ages been used for data analysis. The study indicated that taxpayer's perception is critical to the tax collections and nation spending likewise inspires voluntarily tax compliance.

A study by Folayan and Adeniyi (2018) in Nigeria showed that Tax evasion one of the main factors that reduced tax revenues. This study designed to identify the effects of tax evasion on government revenue generation in Oyo State in Nigeria. A structured questionnaire was used to collect data from a sample of one hundred and sixty-five (165) respondents who were randomly selected across the state while secondary data were gathered from National Bureau of Statistics (NBS) Office of Budget and Economic Planning, and Internal Revenue Office using data from 2011- 2016.

Data collected was analysed using descriptive and inferential statistics tools with the aid of Statistical Package for Social Science (SPSS). According to a study by Folayan and Adeniyi (2018) in Nigeria tax evasion has argumentative result on regime tax collection which consequently results in tax revenue loss. The researchers used structured questionnaire was used to collect data from a sample of one hundred and sixty-five (165) respondents who were randomly selected across National Bureau of Statistics (NBS) Office of Budget and Economic Planning, and Internal Revenue Office using data from 2011- 2016. Data collected were analysed using descriptive and inferential statistics tools with the aid of Statistical Package for Social Science SPSS 23.0.

A study by Kipilimba (2018) in Tanzania shows that inside and outside factors such as structure, intensive organisation with other entities and proper maintenance of taxpayer's records are the key issues that improve real tax management. Taxpayers, political pressure to relax tax collections, unsuccessful tax laws and policies were also identified as hindering tax collections in Tanzania. The object of the study was to assess the impacts of tax administration on government revenue in Tanzania and questionnaires were used to access the required information.

Shenkute (2018) shows that tax awareness and tax compliance costs are insignificant to compliance behaviour. The object of this paper was to study tax compliance behaviour of self-employed taxpayers in West Malaysia. Questionnaire survey conducted through online distribution method. Hypothesis testing carried out with the implementation of multiple regression and Pearson correlation analysis. The result from regression analysis revealed

that tax deterrence has a significant relationship with tax compliance behaviour of self-employed taxpayers.

Ataroet *al.*, (2016) studied on Factors Affecting Revenue Collection Efficiency in County Governments in Kenya: A Case Study of Trans-Nzoia County. The study used descriptive research design and mixed approach and conducted regression analysis. They found out that the internal efficacy has the great impact on the revenue collection. The important role in tax evasion is the probability of detection of non-compliance behaviour from the tax authority.

Engida and Baisa (2014) conducted studied the factors that influence taxpayer's behaviour in Ethiopia and the study looked at factors such as audit probability, government expenditure perception, equality and justice, penalty, financial restrictions, changes in actual government politics, reference groups influence, tax authority role and tax knowledge. The research concluded that factors with the most impact were audit probability (positive) financial restrictions (negative) and changes in actual government politics. The study suggests that other variables like government expenditure perception, equality and justice perception, penalty, tax authority role and tax knowledge don't have a strong influence in taxpayer's behaviour.

Kebera (2018) conducted research on the effectiveness of tax offences control mechanisms of the Rwandan tax system. In his research, upon identifying the causes, effects and solutions that are at the Rwanda Revenue Authority's disposal, he concluded that there were more weaknesses in the mechanisms that the country was used to curtail the behaviour of tax offenders. The studies

revealed that some taxpayers do not voluntarily register as required by the laws. This means that they will have violated tax procedures which provide that any person who sets up a business or other activity that may be taxable is obliged to register with the tax administration within periods from the beginning of the business. These findings show that a lot of work still needs to be done to reduce losses arising from intentional and unintentional tax evasion.

Palil, Hamid, and Hanafiah (2013) conducted a study to determine of non-compliance behaviour in Malaysia, the study revealed that non-compliance behaviour is evidence to be positively correlated with marginal tax rate and negatively with audit probability. There is no evidence of a great influence of the penalty rate. Extended research model suggests that non-compliance behaviour is positively correlated with inflation rate and non-compliance behaviour decrease when taxpayers have direct control over the government budget.

2.8 THE NAMIBIAN TAX SYSTEMS

The Namibian tax year runs from March 1 to February 28/29 in the succeeding year (PWC, 2021). The Namibian government presents the budget to the legislature in the first half of the year for debate and resulting legislation is generally promulgated in the second half of the year. The government fiscal year terminates on March 31. Namibia has the following tax legislation on the statute books.

- The Income-tax
- Value Added Tax

- The Petroleum taxation Act
- The stamp duties Act
- The transfer duty Act

The Namibian income tax is levied on taxable income of individuals, companies and trusts from sources within or deemed to be within Namibia (PWC, 2021). Individuals are taxed on income at progressive marginal rates over a series of income brackets. The tax table is set out below and is applied to the fiscal year ending on February 28/29 on income accruing in each year.

Table 2.1 Individual income tax rates 2021/22

TAXABLE INCOME (N\$)	RATES OF TAX FROM YEARS OF ASSESSMENT ENDING 2021/22 (N\$)
0 – 50 000	Not taxable
20 001 – 100 000	18% for each N\$ above 50 000
100 001 – 300 000	9 000 + 25% for each N\$ above 100 000
300 001 – 500 000	59 000 + 28% for each N\$ above 300 000
500 001 – 800 000	115 000 + 30% for each N\$ above 500 000
800 001 – 1 500 000	205 000 + 32% for each N\$ above 800 000
Above 1 500 000	429 000 + 37% for each N\$ above 1 500 000

Source: PriceWaterhouseCoopers (2021)

2.8.1 Taxation of companies

Companies refer not only to companies registered in Namibia, but also branches in Namibia of foreign companies deriving income from Namibia. Companies, other than those companies who have been awarded manufacturing status, are subject to the normal tax rate as outlined in the table below:

Table 2.2 Company tax rates 2021/22

Company tax rates	2021/22
Corporate tax rate	32%
Branch income tax	32%
Diamond mining companies	55%
Mining companies (other than diamond mining companies)	37.5%
Long term insurance companies (40% of gross investment income taxed as 32%)	12.8%
Petroleum companies (exploration, development or production operations)	35%

Source: PriceWaterhouseCoopers (PWC)(2021)

2.8.2 Value Added Tax

The is an indirect tax which means that the person who bears the tax is not assessed directly, but indirectly through the taxation of the transactions into which he/she enters (PWC, 2021). The important element of the VAT system is that all transactions entered into by an organisation are subject to tax and if the organisation is the supplier in the transaction, it must charge output tax and collect it. If it is the acquirer in the transaction, it will be charged input tax and must pay it (PWC, 2021). The businesses with an annual taxable turnover of less than N\$500.00 are required to register on a voluntary basis while businesses with an annual taxable turnover of above N\$ 500 000.00 are required by law to register for VAT. The VAT is payable on the taxable value of all goods sold or imported. The standard rate is 15%. Direct exports of goods and services are zero-rated, a number of other zero-ratings and exemptions are also provided for.

2.8.3 Stamp and transfer duty

Stamp duty is the tax on a lease agreement whereby an immovable property is let or a levy or tax applied whenever you sell, buy or transfer property. A

transfer duty is a tax levied on any immovable property which is acquired by way of a transaction or otherwise. A transfer duty rate in Namibia varies from 1% to 12% both for natural and non-natural persons (PWC, 2021). The tables listed below are for both transfer duty and stamp duty.

Table 2.3: Transfer duty: Natural persons: Fixed property Value of property N\$

0 – 600 000	Nil
600 001 – 1 000 000	1% of the value exceeding N\$ 1 000 000
1 000 001 – 2 000 000	N\$ 4 000 plus 5% of the value exceeding N\$ 1 000 000
2 000 000 and above	N\$ 54 000 plus 8% of the value exceeding N\$ 2 000 000
Other persons	
Any value	12%

Source: PriceWaterhouseCoopers (PWC) 2021

Table 2.4 Stamp duty: Natural persons:

0 – 600 000	Exempt
600 001 – 1 000 000	N\$ 10 for every N\$ 1 000 or part thereof
Other persons	
Any value	1,2%

Source: PriceWaterhouseCoopers (PWC) 2021

2.8.4 Withholding tax

Withholding tax is a tax withheld for interest paid by a Namibian resident to a non-resident with regards to any amount of interest that is paid. Section 35A of the Namibian Income Tax Act obliges Namibian taxpayers to withhold tax on invoices issued to foreign suppliers rendering services in Namibia and pay the withheld amount to the receiver of revenue. Withholding tax on services, foreign interest, royalties and non-resident shareholders tax is levied at a rate of 10% (PWC, 2021).

2.9 STUDY GAP

The studies outlined above were mostly done in North and East Africa, that is Uganda, Nigeria, Ethiopia, Kenya done Nigeria. These studies identified weak revenue authorities, poor political will, expansions as the main challenges in the collection of taxes. Few if any Namibian studies are known to explore the circumvent factors that inhibit tax collections.

This study thus seeks to cover the gap by investigating factors in Namibia that inhibit effective collection of taxes. However, there is a study by Nanghonga (2019) which investigated the causes of tax non-compliance in Walvis bay. The study showed that more than 68% of the respondents indicated that issues to do with; age, level of education, annual turnover, probability of audit and perceived punishment through fines, tax compliance cost and level, perceived opportunity for evasion all have a bearing on tax noncompliance existence in Namibia and are the main culprits in causing this ill (Nanghonga, 2019).

2.10 CONCEPTUAL FRAMEWORK

The conceptual framework of this study focuses on measuring the relation between circumvent factors and performance of the IRD of Namibia. In this study, five factors are the independent variables: exemptions, corruption, tax evasion and avoidance, compliance and capacity of inland revenue authorities. Performance is represented by revenue collected over 5 years (2016 -2020).

Revenue Collection = f(Capacity of Inland Revenue Authorities, Corruption, Tax Evasion and Avoidance, Compliance and Tax Exemptions)

$$RC = CIR + CR + TEA + COM + TE$$

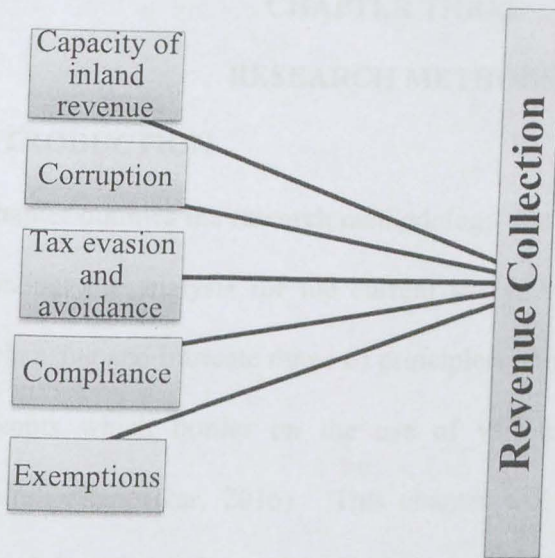


Figure 2.1 Conceptual framework

Source: Researcher's own construct (2022)

2.11 CHAPTER SUMMARY

This chapter has analysed literature related to the study. The first section of the chapter presented the theoretical framework. The tax theories explained in that section of the chapter include optimum tax theory, the Gordon Lee theory and ability to pay theory, after that the next section explained the Namibian tax system. The second section presented factors inhibiting the collection of taxes. This chapter revealed that factors inhibiting tax collection included tax exemptions, corruption, compliance tax evasion and avoidance and capacity of inland revenue. The third section explained how to overcome circumvent factors inhibiting tax collection and the last section explored the Namibian tax system. The next chapter presents the research methodology used to collect data.

CHAPTER THREE

RESEARCH METHODS

3.1 INTRODUCTION

This chapter outlines the research methodology that was used to collect data and conduct the analysis for the current study. Methodology refers to a comprehensive and intricate range of principles, opinions, structures as well as concepts which border on the use of various methods to produce information (Baporikar, 2015). This chapter will start by outlining the research philosophy and paradigm chosen. After that, the research design is discussed. The subsequent sections outline the population, sampling techniques and sample size and research instruments used. The chapter closes by highlighting data collection procedures, the data analysis process and ethical considerations in the study.

3.2 RESEARCH PHILOSOPHY

The main research philosophies are positivism, interpretivism and pragmatism (Saunders *et al.*, 2012). The essence of positivism is that science is the only way to learn about the truth. Positivism adheres to the view that only “factual” knowledge gained through observation and measurement is trustworthy (Saunders *et al.*, 2012). The Interpretivism philosophy allows researchers to interpret elements in a study. Interpretivism assumes that access to reality is through social constructions such as language, consciousness, shared meanings, and instruments (Baipai, 2011). Pragmatism recognises that there are different ways of interpreting the world and combines both, positivist and interpretivism positions within the scope of a single research according to the nature of the research question.

This study aligns to the pragmatism approach because the researcher modified philosophical assumptions time and again throughout the study and took new positions as she deemed fit (Ponelis, 2015). The modification of philosophical assumptions by the researcher meant that different methods could be used to collect data.

3.3 RESEARCH DESIGN

A research design is a conceptual structure in which a research would be conducted. According to Burns *et al.*(2014) there are three main research designs that researchers can adopt. These are descriptive, exploratory and causal design. Exploratory Research provides insights into and an understanding of the problem confronting the researcher (Ponelis, 2015). Descriptive research describes the characteristics of relevant groups, such as consumers, organisations, or market areas (Saunders *et al.*, 2012). Causal research is used to obtain evidence of cause-and-effect (causal) relationships.

The Descriptive research design was used in this study because it was good for recording, analysing and interpreting the conditions that existed at the IRD in Namibia. Thus, in this study conditions that inhibited effective tax collections could be studied in depth at the IRD in Namibia. Descriptive design was found suitable because it could answer questions such what factors, what causes, where, whom or how questions of the research. The use of the descriptive design was considered appropriate because there was need to clarify a perceived problem. Whenever there is a problem, it is important to completely understand it before solving it and the use of descriptive design addresses such a problem is recommended (Saunders *et al.*, 2012). Therefore,

the study undertook an in-depth understanding of circumventing strategy implementation factors inhibiting effective tax collection and increase revenue collection in the MoF, Inland Revenue using a mixed-method approach.

3.4 RESEARCH METHODS

The research methods describes how the researcher intends to carry out the work (Saunders *et al.*, 2007). Research methods identified by Saunders *et al.*, (2012) include experimental research, action research, case study research or action research. Experimental allows researchers to examine causal effects between two factors (Yin, 2012). The survey strategy is used in quantitative research projects and involves sampling a representative proportion of the population (Ponelis, 2015). The case study approach allows the assessment of a single unit in order to establish its key features and draw generalisations (Bryman, 2012). Lastly action research is a form of research common in social science research which is used to find the solution that can be used to solve a certain problem.

The survey approach was adopted in this study. To survey is to view comprehensively and in detail source (Burns *et al.*, 2014). The current study surveyed all tax administration workers at the Thomas Region in the city of Windhoek. Survey research was advantageous in that it allowed large amounts of data to be collected in a short period of time using a standardized questionnaire and hence inferences could be made. It allowed the researcher to collect information about people's perceptions, preferences and thoughts in a systematic manner (Malhotra, 2015).

3.5 POPULATION

The population is the entire set of objects and events and consist of individuals, groups, organisations, events; it also refers to the entire group of people or things of interest that the researcher wishes to investigate (Chistensen, 2007). The target population of this study was 50 tax administration officials (including managers) from the IRD Thomas region in Windhoek Namibia. Table 3.1 below shows the number of populations for different departments.

Table 3.1 Population

Categories	Population	Percentage
Management	6	12%
Tax assessors	10	20%
Tax auditors	19	38%
Tax intelligence	6	12%
Forensic officers	4	8%
Recoveries	5	10%
Total	50	100%

Source: Primary data (2021)

3.6 SAMPLING

A sample is a representative selected for a study whose characteristics exemplify the larger group from which it was selected (Saunders *et al.*, 2012). The sample size for this study was 44. This was 88% of the population. The sample was determined using the Krejcie and Morgan table. Using the updated K and M (2013) table. The Krejcie and Morgan table was chosen because it has a high degree of accuracy. The table was determined using the formulae: $S = \frac{x^2 NP(1-p)}{d^2(N-1) + x^2 P(1-p)}$ where:

S= required sample size

x^2 = the value of chisquare for 1 degree at the desired confidence interval

N = population size (which was 50)

P = the population proportion (0.50)

d = the degree of accuracy expressed as a proportion (.05)

This sample is above the recommended sample by Strydom and Venter (2015) who indicates indicate that a sample of at least 10% is sufficient for controlling sample errors. On the other hand, writers like (Sila & Ebrahimpour, 2005; Tari & Sabater, 2007; Singh & Feng Smith, 2008; Fotopoulos & Psomas, 2009 and Zakuan, 2010) recommend 25% to 30% in the population and thus the sample is still within recommended boundaries.

3.7 SAMPLING TECHNIQUES

Sampling designs take two forms, which is probability and non-probability sampling (Saunders, 2009). Non-probability sampling is the selection of elements based on some subjective judgment of the researcher. This in turn leads to a high level of bias and a larger sampling error because the units do not stand an equal chance of being selected (Mascagni *et al.*, 2014). Burns *et al.*, (2014) cite four examples of non-probability sampling as, quota, snowballing, judgmental or purposive and convenience sampling. Probability sampling methods ensure that every element of the population has an equal chance of being selected. This reduces bias and sampling error (Saunders, 2009). There are four probability sampling types: random, systematic, and stratified and cluster sampling.

Random sampling involves blind picking of elements from the population. Systematic sampling involves picking the n th element from the population list. Stratified sampling is whereby the population is divided into sub-groups

(strata) and elements selected from the sub-groups. Cluster sampling is where the population is divided into groups (usually demographically) and the sample comprises of groups and not elements (Saunders, 2009).

This study used stratified random sampling because it allowed the researcher to subdivide the inland revenue into strata, that different sections Tax assessing, Tax auditing, Tax intelligence, Forensic and Refund.

Calculation of Sample Size for Strata

Kothari (2014) highlights that when the population is stratified, it is important to use the method of proportional allocation where the sizes of samples from each strata are kept proportional to the sizes of the population. The following formula is prescribed to calculate the sample size from each stratum.

$$a = n.P_a$$

Where: **a** = the number of elements selected from stratum **a**

n = the sample size

P_a = the proportion of the population included in stratum **a**

After stratifying the population respondents will be selected using random sampling. Random sampling is also known as a method of chance (Burnset *al.*, 2014). This means that every element in the strata had equal chance of being selected and this reduced bias (Burns *et al.*, 2014). The final composition of the sample was as a shown in table 3.2.

Table 3.2 Final sample

CATEGORIES	POPULATION	POPULATION PROPORTION	FINAL SAMPLE
Management	6	0.12	5
Tax assessors	10	0.20	9
Tax auditors	19	0.38	17
Tax intelligence	6	0.12	5
Forensic officers	4	0.08	4
Recoveries	5	0.10	4
Total	50	100%	44

Source: Primary data (2021)

3.8 DATA COLLECTION

The study used both primary and secondary data. In this study, a questionnaire and an interview guide were used to collect data from respondents. Secondary data was easy to compile because it was readily available. The secondary data was obtained from the Namibian Income Tax Act 24 of 1981. Primary data was collected using a questionnaire and an interview guide.

3.8.1 Questionnaire

In this study, the questionnaire collected data from employees while interviews were used to collect data from the 6 managers in the study. The questionnaire was found suitable because it allowed the collection of data in a short space of time like overnight from a moderately large sample of 39 employees. The questionnaire also made it easy to standardize questions. Every respondent was asked the same questions in the same way and it made sure that everyone in the sample answered exactly the same questions.

The questionnaire was made up of structured questions based on a five-point Likert scale. The Likert scale ranged from 1 (strongly disagree) to 5 (strongly agree). The respondents selected the scale which corresponded to their level

of agreement or disagreement to a particular statement. Likert scale questions were used because the scale is the most appropriate way of collecting quantitative data and is also fast and easy for respondents to understand and answer the questions. In addition, answers from a Likert scale could be easily managed and coded using statistical techniques (Ponelis, 2015). The questionnaire was designed in such a way that it was easy for respondents to read the questions and it took a few minutes to complete.

In this study, a questionnaire was designed by the suggestions of Acharya *et al.* (2010) who noted that a questionnaire should be easy to read and follow through. The questionnaire covered 4 different sections. The first section sought to establish the demographics of respondents, the second section established the factors inhibiting tax collections, the third section asked questions relating to ways of preventing circumventing factors that limited tax collection, the fourth section sought questions on performance of IRD.

3.8.2 Pilot study

The questionnaire was pre-tested on a small 5 employees in IRD from another region who were not participating in the study. The respondents used in the pilot study were not included in the final study. The pre-test was done to test the layout of questions, the wording, sequence as well time required to complete the questionnaire. Some of the problems that were encountered with questions were fixed after being identified by respondents, for example long and ambiguous questions. To solve this problem, the questions were restructured by making them simple, short and precise. The pilot study was done to improve validity of the instrument.

Questions were sent to respondents through email so as to avoid exchange of paper in recognition of the COVID-19 protocols which discourage the multiple touching of objects without disinfection. The employees were given a day to answer and return the questionnaires through email to avoid touching questionnaires which could expose the researcher to COVID-19.

3.8.3 Interviews

Interviews were used to gather data from manager's sample. The reason interviews were used was because they allowed the researcher to get in-depth explanations on factors mentioned in the questionnaires. Since questionnaires mostly provided respondents with close ended questions, it was not possible to get explanations from respondents who answered questionnaires. However, from interviews respondents were probed using open questions on factors inhibiting effective tax collection and their impact. Thus, interviews were used in this study because of their ability to uncover in-depth issues that could not be uncovered through questionnaires.

During the interviews, an interview guide (appendix 2) was used to guide the researcher. The interviews were done over WhatsApp video call to avoid face to face interviews which could expose the interviewers and interviewees to COVID -19. Each interview lasted 30 minutes. During interviews, the interviewer also watched facial expressions of the interviewees; however, some non- verbal cues of the interviewees were difficult to watch because the WhatsApp video call mostly shows the face of the interviewee. Two interviews were carried out in a day and all interviews were done over a period of 3 days (11-13 November 2021).

3.8.4 Reliability

Reliability refers to the extent to which data collection techniques or analysis procedures yield consistent findings. There are usually four threats to reliability: The first is subject or participant error. A questionnaire completed at different times of the week may generate different results. To prevent the researcher chose a more 'neutral' time when employees were expected to be affected by any changes in the organisation. Secondly there may be subject or participant bias (Burnset *al.*, 2014). Respondents may say what they think their superiors want them to say. To prevent this, the Researcher ensure the anonymity of respondents to questionnaires.

Thirdly, reliability is affected by observer error. Observer error happens where instruments are designed by different people but used for same research and hence this different researcher may have different ways of putting across questions (Burnset *al.*, 2014). To prevent observer bias, there was a high degree of structure to research instruments (Burnset *al.*, 2014). All the questions in the questionnaires were structured the same way.

Finally, reliability is affected by observer bias. This bias is high when there are several researchers interpreting results and there would be different ways of interpreting the replies. To reduce observer bias, mechanical statistical tools could be used to interpret results (Burnset *al.*, 2014)

3.8.5 Validity

Validity is concerned with whether the findings are really about what they appear to be about. Validity can also be described as the characteristic used to describe research that measures what it claims to measure (Clow & James,

2014). The main types of validity that researchers are concerned about are face validity and content validity. Face validity is present when instrument measures what it is intended to measure. To improve face validity all questions asked in the instrument were related to the objectives of the study. Content validity is to do with the adequacy of the items used to measure a concept or construct. To improve content validity the process of designing an instrument began with literature review to check how other researchers measured the concept (Clow & James, 2014) for example the researcher reviewed 5 different questionnaires from past studies (Asrinanda, 2018, Dečman & Klun, 2015; Niway & Wondwossen, 2017; Foyalan & Adeniyi, 2018) to identify questions, phrases, or words that had been used.

To improve content validity, the researcher also used 2 experts in finance area (From the Ministry of finance, Namibia) to assess the list of items, eliminating items that may not fit with what is being measured and adding new items that may not have been identified with the literature review Azzara, (2010). The third step that helped was to pretest the instrument using all of the items that have been identified by administering the instrument to a sample similar to the intended target audience so as to check if the targeted respondents understand the questionnaire (Collins, 2010).

In addition, content validity was improved by adding open-ended questions to allow the respondent to identify any idea or concept related to the measured phenomenon that should be included that was not. Sometimes study participants can be asked questions related to item phrasing and their comprehension of various items. The last step is to reduce the number of items through data analysis to determine which items have a high correlation with

each other (Saunders *et al.*, 2012). This can be done through factor analysis and through the reliability measure of Cronbach's alpha. When the process is finished, the researcher should have a smaller number of questions, phrases, or words that can be used to measure the construct that has a high level of correlation, and thus has validity (Saunders *et al.*, 2012).

All questions were clearly laid out so that it was easy for the respondent to follow and the questionnaire was designed in such a way that it was easy to follow and understand for the respondents.

Trustworthiness associated with qualitative research and is closely related to issues of reliability and validity which are central themes in with quantitative studies. Trustworthiness entails that research is free from bias (Collis and Hussey, 2014). The elements of trustworthiness are credibility, transferability, conformability and dependability.

Credibility is an evaluation of whether or not the research findings represent true interpretation of the data drawn from the participants' original data (Lincoln & Guba, 1985). The technique for establishing credibility is through member checks where materials such as interview transcripts and research reports were shared with participants requesting them to indicate their agreement or disagreement with the researcher's presentation (Ibid). On the other hand, transferability, is the degree to which the research study's findings are applicable to similar situations, populations, and phenomena. Transferability was achieved by providing a detailed, thick description of the context of the study (Lincoln & Guba, 1985).

The third element of trustworthiness is conformability which is the degree of neutrality in the research study's findings in a qualitative study. Conformability occurs when the findings are based on participants' responses and not any potential bias or personal motivations of the researcher. The Researchers improved conformability by providing an audit trail, which highlights every step of data analysis that was made in order to provide a rationale for the decisions made (Shenton, 2002). Conformability is also measure of how well the inquiry's findings are supported by the data collected and also refers to whether other scholars could corroborate the, researcher's findings (Shenton, 2002). Lastly, dependability is the extent that the qualitative study could be repeated by other researchers and that the findings would be consistent (Wilson, 2010). If another person were to replicate the study, they should have enough information from the report to do so and obtain similar findings. Researchers used inquiry audit (an outside person to review and examine the process) in order to establish dependability. Lincoln and Guba (1985) also propose that dependability should replace the conventional notion of consistency or reliability, which is an assessment of the quality of the integrated processes of data collection, data analysis, and theory generation.

3.9 DATA ANALYSIS AND PRESENTATION

3.9.1 Quantitative data analysis

Quantitative data was analysed using the Statistical Package for Social Sciences (SPSS) version 22.0. The data collected was coded to isolate and collate the various opinions, experiences, and facts reported by the respondents, which made it possible to assess the slant of the different

responses and measure them. Quantitative data analysis involved the following stages: First, descriptive attributes of the respondents were generated. Second, descriptive statistics were used mainly the mean and standard deviation to assess the extent to which respondents agreed with assertions made. The standard deviation was used to assess the extent to which the respondents' opinions vary. Regression analysis was used to analyse the relationships between the variables. The regression model used was: $RC = CIR + CR + TEA + COM + TE$

where:

RC= Revenue Collection (performance)

CIR= funds coming through capacity of revenue authority

COM= funds coming through Compliance of tax payers

CR= funds lost through Corruption

TE= funds lost through Tax Exemptions

3.9.2 Analysing qualitative data

This study conducted a thematic analysis of managers' interviews. A thematic analysis is used to identify patterns of themes in the interview data. The process contained six steps outlined below:

1. Familiarising with data.
2. Assigning preliminary codes to data to describe the content.
3. Searching for patterns or themes in codes across the different interviews.
4. Reviewing themes.
5. Defining and naming themes.
6. Comparing the findings with quantitative data obtained from employee sample.

3.10 RESEARCH ETHICS

Ethical considerations that were taken during data collection included getting consent for participation from respondents, respecting privacy of respondents, ensuring confidentiality and ensuring voluntary participation in the study (Baporikar, 2015). The subjects were informed about the study and potential risks and benefits of their participation and they made a voluntary choice to participate or not to participate in the study.

Secondly, respondents were given the right to choose the extent to which they would share or withhold information about their knowledge on OHS issues in the Organisation. During interviews when interviewees felt uncomfortable about answering certain questions, they were allowed to abstain from answering the questions. Thirdly, it was ensured that no identifiable information about the private lives of respondents is divulged to anyone else. Participation was voluntary and the respondents were not forced to participate in the study. Permission was sought from informants before using information obtained from the study.

3.11 CHAPTER SUMMARY

In this chapter the methodology and research design used are discussed. The researcher undertook an in-depth understanding of circumventing strategy implementation factors inhibiting effective tax collection in the MoF, IRD department. The researcher employed a mixed-method approach with descriptive statistics content analysis being used to enable the researcher to evaluate the relationships and trends within the data.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

The purpose of this study was to find out circumvent strategy implementation factors inhibiting effective tax collection within Inland Revenue Department, MoF. This chapter presents the analysis and the findings of the study. It looks at the research objectives and gives a summary of the study that is presented by the figures of the data findings.

The data was gathered using a questionnaire and an interview guide as the research instruments. Qualitative data was analysed through content and thematic analysis while quantitative data was analysed through SPSS version 22.0. Descriptive statistics are therefore used for quantitative analysis. The research answers are given line the objectives of the study.

4.2 RESPONSE RATE

The response rate in the study is 100 %. A total of 39 questionnaires were distributed and 39 questionnaires were sent back to the researcher. This was considered a very good response rate. The high response rate was attributed to follow ups done through WhatsApp messenger reminding the respondents to send back the questionnaires on time. For interviews, the response rate was also excellent because all 5 interviewees turned up for the interviews.

Table 4.1 Respondent response rate

	Distributed questionnaires	Responses	Response rate
Category	Frequency (n)	Frequency (n)	Percentage %
Questionnaire	39	39	100%
Interviews	5	5	100%
Total	44	44	100

Source: Primary data (2021)

Table 4.2: Demographic characteristics

VARIABLE		FREQUENCY	PERCENTAGE
Gender	Female	26	60.0
	Male	18	40.0
Age	Below 20	0	-
	+20 – 30	21	45.0
	+30 – 40	12	30.0
	+40 – 50	11	25.0
	+50	-	-
Education	Grade 12	0	-
	Certificate	4	10.0
	Diploma	7	15.0
	Bachelor’s degree	22	50.0
	Post graduate	11	25.0
Work experience	1-5 years		-
	6-10	7	15.0
	11-15	26	60.0
	More than 15 years	11	25.0
Current position in the organisation	Management	5	11
	Non-managerial staff	38	88

Source: Primary Data (2021)

The participants were categorised according to gender so as to get views from both genders, which helps to eliminate biased responses from one gender (Burns *et al.*, 2014). The gender consideration was essential because perceptions of respondents can be influenced by gender (Heinbuch, 2013).

The sample had 60% females and 40% males. With regards to age distribution, majority of respondents, that is 45% were aged 20-30 years. This was followed by the 31-40 years age category which made up of 25% of the sample. In terms of academic qualifications, the distribution of the respondents was as follows:

The majority of respondents (50%) had bachelor's degrees as their highest qualification. This was followed by those with a post-graduate qualification and this composed of 25% of the sample, those with diplomas made up 15% of sample and respondents with college certificates made up 10%. There were no respondents with grade 12 as their highest qualifications. This shows most employees at the IRD had tertiary qualifications and therefore were expected to give valid answers in the study.

In terms of the work experience of respondents, the results show that majority (60%) of respondents in the sample had 11-15 years' experience at the IRD. Those with 6-10 years work experience made up 15% of the sample and those with more than 15 years work experience made up 25% of the sample. These results show that most respondents had at least more than 5 years of work experience and hence were expected to know much about the issues of tax under discussion because of exposure to them over many years of experience.

4.3 EXAMINING STRATEGY IMPLEMENTATION FACTORS

The first objective of the study was to establish the circumvent factors that inhibited the collection of tax. To establish these factors the study distributed

questionnaires to 39 revenue employees and 6 managers at the Khomas region of the IRD in Windhoek. The results are shown in table 4.3 below.

Table 4.3: Factors inhibiting tax collection

Lack of capacity			
	N	Mean	Std. Deviation
Tax office employees do not have enough ICT	39	2.43	.995
Insufficient staff by inland department	39	2.00	1.254
Tax office does not keep enough records	39	4.37	.844
Tax office employees not trained	39	3.27	.979
Poor tax enforcements by revenue authorities	39	3.33	1.460
Capacity of revenue authorities	39	3.08	1.1064
Exemptions			
Tax exemptions for multinational companies	39	4.37	1.051
Tax exemptions for Charity organisations	39	2.17	1.047
Tax exemptions for local companies in certain industries	39	2.14	.829
Exemptions	39	2.89	0.765
Avoidance and evasion			
Tax evasion and avoidance by individuals	39	2.71	1.167
Tax evasion and avoidance by multinational corporations	39	2.49	.955
Tax evasion and avoidance by local companies	39	4.16	1.144
Tax avoidance and evasion	39	3.12	2.5034
Corruption			
Tax authorities accepting bribe	39	2.71	1.167
Smuggling of goods	39	2.49	.955
Undervaluation of taxes	39	4.16	1.144
Under declaration of income	39	2.83	1.322
Fraudulent accounting by organisations	39	3.43	1.180
Charging for services which are free	39	3.12	.37135
Corruption	39	2.551	1.023
Compliance			
Negative attitudes towards taxes	39	3.21	1.389
Low compliance costs	39	4.26	1.447
Lack of understanding of tax laws by people	39	2.10	.953
Lack of knowledge of the importance of tax	39	2.71	1.167
Compliance	39	3.0708	.51258

Table 4.4 Summary of factors inhibiting effective tax collection

Descriptive statistics			
Capacity of revenue authority	39	3.08	1.1064
Exemptions	39	2.89	0.765
Tax avoidance and evasion	39	3.12	2.5034
Corruption	39	2.551	1.023
Compliance	39	3.0708	.51258
Valid list wise	39		

4.3.1 Tax avoidance and evasion

Table 4.3 above shows that the most prominent factor was tax evasion and avoidance which had a mean value of 3.12 showing that most respondents in agreed that this factor gave challenges to a moderate extent but, not to a large extent. Most respondents agreed that Tax avoidance was practiced mainly by local companies as shown by a mean value of 4.12. The table above shows that Multinational companies were seen as evading and avoiding tax to a minor extent (mean values of less than 3.00).

During interview at least 95% of managers were of the view that it was mostly local companies that evaded and avoided tax while 5% said it was Multinationals. Those who identified local companies specifically mentioned SMEs without proper registration. When asked to explain whether Multinational corporations evaded tax, at least 60% of managers in the interview sample said only to a minor extent while 40% seemed to give the idea that it was possible but not always. This shows that (most respondents) both management and employees agreed that local small companies in the SME sector were the ones mostly responsible for evading and avoiding tax and this caused problems in collecting taxes.

4.3.2 Lack of capacity by revenue authorities

The second most prominent variable was lack of capacity by revenue authority which had overall mean of 3.08. This variable was also seen as causing challenges to a moderate extent (mean 3.08). The mean values table (table 4.3) show that most respondents in the employee sample, employees agreed that the revenue authorities did not keep enough records for follow ups (this factor had mean value 4.37) showing that most respondents in the employee sample actually strongly agreed that the agent did not keep enough records. The results also show that most respondents in the employee sample agreed that the agent did not train their employees (3.33) and that there was poor enforcement of tax laws (3.27). These factors had above average mean, showing that respondents agreed with these assertions. However, most respondents disagreed that they did not have enough ICT equipment or short staffed (2.00) or that the authority had insufficient staff (2.43).

These results above were also confirmed through interviews done with management. 100% of Managers who were interviewed agreed that the Tax authority was poorly capacitated. All managers explained that tax authorities did not keep enough records for all taxpayers, particularly the SMEs because these were difficult to follow up considering their large number. Respondents in the management sample were of the view that the agent did not have enough employees to track the growing number of SMEs and that equipment was also in shortage to do such work. Managers explained that ICT infrastructure that was in shortage included robust information systems for tracking small organisations and computers equipment for IRD in semi-rural set ups and however management explained that this only applied to SMEs

as the agent had all records of formal companies. However, more than 80% of managers denied that employees were ill trained. Management explained that employees were regularly trained. 20% of managers agreed that some employees lacked experience and needed training. This slightly contrasts with results in the demographic table which show that most employees had more than 5 years' experience.

4.3.3 Compliance

The results in table (4.3) also showed that compliance moderately contributed to ineffective collection of taxes. This overall mean variable had mean value of 3.08 and standard deviation of 0.5 showing that responses were homogenous. Table 4.3 it shown that most respondents strongly agreed that compliance cost were low (mean 4.26) and that society had negative attitudes towards payment of tax which had mean value of 3.25. However, respondents disagreed that there was lack of understanding of tax by people or that people did not have knowledge of taxes (these factors had mean values below 2.10 and 2.71 respectively) showing that most responses were in the disagree range.

Though most respondents in the employee sample felt that compliance moderately inhibited collection of taxes, respondents in the management sample felt that this factor was a hindrance to a very greater extent. 90% of respondents interviewed noted that compliance was low because cost of compliance was low. 10% said that cost of compliance was high. 90% of management who were interviewed felt that people in society did not comply because they felt that government was not using the taxes well. One manager

explained that 'taxpayers are of the view that taxes collected are used to enrich politicians'.

4.3.4 Corruption and exemptions

Two variables tax exemptions and corruption had mean values of 2.89 and 2.5 respectively showing that respondents felt that these factors inhibited collection of taxes to a low extent to moderate extent. During interviews it was established that 100% of respondents felt that exemptions were necessary and that these did not inhibit tax collection nor cause problems in tax collections. One respondent said, 'that *multinationals who were exempted brought far more revenue through other means than what can be collected through taxes*'.

In relation to corruption it was clear that the low mean value of 2.55 was a sign that revenue officials in the employees' sample sought to deny the existence of corruption at the revenue authority. This was also disconfirmed during the interviews because 100% of respondents in the interview sample management felt that corruption was rampant among revenue officials. Corruption activities mentioned included bribe, charging for services that are free and smuggling of goods.

4.4 EFFECTS OF THE STRATEGY IMPLEMENTATION FACTORS

The effect of the strategy implementation factors on collection of taxes was assessed through correlation analysis. However, performance of the IRD was assessed first so as to know how the IRD was performing. Respondents were asked to indicate performance of the IRD for four years under review. The scale used to measure performance was 1.00-1.99 =very poor performance;

2.00-2.99= poor performance; 3.00-3.99 =average performance; 4.00-4.99 = good performance and lastly 5.00 very good performance. The data is indicated in the table below:

Table 4.5: IRD revenue performance

Performance years	N	Mean (μ)	SD (σ)
2017	39	3.26	0.70
2018	39	2.09	1.09
2019	39	3.03	0.87
2020	39	2.97	0.84
average performance	44	2.83	0.875

The performance of the IRD was shown to be moderate as shown by a mean value of 2.83 which is lightly above 2.5. The highest performance was in 2017 which had 3.26 overall mean value which was followed by 2019 which had mean value of 3.03. 2018 the had a mean value of 2.09 while 2020 had at 2.97. After the performance of the revenue department business was established the researcher went on to establish the effect of strategy implementation factors on revenue collection at the IRD. Correlation analysis was used to measure the relationship between factors. The results are shown in table 4.6 below.

Table 4.6 Correlations

		Perfo rman ce	Exem ptions	Tax evasion and avoidance	Corru ption	Capacity of IRD	Compl iance
Performance	Pearson Correlation	1	- .290**	-.432**	-.232**	.290**	0.398* *
	Sig. (2- tailed)		.000	.000	.000	.000	0.000
	N	39	39	39	39	39	39

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

* . Correlation is significant at the 0.05 level (2-tailed).

The correlations tables above show that there are significant correlations between strategy implementation factors and revenue collection IRD. The P values of 0.000 which are less than 0.05 result in significant correlations. The nature of the correlations is analyzed below:

The relationship between tax exemptions and collection revenue collection had a significant value of 0.000 and a correlation value of -0.290. The relationship was inverse and weak. Thus, when exemptions increased there was decrease in collection of revenue. This is evidenced by the negative Pearson correlation value of -0.290. However, the correlation is weak because the Pearson correlation value is less below 50%. This correlation shows that collections decrease by 29% if exemptions increased.

However, during interviews, it was noticed that management seemed to imply that there were not much funds lost through exemptions because management exemptions resulted in more money coming through as more investors who were attracted to tax exemptions. This was in contrast to the belief by employees that exemptions resulted in loss of revenue. This shows that some respondents felt that tax exemptions were positive while others believed it was negative.

The relationship between tax evasion and revenue collection is inverse. Meaning as one increased, another decreased. This is shown by a negative Pearson correlation value of -0.432. Thus, an increase in tax evasions and avoidance will lead to a decrease in revenue collection by 43%. During the interviews with management, it was established that management felt the IRD

lost at least 34% of revenue from tax evasion and this loss resulted in the agency failing to expand its capacity to grow and capture more data.

The correlation between corruption and revenue collection was inverse. The significant value was 0.000 while the Pearson correlation value of -0.482 which was moderate. Hence when corruption increased this would lead to decrease in revenue collection 48%. Management confirmed this in the interviews because activities such as payment of bribe, charging for free services and smuggling of goods resulted in some funds meant for state for private use by some revenue officials. Management explained to the researcher that corruption was really significant because most employees lived lives beyond their means, showing that they were fleecing the agency. However, results from the questionnaires as explained in previous section showed that corruption did exist but it was moderate.

The relationship between capacity of tax authorities and revenue collection is negative. The correlation value is -0.290 which means that when capacity decreases, the collection of revenue decreased by 29%.

During interviews the researcher established that the complement of staff at the Thomas region of the IRD was under capacitated by 5% and that some of the new employees had not been trained in doing assessments and this resulted in them making mistakes such as compilation of reports for the IRD. One of the managers in the interviews noted that untrained staff '*costed the IRD a lot because they made several mistakes and that these mistakes were often costly to reverse*'. From the interviews done with managers, it was clear that shortages in labour slowed down work of tracking taxpayers.

The relationship between compliance and tax collection was 0.398 meaning that increase in compliance led lead to increase in tax revenue by 39%. During interviews Thus when there more people beg people begin to comply in paying tax, there will be increase in tax collected.

4.5 WAYS OF AVOIDING STRATEGY IMPLEMENTATION FACTORS

The last question was an open question to all respondents, respondents were asked to suggest ways of avoiding strategy implementation factors that inhibit effective collection of revenue. This question was mostly answered by 50% of respondents because it was an open question. Some respondents preferred to leave the question unanswered. This response had mostly qualitative answers and therefore no statistical analysis was done. The writer identified major themes and minor themes and categorised them and discussed as below for easy interpretation.

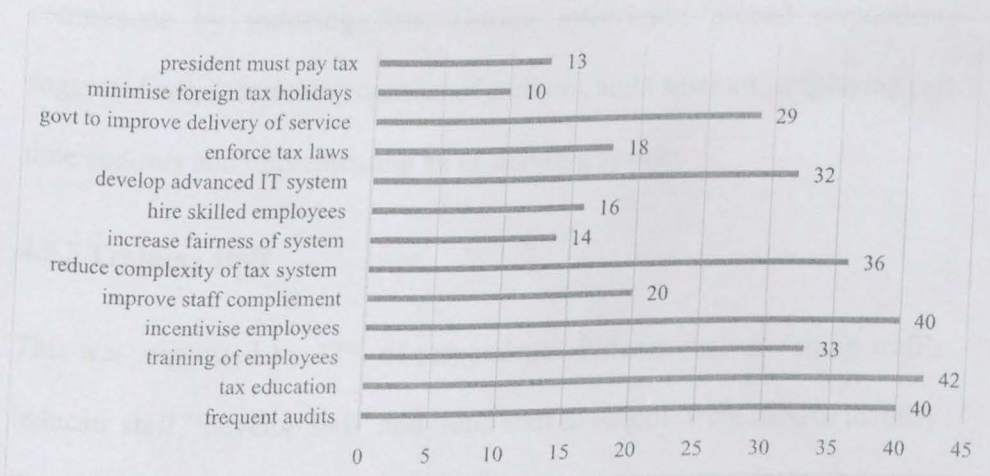


Figure 4.1: Solutions to overcome circumvent strategy implementation factors

Source: primary data

4.5.1 Tax education

42% of respondents suggested tax education to general populace. The researcher identified phrases such as 'increase knowledge about taxes, 'teach people on taxes', 'give information about taxes.' Such answers were identified as being under same themes and hence overall 42% of respondents suggested this solution. During interviews moreover, 100% of respondents suggested this solution. When asked to suggest how taxpayers should be taught, 100% of respondents in the interviews suggested using monthly magazines and designing a new curriculum in school for teaching people when still young.

4.5.2 Frequent audits

Audits were suggested by 40% of respondents in the study as a solution to deal with circumvents factors that reduced effectiveness of tax. During interviews respondents explained that audits education would increase compliance by inducing fear. During interviews, probed respondents suggested ways increasing number of auditors, audit sessions, employing part time auditors and implementing an IT auditing system.

4.5.3 Training staff

This was suggested by 33% of respondents. Phrases such as 'equip staff', 'educate staff,' 'develop staff' and 'send staff to school' were used to identify this theme among the solutions. During interviews, more than 90% managers seemed to downplay this solution because they felt that employees already had enough training and thus among managers response was very low.

4.5.4 Incentivise employees

This was suggested by 40% of respondents in the study. Phrases such as 'give employees 'bonuses, 'increase pay', 'give employees holidays' and 'pay more to employees' were used to identify this theme. In the interview sample, management mostly felt that employees had good salaries and they needed more holidays and non-financial benefits.

4.5.5 Build IT systems to flag suspicious taxpayers

This solution was suggested by 32 % of respondents. During interviews 100% of respondents suggested that the current ICT solutions were moderately working and needed improvement. Management in the interviews suggested modernizing equipment to improve detecting non-tax payers.

Other themes identified were minor and identified by less than 30%% of respondents. These included enforcing tax laws (18%) increase fairness of systems (14%) president must also pay tax (13%) improve service delivery (29%).

4.6 DISCUSSIONS

4.6.1 Circumvent factors inhibiting collection of taxes

The study established the circumvent factors that inhibited the collection of tax. The most prominent factors identified were tax evasion and avoidance, lack of capacity by revenue authority and compliance which had moderate to high effect on tax collections. However other variables like Corruption, exemptions and tax evasion were seen as having lower than moderate effect.

These findings are supported by several findings. Abiola and Asiwah (2012)

in Nigeria also found out in their study that the tax administration office efficiency in Nigeria prevented effective collection of tax. The same study concurred with the current study in that it also identified tax evasion as a strong factor which prevented effective collection of taxes. However, their sample was bigger with more than 100 tax employees. The current study also echoes the results in a study by Wanjiru (2014) in Kenya that revealed that the ability of tax office, information technology systems affected tax collections. In that study, it was also shown that those Human Resources played a significant role in the procedure of Income Collection.

However, the results in this study diverge from past empirical findings in that they reveal that corruption and exemptions had moderate to low effect on collection of taxes. Other studies in East and North Africa have contrasting results, for example Folayan and Adeniyi (2018); Kipilimba (2018); Shenkute (2018) Ataro, *et al.*, (2016) show that exemptions and corruption were major factors in society that hindered tax collection and resulted in ineffective revenue collection. These studies show that corruption is most high in Sub-Saharan Africa Revenue agencies and that politicians get involved in corruption by receiving bribes from Multinational organisations. Shenkute (2018) shows that politicians give exemptions but not in a fair manner. Most exemptions are given to multinational organisations that sometimes pay bribes. However, in this study, managers downplayed the effect of exemptions but agreed that employees engaged in corruption.

4.6.2 Impact of circumvent factors on performance of the revenue authority

The study showed that circumvent strategy implementation factors had a statistically significant effect on collection of revenue. The relationship between the tax capacity of the revenue authority, exemptions, tax avoidance exemptions and corruption had a significant effect on collection of taxes. This was also established in a study by Engida and Baisa (2014) in Ethiopia. His study showed that lack of capacity by tax authorities, tax exemptions, corruption had a statistically significant effect on assessment, collection and auditing by tax authorities.

More than 80% of his respondents agreed. However, in his study, it must be noticed that views of management and employees sometimes differed. For example, managers believed that corruption of tax authorities was very high while employees said it was moderate. However, during interviews, it was noticed that management seemed to imply that there were not much funds lost through exemptions because management exemptions resulted in more money coming through as more investors who were attracted to tax exemptions. This was in contrast to the belief by employees that exemptions resulted in loss of revenue.

4.6.3 Ways of avoiding strategy implementation factors that inhibits effective collection of taxes by the Inland Revenue Department

The last question was an open question to all respondents, respondents were asked to suggest ways of avoiding strategy implementation factors that inhibit effective collection of revenue. The major themes identified were tax education, frequent audits, training staff, incentivize employees and building IT systems to flag suspicious taxpayers. These strategies were also identified by several scholars in the past, for example Dormehl (2012) and Muli (2016)

identify increase of tax authority capacity as the major solution to counter factors that inhibit tax collection in developing countries. This shows that writers agree that tax authorities in Africa are under capacitated. Bird and Zolt (2014) also suggests that tax authorities need training because revenue collection faces a problem of incompetent tax supervision.

The suggestion of improving ICT identified in this study also aligns with suggestion given by Das-Gupta (2006) who noted that believe that improvement of ICT tools and information systems can help to improve tax collections and prevent circumvention. Das-Gupta (2006) says that computerized systems minimize errors, standardize operational procedures and reduce costs. Furthermore, computerized tax system reduces operational costs of expenditure revenue collections.

A past study by Pereira, Hoekstra, & Queijo (2013) agrees that tax education is valuable. They note that communication and tax education programs promote and increase the benefits of paying taxes, educating taxpayers about how to comply and the risk increasing the number of noncompliance.

4.7 CHAPTER SUMMARY

This chapter presented the research findings and discussed them. It was shown that lack of capacity by revenue authority, corruption, tax evasion and avoidance and exemptions had a statistically significant effect on collection of tax revenue. The next chapter concludes the study.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents a summary of the key findings presented in the previous chapter, conclusions based on the findings and recommendations on the key problem areas that need attention and improvement. The purpose of this study was to investigate circumvent strategy implementation factors inhibiting effective tax collection. This was to be achieved by addressing the following objectives:

1. To identify strategy implementation factors that inhibit the effective collection of taxes by the Inland Revenue Department.
2. To assess the impact of the strategy implementation factors on the effective collection of taxes by the Inland Revenue Department.
3. To establish ways of avoiding strategy implementation factors that inhibit effective collection of taxes by the Inland Revenue Department.
4. To recommend best practices from the international and regional levels on how to avoid strategy implementation factors that inhibit effective collection of taxes by the IRD.

5.2 SUMMARY OF THE STUDY

In chapter one, the motivation for the study was presented and culminated in the problem statement. The primary objectives were presented as being to circumvent strategy implementation factors inhibiting effective tax

collection. This was followed by the conceptual framework which underpinned the study. Then the overview of the research method outlined the research design, data collection process, population and data analysis. The possible contribution of the study and chapter layout was then presented. To address the literature of the objectives on circumvent strategy implementation factors inhibiting effective tax collection were reviewed in chapter two. It was done to ascertain the perspectives and findings of other researchers on the circumvent strategy implementation factors inhibiting effective tax collection by revenue authorities.

Chapter three presented a detailed discussion of the research methodology. In this regard, the research components typical of a mixed study were explicated and included in the study. The research methods section comprising, research design, target population, sample, research instruments, procedures, data analysis and research ethics. Chapter four provided the data analysis and interpretation of the empirical data and the discussions of findings regarding the circumvent strategy implementation factors inhibiting effective tax collection. Chapter five presents a summary of the outcome of the whole study and presents conclusions on the findings as well as recommendations.

5.3. FINDINGS

5.3.1 Circumvent strategy implementation factors that inhibit the effective collection of taxes

The first objective of the study was to establish the circumvent factors that inhibited the collection of tax. The study established that factors that inhibited effective tax collection were tax avoidance and evasion, lack of capacity by revenue authorities, poor compliance and corruption and exemptions. The

study showed that the most prominent factor was tax evasion and avoidance which had a mean value of 3.12 showing that most respondents in agreed that this factor gave above challenge to tax authorities. The second most prominent variable was lack of capacity by revenue authority which had overall mean of 3.08. This variable was also seen as causing challenges to a moderate extent (mean 3.08). Compliance also moderately contributed to ineffective collection of taxes. This factor had an overall mean variable had mean value of 3.08. Corruption and exemptions had mean values of 2.89 and 2.5 respectively showing that respondents felt that these factors inhibited collection of taxes to a low extent and moderate extent.

5.3.2 The effect of the strategy implementation factors on revenue collection

The effect of the strategy implementation factors on collection of taxes was assessed through correlation analysis. The study concluded that there were significant correlations between strategy implementation factors and revenue collection IRD. The relationship between tax exemptions and collection revenue collection had a correlation value of -0.290. The relationship was inverse. Thus, when exemptions increased there was decrease in collection of revenue. The relationship between tax evasion and revenue collection is inverse. Meaning as one increased, another decreased. the Pearson correlation value of -0.432. Thus, an increase in tax evasions and avoidance led to a decrease in revenue collection by 43%. The correlation between corruption and revenue collection was inverse. The Pearson correlation value of -0.482 which was moderate. Hence when corruption increased this would

lead to decrease in revenue collection 48%. The relationship between capacity of tax authorities and revenue collection was negative. The correlation value is -0.290 meant that when capacity decreases, the collection of revenue decreased by 29%.

5.3.3 Ways of avoiding strategy implementation factors that inhibits effective collection of taxes

Respondents were asked to suggest ways of avoiding strategy implementation factors that inhibit effective collection of revenue. The major solutions identified were tax education, frequent audits, training staff, incentivize employees and building IT systems to flag suspicious taxpayers. These strategies were also identified by several scholars in the past, for example Dormehl (2012) and Muli (2016) identify increase of tax authority capacity as the major solution to counter factors that inhibit tax collection in developing countries.

5.4 POLICY IMPLICATIONS OF THE STUDY

Based on the data findings and conclusions made, the researcher found the following implications of the study to the Namibian Government (MoF).

5.4.1 Invest in IRD infrastructure and Resources

The MoF should invest funds into boosting the tax revenue department, the department needs more employees, computer systems and more branches that will be responsible for tax administration. Boosting of the IRD will enable

the department to keep an updated system that will quickly identify tax evasion and avoidance.

5.4.2 Prioritise Tax Education

The MoF should prioritise tax education for the informal sector because literature review shows that sometimes tax evasion and avoidance is triggered by lack of knowledge on the importance of taxes by the society. Businesses and individuals should engage MoF to ensure that their tax returns are filled on time and also enquiring for help from tax authorities where they are finding difficulties in calculating taxes.

5.4.3 Simplify Tax Return computation

The MoF should simplify the computation of tax return processes and submissions so that compliance would increase among tax payers. Past Studies (Gamble 2011; Obwona & Muwange, 2012) show that tax evasion and avoidance often increase when taxpayers find the tax system complicated and not user friendly. The Integrated Tax Administration System (ITAS) should be user-friendly to enable all taxpayers to be able to file their returns online.

5.4.4 Improve Tax Collection Streams

The Government should reduce the company tax rate and the threshold should be low for more taxpayers to qualify. Encourage companies which are dormant to deregister and make deregistration process easier and faster. When more tax payers qualify, there will be more taxes collected.

5.4.5 Improve Taxpayers Database

The IRD department should improve the database of taxpayers because the background of the study revealed that some taxes in Namibia were left uncollected because of an un-updated database as some taxpayers were unknown and unrecorded. Updating the database can be done continuously and may not have to be a once-off job. When the database is updated, it helps the tax employees to follow up on tax evaders easily. The IRD must categorise the taxpayers as per the compliances, such as high risk and low-risk taxpayers in order to be able to pay more attention to high risks taxpayers.

5.5 RECOMMENDATION FOR FURTHER RESEARCH

Future study should focus on comparing circumvent factors that inhibit tax collection in developed, emerging and developing nations. Three nations can be chosen for comparison. The current study focused on one developing country, Namibia and thus a comparison may help researchers to identify why the factors differ and what has been done by countries in each region to deal with those factors.

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APPENDICES

APPENDIX 1

RESEARCH QUESTIONNAIRE

To whom it may concern

My name is I am **Eila Nghiikimhote Vatileni**, I am a student pursuing my studies in Master of Business Administration with The University of Namibia. I am carrying out research in partial fulfillment of the aforementioned programme. The title of my research is: *an valuation of the circumvent strategy implementation factors inhibiting effective tax collection within the Inland revenue Department (IRD) in the Ministry of Finance in Namibia*. I am asking you to help me by answering this questionnaire. The information you will provide in this questionnaire will be used for academic purposes only and will be treated with strict confidentiality.

Thank you for your cooperation in advance.

INFORMATION FOR RESPONDENTS

Please give answers in the spaces provided and tick (✓) in the box that matches your responses to the questions where applicable.

SECTION A (RESPONDENT PROFILE)

1. Gender of respondents

code	GENDER	
1	FEMALE	
2	MALE	

2. Age of respondents

code	AGE	
1	20-30yrs	
2	31- 40yrs	
3	41-50yrs	
4	51-60yrs	
5	over 60yrs	

3. Educational qualifications of respondents

code	QUALIFICATIONS	
1	Certificate	
2	Diploma	
3	Degree	
4	Masters	
5	Other	

4. Years of experience at the inland revenue

code	Years of experience at the inland revenue	
1	Less than a year	
2	1 -5 years	
3	6-10	
4	11-15	
5	More than 15 years	

5. Position at the inland revenue

	Position in organisation	
1	Manager	
2	Supervisor	
3	Employee	

SECTION B: STRATEGY IMPLEMENTATION FACTORS THAT INHIBIT THE EFFECTIVE COLLECTION OF TAXES BY THE INLAND REVENUE DEPARTMENT;

- a) This section establishes factors strategy implementation factors that inhibit the effective collection of taxes by the Inland Revenue Department. Based on your assessment, please tick (✓) the appropriate Box which indicates the extent to which you agree with following assertions work home practices were implemented by your organisation: where 5 = strongly agree (SA) 4 = agree (A) 3 = Neutral (N) 2 = disagree and 1 = strongly disagree

	Administrative factors	SA	A	N	D	SD
		5	4	3	2	1
Q1	Lack of effective tax enforcement law by the finance ministry					
Q2	Lack of proper information technology equipment by the inland revenue department					
Q3	Complexity of taxing system					
Q4	Lack of knowledge by employees from inland revenue					
Q5	Insufficient number of staff by inland department					
Q6	Unsatisfactory service delivery by government					
Q7	Unethical behaviour by employees from inland revenue					
Q8	Lack of understanding of tax law by people					
Q9	Poor customer service by inland employees					
Q10	Lack of tax knowledge by people					
Q11	Tax exemptions					
Q12	Failing to keep proper records					
Q13	Political interference					
Q14	Fraudulent accounting used in the country					

B) Rate the extent are the following corruption practices are practiced by some tax officers at the inland revenue department, Where 5 = very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Little extent and 1 = Very little extent

	Corruption practices	5	4	3	2	1
Q15	Accepting bribe					
Q16	Smuggling of goods					
Q17	Undervaluation of taxes					
Q18	Under declaration of income					
Q19	Deliberately losing files					
Q20	Charging for services which are free					










B. List any other factors

1.
2.
3.
4.
5.
6.
7.
8.
9.

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