BUSITEMA UNIVERSITY
Pursuing Excellence

P.O. Box 236, Tororo, Uganda
Gen: +256 - 45 444 8838
Fax: +256 - 45 4436517
Email: info@adm.busitema.ac.ug

www.busitema.ac.ug

THE EFFECTS OF TAX ADMINISTRATION ON REVENUE GENERATION IN KAPCHORWA DISTRICT LOCAL GOVERNMENT

A CASE STUDY OF KAPCHORWA DISTRICT

BY

CHEBET NASTA

nastachebet53@gmail.com

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A RESEARCH PROPOSAL SUBMITTEDTOTHE FACULTYOF MANAGEMENTSCIENCS, DEPARTMENT OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT FOR THE REQUIREMENT OF AWARD OF A DIPLOMA IN BUSINESS ADMINISTRATION, BUSITEMA UNIVERSITY

JUNE, 2024

DECLARATION

DECLARATION

I CHEBET NASTA do declare that this research proposal is my own work which has never been submitted for examination in this university for academic qualification.

Registration No: BU/UP/2022/1674

Signature.....

Date. 2nd - August - 2024.....

APPROVAL

This report is submitted to Busitema University faulty of management sciences as a partial fulfillment for the award of Diploma in Business Administration with the approval of my academic supervisor.

Signature.....

Date ...2/08/2024.....

MR. WADAMBISHA BRIAN

(ACADEMIC SUPERVISOR)

DEDICATION

This work is dedicated to the family of Mr. Solimo Joseph and Ms. Yapsikoria Janet for their moral support, encouragement and understanding. I also dedicate this proposal to all my friends; course mates, lecturers, and also my brothers and sisters Ayeko Eluid, Chemutai Godwin, Chepkwemoi Deborah, and finally Chebet Miracle and the Almighty God for His unceasing blessings to ensure the proposal submission reality

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LIST OF ACRONYMS

AAGR	Auditor Annual General Reports
AG	Auditor General
B	Billion
F/Y	Financial Year

ITA	Income Tax Act
KDLG	Kapchorwa District Local Government
KD	Kapchorwa District
M	Million
MOFP	Ministry of Finance and Planning
N	Naira
UGX	Uganda Shillings
URA	Uganda Revenue Authority
VAT	Value Added Tax

ABSTRACT

The study aimed at assessing the effects of tax administration and revenue generation of Kapchorwa District Local Government. Tax administration under the construct of (tax registration, tax assessment and tax collections procedures) and Revenue generation under (Revenue sources, innovative financing mechanisms and fiscal capacity) .The study aimed at achieving the following objectives; to assess the effects of tax registration on revenue generation, to assess the effects of tax assessment on revenue generation and finally to assess the effects of tax collection procedures on revenue generation. The study will be based on sample size of 52 respondents and a target population of 60 respondents. The study will employ a cross-sectional research design and quantitative approach. The findings revealed that tax registration significantly affects revenue generation of KDLG also it shows appositive relationship between tax assessment and tax collection procedures. Additionally a finding indicates that an improvement in tax

administration will lead to an increase in revenue generation. Primary data will be got from use of questionnaires and secondary source of data will be got from use of journal articles, surveys and conference proceedings. The researcher recommended that there is need to improve on tax administration by assigning responsibilities to the employees and those in authority so as to improve or to increase on the level of revenue generation in KDLG.

CHAPTER ONE

1.0 Introduction.

This chapter presents the background to the study, statement of the problem, research objectives, and Research questions, purpose of the study, scope of the study, significance of the study, conceptual framework and operational definition of key terms

1.2 Background of the study.

Revenue generation refers to blood life to any organization because it fuels expansion, innovation and profits by generating more revenue. Governments can also invest in developmental Programmes to improve public service (Shona, 2021) it also contributes to gross domestic product of a country. Despite of the above importance of revenue generation, literature suggests that it is being faced have by many challenges like poor tax administration procedures, few revenue sources like Donations, sales and profits. But despite of the challenges faced by revenue generation, Government have made a significant to increase on revenue collections like VAT, enhanced integrity and improving on public Programmes like educations (musuguzi, 2022). But despite of the above measures, the problem of poor or low revenue generation still exists as explained below in terms of Global context, historical context, in Africa, East Africa, in Uganda and in the case study.

Globally, according to the survey conducted in Asia in the Auditors general report of Srilanda cricket of (Revenue et, n.d,2021) during the F/Y 2021/2022 the local government approved a budget of R.s17.5 billion but out of this only R.s 6.3 billion was collected representing a net surplus of 50% of the total revenue collected and the decline in this revenue collection could be as result of Covid 19 and also low generating economic activities for example in import restrictions of Excise duty on vehicle importation during the year 2021, which negatively impacts on revenue sources ,innovative financing mechanisms and fiscal capacity.

In Sub Saharan region of Africa in Nigeria, according to the Auditors annual general report of Borne state (Hedwig et, al n.d, 2021) the approved budget estimates was eighteen billion four hundred and six naira and ninety-one thousand naira (N18, 406,691, 00) but only fourteen billon eight hundred and seventy thousand seven million three and ninety thousand two hundred and fifty-one naira was collected (N14, 877, 399, 251) representing 19.175% of the total revenue

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