Factors Influencing Usage of Self-tax Assessment System for Voluntary Tax Compliance in Moshi District - Kilimanjaro, Tanzania

Desmound Cyprian Mgombezi, Nyanjige Mbembela Mayala, Hezron Onyancha
Mwenge Catholic University (MWECAU), Department of Economics and Business
Studies, P.O.BOX 1226, Moshi – Tanzania
Corresponding Emails: dmgombezi@gmail.com

Abstract
The current study was on factors influencing the usage of the Self-tax Assessment System (SAS) for voluntary tax compliance in Moshi District, Tanzania. The study used a concurrent research design with a mixed research approach. The population of the study was 1, 347 registered taxpayers under SAS. Validity of the instrument was ensured through discussion by specialists in the field of study while reliability was done through an Alpha Coefficient test. Data were collected using a questionnaire from a sample of 281 randomly selected respondents using both online and physical responses where a copy of a questionnaire was sent to tax-payers who were willing to respond online while for those who were to be visited, self administration was done. An Exploratory Factor Analysis (EFA) was used to determine the significant factors influencing the usage of SAS in two ways. First, the Factors Mean of EVSCALE were determined. It was considered that factors with a mean score greater than 2.5 were rated higher by the respondents to influence their usage of SAS. Second, EFA was run to determine significance of factors with eigenvalues where 8 factors were found to have eigenvalue greater than 1 (significant). In this study, the Technology Acceptance Model is proved on the usage of SAS while also the Economic Theory of Tax compliance is also proved by taxpayers acknowledging that they are penalised on failure to comply. It is concluded that taxpayers understand what supports them in the usage of SAS. It is recommended that more measurement scale items may be tested to explain the key factors further. The managerial implications is that, usage of SAS is determined by a number of factors which the tax revenue authority needs to understand while administering the usage of SAS.

Keywords: Self-tax Assessment, Voluntary Tax Compliance, Tanzania

1.0 Introduction

As it is used in this study and probably other studies, voluntary tax compliance is the willingness of the taxpayers' to adapt to the relevant tax system in order to pay their taxes without any execution by tax authority (Masunga et al, 2020; Kijaji, 2020; Masawa, 2018). The fundamental actions in the compliance of taxpayers are needed to meet the basic statutory requirements of the tax procedure in the public sector. This comprises the preparation of tax returns by the individual taxpayers and firms. The taxpayers are anticipated to appropriately document their income and compute their tax liabilities and forward their tax returns (Masawa, 2018).

This concept is said to be self-assessment; it is one of the methods employed by tax authority to measure secure voluntary tax compliance (Kijaji, 2020). The system serves as an encouragement to taxpayers' voluntary compliance due to the freedom accorded to them to complete, make payments and file their tax returns. Furthermore, the administration appears to be simpler in the formal sector than in the informal. The reason may be that, the process of improving taxpayers compliance involves the government to extend voluntary tax compliance in the informal sector through programmes designed to contribute significantly to the growth of the economy, and these can be done through mutual trust between taxpayers and tax authority (Masunga et al., 2020).

It is evidenced from the literature of taxation that, self-assessment system (SAS) has been widely practised around the globe (Maunga et al., 2020). Under this system, one issue that has been highlighted is the non-compliance behaviour (Kijaji, 2020; Masawa, 2018). This unresolved issue could be probably due to the feature of SAS itself; that is the shift of responsibilities to compute tax payable from the tax authorities to taxpayers. In order to discharge these responsibilities, taxpayers are expected to be well-versed with the existing tax laws and provisions. This is especially crucial as they are answerable to the tax authorities in the case of a tax audit. It is also true that, there had been a struggle between governments and the taxpayers in both advanced and developing economies alike, on the issue of cultivating voluntary compliance of taxpayers' service delivery (Eliamini, 2018; Kira, 2017). In order to achieve voluntary compliance among taxpayers in different countries across the world certain tools are employed, this ranges from taxpayers education, increased interaction with taxpayers, and collaboration with civil society, academia and other stakeholders in the tax system as well as the use of the mass media to promote a deeper awareness of tax culture amongst operations in the informal sector, as well as internet registration and e-filings of tax returns.

The existing arguments confirmed that taxpayer's compliance is determined by the government fiscal policy, tax enforcement systems, perceptions of taxpayers, fairness of the tax system, online tax filings and the services provided by the government in return (Oronde, 2017; Olowookere & Fasina, 2013). There is an argument that educated taxpayers may be aware of non-compliance opportunities, but they are potentially having better understanding of the tax system and their higher level of moral development promotes a favourable taxpayer's attitude and compliance (Tan et al., 2021; Prihandono & Dewi, 2020; Chan et al., 2000). Higher education levels are more likely to have a higher level of moral development and higher level attitudes toward tax compliance and thus improve voluntary tax compliance (Padija et. al, 2020; Cimera et al, 2018).

Voluntary tax compliance is a system that relies on individual citizens, especially the traders, to report their income freely and voluntarily, calculate their tax liability correctly, and file a tax return on time (Tan et al., 2021). The Tanzanian tax system operates in a self-tax assessment system or assessment done by Tanzania revenue authority tax officers. Self-tax assessment system is the one whereby taxpayers determine their own tax and pay voluntarily whatever is due monthly, quarterly and yearly depending on the type of tax one is supposed to pay. Through a self-assessmentThrough a self-assessment system, the government avoids the cost, which could be incurred in determining each individual's tax liability and cost of collecting it (Masunga et al., 2020).

The systems of assessment through tax officers, TRA officers provide assistance to the taxpayers in determining tax obligation. This group of taxpayers involves those clients who can't keep records and those who don't have professionals who can assist them in assessing their tax liabilities. Business owners operate on a small scale. This group of tax customers is called presumptive. However, there are a number of factors that, dirtiness tax compliances. In other words, there is not only one factor but insteadan interplay of factors for each individual to voluntarily comply with tax payment. However, for the purpose of this study only two factors are identified as follows:

Firstly, filing a tax return is the process which involves taxpayers' declaration of all his properties to the tax regulatory authority so that the institute can work out the exact amount of tax that the taxpayer is required to pay. This is done once a year in the first quarter. According to (Masunga et al., 2020), the measure of filing compliance or filing rate, is the ratio of the number of required returns actually filed to the total number required to be filed. Reporting non-compliance can occur by either under-reporting income or overstating offsets to income (i.e exemptions, adjustments, deductions and other credits such as refunds). The Income Tax Act of Tanzania requires every taxpayer to file tax returns at the end of each month, quarterly returns at the end of each quarter and annual returns once each year depending on the accounting period. Failure to pay tax, failure to report tax returns, underestimating of income for tax purpose, failure to keep documents as per TRA tax laws and submission of false statements to TRA attracts penalties and interests (Tanzania Revenue Authority, 2018). The second factor is that, the Income Tax Act of Tanzania; provide an option to taxpayers to pay provisional tax up to four equal instalments per year. However, TRA records showthat there is still a large potential number of taxpayers who do not comply with tax laws in terms of corporate tax, individual income tax and withholding taxes (Tanzania Revenue Authority, 2018). This indicates that there is a high level of non-compliance of taxpayers.

Electronic tax filing system (e-filing) is not an old phenomenon in the Tanzania taxation system; it was first introduced in VAT in 2012. Tanzania's tax laws such as the Value Added Tax - VAT Act (1997) and the Income Tax Act (2004) require every taxable person to lodge with the Commissioner a tax return in a form prescribed by the Commissioner. The tax returns can be submitted manually or electronically. The use of electronic filing was only a requirement for VAT registered taxpayers and voluntary for other categories of taxpayers. But later it was made mandatory to taxpayers who are supposed to keep audited books of accounts with the aim of improving revenue collection and tax compliance among this group of taxpayers (TRA, 2018).

Thus, e-filing of tax returns can enhance benefits that are not possible through manual filing of the tax returns (Husain, 2020; Kimathi et al, 2019; Nisha et al, 2018). Furthermore, the adoption of the Self-tax Assessment System (SAS) can make the taxpayers take the responsibilities with regards to their compliance obligations (Hossaini et al, 2019; Sondakh, 2017). Compliance responsibilities for taxpayers comprises obligation to report, calculate as well as pay their taxes according to tax laws. These can result in benefits comprising the element of convenience to the taxpayers, reduced costs on the revenue authority, and quality data on tax returns due to elimination of data entry errors associated with manual filing (Noor & Jeyapalan, 2013; Ondara et al., 2016).

2. Statement of the Problem

It has been noted that, the poor nature and untimely payment of taxes is a result of lack of accessibility to information technology which is supposed to ease the e-registration process, e-filing and tax returns as well as tax compliance (Hossaini et al., 2019). For example, currently it is said that, some taxpayers do not have tax identification number which should have made them have easy access to e-filing, thereby improving self-tax assessment system (Hossain et al., 2019).due to these issues and complications mentioned, self-tax assessment may sound as a good measure by the government through the authority to improve the level of tax compliance. This study is directed at assessing the role of self-tax assessment on tax voluntary compliance among taxpayers in Moshi District, Tanzania.

The process of fixing diverse factors to influence taxpayers' voluntary compliance demands a lot of commitment of responsibility from the tax administrators and relevant tax authorities in specific countries (Hossaini et al., 2019). The challenges of embarking e-filing and tax returns, self-assessment system requires knowledge through education of the taxpayers. The problem experienced by tax authorities is the execution of relevant tax policies that could improve the compliance behaviour of the taxpayers (Ayanilo, 2015). Under this system, the taxpayer is obligated to make payments towards tax due; lodge returns on or before prescribed due dates and furnish proof of payment if need be. Arguments has been on self-assessment influencing factors which refers to the basic principles necessary and made available either directly to the taxpayer or to the environment of operations, which empowers taxpayers to willfully and properly determine tax, make tax payments and lodge returns with the revenue organisation on or before prescribed tax due dates (Medina et al, 2019; Liu, 2018).

Furthermore, tax education influences and promotes the compliance behaviour of the taxpayers to tax laws. Studying tax education as a course can transfer relevant information to both potential and existing taxpayers. Tax education helps to transfer tax knowledge to the citizens through the learning process. It is important to note that a causal relationship between taxpayer education and compliance cannot be overemphasised, as noted above various factors other than awareness and engagement contribute to decisions about tax and noncompliance. Issues have been on the knowledge that taxpayers have on the self-tax assessment system and competences (Madina et al., 2019). Much more complications are in the electronic tax filing or e-filing process where tax documents or tax returns are submitted through the internet, usually without the need to submit any paper return (Madina et al., 2019). The e-filing system encompasses the use of internet technology, the Worldwide Web and Software for a wide range of tax administration and

compliance purposes. The question arises as to if most taxpayers in Tanzania are able to cope with that level of technology for self-tax assessment on top of other administrative requirements.

2.1 Research Objective

The objective of this study is to assess the factors which influence the usage of the self-tax assessment system for voluntary tax compliance in Moshi District, Tanzania.

3. Literature Review
3.1 Theoretical Framework
This paper is informed by the Technology Acceptance Model (TAM) and The Economic Theory of Tax Compliance (ETTC). The theories were used jointly as they supplement each other in the study of the factors influencing self-tax assessment and compliance on tax obligations to taxpayers. TAM was developed by Fred Davis (1985) in his Doctoral thesis at the MIT Sloan School of Management. The theory is built on the assumptions that, a system use is a response that can be explained or predicted by user motivation, which in turn is directly influences by an external stimulus consisting of the actual system's features and capabilities which are stimulus (system features and capabilities), organism (user's motivation to use the system) and response (actual use). Davis (1985), suggested that the users' motivation can be explained by three factors: perceived ease of use, perceived usefulness and attitude towards using the system. He hypothesised that the attitude a user toward a system was a major determinant whether the user will actually use or reject the system. The attitude of the user in turn, was considered to be influenced by two major beliefs: perceived usefulness and perceived ease of use, with perceived ease of use having a direct influence on perceived usefulness. Finally both these beliefs were hypothesised to be directly influenced by the system design characteristics, represented by X_1, X_2 and X_3. During later experimentation stages, Davis (1985) refined his model to include other variables and modify the relationships that he initially formulated. Similarly, other researchers would apply and propose several additions to the TAM, such that over time. TAM evolved into a leading model in explaining and predicting system use. In fact, the literature explains that TAM has become so popular as it has been cited in most of the research that deals with user acceptance of technology (Lee et al., 2003). In this study TAM provides theoretical reflections towards understanding the taxpayers' usage of the self-tax assessment system in Moshi Minicipatory in tax compliance.

The economic theory of tax compliance was asserted by Allingham and Sandmo (1972) and was improved by Srinivasan (1973) which was based on economics of crime models. The theory states that tax defaulters as well as non-compliance should be made to face penalties and sanctions in order to promote future non-compliance. The model postulates that tax compliance is a function of three deterrent unpredictable issues, such as; tax rate, tax audit and probability of detection. The strength of the theory has been on the main issue that tax rate has still remained an important determinant of tax compliance as highlighted by the theory. As much as taxpayers are reminded or compelled to comply, the much tax revenues are collected by the tax authorities which in turn derive the governments' responsibilities of providing social and economic goods and services such as public goods, redistribution of income and wealth, social and economic welfare, and economic stability.

However, compliance behaviour has been criticised by non-inclusion of psychological and sociological factors that have the intrinsic motivation of taxpayers' compliance without enforcement (Alm, 1999; Alm, Jackson & McKee, 1992; Torgler, 2002). In line with the critics of the traditional model of tax compliance, (Yitzhaki, 1974) extended the Allingham and Sandmo model by imposing penalty on the tax understatement, as opposed to income underreporting. Hence, the extension of the traditional model by Yitzhaki (1974) did not make the model so robust in explaining why people pay tax even in the absence of penalty and probability of detection (Alm, 1999; Alm, et al., 1992; Slemrod & Sorum, 1985; Torgler, 2002). Further extension of the traditional model was made by Sour (2004) who included individual morality and group conformity.

Nevertheless, the ETTC is used in this study as theory has been on the main issue that tax rate has still remained an important determinant of tax compliance as highlighted by the theory. As much as taxpayers are reminded or compelled to comply, the much tax revenues are collected by the tax authorities which in turn derive the governments' responsibilities of providing social and economic goods and services such as public goods, redistribution of income and wealth, social and economic welfare, and maintaining economic stability.

3.2 Empirical Literature Review

Although electronic tax filing was first coined in United States, where the Internal Revenue Service's (IRS) began offering tax return e-filing for tax refunds only (Yong et al., 2019), this has now grown to the level that currently approximately one out of every five individual taxpayers is now filing electronically (Sugiartini et al., 2020; Natasya et al., 2019). This however, has been as a result of numerous enhancements and features being added to the e-filling systems over the years. Currently, almost all countries of the world embark on an online filing system of tax returns as it eases the registration of taxpayers and grants them identity (Kimea et al., 2019).

Through the literature of taxation and specifically on the e- filing system, there are rich references out of research on factors influencing tax e-filing systems adoption. These factors range from socio-economic and demographic factors to behavioural paradigms. Kimea *et al,* (2019) assessed the role of education on e-filing adoption. The findings of their studies indicated that that learning background has a significant role in influencing the taxpayers' attitude to use e-filing which is facilitated by the self-tax assessment. However, the study found no significant difference between men and women in terms of attitude in using e-filing. Thus, according to Kimea et al, (2019) prior learning does not influence attitude towards self-tax assessment, e-filing and hence tax compliance

Likewise, Masunga *et al,* (2020) reported tax impartiality as one of the factors that affect attitude towards online filing of tax. The influence of behavioural aspects (perceived usefulness, social norm, perceived risk, and perceived ease of use) on intention to use electronic tax systems have been widely studied (for example Chindengwike, 2020; Chindengwike and Kira, 2021; Mlay *et al.,* Orbert *et al.,* 2020). These studies have used either singly or a combination of models such as TAM and Theory of planned Behaviour (TPB). Generally, these studies are in agreement in their findings that behavioural paradigms as proposed by these models play an important role in taxpayers' intention to adopt electronic tax filing.

Furthermore, Fjeldstad (2020) found that perceived risk has been reported to have negative effect on the intentions i.e perceived risk is reflected as a key component in realising public trust of using e-filing. Therefore, while adopting new technologies, governments should contemplate risks of security, information confidentiality, integrity and availability. Effort expectancy is positively related to intention to use efiling system (Kimea et al., 2019). Since some categories of taxpayers can voluntarily file their tax returns electronically if a system is useful and easy to use. Thus, Kimea et al, (2020) suggested that the government through the tax authority should increase efforts to promote the usefulness and user-friendliness of the e-filing system. Same findings was obtained by Shirima (2021) who observed the effects of perceived ease of use, subjective norms and self-efficacy on behavioural intention are different for manual and electronic tax-filers given this current study. Since electronic tax filers may have different perceptions, it introduces potential endogeneity.

A study by Mascagni *et al,* (2021) on determinants of voluntary tax compliance behaviour in the self-tax assessment system in Ethiopia found that a taxpayer's voluntary compliance with the tax system is influenced by economical, institutional, social, individual and demographic variables. The study employed a cross-sectional survey method of research design, using the target population of five cities of Southern Nation, Nationalities and Peoples` Regional State (SNNPRS) in Ethiopia. A sample of 377 Category "A" taxpayers were randomly taken from the selected cities. Both primary and secondary data were collected. In order to analyse and present the results of this study, Pearson correlation matrix and logistic regression model were employed. The study findings revealed that tax knowledge, simplicity of tax returns and administration, perception on fairness and equity, perception on government spending, probability of auditing, and the influence of referral groups were determinant factors that influence voluntary compliance behaviour of taxpayers in SAS.

According to Newman *et al,* (2018), tax compliance may be achieved through application of public relations, taxpayers' education, tax counselling and guidance and tax examination. The purpose of public relations should be building a tax conscious environment not only for taxpayers but also among the public including dormant taxpayers. This categorization is necessary in order to enhance tax compliance; diffuse public knowledge of taxation; improve mutual understanding and trust between taxpayers and tax authorities; obtaining an understanding and cooperation from mass-media for tax administration (Slemrod, 2019). Tax education on the other hand, is one of the strategies that should be used by the relevant tax authorities to ensure tax compliance.

Likewise, according to Batrancea (2019), the boards of the relevant tax authorities should be aware of the fact that taxpayers cannot comply with the laws unless they know and comprehend what is expected of them. To this end, the tax authorities should provide assistance and publications to help taxpayers to fill their returns. As for counselling, the objective is to assist taxpayers in matters related to tax and encourage the voluntary submission of accurate tax returns and payment of taxes. Generally, tax counselling offices are supposed to provide advice on the interpretation and application of tax laws, procedures for filing returns and applications (Masunga *et al.,* 2020; Sichone, 2017; Slemrod, 2019). Tax Guidance and Examination is included to enhance taxpayers' compliance so that they can voluntarily file tax returns and pay

taxes appropriately. To this end, the tax administration should provide individuals and groups with guidance on how to improve bookkeeping standards and tax returns. However, tax recognition and prizes can be used to achieve taxpayers' compliance (Masunga *et al.,* 2020).

4. Research gap

From the foregoing literature review, it is obvious that voluntary tax compliance has various phases in which it can be explained. The E-filing system is one of them as explained by (Putri and Venusita, 2018). Administration of SAS requires that, e-filings and tax returns as well as self-assessment systems are important variables that can affect the compliance behaviour of the taxpayers (Ayanilo, 2015). Tax compliance is made possible by the motivation of individual taxpayers to comply with tax authorities by fulfilling their tax obligation (Masunga, 2021; Niway and Wondwossen, 2017). The technical compliance describes complying with technical requirements of the tax laws by the taxpayers and in this case is on how taxpayers evaluate their tax returns and do the filing online. All these studies were done somewhere else and not in Moshi District, Tanzania. The gap that this study was thought to fill is on assessing the administration factors for self-tax assessment system usage in Moshi District.

5. Methodology

The study was conducted in Moshi District, Tanzania to include the taxpayers registered under self-tax assessment system; and the Tanzania Revenue Authority (TRA) officials in the study area. The reasons behind the choice of the study area is that the District has a good number of respondents anticipated i.e taxpayers that are registered for self-tax assessment (TRA, 2018). Thus, this geographical area is a pivotal point in which the findings can be generalised to the rest of Tanzania districts. A concurrent research design with a mixed research approach was used. This design is useful in understanding inconsistencies between quantitative results and qualitative findings. The approach gives flexibility in data acquiring as it employs several other techniques such as interviewing or observation of the taxpayers actions. The taxpayers' population for Moshi District consists of 1,347 formal sector taxpayers registered under the self-tax assessment system (TRA, 2020). The sample size for the study was 308 respondents determined using Yamani, (1964). Randomness was applied to select the respondents from the different groups of businesses that are registered under SAS. Quantitative data were collected by using a survey approach for both physical and online responses where a copy of a questionnaire was sent to tax-payers who were willing to respond online. While those taxpayers who were to be visited, the researcher and enumerators had to fill the responses instantly. Out of the two categories, a total of 281 (91.23%) copies of the questionnaire were able to be filled. This response rate was good enough for the study to proceed. The study also used 8 Key Informant Interviews (KII) which was done to TRA officials to collect qualitative data to complement the survey data.

In analysing the factors influencing usage of SAS, the study first identified the underlying key factors from EVSCALE by calculating the eigenvalues from the exploratory factor analysis (EFA). It should be remembered that principal component analysis (PCA) is normally the popular method to establish or find the key factors of influence to a certain phenomenon. However, the weakness of PCA is that it does not find a difference between the common variance and distinctive variance (Costello & Osborne, 2005). As an alternative way, EFA is

prefered than the PCA as the former categorises the common or latent variables that consider the shared difference (variances) discarding the uncorrelated variance that produces better latent variables with integrity (Maskey & Nguyen, 2018). As for the qualitative data obtained through KII, data were analysed using content analysis where themes were established.

6. Findings and Discussion
6.1 Factors Influencing the Usage of Self-tax Assessment System (SAS)

In analysing the factors that influence the usage of SAS, a five point likert scale was used with 1 = Strongly Agree, 2 = Agree, 3 Neutral, 4 = Disagree and 5- Strongly Disagree to calculate the means of EVSCALE to ascertain the level of influence.

Table 1: Factors Mean of EVSCALE

S/N	Influencing Factors (EVSCALE Items)	Means	Status
1	Easy to be assessed	2.65	Agree
2	I know that every business operator has an obligation to fill a tax return form and calculate his/her own liability	1.78	Disagree
3	SAS is easy to use	3.17	Agree
4	Support from the TRA officials on self-tax assessment is always available	2.73	Agree
5	Using SAS is costly for the business	1.81	Disagree
6	I do not know how SAS works	2.26	Disagree
7	I like SAS as it is convenient to use	2.91	Agree
8	TRA officials educate taxpayers on the benefits of using online system of tax payments	3.52	Agree
9	Taxpayers are not aware of SAS	2.99	Agree
10	My tax bracket does not need the use of self-tax assessment	2.52	Agree
11	The technology used is complicated	1.59	Disagree
12	I have ever filed the tax declaration form by myself	2.22	Disagree
13	I have faced liability from authority because of my failure to fill the tax return form	3.25	Agree
	Overall	2.71	Agree
	Standard Deviation	5.11	

Source: Field data, (2022)

Generally, Table 1 indicated that, out of 13 factors tested, eight (8) of them had a mean score of more than 2.5 and above showing that, most of the influencing factors for self-tax assessment were rated high by respondents with an overall mean score of 2.71. Furthermore, the standard deviation of the factors indicated a high value of 5.11 showing that data were more spread out than being centred at the mean.

The three (3) mostly higher rated factors were TRA officials educating taxpayers on the benefits of using an online system of tax payments with a 3.52 mean. This is a good indication for the tax authority that is educating registered taxpayers on SAS. Education on use of the system gives taxpayers confidence to use but also to make reliable tax assessment which in turn eases the work of the tax authority as taxpayers would have complied both in filing their tax returns online

using SAS but also correctly self-tax assessed for their businesses.For instance, Slemrod (2019) stated that countries that followed the self-assessment system were more tax compliant, and the self-assessment system upgraded compliance obligation among the taxpayers. In South Africa, tax return submission increased remarkably after introducing the self-assessment. The finding by Slemrod, (2019) is inline with the findings of the current study which has demonstrated the same direction of result. Thus, compliance to self- tax assessment is a function of tax education and of the SAS.

Likewise, the second highly rated factor was facing liability from the tax authority due to failure of filling the tax return form with a mean score of 3.25 followed by support from the TRA officials on self-tax assessment being always available with a mean score of 3.17. The tax authority imposing penalties on non- compliance to filing tax forms keeps pressure on the taxpayers which in turn directs them to compliance. The findings of this study is supported by that ofBatrancea (2019) who found that the boards of the relevant tax authorities should be aware of the fact that taxpayers cannot comply with the laws unless they know and comprehend what is expected of them. Those who intentionally do not comply while they really know what they are supposed to do should be compelled to comply through application of the laws and penalties. Furthermore, support from the TRA officials was scored a higher mean to indicate that taxpayers in the study area particularly those using SAS are easily supported whenever they have a problem with the system usage. This is because without morality, it is difficult for a person to be income tax compliant even though having tax education under the self-tax assessment system. While affluent respondents are more likely compliant, it is uncertain whether they are more compliant due to frequent surveillance or not. However, moral obligation cannot drive people to compliance when they have a lower income level from their businesses of which they are supposed to pay tax.

6.2 Factors of EVSCALE

For the factor to be significant, it should have an eigenvalue greater than 1 (Watkins, 2018).

Table 4.3: Factors and Eigenvalues

Factors	Eigenvalue	Difference	Proportions	Cumulative
Factor 1 (Education)	**2.9912**	0.9931	0.2610	0.2610
Factor 2 (Liability from TRA)	**1.9981**	0.0258	0.1321	0.3931
Factor 3 (Easiness of use on SAS)	**1.9723**	0.1599	0.1142	0.5073
Factor 4 (Non-awareness on SAS)	**1.8124**	0.1001	0.0867	0.5940
Factor 5 (Support from TRA officials)	**1.7123**	0.0091	0.0863	0.6803
Factor 6 (Convenience)	**1.7032**	0.0041	0.0759	0.7562
Factor 7 (Do not understand the tax bracket)	**1.6991**	0.1119	0.0743	0.8305

Factor 8 (Benefits)	**1.5872**	0.6149	0.0731	0.9036
Factor 9	0.9723	0.2991	0.0533	0.9569
Factor 10	0.6732	0.0184	0.0323	0.9892
Factor 11	0.6548	0.0614	0.0092	0.9984
Factor 12	0.5934	0.2309	0.0009	0.9993
Factor 13	0.3625		0.0007	1.0000

Source: Field Data (2022)

Based on the analysis done, eight out the thirteen factors had eigenvalues greater than 1 which mean they were significant factors influencing the usage of the self-tax assessment which is explained by 62 % of the total variance in terms of 13 items as indicated in Table 2. Running the EFA with their eigenvalues was just enough proof of the significant factors affecting self-tax assessment and hence tax compliance for taxpayers in the study area (Watkins, 2018). For that case, the mean values of the factors as indicated in Table1 were verified with the exploratory factor analysis in Table 2 from the first significant to the eighth significant factor as indicated in Table 2.

From the table of the EVSCALE means, for a factor to be significant, its eigenvalue should be greater than 1. The first factor having the highest mean score which is on TRA officials educate taxpayers on the benefits of using online system of tax payments came out to be a significant factor which indicated that the factors was strong enough to influence SAS among registered taxpayers as the eigenvalue was 2.9912 and being the highest among the eight factors tested. The implication of the findings is that taxpayers are in agreement that TRA officials have been training them on the usage of SAS. As a result, having the knowledge on the application of SAS, taxpayers comply with e-filing returns. According to Wadesango et al, (2018) put forward that, in tax compliance especially with the small and medium enterprises through the self-assessment system, among others the issues and challenges was found to be education to taxpayers on the use of the system. In this study, it was acknowledged that having a treated and control group in the analysis indicated that those who have gone through several training sessions on SAS were comfortable with the usage of the system compared to their counterparts who did not go through the SAS training usage. Same findings was obtained by Yahaya et al, (2018) on the influence of corporate taxpayers' knowledge on tax compliance behaviour under self-assessment system in Nigeria to education on the usage of SAS. The findings was also supported by one of the key informants who said that:

> *'There is always a good response to the taxpayers under this category whenever we train them on a specific area of SAS. As a result we have observed a high rate of compliance'. (Interview conducted on 5th June, 2022; 10.25 - 10: 50hrs)*

The second factor with the highest ranked factor was on the faced liability from authority because of failure to fill the tax return form with 1.9981 eigenvalue. Respondents acknowledged that the tax authority penalised them for failure to comply with SAS usage. The findings imply

that this is one of the strongest factors that force taxpayers in this category to comply. Failure to comply results in penalty consequences. As explained in the literature, the tax authority sometimes enforces the law to make taxpayers comply (Kasum et al., 2019; Wadesango et al., 2018). The findings of this study are in agreement with other studies as indicated that taxpayers sometimes comply due to the fear they have if they are found not to comply.the findings was also supported by one of the key informant who said that:

> *'Taxpayers who default to assess themselves properly or fail to file online of which they are required to do, legislative measures are taken against them including penalties'.(Interview conducted on 7th June, 2022; 11.00 - 11:30hrs).*

Likewise, the third factor according to the respondents opinion is on the easiness of use of SAS with 1.9723 eigenvalue. The eigenvalue being greater than one is an indication that this factor is strong enough to influence taxpayers on the usage of SAS and hence compliance on tax payments. The other factor in the fourth position was taxpayers are not aware of the SAS with 1.8124 eigenvalue. The eigenvalue being greater than 1 indicated a strong influence for taxpayers on the usage of SAS and compliance on tax payment. The findings imply that, when taxpayers are not aware of the system, obviously they will not use it and so they will not comply accordingly. The findings resemble that of Asrinanda (2018) and that of Ghani et al, (2020) who found that there is a significant effect of tax knowledge, compliance costs, complexity and morale towards tax compliance among self-employed people on the self-tax assessment system usage in Malaysia. Findings indicated that those who were aware of how the system works and if they are included in that tax bracket mattered a lot on their tax compliance through the system usage.

Furthermore, Support from the TRA officials on self-tax assessment is always available, Easy to be assessed. My tax bracket does not need the use of self-tax assessment and not knowing how SAS works were the fifth to eighth significant factors as indicated by their eigenvalues being greater than 1. i.e the implication of the findings from the factors assessed indicate that these factors significantly influence taxpayers on the use of SAS and ultimately tax compliance. The findings are in agreement with that of Asrinanda (2018) that small taxpayers need assistance from the tax authority officials for them to understand what they are supposed to be doing with the system, to accurately assess themselves and file their returns online. Likewise, some of the small taxpayers may even not understand from which tax brackets they fall until and when some awareness campaigns are done to make them knowledgeable that they are registered under the self-tax assessment category. Furthermore, the knowledge on how to use the system requires the taxpayers to be trained to give them competence on the use of the system and hence what is expected of them.

7. Conclusion and Recommendations

The study has used the mean of EVSCALE to estimate significant factors influencing usage of SAS in the study area in two ways. Eight factors were found significant through their Mean EVSCALE and the eigenvalue of the exploratory factor analysis has indicated again that eight factors out of the thirteen tested had an eigenvalue greater than 1 (significant). From the findings of the study, it is concluded that taxpayers understand what supports them in the usage of the

system. Likewise, the study recommends that more measurement scale items be tested to explain the key factors reliably in some other studies.

References

Adhiambo, O. J. (2019). Factors affecting tax compliance among small scale traders in Nakuru town, Kenya. Post graduate thesis.

Airawaty, D., & Widarjo, W. (2021). Tax E-Filing And Tax Compliance In Ten Years: A Bibliography Approach. Jurnal Riset Akuntansi Mercu Buana, 7(1), 36-57.

Al-Shammari, S. A. N., Ahmed, W. Y., & Al-Anbagi, A. T. (2021). Challenges of applying Value Added Tax to diversify the revenues of the State Treasury in Iraq _ Proposed mechanism. PalArch's Journal of Archaeology of Egypt/Egyptology, 18(4), 3610-3621.

Asrinanda, Y. D. (2018). The effect of tax knowledge, self assessment system, and tax awareness on taxpayer compliance. International Journal of Academic Research in Business and Social Sciences, 8(10), 539-550.

Asrinanda, Y. D. (2018). The effect of tax knowledge, self assessment system, and tax awareness on taxpayer compliance. International Journal of Academic Research in Business and Social Sciences, 8(10), 539-550.

Assfaw, A. M., & Sebhat, W. (2019). Analysis of tax compliance and its determinants: evidence from Kaffa, bench Maji and Sheka zones category B tax payers, SNNPR, Ethiopia.

Ayanilo, S. D. (2015). The compliance level of small and medium scale enterprise in Nigeria. Brain Star ACADA Benin City.

Badara, A. (2014). Analisis wacana: Teori, metode, dan penerapannya pada wacana media. Prenada Media.

Barnham, C. (2015). Quantitative and Qualitative Research: Perceptual Foundations. International Journal of Market Research, 57(6), 837-854.

Bătrâncea, L. M., Nichita, R. A., Bătrâncea, I., & Moldovan, B. A. (2012). Tax compliance models: From economic to behavioral approaches. Transylvanian Review of Administrative Sciences, 8(36), 13-26.

Batrancea, L., Nichita, A., Olsen, J., Kogler, C., Kirchler, E., Hoelzl, E., ... & Zukauskas, S. (2019). Trust and power as determinants of tax compliance across 44 nations. Journal of Economic Psychology, 74, 102191.

Budidharma, I. G. M. P., Ramantha, I. W., & Ratnadi, N. M. D. (2021). Determination of Tax Payers Behavior on Tax Reporting with E-Filing System.

Carlson, B. (2018). Taxpayers for Public Education v. Douglas County School District: The School Choice Movement Soldiers on. U. Colo. L. Rev., 89, 1273.

Chindengwike, J. D. (2020). FACTORS INFLUENCING TAXPAYERS'VOLUNTARY COMPLIANCE IN TANZANIA: A CASE OF DODOMA REGION (Doctoral dissertation, The University of Dodoma).

Chindengwike, J., & Kira, A. R. (2021). The Relationship between Tax Transparency, Trust and Taxpayers' Voluntary Compliance in Tanzania. Trust and Taxpayers' Voluntary Compliance in Tanzania (December 27, 2021).

Cimera, R. E., Thoma, C. A., Whittenburg, H. N., & Ruhl, A. N. (2018). Is getting a postsecondary education a good investment for supported employees with intellectual disability and taxpayers?. Inclusion, 6(2), 97-109.

Creswell, J. W. (2008). Planning, Conducting, and Evaluating Quantitative and Qualitative Research - 4th Edition. Boston: Pearson Education.

Davis, F. D. (1985). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology‖, MIS Quarterly (13)3: 319–342

Davis, S. S., Hunneyball, I. M., Illum, L., Ratcliffe, J. H., Smith, A., & Wilson, C. G. (1985). Recent advances in the use of microspheres for targeted therapy. Drugs under experimental and clinical research, 11(9), 633-640.

Eliamini, P. (2018). Factors Influencing Tax Compliance Attitude in Small and Medium Enterprises (SMES) in Tanzania: A case of Dodoma Municipality (Doctoral dissertation, Mzumbe University).

Fjeldstad, O. H., Kagoma, C., Mdee, E., Sjursen, I. H., & Somville, V. (2020). The customer is king: Evidence on VAT compliance in Tanzania. World Development, 128, 104841.

Gaus, N. (2017). Selecting Research Approaches and Research Designs: A Reflective Essay. Qualitative Research Journal, 17(2), 99-112.

Ghani, H. H. A., Abd Hamid, N., Sanusi, S., & Shamsuddin, R. (2020). The effect of tax knowledge, compliance costs, complexity and morale towards tax compliance among self-employed in Malaysia. Global Business and Management Research, 12(1), 18-32.

Gupta, G., Zaidi, S. Udo, G., & K. Bagchi (2015). The influence of Theory of Planned Behaviour, Technology Acceptance Model, and Information System Success Model on the Acceptance of Electronic Tax Filing System in an Emerging Economy. The International Journal of Digital Accounting Research, 15, 155-185.

Hashim, N. H., Hamid, N. A., Sanusi, S., & Mohammed, N. F. (2022). The impact of e-filing usage on the job performance of tax agents in Malaysia. International Journal of Business and Emerging Markets, 14(1), 63-85.

Hossain, M. I., & Azam, M. S. (2019). Towards e-Governance: An Exploratory Analysis of e-Tax Filing Adoption in Bangladesh. Journal of Business Studies, 12(1), 1-17.

Husain, U. (2020). Importance of Technological Predictors to Develop Continuous Intentions for E-Tax Filing: Mediating-Moderating Role of Behavioral Factors. International Journal of Management (IJM), 11(7), 1289-1303.

Indah, N. P. I. P., & Setiawan, P. E. (2020). The effect of tax awareness, taxation sanctions, and application of e-filing systems in compliance with personal taxpayer obligations. American Journal of Humanities and Social Sciences Research, 4(3), 440-446.

Ismail, I. S., Shaharuddin, S. N. H., Shahroni, N. A. H., Ibrahim, N. M., & Sani, U. R. M. (2021). The Effect of Trust and Ease of Use of E-filling on Tax Compliance in the Era of Big Data Analytics.

Kasum, A. S., Sanni, A. K., & Fagbemi, T. O. (2019). Tax Revenue Generation by Nigerian States-An Empirical Study of Self-Assessment and Tax-Collection Contracting Systems in Kwara State. Global Journal of Accounting, 5(1), 27-36.

Kijaji, L. H. (2020). Factors Influencing Tax Compliance Especially for Small Medium Enterprises (SME's) in Tanzania (Doctoral dissertation, Mzumbe University).

Kimathi, F. A., Zhang, Y., & Hu, L. (2019). Citizens' Acceptance of E-Government Service: Examining E-Tax Filing and Payment System (ETFPS) in Tanzania. African Journal of Library, Archives & Information Science, 29(1), 45-62.

Kimea, A., Chimilila, C., & Sichone, J. (2019). Analysis of taxpayers' intention to use tax e-filing system in Tanzania: controlling for self-selection based endogeneity. African Journal of Economic Review, 7(2), 193-212.

Kira, A. R. (2017). An evaluation of governments' initiatives in enhancing small taxpayers' voluntary tax compliance in developing countries. International Journal of Academic Research in Accounting, Finance and Management Sciences, 7(1), 253-267.

Kishali, Y., Sharma, H., Pandian, J. R., Hellac, F. A., & Accounting, H. (2019). Analysis of turkish individual taxpayers'perceptions based on demographic characteristics for governmental tax planning decisions. Copyright 2019 by Institute for Global Business Research, Nashville, TN, USA, 35.

Kogler, C., Olsen, J., Müller, M., & Kirchler, E. (2020). Information processing in tax decisions: A MouselabWEB study on the Allingham and Sandmo model of income tax evasion.

Kothari, C. (2004). Research Methodology: Methods and Techniques. 2nd Edition. New Delhi: New Age International Publishers.

Lee, Y., Kozar, K. A., & Larsen, K. R. (2003). The technology acceptance model: Past, present, and future. Communications of the Association for information systems, 12(1), 50.

LIU, Z. P. (2018). Research on Indicators of Tax Assessment Based on VAT Invoice. DEStech Transactions on Engineering and Technology Research, (amee).

Magese, E., & Chindengwike, J. (2021). The Perceptions on Usage of Electronic Fiscal Devices among Small Business Owners in Tanzania. International Journal of Multidisciplinary Research and Explorer (IJMRE) October-2021.

Masawa, M. M. (2018). Determinants of Voluntary tax compliance in Tanzania from Taxpayer Perspectives: A Case Study of Small and Medium Enterprises in Dar Es Salaam (Doctoral dissertation).

Maskey, R., Fei, J., & Nguyen, H. O. (2018). Use of exploratory factor analysis in maritime research. *The Asian journal of shipping and logistics*, *34*(2), 91-111.

Wadesango, N., Mutema, A., Mhaka, C., & Wadesango, V. O. (2018). Tax compliance of small and medium enterprises through the self-assessment system: issues and challenges. Academy of Accounting and Financial Studies Journal, 22(3), 1-15.

Watkins, M. W. (2018). Exploratory factor analysis: A guide to best practice. *Journal of Black Psychology*, *44*(3), 219-246.

Yahaya, L., Abba, M., & Suleiman, N. (2018). Influence of corporate tax payers' knowledge on tax compliance behaviour under self-assessment system in Nigeria. International Journal of Management, Accounting and Economics, 5(5), 342-352.