



# TAXPAYERS' PERCEPTION ON THE USAGE OF ELECTRONIC FISCAL DEVICES MACHINES IN TAX COLLECTION IN TANZANIA: A CASE OF IRINGA MUNICIPALITY

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## ABSTRACT

The study assessed taxpayers' perception on the Usage of Electronic Fiscal Devices Machine (EFD), specifically perception on the functionality of EFD, cost of purchasing and servicing EFD machine and benefits of using EFD machines. The study adopted a mixed research approach and descriptive research design; data were collected using questionnaires which were administered to 242 respondents and interview for Tax officials. Both descriptive and inferential statistics were used to analyze quantitative data and content analysis used to analyzed qualitative data. Results found that respondents had positive perception on the functionality as it solve their problem timely, provides promised services all the time, ensures transaction accuracy, EFD machines designs are user friendly, quality of paper rolls are very impressive and they receive technical support from TRA officials. In addition, on the perception on the cost of purchasing and servicing, the study found that the majority of respondents had positive perception on several items such as the cost of purchasing EFD machine, batteries, and receipts to be affordable except the cost of EFD machine to be high. Lastly, on the benefits of EFD machine, respondents were very positive on EFD machine benefits as follows; it facilitates timely payment of tax, enhances record keeping, reduces time for report preparation. The study concludes that there is significant positive relationship between perceptions on the benefits and cost of purchasing EFD and EFD usage and no significant relationship between perception and functionality. The study recommends that taxpayers should change their minds to cope with the pace of technology change and TRA should provide education on the use of EFD machine, provide all support to taxpayers.

## INTRODUCTION

Electronic Fiscal Device(EFD) is described as a wide variety of computerized devices that revenue administration can use to help monitoring of business transactions (Martin, Obongo, Magutu and Onsongo, 2010). These EFD machines are of two main forms as follows: Electronic Cash Register (ECR) is a point of sale terminal that records information from bar-code scanners, weighing scales, and credit and debit card machines. Electronic Tax Register (ETR) an electronic cash register that calculates the tax value for every transaction made and stores this information in a permanent memory that can only be accessed by the tax agency (Ibid, 2010).

Historically the first EFD machine was introduced in 1980 in European countries such as Italy in 1985 and Greece, 1988 (Ainsworth, 2008), Electronic Tax Fraud – Are There “Sales Zappers” in Japan? (Boston University School of Law Working Paper No 08-31). In East Africa the first EFD to be used was in Kenya (2005), Rwanda (2014) and Kenya Revenue (2012). The requirement to use ETRs in Greece was passed into law in 1988. The mandatory use of these devices was supported through a book and record keeping code. Value Added Tax (VAT) revenue performance over the period preceding ETR adoption as well as the period afterwards is increasing. There is no conclusive evidence associating EFDs with higher VAT to GDP ratio in Greece (Peha, 1999).

In developed countries, tax administrations have for years been embracing many technological advances used in the private sector, such as electronic commerce, interactive telephone systems, and data capture via the scanning or imaging of paper documents. Tax authorities have been investing in redesigning their basic business processes and implementing electronic receipt, processing, and delivery methods. They have been facilitating increased use of the internet for transmission of information and access to tax forms by taxpayers. Direct interfaces with the sources of information, that is, with external information systems, are becoming increasingly common (Patricio 2015).

In developing countries, the opportunities that technology offers are more elusive and the challenges are greater for several reasons. Tax administrations are confronted with many external obstacles on the path to modernizing their organizations. Computer equipments, data networks, and communications lines are still in short supply and expensive in many countries, and governments have insufficient financial resources for their acquisition and maintenance (Patricio, 2015).

The compulsory use of EFDs, such as ETRs or EFPs, has accelerated in recent years in Africa and other regions, following a comparative lull in implementation activity from 1994 to 2010. These devices are relatively costly, although they claim to offer the ability to provide a relatively secure mechanism for the tax administration to monitor and detect non-compliance (Patricio, 2015).

VAT was introduced in Tanzania in 1998, replacing a sales tax and a number of other indirect taxes. Although the approaches to the administration of VAT have varied, the effectiveness of the tax has never reached the levels originally anticipated. The Tanzanian authorities announced in 2008 that they would move beyond ECRs and explore the use of EFDs to improve overall VAT compliance. Mobile telephone-enabled EFDs were adopted starting the 2009/10 fiscal year for all registered VAT taxpayers, and a nine-month window was established to implement the devices across all sectors United Republic of Tanzania (URT, 2014).

The introduction of EFDs Machines to taxpayers has been seen as an effective way to solve the problem of non-compliance and raise government revenues. Tanzania Revenue Authority (TRA) has recorded an increase in Value Added Tax (VAT) as a result of the use of Electronic Fiscal Devices (Patricio, 2015). The general rate of increase of revenue was less than TRA's expectations, since during the financial year 2009/2010 before the devices were introduced the collections were TZS 785,882 million. Comparatively during the financial year 2010/2011 when the devices were introduced, the Authority only managed to collect Tshs. 791,462.90 equal to 0.71% which was below the expected level of increase of 20% of GDP (TRA, 2015) (Ikasu, 2014). Although the Electronic Fiscal Devices (EFDs) have boosted revenue collection by plugging holes of tax evasion used by unscrupulous taxpayers, some of them protest against the use of EFD machines. The main arguments raised include battery problems, lack of a Swahili EFD version, inadequate training to business owners or runners on how to use them, network and printer failure, the issuing of inferior receipts, and slow repairs of EFDs (TCCIA& PAMOMA, 2012; Weru, Kamaara, and Weru, 2013).

Similarly, immediately after their introduction in 2011, most EFDs had network problems, which limited submission of important reports to TRA, and many failed to do so (TCCIA & PAMOMA, 2012). In addition, as a result of inadequate knowledge and the skills needed for using EFDs, many businesses made wrong entries, resulting in the declaration of higher revenue than intended, in which case sometimes the additional tax paid was not rectified by TRA. These challenges have affected the perception and attitudes of taxpayers and made them be reluctant towards tax compliance. It is with these views that this study intended to assess Tax Payers' Perception on the Usage of Electronic Fiscal Devices (EFD) Machines in Tax collection in Tanzania specifically in Iringa Municipality.

## LITERATURE SURVEY

Theoretical Framework

Utility Theory

This study is based on the utility theory which states that consumers have different levels of perception for the various

types of goods and services available on the market (Henard and Szymanski, 2001). It is no wonder that amidst a variety of things consumers may have a liking for; there are those they are fond of than others and can probably derive preferences of some sort since they only have a limited amount of wealth and have to make decisions on purchases. This actually is a very foundational concept in economics called utility theory (Tian et al, 2001). This theory postulates that the individual is the best judge of his/her utility; it was therefore upon such postulation that the current study intended to use utility theory to allow tax payers perception in terms of functionality, costs and benefits. Taxpayers are the best judge on EFD machines because they are frequent users of the machine; they are in good position to share their views on them.

#### Economic Deterrence

Economic Deterrence assert that; taxpayer's compliant behavior is influenced by factors such as the tax rate, the probability of being detected and penalties imposed by the state, and their perception towards tax compliance (Backer, 1968). The economic analysis thus concludes that since compliance decisions are based on an assessment of costs and benefits, high probabilities of detection for non-compliance and large penalties for discovered violators would encourage greater compliance, hence maximizing tax revenue streams. This theoretical principle of economic deterrence has been widely adopted by tax administrations in developing countries where good governance has not fully been established when developing strategies that relay principally on penalties and the fear of getting caught when not paying the required tax (Fjeldstand et al., 2012). This theory of Economic Deterrence relates with the current study since tax payer compliance is associated with many factors including their perceptions and tax rates. If taxpayers have negative perceptions towards EFD machine, they will never comply and vice versa is true.

#### Empirical Literature Review

Empirical literature review concerns the review of literature in regard with the research studies conducted before the present study. The aim is to portray a picture of how far research studies related to the present study have been reached outside and inside of the context where the present study is being conducted. This section deals with some of the few studies related to the present study. It comprises of international and local studies.

##### Tax payers' views on the functionality of EFD machines on influencing EFD usage

Liden and Adams (1992) in the study titled "Technological Change: Its Effects on the Training and Performance of Older Employees" found older employees usually favor the use of manual methods in determining the value of tax while the younger employees usually favor the use of electronic devices citing the above benefits. They went on to say that younger generations usually have positive attitudes towards the use of electronic devices while older generations have negative attitudes towards the use of electronic devices.

Anna (2006) carried a research on the "Attitudes towards the use of electronic invoicing by financial managers in small to medium sized companies in Finland". Questionnaires were used and out to 200 companies 'only 143 replies were received which showed a 72% respond rate. The respondents were more inclined to have a positive attitude towards electronic invoicing as they were found working for companies having websites that is, they were used in working electronically. The result of the study showed that the attitudes towards electronic invoicing were positive. The study reflected that out of the 143 questionnaires which where responded to 70% favored the use of electronic devices while 30% were not familiar with these electronic devices. There were some concerns regarding the cost and safety of using electronic invoicing but the majority of the respondents believe that using electronic invoicing was beneficial. These two studies have informed the researcher on the variables that can be used in the current study and methodology used by previous researchers.

##### Tax payers' opinion on the cost of EFD Machine on influencing EFD Usage

Ikasu (2014) conducted a study to assess "Challenges facing the implementation and use of EFDs in tax collection in Tanzania". The study employed quantitative research approach. The study indicated that EFD system had a lot of challenges which hinder the implementation and usage of the device. Those challenges include regular break down of the system, lack of knowledge on the use of EFD machines, high cost of buy and maintenance the devices and negative perception of taxpayers towards the use of EFD machine. The study recommended that stakeholders need more awareness of the system and friendly environment of using EFD machines in which the study suggested the strategies for improvements of the system to be put in place. Also, the challenges facing the implementation of using of EFD machines in the tax revenue collections process in Tanzania have been examined. The results showed that regular system break down, unfairness of tax estimation from tax payers and lack of skills on the use of EFDs machines was the major challenges face the implementation and use of EFD.

Mutalemwa, (2014) assessed the "Challenges of adoption of electronic fiscal devices (EFDs) in tax collection in Tanzania. The findings of the study revealed that, the adoption of EFDs machines in Tanzania lead to conflict between the government and traders due to the fact that traders were forced to buy machines which is very expensive for them. Also the study showed that, traders oppose the use of EFDs machines through demonstration by stopping to open their shops and doing small businesses.

Nyasha, et al, (2012) conducted a study to find out the "Attitudes of employees towards the use of EFDs in calculating value added tax (VAT) in Zimbabwe". The findings of the study revealed that EFDs had positively impacted on the busi-

ness sector through improvements in tax collection, saves time in tax collection, reduces direct contact between tax collectors and hence minimize corruption. The study recommended that Public-Private-Partnerships between government and firms in developing the infrastructures required for improving the current level and depth of internet and telephony usage. Consumer education was also recommended for improving awareness of the benefits of using EFDs machines in tax collection. These studies have informed the researcher on the variables that can be used in the current study and methodology used by previous researchers though previous studies were conducted outside Tanzania.

The benefits of EFD machine on Influencing EFD usage on their business

Kira (2016) in his study titled "Taxpayer's perceptions on the use of Electronic Fiscal Devices (EFDs) by analyzing the benefits of using EFDs in revenue collection" the perceptions of taxpayers towards the use of EFDs and challenges towards the use of the EFDs in revenue collection. The study adopted the survey research design and the sample size of 75 taxpayers was used. The findings show that majority of taxpayers' demonstrated advantages of using EFDs machine in revenue collection. The study findings reveal that EFDs has reduced the time it takes to prepare sales report, secure tax information for auditing purpose and transitions; and ensure tax rate to be paid by the taxpayers. The challenges faced by EFDs users includes high prices of EFD machines, faint fiscal tax invoices, EFD's network problem, lack of taxpayer's education EFDs applications and few suppliers of EFDs machines. The study recommends Tanzania Revenue Authority (TRA) to conduct trainings and workshops with taxpayers on EFDs application; to provide incentives to encourage taxpayers' adoption of EFDs; to ensure sensitization, education and training programs are promoted to taxpayers' awareness in on EFDs system in friendly manner.

Adams and Webley (2001) in their study titled "Small business owners' attitudes on VAT compliance in United Kingdom" postulates that the effects of introducing new technology on attitudes and perception is more positive when employees are given enough time to become familiar with the technology in a risk free environment. Both satisfaction levels and feelings of expertise were positively related to the user's perception of having control of the environment pertaining to interfacing with the technology. The study further advocates that people of varying backgrounds often have different beliefs and values system which give rise to dissimilar attitudes. Therefore, varying backgrounds and beliefs systems contribute to an individual's attitude towards technology. These studies have informed the researcher on the variables that can be used in the current study and methodology used by previous researchers though previous studies were conducted outside Tanzania and few which were conducted in Tanzania were not in Iringa Municipality Taxpayers.

## METHODOLOGY

### Research Approach and Design

The study employed a mixed methods approach where both quantitative and qualitative research approaches applied. The fieldwork was conducted in two sequential yet distinct phases of quantitative and qualitative data collection. The first phase commenced with quantitative data collection and analysis of the numerical data relevant to the research questions. The quantitative approach is more dominant. The rationale for this is to ensure the complementarities of the two approaches in regard to utilizing the strength of each so as to authenticate findings. This study implemented a case study research design, explanatory research design as well as exploratory research design. Saunders, Lewis, and Thornhill (2009) define case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence in the area chosen for the study.

### Population and Sampling Issues

The study target population comprised of a total of 650 VAT registered traders drawn from the Iringa Municipality registered as firms active as beginning of 2019 as obtained from TRA office in Iringa Region. Since the population is 650, hence by considering Krecjie and Morgan sample determination table, this study had a sample of 242 respondents for the quantitative data, of which probability and random sampling was employed. To ensure samples are equally selected from the population the study employed probability and non-probability sampling techniques in data collection where by researcher apply simple random sampling for tax officers as well as stratified samplings for taxpayer's for the study. Researcher manages to collect interviews information from 10 officers from TRA Iringa.

### Data Collection Methods

The primary data for this study data we recollected using structured questionnaire and interview approaches. Structured questionnaire are those questionnaires in which there is definite, concrete and pre-determined questions. For qualitative data, researcher used structured interview for tax officers to get their views on issues like EFD challenges and ways in improving usage of EFD machine.

### Data Analysis

Quantitative data verified, compiled, coded and summarized before carrying out quantitative analysis based on objectives stated by Statistical Package Social Science (SPSS-version 25) computer software was used. First, the researchers performed a descriptive statistic so as to provide an empirical test of mean different between taxpayers' perception on Electronic Fiscal Devices in revenue collection. Researchers used inferential statistics to test the hypothesis by using correlation analysis using Pearson R and also the researchers run a multiple regression analysis in order to establish the relative importance of hypotheses. Qualitative data were analyzed using content analysis and findings interlinked with the quantitative data to supplement.

## RESULTS & DISCUSSION

### Reliability of the Study

Reliable instrument is one that produces consistent results when used more than once to collect data from the same population. For the reliability of the instrument to be used the researchers checked for its reliability apart from that, the research measure the reliability of the study by using Cronbach's alpha formula ( $\alpha = (k/(k-1))(1 - \sum \sigma^2/\sigma)$ ;

Where  $\sigma^2$  = variance of one test item. Other variables are identical to the KR-20 formula.

Reliability Statistics shows the value of the coefficient alpha or Cronbach's alpha for the research scale is 0.794 or 79.4%, which is an acceptable value for the internal consequence of the conceptual construction of the investigated scale. Refer Table 1.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.794	31

### Validity of the Study

The researchers measured the validity of the study by using Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of sphericity through SPSS. The result extracted from SPSS is presented in the Table below which gives the information. From the table, researchers found out that sample sufficiency index KMO by Kaiser-Meyer-Olkin, which compares the sizes of the observed correlation coefficients to the sizes of the partial correlation coefficients for the sum of analysis variables is 0.546 or 54.6 %, and it is reliable because it above 0.5 or 50% which is the cut-off (Hutcheson & Sofroniou, 2013). Refer Table 2

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.546
Approx. Chi-Square	1316.058
Bartlett's Test of Sphericity	Df
	465
	Sig.
	.000

### Taxpayers' views on EFD Functionality

Results in Table 3 on taxpayers' perception on the functionality shows (50.0%) of taxpayers agreed that EFD machines solve tax payers' problems. This is also supported by Anna (2006) who found that Use of EFD machine enhance fairness of tax estimated from tax payers. Likewise 51.2% admitted that EFD machine provides promised services all the time, though 22.3% disagreed because of the reasons such as network availability challenges. Moreover 50.0% of taxpayers agreed that EFD machine ensure accuracy of transactions, also 50.0% indicated that they are user friendly. Furthermore 52.5% admitted that EFD machines provide timely response on all queries as well as qualities of paper rolls are very impressive. Not only that, 50.4% admitted to receive technical support from TRA officers, 46.7% also agreed with the statement that "Use of EFD machine increased registration for those who are out of the system", 49.5% assert that EFD machines improved filling rates and 48.3% said it strengthen audits.

Table 3: Views on EFD Functionality

Views on EFD Functionality	Disagree	Neutral	Agree
EFD promptly solve taxpayers problem	55(22.7%)	66(27.3%)	121(50.0%)
EFD provides promised services all the time	54(22.3%)	64(26.4%)	124(51.2%)
EFD ensure accuracy of transaction	56(23.1%)	65(26.9%)	121(50.0%)
EFD are user friendly	57(23.6%)	63(26.0%)	122(50.4%)
EFD provides timely response on all queries	57(23.6%)	58(24.0%)	127(52.5%)
Quality of paper rolls used is impressive	55(22.7%)	61(25.2%)	126(52.1%)
TRA officers provides technical support	65(26.9%)	65(26.9%)	122(50.4%)
Use of EFD machine increased registration	62(25.6%)	67(27.7%)	113(46.7%)
EFD machine improved filling rates	60(24.8%)	62(25.6%)	120(49.5%)

Use of EFD machine strengthens audits	61(25.2%)	64(26.4%)	117(48.3%)
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Likewise, findings generalized from the TRA officers when responding to a question about challenges facing EFD users generally they said

“Despite seemingly good promise of EFDs, most taxpayers perceive introduction to be burdensome. This is attributed to the challenges such as battery problems, the lack of a Swahili EFD version, inadequate training in how to use them, network and printer failure, the issuing of inferior receipts, and slow repairs of EFDs network problems, which limited submission of important reports to TRA, and many failed to do so. Some of taxpayers because of the level of education also complained about complexity of using our machines, though we try our level best to educate them. Also, as a result of inadequate knowledge and the skills needed for using EFDs, many businesses made wrong entries, resulting in the declaration of higher revenue than intended, in which case sometimes the additional tax paid was not rectified by the TRA. Furthermore, many taxpayers delayed reported the absence of maintenance services”. (Interview, TRA Officer,21/7/2021)

#### Tax payers’ opinion on the cost of the EFD

Perception of taxpayers towards cost of EFD machine was also assessed and here are the responses as shown in Table 4 below: 48.8% admitted that cost of purchasing EFD is affordable, 45.5% admitted that cost of servicing these machine also affordable and cost of buying batteries are affordable, 49.6% admitted that cost of purchasing receipts is reasonable. Furthermore 42.9% of all respondents admitted that cost of training new recruits is affordable whereas 32.9% denied that EFD installation to be cheap.

Table 4 Opinion on the cost of the EFD

Cost of EFD	Disagree	Neutral	Agree
Cost of purchasing EFD is affordable	61(25.2%)	63(26.0%)	118(48.8%)
Cost of servicing EFD is reasonable	66(27.3%)	66(27.3%)	110(45.5%)
Cost of purchasing receipts is reasonable	58(23.9%)	64(26.4%)	120(49.6%)
Cost of buying batteries for EFD is affordable	69(28.5%)	73(30.2%)	110(45.5%)
Cost of training new recruits is reasonable	67(27.8%)	71(29.3%)	104(42.9%)
EFD installation is affordable	79(32.6%)	65(26.9%)	68(28.1%)
Network availability costs EFD usage	72(29.7%)	64(26.4%)	106(43.8%)

One of the key informants said that

“We have many challenges of dealing with taxpayers as most of them lack knowledge on how to use the machines [EFDs]. We train them many times but some don’t know even how to issue a receipt [Fiscal Receipt]. It is very challenging... As you we cannot have training budgets every now and then, we usually train them when we were allocated with enough money by the central government.” (Interview, TRA Officer,21/7/2021)

#### The Benefits of EFD machine to business

Results in Table 5 on the benefits revealed that 42.9% said EFD machines facilitate timely payment of tax, 42.6% agreed it reduce time for TRA officers to visit their business premise, 44.2% admitted that it enhance record keeping, 42.1% said it reduce time for report preparations, 40.9% said EFD machine ensure accurate tax paid, 42.1% admitted that it ensure timely payment of tax and broaden tax base. Also 47.5% of taxpayers admitted that EFD machine improve data collected by administrators and reduce tax collection cost (42.6%) and 42.6% agreed that EFD machine strengthen audits.

Also interview results from the key informant clarified

Despite of many benefits of using EFD machine most taxpayers are misdirected by false and inaccurate information on the use of Electronic Fiscal Devices (EFDs) and that is why they remain reluctant to use them despite government repeated orders to do so. To reverse and correct the misconception, TRA is to conduct an awareness-raising campaign across the country and we are very sure with time all taxpayers will be able to know the advantages of using these machines. (Interview, TRA Officer,21/7/2021)

Table 5: Benefits of EFD Machine

Benefits	Disagree	Neutral	Agree
EFD facilitate timely payment of tax	73(30.2%)	65(26.9%)	104(42.9%)
EFD Reduce time to visit TRA officers	80(33.1%)	59(24.4%)	103(42.6%)
EFD enhance record keeping	72(29.8%)	63(26.0%)	107(44.2%)
EFD reduce time for report preparations	80(33.1%)	60(24.8%)	102(42.1%)
EFD ensure accurate tax are paid	78(32.2%)	65(26.9%)	99(40.9%)
EFD ensure timely payment of tax	77(31.8%)	63(26.0%)	102(42.1%)
EFD broaden tax base	78(32.2%)	67(27.7%)	97(40.1%)
EFD improve data collected by administrators	65(26.8%)	62(25.6%)	115(47.5%)
Use of EFD reduce tax collection costs	69(28.5%)	70(28.9%)	103(42.6%)
Use of EFD machine strengthens audits	65(26.9%)	65(26.9%)	112(46.3%)

These findings also supported by TRA officer of Iringa Municipality when responding to the question what are the benefits of using EFD machine by the government, generally they said

“Tanzania Revenue Authority adopted the Electronic Fiscal Device to combat non-compliance, particularly concerning sales and value added tax payable on sales. Using the machine enable us to monitor business transactions in real time as they rerecorded via the internet. Thus, effective use of EFDs enhances two components of tax compliance: submission of complete information on time, and declaration of accurate tax returns when the tax is charged on sales as in the case of VAT”. (Interview, TRA Officer, 26/7/2021)

Furthermore, the correlation analysis findings shown in Table 6, depict that benefits of using EFD machine has positive and significant relationship with EFD usage as the correlation coefficient is 0.003 which is less than 0.05, followed by cost of EFD with correlation coefficient of 0.31 and Functionality with a coefficient of 0.39. The coefficient table implies that there is a significant relationship between benefits and Usage of EFD as it shows value is 0.000 which is between  $P \leq 0.000 - 0.05$ . The second hypothesis also shows the significant relationship between cost and Usage of EFD, as it shows the value of 0.021 which is between  $P \leq 0.000 - 0.05$ . The third hypothesis show no significant between Functionality and Usage of EFD as it shows the value of 0.062 which exceeds  $P \leq 0.000 - 0.05$ . By considering these findings all the alternative hypotheses of this study were accepted and all null hypotheses were rejected.

Table 6: Correlations output

		Usage of EFD	Functionality	Cost of EFD	Benefit of using EFD
Usage of EFD	Pearson Correlation	1	.039	.031	.003
	Sig. (2-tailed)		.543	.630	.545
	N	242	241	241	242
Functionality	Pearson Correlation	.039	1	.154*	.269**
	Sig. (2-tailed)	.543		.017	.000
	N	241	241	240	241
Cost of EFD	Pearson Correlation	.031	.154*	1	.353**
	Sig. (2-tailed)	.630	.017		.000
	N	241	240	241	241
Benefits of using EFD	Pearson Correlation	.003	.269**	.353**	1
	Sig. (2-tailed)	.545	.000	.000	
	N	242	241	241	242

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

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

## CONCLUSION

Regarding the functionality of EFD machine the study concludes that EFD machines solve tax payers' problems, provide promised services all the time, ensure accuracy of transactions, and EFD machines are user friendly, the qualities of papers rolls are very impressive and TRA officers provides technical support to taxpayers. On the on taxpayers' perception towards cost of purchasing and servicing EFD machine it has been concluded that most of respondents admitted that the cost of EFD machine, batteries, receipts, and training of new recruits are very affordable but denied it is expensive to install EFD machines. The study further conclude that taxpayers have positive perception on the advantage of using EFD machine as machines facilitate timely payment of tax, reduce time for TRA officers to visit their business premise, enhance record keeping, reduce time for report preparations, ensure accurate taxes are paid, timely payment of tax and broaden tax base and EFD machine improve data collected by administrators and reduce tax collection cost strengthen audits.

The study implies that there is a need to review cost of EFD machines and provision of education to taxpayers on the benefits of using EFD machine. In addition, TRA should ensure timely delivery of the services; ensure truthfulness in keeping to promises to taxpayers when reporting problems relating to the use of EFDs such as network breakdown, mechanical problems of the device and so on. Being dependable and consistent in service delivery in solving taxpayers' complaints, will improve the performance of the whole tax payment system.

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