
I-TAX ADOPTION DETERMINANTS AND VALUE ADDED TAX COMPLIANCE AMONG LARGE CORPORATE TAXPAYERS IN KENYA

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Abstract

Despite the increasing need to raise the level of revenue collection, developing countries still face the challenges of low tax compliance. This leads to frequent tax reforms aimed at closing short-term revenue gaps. This project sought to investigate the effect of itax adoption determinants on VAT compliance among large corporate taxpayers in Kenya. The study employed a descriptive research design. The study targeted all the 1278 large corporate taxpayers in Kenya registered for VAT. Stratified random sampling technique was used to select 192 respondents for the study. A five-point likert scale structured questionnaire was used to collect primary data. Numerical data that was collected using questionnaires was coded, entered and analyzed with help of a computer Statistical Package for Social Scientists (SPSS) version 24 software Programme. The data collected was analyzed through descriptive and inferential statistics. Both qualitative and quantitative data analysis technique was used to analyze the data. Thematic analysis techniques were used to analyze qualitative data collected in the open ended questions. From multiple regression, it was inferred that Large taxpayer's perception, Knowledge of tax laws, Level of IT literacy and Costs of Compliance had significant influence on Value Added Tax compliance. This study recommended that KRA management should focus on taxpayer facilitation through a robust system of customer relationships management, efficient complaints resolution and ensuring that more resources are invested in user friendly online tax systems in order to realize long term benefits.

Keywords: I-tax, costs of compliance, Value Added Tax, Tax compliance, Large Corporate Taxpayers.

1. Introduction

1.1 Background of the study

Internationally, each government is in charge of the provision of essential administrations to their nationals. The introduction of the tax system empowers the government to gather revenue more productively. Revenue collection is the primary source of Government budgetary assets for developed countries as well as for developing nations like Kenya (Awitta, 2010). While tax collection is not the main source of government income, it is the most critical source in almost all nations and the manner by which governments raise and spend income substantially affects the monetary and social improvement of countries. It is significant for manageable economic improvement as it targets at providing vital road for monetary autonomy of countries from outside help (OECD, 2006).

Since the 1980s, numerous creating nations have been rolling out improvements in their monetary segments and government divisions (Das, 2011). Changes were acquainted due to the expanding requisite to advance more income for the benefit of the legislature through expense. The income gathered is utilized to fund significant part of government activities including arrangement of open social administrations and furthermore control the national government advancement (Jamala et al; 2013). Income accumulation has confronted significant difficulties in numerous nations worldwide however these difficulties are more in developing nations as compared with developed nations (Edward, 2009). developed nations have viable income gathering frameworks henceforth limiting income accumulation challenge. Creating successful methods for income accumulation has been essential issue in income accumulation (Menifield, 2011).

Previously, Kenya's set targets have proved to be unattainable which came about to a ton of household and outer acquiring. This prompted the consolidation of a Revenue collecting agency in the year 1995 in order to reinforce the gathering of income and blend the diverse arms that were in existence. Kenya Revenue Authority was relied upon to set up a productive assessment framework in order to decrease the issue of side stepping duty and seal the various escapes in the tax and in addition bringing more citizens in the expense section (Nyaga and Omwenga, 2016).

The level of VAT tax compliance impacts income accumulation by the income gathering organization. Inability to transmit charges is a noteworthy deterrent of income accumulation. Kenya is among numerous creating nations battling with the issue of VAT assess rebelliousness by the citizens (Ngotho and Kerongo, 2014). In spite the current changes in the Central government charge frameworks, numerous African nations are described by various expenses with structures that are not effectively grasped by citizens. This implies despite that these progressions have come about to huge change in income gathering, KRA is yet confronting numerous obstacles as far as revenue collection is concerned. Elevated amounts of numbness and protection from citizens has additionally been a test in gathering of income. (Bikas and Andruskaite, 2013). This represents a major issue since government activities are influenced, ventures crashed and also the overall population will be influenced by being deprived of extremely crucial administrations. In connection to this, it is essential to examine the impact of embracing the digital platform by Kenya Revenue Authority in order to upgrade income gathering (Hasen. R, 2012).

1.2 Statement of the Problem

Revenue system modernization improves the ability of an organization to collect more revenue with minimal costs. The revenue authority has not been able to meet it's set revenue target set by the National treasury in the previous years. This clearly shows that there is a need for the government and the tax authority to review its efforts to foster compliance among the taxpayers to be able to meet its revenue targets. Value Added Tax, similar to some other tax, is susceptible to avoidance and fraud, in spite of the fact that it has some unmistakable highlights that make it less vulnerable than different type of taxation (Keen and Smith, 2007). Over the span of the latest couple of years be that as it may, VAT revenue has experienced a checked increment in losses of due to avoidance and misrepresentation (Carswell and Hannan, 2008). In Kenya, the poor

performance in VAT revenue has been exacerbated by VAT evasion which has been a major drawback on VAT revenue collection. VAT in Kenya has over the years been underperforming compared to other taxes. This tax has been stagnant contributing an average of 26% to the total government revenue. The trend has been recurring and has contributed to the shortfalls in total tax collections by KRA. Many reforms have been carried out on VAT which has led to numerous amendments in the VAT legislation. Nonetheless, disregarding recording surprising performance results in VAT accumulation, KRA keeps on confronting significant revenue gathering encounters that makes the legislature to lose billions of cash yearly (Muli, 2011). It is along these lines that the study attempted to seal the information gap by examining how utilization of *itax* influence the compliance of VAT tax amongst the large corporate taxpayers in Kenya with an aim to survey the taxpayers' willingness to comply with filling of VAT tax returns and paying self-assessed tax on the web. The study sought to establish how effect of *itax* adoption determinants on VAT compliance among large corporate taxpayers in Kenya through the following objectives

- i. To assess the effect of large taxpayers' perception towards the utilization of *itax* framework on VAT tax compliance among large corporate taxpayers in Kenya.
- ii. To evaluate the effect of large taxpayer's level of IT literacy on VAT tax compliance among large corporate taxpayers in Kenya.
- iii. To investigate the effect of large taxpayers knowledge of tax laws on VAT tax compliance among large corporate taxpayers in Kenya.
- iv. To establish the effect of costs of compliance on VAT tax compliance among large corporate taxpayers in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

This study was based on these theories; Fischer tax compliance model, the economic theory of tax compliance, Diffusion of Innovation (DOI) and Theory of Technology Acceptance Model.

2.1.1 Fischer tax compliance model

The determinants of tax compliance in light of Fischer model (Fischer 1992) have been a vital subject of research in created nations over the recent years. Fischer tax compliance model gives a structure to understanding the impact of financial and mental parts on taxpayers' choice of compliance. These components are sorted by Fischer and partners (Fischer 1992) into 4 bunches in his extended model (Fischer Model). These include; Demographic, Noncompliance opportunity, Attitudes and recognitions and Tax framework. In this way Fishers' model of tax compliance consolidates financial, sociological and mental components into a thorough one.

2.1.2 Technology Acceptance Model

Innovation Acceptance Model was created by Davis in 1989. It is a standout amongst the most prevalent research models to anticipate use and acknowledgment of data frameworks and innovation by individual users. TAM has been generally contemplated and checked by various investigations that inspect the individual innovation acknowledgment conduct in various data frameworks develops. This model proposes that when clients are given another innovation,

various elements impact their choice about how and when they will utilize it, remarkably: Perceived usefulness and Perceived ease-of-use. Perceived usefulness alludes to how much a man trusts that utilizing a specific framework would upgrade his or her execution. Perceived ease-of-use is characterized as how much a man trusts that utilizing a specific framework would be free from exertion (Davis,1989). Among the convictions, perceived ease of use is guessed to be an indicator of perceived usefulness. TAM can be utilized with certainty to inspect the impact of individual contrasts that is computer viability on clients' acknowledgment of electronic assessment documenting frameworks through three convictions-perceived usefulness, perceived ease of use, and perceived credibility. The clients' apparent validity of Web frameworks affects client eagerness to participate in online trades of cash and individual touchy data (Miyazaki and Fernandez, 2001).

2.1.3 The economic theory of tax compliance

In the great Allingham and Sandmo (1972) paper, amoral but risk averse taxpayer, with genuine salary Y , picks the division of wage to proclaim to tax authorities to boost her normal utility of wage. The strategy condition is given by the legitimately commanded income tax function, $T(Y)$, the punishment rate on distinguished but underpaid taxes, p , and the likelihood of tax review and recognition. For effortlessness, we accept a proportional tax function with tax rate there. The part of salary announced intentionally to tax authorities is indicated by x . The taxpayer's choice issue can be composed as: $\text{Max} E(U) = (1-p) U [YN] + pU [YC]$. This model predicts that, given the normal extra instalment on recognition $p(1+p)tY$ is beneath the assessment due when wage is accounted for genuinely (tY), the taxpayer won't agree completely, detailing under 100 for every penny of her salary. In any case, there will be more noteworthy consistence if there is stricter authorization either by raising p . In studies endeavouring to exactly check the AS model, it has been brought up that since expected extra installments if avoidance is identified seen by and by are constantly not exactly the taxes due, taxpayers would dependably dodge charges in the event that they carried on as per the AS model. Tax avoidance, be that as it may, isn't depended on by all taxpayers, in confirm from nations like the USA. This has provoked a tremendous number of expansions of the AS model in the course of recent years, prompting the distinguishing proof of a large number of the consistence determinants looked into above. (Das-Gupta et al 2002).

2.1.4 Diffusion of Innovation (DOI) Theory

This hypothesis was created by Lazarsfeld in the year 1949. It tries depicts the examples of selection of innovation, clarifying the instrument of the reception and further anticipating whether and how another creation or advancement will be fruitful. The Diffusion of Innovation hypothesis recommends that mechanical development is imparted through specific channels, after some time, amongst the individuals from a social framework. In light of this definition, utilizing e-recording innovation is a genuinely new practice in Kenya and can be viewed as a development for every individual web client. As indicated by Rogers (2003), the phases through which a mechanical development passes includes five stages which normally take after each other in a period requested way. The stages are: Persuasion, Knowledge, Decision, Confirmation and Implementation. Advancement choices might be discretionary, group or expert based (Sahin, 2006). Usually, this hypothesis demonstrates that mechanical development is conveyed by means of particular channels, after some time, amongst the people from a social system. The hypothesis

identifies with the nation Kenya in that the advancement of itax framework is imparted through the different channels by the KRA and got to by means of the web to achieve every individual client.

2.2 Empirical Literature Review

This section reviews earlier investigations relating to effect of itax adoption on VAT tax compliance among large corporate taxpayers. The section summarizes literature review on: Large tax payers perception, Knowledge of tax laws, Level of IT literacy and Costs of Compliance and how they influence VAT tax compliance among large corporate taxpayers.

An investigation by Abubakar and Christopher (2013) assessed taxpayers' attitude and its impacts on charge consistence choices in Tamale Ghana. The investigation established that Individual taxpayers had concern for the amount of taxes they pay. In their investigation, Muturi and Kiarie (2015) considered the impacts of automated duty framework on charge consistence amongst small taxpayers in Meru County, Kenya. The examination discoveries uncovered that online expense framework influences assess consistency level among small taxpayers in Meru County.

Mogutu and Wanjohi (2015) did a study on Influence of Taxpayers' Attitudes on Compliance Behavior among SMEs in Kerugoya Town, Kirinyaga District. This study established that a very strong relationship exists between the taxpayers' perception and tax compliance in Kenya. With regard to the association of tax payer's perception towards government spending and tax compliance, if tax payers perceive that the government is wisely spending the tax revenue for public goods and services, it is expected that voluntary tax compliance will enhance. But, if taxpayers believe that the government is spending tax revenue unwisely on unnecessary things then taxpayers will feel be unfaithful to and attempt to avoid taxes.

A study by Tilahun and Yidersal (2014) on the effect of taxpayers' perception on compliance argue that taxpayer's perception did not significantly relate with tax compliance. Hence, it shows that previous studies have found controversial results about the association between taxpayer's perception and tax compliance.

Ling and Nawawi (2016) completed an examination on impact of coordinating ICT skills and tax software in tax training. The point of the investigation was to set up the important abilities required by taxpayers to completely use an online tax framework. The examination distinguished three major skills that a taxpayer must need to empower him to communicate well with the online framework. This investigation has suggestions on the current examination in that in dissecting the viability of electronic recording framework, one must not disregard the essential abilities that would be clients of the framework need to have.

Makanga (2015) completed an investigation on the selection of innovation as a vital device for improving charge consistence in Kenya. The goal of the examination was to assess the role of information technology in upgrading tax compliance among large taxpayers in Kenya. The examination established that in the quick changing business world, innovation has progressed

toward becoming a vital part of any business development thus KRA must grasp current innovation to improve effectiveness in tax compliance.

Muita (2014) completed an examination on the factors affecting acceptance and utilization of e-filing framework amongst large corporate Taxpayers. The examination inspected the aptitudes required by the users of e-filing, the innovation required and the tax expert's readiness in improving the selection of assessment consistenc based innovation. The investigation found that for e-recording to viably take off in Kenya aptitudes, foundation and a helpful business condition are required.

Palil and Mustapha (2012) completed an examination on the determinants of tax compliance in Self-Assessment System in Malaysia. The examination discovered that in the self-evaluation framework in Malaysia, tax knowledge significantly affects tax compliance and the level of Tax learning fluctuates among respondents. The investigation likewise settled that assessment consistence was affected by likelihood of being evaluated, view of government spending, punishments, individual money related limitations, and referent gathering..

Magutu and Wanjohi (2015) completed an investigation on taxpayer attitude, conduct and tax compliance in Kenya. They built up that the issue of lack of cognition for tax compliance conduct towards a system of tax was an issue of concern. This is on account of it adds to income deficiency because of low level of compliance among taxpayers. Ochola (2014) examined on the effect of integrated tax administration framework on large corporate taxpayer's compliance. The outcomes proposed that tax learning on the presentation of ITMS significantly affects tax compliance despite the fact that the level of tax information changes essentially among respondents. The outcomes additionally show that tax compliance is impacted particularly by likelihood of being reviewed, punishments, Tax information and the tax framework. Aftereffects of this examination answer such inquiries as which different taxpayer attributes of tax knowledge influence consistent conduct.

Mogeni (2014) carried out a study on the impacts of consistence cost on assess consistence of organizations recorded at the Nairobi securities exchange. The study used a census survey of all the 62 listed companies. The investigation indicated that consistence cost had the negative impact on level of assessment consistence. The study also indicates high costs of compliance and high open door for tax avoidance will decreases tax compliance among registered firms. Finally Mogeni recommends that tax compliance cost ought to be in a way that does not urge taxpayers to avoid tax and thus there ought to be hardened requirement of fines and punishments to deflect tax avoidance. Moreover, tax authority's specialists ought to simplify processes associated with filling of returns and payment of taxes.

Mary (2015) investigated charge consistence by small and medium enterprises in North of Nairobi tax district, Kenya. The study found out that high consistence expenses can bring about tax non-compliance, charge extortion, and hinder speculation by way of decreasing aggressiveness of the nation in terms of taxation attractiveness. The study likewise concluded that consistence costs, in type of expenses charged by assess advisors and different expenses are

decidedly connected with non-conduct and consequently adversely associated with impose consistence conduct.

3.0 RESEARCH METHODOLOGY

The study employed a descriptive research design. The target population was the large corporate taxpayers in Kenya. The study targeted all the 1278 large corporate taxpayers in Kenya registered for VAT. Stratified random sampling technique was used to select 192 respondents for the study. A five-point likert scale structured questionnaire was used to collect primary data. Numerical data that was collected using questionnaires was coded, entered and analyzed with help of a computer Statistical Package for Social Scientists (SPSS) version 20 software Programme. A pilot test was conducted to assess validity of the research instruments whereas Cronbach's coefficient alpha was used to determine reliability of the research instruments. Both descriptive and inferential statistics were used to analyze the data. Statistical significance of relationships among selected variables was determined using multiple regression analysis. Results obtained were presented using tables.

4.0 RESEARCH FINDINGS AND DISCUSSIONS

4.1 Descriptive Statistics

The first objective of this study was to establish effect of large taxpayers' perception towards the utilization of itax framework on VAT tax compliance among large corporate taxpayers in Kenya. To achieve this objective, the respondents were asked to state whether the tax system in place motivates them to voluntarily comply with tax obligations, whether K.R.A has put in place enough measures to ensure that taxpayers know of their obligations and repacations of noncompliance and whether they believe it's their obligation asa citizens to support the government by paying taxes. Items researched under this objective are: Perceived Benefits, Perceived ease of use and Perceived insecurity. Majority of the items in this objective had a great influence on VAT tax compliance. This was supported by the mean of 3.70 out of 5 indicating that the respondents agreed that taxpayers have actually embraced the use of itax to fulfill their obligation to pay taxes. These results are consistent with the findings of Magutu and Wanjohi (2010) who established that tax compliance may be influenced by the taxpayers' perceptions of the tax system and the Revenue Authority.

The second object of the study was to evaluate the effect of large taxpayer's level of IT literacy on VAT tax compliance among large corporate taxpayers in Kenya. level of IT literacy on VAT tax compliance is paramount. The researcher sought to find out the level of IT literacy influence VAT tax compliance among large corporate taxpayers in Kenya. The results suggest that level of IT literacy has a positive and statistically significant effect on VAT tax compliance as majority of the variables (items) on level of IT literacy and VAT tax compliance had a high mean of 3.73 indicating a great influence on VAT tax compliance. These findings are consistent with those of Gwaro, Maina and Kwasira (2016) who established that computer literacy had significant effect on the influence of tax compliance levels amongst small and medium enterprises in Nakuru County.

The third objective of the study was to investigate the effect of Knowledge of Tax Laws on VAT tax compliance among large corporate taxpayers in Kenya. The results suggest that knowledge of tax laws has a positive and statistically significant effect on VAT tax compliance. These findings are consistent with those of Ochola (2012) who established that tax knowledge has a significant impact on tax compliance even though the level of tax knowledge varies significantly among respondents.

The fourth objective of the study was to investigate the effect of costs of compliance on VAT tax compliance among large corporate taxpayers in Kenya. The results suggest that Costs of compliance has a negative and statistically significant influence on VAT tax compliance. These findings are consistent with the findings of Mogeni (2014) who established that compliance cost had the negative effect on level of tax compliance.

4.2 Inferential Statistics

4.2.1 Pearson Correlation analysis

The study conducted a correlation analysis to determine the strength and significance of the relationship between the study variables. The table below presents the Pearson Correlation Output as derived from SPSS.

Table 1: Correlation Matrix

	VAT Tax Compliance	Taxpayers Perception	Knowledge of Tax Laws	IT Literacy	Costs of Compliance
VAT Tax Compliance	Pearson Correlation Sig (2-Tailed)	1			
Taxpayers Perception	Pearson Correlation Sig (2-Tailed)	0.506**	1		
Knowledge of Tax Laws	Pearson Correlation Sig (2-Tailed)	.599**	0.583**	1	
IT Literacy	Pearson Correlation Sig (2-Tailed)	.688**	0.488**	0.568**	1
Costs of Compliance	Pearson Correlation Sig (2-Tailed)	0.662**	0.428**	0.506**	0.739**

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

Source: Researcher (2020)

The results revealed that the itax adoption determinants and VAT tax compliance have a statistically significant relationship ($p < .001$). The direction of the relationship is positive. This implies that itax adoption determinants and VAT Tax Compliance are positively correlated hence these variables tend to increase together.

4.4.3 Regression Analysis

Table 2: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762	.581	.569	.68651

(Researcher, 2020)

From the findings above, the value of R stood at 0.762, adjusted R^2 was 0.569 while the value of R^2 was 0.581. This means that 58.1% of variations in VAT tax compliance amongst large corporate taxpayers were explained by the independent variables of the study. However, there other factors that influence VAT tax compliance amongst large corporate taxpayers that were not involved in the model. This accounted for 41.9%.

Table 3: Analysis of Variance and F-Test Results

Model		Sum of squares	df	Mean Square	F	Sig
	Regression	92.165	4	23.041	48.889	.000 ^b
1	Residual	66.453	141	.471		
	Total	158.618	145			

(Researcher, 2020)

The findings in the above table indicate that the calculated value of F as 48.889 while the F critical value is 41.465. This means that since the calculated value of F is greater than the critical F value, then the regression model was significant and hence a dependable indicator of the study findings. As far as the p values were concerned, the study showed a probability of 0.000. This value is less than 0.05 and thus was statistically significant. This suggests that the information set is suitable for evaluating the connection concerning itax adoption determinants and Value Added Tax compliance. The independent variables Large taxpayers perception, Knowledge of tax laws,

Level of IT literacy, and Costs of Compliance influence the Value Added Tax compliance among large corporate taxpayers in Kenya.

As far as p esteems, the examination demonstrated 0.000 which is under 0.05 and in this way measurably huge. This infers the informational collection is suitable for examining the relationship.

Table 4: Regression Coefficients

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	.193	.285		.678	.499
Large axpayers perception	.124	.078	.110	1.592	.004
Knowledge of tax laws	.251	.084	.222	3.006	.003
Level of IT literacy	.330	.095	.302	3.482	.001
Costs of Compliance	.276	.081	.279	3.399	.001

(Researcher, 2020)

Table 4 shows multiple regression analysis conducted to determine the level to which itax adoption determinants influence Value Added Tax compliance among large corporate taxpayers in Kenya. As per the SPSS generated table, regression equation;

$$Y=0.193+0.124X_1+ 0.251X_2+ 0.330X_3+ 0.276X_4$$

According to the regression equation obtained, taking all factors into account (Large taxpayers perception, Knowledge of tax laws, Level of IT literacy, and Costs of Compliance) constant at zero, Value Added Tax compliance among large corporate taxpayers will be 0.193.

Objective one sought to assess the effect of large taxpayers’ perception towards the utilization of itax framework on VAT tax compliance among large corporate taxpayers in Kenya. The results indicate that, improvement in the level of Large taxpayers perception towards itax will result to 0.124 increase in the level of VAT tax compliance among large corporate taxpayers in Kenya. According to the p value obtained (0.014) was less than 0.005 hence large tax payers perception was significant. These results are consistent with the findings of Magutu and Wanjohi (2010) who established that tax compliance may be influenced by the taxpayers’ perceptions of the tax system and the Revenue Authority.

Second objective sought to evaluate the effect of large taxpayer’s level of IT literacy on VAT tax compliance among large corporate taxpayers in Kenya. The results propose that growth in the

level of IT literacy will cause 33.0% increase in level of VAT tax compliance among large corporate taxpayers in Kenya. At 5% level of significance the p value realized was 0.001 which is less than 0.005 hence large taxpayer's level of IT literacy was significant. These findings are consistent with those of Gwaro, Maina and Kwasira (2016) who established that computer literacy had significant effect on the influence of tax compliance levels.

The third objective sought to investigate the effect of large tax payers knowledge of tax laws on VAT tax compliance among large corporate taxpayers in Kenya The results propose that a rise in the knowledge of tax laws will cause 25.1% increase in level of VAT tax compliance among large corporate taxpayers in Kenya. According to the p value obtained (0.003) was less than 0.005 hence large taxpayers knowledge of tax laws was significant. These findings are consistent with those of Ochola (2012) who established that tax knowledge has a significant impact on tax compliance even though the level of tax knowledge varies significantly among respondents.

The fourth objective sought to establish the effect of costs of compliance on VAT tax compliance among large corporate taxpayers in Kenya. The findings indicate that an increase in the costs of compliance will result in a 27.6% decline in the level of VAT tax compliance. According to the p value obtained (0.001) was less than 0.005 hence costs of compliance was significant. These findings are consistent with the findings of Mogeni (2014) who established that compliance cost had the negative effect on level of tax compliance.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study researched on the effect of itax on VAT tax compliance by Large Taxpayers. The problem being that, Kenya Revenue Authority has not been able to meet it's set revenue target set by the National treasury in the previous years because Kenya as a developing country, still face the challenges of low tax compliance. This clearly shows that there is a need for the government and the tax authority to review its efforts to foster compliance among the taxpayers to be able to meet its revenue targets. This leads to frequent tax reforms aimed primarily at closing short-term revenue gaps. The study sought to find out if Taxpayers' perception towards the itax system, Level of IT literacy, Knowledge of tax laws and costs compliance influenced VAT tax compliance.

The results indicate that large taxpayers perception has a positive and statistically significant effect on VAT tax compliance among large corporate taxpayers in Kenya. The findings reveal that, improvement in the level of Large taxpayers perception towards itax will result to increase in the level of VAT tax compliance among large corporate taxpayers in Kenya. The study also established that knowledge of tax laws has a positive and statistically significant effect on VAT tax compliance. The results propose that a rise in the knowledge of tax laws will cause increase in level of VAT tax compliance among large corporate taxpayers in Kenya.

The results reveal that level of IT literacy has a positive and statistically significant effect on VAT tax compliance. This means that growth in the level of IT literacy will cause increase in level of VAT tax compliance among large corporate taxpayers in Kenya. Finally, the findings

indicate that Costs of compliance has a negative and statistically significant influence on VAT tax compliance This indicates that an increase in the costs of compliance will result in a decline in the level of VAT tax compliance.

5.2 Conclusion and Recommendations

The study revealed that, majority of the respondents agree, that it's their obligation as citizens to support the government by paying taxes. Also the respondents agreed that the itax system in place motivates them to voluntarily comply with their tax obligations. From the findings of this study, it can be concluded that taxpayers have actually embraced the use of itax to fulfill their obligation to pay taxes. The study recommends that Kenya Revenue Authority needs to guarantee that they deal with the necessities of both the Authority and the Large Taxpayers while building up their systems. This can be done by ensuring that they are efficient and user friendly. The study also suggests that there is need to sharpen the users on the systems set up and their benefit as far as increasing of compliance is concerned and that new tax systems should be developed and the new ones should be improved on need basis. Finally, level of compliance is hindered by high costs incurred by taxpayers to comply. This study therefore recommends that Kenya Revenue Authority should ensure that it is not very expensive to both the taxpayer and the authority to ensure compliance.

5.3 Suggestions for Further Research

From the study, the four independent variables that were studied, explain 58.1% of the itax adoption determinants on VAT tax compliance as represented by the adjusted R^2 . This therefore means that other factors not studied in this study contribute 41.9% of the itax adoption determinants on VAT tax compliance. Therefore, further research should be conducted to investigate the other factors (41.9%). This study suggests that it is important to carry out another study to establish how adopting itax influences compliance levels of small and medium enterprises.

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