

**IMPROVING TAX REVENUE IN THE INFORMAL SECTOR  
(AN EVIDENCE OF INTERNAL REVENUE SERVICE ASOKWA DISTRICT)**

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**A PROJECT WORK PRESENTED TO THE DEPARTMENT OF BUSINESS  
ADMINISTRATION IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE AWARD OF A BACHELOR OF BUSINESS ADMINISTRATION (BACHELOR OF  
BUSINESS ACCOUNTING OPTION)**

**JUNE, 2012**



## **ABSTRACT**

Government of both developed and developing nations all over the world, in this 21<sup>st</sup> century attempts to widen the scope, modify or restructure and introduce new tax system in order to raise enough revenue for the purpose of raising the image, attainment of higher living standard and reduce excessive inequalities of wealth of the people in their prospective countries of which Ghana is no exception.

In order to be able to properly collect taxes from the citizens and residents of Ghana, the government must educate the masses about the need for the taxes. The average person must be made to understand that the government cannot develop the country and undertake all the projects the citizens' demand without money. For example, Ghanaians complain that the roads are bad, the schools, hospitals, and market places are also in bad condition, inadequate teachers, etc. These services and infrastructure improvements, etc could not be undertaken without money in the form of taxes from the individuals. We cannot expect only the civil servants and a few others in the country to pay taxes. Many self employed people in Ghana pay little or no taxes. Yet, they all demand services, one way or the other from the government.

As a result, this study is aimed at finding measures to improve tax revenue in the informal sector.

The research will also bring to bear the factors that has accounted for poor tax collection in the informal sector and also taxpayer's opinion of the tax system.

A sample of twenty seven individuals comprising seven tax officials and twenty taxpayers from the informal sector was used to carry out the study.

The instruments used for the collection of data were questionnaires and interviews guide and the data were analysed using Microsoft Excel.

Among the information gathered from taxpayers and tax officials, it came to light that tax education of taxpayers in the informal sector appears inadequate. Tax officials could not perform their duties effectively and efficiently due to inadequate logistics.

For a speedy development of any nation, the informal sector can never be left out. Mechanisms must be in place to make the informal sector very effective and efficient.

## **DEDICATION**

This piece of academic work is dedicated to the almighty God for his guidance and protection throughout the undertaken of this project work.

It is also dedicated to our loved ones especially to our parents, spouses and Children for their moral, prayers and financial support.

Our lecturers and all those who contributed in one way or the other to make this work a success.

## **ACKNOWLEDGEMENT**

The greatest appreciation goes to our heavenly Father for giving us wisdom, knowledge and understanding and who has successfully seen us through to the completion of this course.

We express our profound thanks to all those who in many ways contributed in making this report a reality, especially Ama B. Abban of St. Martin's Catholic Hospital- Agroyesum

Another appreciation goes to Mr. Stephen B. Alewaba for his time and supervision.

Our final appreciation goes to all Internal Revenue Service staffs within Kumasi metropolis, especially the Asokwa District Office.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 BACKGROUND TO THE STUDY**

Every tax system is geared at raising or improving the much needed revenue for good governance. To achieve this, the system should be such as to promote good relations and understanding between the tax payer and the tax administration as well as ensure efficiency in the system.

There is a setback in the tax system, such as tax evasion, tax avoidance and administration, if not rectified. It shall gradually get worse. Looking at developing countries like Ghana, they depend much on foreign grants or aids, for that matter they cannot develop its developmental projects. Every government needs revenue to run its country and provide basic amenities, infrastructure which are needed for economic growth and development.

One of the sources of government revenue that provide such revenue is taxes. Every citizen is obliged to register with revenue agencies and pay their portion of taxes. Largely informal sector businesses its tax payers are difficult-to-tax group. Given their sheer size can be said to be woefully inadequate and participants either intentionally evade tax payment or are not captured by the Domestic Tax Revenue Divisions.

Due to challenges associated with this kind of arrangement. This was as a result of the introduction of the tax stamp collected from small scale self employed persons in the informal sector which consists of the artisans, chop bar operators, dressmakers, shop keepers, etc. The circumstances in Kumasi is more alarming the reason being that the self employed

dominate taxpaying population, contribute small percentage of the revenue yield from direct taxation.

However, the Domestic Tax Revenue Division is embarking hearty tax consciousness operation designed mainly for the informal sector as a way of increasing the tax base in the country. Because of that, the researchers wants to research into how the government can improve tax Revenue Division Asokwa District in Kumasi as an evidence andsome portion of informal sector in Kumasi metropolis.

### **1.1 STATEMENT OF THE PROBLEM**

Among the major problem confronting the governments of the third world in their forward march to the socio-economic development is how to manage the phenomenon of the fledging informal economy and maximization of income tax from that sector. This assertion was recognized by “Anuradha and Ayee” (2001), when they state that how to tax the informal sector remains a pressing question. The taxation of the informal sectors by the Domestic Tax Revenue Division is ineffective due to lack of taxpayers attitudes towards their national obligations as well as proper book keepings of their business as to enable them prepare their financial statement at end of tax year for their assessment.

It is difficult to identify taxpayers in the informal sector, as a result of improper data and inadequate staff. Consequently, there is not enough information about how the income tax system adversely affects the creation and growth of the informal sector.

## **1.2 OBJECTIVES OF THE STUDY**

From the above problems statement discussed, this study research into improving tax revenue in the informal sector of Kumasi Metropolis and to achieve this purpose the following research objectives have been outline.

1. To analyse the opinion of taxpayers of the income tax system.
2. To identify the factors which have accounted for poor tax collection in the informal sector.
3. To recommend appropriate measures on how to improve tax revenue in the informal sector.

## **1.3 Research Question**

To facilitate arrival at sound findings to achieve the objectives set out above the researchers, asked the following questions:

1. What are taxpayer's opinions of the tax system?
2. What factors accounted for poor tax collection in the informal sector.
3. What appropriate measures can be initiated to improve tax revenue in the informal sector?

## **1.4 SIGNIFICANCE OF THE STUDY.**

The relevance of this study is self-evident as it is aimed at addressing the critical issues of the revenue in the informal sector. The following are the significance of the study;

This Study could serve as a basis for future and further research and study in the area by other students and researches.

This study will add to existing knowledge and literature on the subject of the taxation of the informal sector.

This study will be useful source of reference to IRS, ministry of finance and government especially in decision making.

### **1.5 LIMITATION OF THE STUDY**

Preferably, the study should have been extended to cover the entire Kumasi Metropolis in order to arrive at a valid and more reliable outcome. However the limitations of time on the part of the researchers and the informal sector, tax officials, logistics and Finance would not allow the researchers to undertake such a broad study. Thus limited resources on part of the researchers may limit the number of the questionnaires to be distributed and the number of interviews to be conducted. The results of their research might also be influenced by the willingness of some of the respondents to provide some vital information for the study.

### **1.6 ORGANIZATION OF THE STUDY**

This study had been structured to follow the sequence of five (5) broad chapters. Each chapter is divided into different sections and sub-sections.

Chapter one highlights Background to the study, statement of the problem, objectives of the study, Research questions, limitations of the study, significance of the study.

Chapter two takes up the review of the related literature in relation to the field of study. Methodology is given in Chapter three and this comprises Research design, method of data collection, population under study, the sampling design or technique, procedure of data collection, data presentation and analysis.

Chapter four focuses on the presentation and analysis of data collected from the field and in depth analysis of the data.

Chapter five which is the last chapter of the study presents the findings, conclusions, recommendations and suggestions for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

A developing country like Ghana can never develop without an adequate tax base to fund its developmental projects. To successfully accomplish this study there was the need to review relevant literature that relates to this study.

#### **2.1 HISTORY OF TAXATION IN GHANA**

Earliest forms of taxation were started by the romans. They levied taxes on the occupied territories and this was one of the reasons why their rule was unpopular. It will be recalled that during the time of Jesus, people like Zaccheus and Matthew were tax collectors for the Romans. Later in life when Jesus was asked whether it was lawful to pay tax to Caesar his reply was “Render unto Caesar the things that are Caesar’s”. This confirms the existence of taxation in those days.

However, modern form of taxation dates back to 1799 when William Pitt then Prime Minister of Britain introduced income tax to help finance the war with Napoleon Bonaparte of France. Hence William Pitt is often referred to as the Father of Income Tax.

In Ghana, taxation started in the form of customs duty in 1850. It was levied on imported goods at the rate of ( $\frac{1}{2}$ ) half per cent ad valorem. This was administered by a principal collector stationed at Cape Coast castle. In 1852 poll tax was introduced in Ghana, then Gold Coast. This was one shilling per head for every man, woman or child living within the British protected areas. By 1854 the people had grown hostile to the system and refused to pay.

Demonstrations and riots ensued which led to series of confrontations with the British authorities. Accordingly, the system was discontinued. In September 1931, Governor Sir Ransford Slater attempted to introduce income tax but had to back out due to stiff opposition he encountered from members of the Legislature Assembly. Instead he imposed a tax on cocoa exports which yielded sufficient revenue.

However, by 1943 as a result of the Second World War demand for cocoa declined. Government had no other alternative than to introduce income tax in the Gold Coast in 1943. This was during the era of sir Allan Burns.

From the above narration, it is evident that taxes have been used primarily as a source of revenue for Governments all over the world. The revenue is used to help Governments in the administration of areas under their jurisdiction (ICAG – TAXATION – Study Text).

As things stand now the Domestic Tax Revenue Division formerly Internal Revue Service in Ashanti Region has one Regional Office, eight district offices, two sub offices, one collection point. This is to ensure quick and effective service delivery with minimal inconvenience to the tax payer.

## **2.2 THE MEANING AND IMPORTANCE OF TAXATION**

Taxation has been defined in various ways by tax experts, economists and scholars. Below are some of the terms and definitions:

Taxation is often defined as the levying of compulsory contributions by public authorities having tax jurisdiction, to defray the cost of their activities (Ali – Nakyea, A. 2006).

Taxation is the demand by the central government or local government for a compulsory payment of money by citizens of a country other than as a payment for some specific service or as a penalty for some specific offence (Agyeman, E.D. 2005).

Taxation is the process whereby a state or a government obtains contribution for the maintenance of state machinery. (PRINCE N. B. MENWO, AGOR SERIES).

Taxation is a means by which government's finance their expenditure by imposing charges on citizens and corporate entities.

A tax may be defined as a "pecuniary burden laid upon individuals or property owners to support the Government, a payment exacted by legislative authority (en.Wikipedia.org).

In Ghana a tax is a compulsory levy on the individuals, imposed by an enactment of the parliament of Ghana. There are two types of taxes namely Direct and Indirect Taxes. The direct tax is intended to be paid by the person or organization on whom or which it is actually levied, the impact and incidence being on the same person or organization, eg. Income tax, capital gains tax, gift tax.(Ali – Nakyea, A. 2006).

Indirect taxes are taxes on spending. They are charged when a taxpayer buys an item and are paid to the vendor as part of the purchase price of the item. It is then the vendor's duty to pass the tax on the tax authorities eg. VAT (Alan, M. 2005).

Tax revenue is used to raise revenue to defray the cost or services provided by the state and help government to provide certain services such as reduce inequalities arising from the distribution of wealth, restrain certain types of consumption, protect indigenous industries and control certain aspects of the country's economy ( Ali –Nakyea, A. 2006).



## **2.3 TAX STAMP**

This is a tax collected from small-scale self-employed persons in the informal sector on quarterly basis. Under the Tax Stamp system, business operators in the informal sector are grouped according to business type eg. Dressmakers, Susu Collectors, Chop Bar Owners, Butchers etc. The business types are further grouped by class (size to arrive at equitable rates to be paid according to both type and size.

## **2.4 STRUCTURE AND TAX SYSTEM**

The structure and tax system of taxation refers to the means through which taxpayers are made to pay proportion of their income as tax. Basically, tax structure may be classified based on the percentage or proportion of income paid as tax, the following are the various forms or methods of taxation that can be employed for the imposition of tax, they are as follows:

- Progressive tax system
- Regressive tax system
- Proportional tax system

### **2.4.1 Progressive tax system**

Is a popular form of state taxation that levies higher tax rates against wealthier individuals. Thus under this system of tax, the higher one's income the higher the tax. The lower or decrease in one's income the lower the tax. This system observes equity.

### **2.4.2 Regressive tax system**

It is a system of taxation where proportionately higher tax is paid by the lower income group and proportionately lower tax is payable by the higher income group. This system is not very equitable.

### **2.4.3 Proportional tax system**

Under this system the same proportion of tax is paid irrespective of the level of income of the person. This system is used to assess the income of companies in Ghana other than individuals or employees.

## **2.5 ATTRIBUTES OF A GOOD TAX SYSTEM**

Adams Smith, British economists provided four qualities of a good tax system which are still applicable today. These are Equity, Certainty, Convenience and Economy. (Ali-Nakyea, A. 2006)

### **2.5.1 Equity**

According to Adam Smith equity means that there should be fairness in the amount of tax paid. The good tax should be fair to the people who required to pay it. Therefore amount of tax paid should be proportionate to the income available to the taxpayer.

### **2.5.2 Certainty**

People should be able to determine their true tax liability with fair degree of accuracy. Tax laws must be available to the citizens so that they know their right and obligation as regards taxation. Taxpayers should therefore be clear in their minds as to how much tax is to be paid at any point in time.

### **2.5.3 Convenience**

Tax should be convenience for the government to administer and for the people to pay. The location of tax office must be at the convenience of the taxpayer. In the same way the forms to be completed must be simple for the taxpayer. Similarly, the necessary facilities must be put in place to assist the tax administrator in performing his/her duties.

### **2.5.4 Economy**

The economy quality has to do with the cost of collecting the taxes. The administrative cost of collecting and enforcing the tax should be reasonable in comparison with the total revenue generated by tax.

## **2.6 THE INFORMAL SECTOR IN GHANA**

The informal sector is a broad term that refers to that part of an economy that is not taxed, monitored by any form of government or included in any gross national product.

The origin of the informal sector in Ghana's economy can be traced back to the very beginning of colonial capitalism in the then Gold Coast.

The informal sector has received increasing attention in the development discourse of Ghana since the middle of the 1980s and the beginning of the 1990s. The informal sector can be grouped into rural and urban.

Informal sector in Ghana as elsewhere in Africa is remarkable for its heterogeneity and variety. Studies on the urban informal sector in Ghana reveal a wide range of operations in the urban informal sector that can be grouped under (i) construction, (ii) manufacturing and (ii) services.

**(i) Construction:**

Construction workers – masons, carpenters, steel benders, house-wiring electricians and small- plumbers who are mostly male, aged between twenty and forty and are mostly school drop-outs. Electricians often have some basic training, while all the other groups go through years of apprenticeship.

**(ii) Manufacturing:**

In this sub-sector of the informal sector, the predominant activities cover food processing, textiles and garments, wood processing and metal works. Women dominate food processing while men constitute a clear majority in metal works and wood processing. Apprenticeship is the most common form of skill acquisition and employment in urban informal units.

**(iii) Services:**

Domestic workers, who are also predominantly women;

Garages – auto mechanics, sprayers, welders, auto electricians, vulcanizers, many of whom received some basic formal education alongside many drop-outs, and acquired their skills through years of apprenticeship.

Health and sanitation workers – chemical sellers, drugstore operators, funeral undertakers, night soil carriers, refuse collectors, herbal healers, attendants in private maternity homes, and traditional birth attendants.

Urban food traders and processors include food sellers in the market, itinerant wholesalers and retailers, bakers, caterers and cooked-food sellers. These workers are mostly women

predominantly illiterate or semi illiterate. They acquire their knowledge and skills largely from family. They are also low income earners and have no social security protection.

Hairdressers and barbers, private security men who are aged workers with very low educational standards, ill-equipped, lack job security and opportunities for career advancement, and without any social security protection.

Repairers of watches, refrigerators equipment, radios, mechanical or electrical/electronic equipment, mostly young male workers under forty five and have either received some basic education or are drop-outs but among whom are to be found skilled workers whose skills are largely acquired through years of apprenticeship. In general it can be said that labour standards in the informal sector are not in conformity with those that apply in the formal sector. Informal sector workers lack social security, economic support and legal protection. There are common needs that are differentiated among various groups of informal sectors, rural and urban.

They are as follows:

Economic needs: training and education for skills development, basic tools business premises, financial credit, marketing opportunities.

Social needs: job security, health care facilities and the promotion of occupational health and safety protective clothing, protection against income losses during sickness, annual leave and maternity rights, minimum wage, general infrastructure and environment sanitation ([www.thestatemanonline.com](http://www.thestatemanonline.com)).

While labour legislation and practice widely provide for the interests of all workers, they nonetheless reveal some limitations with regard to informal sector workers. Labour legislation does not adequately cater for casual labour with respect to written contracts, workers compensation, labour inspection, annual and maternity leaves.

With regard to regulatory institutions, the ineffective functioning where they existed at all, of public employment centres, labour inspectorate and minimum wage – fixing and monitoring machinery have been noted. Similarly, the marked disuse of the wide discretionary powers of the public authorities for labour protection has been cited (Adu Amankwah, 1997).

Under the Internal Revenue Act 2000 (Act 592) – Section II on industry concessions, subject to sub-section (7), the income of a person from farming activities in Ghana is exempt from a tax. The Act grants a lot of concessions to farmers in tree crops, livestock, farming cattle and those income from an agro processing business in Ghana is exempt from tax for a specific period of time.

In spite of the provisions of the law and the relatively large self-employed and informal sector, compliance record remains very poor. Most taxpayers in the informal sector fail to register and fill their returns to IRS.

## **2.7 PROBLEMS OF TAXATION IN THE INFORMAL SECTOR**

Taxing the informal sector in Ghana is a very difficult task indeed. This has been acknowledged by the 2007 Budget Statement.

To enhance revenue collection and bring a fairer distribution of the tax burden which is currently borne by those employed in the formal sector, the budget proposes that during 2007 “the government will develop and implement a system to assess and collect income tax using the value of vehicles registered because a significant – percentage of vehicle registrations are

from informal sector operators most of whom are not taxpayers” (Republic of Ghana 2006: 296).

Some of the problems encountered under taxation in the informal sector are explained below: In the informal sector most self-employed people are indifferent to proper record keeping. However, in tax administration a very important task is the correct determination of the income of the taxpayer so that a meaningful assessment of the tax liability could be made. Without proper record keeping, this cannot be done. The low standard of record keeping is mainly due to illiteracy (Agyemang 1982).

Another problem to be discussed is that most business transactions are done in cash and even some establishments would not accept bank cheques. The transaction of all business in cash is one of the means by which a businessman can conceal taxable profits. By so doing, he is able not only to manipulate his records and turnover figures for tax reduction purposes but he is also to eliminate all third party information – leading to his purchases and sales.

## **2.8 THE CHALLENGES OF THE TAX COLLECTOR IN GHANA**

The principal duty of a government is the role it has to play to bring development to its people. In the quest to achieve this, many governments face challenges; one of which is the challenge of revenue generation and its encumbrances. In developing countries, there are many challenges facing the taxpayer as there are equal challenges facing the tax collector.

The informal sector has been estimated to constitute between thirty percent and sixty percent of the total economy in most developing countries. To ensure maximum revenue collection, therefore tax collectors must be seen to execute their job with creativity and fortitude. But there seems to be an apparent leakage in the tax system with a lot of people finding creative

ways to avoid paying taxes, and deficiency in mapping out strategies to combat tax avoidance practices.

The key issue is how to tax business that operates after close of work and on weekends when tax officials have closed. Statistics show that there are a substantial number of businesses which operate after close of work and on weekends, majority of them involved in the sale of alcoholic beverages or food vendors, taxi drivers etc. There is also the lack of a system to track people who evade taxes including professionals.

The recent 2011 budget read in parliament identified certain antidotes to addressing the non-payment of taxes by professionals. The budget specified that beginning this year the government will focus attention on taxing the self-employed group with special emphasis on professional and will therefore establish a special desk in the Domestic Tax Division of the Ghana Revenue Authority to monitor compliance of professionals to their tax obligations.

The Minister of Finance and Economic Planning, Dr. Kwabena Duffour, stressed that the country has many self-employed professionals such as accountants, engineers among others earning more than average income. However, the contributions to overall income tax revenue of many of these professional educated with taxpayer's money have been very low.

The next level of concern is the tax base. Each district has a wide geographical area to tax – and yet, there is almost nothing to tax. Most of the tax traders are into businesses which are not taxable, or exempted from paying taxes and these engage in small scale businesses that cannot be taxed because the earning that accrue from such businesses are negligible.

Tax officials most often do not have a good rapport with the taxpayers, thus creating conflicts anytime they try to collect taxes.



The apparent lack of education among majority of the populace coupled with the non-accountability with respect to what monies collected are being used for, account for this precarious challenge. In most cases, tax officials have to engage in an exchange of words with tax payers and most often, non-compliant taxpayers end up with their stores locked up by the tax authorities.

Recently, a popular actor in the United States of America, was jailed for failing to pay taxes. One may ask how many Ghanaians have faced the rigours of the law for tax evasion. The lack of punitive measures is making people indifferent to the payment of taxes in Ghana and thus making the government lose revenue.

In addition to this tax officials are confronted with other internal challenges such as lack of logistics to effectively pursue their work and lack of motivation to spur them on to execute this arduous task. There are also cases of political interference when it comes to collecting taxes from a known political figure or his/her cohorts especially at the grassroots level.

It is our hope that the tax system in Ghana will be well appreciated by all in order to achieve maximum revenue generation, tax equity and justice for the development of our motherland.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter is concerned with the methods and techniques through which the study was conducted. This study is organized under the following headings, research design, method of data collection, population, the sampling design or technique, procedure of data collection, data presentation and analysis.

#### **3.1 RESEARCH DESIGN.**

The research design depends mainly on the research purpose. This study is both descriptive and explanatory. Explanatory research seeks an explanation of a situation or problem, usually in the form of casual relationships, whilst descriptive research seeks to describes phenomena as they exist. It is explanatory because it sought to examine the impact of tax payer's perception on tax payer regularity of payment. It is also descriptive since it examined the attitude of the people toward tax collection system.

The research takes introductive approach as it starts by looking at the focus of research and through investigation by various research methods, aims to generate theory from the research. Other than deductive approach which begins by looking at theory, produce, hypothesis from that theory which relate to focus of research and then proceeds to test the theory. This study is basically to identify and examine the factors which has accounted for the ineffectiveness of poor tax collection process in the informal sector using internal revenue service as an evidence. This study is basically a case since it focused on improving tax revenue at Kumasi Metropolis. It usually involves both qualitative and quantitative techniques in gathering and analyzing information.

### **3.2 POPULATION**

The population of the study is made up of staff of Internal Revenue Service and tax payers in the informal sector. In order to get curved accurate information, the research would be conducted using two groups of people thus the tax officials and the tax payers, that is the small scale self employed of the informal sector.

The population size for tax officials and tax payers of the informal sector were fifty.

### **3.3 THE SAMPLING DESIGN OR TECHNIQUE.**

Inadequate time and financial constrains made it impossible to include the entire population. A stratified sampling techniques was used to gather information of people living in the metropolis in order to hear their views about factors which has accounted for the ineffectiveness of poor tax collection process in the informal sector. In all sample size of twenty seven was drawn to represent the whole population of fifty.

Base on this twenty seven (27) people from the two groups were randomly chosen. The first group that is the tax officials includes seven (7) tax officials. The other groups that are tax payers includes twenty people which comprises of artisans, dressmakers, chop bar operators and shop keepers

### **3.4 DATA COLLECTION METHODS**

Primary and secondary source data were used in gathering data for the research. Questionnaires and interviews were the main primary sources of data for this research. Secondary source of data were obtained from newsletters, unpublished research work text books and other relevant source.

### **3.5 INSTRUMENT FOR DATA COLLECTION.**

The instruments for data collection were basically questionnaire and interview as mentioned above. The questionnaire took a form of structured questionnaire which consist of open and closed ended questions.

The interview also took a form of face to face interactions using the approach of semi-structured interviewed involving both tax officials and taxpayers.

### **3.6 PROCEDURE OF DATA COLLECTION.**

The research questionnaires were distributed to the selected sample size of the population and it was answered on individual basic depending on how the questionnaires and interviews were structured and administered.

### **3.7 DATA ANALYSIS.**

The quantitative data analysis technique was employed in the data analyzed into graphs and in a documentation form.

## **CHAPTER FOUR**

### **DATA ANALYSIS**

#### **4.0 INTRODUCTION**

The main topic for the study was how to improve tax revenue in the informal sector. In analyzing the data gathered, it was important to focus on how best the objectives of the study could be clearly brought to the fore. The researchers therefore employed the use of some statistical tools such as frequencies, percentages, tables, pie charts and bar graphs etc and these had the advantage of making the analysis more simple and understandable.

#### **4.1 RESPONSE RATE**

Out of the ten (10) tax officials that were contacted, only seven (7) officials were contacted through structured questionnaire which contained both open and closed-ended questions. The tax officials in fact granted the researchers good reception, providing adequate information useful for the study. The response rate was 70% on part of the tax officials.

With regard to taxpayers in the informal sector twenty five (25) people were selected using stratified sampling technique to solicit the views of cross-section of the population in Kumasi Metropolis. Twenty (20) responses were received out of twenty five (25) questionnaires issued out, representing 80% of the population sampled.

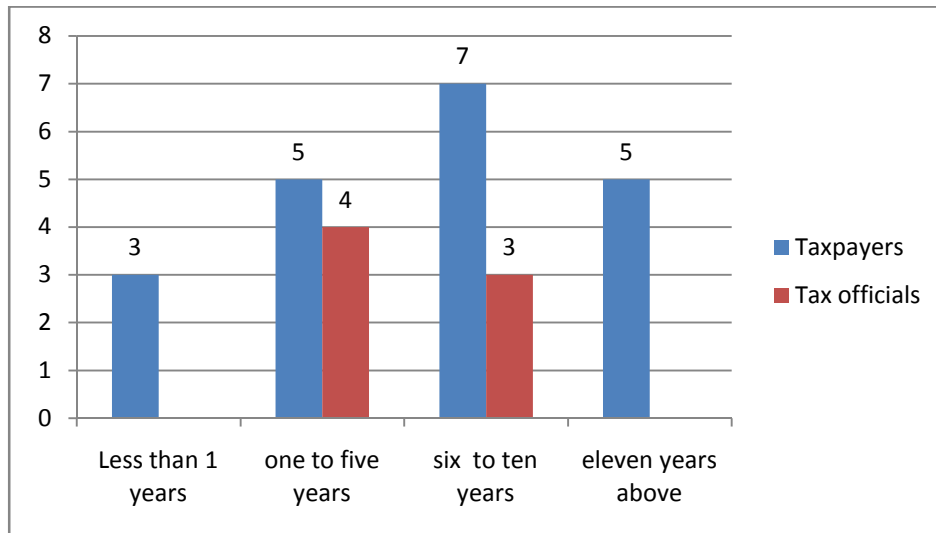
The constraints of time on the part of the researchers, the informal sector (taxpayers) and tax officials, logistics made it difficult for the others to be contacted.

The response to questions by the population (Tax officials and Taxpayers) provided the researchers valuable information with regards to the poor tax collection process, the

relationship between taxpayer opinion of the tax system and measures to be initiated to improve tax revenue in the informal sector were considered for discussion in relation to the research questions

#### 4.2RESPONDENTS BACKGROUND INFORMATION

**Figure 1**



Source: Researcher's Field Survey, 2012

The chart above indicates that 5 Taxpayers have been operating the business between 11- 15 years, between 6- 10 years were seven (7), and a year to five years was five (5) and three (3) below one year. The Tax Officials on the other hand, three (3) respondents had worked for 6 to 10 years and four (4) respondents had worked between one to five (5) years. From Figure 1, since most of the respondents had more than five years of experience regarding tax payment and tax collection, it reflects the usefulness of their responses for reliable analysis and valid conclusions for this study.

**Table 4.1 Rank of Tax Officials**

<b>Responses</b>	<b>Frequency</b>	<b>%</b>
Senior Inspector of Taxes	1	14.29
Assistant Inspector of Taxes	4	57.13
Inspector of Taxes	2	28.58
Principal Inspector of Taxes	0	0
<b>Total</b>	<b>7</b>	<b>100</b>

Source: Researcher's Field Survey, 2012

The table above shows the ranks of the Tax Officials who answered the questionnaires. The largest among the group were the Assistant inspector of taxes (4), followed by Inspector of Taxes (2), senior inspector of taxes (1). It could be deduced from the table that the composition of tax officials for this study was a normal distribution as it has virtually people with all categories of ranks. Most of them were Assistant inspector of taxes and Inspector of Taxes whose jobs are directly related to the tax collection process.

**Table 4.2 Occupation/business of taxpayers**

<b>Responses</b>	<b>Frequency</b>	<b>%</b>
Trading	<b>8</b>	<b>40</b>
Farming	<b>3</b>	<b>15</b>
Food processing	<b>2</b>	<b>10</b>
Beauticians	<b>2</b>	<b>10</b>
Audio-visual workers	<b>1</b>	<b>5</b>
Construction workers	<b>2</b>	<b>10</b>
Transport	<b>2</b>	<b>10</b>
<b>TOTALS</b>	<b>20</b>	<b>100</b>

Source: Researcher's Field Survey, 2012

The table above represents the occupation of the Taxpayer which suggests the principal activity they do in their life to earn money. It could be deduced that the field survey gives an opportunity for every group or each stratum to obtain the required sample size to be included in the sample which ensures a fair representative of the population.

**Table 4.3 Level of education**

<b>Responses</b>	<b>Frequency</b>	<b>%</b>
No formal education	<b>3</b>	<b>15</b>
Primary school	<b>4</b>	<b>20</b>
Junior high school	<b>6</b>	<b>30</b>
Senior high school	<b>5</b>	<b>25</b>
Tertiary	<b>2</b>	<b>10</b>
<b>TOTALS</b>	<b>20</b>	<b>100</b>

Source: Researcher's Field Survey, 2012

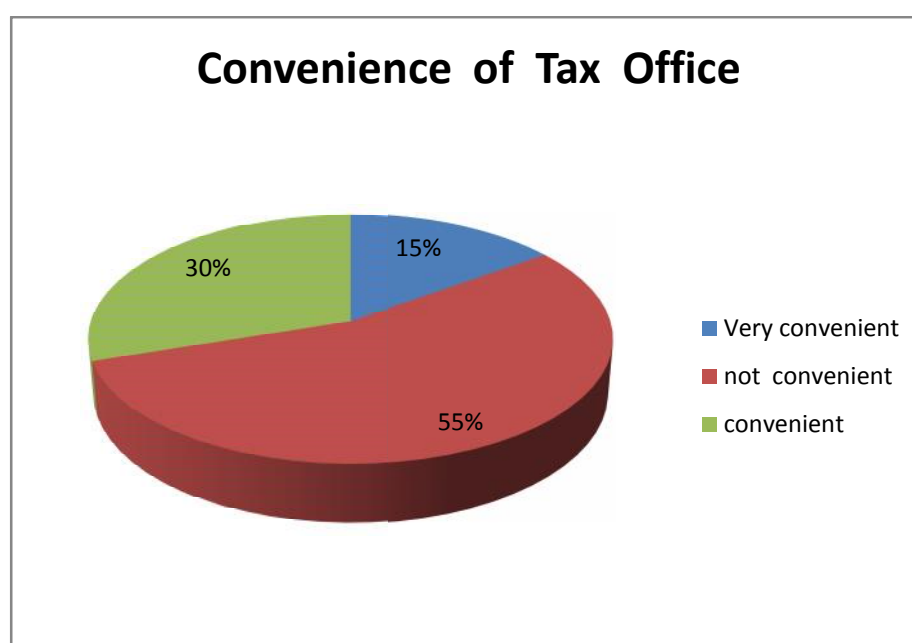
The table above represents the level of education of the Taxpayers. From the above table, three (3) respondents representing 15% have no formal education., Four (4) respondents representing 20% said they have primary education, six (6) respondents representing 30% said they have junior high school education, five (5) respondents representing 25% said they have senior high school education and two(2) respondents representing 10% said they have tertiary education. It suggests that collectively 65% of the respondent's education fall below senior high school which indicates that majority of the people within the informal sectors have basic formal education whose skills are largely acquired through years of apprenticeship.



### 4.3 TAXPAYER OPINIONS OF THE TAX SYSTEM

Questions were asked to know the opinions of taxpayers about the tax system. The tax payer opinions of the tax system in this study include five of which have to do with their perception of it being fair, convenient, certainty sufficient tax education and with its importance.

**Figure 4.2 Convenience of Tax office to tax payers**



Source: Researcher's Field Survey, 2012

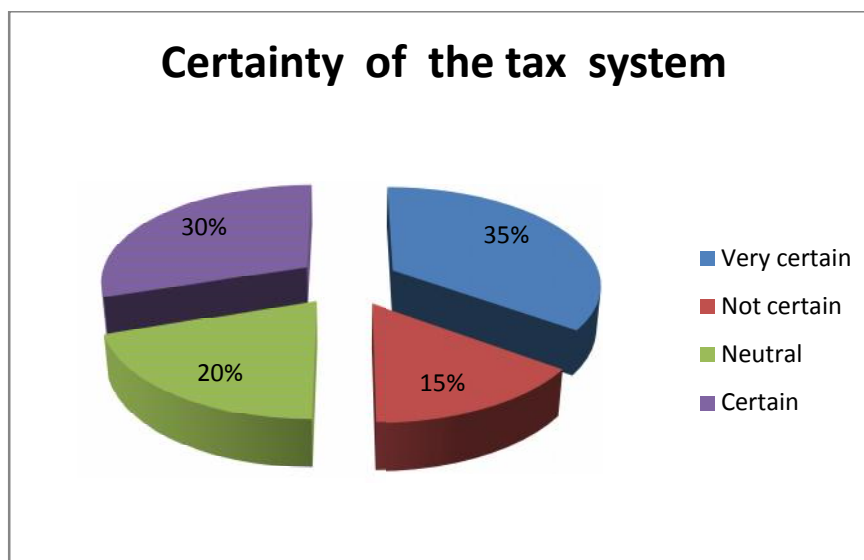
The table above shown that, 55% of taxpayers said the tax system is not convenient meaning the location is very far from their places of operation, the same vein the forms they have been filling are not simple because of high illiteracy rate among taxpayers. Therefore they find it difficult to understand the requirements on the forms. 30% also said is convenience and the remaining 15% confirmed the system to be very convenient because their places of operation are closer to the tax office which also gives them easy access to any information.

It could be deduced that with 55% thinking that the system is not convenient while the remaining goes for convenience and very convenient. Since one of the qualities of an effective tax system is that it must be convenient, thus the location of tax office must be at the

convenience of the taxpayer. In the same vein the forms to be completed must be simple for the taxpayer. It is worthwhile to note that the tax payers' perceptions about this dimension are very critical for policy makers as far as generating revenue is concerned as it lacks one of the good attribute to tax system thereby impeding their willingness to honour their tax obligations to generate the needed tax revenue

Another data collected revealed that, 75% of the taxpayers keep proper records and most of them have their records in books, computers and leaflets. For the rest they do not keep any records because they cannot afford to employ a professional. Some of them also said they do not see the need for it since they are not paying any tax, while others don't know how to keep it themselves.

**Figure 4.3 Certainty of the Tax System**

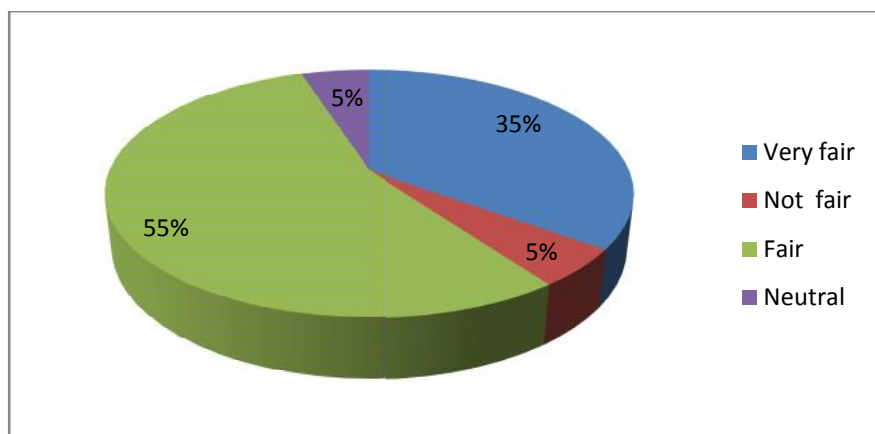


Source: Researcher's Field Survey, 2012

The diagram indicates the certainty of taxpayers. 30% respondents were certain and 35% of them were very certain. The responses for each side clearly shows that they were certain about how much, when and where to pay the tax. 20% remained neutral. They do not support

both side and 15% said they were not certain. They argued that the tax laws had not been available to them so they do not know their rights and obligations as regards taxation. It could be inferred that with 65% of the tax payers in the informal sector believing that they are very certain of the tax amount they must pay, it can be said that attribute of good tax system which is certainty is very effective. However, with 35% of respondents being neutral and uncertain about the tax amount they should pay, suggests that they might be lacking some significant education regarding the certainty of the tax system.

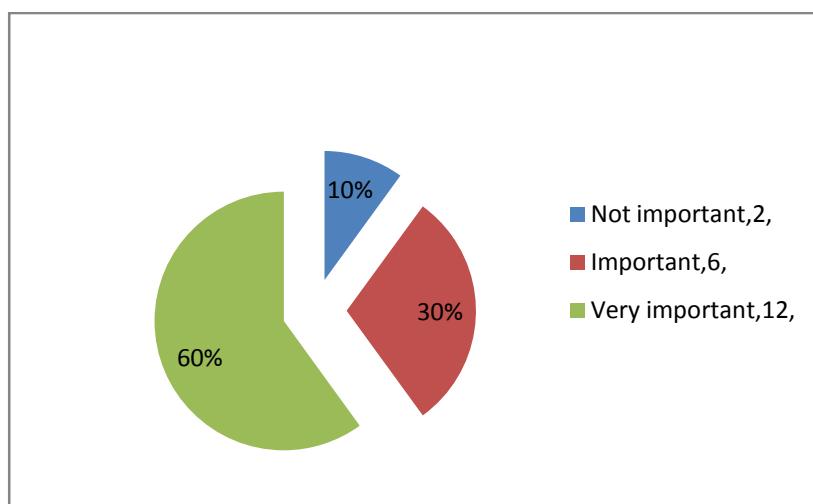
**Figure 4.4 Fairness of Tax Stamp System**



Source: Researcher's Field Survey, 2012

From the chart, 55% agreed that the new tax system was fair to them. The rates each paid correspond with the income available to the taxpayer. 5% remains neutral. 35% also said it was very fair based on the edge of a payer. Another 5% said it was not fair because they only know what they are paying but do not know what others are paying due to the inability of getting information. From this data, it could be generalized that the tax payers perceive the tax system as fair.

**Figure 4.5 Importance of Tax to you and the Nation**



Source: Researcher's Field Survey, 2012

The diagram indicates that twelve (12) respondent representing 60% of the taxpayers said taxes are very important to them and the nation because the government uses it to build the nation in terms of providing infrastructure such as schools, hospitals, roads, electricity, etc. Six (6) respondent representing 30% of the taxpayers said taxes are important to them and the nation, while only 10% did not see the need to collect taxes since the government does not use the tax for its intended purpose. Their reasons were that government officials use taxpayer's money for their own selfish interest instead of the entire nation's interest citing New Patriotic Party (NPP) and National Democratic Congress (NDC) government officials blaming each other for embezzlement of state funds which tax revenue was the main source of government revenue.

These views expressed by respondents argue that 90% considers the payment of tax as important and very important, which suggests that most of them are more likely to be willing to honour their tax obligations.

### **Sufficiency Tax Education.**

Opinion of tax payers in relation to the sufficiency of tax education

**Table 4.4 Sufficiency Tax Education.**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Not sufficient	14	70
Sufficient	4	20
Quite sufficient	2	10
Total	20	100

Source: Researcher's Field Survey, 2012

From the table above shows that fourteen respondents representing 70% said that tax education is not sufficient, four respondents representing 20% said that tax education is sufficient and the remaining two respondents representing 10% said that tax education is quite sufficient. It could be deduced that even though there has been tax education greater portion of taxpayers are not satisfy with it.

### **4.4 POOR TAX COLLECTION PROCESS IN THE INFORMAL SECTOR.**

In order to know some factors which have accounted for poor tax collection process especially in the informal sector, five (5) variables were chosen. Both respondents expressed their views on adequacy of tax education. Tax Officials responded to availability of staff and logistics, field inspection, collection and monitoring and punishment for tax defaulters, and problems taxpayers encounter with tax officials.

**Table 4.5 Adequacy Tax Education**

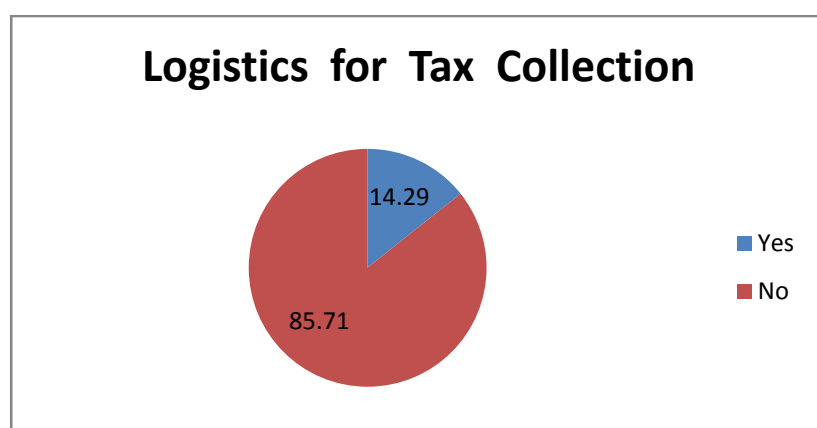
<b>Responses</b>	<b>Tax officials Frequency</b>	<b>%</b>	<b>Taxpayers frequency</b>	<b>%</b>
Not at all adequate	3	42.85	12	60
Somehow adequate	2	28.57	0	0
Adequate	1	14.29	3	15
Quite adequate	1	14.29	5	25
<b>Total</b>	<b>7</b>	<b>100</b>	<b>20</b>	<b>100</b>

Source: Researcher's Field Survey, 2012

The table shows responses from both Tax Officials and Taxpayers. In analyzing the data 42.85% and 60% respectively were not satisfied with the tax education, the remaining were somehow or quite satisfied with the tax education. The tax official's reasons for the inadequacy were resources such as materials to be used, the appropriate media to be used and resource personnel. The Taxpayers on the other hand said because they hardly see or hear any tax education on television, radio or posters.

The Table suggests that collectively greater percentage of the respondents is of the view that tax education is not adequate. Therefore we can conclude that one of the significant causes of the poor tax collection process at the Asokwa District of Internal Revenue Service is low or inadequate tax education.

**Figure 4.6 Availability of Logistics**



Researcher's Field Survey, 2012.

From the above diagram it shows that, 85.71% of the Tax officials responded negatively to the adequacy of logistic for tax collection and 14.29% said logistics were adequate for tax collection. The responses indicate that majority of the officials responded negatively to the adequacy logistics. It could be therefore objectively concluded that inadequate logistics (stationery, telephone, inadequate vehicle for field inspection) is another significant contributory factor for the ineffective tax collection at the Asokwa District.

**Table 4.6 Adequate staff members for field inspection, collection and monitoring.**

Responses	Frequency	%
Quite adequate	1	14.29
Somehow adequate	2	28.57
Adequate	0	0
Not at all adequate	4	57.14
Total	7	100

Source: Researcher's Field Survey, 2012.

The table above indicates that four respondent representing 57.14% expressed that effectiveness of supervision, collection and monitoring is not at all adequate to expectation due to inadequate logistics and equipments, one respondent representing 14.29% said that it was quite adequate and two respondent representing 28.57% expressed that it was Somehow adequate to expectation. The information gathered that lack of adequate staff for field inspection; collection and monitoring are contributory factor to the ineffective tax collection process at Asokwa District of Internal Revenue Service.

**Table 4.7 Punishment for Tax Defaulter**

<b>Responses</b>	<b>Frequency</b>	<b>%</b>
Not Punished	1	14.29
Somehow punished	5	71.42
Very often punished	1	14.29
Total	7	100

Source: Researcher's Field Survey, 2012

The table above indicates how often tax defaulters are punished. Five representing 71.42% responded that they are somehow punished, which means the punishment given is not enough to scare defaulters, one respondent representing 14.29% said they are often punished, and one respondent representing 14.29% said they are not punished .The opinion of the 71.42% of the Tax officials, it appears that the punishment for tax defaulters is not effective to deter offenders from non-compliance, and it might be concluded that it is one of the possible contributors to the poor tax collection. This is because since tax defaulters are not effectively punished, they are not compelled to honor their tax obligations. This tends to weaken the tax system; tax is a compulsory payment for which mechanisms of compulsion through



punishment must be effectively put in place to ensure its compliance, otherwise the collection process suffers.

#### **4.4.1 Opinions of Taxpayers on Problems with Tax Officials**

Opinion of tax payers on general problem they normally encounter with tax officials during their field inspection or payment of Tax at IRS. The following issues were brought to light:

1. Impatience of tax officials.
2. Closure of shops by tax officials. This is one of the punishments of tax defaulters.
3. Low knowledge level of tax payers because of that they find it little difficult to understand regularity of the tax system when explained by the tax officials.
4. Irregularity of Officials for tax collection.
5. The provisional assessment is too high.
6. Unannounced visit of tax officials.
7. Threatening tax defaulters by court actions.

#### **4.5 MEASURES TO IMPROVE TAX REVENUE IN THE INFORMAL SECTOR**

From the questionnaires and interviews granted to both tax officials and taxpayers reveals that measures which can be instituted to ensure Tax compliance in the informal sector are summarized as follows:

1. Intensive and regular field inspection
2. Easy accessibility to tax office.
3. Provision of relief and incentives to tax officials.
4. Recruitment of more staff
5. Intensification of tax education campaigns all over the nation.
6. Government to provide more logistics to tax officials.

7. In-service training for tax collection personnel.
8. Fair distribution of tax revenue.

From the data analysis above findings were found to be set backs to the I.R.S. Asokwa District Office.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 INTRODUCTION**

The study was conducted on how to improve tax revenue in the informal sector and this chapter embodies the summary and conclusions of all the findings. It also concentrates on recommendation and suggestions as to how the problems identified could be solved.

#### **5.1 SUMMARY OF FINDINGS**

Based on the research, the following findings were made:

For the poor tax collection the information gathered revealed that, 42.85% and 60% of both respondents (tax officials and taxpayers) responded negatively to inadequate tax education, 85.71% of the officials responded negatively to the availability logistics and inadequate staff for field inspection, collection and monitoring are contributory factor to the poor tax collection at Asokwa District of Internal Revenue Service and whether defaulters are punished, 71.42% of tax officials were somehow satisfied.

The attitude of some of the Tax collectors towards the taxpayers was not encouraging, some are corrupt and impatience. The taxpayers who felt badly about this attitude turn to evade tax payment.

Respondents' views on Taxpayer's opinion of the tax system, 55% also said it was fair, and 35% said they are very certain about the system. 90% of the taxpayers confirmed that the new tax stamp system is better than the old system and moreover tax is very important to the nation.

The survey also revealed that the locations of the Internal Revenue Service office's are not convenient which lacks one of the good attribute to tax system thereby impeding their willingness to honour their tax obligations to generate the needed tax revenue.

**To improve tax revenue in the informal sector the following came to light:**

1. Intensive and regular field inspection
2. Easy accessibility to tax office.
3. Provision of relief and incentives to tax officials.
4. Recruitment of more staff.
5. Intensification of tax education campaigns all over the nation.
6. Government to provide more logistics to tax officials.
7. In-service training for tax collection personnel.

Through personal interviews, it was discovered that, lack of motivation for tax collectors, difficulty in collecting taxes from hawkers because they do not have permanent place of operation, improper records keeping and inadequate taxpayers education were problems that hindered the effectiveness and efficiency of the operations of Internal Revenue Service.

## **5.2 CONCLUSION**

The research identified the ineffectiveness of tax system as the main cause of unwillingness of taxpayers to pay tax when due. The Internal Revenue Service system in Ghana has so many problems which had crippled Tax administration. In considering the responses of all the categories of respondents to the research questions more have to be done by the I.R.S. to serve as a breakthrough in the informal sector and not a failure, the over zealotness on the part of tax officials in implementing the new sticker system must be cautioned.

To generate more Tax revenue, it requires the collective contribution of taxpayers and tax officials. The Government needs to commit more funds to make Tax administration effective and efficient in terms of collection and education of taxpayers about the need to pay tax. They should use innovative, persuasive and engagement methods to enhance voluntary compliance. Proximity to the taxpayers is more crucial in revenue mobilization.

### **5.3 RECOMMENDATION**

Based on the identified problems the following recommendations have been made to ensure effective and efficient tax collection in the informal sector within the Kumasi Metropolis.

It was observed that staff lacks commitment. The government should improve on the condition of service of tax authorities to make them more active on the job and to prevent them from embezzlement of revenue collected.

Tax collectors should be rotated periodically to prevent familiarization with taxpayers.

A target should be set so that any tax collector who exceeded that target should be appropriately rewarded. Targets set should be realistic.

There should be public education through medium such as radio, television, news papers, bill board etc on the good aspect of paying taxes. The people should be made aware that revenue generated from tax enables government to provide certain essential amenities and services which cannot be provided by an individual but with collective effort of all Ghanaian and to understand that tax payment is the responsibility of all Ghanaian who fall within the tax net. In addition information gathered show that tax education through the media alone is not adequate rather using information van will educate more people. Also extensive use of

technology such as mass media and mobile phone texting will extend tax education to more potential taxpayers.

In-service training for all tax collectors in the form of seminars, workshops and other programmes on how to handle taxpayers during their operations and also how to assess and collect taxes lessen the burden on the service.

The service should also establish client service units at the various tax districts to help improve upon customer care hence compliance. The service should continue to impose appropriate penalties, for various acts of non compliance with tax laws. They should also vigorously enforce measures including prosecution of defaulting taxpayers specifically within the informal sector.

More tax officials should be employed to cover the business undertaken at Asokwa to widen the tax net

Finally, the Internal Revenue Service should try to computerize their operations by way of networking their branches throughout the country to make it possible for tax officials to get information about taxpayers easily.

It is believe that when these measures are implemented tax administration will become more effective and efficient thereby tax revenue will increase substantially especially in the informal sector.

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## **APPENDIX I**

### **QUESTIONNAIRE FOR TAX OFFICIALS**

The Researchers are students from Christian Service University College researching on the topic **Improving tax revenue in the Informal Sector**. Any information provided shall be treated confidential and is for only academic purpose. Please kindly answer the questions as honestly as possible.

Tick [√] where applicable:

#### **SECTION A**

##### **Respondent's Background information**

1. Gender?

Male [ ]          Female [ ]

2. Grade/ Rank: .....

3. Schedule:

Assessment [ ]      Collection [ ]

4. Working Experience: 1- 5 Yrs. [ ]    6-10 Yrs. [ ]    11- 15 Yrs

#### **SECTION B**

1. In your opinion, how adequate has tax education been carried out through the media, radio and television?

Not adequate [ ]          Adequate [ ]          Quite adequate [ ]

2. Do you find taxpayers education adequate?

Quite Adequate [ ]          Somehow Adequate [ ]

Adequate [ ]          Not at all adequate [ ]



3. Do you have adequate staff for field inspection, collection and monitoring?

Quite Adequate [ ]

Somehow Adequate [ ]

Adequate [ ]

Not at all adequate [ ]

4. Do you have the adequate logistic for tax collection?

Yes [ ] No [ ]

5. What form of education do you give to taxpayers?

Formal [ ]

Informal [ ]

6. How voluntarily do taxpayers pay their taxes?

Not voluntary [ ]

Somehow voluntary [ ]

Very often voluntary [ ]

8. To what extent do you agree that businessmen and women disclose all sources of income to tax officials?

(i) Disagree [ ]

(ii) Agree [ ]

(iii) Strongly agree [ ]

9. Are taxpayers punished or penalized for not paying taxes?

Not punished [ ]

Somehow punished [ ]

Very often punished [ ]

10. Do businessmen and women keep proper records of accounts of their business?

Yes [ ]

No [ ]

11. What general problems do you normally encounter when collecting income tax from taxpayers?

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

12. What are the measures taking to solve the problems?.....

.....

.....

.....

13. What do you think can be done to make people more willing to pay their income tax?

.....

.....

.....

.....

14. What mechanism has been put in place to identify taxpayers who do not honor their tax obligation especially in the informal sector?

.....

.....

.....

15. In your opinion what are some of the benefit taxpayers derive from tax they pay?

.....

.....

.....

.....

**THANK YOU**

## APPENDIX II

### QUESTIONNAIRE FOR TAXPAYERS IN THE INFORMAL SECTOR

The Researchers are students from Christian Service University College researching on the topic **Improving tax revenue in the Informal Sector**. Any information provided shall be treated confidential and is for only academic purpose. Please kindly answer the questions as honestly as possible.

Tick [√] where applicable:

#### SECTION A

##### BACKGROUND INFORMATION

1. Gender?

Male [ ]      Female [ ]

2. Age as at last birthday: 18Yrs- 30Yrs [ ]      31Yrs. - 40Yrs. [ ]

41Yrs. - 50Yrs. [ ]      51Yrs. - 60Yrs. [ ]

3. Marital Status

Married [ ]      Single [ ]      Separated [ ]      Divorced [ ]      Widowed [ ]

4. Number of Dependant:

None [ ]      1-2 [ ]      3-4 [ ]      4-6 [ ]      More than 6 [ ]

5. Occupation/Business

Trading [ ]      Farming [ ]      Transport [ ]

Food processing [ ]      Beautician [ ]      Construction workers [ ]  
Audio-visual workers [ ]      Others [ ]      please specify.....

6. What is your level of educational?

No formal education [ ]      Primary school [ ]      Junior high school [ ]  
Senior high school [ ]      Tertiary [ ]      Other specify.....

## SECTION B

1. How long have you been operating this business?

Less than one (1) year      [ ]

1 – 5      [ ]

6 – 10      [ ]

10 or more years      [ ]

2. Have you registered your business?

Yes [ ]      No [ ]

3. In your opinion, how adequate has tax education been carried out through the media, radio and television?

Not adequate [ ]      Adequate [ ]      Quite adequate [ ]

4. How sufficient is the tax education to you?

Not sufficient [ ]

Sufficient [ ]

Quite sufficient [ ]

5. How important is tax to you and the nation?

Not important [ ]

Important [ ]

Very important [ ]

6. How often do you pay your income tax?

Never [ ]      Not regular [ ]      Regular [ ]

7. If not regular or never filed, then why?

I. [ ] I can not fill the forms myself

II. [ ] The processing takes too long a time.

III. [ ] Personal

IV. [ ] Low income

V. Specify .....

8. What are your sources of income? ( **Tick all that applies**)

[ ] Earnings from trade

[ ] Gifts

[ ] Part time work

[ ] Allowances

9. Should field inspection, collection and monitoring be regular?

Yes [ ]

No [ ]

10. Do you keep records of your business transaction?

Yes [ ]

. No [ ]

11. If **Yes**, how do you keep record of transaction?

☐ Personally

☐ Leaflets

☐ Books

☐ Computer

☐ Mind

12. If No, please why?

a. I do not know how to keep it myself ☐

b. I do not see any pressing need for that ☐

c. I cannot afford to employ a professional to do it ☐

d. Specify .....

13. Is your place of location permanent or temporal?

Permanent ☐

Temporal ☐

14. How well do you co-operate with tax officials in the process of tax collection?

Not cordial ☐

Cordial ☐

Very cordial ☐

15. Is the new stamp tax system better than the old tax system?

Yes ☐

No ☐

16. Are the rates of the stamp tax system fair?

Not fair ☐

Neutral ☐

Fair ☐

Very fair ☐

17. Are you certain about how much, when and where to pay the tax?

Not certain [ ] Neutral [ ] Certain [ ] Very certain [ ]

18. How convenient is the location of the tax office to you?

Not convenient [ ] Convenient [ ] Very convenient [ ]

19. How often do you to get receipt for payments you make to I.R.S?

Never [ ] Sometimes [ ] Always [ ]

20. What general problems do you normally encounter with the tax officials?

.....  
.....  
.....

21. What do you think can be done to make people more willing to pay their income tax?

.....

**THANK YOU**



## INTERVIEW GUIDE

Improving Tax Revenue in the Informal Sector, A Case Study of I.R.SAsokwa District.

### Interview Guideline for Tax Officials

1. Gender: ☐ Male      ☐ Female
2. In your opinion, how sufficient has tax education been carried out through the media, radio and television?  
.....  
.....  
.....  
.....
3. What responses do you normally get from taxpayers concerning tax education and laws?  
.....  
.....  
.....
4. What are some of the challenges you encounter in tax collection process?  
.....  
.....  
.....  
.....
5. Are you well equipped with all the necessary logistics?  
Yes ☐      No ☐
6. If your answer to question 5 is No, why? And if Yes, how well?

.....  
.....  
.....

7. How fair is the new taxstamp system to all taxpayers?

.....  
.....

8. What kind of penalty do you imposed on taxpayers for not paying taxes?

.....  
.....

9. What measures have you put in place to identify unregistered taxpayers in the informal sector?

.....  
.....  
.....

10. What can be done to widen the tax base of the informal sector?

.....  
.....  
.....

**THANK YOU**

## INTERVIEW GUIDE

### Improving Tax Revenue in the Informal Sector

#### Interview Guideline for Taxpayers in the Informal Sector

1. Gender: ☐ Male ☐ Female

2. Have you been educated by tax officials on tax?

Yes ☐ No ☐

3. If your answer to question 2 is yes, what are some of the importance of paying taxes?

.....  
.....  
.....

4. What are some of the problems you encounter in the collection process?

.....  
.....  
.....

5. How do you keep records?

☐ Books

☐ Leaflets

☐ Computer

☐ None

6. Do you file your returns by yourself or with the assistance of the tax officials?

Specify.....

7. Are the tax laws simple or complex?

Specify .....

8. What general problems do you normally encounter with the tax officials and what are your suggestions to the problems?

.....  
.....  
.....

**THANK YOU**