



## THE INFLUENCE OF TAX SERVICE QUALITY ON PRESUMPTIVE TAXPAYERS' COMPLIANCE IN TANZANIA: A CASE OF ILALA TAX REGION

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**ABSTRACT:** *This study was conducted to examine the influence of tax service quality on presumptive taxpayers' compliance in Tanzania: a case of Ilala Tax Region. The study was guided by three specific objectives as indicated by independent variables namely Tax Service Reliability, Tax Service Responsiveness and Tax Service Tangibility. The study adopted a positivist philosophy, employed a deductive approach, and utilized survey strategy. The study was conducted in Ilala Municipal with a sample of 384 respondents. Probability sampling procedure was applied through simple random sampling technique. The study used both primary and secondary data. Primary data was collected through questionnaires. Peer reviewed journal articles relevant for the subject matter, national tax and trade statistics reports from Tanzania Revenue Authority (TRA) and National Bureau of Statistics (NBS) were reviewed for secondary data. Data was analyzed using the OLS regression model. This study has found that Tax Service Reliability and responsiveness has no significant influence on presumptive tax payer's compliance in Ilala Tax Region. Also the study revealed Tax Service Tangibility to have a significant positive influence on presumptive taxpayers' compliance in the Ilala tax region. From the results, this study recommends Tanzania Revenue Authority (TRA) to focus on enhancing the perceived reliability of their tax services, including measures to ensure consistent interpretation and application of tax regulations, improving the accuracy of tax assessments, expediting the issuance of tax-related documents, enhancing the transparency of tax procedures and policies, and maintaining reliable online tax filing systems. Additionally, they should prioritize improving responsiveness to taxpayers' needs by enhancing the promptness of addressing inquiries and concerns, making tax authority representatives more accessible through various communication channels, offering comprehensive assistance and guidance, and ensuring clarity in tax-related communication materials to enhance taxpayers' understanding and compliance.*

**KEYWORDS:** *Tax service quality, Presumptive taxpayer, Compliance.*



## BACKGROUND OF THE STUDY

Tax revenue plays a pivotal role in the government's ability to fund and sustain its delivery of public goods and services (Rao *et al.*, 2019). This revenue, generated through various taxation mechanisms, was the lifeblood of public finance and has far-reaching implications for a nation's economic stability and its citizens' well-being (Adefolake & Omodero, 2022). To enhance the capacity for tax revenue collection, there has been a concerted effort to innovate the tax system by broadening its scope (Dube & Casale, 2019). One crucial aspect of this endeavor was the incorporation of the informal sector into the country's tax framework, with a particular emphasis on implementing a presumptive tax system (Aditya, 2020). In addition to broadening the tax base by including the informal sector through a presumptive tax system, tax authorities have undertaken various multifaceted measures to promote tax compliance through quality service. Some of the efforts made to improve compliance through quality tax services include adopting advanced technologies on tax administrations, empowering staff capacity, revising tax laws and regulations, and enhancing taxpayer education (Mascagni & Santoro, 2018; Okunogbe & Santoro, 2023).

The quality of tax services plays a pivotal role in cultivating trust and cooperation between taxpayers and tax authorities, ultimately contributing to heightened tax compliance (Jajja & Bhatti, 2022). When tax authorities prioritize delivering high-quality services, they enhance their responsiveness and accessibility to taxpayers which in turn creates a conducive environment where individuals and businesses feel supported and guided in fulfilling their tax obligations (Ötsch, 2021). Taxpayers are more likely to comply willingly when they perceive the tax system as fair, transparent, and responsive with their needs (Aleksandrova, 2020).

High-quality tax services not only facilitate smoother interactions between taxpayers and authorities but also promote a sense of partnership in upholding the broader fiscal responsibilities of a nation, reinforcing the foundation of a robust and equitable tax system (Huiskers-Stoop & Gribnau, 2019). Despite the fact that there was a huge revolution on the tax administration mechanism at global scale adopted by many tax authorities, in many low-income countries, tax revenues remain far below the levels needed to provide citizens with basic services or make meaningful progress toward the UN's sustainable development goals (Dom *et al.*, 2022). Meanwhile, tax collection in many countries is characterized by inequity, with high rates of evasion among corporations and the rich and disproportionate burdens on lower-income groups (Martinez-Vazquez *et al.*, 2023)

Similar to numerous other African nations, Tanzania initiated a process of tax administration reform in the 1990s, aiming to enhance the quality of services provided and ultimately boost tax revenue collection. The Tanzania Revenue Act 1995 (revised in 2019) established the Tanzania Revenue Authority (TRA) as the tax administrator, which became operational in 1996. Since its establishment, the authority has been conducting its business guided by a series of five-years corporate plans. The first corporate plan was from 1998/1999 to 2002/2003 with a focus on institutional setup and capacity building for its staff.

The second corporate plan was from 2003/2004 to 2007/2008 whose mission was the improvement of service delivery to taxpayers. The vision was to make the TRA a modern tax administrator. Increasing revenue collection through cost-effectiveness, modernization of operations, provision of high quality and responsive customer services, promotion of voluntary tax compliance and enhancing staff performance management system was key in the plan



(TRA, 2022). During this period, TRA divided revenue collections into three departments, namely, large taxpayers, domestic revenue, and customs and excise. Other seven small departments supported these departments. The information and technology dealt with the automation of TRA operations while the Planning and Modernization Unit coordinated the TRA's activities. Both these TRA wings were instrumental in strategically streamlining, modernizing and automating TRA.

The third corporate plan was from 2008/2009 to 2012/2013 with a mission to transform the TRA into an efficient tax administrator meant to promote voluntary tax compliance by providing high-quality customer service with fairness and integrity through competent and motivated staff (TRA, 2013). The fourth corporate plan started from 2013/2014 to 2016/2017 to bolster convenience, compliance and continual improvement of the authority (Msafiri, 2018). In its fifth corporate plan, covering the period from 2017/18 to 2021/22, the TRA placed a central focus on the dual objectives of promoting voluntary tax compliance to boost state revenue and advance the well-being of Tanzanians in line with its motto, "we make it easy to pay tax and make lives better" (TRA, 2017). During this phase of corporate plan, the Taxpayer's Service Charter, established to delineate service level standards and taxpayers' rights within tax laws, reinforces the tripartite relationship between the TRA, taxpayers, and stakeholders by serving as a comprehensive guide, clarifying rights, obligations, and TRA services for taxpayers (Msafiri, 2018).

TRA is currently implementing its 6th corporate plan, guided by the Tax Administration Act, 2019 (TAA). The TAA consists of two crucial parts: Part II clarifies tax laws and defines the roles of tax officials and taxpayers, while Part III assigns tax law administration to TRA and outlines rules for taxpayer identification. Additionally, the TAA establishes the Tax Ombudsman Service to handle and resolve taxpayer complaints related to service, procedures, and administrative issues during TRA's tax enforcement activities. This comprehensive approach underscores TRA's dedication to creating a fair and streamlined tax environment and improvements of Tax service quality. Despite considerable efforts and reforms, TRA continues to grapple with challenges in achieving its established objectives. These challenges include still rather low tax compliance from taxpayers (TRA, 2023). According to Kimagi (2021) an increase in revenue resources was undermined by low level of tax compliance in Tanzania. According to the Tanzania Parliamentary Budget (2020/2021), one of the causes of the government budget deficit is non-tax compliance whereby estimated tax revenue mismatches with collected tax revenue.

Despite the TRA's commendable efforts in implementing a series of corporate plans, legal guidelines and various measures aimed at modernizing and streamlining tax administration services, a significant challenge persists in the form of low tax compliance among taxpayers in Tanzania. Kimagi (2021) reported that in addition to the persistently low compliance rate, there had been a consistent stream of complaints from taxpayers over the past five years regarding the way in which TRA had been managing tax-related issues. In 2020, approximately 600 businesses in Geita ceased operations due to the combination of high tax burdens and reported instances of forceful actions by TRA officers (Matowo, 2021). In parliamentary proceedings of 15 May, 2019, it was reported that in the 2018/2019 fiscal year running from July 2018 to April 2019, a total of 16,252 businesses were closed for failure to pay various taxes on time. Subscribing to businesspersons' concerns, the Members of Parliament of the URT argued that most of the businesses closed due to unfavorable approach adopted by the TRA in collecting pending taxes such as imposing high penalties and indiscriminately closing businesses,



harassment of business people by freezing their bank accounts and forcefully remitting tax due by deducting from the taxpayers' monies (Kamagi 2021).

In addition to the evident challenges of low compliance leading to inadequate revenue generation for budgetary needs and ongoing disputes between TRA and business communities in Tanzania, there has also been a shortage of empirical studies conducted within the Tanzanian context that specifically investigate the relationship between the quality of service framework and its impact on tax compliance. Notably Masunga et al. (2020) examined the quality of the e-tax system and its effect on the tax compliance behavior of large taxpayers in Tanzania. The data were gathered from 313 large taxpayers from three regions in Tanzania, namely Dar es Salaam, Mwanza, and Arusha. The study employed Information System Success Model with constructs service quality, system quality, information quality, user satisfaction, behavioral intention, and tax compliance behavior (actual behavior). A Partial Least Square Structural Equation Modeling (PLS-SEM) with SmartPLS3 was used to evaluate the latent variables and their indicators.

Maseko and Sawe (2022) investigated the relationship between factors affecting tax compliance among SMEs in Babati town council, Manyara, Tanzania, and proposed strategies for enhancing tax compliance in the economy. The research employed a mixed-methods approach and a survey design, involving the participation of 100 respondents selected through random and purposeful sampling techniques. Thus, in contrast to the studies conducted by Masunga *et al.* (2020), which encompassed 313 large taxpayers from Dar es Salaam, Mwanza, and Arusha, and the study by Maseko and Sawe (2022), which focused on SMEs in Babati town council, Manyara, involving 100 respondents, the current study will be conducted to examine the influence of tax service quality on presumptive tax payer's compliance in Tanzania: a case of Ilala Tax Region by considering three aspects of service quality namely tax service reliability, tax service responsive and tax service tangibility.

## RESEARCH METHODOLOGY

### Research Philosophy

This study adopted the ontology paradigm as a way of looking at the social reality or the world that is composed of certain philosophical assumptions that guide and direct thinking and actions, as pointed out by Mertens (2010). A research approach is usually influenced by ontological and epistemological assumptions or stances of the researcher. The current study has embraced the positivism ideology. The approach adopted in this study (positivism) aims to utilise hypotheses to test existing theories for generalisation purposes in different settings.

### Research Design

This study was guided by a deductive approach whereby service quality theory was the basis of developing hypotheses and then collecting and analyzing data to test those hypotheses. The study also used a cross-sectional survey research strategy, utilizing structured questionnaires containing a five-point Likert scale which were administered to respondents for data collection at a single point in time. The survey strategy was used in this study due to its suitability to efficiently gather data from a large sample of respondents at a single point in time, making it a



practical choice for assessing the relationships between variables without the need for extended data collection periods.

### **Selection and Justifications of the Study Area**

The Ilala tax region, located within the city of Dar es Salaam, encompasses four tax centers operated by the Tanzania Revenue Authority (TRA). These tax centers are Buguruni tax center, Samora tax center, Shauri Moyo tax center, and Mnazi Mmoja tax center. Ilala tax region was chosen since it is a densely populated urban area within Dar es Salaam, which is not only the largest city but also the economic center of Tanzania. This urban setting exhibited a variety of business activities and taxpayer profiles, allowing for a more diverse and representative sample to assess the influence of tax service quality on presumptive taxpayer compliance. This diversity in tax centers within a relatively compact geographic area provided an opportunity to explore potential variations in service quality, administrative practices, and taxpayer behaviors, offering a more comprehensive and localized perspective on how tax service quality affects compliance among presumptive taxpayers in Tanzania.

### **Population**

Given the diverse nature of the presumptive taxpayer register, the study population will include all presumptive taxpayers registered in four centers within the Ilala tax region (Buguruni tax center, Samora tax center, Shauri Moyo tax center, and Mnazi Mmoja tax center).

### **Sample Size and Sampling Procedure**

From a population of all presumptive taxpayers (not known with reliability), a sample of 384 respondents were selected and were estimated using the unknown population formula recommended by Kish (1965) as follows:

$$n = (Z^2 * p * (1-p)) / (E^2),$$

$$n = (1.96^2 * 0.5 * 0.5) / (0.05^2) \quad n \approx 384$$

where

*Z* = The Z-score corresponding to the desired confidence level. For example, for a 95% confidence level, the Z-score is approximately 1.96. This value determines the level of confidence needed.

*p* = The estimated proportion or probability of the event occurring in the population. In this case, it is assumed to be 0.5, representing a 50% estimated proportion.

*E* = The desired margin of error or the acceptable amount of deviation from the true population proportion. In this example, it is assumed to be 0.05 ( $\pm 5\%$ )

The study employed simple random sampling techniques to select 384 presumptive taxpayers as respondents. The use of simple random sampling helped to reduce biases, maintain objectivity of research and reduce the impact of potential confounding variables. Simple random sampling is versatile and can be used for both large and small populations as well as for homogeneous and heterogeneous populations. This flexibility made it suitable for the diverse nature of the presumptive taxpayer population of the study.



## Data and Data Collection Methods

The study used both primary and secondary data. Secondary data was obtained from the National Tax Statistics database at TRA and peer reviewed journal articles relevant on the subject matter. The study had primarily employed structured questionnaires with closed-ended questions measured on a five-point scale for primary data collection, aligning with the research objectives and hypotheses based on the literature review and service quality theory. Questionnaires were chosen for their systematic and standardized approach, versatility in quantitative and qualitative research, cost-effectiveness, efficiency, suitability for large and diverse samples, and remote administration capabilities, enhancing convenience and reach for data collection in diverse research scenarios.

## Data Analysis

The study analyzed data by using SPSS where the OLS regression model was used.

The choice of employing the Ordinary Least Squares (OLS) regression model specifically the use of multiple regression which efficiently predicts the influence of three independent variables against the dependent variable, OLS is a well-established and widely accepted method for examining relationships between dependent and independent variables, making it ideal for studying the influence of tax service quality on presumptive taxpayer compliance. OLS efficiently estimates regression coefficients and provides valuable insights into the strength and direction of these relationships. Furthermore, OLS is well-suited for dealing with continuous or interval data, common in social sciences and economics research, as seen in this study where variables related to tax service quality and compliance are typically measured on a continuous scale or as ordinal variables. OLS regression aids in identifying statistically significant predictors and quantifying their impact on the dependent variable, crucial for understanding which aspects of tax service quality significantly affect presumptive taxpayer compliance and informing potential improvements for policymakers and tax authorities.

The study OLS regression is specified as follows:

$$Y_i = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

where

$Y_i$  = Tax Compliance, the dependent variable,

$a$  (alpha): The intercept

$X_1, X_2, X_3$  = independent variable represent tax service reliability, tax service responsive and tax service empathy

$\beta_1 \beta_2 \beta_3$  = the beta coefficient of independent variables measures the change in Tax Compliance with a one-unit change in tax service reliability, tax service responsive and tax service empathy while holding all other independent variables constant.

$\mu$  (mu) = the error term accounts for unexplained variance in Tax Compliance not attributed to the independent variables in the model.



## Validity and Reliability

To ensure validity a pre-test survey involving 10% of respondents (38 respondents) as proposed by prominent methodologist, Sudman (1983), that 10% of the sample size is sufficient in discovering major errors in a questionnaire. The study employed Cronbach's alpha test to assess the internal consistency of the questionnaires. This statistical analysis technique helped gauge the extent to which the items within the questionnaire consistently measured the intended constructs. High Cronbach's alpha scores indicated a high degree of reliability, ensuring that the research instrument consistently produced dependable results.

## PRESENTATION OF FINDINGS AND DISCUSSION

### Descriptive Results

The study's descriptive results are divided into two main sections. The first section focuses on the demographic characteristics of the participants, offering a comprehensive overview of factors like age, gender, educational background, and business experience. The second section delves into the descriptive results of the study variables, thoroughly examining participants' responses related to the variables aligned with the study's objectives. This section provides valuable insights into the essential attributes of the study variables, including distribution, measures of central tendency (mean), and variability (standard deviation).

### Respondents' Demographic Characteristics

The study findings in Table 4.1 provide valuable insights into the demographic characteristics of presumptive tax payers in the Ilala tax region. In terms of education, it is apparent that the majority of presumptive tax payers in the region have either no formal education or have completed only primary education, accounting for 52% of the total. This suggests that a significant portion of taxpayers may have limited formal qualifications, which could have implications for their economic circumstances and tax compliance. Additionally, 15% hold diplomas and certificates, 21% have a degree, and 13% have reached a postgraduate level of education. These figures indicate a diverse educational background among the taxpayers, with a notable portion having attained higher education levels.

The age distribution of taxpayers in the Ilala tax region is quite varied. A substantial 46% fall within the 31-35 age bracket, indicating that this age group is the most prominent among presumptive tax payers. Additionally, 26% are aged 36-45, and 17% are between 18-30 years old. Only 10% are above 45 years old. This age diversity could imply differences in financial responsibilities and obligations among these groups, which may influence their tax contributions.

When it comes to gender, there is a notable disparity, with 65% being males and 35% females. This difference suggests that there is a gender gap in the presumptive tax payer population, which may be influenced by various socio-economic factors and could be a focus for future research and policy considerations.



Finally, the data reveals that the majority of presumptive tax payers in the Ilala tax region have a relatively short working experience in business. Notably, 41% have been in business for 2-3 years, and 25% for 1-2 years. This indicates a significant proportion of relatively new businesses in the region, possibly reflecting a dynamic entrepreneurial environment. Moreover, 19% have more than 3 years of experience, suggesting the presence of established businesses.

**Table 4.1: Demographic Characteristics of the Respondents**

<b>Education</b>		
Descriptions	Frequency	Percent
No Education and Primary	199	52
Diploma and Certificate	56	15
Degree	79	21
Post graduate level	49	13
Total	383	100
<b>Age</b>		
Descriptions	Frequency	Percent
18-30 years	67	17
31-35 years	178	46
36-45 years	98	26
Above 45 years	40	10
Total	383	100
<b>Sex</b>		
Descriptions	Frequency	Percent
Male	249	65
Female	133	35
Total	382	100
<b>Working Experience in Business</b>		
Descriptions	Frequency	Percent
Bellow 1 Year	55	14
Between 1-2 Years	96	25
Between 2-3 Years	158	41
Above 3 Years	74	19
Total	383	100

**Source:** *Researcher (2024).*





## Descriptive Analysis of the Respondents Views

Following the methodology delineated by Sözen and (2019), respondent average mean was organized into five discernible levels of agreement, employing a five-point scale aggregation system. Within this framework, scores ranging from 1 to 1.80 denoted "strongly disagree." The scores spanning from 1.81 to 2.60 indicated "disagree." The range, falling between 2.61 and 3.40, represented a position of "neither agree nor disagree." The scores within the 3.41 to 4.20 range signified "agree" while the scores from 4.21 to 5, is designated as "strongly agree."

The study findings, as indicated in Table 4.2, provide insights into the respondents' average mean score values in relation to various key indicators of tax compliance and service quality. For the variable "Tax Compliance," the respondents' average mean score of 4.12 signifies a consensus among participants, falling within the "agree" category. This suggests that the respondents on average tend to adhere to tax laws and regulations, promptly submit required tax documents, and provide accurate reporting of income and deductions.

Moving on to "Tax Service Reliability," the respondents' average mean score of 3.74 falls in the "neither agree nor disagree" range. This implies that there is a degree of uncertainty or variability in respondents' perceptions regarding the consistency in tax regulations interpretation and accuracy in tax assessments and calculations. Similar uncertainty is observed in the timeliness and transparency of tax procedures and policies. "Tax Service Responsiveness" exhibits a relatively lower average mean score of 2.07, placing it in the "disagree" range. This suggests a general lack of promptness in addressing taxpayer inquiries, limited accessibility of tax authority representatives, and a deficiency in responsiveness to changes in taxpayer circumstances.

"Tax Service Tangibility" variable demonstrates a more positive picture, with an average mean score of 4.14, falling within the "agree" range. This indicates that respondents find physical tax offices or service centers to be readily available, and the tax forms and documentation are perceived as user-friendly. Additionally, tax-related information is considered transparent, and there is good accessibility to tax education and resources.

**Table 4.2: Descriptive Results of the Respondents' Opinions**

Variables	Indicators	Mean	Average Mean
Tax Compliance	Adherence to tax laws and regulations	4.12	3.65
	Timely submission of required tax documents	4.05	
	Accurate reporting of income and deductions	3.74	
	Voluntary disclosure of tax liabilities	3.91	
	Compliance with tax payment deadlines	2.42	
Tax service reliability	Consistency in tax regulations interpretation	3.74	2.69
	Accuracy in tax assessments and calculations	3.14	
	Timeliness in issuing tax-related documents	2.08	
	Transparency in tax procedures and policies	2.34	
	Reliability of online tax filing systems	2.16	



Tax service responsiveness	Promptness in addressing taxpayer inquiries	2.07	2.45
	Accessibility of tax authority representatives	2.41	
	Willingness to provide assistance and guidance	2.86	
	Responsiveness to changes in taxpayer circumstances	2.19	
	Availability of multiple communication channels	2.70	
Tax service Tangibility	Clarity of tax-related communication materials	4.8	4.50
	Availability of physical tax offices or service centers	4.14	
	User-friendly tax forms and documentation	4.73	
	Transparency in tax-related information	4.46	
	Accessibility of tax education and resources	4.35	

**Source:** *Researcher (2024)*

### Regression Model Summary and Model Significant

Prior to conducting the regression analysis, the study performed two essential assessments to gauge the quality and importance of the Ordinary Least Squares (OLS) model: the Regression Model Summary and the Regression Model Significance.

#### Regression Model Summary

The model summary results presented in Table 4.6 offered a comprehensive view of the model's performance by considering R and adjusted R square. Tax Service Reliability, Tax Service Responsiveness and Tax Service Tangibility are independent variables while Tax Compliance is a dependent variable.

The R-squared value of approximately 0.546 implies that approximately 54.6% of the variations in Tax Compliance can be attributed to the combined influence of Tax Service Reliability, Tax Service Responsiveness, and Tax Service Tangibility. This suggests that these independent variables collectively have a moderate capacity to explain variations in Tax Compliance, underscoring their importance in predicting this variable.

The adjusted R-squared, with a value of around 0.443, takes into consideration the number of predictors in the model and presents a more cautious estimation of the model's explanatory power. The adjusted R-squared of 0.443 suggests that even after accounting for the complexity introduced by multiple predictors, the model retains a substantial portion of its ability to explain the variability in Tax Compliance. This adjustment accounts for the potential over fitting that can occur in regression models with numerous predictors.

**Table 4.3: Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546 <sup>a</sup>	.4758	.443	.659

a. Predictors: (Constant), Tax Service Reliability, Tax Service Responsiveness  
Tax Service Tangibility

**Source:** *Researcher (2024)*

### Regressions Model Significant

The ANOVA results in Table 4.4 underscore the substantial importance of the regression model in explaining the variance observed in the dependent variable, Tax Compliance. This is evident from the "Regression" row, which signifies that the combination of the predictor variables, Tax Service Reliability, Tax Service Responsiveness, and Tax Service Tangibility, accounts for a significant portion of the variability in Tax Compliance. The sum of squares, 62.883, when divided by the degree of freedom, 3, yields a mean square of 20.961, emphasizing the model's effectiveness in elucidating variations in Tax Compliance.

Furthermore, the high F-statistic, measuring 46.933, indicates the model's strength in explaining variance relative to unexplained variance. Such a substantial F-statistic suggests that the regression model is statistically meaningful and robust, providing further support for its efficacy in predicting Tax Compliance.

The remarkably low significance levels lower than 0.05 highlights the statistical significance of the model. This low p-value signifies the independent variables, Tax Service Reliability, Tax Service Responsiveness, and Tax Service Tangibility, collectively exert a substantial influence on Tax Compliance.

**Table 4.4: ANOVA Result**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.883	3	20.961	46.933	<.001 <sup>b</sup>
	Residual	168.820	378	.447		
	Total	231.703	381			

a. Dependent Variable: Tax Compliance  
b. Predictors: (Constant), Tax Service Reliability, Tax Service Responsiveness  
Tax Service Tangibility

**Source:** *Researcher (2024)*

### Regression Results of the Study

Generally, the study was conducted to examine the influence of tax service quality on presumptive tax payer's compliance in Tanzania; a case of Ilala tax region. The study was guided by three specific objectives as indicated by independent variables, namely Tax Service Reliability, Tax Service Responsiveness and Tax Service Tangibility.

**Table 4.5: Regression Results**

<b>Coefficients<sup>a</sup></b>					
Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.492	.422		1.167	.244
Tax Service Responsiveness	-.048	.072	-.043	-.667	.505
Tax Service Reliability	.093	.070	.059	2.605	.010
Tax Service Tangibility	.377	.145	.256	1.025	.184

a. Dependent Variable: Tax Compliance

Source: *Researcher (2024)*

### **Tax Service Reliability and Presumptive Tax Payers Compliance**

To examine the influence of Tax Service Reliability on presumptive tax payers' compliance in Ilala tax region, the following hypothesis was tested by the study:

**Ha1:** *Tax Service Reliability has a positive influence on presumptive tax payers' compliance in the Ilala tax region.*

The study findings, according to Table 4.5 indicating Tax Service Reliability, has positive but insignificant statistical influence on presumptive tax payers' compliance in the Ilala tax region; hence, the study fails to reject the null hypothesis. This implies that presumptive taxpayers perceive tax services as not reliable enough to influence their compliance levels. The study's findings contradict the research conducted by Gosal and Utami (2020), Joni and Handryno (2021), Ali et al. (2017), and Putra and Setiawan (2020), as they all affirmed that tax service reliability had a positive influence on tax compliance. Furthermore, the study's results are contrary to the assertions of service quality theory, which typically contend that service reliability positively influences tax compliance.

### **Tax Service Responsive and Presumptive Tax Payers Compliance**

To examine the influence of Tax Service Responsive on presumptive tax payer's compliance in Ilala tax region, the following hypothesis tested by the study:

**Ha2:** *Tax Service Responsive has a positive influence on presumptive tax payer's compliance in the Ilala tax region.*

The study findings, according to Table 4.7 indicating Tax Service Responsive, have a negative statistical insignificant influence on presumptive taxpayers' compliance in the Ilala tax region ( $B=-0.048$ ,  $P>0.05$ ); hence, the study fails to reject the null hypothesis. This implies that presumptive taxpayers perceive tax services are not responsive enough to influence their compliance levels.

The study's findings are in contrast with the research conducted by Susuawu et al. (2020), Awaluddin and Tamburaka (2017), Artawan et al. (2020), and Augustine et al. (2020), all of which established a positive influence of service quality on tax compliance through tax service responsiveness. Additionally, these findings contradict the contentions of service quality



theory, which typically emphasize the positive impact of service quality, particularly through responsiveness, on tax compliance.

### **Tax Service Tangibility and Presumptive Tax Payers Compliance**

To examine the influence of Tax Service Tangibility on presumptive taxpayers' compliance in Ilala tax region, the following hypothesis was tested by the study:

***Ha3: Tax Service Tangibility has a positive influence on presumptive tax payer's compliance in the Ilala tax region.***

The study findings, according to Table 4.7 indicating Tax Service Tangibility, have a positive statistical influence which is significant on presumptive taxpayers' compliance in the Ilala tax region ( $B = .37, P < 0.05$ ); hence, the study rejects the null hypothesis. This implies that presumptive taxpayers perceive tax services are tangible enough to influence their compliance levels.

The study's findings align with the research conducted by Lukman et al. (2022), Tesfaye (2017), and Mansyuri and Mauzu (2022), all of which confirmed a positive influence of service quality on compliance, particularly in relation to tangibility aspects. Furthermore, these findings support the contentions of service quality theory, which emphasize the positive influence of service quality, specifically in terms of tangible elements, on tax compliance.

## **CONCLUSION**

Generally, the study was conducted to examine the influence of tax service quality on presumptive taxpayers' compliance in Tanzania: a case of Ilala Tax Region. The study was guided by three specific objectives as indicated by independent variables, namely Tax Service Reliability, Tax Service Responsiveness and Tax Service Tangibility. On the basis of the study findings, the study concludes the following:

On examining the influence of Tax Service Reliability on presumptive taxpayers' compliance in the Ilala tax region, the study has found that Tax Service Reliability has no significant influence on presumptive taxpayers' compliance in the Ilala tax region. This implies that presumptive taxpayers perceive tax services as not reliable enough to influence their compliance levels. On the basis of the study findings, the study concludes that Tax Service Reliability has no substantial influence on presumptive taxpayers' compliance in the Ilala Tax Region.

On examining the influence of Tax Service Responsive on presumptive taxpayers' compliance in the Ilala tax region, the study has found that tax service responsive has no influence on presumptive taxpayers' compliance in the Ilala tax region. This implies that presumptive taxpayers perceive tax services are not responsive enough to influence their compliance levels. On the basis of the study findings, the study concludes that Tax Service Responsiveness does not exert a significant influence on presumptive taxpayers' compliance in the Ilala tax region and all other tax regions with similar characteristics.



On examining the influence of Tax Service Tangibility on presumptive taxpayers' compliance in the Ilala tax region, the study has found that Tax Service Tangibility has a positive influence on presumptive taxpayers' compliance in the Ilala tax region. This implies that presumptive taxpayers perceive tax services are tangible enough to influence their compliance levels. On the basis of the study findings, the study concludes that Tax Service Tangibility has a positive and influential effect on presumptive taxpayers' compliance in the Ilala tax region. This indicates that presumptive taxpayers perceive tax services as being tangible and substantial enough to significantly encourage and impact their compliance levels. Therefore, the tax authority should invest more on tangible characteristics of tax services to increase compliance levels of Ilala region taxpayers as well as taxpayers dwelling in other tax regions with similar features as Ilala.

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