

The Effects of Taxpayers Education and Tax Compliance on Small and Medium-Sized Enterprises in The Gambia

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Abstract

Scholarly works on assessing the effect of taxpayers' education on tax compliance among SMEs in the Gambia have attracted less attention and studies. Available studies reveal the use of tax revenue in the public sector, but the issue of methods, tax education, and compliance are underdeveloped in the literature of public sector economy particularly in The Gambia, thus the need for this study. The study aimed at assessing the methods of taxpayers' education used by Gambia Revenue Authority (GRA) on SMEs, the effect of taxpayers' education on tax compliance among SMEs; identified the major contributing factors to non-compliance among SMEs and; investigated the challenges faced by GRA in educating taxpayers in the SME sector. The study population was 4,214 SMEs in Kanifing Municipality and 6 GRA employees in the Compliance and Taxpayers' Education Unit as at 2021. A total of 357 was used as the sample size using Taro Yamane formula. The study adopted a structured questionnaire instrument and an open-ended interview guide to collect data which aligned with the objectives. Data were analyzed using both descriptive and inferential statistics and the results were presented in the form of frequency distribution tables and graphs. In addition, the qualitative data collected through interview guide was content analysed whereby responses were categorised into themes and similarities supported by extant literature. The findings of the study revealed that there is a gap on tax education, tax compliance and SMEs in the Kanifing Municipality. This has affected the expected revenue of the GRA from SMEs in the KM. The study, therefore, recommended that the GRA should improve on its taxpayer education programme, by putting in place adequate and actionable policies and machinery to promote taxpayer education in order to better enlighten taxpayers and ultimately improve tax compliance and hence its internally generated revenue.

Keywords: Tax, Tax Education, Tax Compliance, Small and Medium-Sized Enterprises, Revenue.

Introduction

The issues that serve as challenges to Small-Scale Enterprises (SSE) in Africa are the problems of consistent power supply, modern technologies and basic knowledge about what entails SSEs. This situation has worsened due to the plague of corruption bedeviling governmental institutions in the African political system and this has constituted a huge barrier to its viable emergence in the continent (Obah-Akpowoghaha et al., 2014 cited in Obah-Akpowoghaha & Egwu, 2019, p. 2).

This revelation has generated crisis of confidence among company owners in fulfilling their civic duties to the government of the day. Citizens have proved this in the areas of tax payment and resulting noncompliance or tax evasion. The case of non-compliance can be linked to a variety of

factors, including corruption, insufficient knowledge of the tax system, dearth of scientific tools, and the challenge of political crisis. Most countries, particularly African countries, rarely profit from taxation as part of their development strategy due to lack of new-technologies (Obah-Akpowoghaha, Badejo, & Ogunmilade, 2014).

It has been noted that taxation provides governments with the revenue needed to invest in development and deliver public services with the aim of promoting fiscal reliance and sustainability. In other words, taxes and tax systems are critical tools for ensuring the stability of government financing, particularly in developing countries. Nonetheless, in the Global south, one of the major dangers to this method of financing government is tax avoidance and evasion, resulting in budgetary shortfalls and taxation gaps, as well as continued reliance on unsustainable financial means (bank loans and multilateral donors) (Bernard & Oluoch, 2018). Corroborating this, Cobham (2005) noted that developing countries, including the Gambia, together lose USD 285 billion per year owing to tax fraud in the domestic shadow economy. According to the 2012 report of the Commission of Inquiry into "Tax Evasion and Other Corrupt Practices" (TECP), government lost more than D2 billion from 50 selected taxpayers whose income, sales (VAT), and PAYE taxes were reassessed (Jallow, 2020). This reduced government revenue significantly, making tax mobilisation even more difficult and costly since it necessitates greater dependence on coercion—the implementation of deterrence tactics to increase tax income (strict audits, sanctions, and enforcement). The small and medium enterprises (SMEs) are a significant portion of any country's taxpayer population; their expansion is a tax source that may be explored to raise state revenue and Gambia is no exception. In the Gambia, SMEs constitute the great majority of businesses. They contribute significantly to income and employment and account for approximately 20% of GDP (gross domestic product) (International Trade Centre, 2018). Despite that, studies have shown low level of tax compliance in the developing states particularly the Gambia which has resulted to huge challenges in the providing of critical infrastructure (Swistak, 2015; Jallow, 2016).

This backdrop creates a compulsive need for a shift in approach to complement traditional enforcement-based techniques to improve tax compliance - the need for taxpayer education, which is quickly becoming a strategic business line of tax administrations around the world, as governments and their tax administrators explore alternative approaches to complement traditional enforcement-based techniques to improve tax compliance (Organisation for Economic Co-operation & Development, 2015). Given the current status of the global economy, this need is extremely pressing. Various studies suggest that there is a significant relationship between taxpayer education and tax compliance; however, the environment and timing used in those studies differ from the current study. Therefore, an empirical study is necessary to assess the effect of taxpayers' education on tax compliance among SMEs in developing states especially in the Gambia.

Statement of the Research Problem

Taxpayers' education is an important mechanism of informing citizens of a country of the need to pay taxes. Improving tax compliance requires implementing a robust collection system and building an effective and taxpayer service-oriented administration that will not only enhance the core tax administration's functions but also enhance a conducive environment that will foster a climate of compliance. This development is carried out in most developed countries as a result of functional mechanisms of tax system and scientific tools of management. However, this atmosphere is different in most developing countries whereby tax avoidance, evasion and compliance challenge the tax system. This has been attributed to poor management and the educational system of informing the citizens. Scholarly works in terms of assessing the effect of taxpayers' education on tax compliance in the Gambia among SMEs especially in the Kanifing Municipality has attracted less attention and studies, hence aim to bridge the gap.

Objective of the Study

The specific objectives of the study are to:

- 1) assess the methods of taxpayers' education used by GRA on SMEs;
- 2) assess the effect of taxpayer education on tax compliance among SMEs in Kanifing Municipality;
- 3) identify the major contributing factors to non-compliance among SMEs in the Kanifing Municipality; and
- 4) investigate the challenges faced by GRA in educating taxpayers in the SME sector

Research Hypothesis

Taxpayers' education has no significant effect on tax compliance among SMEs in the Kanifing Municipality.

Research Methodology

A case study design was used in the investigation. This means that the study was not conducted in the entire country. The descriptive research approach was used, and data were gathered using questionnaire instrument which were analysed using statistical tools. The research population consisted of 4,214 SMEs in Kanifing Municipality and 6 GRA employees from the Compliance and Taxpayers' Education Unit that were purposively selected. The Taro Yamane formula was used to compute the sample size, which was 351 from a total population of 4,214.

Theoretical Framework

As a theoretical framework, political legitimacy and trust in the government was adopted since it is the most successful model for cultivating long-term compliance with tax law. In a seminal work, D'Attoma (2018) stated that institutional quality matters, and that tax administrations' perceptions as legitimate or illegitimate, fair, and trustworthy have a substantial impact on the tax compliance environment. This means that the decision to comply is not wholly rational; rather, taxpayers' impressions of the government, and particularly the trustworthiness of the tax authority, have substantial influence on an individual's voluntary compliance with tax legislation. The perception of people's institutions is an important factor in tax compliance decisions. In a trusting environment, aspects of some tax systems that may encourage evasion, such as high tax rates, do not deter individuals from meeting their financial obligations (D'Attoma, 2018).

Furthermore, the effectiveness of the deterrence approach is greatly dependent on the administration's credibility and legitimacy. Gangl et al. (2019) contended that sanctions imposed by a trusted authority have a greater impact on moral judgments about rule-breaking behaviour than punishments imposed by an untrustworthy authority. As a result, if the authority's power is regarded to be genuine, the trust atmosphere, motivation, and tax compliance should improve. Taxpayers are more inclined to pay their taxes if they believe their institutions are legitimate and trustworthy in carrying out efficient and effective tax collection in order to serve the common good.

This theory is applicable to the study because tax is part of the social contract by which citizens collectively agree to contribute to a civilised society, thus make legitimacy and trust the currency of government, particularly tax authorities, in order to foster overall culture of compliance. This effects governments' ability to collect taxes efficiently and effectively, as well as their ability to act without resorting to coercion. Thus, tax compliance is positively related to taxpayers' perceptions of the government and, in particular, the trustworthiness of the tax authority. A high level of faith in the government, particularly in the tax authorities, can foster a high-compliance equilibrium. Rules and regulations are never flawless or complete enough to eliminate tax evasion; their success is determined by how far people perceive them to be fair and legitimate

enough to balance the benefits of noncompliance. In this context, the Gambia Revenue Authority expects its employees to embody the brand of transparency, professionalism, equity, fairness, and integrity in order to present themselves as legitimate and benevolent in order to reduce enforced motivations and foster committed motivations, resulting in high tax compliance.

Data Presentation and Analysis/Discussion

Field survey, 2022

Table 1. Methods of Taxpayers' Education used by GRA

Questions	Undecided	Disagree	Strongly Disagree	Agree	Strongly Agree	Total
Seminars and workshops used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality	32.80%	46.70%	14.30%	5.90%	0.30%	100%
Radio programs used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality	12.90%	60.30%	2.40%	20.60%	3.80%	100%
Broadcast media (TV) taxpayers' education program used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality	10.80%	58.50%	3.50%	22.60%	4.50%	100%
Print media taxpayers' education program used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality	16.70%	49.10%	21.30%	12.50%	0.30%	100%
Electronic media taxpayers' education program (Websites) used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality	17.80%	47.70%	27.90%	6.30%	0.30%	100%

Field survey, 2022

Seminars and workshops used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality: Table 1 shows that while 5.9 % (n=17) of the respondents agreed and 0.3% (n=1) strongly agreed that seminars and workshops used by GRA are effective in promoting tax compliance among SMEs in the Kanifing Municipality, 14.3% (n=41) strongly disagreed and 46.7% (n=134) disagreed that seminars and workshops used by GRA are not effective in promoting tax compliance among SMEs; and 32.8 % (n=94) of the respondents were undecided. Training sessions are among the most common activities that GRA organise to provide education. They take a more traditional classroom approach and target specific groups such as small businesses. However, it can be clearly seen that seminars and workshops used by GRA are not effective in promoting tax compliance. This could be as a result of low take up, and it requires a very strong improvement to enhance compliance.

Radio programs used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality: From table 1, 20.6 % (n=59) of the respondents agreed and 3.8 % (n=11) strongly agreed that radio programs used by GRA are effective in promoting tax compliance among SMEs in the Kanifing Municipality, while 2.4 % (n=7) strongly disagreed; 60.3% (n=173) disagreed; and 12.9 % (n=37) of the respondents were undecided.

Broadcast media (TV) taxpayers' education program used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality: From the table 1, 22.6 % (n=65) respondents agreed and 4.5 % (n= 13) strongly agreed that broadcast media (TV) taxpayers' education programs used by GRA are effective in promoting tax compliance among SMEs in the Kanifing Municipality, while 3.5 % (n=10) strongly disagreed and 58.5 % (n=168). 10.8 % (n=31) of the respondents were undecided.

Print media taxpayers' education program used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality: From the table 1, 12.5 % (n=36) of the respondents agreed and 0.3 % (n=1) strongly agreed that print media taxpayers' education programs used by GRA are effective in promoting tax compliance among SMEs in the Kanifing Municipality, while 21.4 % (n=61) Strongly disagreed and 60.3% (n=141) disagreed. 12.9 % (n=48) of the respondents were undecided.

Electronic media taxpayers' education program (Websites) used by GRA are effective in promoting tax compliance among SME taxpayers in the Kanifing Municipality: From the table 1, 6.3 % (n=18) of the respondents agreed and 0.3 % (n=1) strongly agreed that electronic media taxpayers' education programs used by GRA are effective in promoting tax compliance among SMEs in the Kanifing Municipality, while 27.9 % (n=80) strongly disagreed and 47.7 % (n=137) disagree. 17.8 % (n=51) of the respondents were undecided.

Effect of Taxpayer Education on Tax Compliance among SMEs in Kanifing Municipality: The concern of this section is to assess the effect of taxpayers' education on tax compliance among SMEs in the Kanifing Municipality. This was analyzed by considering whether GRA uses effective communication strategies to improve tax awareness, communicates effectively to taxpayers on changes of significant policies and procedures; whether taxpayers' education enhances their willingness to pay taxes; enables them to self-assess their tax liabilities easily; enhances their understanding of tax regulations and the available sanctions for non-compliance etc.

Table 2: Distribution on effects of taxpayers’ education on tax compliance among SMEs in Kanifing Municipality

Effect of Taxpayers’ Education on Tax Compliance among SMEs in Kanifing Municipality						
QUESTIONS	Undecided	Disagree	Strongly Disagree	Agree	Strongly Agree	Total
GRA uses effective communication strategies to improve tax awareness	3.10%	30.30%	56.40%	8.70%	1.40%	100%
GRA communicates effectively to taxpayers on changes of significant policies and procedures	2.40%	35.20%	55.40%	7.00%	0.00%	100%
Taxpayer education help enhances taxpayers’ willingness to pay taxes	1.00%	62.00%	5.90%	28.20%	2.80%	100%
Taxpayers’ education has enabled taxpayers in the SME sector to self-assess their tax liabilities easily	2.40%	62.40%	17.80%	15.70%	1.70%	100%
Taxpayers’ education programs enhance taxpayers in the SME sector to understand the tax regulations and the available sanctions for non-compliance	1.40%	61.70%	14.30%	21.30%	1.40%	100%
The sensitization given to taxpayers is sufficient for taxpayers to understand the need to pay taxes	3.80%	27.90%	48.40%	17.40%	2.40%	100%

Field survey, 2022

GRA uses effective communication strategies to improve tax awareness: Regarding whether GRA uses effective communication strategies to improve tax awareness, 8.7 % (n=25) of the respondents agreed and 1.4% (n=4) strongly agreed that GRA uses effective communication strategies to improve tax awareness, while 30.3% (n=87) disagreed and 56.4% (n=161) strongly disagreed; and 3.1% (n=9) of the respondents were undecided.

GRA communicates effectively to taxpayers on changes of significant policies and procedures: In assessing the effect of taxpayers' education on tax compliance among SMEs in Kanifing Municipality, the study also inquired whether GRA communicates effectively to taxpayers on changes of significant policies and procedures. Of the total respondents, 7 % (n=20) agreed that GRA communicates effectively to taxpayers on changes of significant policies and procedures. 55.4% (n=159) representing majority of the respondents strongly disagreed and 35.2 % (n=101) disagreed. 2.4% (n= 7) of the respondents were undecided.

It can therefore be deduced that GRA's does not communicate to taxpayers with regard to significant changes of policies and procedures. It is very difficult to elicit citizen's compliance with tax laws and procedures if changes of significant policies and procedures regarding taxation is not effectively communicated to taxpayers. It can therefore be argued that to foster an overall culture of compliance, taxpayers need to be informed on regular basis on any changes in the tax laws. According to the Tax Administration Diagnostic Assessment Tool (TADAT, 2019), a tax system best supports voluntary compliance if it provides taxpayers with up-to-date information “to explain, in clear terms, their obligations and entitlements for each core tax” and if taxpayers are given “guidance from the tax administration”.

Taxpayer education enhances taxpayers' willingness to pay taxes: In providing answers in relation whether taxpayer education enhances taxpayers' willingness to pay taxes, 62.0 % (n=177) of respondents disagreed and 5.9 % (n=17) strongly disagreed, while 28.2% (n=81) of the respondents agreed and 2.8% (n=8) strongly agreed that it enhances their willingness to pay taxes; and only 1.0 % (n=3) were undecided.

Taxpayers' education has enabled taxpayers in the SME sector to self-assess their tax liabilities easily: 15.7% (n=45) of the respondents agreed and 1.7% (n=5) strongly agreed that taxpayers' education enhances their ability to self-assess their tax liabilities easily, while 62.4 % (n=179) of the respondents disagreed and 17.8 % (n=51) strongly disagreed. 2.4% (n=7) were undecided. This could be that despite the tax education they received, they don't understand clearly the procedures of assessing their tax liabilities. Yet another reason is the low literacy rate of taxpayers. The results obtained from this research show that majority either had no formal education at all or are school drop outs who find it very difficult to read and understand basic tax literatures and thus difficult for them to understand clearly the procedures of assessing their tax liabilities.

Taxpayers' education programs help taxpayers in the SME sector to understand the tax regulations and the available sanctions for non-compliance: 21.3 % (n=61) respondents agreed and 1.4 % (n=4) strongly agreed that taxpayers' education programs help taxpayers in the SME sector to understand the tax regulations and the available sanctions for non-compliance. 61.7 % (n=177) of the respondents disagreed and 14.3 % (n=41) strongly disagreed. 1.4 % (n=4) of the respondents were undecided.

The sensitization given to taxpayers is enough for taxpayers to understand the need to pay taxes: The researcher also inquired from the respondents whether the sensitization given to taxpayers is enough for taxpayers to understand the need to pay taxes. 17.4% (n=50) of the respondents agreed and 2.4% (n=7) strongly agreed. 27.9% (n=80) of the respondents disagreed and 48.4 % (n=139) strongly disagreed, this was indicated by a cumulative of 76.3% (n=219); while 3.8% (n=11) of the respondents were undecided respectively. This could be as a result of the fact that GRA has not been taking measures regularly, for the improvement in the awareness regarding tax payment to assist citizens to deeply understand the significance and functions of taxes and the current state of tax administration, and to proactively and properly fulfill the

obligation of tax responsibilities.

The researcher asked the respondents to state the challenges of effective taxpayers' education on tax compliance among SME taxpayers in KMC. The table below shows the results of the findings.

Table 3: Distribution of challenges of effective tax education on tax compliance among

What are the challenges of effective taxpayer education on tax compliance among SMEs in KMC?						
Number of Employees	Low quality of educational services	Inflexible program	Limited Reach	Low Take-up	Citizens attitude towards GRTS radio and TV	Total
Small Enterprises	47.5%	1.3%	33.8%	8.8%	8.8%	100.0%
Medium Enterprises	53.1%	0.0%	28.1%	12.5%	6.3%	100.0%
Total	49.1%	0.9%	32.1%	9.8%	8.0%	100.0%

SMEs in KMC

Field survey, 2022

While 0.9 % (n=1) of the respondent's attribute challenges of effective taxpayer education to inflexible program; 32.1% (n=36) attribute to limited reach. This confirms Mascagni and Santoro (2018) findings that, even though there are wide ranges of tax education initiatives in Africa, revenue authorities still face the difficulty of expanding the programs' reach to reach the whole segments of society, especially the less educated, unregistered taxpayers, potential taxpayers etc. 9.8% (n=11) of the respondents attribute the challenging factors of effective taxpayers' education on tax compliance among SMEs in KMC to low take up; 8.0 % (n=9) attribute to citizens attitude towards GRTS radio and TV. Savitri and Musfiaily (2015) also found that the effects of tax awareness on tax compliance are mediated by service quality. Their findings indicate that service quality provided by tax authorities to taxpayers affect taxpayer compliance.

The researcher also asked the respondents to state recommend any method they believe can to improve taxpayers' education. Table 4 shows the results of the finding:

Recommendations to Improve Taxpayers' Education							
Number of Employees	Outreach program	Social Media	Mainstream of Tax education in the curriculum	Emails	Mobile	Tax Edu-tainment	Total
Small Enterprises	72.6%	25.0%	6.0%	8.3%	2.4%	2.4%	116.7%
Medium Enterprises	75.8%	33.3%	6.1%	9.1%	3.0%	0.0%	127.3%
Total	73.50%	27.30%	5.98%	8.54%	2.56%	1.70%	119.58%

From table 4, 73.5% of the respondents recommend outreach program or services, 27.3% recommend the use of social media platform like Facebook, Instagram, Twitter, WhatsApp etc. to improve GRA's taxpayers' education initiatives, 5.98% recommend the mainstreaming of tax education in the school curriculum. Taking the Japanese National Tax Administration (NTA) as an example, Sarker (2003), argued that the comprehensive tax education strategy carried out by the NTA had successfully secured tax compliance rate of 90% of the Japanese population through various means such as the use of textbooks, class, seminars and essay competitions. Also 8.54% of the respondents recommend the use of emails, 2.56% recommend mobile communication as taxpayers move toward mobile devices, GRA can develop applications to meet demand (SMS-based communication campaigns); and 1.7% recommend tax edutainment, an initiative that try to reshape tax as an enjoyable topic and use the media to reach and engage the general public come under the label of tax edutainment.

Table 5: Major Contributing Factors to Non-Compliance among SMEs in the Kanifing Municipality

Major Contributing Factors to Non-Compliance among SMEs in the Kanifing Municipality						
	Undecided	Disagree	Strongly Disagree	Agree	Strongly Agree	Total
Lack of tax knowledge	0.00%	23.30%	1.70%	52.30%	22.60%	100 %
High compliance cost	28.90%	21.60%	3.10%	36.20%	10.10%	100 %
Low probability of detection for tax defaulters/evaders	27.20%	46.00%	0.70%	18.80%	7.30%	100 %
high corruption level of tax officials	15.30%	29.60%	0.30%	41.80%	12.90%	100 %
High tax rates	7.30%	17.40%	1.00%	63.80%	10.50%	100 %
complex filing procedures	51.90%	18.50%	0.00%	25.80%	3.80%	100 %
weak tax administration enforcement capacity	10.10%	22.60%	0.30%	56.80%	10.10%	100 %

Field survey, 2022

Lack of tax knowledge: The researcher sought to identify the major contributing factors for non-compliance among SMEs in the Kanifing Municipality. As indicated in table 5, 52.3% (n=150) of the respondents agreed and 22.6 % (n=65) strongly agreed that lack of tax knowledge as among the major contributing factors to non-Compliance among SMEs in the Kanifing Municipality. This confirms Wahabu (2017), indication that non-tax compliance behavior of small and medium-sized enterprises could occur due to lack of or limited knowledge on tax issues. Palil (2010) conducted a study on determinants of tax compliance behavior in relation to Self-Assessment System (SAS) and the findings showed that tax knowledge is an important element of self-assessment system and is believed to have positive impact on compliance. 23.3% (n=67) of the respondents disagreed and 1.7% (n=5) strongly disagreed.

High compliance cost: Compliance cost is the cost incurred in order to comply with tax laws and regulations. In this regard, the researcher sought to identify the major contributing factors for non-compliance among SMEs in the Kanifing Municipality. The study revealed that 36.2 % (n=104) of the respondents agreed and 10.1 % (n=29) strongly agreed that high compliance cost is among the major contributing factors to non-compliance among SMEs in the Kanifing Municipality (see also Hamid et al. 2018). 3.1% (n=9) of the respondents strongly disagreed and 21.6 % (n=62) disagreed, while 28.9% (n=83) of the respondents were undecided respectively.

Low probability of detection for tax defaulters and evaders: The researcher also sought to identify the major contributing factors to non-compliance among SMEs in the Kanifing Municipality, and 18.8 % (n=54) of the respondents agreed while 7.3 % (n=21) strongly agreed that low probability of detection for tax defaulters/evaders are among the major contributing factors to non-compliance among SMEs in the Kanifing Municipality. 46.0 % (n=132) of the respondents disagreed and 0.7% (n=2) strongly disagreed, while 27.2 % (n=76) of the respondents were undecided.

High corruption level of tax officials: On respondents' opinion on whether corruption is among the major contributing factors to non-compliance among SMEs in KMC, 41.8 % (n=120) of the respondents agreed and 12.9 % (n=37) strongly agreed that high corruption of tax officials is among the major contributing factors to tax non-compliance among SMEs in Kanifing Municipality; while 29.6 % (n=85) of the respondents disagreed and 0.3 % (n=1) strongly disagreed; and 15.3% (n=44) of the respondents were undecided respectively.

High tax rates: From table 5, 63.8 % (n=183) of the respondents agreed while 10.5 % (n=30) strongly agreed that high tax rates are among the major contributing factors to tax non-compliance among SMEs in Kanifing Municipality. This confirms Felix & Isaac's (2015), argument that even though SMEs face other tax related issues, it is the problem of high tax rates that mostly promote non-compliance and pushe most SMEs to remain in the informal sector. Dube (2014) also argued that high tax rates were the primary problem of entrepreneurs. 17.4 % (n=50) of the respondents disagreed and 1.0 % (n=3) strongly disagreed while 7.3% (n=21) of the respondents were undecided respectively.

Other contributing factors for non-compliance in the Gambia

Table 6: Distribution of other factors for tax non-compliance in the Gambia

What are the other factors influencing tax non - compliance in the Gambia?						
Number of Employees	Poor economic condition	Lack of Fiscal Reciprocity	Unfair treatment	Lack of Trust in the tax system	Unregistered Businesses	Total
Small Enterprises	71.6%	9.1%	3.4%	12.5%	3.4%	100.0%
Medium Enterprises	85.7%	8.6%	2.9%	2.9%	0.0%	100.0%
Total	75.6%	8.9%	3.3%	9.8%	2.4%	100.0%

Field survey, 2022

The researcher also asked the respondents to state other contributing factors for non-compliance in the Gambia. Poor economic conditions and lack of trust in the tax authority were selected by 85.4 % of the respondents as the other contributing factors to non-compliance in the Gambia. 75.6% (n=93) blamed poor economic condition; another 9.8 % (n=12) blamed lack of trust in the tax authority as posited by Inasius (2019) whose study showed that voluntary tax compliance depends primarily on trust in authorities. This, according to Prichard et al (2019) “entail fairness of the tax system, its equitable distribution of the tax burden, translating tax revenue into reciprocal publicly provided goods and services and the governments administering those tax systems are accountable to taxpayers”. On the other hand, 8.9 % (n=11) blamed lack of fiscal reciprocity, 3.3% (n=4) blamed unfair treatment in support by Prihandinia, Zuhri, & Jahja (2019) who argued that unfair system of taxation are two factors that cause high tax avoidance; and a small percent of 2.4 % (n=3) blamed unregistered businesses as the other root cause of non-compliance.

Challenges faced by GRA in Educating Taxpayers in the SME Sector in the Kanifing Municipality: A total of 6 questionnaires were administered to officials of the GRA Compliance and Taxpayers' Education Unit. However, a total of 5 were retrieved showing a response rate of 83%. Thus, this section investigates the challenges faced by GRA in educating taxpayers in the SME sector in the Kanifing Municipality.

Table 7: distribution of challenges faced by GRA in Educating Taxpayers in the SME Sector in the Kanifing Municipality

Challenges Faced by GRA in Educating Taxpayers in the SME Sector in the Kanifing Municipality						
	Undecided	Disagree	Strongly Disagree	Agree	Strongly Agree	Total
GRA allocates appropriate budgets to the Compliance and Taxpayers' Education Unit.	20%	20%	0.00%	20%	40%	100%
GRA has effective and efficient educational services (websites, call centers, tax clinics etc.)	0.00%	60%	0.00%	40%	0.00%	100%
GRA works to improve an environment and provide support to enhance tax education in cooperation with the relevant ministries, agencies, educators and private organization	0.00%	0.00%	0.00%	40%	60%	100%
GRA provides effective training opportunities to employees to enable them to address the complex taxation issues associated with tax non-compliance	0.00%	0.00%	0.00%	40%	60%	100%
GRA consistently deliver quality information and respond quickly and accurately to inquiries or consultations from taxpayer	0.00%	60%	0.00%	0.00%	40%	100%

GRA give taxpayers opportunities to comment on changes to administrative policies and procedures	0.00%	20%	0.00%	60%	20%	100%
GRA has the needed human capital that outline and communicate to taxpayers their rights and obligations as well as the available complaint procedures and redress mechanisms	0.00%	20%	0.00%	40%	40%	100%
GRA's taxpayers' education program reach all segments of the society.	0.00%	20%	0.00%	60%	20%	100%

GRA allocates appropriate budgets to the Compliance and Taxpayers' Education Unit: The researcher inquired from officials of the Compliance and Taxpayer Education Unit whether GRA allocates appropriate budgets to the Compliance and Taxpayer Education Unit. From the table 7, 20 % (n=1) of the respondents agreed and 40% (n=2) strongly agreed that GRA allocates appropriate budgets to the Compliance and Taxpayers' Education Unit; 20 % (n=1) disagreed while 20% (n=1) of the respondents were undecided respectively.

GRA has effective and efficient educational services (websites, call centers, tax clinics etc.): Tax education services can be a major catalyst to effectiveness in increasing compliance and perceptions. As shown in the table above, the study reveals that 60% (n=3) of respondents from the Compliance and Taxpayers' Education Unit disagreed that GRA has effective and efficient educational services; this confirms Mascagni and Santoro (2018) findings that the low quality of tax education services can be a major obstacle to effectiveness in increasing compliance and perceptions. While 40% (n=2) of the respondents agreed respectively.

GRA works to improve enabling environment and provide support to enhance tax education in cooperation with the relevant ministries, agencies, educators and private organization: 40 % (n=2) of the respondents agreed while 60 % (n=3) strongly agreed that GRA works to improve an environment and provide support to enhance tax education in cooperation with the relevant ministries, agencies, educators and private organization.

GRA provides effective training opportunities to employees to enable them to address the complex taxation issues associated with tax non-compliance: From table 7, 40% (n=2) of the respondents agreed while 60 % (n=3) strongly agreed that GRA provides effective training opportunities to employees to enable them address complex taxation issues associated with tax non-compliance.

GRA consistently deliver quality information and respond quickly and accurately to inquiries or consultations from taxpayer: 40 % (n=2) of the respondents strongly agreed while 60 % (n=3) disagreed that GRA consistently delivers quality information and respond quickly and accurately to inquiries or consultations from taxpayers. This could be related to the authority's low quality

of tax educational services where technical anomalies and delays are common in many of their initiatives; incomplete or on-updated websites or no toll-free telephone and call centers and Walk-in offices – Tax assistance centers (TAC) where they can consistently deliver quality information and respond quickly and accurately to inquiries or consultations from taxpayers.

GRA give taxpayers opportunities to comment on changes to administrative policies and procedures: According to the analysis on table 7, 60% (n=3) agreed and 20% (n=1) strongly agreed that GRA gives taxpayers opportunities to comment on changes to administrative policies and procedures; while 20% (n=1) of the respondents disagree.

GRA has the needed human capital that outline and communicate to taxpayers their rights and obligations as well as the available complaint procedures and redress mechanisms: The researcher also inquired whether GRA has the needed human capital that outline and communicate to taxpayers their rights and obligations as well as the available complaint procedures and redress mechanisms. Of the respondents 40% (n=2) agreed and 40% (n=2) strongly agreed while 20% (n=1) disagree that GRA has the needed human capital that outline and communicate to taxpayers their rights and obligations as well as the available complaint procedures and redress mechanisms.

GRA's taxpayers' education program reach all segments of the society: Respondents from the Compliance and Taxpayers Education Unit were asked whether GRA's taxpayers' education program reached all segments of society. 60% (n=3) agreed and 20% (n=1) strongly agreed that GRA's taxpayers' education program reach all segments of society. 20 % (n=1) of the respondents disagreed GRA's taxpayers' education program reach all segments of society respectively.

Test of Hypothesis

H₀: Taxpayers’ education has no significant effect on tax compliance among SMEs in the Kanifing Municipality.

Table 8: chi-square testing statistic

	GRA uses effective communication strategies to improve tax awareness	GRA communicates effectively to taxpayers on changes of significant policies and procedures	Taxpayer education help enhances taxpayers’ willingness to pay taxes	Taxpayers’ education has enabled taxpayers in the SME sector to self-assess their tax liabilities easily	Taxpayers’ education programs enhance taxpayers in the SME sector to understand the tax regulations and the available sanctions for non-compliance
Pearson Chi-Square	51.026 ^a	37.018 ^a	69.149 ^a	45.818 ^a	73.926 ^a
Df	12	12	12	12	12
Asymp. Sig. (2-sided)	.000	.000	.000	.000	.000

H0: Hypothesis testing that taxpayers’ education has no significant effect on tax compliance among SMEs in the Kanifing Municipality

The association between the two variables is statistically significant if the asymptotic significance (2- sided) is less than 0.05. From the data on Table 8, all the variables have an asymptotic significance of 0.000 which is less than the base of 0.05. The researcher, therefore, accepts the null hypothesis that “Taxpayers' education has no significant effect on tax compliance among SMEs in the Kanifing Municipality”. This study conforms to various studies conducted as far as taxpayers' education to foster a culture of compliance is concerned. This confirms the findings by Ejakait, (2011) that taxpayer education does not have a significant influence on the tax compliance behavior of manufacturing firms in Kenya.

Concluding Remarks/Recommendations

According to the findings, a majority of respondents believe that taxpayer education has little influence on tax compliance among SMEs in Kanifing Municipality. These findings are consistent with those obtained by Ejakait (2011) who indicated that taxpayer education has no substantial influence on the tax compliance behaviour of Kenyan manufacturing enterprises. However, the data contradict Adekoya's (2019) conclusion that taxpayer education has a significant, beneficial influence on tax compliance. This demonstrates that the use of taxpayer funds and taxpayer education are critical variables in determining the level of tax evasion or noncompliance.

The combination of the aforementioned grounds demonstrate that the Gambia's government must be transparent in terms of how taxpayers' money is spent, the quantity of income created, tax collection systems, and documentation of what taxpayers' money has been spent on. As a

result, it is critical to recognise that encouraging small company growth and increasing tax awareness is a path to economic prosperity, the creation of quality jobs, and increased tax collections in Kanifing Municipality, Gambia. As a result, it is critical for GRA to improve its taxpayer education programme by implementing proper policies and procedures to encourage taxpayer education in order to better enlighten taxpayers and, eventually improve tax compliance.

Furthermore, GRA officials and the system must be open in their use of taxpayer funds to provide social amenities and crucial infrastructure. The proper use of taxpayers' money would reduce noncompliance, tax evasion, and avoidance in the Gambia, as has been seen in Rwanda and other advanced countries (Gordon, 2002; Li, 2007; Young, Lei, Wong, & Kwok, 2016; Brondolo & Zhan, 2016; Dushime & Lama, 2019).

Above all, there is a need to digitise the Gambia's economy system in order to have a digitised tax system using new technology (see Obah-Akpowoghaha, 2014).

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