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**DECENTRALIZED TAXES FACTORS AND REVENUE COLLECTION  
PERFORMANCE IN LOCAL GOVERNMENT IN RWANDA  
A CASE OF KICUKIRO DISTRICT**

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**MBA/0583/13**

**A Research Project Submitted in Partial Fulfilment of the Requirement for  
the Award in Master of Business Administration (Finance and Accounting  
Option) of Mount Kenya University**

**JUNE 2022**

**DECLARATION**

This research project is my original work and has not been presented to any other institution.

No part of this research project should be reproduced without the author's consent or that of Mount Kenya University.

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**Declaration by Supervisor (s)**

This research project has been submitted with my approval as the Mount Kenya University Supervisor

Signature: \_\_\_\_\_ Date \_\_\_\_\_

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## **DEDICATION**

This research project is dedicated to my Wife Odeth, my children Elsie, Elvis, Elsa and Elwin

## **ACKNOWLEDGEMENTS**

The study is as result of contribution effort from various individuals. I wish express my gratitude to all those who contributed in one way or another to completion of this work. I first acknowledge the Creator Lord for life, strength and health. After, let me express my massive appreciation is addressed to my supervisor Dr Osiemo Kengere Athanas for guidance, inspiration and assistance, in writing this proposal.

I wish to thank to Local Government at Kicukiro district one of the respondents who gave their perspectives to for investigation; without them, the discoveries would have not been conceivable.

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## **ABSTRACT**

The aim of this research was to investigate effect of decentralized taxes factors on revenue collection performance in local government in Rwanda: a case of Kicukiro District. The study specific objectives were to assess effect of fiscal decentralization, economic factor and administrative factors on revenue collection performance in local government in Kicukiro District, Rwanda. The study is important to local government at Kicukiro, Central government and other district local government. The researcher used a descriptive and correlation research design. The researcher targeted 254 employees of Kicukiro and using Yamane formula, a sample size of 155 respondents was determined. Both simple random and purposive sampling techniques were used to select sampled population. The researcher collected data using questionnaire survey, interviews and desk review. Information was analysed utilizing qualitative and quantitative methods through a computer based software known as statistical product and service solutions. Both descriptive statistics (frequency, percentage, mean and standard deviation) and inferential statistics (regression and correlation) were used. Data was represented using tables and charts. Results to the first specific objective show insignificant relationship between tax horizontal and vertical

structures and tax compliance ( $r=.003$ ;  $p$  value= $0.953$ ); Tax horizontal and vertical structures and tax convenience was not associated ( $r=0.003$ ;  $p$ -value= $0.542$ ); tax horizontal and vertical structures insignificantly correlated with revenue collection target ( $.013$ ;  $p$ -value= $.825$ ). Contrary to the significant correlation between the behavioural issues and tax convenience ( $r=.206$ ;  $p$ -value= $.000$ ). Results to the second objective denote that 38.6% strongly agreed that RRA and Kicukiro District have respected the tax benefit principle. Results felt that relationships were insignificant given that the  $p$ -value was  $>0.05$  suggesting that a variation in economic factors did not increase the compliance and convenience of taxes in Kicukiro District and vice versa. Results to the third research specific objective demonstrated that expenditure decentralization was used as strongly agreed by 35.2%. It has been demonstrated that 36.9% agreed with local entity geographical size as agreed. Correlation results demonstrated insignificant correlations given that the  $p$ -value was  $>$  implying that a change in expenditure decentralization did not increase tax compliance, convenience, revenue collection target and vice versa. Local entity geographical size was insignificant with tax compliance ( $r=0.080$ ,  $p$ -value= $.0169$ ), and local entity geographical size was insignificantly correlated with tax convenience ( $r=0.013$ ,  $p$ -value= $0.822$ ). The research concludes that to some extent decentralized taxes factors affect the level of revenue collection performance at a low level of significant. The study recommends that taxpayers should pay tax to ensure compliance and collection, request for electronic billing machine receipts to support the performance of revenue collection for safe of revenue and taxes. The RRA employees would make consistent follow up and increase public awareness in regard to online tax payment. Further studies should focus on effect of online taxation, electronic billing machine, and online tax invasion on socioeconomic development.

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## LIST OF ACRONYMS AND ABBREVIATIONS

<b>LG</b>	Local government
<b>MINECOFIN</b>	Ministry of Finance and Economic Planning
<b>MKU</b>	Mount Kenya University
<b>RRA</b>	Rwanda Revenue Authority
<b>USD</b>	United States Dollar
<b>VAT</b>	Value-Added Tax

## DEFINITION OF OPERATIONAL KEY TERMS

<b>Administrative Factors</b>	Factor that influences direction, supervisory, execution and implementation of public policies regarding the taxation and collection of revenue, charges and fees.
<b>Fiscal decentralization</b>	This term refers to delegation of revenue collection duties and power from central to decentralized entities.
<b>Economic Factor</b>	This is the degree of revenue, auditing opportunities, taxation, profits, fines and any other determinants.
<b>Revenue Collection Performance</b>	Total net revenue collected by tax type compared to Revenue collection forecast.



## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

Chapter one deals with background of the study, problem statement, objectives of the study, research hypotheses, importance of the research, limitations, scope and organization of the research report.

### **1.1 Background of the Study**

Globally decentralized local entities contribute to the provision of basic infrastructure necessary for business development (Nguyen &Anwar, 2011). Several towns and other urban areas in less developed countries rely on national government revenue collected from taxes and fees charged to service provided to citizens. Therefore, most of economic and business activities adequate for supporting or funding towns like income taxes, sales and properties were monitored at national level.

In many areas, there exist a pertinent problem of unequal collection and distribution of resources and revenue. Moreover, two factors may play a crucial role to the effective and equitable provision of public services: responsiveness and accountability of local government and ensure that public services delivery is more viable and sustainable in peri-urban areas (Martinez-Vazquez, 2014). The tax refers to compulsory levy, legalized by the government or other tax collection authority, expenditure or capital assets for that the pay payer, cost, financial resources for taxpayers obtains nothing specific in return (Ahmad & Brosio, 2015).

The local government has developed relatively slowly and instances, there has been a centralizing tendency, driven in part by decentralization failure. From this Scandavian

countries have a centralized tax administration but in other countries, tax administration is highly decentralized like in Germany (Martinez-Vazquez & Timofeev, 2010). For viable and accountable future taxation, cities in less developed countries would adopt the use of pertinent and crucial resources of tax and revenue and non-tax revenue collected via user's charges and fees. The role fiscal decentralization in government accountability had garner attention among the stakeholder decentralized entities (Nguyen & Anwar, 2011).

The justification of fiscal decentralization is to deliver goods and services to the entire community. Therefore, this goods and public services affordable to local people. Therefore, this cannot generate outcomes whether well planned and executed. It can be communicated when national government continue to follow up hiring local responsible (Samimi, *et al.*, 2010). Best practices of fiscal decentralization in countries like Norway, USA and France among advanced countries is having suitable model to support local leaders. Reforming municipal finance is not easy. The aforementioned problems were negative to know the denial of national government leaders to delegate the paramount revenue power they were given (Fjeldstad *et al.*, 2012).

In Rwanda, taxation duties were key elements of decentralized entities to assume their responsibilities adequately in sustainable way, and predictable flow of income. Local government normally comprised of local raised revenue tax and non-tax revenue. The taxes decentralized by law no 17/2002 include property tax, rental income and business licences district authorities in urban centres offer particular potential for raising taxes and maximize them due large service demand (Rwanda Revenue Authority[RRA],2019)

The country utilize revenue as a component of assessments follow up of national economy (Romer&Romer, 2010). Revenues were deemed to attain economic and financial objectives via taxation capacity to affect distribution of resources such as to transfer revenue from private to public investment schemes, using revenue collected from the private sector. The pertinent problem for any government and tax collection authority was to receive skills and awareness of reasons for taxpayer's noncompliance (Tesfaye, 2015).

Since every government had its own model to manage tax compliance behaviour and every had not the same tax rules and regulations for factors impeding tax compliance behaviour among countries. Since every states (Palil, 2010). Countries like Uganda were regarded with low income tax compliance level, in face of many testimonies for voluntary tax compliance (Ayoki, 2010). Most of such countries had introduced tax compliance administrative strategies including penalties, taxation rate, auditing to strengthen tax enforcement instead of voluntary compliance (Tesfaye, 2015). This study focused on effect of the decentralized taxes factors on revenue collection performance in local government in Rwanda using a case of Kicukiro District.

## 1.2 Problem Statement

The greatest impediment to the revenue collection performance the unwillingness of most of taxpayers to meet tax obligation owing to the existence of negative voluntary compliance (Tesfaye, 2015). In fact, tax revenue loss via tax avoidance in the world was more than 3.1 trillion of US dollars that was around 5.1% of Gross Domestic Product. It means that 54.9% of healthcare spending were lost to tax avoidance and fraud, 97.7% and 138.5% of health care budget was lost to tax avoidance and fraud in Africa.

In search of way to improve revenue collection performance, decentralized taxes were pointed out to enhance revenue collection, operation efficiency, gain services to tax payers all time from anywhere, decrease expenses of compliance and lead to higher tax compliance. In this regard, RRA (2019) reiterated that total revenue collected was 1,516.3 billion which is an achievement of 95.4%. Decentralized revenue collection was 62.0 billion Rwfs, a completion of 90.9% of 68.2 billion of Rwfs targeted by the institution.

However decentralized taxes is facing challenges of tax evasion, due citizen neglect to pay tax by making fraudulent on income tax. Therefore, the expectation to avoid taxes was prominent in the entire country and this issue had inspired many researches to explore factors behind it. Some studies including; Saad (2010) have examined the influence of Fiscal decentralization on taxpayer compliance with contrasting findings. Despite, decentralization, tax compliance continue to be problematic and revenue collection were low compared with the target set by Rwanda Revenue Authority in Kicukiro district. In light with the above considerations, the present research examined effect of decentralized taxes factors on revenue collection performance in local government in Rwanda using a case of Kicukiro District.

### **1.3 Objectives of the Study**

The researcher has used general and specific objectives:

#### **1.3.1 General Objectives**

The present study examined effect of decentralized taxes factors on revenue collection performance in Kicukiro District, Rwanda.

#### **1.3.2 Specific Objectives**

Specifically, the researcher used research objectives as follows:

- i. To establish effect of administrative factors on revenue collection performance in Kicukiro District.
- ii. To assess effect of economic factors on revenue collection performance in Kicukiro District.
- iii. To examine effect of fiscal decentralization on revenue collection performance in Kicukiro District.

### **1.4 Research Hypothesis.**

**H<sub>01</sub>** There is no significant relationship between administrative factors and revenue collection performance in Kicukiro District.

**H<sub>02</sub>** Economic factors has no significant effect on revenue collection performance in Kicukiro District.

**H<sub>03</sub>** Fiscal decentralization has no significant effect on revenue collection performance in Kicukiro District.



### **1.5 Significance of the Study**

Results from the present research will be significant from theoretical perspective in that the research will contribute towards improving a comprehensive model of tax compliance. Therefore, a practical perspective of the results will be to support policy making process and gaining awareness on decentralized taxes factors for policy intervention.

The suggested recommendations are useful in enabling RRA, Kicukiro district and other districts to come up with possible strategies on ameliorating tax compliance by citizens and enhance revenue collection performance. Most studies on tax collection have concentrated on establishing the decentralized taxes generally, but have not critically established the extent to which fiscal decentralization, administrative and economic factors contribute to effective tax collection. This intends to bridge that gap.

The study may enrich the literature on decentralized taxes factors upon which future researchers shall conduct further research. After the fruitful finishing of the project future researcher would be able to access this information at MKU library to serve for future reference in the area of decentralized taxes. This examination added to extra wide scope of information.

## **1.6 Limitations of the Study**

In this research, respondents feared to give confidential information related to decentralized taxes factors in Kicukiro District, City of Kigali, and revenue collection performance attained. In order to overcome this challenge, the researcher produced the introductory letter and promised them that this study was for academic purpose and data provided will be preserved with higher confidentiality. Another challenge was related to the limited time of respondents due to the busy schedule they had. The researcher overcame this challenge by sending questionnaire to be responded in convenient time.

## **1.7 Scope of the Study**

The study was delimited in term of content, concept, geographical and time scopes:

### **1.7.1 Content Scope**

The only information that the study covered was limited to effect of decentralized taxes factors on revenue collection performance in local government in Kicukiro District. The study specifically focused on effect of fiscal decentralization, economic factor and administrative factors on revenue collection performance in local government in Kicukiro District.

### **1.7.2 Geographic Scope**

Geographically, this study was limited to Kicukiro District of Kigali province.

### **1.7.3 Time Scope**

The study was limited analysis of effect decentralized taxes factors on revenue collection performance in local government in Rwanda for three years from 2018 to 2021. This research was conducted between January 2021 and June 2022.

### **1.8 Organization of the Study**

This research project comprised five integral chapters. Chapter one introduces a research problem, conceptual and contextual background, problem statement, research objectives, hypotheses, significance, limitations, scope and organization of the research report. The second chapter captured literature review. It presents theoretical literature, empirical literature, critical review and acknowledgement of research gap, theoretical framework, conceptual framework and summary of literature.

Chapter three the chapter brings about the different methods being used. It starts with research design, population, sampling procedure, methods used in collecting information, methods and procedures used in analysing information and ethical considerations.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

### **2.0 Introduction**

Chapter two concerns with theoretical and empirical review on effect of decentralized taxes factors on revenue collection performance in local government in Rwanda. It reveals investigations other researchers found, relevant theories, methods and gaps in the existing researches.

### **2.1 Theoretical Literature**

A theoretical literature gives a review of past studies carried on decentralization taxes factors and revenue collection performance. It provides a description of key concepts related to the research topic. This section describes key concepts to the topic: taxes, decentralization, administrative factors, economic factors and decentralized factors and revenue collection performance.

#### **2.1.1 Administrative Factors**

Revenues were needed to cover public expenditure and to achieve economic objectives using all means of revenue collection to persuade the distribution of financial means such as transfer of funds from public institutions to the community members(citizens) in order to support public investment projects or programs, tax regularization and providing taxation incentives (Lubua,2014). According to the author, it was demonstrated that suitability of the public institutions to help its activities extending from administration, basic services delivery. Revenue collected by public entities from taxation for covering its costs relies on commitment of private sector to be submissive to rules and regulations of taxes.

The taxation dodging was a general insistent issue during historical context with various negatives effects. Copying with fraud and taxation necessitates awareness of basic elements pertaining people's choice if to comply or not with taxation rules and regulations. Therefore, methodical and relevant data on people's attitude towards taxation behaviour was necessary for the best analysis and more taxation policies design in African context (Fjeldstad *et al.*, 2012).

Tax compliance matter is a behavioural issue as opposed to administrative problem it was either a taxpayer provides it willingly or freely there was no rule all-comprehensive description of compliance used across all tax compliance researches. For instance, taxpayer compliance was described as compliance with meeting necessities, explaining that taxpayer records all (Fagbeni & Abogun, 2015).

Therefore, decentralized revenue would be charged at their house owing to the fact that was where many persons local entities services. Therefore, owing to organizational suitability taxation by local authorities. Therefore, large acceptance on returns of properties as local taxation, most of less developed countries create low of using it.

The taxing properties necessary expenditure for revision of properties on constant principles to fortify owing to seizure of properties would be take into consideration moreover dangerous owing to political outcome. The taxation for properties due to low level revenue collection. These elements comprised of economic challenges were willingness such as experiences by persons that were done to the revenue, amount of taxation problem and needs related to finance of spouse and children.

Basically, tax reform was necessary due to low level of success of previous tax collection rules and regulation adequate taxes to support public services. The old framework provided too high taxation and escapes and had been expensive to manage (Ahmad & Brosio, 2015). For international experience with the property tax changing forms of managerial delegation may be taken into overtime relying on developing abilities (Fagbemi, 2014).

Furthermore, Emmanuele (2012), an adequate taxpayer system would consider effectively, clear, equity, generosity and flexibility. Thus, the government would not intensification the tax burden of its citizens and at similar optimize the wellbeing of the entire society. The objective of government was to optimize social wellbeing. The greatest impediment to taxation theory the separation rate, and innovation administration expenditures for revenue collections strategies. Countries like Uganda were categorized by income tax payment level in front of various supports for voluntary tax compliance and most of such institutions had used tax compliance administrative assessments such as penalties, prevalence and tax auditing to meet their enforcement as an alternative of voluntary compliance (Martinez-Vazquez, 2015).

### **2.1.2 Economic Factors**

The taxation were needed to be sure with the achievement of determined objectives via the capacity of taxation process to stimulate the distribution of revenue such as to transfer funds from private sector to public sector to support public programmes, the management of private investment into expected ways and strategies via like assesses as regulatory framework of taxation and guidelines.

Moreover, importation duties would be utilized to defend decentralized entities from external competitiveness. The pertinent problem for countries and tax collection boards was to acquire skills and awareness of factors influencing noncompliance. Therefore, the assessment of the level of voluntary or involuntary non-compliance may be complex as it include the estimation of uncollected taxes that by its nature not revealed by revenue authority (Niway, 2016).

A level of tax compliance in most regions was impacted by personnel, socio-demographic, economic and organizational factors (Saad, 2010). Therefore as every government had its own model to manage tax payment behaviour and had not the same rules and regulations for revenue collection for the element influencing compliance occur to be not the same in different countries (Palil, 2010).

### **2.1.3 Fiscal Decentralization**

The fiscal decentralization was seen a key factors of revenue collection performance in decentralized local entities. Therefore, whether the decentralized entities and private were to operations adequately, they would possess suitable level of revenue either collected in local or at the national level as well as the power to make decisions on cost allocated to public services.

The fiscal decentralization may take forms, such as a)self-financing or cost recovering process using taxpayer charges and fees')auto-financing via user involvement in giving services and building basic infrastructure through direct contribution or manpower; c) expanding local revenue by properties, sales, and indirect charges') international transfer of fund for specific utilization; and e) instructions from local leaders to borrow and mobilize

national and decentralized resources in the context of loan guarantees (Slavinskaitė *et al.* 2019).

According to Oates (1972) and Tiebout (1956) provided theories in which decentralized finance may assurance an adequate delivery of products and services owing to decentralized local entities option were content than in national level. Previous theories undertook a welfare government, however.

The decentralized of taxation processes include share of taxation and spend duties between centralized and decentralized entities (Saad, 2010). Tax decentralization provides considerable income and expense freedom to decentralized entities, comprising the authority to levy revenue, and fees. Another theoretical framework gave approaches for discussing on decentralized revenue and taxation problems (Rodden, 2016).

For example, the first set of theories sought to related decentralized procedure with the level of answer from population and financial adequate via an increase in adequate using increase of the link of asset distributed to the expect of persons. Another framework, therefore, focuses on requirement to the decentralized entities and data related to persons may play a role to fiscal development (Palil, 2010).

Therefore, public institution, that rely on income like taxation and charges had requirements for more responsible, adequate in giving public services, and absence of corruption (Samimi, *et al.*,2010) that have been relying on public expenses had low level of inventiveness to increase adequate public entities and higher level of transparency (Brollo, *et al.*,2011).



Decentralization model, also show a high level of performance of revenue collection in adequacy of public products and services by decentralized local entities. The promised on the analysis and financial gain were achieved via adequate via fund to decentralized entities (Gadenne, 2013). The restricted resources may be more adequate whether fiscal system was decentralized, clear evidences on persons, and thus may skills adequate to optimize profits of using assets in local entities (Saad, 2010). Therefore, budget overruns, exploration, competitiveness for taxation and high business and trade costs pertinent financial burden related to fiscal decentralization.

#### **2.1.4 Revenue Collection Performance**

The national government permit decentralized entities to involve in collecting revenue. It was performed on sources. Owing to this fact of using sources, there were some revenues like personal income taxes, corporate one and value added taxes.

Sharing system maintained by decentralized entities was the proportion of revenue gathered in certain and particular areas. In this regard, taxation share was clearly adopted to ensure the completion of the first phase of perpendicular problems by inadequate revenue responsibilities. Therefore, this was evidenced as a comparable to revenue duties, there was a basic discrepancy between two in the fact that tax allocation and distribution did not include any form of independence and thus it did not establish any immediate association to responsibility (Sjoquist & Stephenson, 2010).

According to Gideon and Alouis (2013) write that an adequate national revenue collection process was the hub of every national and local government and cornerstone of sound fiscal administration. It facilitates governments to support budget deficits from domestic sources,

therefore, discouraging alternative to offshore sourcing. Relying their research on public revenue collection in Zimbabwe, they have argued that there was an expectation of reviewing organizational and internal management framework concerning national revenue authority. The study specified on taxation basis, fortifying rules and regulation regarding taxes, auditing, introducing a transparent way of collecting taxes. The pertinent strategies adopted, there were the adoption and inauguration of electronic billing machine and online taxation services.

Based on a research Lunua (2014), workers contribute to know revenue authority gathers its tax from clients in adequate time. They are to confirm that clients had the right that taxpayers had suitable skills of business taxation. Dishonest of workers was evidenced to influence revenue collection performance. Therefore, the author recommended to organize in service training and capacity building for workers on the role of taxpayers to comply with taxation rules and regulations. Therefore, most of respondents accepted that they did not obtain capacity building support from revenue authority.

Despite, global practices are not similar from government to government, a transitional may copy in its identity and using profits to obtaining loan and fund of decentralized entities. Moreover, local entities will be supported by the national government to collect decentralized local entities. These include accessibility to capital market for local government that may not be obtained using loan strategy. Furthermore, supporting organizations transfer's savings on expenditure allocated to credit repayment to consistent borrow of funds to support decentralized entities with design, estimation of transaction and pre-arrangement of loan products (Freire & Petersen, 2014).

According to Weist (2012), the assessment of various approaches to copy with non-performing loans such as international taxation system, national taxation strategies, execution of legal framework and enforce other follow up activities. According to Sjoquest& Sptephonson (2010) argue that just a complex way of allocating revenue for supporting public welfare. It acts as a continuous taxation system whose income is allocated for a particular period and which returns to the general properties tax income at the end of this period. Progress effect fees also actual common at the local level of in the United States of America were on time monetary levies that were given by taxpayers during the construct9on process and appraisal (Saad, 2010).

Certainly, revenue mobilisation is a complex task that, depending on adequate fund collection tools such registering taxpayers, valuation of their properties, measurement, delivering bills, collecting and enforcing them. Therefore, poor donation and human skills, personnel and basic public services would impede suitable and accurate execution of the above phases and restrict the quantity of fund raised. The estimation of taxes target was a constraint in most of less developed countries owing to the local of relevant information.

The fund was estimated relying on proportional share of costs on the provision of basic services and infrastructure such as arterial roads, water system, electricity, hygiene and sanitation, industrial facilities. The prevalence rate should be scheduled by decentralized local entities. Effect fees were in utilization for a while, but have seen a current flow in popularity (Burge, 2010).

## **2.2 Empirical Literature**

### **2.2.1 Effect of Administrative Factors on Revenue Collection Performance**

According to Muriiti and, Moyi (2003) did not a research on the production of Kenya Tax Revenue Authority in the framework of taxation decentralization process relying on historical background of revenue collection services. The results proposed that taxation reform have a significant effect of general taxation structure and on personal taxation compliance.

Fiscal centralization had a high effect on direct taxation in comparison with the current global practices owing to its adequacy and application in different area (Saad, 2010) undertook a research on revenue performance and administrative factors in Kenya between 2001 and 2008. The findings evidenced a total of tax system as 1.26 and elasticity of 1.27. The research asserted that tax system has been both elastic and meaning that tax reform had enhanced the level of production and profitability. Therefore, decentralization strategies have a clear influence on taxation performance.

Emmanuele (2012) researched economic psychology tax behaviour found supporting immediate and significant effect of education and complying with taxation rules and regulations. The study further found that the level of complying with taxation legal framework in developed and less developed countries was determined by socio-economic, demographics and organizational characteristics. Amina & Sniy (2015). Tax compliance and its determinants found that were age groups of taxpayers. Fagbemi (2014). The Taxation compliance and tax morale evidenced that adults persons were more likely to comply than youths. Studies on impact of gender on taxpayer compliance also show contrasting.

Palil (2010) study on taxation skills, compliance factors in self-determination in Malaysia and found that each country had its own model to manage and coordinate behaviour and every person had various taxation rules and regulation and for elements impacting tax compliance occur to change among countries.

According to Martinez-Vaques, Timofeev (2012) studied tendency to allocate resource and additionally of capital transfers found that in order for local governments to complete their mission in financially response manner, decentralized authority in less developed countries would had pertinent sources of own tax income and non-taxation income gathered from user charges and fees. The study further found that appropriate of funds was a pertinent to the improvement of capacity of decentralized local entities in delivering basic products and services but also for transparency and responsiveness of local leaders to their entities. Study recommended that local governments should possess funds necessary to be added by international transfer of funds to copy with public expenses and taxation ability and local entities to assist the execution of public projects. Therefore, to adequately copy with expected problems of collecting funds, local entities in less developed countries necessitate revenue, fees and charges to construction basic infrastructural development.

### **2.2.2 Effect of Economic Factors on Revenue Collection Performance**

Lubua (2014) studied affecting tax compliance in small and medium via the utilization of ICT asserted that revenue collection was pertinent factor of national economy. The suitability of public revenue permits to assist its administrative, infrastructural and service delivery activities. The research intended to indicate the way in which electronic transparent service copy with constraints of freedom in complying with taxation rules and regulations in

Tanzania. The research accepted the role of understanding taxation law, business expertise, honest of workers, low visiting habits of taxation personnel and capacity building expectation. The study recommends reading ICT skills to ameliorate these determinants in order to ensure taxation compliance and voluntary payment.

Saad (2010), have examined the transparency, point of views and tendency to complying with taxation law using a case of remunerated taxpayers in Malaysia after the introduction of self-evaluation system discovered that a significant effect on tax compliance and education profile of taxpayers is attributed to high performance in term of transparency in taxation process when taxpayers were well skilled and with their ability to handle complex tax laws.

Moreover, Martinez and Tomofeev (2012) studied on tendency to allocate and accumulate resource and additionally of fund transfer. The empirical literature investigated two complaint usually adopted to defend capital grant in practice: 1) Owing to political economy reasons, decentralized tendency to make low investment to the level of expectation by public institutions. The researcher tested this complaint in comparison with tendency to allocate resources or funds to local entities vis a vis national levels; 2) Administrative and effectiveness of allocating grants for capital utilization were defended by their influence by impact of encouraging more investments by local entities. The study tested their prerogative by contrasting the tendency to allocate decentralized entities out of financial revenues in comparison to their tendency to allocate the aim of taxes and other funds.

Fagbemi (2014) study on complying with taxation and respect to local administration domestically and found that level of compliance between female and male varies such that male had high level of non-compliance than females. Most of researches evidenced that men

and women taxpayers show diverse levels of complying with tax rules and regulations. The study used investigative researches of tax evasion, respondents were trained that they could reveal any quantity of revenue from zero up to amount they presently gained or forced.

The study further found that most of persons give their taxes despite the financial incentives of non-compliance owing to fact that they were strongly motivated towards obeying power. Therefore, the researcher indicated to provide respondents a week to make their reports at home a leader figure physically show high level of significance reducing compliance rates. In this regard, most of taxpayers still complying with rules and regulations as evidenced by 25% to 1% that could make non-compliance more attractive whether are seen as a simple issue of risk and needs.

### **2.2.3 Effect of Fiscal Decentralization on Revenue Collection Performance**

Fagbemi, T. O. (2014) studied decentralized entities in less developed countries the World Bank Washing DC public sector governance and responsibility series and found that the best practices of fiscal decentralization in countries like a Norway, USA and France among the advanced countries was possessing effective model to support decentralized local entities.

Samimi, Lar,,Haddad &Alizadeh (2010 ) study on decentralizing revenue collection services and socio-economic development of Iran found that revenue collection in local entities provide goods and services from demand side based on local taste and conditions. The study concluded that the justification behind local government involvement in collecting taxes and revenue was to supply goods and services near citizens. Therefore, the researcher did not generate relevant information on whether suitable plan and execution were more effective and sustainable.

According to Fagbemi (2014) studied effect of taxation system on compliance attitude in Asia using a case of Hong Kong and discovered a significant correlation between education profile and taxation compliance. Alm, *et al.* (2010) studied citizen's data and attitude towards paying taxes and found that demographic factor that impacts the level of compliance attitude and personal tax payers. The researcher evidenced that most of previous done in United States indicated that age group was a key factor in describing the level of taxation compliance.

Niway (2016) studied Determinant of voluntary compliance behaviour evidence from SNNPR Ethiopia and found that education profile was immediately linked with tax payment behaviour, commitment and willingness. Thus, the concentration of this article in tax compliance problem is on the Fiscal decentralization (gender, age and education) which affect taxpayers' behaviours related to their tax responsibilities.

Fjeldstad, *et al.*, (2012) studied taxation decentralization and adequacy of local government. The study found that fiscal decentralization provide considerable taxes and expenses freedom to local entities, such as levying taxes, charges and fees. The aforementioned considerations leads to the delegation of taxation and allocation of public responsibilities among centralized and decentralized institutions.

### **2.3 Critical Review and Research Gap Identification**

This section analysed past studies critical in order to identify and acknowledge the research gap filled by the present research study.



### **2.3.1 Critical Review**

Researches on the effect of age on taxpayer attitude to comply with taxation law posted contrasting findings; studies by Fjeldstad, *et al.*, (2012) supporting immediate, favourable correlation and interaction between education and complying with taxation rules and regulations (Niway, 2016) found that skills and knowledge were associated with likelihood of complying with them. Few researches however, established no link between age and complying with taxpayer.

Studies by Martinez-Vazquez (2015) established that older persons were more compliant than youths. Studies on impact of gender on taxpayer compliance also show contrasting findings. Studies by Hasseldine & Hite, (2013) felt that women taxpayers have more tendency than men. According to Amina and Sniy (2015) and Niway (2016) pointed out that gender had no significant effect on compliance habits of taxpayers.

### **2.3.2 Research Gap Identification**

Tax Decentralization had evidenced the growing problem concerning fiscal decentralization in less developed countries in the last 29 years. Previous few studies focused on the demonstration of effect of decentralizing taxation duties on socioeconomic development. Therefore, the greatest impediment was lack of special analysis on factors influencing revenue collection performance in decentralized local entities.

A lot of researches were undertaken on effect of fiscal decentralization like age, gender and education on taxpayer compliance.

## **2.4 Theoretical Framework**

This refers to underlying relevant theories that were used to conduct any empirical or scientific study. A theory itself is a methodical meaning of the correlation among phenomenon. Models give the general meaning to an appearance (Santos, 2013). This study was conducting using benefit model, capacity to pay tax, maximum level of planned behavior (TPB), and fiscal federalism theories.

### **2.4.1 Benefit Theory**

This model implies the more a person obtains benefits from public sector, the more a person would pay taxes and vice versa. The person would pay tax in proportion to benefited derived (Elmi et al., 2015). The payment of taxes in association to the benefit derived seems unrealistic. Benefit Theory of taxation states that a person that tax would enjoy the benefits of tax paid for goods and services (Elmi *et al.*, 2015).

This model would levy taxes based on benefit sought to be sure that each individuals tax obligation were as far as possible relied on profits obtained from enjoyment (Elmi *et al.*, 2015).

The benefit tax theory argues that persons would take into consideration they obtain from government costs before they pay tax (Jorge, 2011). This model fits terms of horizontal and vertical equity. It took into considerations both revenue and costs. One of drawback was whether the poor benefits most from public costs, it cannot make sense to ask them to pay for it (Martinez, 2011).

### **2.4.2 Ability to Pay Theory**

Stephen (2015), the principle of capacity to pay theory of taxation begins in 16<sup>th</sup> century, expanded by Jean Jacques Rousseau, and Jean Baptiste. This model was taken into account the most equitable tax strategies. The capacity of this model was more likely to accept relied on equity or injustice (Obara & Nangih, 2017). Person's ability would be given serious focus before taxes were assessed (Atawordi & Ojeka, 2012). The ability to pay taxes argues that taxes levied on economic entities would be proportioned to ability of entities to pay taxes, this people possessing higher revenue and wealth would be collected more and less taxes would be levied on these possessing low level of income and wealth provided other this similar or the same. The phrase "ability to pay" does not necessarily ensure that individuals can afford their taxes as affordability can be subjective (Stephen, 2015).

### **2.4.3 Optimal Tax Theory**

This theory emanates from the willingness of government to increase a certain of resources from taxation (Musau, 2015). There was expectation for the government to make equilibrium of target of collecting taxes with the capacity of persons to pay taxes.

Emmanuele (2012). Adequate tax system would take into consideration effectiveness, transparency, equity and suitability. Thus, the public sector would not increase tax burden of its citizens and similar optimize the wellbeing of the entire society (Emmanuele, 2012). The opinion tax was needed to be centred on wellbeing economic principles. The objective of government was to optimize was to social wellbeing (Emmanuele, 2012).

#### **2.4.4 Theory of Planned Behaviour (TPB)**

The Theory of Planned Behaviour was suggested by (Azjen, 1985) as extension of Research Action behaviour were accepted in most of researches. Therefore, similar had increase an idea for perceived behavioural follow up to assist behaviours change.

The study associates it to person attitudes on if person of role to individual think would involve in behaviour change. This study denoted the custom codes of behaviour in a set of persons or wider cultural practices. It denoted to a person view of these ease of achieving interest. Perceived behavioural follow up changes across conditions and activities that emanates from people possessing changing point of views of behavioural follow up on the working condition. Therefore according to TPB the decision to be tax compliant or not to be tax compliant depends on concepts like attitude, behavioural ideas, subjective, social guidance's and behavioural change towards taxpayer.

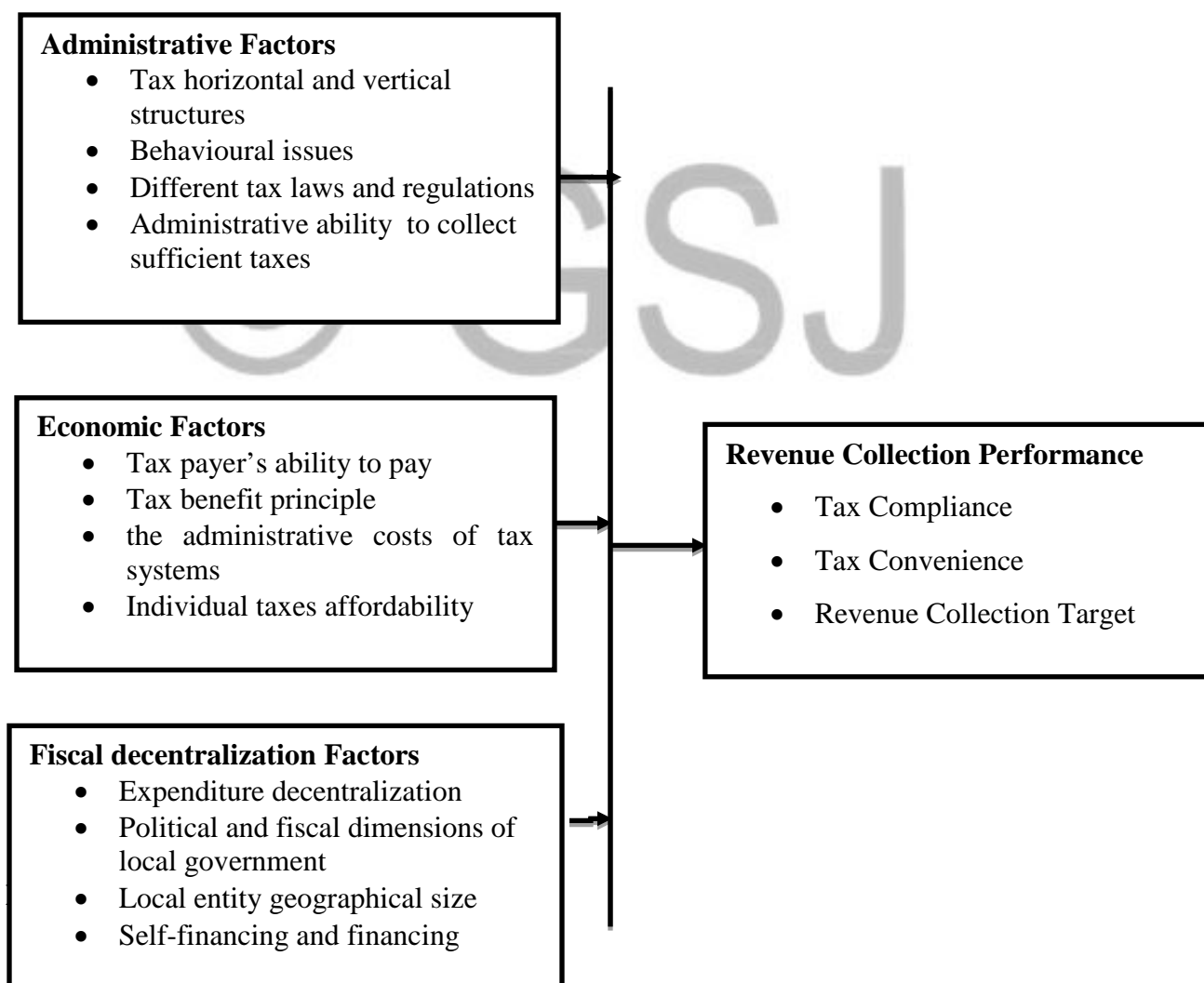
## 2.5 Conceptual Framework

Conceptual framework refers to the graphic representation of dependent and independent variables. The following Figure 2.1 shows the existing relationship decentralized taxes factors and revenue collection performance in local government in Rwanda.

### Independent Variable

### Dependent Variable

#### Decentralized Taxes Factors



## **Figure 2.1 Conceptual Framework**

### **Source: Primary Data (2022)**

The dependent variable in this study is revenue collection performance was assessed using revenue target and cost of collection while independent variable include administrative factors are measured tax administration, tax compliance ,complexity of tax system. Economic factors are measured by taxpayer ability to pay and tax payer ability to pay while demographic factor are measured by gender, age, residence and education

## **2.6 Summary of Literature**

To the purpose of completing their mandate in fiscal way. Decentralized local entities in less developed countries would possess crucial assets from revenue and non-revenue in term of charges and fees. Suitability of own revenue was a pertinent to ameliorate capacity to provide expected products and services and to an appropriate responsibilities of local authorities. This chapter concerns related a review of previous studies concerning effect of decentralized taxes factors on revenue collection. It reveals investigations other researchers found, relevant theories, methods and gaps in the existing researches.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

Chapter three provides information on research methodology adopted to conduct the present research study. The researcher particular explained design of the research, targeted population, sample size and methods of sampling and techniques to use to collect data, procedure for data analysis and ethical consideration.

### **3.1 Research Design**

A research design refers to a blueprint of all the situations and components for the gathering and investigation of information in an objective way that is in link with the study aims thus providing a framework within which research is conducted (Orodho, 2013). This research will use descriptive research design.

Moreover, Kothari (2004), in a descriptive study design, objectives are fixed enabling the collection of relevant and satisfactory information to the problem of the study. This research attempts to understand and therefore effect of decentralized taxes factors on revenue collection performance in local government in Rwanda

### **3.2 Target Population**

Population is portrayed as the hard and fast arrangement of parts that helps in making determinations (Cooper & Schindler, 2011). The targeted population of the study was 254 employees local government in Kicukiro district both in field and those working in office.

### 3.3 Sample Design

The sample is prudently chosen in order to represent the entire population with appropriate attributes (Sekaran & Bougie, 2016). The aim of this section focuses on both sample size and sampling techniques that was used.

#### 3.3.1 Sample Size and Sampling Procedure

Kothari (2014) refers sampling as the way toward acquiring data about a whole populace by inspecting just a piece of it. Tests can either be likelihood tests or non-likelihood tests. By and large, example sizes bigger than 30 and under 500 are proper for most examination. Inspecting is characterized as the way toward choosing various people for an investigation so that they address the population (Mugenda & Mugenda, 2012).

Using Slovin's formula the sample of 155 respondents were determined. Separated inspecting partitions the populace into homogeneous gatherings to such an extent that the components inside each gathering are more indistinguishable than the components in the populace overall (Garson, 2012).

$$n = \frac{N}{1 + N (e)^2}$$

Where n = the desired sample size which is derived from 254 employees of Kicukiro District using

e=Probability of error (e.g. expected precision, e.g.0.05 for 95% confidential level).

N=Population Size.

$$n = \frac{254}{1 + 144(0.05)^2} = 155$$



### **3.4 Data Collection Methods**

Both questionnaire and interview as primary data collection techniques have been utilized.

#### **3.4.1 Data Collection Instruments**

This study adopted surveys for essential information assortment. Surveys were favoured on the grounds that they are direct and less tedious for both the analyst and the members (Sekaran & Bougie, 2011).

On other hand Zikmund (2010) possible data collected by a researcher than another than the respondents. The fundamental sources of supplementary evidences included authoritative records, survey of distributed examination diaries, distributed propositions/projects, course readings, magazines, yearly reports. This was to a great extent in light of the fact that the members are not controlled at all by the scientist. Organized surveys intended to meet the destinations of the examination were utilized. Everything was created to address explicit topics of the examination.

#### **3.4.2 Administration of Research Instruments**

After obtaining a recommendation letter to carry a study from Mount Kenya University, acceptance letter from Local government at Kicukiro district respondents selected were informed on the most proficient method to fill in the survey. The respondents were given a time span inside which they reacted to the survey after which some poll was gathered by the specialist and some messaged inside the concurred time. They were self-administered and interview-administered

### **3.4.3 Validity and Reliability of Research Instruments**

Before distributing the study tools to respondents, these must be reliable and valid. Zikmund *et al.*, (2010) alludes validity as capacity of the instrument to gauge what it is intended to quantify. It alludes to the rightness of validity of a depiction, end, clarification, understanding, or different kinds of record.

The validity of research instruments was used to test validity to research tools. To assess content validity, the researcher had to consult experts who include the supervisor who offered suggestions on content and knowledge about the objectives of the study.

The reliability checks the consistency of the information gathered and level of precision in the estimations made utilizing an exploration instrument. The researcher piloted questionnaires before carrying the collection of data at Gasabo district to ensure that there is no unclear and ambiguous questions in tools use to collect data. The suitability of research tools has been checked using Cronbach's alpha. A Score above 0.7 in the study's threshold, which according to Hair (1998) an overall scale of above 0.7 is acceptable.

### **3.5 Data Analysis Procedure**

Prior to breaking down the information, blunders were first distinguished and disposed of research instruments. The gathered information and evidences were entered into a computer based software known as statistical product and service solution (SPSS) version 27.0 for presenting, analysing and interpreting them.

The researcher analysed through descriptive statistics in term of frequency, percentage, mean and standard deviation while inferential statistics helped the researcher to provide a correlation and regression analysis in order to establish effect of independent variables on dependent variable. The researcher utilized a regression equation as follows:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

y = Revenue collection performance in local government in Rwanda

$\beta_0$  = Constant

$\beta_1, \beta_2, \beta_3$  = Model Coefficients

$X_1$ : Administrative factors

$X_2$ : Economic Factors

$X_3$ : Fiscal decentralization

### 3.6 Ethical Consideration

While undertaking the examination both uprightness and genuineness were noticed. The study was conducted ethically. Respondents were aware of the type and objectives of the research and data collection and respondents' identity was preserved confidentially. Also, there was voluntary participation of respondents and all kind of plagiarism was avoided. The research ethics respected was authorization and acceptance letters from relevant authority, consent form from respondents, privacy and confidentiality of information were collected from respondents.

## **CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION**

### **4.0 Introduction**

This fourth chapter gives not only presentation, interprets, but also it discusses data collected on decentralized taxes factors and revenue collection performance in local government in Rwanda using a case of Kicukiro District.

### **4.1 Demographic Characteristics of Respondents**

The researcher wanted to analyse demographic information of respondents through sex, age, education profile, marital status and year of working in decentralized taxes and revenue collection performance in local government in Rwanda.

#### **4.1.1 Response Rate**

One fifty five (155) questionnaires were distributed while 10 interviews were held. However, only, 153 questionnaires have been well completed and collected properly to the researcher for data analysis. This has generated the proportion of returned questionnaires estimated to 98.71%.

#### 4.1.1 Gender Profile of Respondents

It was pertinent for understanding whether respondents gave any pertinence diverse opinions according to the study.

**Table 4.1 Distribution of Respondents by Gender**

Gender of Respondents	Frequency	Percentage
Male	93	61.1
Female	60	38.9
<b>Total</b>	<b>153</b>	<b>100.0</b>

**Source: Primary Data (2022)**

Results demonstrated that 93(61.1%) respondents were male while 60(38.9) were female. Most of respondents were men in decentralized taxes and revenue collection in Kicukiro District.

#### 4.1.2 Age Groups of Respondents

Age group is crucial in permitting the researcher determine decentralized taxes factors and revenue collection performance in Kicukiro District, Rwanda with the purpose to acquire pertinent, reliable and valid evidences.

**Table 4.2 Age of Respondents**

Age of Respondents	Frequency	Percentage
20-23years	23	15.1
24-27years	30	19.5
28-31years	72	39.3
32-35years	27	17.8
Above 35years	1	8.4
<b>Total</b>	<b>153</b>	<b>100.0</b>

**Source: Primary Data (2022)**

Information provided in Table 4.2 demonstrated that age of participants extended from 20-23 years to 35 and above. A great proportion of respondents, 72 (39.3%) respondents were between 28 and 31 years old, 30 (19.5) respondents were between 24-27 years old. Moreover, 27 (17.8%) respondents were between 32-35 years. Furthermore, 23(15.1%) respondents were between 20-23 years old. Finally only one (8.4) participants was above 35 years. It means that participants were mature enough to assume taxation duties and enhance revenue collection performance in Kicukiro District.

### 4.1.3 Marital Status

Marital status was pertinent enough to permit the author to explore decentralized taxes and revenue collection performance in Rwanda with the purpose to acquire crucial, accurate and suitable information.

**Table 4.3 Martial Status**

<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage</b>
Single	47	30.5
Married	102	66.8
Divorced	3	2.0
Separated	1	0.7
<b>Total</b>	<b>153</b>	<b>100.0</b>

**Source: Primary (2022)**

Information given in indicated that 102 (66.8%) respondents were married, 47(30.5%) were single; three (2.0%) respondents were divorced and only one (0.7%) respondents were temporarily separated.

### 4.2 Presentations of Findings

The study findings on project decentralized taxes and revenue collection performance in Kicukiro District, Rwanda is analysed in accordance with variables and research objectives. The independent variable was decentralized taxes factors, while the dependent variable was revenue collection performance. Specifically, the researcher sought to establish effect of administrative factors on revenue collection performance in local government in Kicukiro

District, to assess the effect of economic factors on revenue collection performance in local government in Kicukiro District; and to examine the effect fiscal decentralization on revenue collection performance in local government in Kicukiro District.

**Table 4. 4 Descriptive Statistics on the Level of Revenue Collection Performance in Kicukiro District**

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std.
	N	%	N	%	N	%	N	%	N	%	N			
There is an increase of tax compliance	22	14.1	41	26.5	6	3.7	39	25.5	45	29.2	153	3.3020	1.475	
There is an increase in tax convenience	11	7.0	14	9.1	5	3.0	57	37.2	66	43.6	153	4.0134	1.2115	
The revenue collection target has been achieved	7	4.4	23	14.8	7	4.7	61	39.6	55	34.6	153	3.8121	1.2356	

**Source: Primary Data (2022)3**

Results shown in Table 4.4 presented a descriptive analysis related to the degree of revenue collection performance in Kicukiro District, City of Kigali. In this regards, 25.5% and 29.5% of respondents correspondingly level of agreement and on increasing tax compliance in Kicukiro District. The study denotes that the mean of responses is 3.3020 while the standard deviation is 1.475.

Furthermore, the RRA in Kicukiro District was able to increase tax convenience as well as 43.6% of respondents strongly agreed with 37.2% of respondents. Therefore, mean of response is 4.0134 and standard deviation is 1.21154.



Therefore, RRA in Kicukiro District has met revenue collection target as evidenced by respondents. In this context, 39.6% of respondents agreed and 34.6% show a strong agreement on the statement with a mean of response of 3.812 and standard deviation of 1.235.

#### **4.2.1 Effect of Administrative Factors on Revenue Collection Performance in Local Government in Kicukiro District.**

The study first specific objective sought to establish effect of Administrative Factors on revenue collection Performance in Local Government in Kicukiro District. Before establishing the effect of administrative factors on revenue collection performance, the researcher started a descriptive analysis of administrative factors. The administrative factors was measured using tax compliance matter, different tax laws and regulations, low tax compliance levels in local governments, tax horizontal and vertical structures, behavioural issues, different tax laws and regulations, and administrative ability to collect sufficient tax.

**Table 4.5 Administrative Factors Influencing Revenue Collection**

Administrative Factors	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std
	N	%	N	%	N	%	N	%	N	%	N	%		
Tax horizontal and vertical structures	7	6.0	18	12.1	4	2.7	66	43.0	58	38.2	153	3.9530	1.1910	
Behavioural issues	16	10.7	26	16.8	7	4.4	47	30.5	57	37.6	153	3.6745	1.3991	
Different tax laws and regulations	17	10.7	37	24.2	6	4.0	52	34.2	41	26.8	153	3.4228	1.3838	
Administrative ability to collect sufficient taxes	21	14.0	13	8.4	4	2.3	52	33.9	63	40.6	153	3.7718	1.4313	

**Source: Primary Data (2022)**

Results presented in Table 4.5 demonstrated that 43.0% of respondents show an agreement with the statement that tax horizontal and vertical structures is more likely to influence the level of revenue collection performance. The study denotes that the mean of response was 3.953 while the standard deviation is 1.191. Moreover, 30.5% accepted that the behavioural issues are affecting the level of revenue collection performance in Kicukiro District. Response mean is 3.6745 while standard deviation is 1.39917.

Therefore, different tax laws and regulations were established as 26.8% show a strong agreement. The study denotes the mean of 3.422 with 1.383 standard deviation, 40.6 of respondents strongly accepted that administrative ability to collect sufficient taxes have influence the level of revenue collection performance, where the response mean was 3.7718 while the standard deviation was 1.4313.

**Table 4.6 Correlation between Decentralized Tax Factors and Revenue Collection**

		Tax horizontal and vertical structures	Behavioural issues	Different tax laws and regulations	Administrative ability to collect sufficient taxes	Tax Compliance	Tax Convenience	Revenue Collection Target
Tax horizontal and vertical structures	Pearson Correlation	1						
	Sig.(2- tailed)							
	N	153						
Behavioural issues	Pearson Correlation	.045	1					
	Sig.(2- tailed)	.435						
	N	153	153					
Different tax laws and regulations	Pearson Correlation	.006	.115*	1				
	Sig.(2- tailed)	.918	.048					
	N	153	153	153				
Administrative ability to collect sufficient taxes	Pearson Correlation	.031	.151**	.076	1			
	Sig.(2- tailed)	.591	.009	.190				
	N	153	153	153	153			
Tax Compliance	Pearson Correlation	.003	-.022	.028	.039	1		
	Sig.(2- tailed)	.953	.701	.629	.502			
	N	153	153	153	153	153		
Tax Convenience	Pearson Correlation	.035	.206**	.060	.068	.050	1	
	Sig.(2- tailed)	.542	.000	.305	.241	.385		
	N	153	153	153	153	153	153	
Collection Target	Pearson Correlation	.013	.047	.009	.011	.005	.023	1
	Sig.(2- tailed)	.825	.417	.874	.850	.926	.692	
	N	153	153	153	153	153	153	153

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

\*\*Correlation was Significant 0.01(2-  
tailed)

**Source: Primary Data (2022)**

Data presented in Table 4.6 provide the link between independent and dependent variables. For Tax horizontal and vertical structures in Kicukiro District, the study show insignificant relationship between tax horizontal and vertical structures and tax compliance ( $r=.003$ ;  $p$  value= $0.953$ ); Tax horizontal and vertical structures and tax convenience has been not associated ( $r=0.003$ ,  $p$ =value= $0.542$ ); tax horizontal and vertical structures insignificantly correlated with the revenue collection target ( $r=0.013$ ;  $p$ -value= $0.825$ ).

Correlation analysis between the behavioural issues and revenue collection performance in Kicukiro District show that the Behavioural issues has insignificant effect on tax compliance ( $r=0.002$ ;  $p$ -value= $0.701$ ), revenue collection target ( $r=-0.047$ ;  $p=0.417$ ). It has been insignificant with enhance of tax compliance, revenue collection target provided  $p$ -value is  $>0.005$  proposing that enhance in behavioural issues did not lead automatically to tax compliance and revenue collection performance. Contrary to the significant correlation between the behavioural issues and tax convenience  $r=0.206$ ;  $p$ -value= $0.000$ ). The has been associated provided the  $p$ -value is  $<0.05$  arguing that enhance in behavioural issues affect tax convenience.

Evidences on different tax laws and regulations felt that different tax laws and regulations has not been correlated with tax compliance ( $r=.028$ ;  $p$ -value= $.629$ ). In addition, different tax laws and regulations has not been associated with tax convenience ( $-0.060$ ;  $p$ -value). Different tax laws and regulations was not significantly correlated with revenue collection target ( $-0.009$ ;  $p$ -value= $0.874$ ). Different tax laws and regulations did not affect the revenue collection performance in Kicukiro District. The regression equation utilized to associate dependent and independent variable was as follows  $Y=B_0+B_1x_1+B_2x_2+b_3x_3+e$ .

**Table 4.7 Regression Coefficients Administrative Factors and Tax Compliance**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	3.588	.449			7.994	.000
Tax horizontal and vertical structures	.002	.072	.002		.026	.979
Behavioural issues	.015	.063	.014		.240	.810
Different tax laws and regulations	.025	.063	.024		.405	.686
Administrative ability to collect sufficient taxes	.036	.061	.035		.591	.555

a. Dependent Variable: Tax Compliance

**Source: Primary Data (2022)**

Information given in Table 4.7 coefficients of administrative factors r-size effect of the revenue collection performance in Kicukiro District. Findings denote that tax horizontal and vertical structures is insignificant affecting tax compliance ( $n=-0.002$ ;  $p\text{-value}=0.979$ ). In addition, behavioural issues is insignificantly affecting the tax compliance ( $b=.014$ ;  $p\text{-value}=0.810$ ). However, the Different tax laws and regulations is insignificant linked with tax compliance in Kicukiro District ( $b=0.024$ ;  $p\text{-value}=0.686$ ). Finally, the administrative ability to collect sufficient taxes is insignificant associated with tax compliance ( $b=0.035$ ;  $p\text{-value}=0.555$ ). The study implies that a variation of administrative factors did not automatically affect the revenue collection performance in Kicukiro District.

**Table 4. 8 Regression Coefficients between Administrative Factors and Tax**

**Convenience**

Model		Unstandardized	Standard	Standardized	t	Sig.
		Coefficients	Error	Coefficients		
		B		Beta		
1	Constant)	4.682	.360		13.001	.000
	Tax horizontal and vertical structures	.047	.058	.046	.802	.423
	Behavioural issues	.172	.050	.199	3.419	.001
	Different tax laws and regulations	.030	.050	.034	.596	.551
	Administrative ability to collect sufficient taxes	.031	.049	.037	.639	.523

a. Dependent Variable: Tax Convenience

**Source: Primary Data (2022)**

Information provided in Table 4.8 shows regression coefficients of administrative tax factors variables in explaining tax convenience. The study findings felt that the tax horizontal and vertical structures is insignificant affecting tax convenience ( $b=0.046$ ;  $p \text{ value}=0.423$ ). Moreover, the behavioural issues is insignificant linked with tax convenience ( $b=0.034$ ;  $p\text{-value}=0.551$ ). Meanwhile, different tax laws and regulations is insignificant associated with tax convenience ( $b=0.037$ ;  $p\text{-value}=0.523$ ). This felt that a variation of tax administration factors did not affect the tax convenience in Kicukiro District.

Finally, administrative ability to collect sufficient taxes is significantly affecting the tax convenience in Kicukiro District ( $b=0.199$ ;  $p\text{-value}=0.001$ ). The study implies that an adjustment of administrative ability to collect sufficient taxes affect the tax convenience in

Kicukiro District The study could be acknowledged to be relevant to demonstrate the way in which administrative factors affect the level of revenue collection performance.

**Table 4. 9 Regression Coefficients Decentralized Tax Factors and Revenue Collection**

**Target**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.90	.376		10.591	.000
	Tax horizontal and vertical structures	.011	.061	.011	.183	.855
	Behavioural issues	.042	.052	.048	.804	.422
	Different tax laws and regulations	.013	.053	.015	.257	.798
	Administrative ability to collect sufficient taxes	.004	.051	.005	.078	.938

a. Dependent Variable: Revenue Collection Target

**Source: Primary Data (2022)**

Results given in Table 4.9 demonstrated the regression coefficients of tax administration variables in explaining revenue collection target. It demonstrated that tax horizontal and vertical structures is insignificant affecting the revenue collection target (b=0.011; p value=0.855). Furthermore, the behavioural issues is insignificant in affecting the revenue collection target (b=0.048; sig=0.422). In the same context, the different tax laws and regulations is insignificant in affecting the meeting of revenue collection target (b=.015;p value=0.798). Finally, the administrative ability to collect sufficient taxes is insignificant in meeting the revenue collected started (b=0.005; p-value=0.938). The study findings implied

that variation of administration fax factors did not product any effect on meeting the revenue collection target.

#### 4.2.2 Effect of Economic Factors on Revenue Collection Performance in Kicuko District

The researcher sought to assess effect of Economic Factors on Revenue Collection Performance in Kicuko District. The research analysed perception of respondents descriptively for economic factors were used. The economic factors was analysed using the degree of tax compliance, individual capacity (ability to pay) would be afforded special focus before taxes were assessed ability to pay does not necessarily ensure that individuals can afford their taxes as affordability, one should not ignores the administrative costs of tax systems, and deemed to be centred wellbeing and economic development. Data were indicated in Table 4.10.

**Table 4.10 Economic Factors Influencing Revenue Collection**

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		
	N	%	N	%	N	%	N	%	N	%	N	Mean	Std
Tax payer's ability to pay	26	16.8	20	13.4	5	3.4	43	27.9	59	38.6	153	3.5805	1.51598
Tax benefit principle	12	8.4	20	12.8	6	4.0	73	47.7	42	27.2	153	3.7248	1.22740
the administrative costs of tax systems	29	18.1	32	21.5	6	4.0	55	36.2	31	20.1	153	3.1879	1.44189
Individual taxes affordability	15	10.1	20	13.1	2	1.3	53	34.6	63	40.9	153	3.8322	1.35290

**Source: Primary Data (2022)**



Data given in Table 4.10 provide data on how RRA and the District have assessed the tax payer's ability to pay revenue in Kicukiro District. The study indicated that 38.6% strongly accepted that that RRA and Kicukiro District have respected the tax benefit principle. The mean is 3.5805 while the standard deviation is 1.51598. Moreover, Tax benefits principle were given as factors influencing the level of revenue collection performance as agreed by 47.7 while the mean is 3.7248 and standard deviation is 1.22740.

The administrative costs of tax systems were mentioned to be among factors affecting the level of revenue collection performance as agreed by 36.2% of respondents and strongly agreed by 20.1% of respondents, where the mean response was 3.1879 and standard deviation was 1.44189.

However, individual taxes affordability was also mentioned as a factor influencing the level of revenue collection in the District. This was demonstrated by an agreement with the statement of 34.6% with a mean of 3.8322 and standard deviation was 1.44189. The research demonstrated that 34.6% of respondents agreed, 40.9% of respondents strongly agreed that individual taxes affordability, the above considerations with a mean of 3.8322 and standard deviation was 1.35290.

**Table 4.11 Correlation Analysis between Economic Factors and Revenue Collection**

**Performance**

		Tax payer's ability to pay	Tax benefit principle	The administrative costs of tax systems	Individual taxes affordability	Tax Compliance	Tax Convenience	Revenue Collection Target
Tax payer's ability to pay	Pearson Correlation	1						
	Sig.(2- tailed)							
	N	153						
Tax benefit principle	Pearson Correlation	.076	1					
	Sig.(2- tailed)	.189						
	N	153	153					
The administrative costs of tax systems	Pearson Correlation	.135*	.126*	1				
	Sig.(2- tailed)	.020	.029					
	N	153	153	153				
Individual taxes affordability	Pearson Correlation	.153**	.070	.063	1			
	Sig.(2- tailed)	.008	.230	.276				
	N	153	153	153	153			
Tax Compliance	Pearson Correlation	.041	.122*	-.123*	.031	1		
	Sig.(2- tailed)	.481	.035	.034	.600			
	N	153	153	153	153	153		
Tax Convenience	Pearson Correlation	.009	.077	.025	.019	.050	1	
	Sig.(2- tailed)	.883	.187	.666	.742	.385		
	N	153	153	153	153	153	153	
Revenue Collection Target	Pearson Correlation	.000	.000	.035	.050	.005	.023	1
	Sig.(2- tailed)	.988	.988	.552	.394	.926	.692	
	N	153	153	153	153	153	153	153

\*Correlation is Significant at 0.01  
(2-tailed)

**Source: Primary Data (2022)**

Results in Table 4.11, demonstrated that tax payer's ability to pay was statistically insignificant with an increase in tax compliance ( $r=0.041$ ;  $p\text{-value}=0.481$ ). The tax payer's ability to pay is statistically significant an increase in tax convenience ( $r=-0.009$ ;  $p\text{-value}=0.883$ ). Moreover, tax payer's ability to pay is statistically significant with meeting the revenue collection target ( $r=0.000$ ;  $p\text{-value}=0.988$ ). The results evidence insignificance provided has been  $>0.05$  suggesting that a change of economic factors did not increase the compliance and convenience of taxes in Kicukiro District and vice versa. For the effect on tax benefit principle on tax compliance, convenience, revenue collection target, the study ascertained that tax benefit principle is statistically significant with tax compliance ( $r=0.122^*$ ;  $p\text{-value}=0.035$ ). since the level of significance was 0.05, meaning that an increase in tax compliance.

Reconsidering information in Table 4.11, it was shown that tax benefit principle is statistically insignificant correlated with convenience ( $r=-0.077^*$ ;  $p\text{ value}=0.187$ ), the tax benefit principle is insignificantly with revenue collection target ( $r=0.007^*$ ;  $p\text{-value}=0.988$ ). This means that the level of significance is low since is  $> 0.05$  suggesting that any addition unit of tax benefit principle did not increase the compliance, convenience and revenue collection target and vice versa.

Furthermore, results on administrative costs of tax systems denoted it significant with a change of tax compliance ( $r=0.123^*$ ;  $p\text{ value}=0.034$ ). The administrative costs of tax systems is insignificantly correlated tax convenience ( $r=-.025^*$ ;  $p\text{ value}=0.666$ ), while, administrative costs of tax systems is insignificantly correlated with meeting the revenue collection target( $r=-.035$ ;  $p\text{ value}=.552$ ). Therefore, the above relationship are statistically less more than  $>0.05$  suggesting that a change of administrative costs of tax systems did not

automatically increase the compliance, convenience and revenue collection target and the vice versa.

Individual taxes affordability are insignificantly correlated with tax compliance ( $r=0.031$ ;  $p$  value= $0.600$ ); with tax convenience ( $r=-0.019$ ;  $p$ -value= $0.742$ ), while Individual taxes affordability are insignificantly correlated with meeting revenue collection target ( $r=.050$ ;  $p$ -value= $.394$ ). Therefore, relationship are statistically less significant when the level of significance is more than  $>0.05$  suggesting that a change of individual taxes affordability did not automatically increase the tax compliance, tax convenience and meeting the target fixed in revenue collection and the vice versa.

**Table 4.12 Economic Factors and Tax Compliance**

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	3.449	.400		8.626	.000
	Tax payer's ability to pay	.037	.057	.038	.657	.512
	Tax benefit principle	.143	.059	.140	2.412	.016
	The administrative costs of tax systems	.166	.070	.138	2.364	.019
	Individual taxes affordability	.039	.063	.035	.608	.543

a. Dependent Variable: Tax Compliance

**Source: Primary Data (2022)**

Information presented in Table 4.12 demonstrated that tax payer's ability to pay was insignificantly affecting the tax compliance ( $b=-0.038$ ;  $p$ -value= $0.512$ ). It implies that a variation of tax payer's ability to pay did not significantly affect tax compliance and vice versa. Results show that tax benefit principle is significantly affecting tax compliance

( $b=0.140$ ;  $p\text{-value}=-0.016$ ). Since the level of significance was  $< 0.05$ , meaning that a change in tax benefit affect significantly the tax compliance.

Furthermore, results on the administrative costs of tax systems felt that it is significantly affecting the tax compliance ( $b=0.131$ ;  $p\text{-value}=0.019$ ). Therefore, this study denoted that administrative costs of tax systems significant affect tax compliance and the vice versa. Finally, individual taxes affordability are insignificantly affecting the tax compliance ( $b=0.035$ ;  $p\text{-value}=0.0543$ ). Results mean that variation in individual taxes affordability did not affect the tax compliance and the vice versa.

**Table 4.13 Economic Factors and Tax Convenience**

		Unstandardized Coefficients	Standardized Coefficients		
Model		B	Beta	t	Sig.
1	(Constant)	3.449	.400	8.626	.000
	Tax payer's ability to pay	.037	.057	.038	.657
	Tax benefit principle	.143	.059	.140	2.412
	The administrative costs of tax systems	.166	.070	.138	2.364
	Individual taxes affordability	.039	.063	.035	.608

a. Dependent Variable: Tax Convenience

**Source: Primary Data (2022)**

Data presented in Table 4.13, evidenced that tax payer's ability to pay was significantly affecting the tax convenience ( $b=0.038$ ;  $p\text{-value}$ ). This denotes that any adjustment of payer's ability to pay affect significantly tax convenience and the vice versa. Results show that tax benefit principle affects significantly tax convenience in Kicukiro District ( $b=0.140$ ;  $p\text{-value}$ ).

value=0.016). Since the level of significance is  $< 0.05$ , meaning that a change in tax benefit principles affect significantly tax convenience.

Moreover, results on administrative costs of tax systems felt that it is significantly affecting tax convenience ( $b=0.138$ ;  $p\text{-value}=0.019$ ). Therefore, it denoted administrative costs of tax systems significant affect tax convenience and the vice versa. Finally, individual taxes affordability are insignificantly affecting tax convenience ( $b=.035$ ;  $p\text{ value}=0.543$ ). The study findings imply that a variation in individual taxes affordability did not affect tax convenience and the vice versa.

**Table 4.14 Economic Factors and Revenue Collection Target**

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	4.126	.333		12.383	.000
	Tax payer's ability to pay	.010	.048	.013	.214	.830
	Tax benefit principle	.068	.049	.081	1.372	.171
	The administrative costs of tax systems	.034	.058	.035	.587	.558
	Individual taxes affordability	.016	.053	.018	.299	.765

a. Dependent Variable: Revenue Collection Target

**Source: Primary (2022)**

Results in Table 4.14, evidenced that Tax payer's ability to pay is insignificantly affecting the process of meeting revenue collection target ( $b=0.081$ ;  $p\text{-value}=0.171$ ). This evidenced that variation in tax payer's ability to pay affect significantly the meet of revenue collection target and the vice versa. Results show that tax benefit principle did not affect significantly influence the meeting of revenue collection targets ( $b=0.035$ ;  $p\text{-value}=0.058$ ). Therefore, the

p-value  $<0.005$ , meaning that a change in tax benefit principle did not affect significantly the meet of revenue collection targets.

Moreover, results on administrative costs of tax systems felt that it is insignificantly affecting revenue collection target ( $b=0.35$ ; p value= $0.558$ ). Therefore, it denoted that administrative costs of tax systems insignificant did not affect revenue collection target and the vice versa. Finally, individual taxes affordability are insignificantly affecting revenue collection target ( $b=0.018$ ; p-value= $0.765$ ). This research evidenced that variation for individual taxes affordability did not influence the level of meeting revenue collection target and the vice versa.

#### **4.2.3 Effect of Fiscal Decentralization on Revenue Collection Performance in Kicukiro District**

The researcher identified the effect of fiscal decentralization on revenue collection performance in Kicukiro District. The parameters of fiscal decentralization assessed were decentralization requires awareness of institutional cultural practices, power configuration, motivation and role of politicians and technicians in government was required, the principles in deciding the appropriate form of decentralization relate to subsidiarity, jurisdictional spill over and specialization, the suitability of fiscal decentralization, is determined by historical basis for fiscal centralization. The decentralization of revenue increasing may ne serve to enhance costs of collection and compliance. The fiscal decentralization may be forms, such as self-financing or cover-recovery through user, co-decentralization in affording services and infrastructure via user's inclusion in service provision in according to monetary amount.

**Table 4.15 Fiscal Decentralization Factors Affecting Revenue Collection**

Fiscal Decentralization	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std
	N	%	N	%	N	%	N	%	N	%	N			
Expenditure decentralization	6	4.0	32	21.1	9	5.7	52	33.9	54	35.2	153	3.7517	1.24941	
Political and fiscal dimensions of local government	23	14.8	29	19.1	3	2.0	39	25.5	59	38.6	153	3.5403	1.51537	
Local entity geographical size	10	6.7	31	20.1	8	4.7	56	36.9	48	31.5	153	3.6644	1.29027	
Self-financing and financing	7	4.7	37	24.5	7	3.7	55	36.6	47	30.5	153	3.6376	1.27242	

**Source: Primary Data (2022)**

Data presented in 4.15 argued that expenditure decentralization was used as agreed by 33.9% of respondents and strongly agreed by 35.2% of respondents. Results on whether Political and fiscal dimensions of local government was a factor affecting the level of revenue collection performance as 38.6% demonstrated a strong agreement. It has been demonstrated that 36.9% of respondents agreed and 31.5% of respondents strongly agreed that there was local entity geographical size as agreed by 36.9% of respondents. If self-financing and financing was affecting the revenue collection, 36.6% of respondents and 30.5% of respondents strongly agreed? The correlation output is indicated in Table 4.16.



**Table 4.16 Correlation between Fiscal Decentralization Factors and Revenue Collection Performance**

		Expenditure decentralization	Political and fiscal	Local entity geographical size	Tax Compliance	Tax Compliance	Tax Convenience	Revenue Collection Target
Expenditure decentralization	Pearson Correlation	1						
	Sig.(2tailed)							
	N	153						
Political and fiscal dimensions of local government	Pearson Correlation	-.020	1					
	Sig.(2-tailed)	.736						
	N	153	153					
Local entity geographical size	Pearson Correlation	.123*	-.060	1				
	sig.(2-tailed)	.034	.300					
	N	153	153	153				
Self-financing and financing	Pearson Correlation	.113	.187**	-.007	1			
	Sig.(2-tailed)	.052	.001	.909				
	N	153	153	153	153			
Tax Compliance	Pearson Correlation	.0052	.045	.080	.021	1		
	Sig.(2-tailed)	.373	.443	.169	.720			
	N	153	153	153	153	153		
Tax Convenience	Pearson Correlation	.027	.085	.105	.045	.050	1	
	Sig.(2-tailed)	.646	.145	.071	.0440	.385		
	N	153	153	153	153	153	153	
Revenue Collection Target	Pearson Correlation	.031	.041	.013	.037	.005	.023	1
	Sig.(2-tailed)	.597	.482	.822	.524	.926	.692	
	N	153	153	153	153	153	153	153

\*Correlation is Significant is at the 0.05(2-tailed)

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

**Source; Primary Data (2022)**

Data presented in Table 4.16 demonstrated that there inadequate relationship between expenditure decentralization and tax compliance ( $r=0.052$ ,  $p\text{-value}=0.373$ ); expenditure decentralization and tax convenience ( $r=.027$ ,  $p\text{-value}=0.646$ ), expenditure decentralization and revenue collection target ( $r=0.031$ ;  $p\text{-value}=0.597$ ). The relationship between them were insignificant remarked since the level of significance is  $>0.05$  expenditure decentralization did not increase tax compliance, convenience, revenue collection target and vice versa.

The negative and insignificant association has been found between political and fiscal dimensions of local government and increase in tax compliance ( $r=0.045$ ,  $p\text{ value}=0.443$ ). Political and fiscal dimensions of local government is statistically insignificant with tax convenience. The political and fiscal dimensions of local government was negatively insignificant with revenue collection target, political and fiscal dimensions of local government did not increase in tax compliance, convenience, revenue collection target and vice versa.

Furthermore, local entity geographical size was insignificant with tax compliance ( $r=0.080$ ,  $p\text{-value}=0.0169$ ), and local entity geographical size was insignificantly correlated with tax convenience  $r=0.013$ ;  $p\text{-value}=0.822$ ). Therefore, the researcher established that a positive correlation between variables which are local entity geographical size and revenue collection performance ( $r=0.015$ ,  $p\text{-value}=0.071$ ). There the above relationship were significant since the level of significance is  $>0.05$  meaning that adjustment of local entity geographical size was insignificant with the tax compliance, convenience, revenue collection and vice versa

Insignificant correlation was found between self-financing and financing and tax compliance ( $r=0.021$ ;  $p\text{ value}=0.720$ ), self-financing and financing and tax convenience ( $r=0.045$ ;  $p\text{-value}=0.646$ ).

value=0.440), self-financing and financing and revenue collection target ( $r=0.037$ ;  $p$ -value=0.524). The relationship are insufficiently established when the level of significance has been  $>0.05$  meaning that a change of self-financing and financing increase tax compliance, convenience, and revenue collection target and vice versa.

**Table 4.17 Fiscal Decentralization Factors and Tax Compliance**

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	2.737	.481		5.695	.000
	Expenditure decentralization	.069	.070	.059	.997	.320
	Political and fiscal dimensions of local government	-.041	.058	.043	.719	.473
	Local entity geographical size	.097	.067	.085	1.445	.149
	Self-financing and financing	.026	.069	.023	.382	.703

a. Dependent Variable: Tax Compliance

**Source: Primary Data (2022)**

Data from Table 4.17 related to expenditure decentralization and tax compliance felt that expenditure decentralization is insignificantly affecting the tax compliance ( $b=0.059$ ;  $p$ -value=0.320). Therefore, political and fiscal dimensions of local government is insignificantly affecting tax compliance ( $b=-.043$ ;  $p$ -value=0.473).

Therefore, insignificant effect was found between local entity geographical size and an increase of in tax compliance ( $b=.085$ ;  $p$ -value=0.149), self-financing and financing were insignificantly affecting tax compliance ( $b=0.023$ ;  $p$ -value=0.703).

**Table 4.18 Fiscal Decentralization and Tax Convenience**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.888	.393		12.448	.000
	Expenditure decentralization	.039	.057	.040	.678	.498
	Political and fiscal dimensions of local government	.070	.047	.088	1.487	.138
	Local entity geographical size	.108	.055	.115	1.973	.049
	Self-financing and financing	.024	.056	.025	.417	.677

a. Dependent Variable: Tax Convenience

**Source; Primary Data (2022)**

Information given in Table 4.18 related to expenditure decentralization and tax convenience felt that expenditure decentralization is insignificantly affecting tax convenience ( $b=0.040$ ;  $p\text{-value}=0.498$ ). Therefore, political and fiscal dimensions of local government is insignificantly affecting tax convenience ( $b=0.088$ ;  $p\text{-value}$  was 0.138). This information evidenced a positive relationship with local entity geographical size and tax compliance ( $b=0.115$ ;  $p\text{-value}=0.049$ ). Finally, self-financing and financing is more likely to affect tax compliance insignificantly ( $b=0.025$ ;  $p\text{-value}=0.677$ ).

**Table 4.19 Fiscal Decentralization and Revenue Collection Target**

		Unstandardized		Standardized			
		Coefficients		Coefficients			
Model		B	Std. Error	Beta	t	Sig.	
1	(Constant)	3.843	.404		9.509	.000	
	Expenditure decentralization	.036	.059	.036	.606	.545	
	Political and fiscal dimensions of local government	.027	.049	.033	.550	.583	
	Local entity geographical size	.015	.056	.015	.260	.795	
	Self-financing and financing	.034	.058	.035	.583	.561	

a. Dependent Variable: Revenue Collection Target

**Source: Primary (2022)**

Results presented in Table 4.19 related to expenditure decentralization and revenue collection target indicated that project expenditure decentralization is insignificantly affecting revenue collection target (b=0.036; p value=0.545).

Therefore, political and fiscal dimensions of local government is insignificant with revenue collection target (b=.033; p-value=0.583).The study found insignificant effect between local entity geographical size and revenue collection target (b=0.015; p-value=0.795). Finally, self-financing and financing was insignificant with revenue collection target (b=0.035; p-value=0.561).

**4.2.4 Correlation between Fiscal Decentralization and Revenue Collection Performance**

**Table 4. 20 Correlation between Fiscal Decentralization and Revenue Collection Performance**

		Administrative Factors	Economic Factors	Decentralization Factors	Tax Compliance	Tax Convenience	Revenue Collection Target
Administrative Factors	Pearson Correlation		1				
	Sig.(2- tailed)						
	N		153				
Economic Factors	Pearson Correlation	-.020		1			
	Sig.(2- tailed)	.736					
	N	153	153				
Decentralization Factors	Pearson Correlation	.274**	.187**		1		
	Sig.(2- tailed)	.039	.035				
	N	153	153	153			
Tax Compliance	Pearson Correlation	.854**	.231**	.159**		1	
	Sig.(2- tailed)	.018	.006	.043			
	N	153	153	153	153		
Tax Convenience	Pearson Correlation	.873**	.085	.105	.050		1
	Sig.(2- tailed)	.035	.145	.071	.385		
	N	153	153	153	153	153	
Revenue Collection Target	Pearson Correlation	.750**	.041	.013	.005	.324*	
	Sig.(2- tailed)	.036	.482	.822	.926	.032	
	N	153	153	153	153	153	153

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

\*\*Correlation is significant at the level of  
0.001(2-tailed)

**Source: Primary Data (2022)**

Findings given in Table 4.20, demonstrated that administrative factors was statistically correlated with tax compliance ( $r=.231^{**}$ ,  $p\text{-value}=0.006$ ), tax convenience ( $r=.159^{**}$ ,  $p\text{-value}=0.043$ ), with revenue collection target ( $r=.0174^{**}$ ,  $p\text{-value}=0.014$ ). Results indicated a positively relationship between economic factors and tax compliance ( $r=0.274$ ,  $p\text{-value}=0.039$ ), tax convenience ( $r=0.187$ ,  $p\text{-value}=0.035$ ), economic factors and revenue collection target ( $r=.324$ ,  $p\text{-value}=0.032$ ).

Furthermore, it gave the existence of an association between decentralization factors and tax compliance ( $r=0.854$ ,  $p\text{-value}=0.018$ ), decentralization factors and tax convenience ( $r=.873^{**}$ ,  $p\text{-value}=0.035$ ), decentralization factors and revenue collection targets ( $r=.750^{**}$ ,  $p\text{-value}.0036$ ). Those relationship are significant because the  $p\text{-value}$  are  $< 0.05$  suggesting an adjustment in fiscal decentralization factors generate a change in revenue collection performance. This research performed a multilinear regression for evaluating effects of fiscal decentralization factors (administrative, economics and decentralization) on dependent variable revenue collection performance (tax compliance, tax convenience, and revenue collection target).

**Table 4.21 Model Summary**

Model	R	R Square	Adjusted Square	Std.Error of the Estimate
1	.924 <sup>a</sup>	.853	.851	.38506

a. Predictors(Constant): Fiscal decentralization factors

**Source: Primary Data (2022)**

Data presented in Table 2.21 indicates that R-Square in research was 0.8530 that the performance rate of revenue collection in Kicukiro District was described by fiscal decentralization at 85.30%. It implies that the model was very strong as the independent highly mean the dependent variable. The adjusted R-Square was adopted to meet other measurements in the present research study. The  $R^2$  has been 85.1% for revenue collection performance in Kicukiro District, Rwanda.

**Table 4.22 ANOVAa**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	65.565	3	65.565	442.190	.000 <sup>b</sup>
	Regression	11.269	150	.148		
	Total	76.833	153			

a. Dependent Variable: Revenue Collection Performance

b. Predictors: (Constant), Fiscal Decentralization

**Source: Primary Data (2022)**

Data on ANOVA Table 4.22, p-value was 0.000 that was less than the 0.005, set up.190. This means that null hypothesis stated that fiscal decentralization had no statistically significant effect on revenue collection performance was rejected and went by alternative hypothesis that denotes the independent variables impact of fiscal decentralization in Kicukiro District.



**Table 4.23 Coefficients of Determination**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std.Error	Beta			
1(Constant)	2.788	.422			6.607	.000
Administrative Factors	0.752	0.1032	0.152		4.223	.0192
Economic Factors	0.487	0.3425	0.054		3.723	.0269
Decentralization Factors	0.545	0.2178	0.116		3.936	.0251

a. Dependent Variable: Revenue Collection Performance

**Source: Primary Data (2022)**

As shown in Table 4.23,  $Y = 2.788 + 0.152X_1 + 0.054X_2 + 0.116X_3 + e$ : Where  $Y$  = Revenue Collection Performance. The study show that all fiscal decentralization factors such as administrative, economic and decentralization while other are constant zero, the revenue collection performance would be 152. Information assessed evidenced that variation in administrative factors would be 0.054 the revenue collection performance, a change in economic factors lead to revenue collection performance, while a unit increase in decentralization factors would increase 0.0116 on the revenue collection performance. This implies that administrative factors are more likely to increase revenue collection performance in Kicukiro District, Rwanda followed by economics factors and decentralization factors.

### **4.3 Discussion of Findings**

#### **4.3.1 Effect of administrative factors on revenue collection performance in local government in Kicukiro District.**

Results did not contradict observation of Lubua (2014) who did a research on taxes expectation to attain economic objectives via the capacity of taxation system. The research demonstrated that suitability of public revenue permits the government to help its operations

from administration, infrastructure to service delivery. The amount of tax generated by public institutions from taxes for its expenses project rely on the willingness of taxpayers to comply with tax rules and regulations.

The present research did not contradict the observation of Fagbeni and Abogun (2015), in this regards, the success of tax compliance matter is a behavioural issue as opposed to administrative problem it was either taxpayer give it freely or by force to pay there was no standard all-embracing description of compliance used across all tax compliance researches.

The findings from this research are also relevant since they do not contradict the recommendation provided by Blumenthal and Christian (2011) on factors such as financial constraints for taxpayers that were assumed to their profits, taxation quantum and financial expectation of dependents like spouse and children. Basically, tax reform was necessary due to the inability of previous taxation system to gather target revenues to meet public expenses.

For Emmanuele (2012), adequate taxation system would take into consideration effectiveness, accuracy, transparency, fairness, justice and other possible suitable strategies. This, the government would not enhance taxation issue of its citizens and the maximization of social wellbeing for the entire society. The general objective of public institutions was to improve socio-economic living conditions.

#### **4.3.2 Effect of Economic Factors on Revenue Collection Performance in Local Government in Kicukiro District.**

The study secondary objective of the research determined effect of economic factors on revenue collection performance. The study begins the descriptive analysis.

Results are relevant with findings of (Palil, 2010) who did a research and taxation and revealed that taxes were expected to be sure economic objectives through the capacity of taxation system to affect the distribution of revenue such as a revenue transfer from private to public sector to support public investment programs, direction of private investment into expected way like taxation law and regulations.

The findings were relevant in comparison with Rodden (2016). When they specified that the impact of revenue transfer of money from import to products produced within the country. The pertinent problem for a government and revenue authorities was to get skills concerning the factors that may affect revenue collection process. Therefore, the assessment of effect of non-compliance attitude may be complex as it implies the estimation of uncollected revenue, which by its status may not be revealed by the taxation board like RRA in Rwanda.

The present research seems to be pertinent since it did not contradict the findings of studies undertaken on taxation which reference to taxation compliance in many countries was constrained by sociodemographic and economic factors (Gervasoni, 2010). Moreover, import responsibilities may be adopted to safeguard local firms from external competitiveness. It had impact of transfer certain amount of demand from imports to domestic products.

#### **4.3.3 Effect fiscal decentralization on revenue collection performance in local government in Kicukiro District**

The third research determined effect of decentralization factors on revenue collection performance in Kicukiro District. The researcher concurs with Slavinskaitė *et al.*, 2019) where fiscal decentralization comprises of taxation share and duties between national and decentralized local entities.

The present research is relevant since fiscal decentralization gave considerable revenue and costs independence to decentralized local entities, such as levying revenues and user charges and fees. Therefore, first and second phase model of fiscal federalism had given theoretical basis for analysis and debates on fiscal decentralization problems. This theoretical framework rely on duties and allocation of public sector responsibilities among different degree from local entities to national level (Rodden, 2016).

#### **4.3.4 Correlation between Decentralization Taxes on Revenue Collection Performance in Local Government in Kicukiro**

A well as the present study demonstrated that administrative factors was statistically correlated with tax compliance, tax convenience, with revenue collection target. Results indicated a positively relationship between economic factors and tax compliance, tax convenience, economic factors and revenue collection target. This research performed a multilinear regression for evaluating effects of fiscal decentralization factors (administrative, economics and decentralization) on dependent variable revenue collection performance ( tax compliance, tax convenience, and revenue collection target).

This study concurs with previous studies done on taxation and decentralization. For instance, Martinez-Vasquez, Timofeev,(2012) studied growth to allocate resources and additionally of capital transfers found that in order for local governments to complete their duties in a fiscal ways, decentralized entities in less developed countries would emanate from pertinent sources of taxation system. The study further found that suitability of taxes was both town's capacity to provide clear products and services but also appropriate responsibility of local leaders. Study recommended that local governments should possess fees necessary for

supporting government transfer in order to provide basic infrastructure and other services to the entire community.

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## **CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS**

### **5.0 Introduction**

This chapter five provides a summary of key findings, concluding remarks, recommendations to the study and suggestions for further studies.

### **5.1 Summary of Findings**

This study was carried out according to three specific objectives that were to establish effect of administrative factors on revenue collection performance in local government in Kicukiro District; to assess effect of economic factors on revenue collection performance in local government in Kicukiro District; and to examine the effect fiscal decentralization on revenue collection performance in local government in Kicukiro District.

#### **5.2.1 Effect of administrative factors on Revenue Collection Performance in local government in Kicukiro District.**

The study first specific objective established effect of administrative factors on revenue collection performance in local Government in Kicukiro District. The administrative factors was measured using tax horizontal and vertical structures, behavioural issues, different tax laws and regulations, and administrative ability to collect sufficient taxes.

The study evidenced the link between independent and dependent variables. For Tax horizontal and vertical structures in Kicukiro District, the study show insignificant relationship between tax horizontal and vertical structures and tax compliance ( $r=0.003$ ;  $p$  value= $0.953$ ); Tax horizontal and vertical structures and tax convenience has not been associated ( $r=0.003$ ;  $p$ -value= $0.542$ ); tax horizontal and vertical structures insignificantly

correlated with revenue collection target (.013;p-value=.825). Therefore, the aforementioned measure is associated with tax compliance, revenue collection target since the level of significance lead behavioural issues did not lead automatically to tax compliance and revenue collection performance. Contrary to the significant correlation between the behavioural issues and tax convenience ( $r=0.206$ ;p-value=0.000) for behavioural issues has led to a tax convenience in the context of changing different tax laws and regulations did not affect the revenue collection performance in Kicukiro District.

### **5.2.2 Effect of Economic Factors on Revenue Collection Performance in Local Government in Kicukiro District**

The researcher assessed effect of economic factors on revenue collection performance in Kicuko District. The economic factors was analysed using tax payer's ability to pay, tax benefit principle, the administrative costs of tax systems, and individual taxes affordability.

Results show that that 38.6% strongly agreed that RRA and Kicukiro District have respected the tax benefit principle. Moreover, the administrative costs of tax systems were mentioned to be among factors affecting the level of revenue collection performance as agreed by 47.7% of respondents and strongly agreed by 38.6% of respondents where the mean response was 3.7248 and standard deviation was 1.22740. However, individual taxes affordability was also mentioned as a factor influencing the level of revenue collection in the District.

Results felt that all independent measurements are insignificant since the level of significance is  $>0.05$  implying that a change in economic factors did not increase the compliance and convenience of taxes in Kicukiro District and vice versa. For the effect on tax benefit principle on tax compliance, convenience, revenue collection target, the study ascertained

that tax benefit principle is statistically significant with tax compliance ( $r=0.122^*$ ;  $p\text{-value}=0.035$ ) explaining ( $r=0.122^*$ ;  $p\text{-value}=0.035$ ) this means an adjustment in positive way of increase in tax compliance. , Moreover, tax benefit principle did not increase the compliance, convenience and revenue collection target and vice versa. Furthermore, results on administrative costs of tax systems lead to highly level of significance tax compliance ( $r=0.123^*$ ;  $p\text{ value}=0.034$ ). The administrative costs of tax systems is insignificantly correlated tax convenience ( $r=-.025^*$ ;  $p\text{ value}=0.666$ ). The researcher found that a change of individual taxes affordability did not automatically increase the tax compliance, tax convenience and meeting the target fixed in revenue collection and the vice versa.

### **5.2.3 Effect of Fiscal Decentralization on Revenue Collection Performance in Local Government in Kicukiro District.**

The third research specific objective was to determine Fiscal Decentralization on Revenue Collection Performance in Kicukiro District. The parameters of fiscal decentralization assessed were expenditure decentralization, political and fiscal dimensions of local government, local entity geographical size, and self-financing and financing.

Results demonstrated that that expenditure decentralization was used as agreed by 33.9% of respondents and strongly agreed by 35.2% of respondents. Results on whether Political and fiscal dimensions of local government was a factor affecting the level of revenue collection performance has been strongly accepted by 38.6% of respondents. It has been demonstrated that 36.9% of respondents accepted that local entity geographical size as agreed by 36.9% of respondents; strongly agree=31.5% of respondents.



Correlation results demonstrated insignificant correlations since the level of significance is  $> 0.05$  suggesting that any variation in expenditure decentralization did not increase tax compliance, convenience, revenue collection target and vice versa. The negative and insignificant association has been found between political and fiscal dimensions of local government and increase in tax compliance ( $r=0.045$ ,  $p\text{ value}=0.443$ ). Political and fiscal dimensions of local government is statistically insignificant with tax and political and fiscal dimensions of local government did not increase in tax compliance, convenience, revenue collection target and vice versa.

Furthermore, local entity geographical size was insignificant with tax compliance ( $r=0.080$ ,  $p\text{-value}=0.0169$ ), and local entity geographical size was insignificantly correlated with tax convenience and local entity geographical size and revenue collection performance. The research discovered low level of significance between self-financing and financing and tax compliance ( $r=0.021$ ;  $p\text{ value}=0.720$ ), self-financing and financing and tax convenience ( $r=0.045$ ;  $p\text{-value}=0.440$ ), self-financing and financing and revenue collection target ( $r=0.037$ ;  $p\text{-value}=0.524$ ).

## 5.2 Conclusion

This section concludes that the analysis done in connections hypotheses and specific objectives were achieved. The study variables (indicators) were administrative factors, economic factors and decentralization factors, and revenue collection performance.

To the first research hypotheses, the researcher argues that administrative factors affecting the revenue collection performance are horizontal and vertical structures, behavioural issues, different tax laws and regulations, and administrative ability to collect sufficient taxes.

The study evidenced no clear and significant relationship between independent and dependent variable since level of significance is  $>$  proposing that a change of behavioural issues did not lead automatically to tax compliance and revenue collection performance. Contrary to the significant correlation between the behavioural issues and tax convenience were the level of significance is  $<0.005$  implying that a change of behavioural issues has led to a tax convenience.

Secondly, the researcher felt that factors affecting revenue collection performance were tax payer's ability to pay, tax benefit principle, the administrative costs of tax systems, and individual taxes affordability. Inferential statistics evidenced that the level of significance is low since it is  $> 0.05$  suggesting any addition unit of economic factors did not increase the compliance and convenience of taxes in Kicukiro District. For the effect on tax benefit principle on tax compliance, convenience, revenue collection target, the study ascertained that tax benefit principle is statistically significant with tax compliance)., Moreover, a change of tax benefit principle did not increase the compliance, convenience and revenue collection target and vice versa.

Finally, the researcher felt that fiscal decentralization factors influencing the level of revenue collection performance were expenditure decentralization, political and fiscal dimensions of local government, local entity geographical size, and self-financing and financing.

The correlation results show insignificant correlation for expenditure decentralization which did not increase tax compliance, convenience, revenue collection target. Therefore, political and fiscal dimensions of local government negatively affect tax compliance. Political and fiscal dimensions of local government is statistically insignificant with tax convenience.

Therefore, a change in political and fiscal dimensions of local government did not increase in tax compliance, convenience, revenue collection target and vice versa. Insignificant correlation was found between self-financing and financing and tax compliance, self-financing and financing and tax convenience, self-financing and financing and revenue collection target.

### **5.3 Recommendations of the Study**

In light with the results discusses in chapter and concluding remarks raised, the researcher make recommendation to different stakeholders including taxpayers, RRA and Kicukiro District authorities:

The study recommends that taxpayers would comply with rules and regulations that the entrepreneurs would pay in order to meet the expected target.

This study proposes that taxpayers would request for electronic billing machine to play a significant role to revenue collection performance for safe of revenue.

The study suggests that RRA employees would make consistent follow up to know if and how taxpayers pay taxes online, to monitor whether all formal businesses have complied with their taxation duties.

The employees of RRA are also recommended to increase public awareness and mobilization in regard to online tax payment. This awareness is required to decrease the number of the people who seek for online tax payment in an internet café though they have telephone and internet to use while paying for taxes

#### **5.4 Suggestions for Further Studies**

Results from the present study have demonstrated the existence of effect of decentralized taxes on revenue collection success in Kicukiro District. Henceforth the researcher suggests that further studies should be done on:

- (i) To establish effect of online tax income on economic security of Rwanda.
- (ii) To identify effect of electronic billing machine on national economy development
- (iii) To find out effect of online tax invasion on national economic security.



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## APPENDICES

### Appendix i: Recommendation from Mount Kenya University

**Mount Kenya University**



**INSTITUTE OF POST GRADUATE STUDIES & RESEARCH**

**INTRODUCTION LETTER**

REF: MKU04/PGS&R/582/2022

21/01/ 2022

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

**RE: NGOGA MUKOMEZA EMMANUEL** **MBA/0583/13**

This is to confirm that the above-named person is a bonafide student of Mount Kenya University Rwanda.

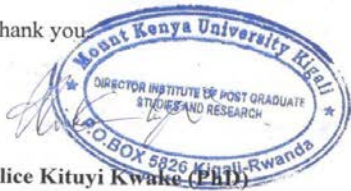
He is currently carrying out research work to enable him complete his master's program for the award of a **Degree in Master of Business Administration (Finance and Accounting Option) of Mount Kenya University**. The title of his research is: **DECENTRALIZED TAXES FACTORS AND REVENUE COLLECTION PERFORMANCE IN LOCAL GOVERNMENT IN RWANDA:**

**A CASE STUDY KICUKIRO DISTRICT :**

The information received will be confidential and for academic purposes only.

Any assistance accorded to him to complete this study will be highly appreciated.

Thank you



**Alice Kituyi Kwake (PhD)**  
Ag. DIRECTOR INSTITUTE OF POST GRADUATE STUDIES & RESEARCH

## Appendix ii: Researcher's Request Letter to Conduct Research

NGOGA MUKOMEZA Emmanuel  
Student at Mount Kenya University Rwanda  
Phone number: 0788680852/0733680852  
Email: [nmanu250@yahoo.fr](mailto:nmanu250@yahoo.fr)

To the Mayor of Kigali City  
Re: Request for permission of Data Collection  
In Kicukiro District

Dear Sir,

I Kindly request for permission to access the data relating to decentralized Taxes collection in the Kicukiro District.

Dear Sir, I am currently carrying out research work to have a Master's Degree in Business Administration specializing in accounting and Finance; reason why I would like to have some information about Decentralized Taxes like rental income taxes, Property taxes, Patent taxes, Cleaning fees and fines,.....

Here with is Attached To whom It May Concern from the University

While waiting for your favorable feedback, Dear Sir,

I Thank you.



NGOGA MUKOMEZA Emmanuel



### Appendix iii: Acceptance Letter to Conduct Research in Kicukiro District



*Republic of Rwanda  
City of Kigali*



Ref. n° 17462/07.01.16/22

Kigali, on... 09 FEB 2022

**Mr. NGOGA MUKOMEZI Emmanuel**  
**Tel: 0788680852**  
**Email: nmanu250@yahoo.fr**

Dear Sir,

**Re: Your request for permission of data collection**

Reference is made to your letter dated on 23<sup>rd</sup> January 2022 requesting for permission of data collection in Kicukiro District in the City of Kigali on “**Decentralized taxes factors and revenue collection performance in local government in Rwanda**”;

We would like to inform you that your request is hereby granted. However, before starting your research, you must first introduce you to the **Administration of Kicukiro District**, and clarifying your need.

Sincerely,

**Joseph NIYONGABO**  
**Director General of Corporate Services**



**Cc:**

- City Manager of the City of Kigali
- District Executive Administrator/ Kicukiro District

**KIGALI**

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City of Kigali, P.O.Box 3527 Kigali, Hotline 3260, Email: [info@kigalicity.gov.rw](mailto:info@kigalicity.gov.rw), Wbsite: [www.kigalicity.gov.rw](http://www.kigalicity.gov.rw)

#### **Appendix iv: Introduction letter**

Mount Kenya University, School of Business

Dear Respondent,

My name is Emmanuel Ngoga Mukomeza and I' am a student in Master's Degree of Business Administration at Mount Kenya University, School of Business. I'm currently carrying out a research entitled "*effect of Decentralized taxes factors on revenue collection performance in local government in Rwanda: a case of Kicukiro District*".

Your completion of the following questionnaire would be of great assistance. Your help would be significantly refreshing and your feelings will be exceptionally esteemed. It will require around 10-15 minutes. I anticipate your caring collaboration in this regard. The data you will give will be dealt with most extreme secrecy and it is only for scholarly purposes as it were.

Thank you for your cooperation.

Yours sincerely,

**Emmanuel Ngoga Mukomeza**

## **Appendix v: Questionnaire Addressed to Respondents**

Instructions: *Please tick the appropriate answer.*

### **SECTION A: Respondents general Information**

1. Gender:

a) Male

b) Female

2. Age of respondents

a) Below 20 years

b) 21-29 Years

c) 30-39 years

d) 40-49 years

3. Education profile (please tick highest level)

a) Certificate [ ]

b) Diploma [ ]

c) Degree [ ]

d) Masters [ ]

e) Others (please specify) \_\_\_\_\_

4. Job category

a)Monitoring & Evaluation Officer [ ]

b) Program Officer [ ]

c) Field Officer [ ]

d)Others (please specify) \_\_\_\_\_

5 Years working with NGO

a) 0-5 Years [ ]

b) 6-10 Years [ ]

c) More than 10 Years [ ]

### Section B: Effect of Administrative Factors on Revenue Collection Performance

In this section please tic (✓) the most appropriate response for each of the statements in the table below with the following scores in mind.:1=Strongly Disagree(SD);2=Disagree(D); 3=Neutral=N;4=Agree(A); 5=Strongly Agree(SA) where applicable.

Statement on administrative factors	SD	D	N	A	SA
Tax compliance matter is a behavioural issue as opposed to administrative issue					
Different tax laws and regulations affect tax compliance attitude					

assessment of the level of non-compliance to tax rules and regulation					
inadequate administration, inability to gather expected revenue target					
There is low tax compliance levels in local governments					
governments have adopted tax compliance					

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### Section C: Effect of Economic Factors on Revenue Collection Performance

In this section please tic (✓) the most appropriate response for each of the statements in the table below with the following scores in mind: 1=Strongly Disagree(SD);2=Disagree(D);3=Neutral(N);4=Agree(A);5=Strongly Agree (SA) Where applicable

	SD	D	N	A	SA
A degree of tax compliance in the district is influenced by economic factors					
Taxpayers capacity(ability to pay) must be the focus before determining taxes					
ability to pay does not necessarily ensure that individuals can afford their taxes as affordability					
One should not ignores the administrative costs of tax systems.					
The ideal was expected centred on welfare economic principles					

### Section D: Effect of Fiscal decentralization on Revenue Collection Performance

In this section please tic (✓) the most appropriate response for each of the statements in the table below with the following scores in mind: 1=Strongly Disagree (SD);2=Disagree(D); 3=Neutral(N); 4=Agree(A); 5=Strongly Agree(SA) where applicable

	SD	D	N	A	SA
Decentralization requires to be aware of institutional cultural practices, power interactions and motives or duties of politicians and bureaucrats is required.					
principles in deciding appropriate form of decentralization relate to subsidiarity, jurisdictional spill over and specialization					
The suitability of fiscal decentralization, is determined by historical basis for fiscal centralization					
The revenue decentralization increase may increase high costs and expenses					
The fiscal decentralization may take place in the context of self-reliance					

## Section E: Revenue collection Performance

On the scale of 1-5 (1-being the most effective and 5 least) what was the rating for the revenue collection performance?

Statements	1	2	3	4	5	Comments
efficient revenue collection system was the hub of every public administration						
efficient revenue collection system is cornerstone of sound fiscal management						
The tax revenue was pertinent source of fund to public expenditures						
Local government is able to achieve its Revenue collection target						
Cost of collection is						

**Thank you**