

Contribution of *i*-Tax System as a Strategy for Revenue Collection at Kenya Revenue Authority, Rift Valley Region, Kenya

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Abstract- This study aimed at examining the contribution of *i*-Tax system as a strategy for revenue collection at Kenya Revenue Authority, Rift Valley Region, Kenya. The study was guided by the following hypothesis: Ha1: There is a contribution of online taxpayer registration on revenue collection at KRA Rift Valley Region ; Ha2: There is a contribution of online tax return processing on revenue collection at KRA Rift Valley Region ; Ha3: There is a contribution of online compliance and monitoring activities on revenue collection at KRA Rift Valley Region.; Ha4: There is a contribution of electronic tax payments on revenue collection at KRA Rift Valley Region. The study was guided by Resource Based Theory. The study employed correlational research design. The target population was the Domestic Taxes Department employees at KRA Rift Valley Region. The study targeted 114 employees. Stratified random sampling technique was used to select 76 respondents for the study. A five-point likert scale structured questionnaire was used to collect primary data. 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. The study established that online taxpayer registration, online tax return processing, online compliance and monitoring activities; and electronic tax payments have a significant contribution on revenue collection at KRA, Rift Valley Region. The study concluded that when all these *i*Tax components were embraced, revenue collection, accounting for taxes paid, monitoring of taxpayers, service delivery to taxpayers and compliance improved. 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.

Index Terms- *i*-Tax system, Kenya Revenue Authority, Rift Valley Region, Revenue Collection

I. INTRODUCTION

Governments and public authorities in general have to act on behalf of society at large, notably in providing key public services. Governments today are under an increasing pressure to

improve the delivery of public services in cost-effective ways. Despite numerous challenges most governments have turned to e-government led solutions like e-filing (Ojha, Sahu & Gupta, 2009). Information technology developments offer considerable opportunities but also pose new compliance problems (International Monetary Fund, 2014).

According to Seelmann, Lerche, Kiefer & Lucante (2011), taxation is often the most important source of state revenue. However, many developing countries lack effective tax administration structures and processes. Technological innovations have not filtered through to the daily working reality of tax officials. Paperwork and loose leaf systems still dominate tax administration and prevent more effective tax processes. As a consequence, some developing countries capture as little as 40% of their tax potential. Efficient internal revenue collection is a major step towards self sufficiency and independence. Computerization of tax revenue authorities can contribute to the goal of good financial governance (Seelmann *et al.*, 2011).

i-Tax is the new system that has been developed by the Kenya Revenue Authority (KRA) to ensure online submission of tax returns and other taxation related transactions. It is a web-enabled application system that provides a fully-integrated and automated solution for administration of domestic taxes (KRA, 2015). It is meant to simplify revenue collection in Kenya by allowing taxpayers to simply update their tax registration details, file tax returns, generate electronic payment slips and make status enquiries with real-time monitoring of their ledger accounts (KRA, 2015). Technically, *i*Tax is a completely integrated modular system for taxation with an open source database, which can handle all types of taxes. *i*Tax supports the revenue authority in registration, assessment, collection, accounting, debt management, auditing, tax monitoring and reporting (Seelmann *et al.*, 2011).

The public sector has long been subjected to criticisms for, among others, inefficiency, lack of flexibility, ineffective accountability and poor performance. Such criticisms have paved the way for administrative reforms and reorganizations seeking to address various administrative ailments and enhance the efficiency and performance of public bureaucracies (Langfield-Smith, 1997). The Monterrey Consensus (UN Conference on Financing for Development, 2002) highlighted the importance of mobilizing domestic financial resources in order to eradicate poverty, achieve sustained economic growth and promote sustainable development. The revenue structures of most developing countries have not been as productive as desired. Too often the growth in revenue has failed to catch up with

government spending pressures, a situation that has occasioned huge imbalances between the demand and supply of public budgetary resources. These countries have then had to reform their tax structures, with the general objectives of revenue adequacy, economic efficiency, equity and fairness, and simplicity.

Over the years, Kenyan taxpayers have been filing tax returns manually every time they are due. This form of tax system has its many problems like tax evasion and tax avoidance, errors in data capture of tax payments and tax return details occasioned by manual processing of returns and long queues experienced when filing tax returns at KRA offices, leading to low revenue collection and consequently the inability of the government to meet its obligations to its citizens (KRA, 2012).

Online tax filing system is fairly a new system being implemented in phases by Kenya Revenue Authority. The system is meant to enhance revenue collection, reduce paper work and long queues during the time of tax returns filing process. It is also meant to take the tax return process to the taxpayers with the hope of increasing efficiency and effectiveness in revenue collection and flag out inconsistencies in tax returns (KRA, 2012).

To improve domestic tax services, KRA introduced iTax system in 2011, a web-based system intended to deliver services to taxpayers effectively and efficiently. This is also intended to improve revenue collection and enable convenient and improved taxpayer compliance. The iTax portal enables taxpayer registration, filing of tax returns and other key compliance functions such as issuance of tax compliance certificates, refunds, waivers and tax exemptions. A taxpayer can also update his tax registration details and monitor the account in iTax system. The KRA's iTax system has for months provided effective service to its clients. The system provides an integrated view of a taxpayer, making it easier for taxpayers to access various tax administration services from anywhere, update their registration details, file returns, pay their taxes through mobile payment services (such as M-Pesa, Airtel Money and others), enquire about tax status, apply for Tax Compliance Certificates and lodge refund claims online in real time, just to name a few (KRA, 2015). In addition, the KRA is now able to identify taxpayers who have traded within the period 2014/2015 and who have not filed returns.

The KRA announced it had hit the Sh1 trillion revenue mark for 2014/2015 fiscal year (KRA, 2015). Some of the services that have been effectively delivered to customers include registration of taxpayers, streamlining of the reporting of data and tax receipts. There are a number of methods employed by tax agencies to capture tax returns and payment data electronically. Additionally, electronic methods are increasingly being used for administrative functions, such as business tax registration, and name and address changes for both businesses and individuals (Seelmann, 2011).

The KRA is the principal government revenue collection agency and accounts for over 95% of government ordinary revenue (KRA, 2015). Kenya Revenue Authority Rift Valley Region operational headquarters is based in Generation house, Nakuru town. The region has stations in Eldoret, Nakuru, Kitale, Lodwar, Maralal, Naivasha, Narok and Kericho towns. The region also runs four revenue programmes namely; compliance,

taxpayer services, taxpayer recruitment and registration and debt management. These programmes use iTax system to facilitate their operations in terms of taxpayer registration, tax return filing, and electronic tax payments through electronic slips, issuance of debt demand notices, processing of waivers and issuance of tax compliance certificates. The region also has iTax centres with staff trained on iTax system. iTax centres serve as a front office for dealing with challenges faced by taxpayers in their encounter with the iTax system. They assist the taxpayers in PIN application, amendment of registration details, filing of tax returns, tax compliance certificate application and application of tax waivers. The region has adopted iTax system in all the programmes but there are still revenue gaps. It is therefore evident that iTax system being the only electronic platform for domestic revenue collection at Rift Valley Region when fully adopted can aid the region in achieving its revenue collection targets.

1.2 Statement of the Problem

Despite the increasing need to raise the level of revenue collection and enforcement so as to provide public services, developing countries still face the challenges of low tax compliance. This leads to frequent tax reforms aimed primarily at closing short-term revenue gaps (Bird & Zolt, 2003).

Revenue system modernization improves the ability of an organization to collect more revenue with minimal costs. An electronic system for filing and paying taxes, like the iTax system, if implemented well and used by most taxpayers, benefits both tax authorities and taxpayers. For tax authorities, electronic filing lightens the workload and reduces operational costs – such as the costs of processing; storing and handling tax returns (Gekonge & Atambo, 2016). To meet the 2014/15 target of a record Sh1.18 trillion, KRA had to raise collections by over 20 per cent through new efficient measures that heavily relied on the introduction of iTax system (KRA, 2015).

Gidisu (2012) did a study on the automation system procedure of the Ghana Revenue Authority on the effectiveness of revenue collection using a case study of Customs Division. Gidisu (2012) established a positive impact of automation system usage and the cost of tax administration, automation and effectiveness of revenue collection.

In Germany, J. Seelmann *et al.*, (2011) did a study on the benefits of a computerized integrated system for taxation (iTax). They found out that iTax system has cost saving and service improvement effects induced by e-Government. The KRA sixth corporate plan is guided by the authority's ability to leverage technology to enhance service delivery and promote compliance. The success of KRA in its core mandate of revenue collection largely hinges on the efficacy and efficiency of the newly introduced iTax system in increasing tax compliance and sealing tax leakages occasioned by tax evasion. Electronic tax system was introduced by Kenya Revenue Authority to increase financial collection, administration, avail services to the tax payers all the time from anywhere, reduce costs of compliance and improve tax compliance. However, tax compliance levels remain low and tax collections are below the targets set by Kenya Revenue Authority (Atambo and Gekonge, 2016). This study therefore sought to establish the contribution of iTax

system as a strategy for revenue collection at Kenya Revenue Authority, Rift Valley Region.

1.3 Hypotheses of the Study

The study was guided by the following hypothesis:

Ha₁: There is a contribution of online taxpayer registration on revenue collection at KRA Rift Valley Region

Ha₂: There is a contribution of online tax return processing on revenue collection at KRA Rift Valley Region

Ha₃: There is a contribution of online compliance and monitoring activities on revenue collection at KRA Rift Valley Region.

Ha₄: There is a contribution of electronic tax payments on revenue collection at KRA Rift Valley Region

II. LITERATURE REVIEW

Theoretical review

The Benefit Theory was initially developed by Knut Wicksell in 1896 and Erik Lindhal in 1919. According to this theory, the state should levy taxes on individuals according to the benefits conferred on them. The more benefits a person derives from the activities of the state, the more he should pay to the government. This theory is based upon the assumption that there is an exchange relationship or quid pro quo between the tax payer and the government. The Government confers some benefits on the tax payers by performing various services or providing them with social goods. In exchange for these benefits individuals pay taxes to the Government. Further, according to this theory, equity or fairness in taxation demands that an individual should be asked to pay a tax in proportion to the benefits he receives from the services rendered by the Government. Conversely, critics contend that according to this theory, the state should levy taxes on individuals according to the benefit conferred on them. The more benefits a person derives from the activities of the state, the more he should pay to the government. However, there are some difficulties in application of this theory. The most crucial problem faced by benefits theory is that it is difficult to measure the benefits received by an individual from the services rendered by the Government (Luoga & Makinya, 2012)

[Frank P. Ramsey](#) (1927) developed a theory for optimal commodity sales taxes in his article "A Contribution to the Theory of Taxation". The problem is closely linked to the problem of socially optimal monopolistic pricing when profits are constrained to be positive, known as the [Ramsey problem](#). He was the first to make a significant contribution to the theory of optimal taxation from an economic standpoint, and much of the literature that has followed reflects Ramsey's initial observations (Gentry, 2003). Optimal taxation theory is concerned with the designing and implementation of a tax system that reduces inefficiency and distortion in the market under given economic constraints. Though inequality will always exist within even the most efficient markets, the goal of taxation is to eliminate as much inefficiency as possible and to raise revenue to fund government expenditures. With any tax, there will be an excess burden, or additional cost, to the consumer and the producer. Whenever the consumer purchases the taxed good or service, and the higher elasticity, or responsiveness, of the demanded product,

the greater the excess burden is on either the consumer or producer. Those individuals or corporations who have the most inelastic demand curve pay the brunt of the excess burden curve. However, the tradeoff of placing larger taxes on inelastic goods is that the higher tax will lead to lower quantity exchanged and thus a smaller deadweight loss of reduced revenue (Mankiw, Weinzierl & Yagan, 2009). However, this theory has criticized for being of little practical policy relevance, due to a lack of robust theoretical results. Much of the optimal tax literature building on Mirrlees' (1971) contribution has been highly technical and abstract, and for many years this body of theory seemed to offer few robust results (Sorensen, 2010). The theory of optimal taxation has yet to deliver clear guidance on a general system of history-dependent, coordinated labor and capital taxation for a realistically-calibrated economy. Instead, it has supplied more limited recommendations (Gentry, 2003).

The expediency theory of taxation by Buehler in 1936 states that every tax revenue collection system must pass the test of practicability, which must be the only consideration when the government is choosing a revenue collection system. Proposition is that the economic and social objectives of the government should be treated as irrelevant, since it is useless to have a tax which cannot be levied and collected efficiently. This theory is relevant to the study in that iTax system is expected by KRA to enhance revenue collection by creating an enabling technological environment that facilitate efficient assessment and revenue collection process. Equally, the expediency theory has been criticized for the proposition that the economic and social objectives of the government should be treated as irrelevant is not practical as there are pressures from economic, social and political groups. Every group tries to protect and promote its own interests and government is often forced to reshape tax structure to accommodate these pressures (Bhartia, 2009). In addition, the administrative set up may not be efficient to collect the tax at a reasonable cost of collection. Taxation provides a powerful set of policy tools to the authorities and should be effectively used for remedying economic and social ills of the society such as income inequalities, regional disparities, unemployment, cyclical fluctuations and so on (Bhartia, 2009).

The expediency theory of taxation is therefore relevant to the present study in that, it seeks to explain influence of administrative set up, such as efficient electronic payment system, in revenue collection by KRA.

III. THEORETICAL FRAMEWORK

The study was guided by Resource Based Theory advanced by Barney. According to this theory, a firm is equivalent to a broad set of resources that it owns (Barney, 1991). The Resource Based Theory suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (Hoffer & Schendel, 1978; Wenerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.

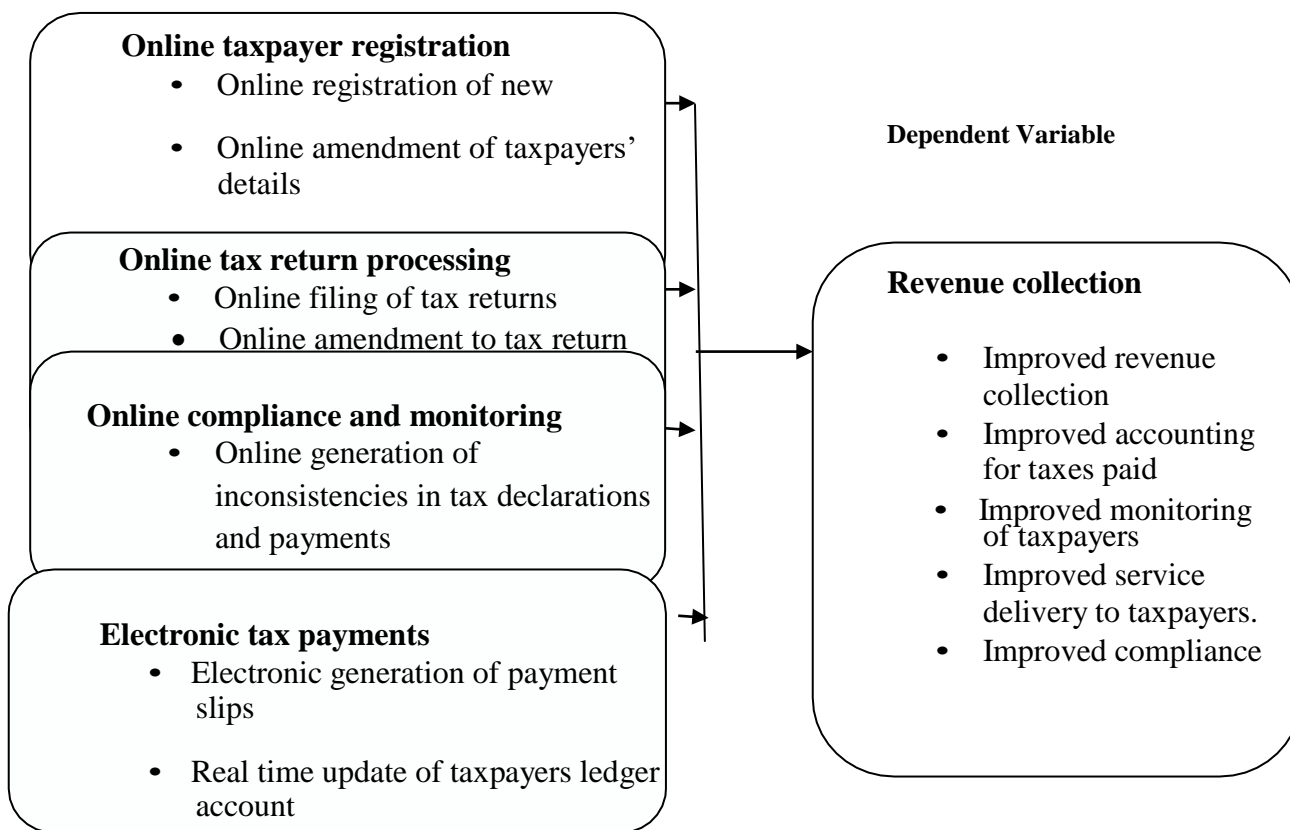
The Resource Based Theory suggests that valuable firm resources are usually scarce, imperfectly imitable, and lacking in direct substitutes (Barney, 1991; Peteraf, 1993). Firms need to seek a strategic fit between their internal characteristics (strengths and weaknesses) and their external environment (opportunities and threats) (Barney, 1991). Considerable

emphasis has usually been given, however, to a firm's competitive environment and its competitive position. In contradistinction to that external emphasis, the resource-based theory embodies a different approach, which stresses the internal aspects of a firm.

Conceptual Framework

Figure 1: Conceptual Framework

Independent Variable
iTax System



Source: Researcher (2016)

The conceptual framework above shows the relationship between the independent variable and the dependent variable. The independent variable is the iTax system while the dependent variable is the revenue collection. The components of iTax include online taxpayer registration, online tax return processing, online compliance and monitoring and electronic facilitation of payments through E- slips whereby banks have been integrated with a payment gateway system thus enabling taxpayers make payments conveniently via mobile banking, cash, cheque and RTGS. The components of revenue collection include improved revenue collection; improved accounting for taxes paid, improved monitoring of taxpayers and improved service delivery to taxpayers. Improved revenue collection is as result of widening the taxpayer base through recruitment and registration, quick and

accurate processing of tax returns and faster and secure platforms for payment of taxes and sealed loopholes for tax evasion and tax avoidance schemes.

IV. METHODOLOGY

This study adopted a Correlational research design where data were collected on two variables namely iTax system and revenue collection. The target population encompassed 114 employees working under compliance, debt, taxpayer recruitment and registration, policy unit programmes and iTax support centre of the domestic taxes department at KRA Rift Valley Region (KRA, 2017). The researcher used both structured and unstructured questionnaires to collect primary data from the respondents. Stratified Radom sampling was used to constitute the sample population. Stratus were formulated based on the

KRA offices within the Rift-Valley region, afterwards a random sampling was carried out within each constituent regional office

FINDINGS

Contribution of iTax System on Revenue Collection

Table 1: Contribution iTax System on Revenue Collection

Correlations		Revenue Collection	Online taxpayer registration	Online Return Processing	Tax	Online Compliance and Monitoring Activities	Electronic Payments	Tax
Revenue Collection	Pearson Correlation Sig. (2-tailed)	1						
Online taxpayer registration	Pearson Correlation Sig. (2-tailed)	.619**	1					
Online Tax Return Processing	Pearson Correlation Sig. (2-tailed)	0.314	-0.093	1				
Online Compliance and Monitoring Activities	Pearson Correlation Sig. (2-tailed)	0.381	0.477		1			
Electronic Tax Payments	Pearson Correlation Sig. (2-tailed)	.412**	-0.076	-0.192		1		
		0.010	0.562	0.138			1	
		.646**	0.310*	-0.131		0.079		1
		0.010	0.015	0.313		0.547		
	N	61	61	61		61		61

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

Source: Researcher (2017)

From *Table 1* above, the correlation coefficient r is 0.619 and p -value 0.000, which was less than 0.05. This showed that there was a significant relationship between online taxpayer registration and revenue collection at KRA Rift Valley Region. Pearson correlation coefficient of 0.619 showed a positive correlation between online taxpayer registration and revenue collection in KRA. This implies that online taxpayer registration contributes to revenue collection at KRA Rift Valley Region.

There was a significant relationship between online tax return processing and revenue collection in KRA (correlation $r=0.314$ and the p -value was 0.01). Pearson correlation coefficient of 0.314 showed a positive correlation between online tax return processing and revenue collection at KRA Rift Valley Region.

There was a significant relationship between online compliance and monitoring activities and revenue collection

($r=0.412$ and p -value=0.01). Pearson correlation coefficient of 0.412 showed a strong positive correlation between online compliance and monitoring activities and revenue collection at KRA Rift Valley Region.

There was no significant relationship between online tax return processing and online taxpayer registration ($r = -0.093$ and p -value =0.477). Pearson correlation coefficient of -0.093 showed a weak negative correlation between online tax return processing and online taxpayer registration.

The study results showed that there was a significant relationship between electronic tax payments and revenue collection at KRA Rift Valley Region ($r=0.646$ and the p -value was 0.000). A Pearson correlation coefficient of 0.646 showed a strong positive correlation between electronic tax payment and revenue collection at KRA Rift Valley Region. ANOVA and regression analysis was done to estimate the relationships between the iTax System and Revenue Collection.

Table 2: ANOVA Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.836 ^a	0.802	0.798	0.0798	111.676	0.000 ^b

Source: Researcher (2017)

The ANOVA model indicated that the correlation coefficient was 0.836 which indicates a degree of correlation. The total variation in revenue collection was 80.2% explained by iTax System (R Squared=0.802).

The study results further revealed that the ANOVA model predicted revenue collection significantly well (p=0.000^b). This indicated the statistical significance of the regression model that was run and that overall, the regression model predicted the revenue collection at KRA Rift Valley Region.

Relationship between iTax System and Revenue Collection

Table 3: Relationship between iTax System and Revenue Collection

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.369	0.224		1.648	0.000
Online taxpayer registration	0.263	0.024	0.534	10.744	0.000
Online Tax Return Processing	0.17	0.026	0.319	6.604	0.012
Online Compliance and Monitoring Activities	0.233	0.024	0.476	9.876	0.000
Electronic Tax Payments	0.248	0.026	0.485	9.737	0.002

a. Dependent Variable: Revenue Collection

Source: Researcher (2017)

From the regression equation, online taxpayer registration was the most important variable to revenue collection contributing 53.4 percent to revenue collection followed by electronic tax payment with 48.5 per cent. Online compliance and monitoring activities and online tax return processing contributed 47.6% and 31.9% to revenue collection respectively.

The regression equation further revealed that there was a significant relationship between online taxpayer registration and revenue collection (p=0.000); there was a significant relationship between online tax return processing and revenue collection (p=0.012); there was a significant relationship between online compliance and monitoring activities and revenue collection (p=0.000) and that there was a significant relationship between electronic tax payments and revenue collection (p=0.002).

Test of Hypotheses

Hypothesis testing allows determination of inferences about population parameters using data from a sample (Uriel, 2013). Multiple regression analysis was used to test the hypotheses. The multiple regression model from this analysis is shown as follows; $Y = 0.369 + 0.534X_1 + 0.319X_2 + 0.476X_3 + 0.485X_4 + 0.224$.
Ho₁: There is no contribution of online taxpayer registration on revenue collection at KRA Rift Valley Region

The study findings indicated that there was a significant relationship between online taxpayer registration and revenue collection (p=0.000). This implies that online taxpayer registration significantly contributes to revenue collection at KRA Rift Valley Region. Therefore the null hypothesis is rejected.

Ho₂: There is no contribution of online tax return processing on revenue collection at KRA Rift Valley Region.

The study results showed that there was a significant relationship between online tax return processing and revenue collection (p=0.012). The p-value of 0.012 was less than 0.05. This reveals the significant contribution of online tax return processing on revenue collection at KRA Rift Valley Region. Therefore the null hypothesis is rejected.

Ho₃: There is no contribution of online compliance and monitoring activities on revenue collection at KRA Rift Valley Region.

The study findings indicated that there was a significant relationship between online compliance and monitoring activities and revenue collection (p=0.000). The p-value of 0.000 was less than 0.05. Pearson correlation coefficient of 0.616 showed a strong positive correlation between online compliance and

monitoring activities and revenue collection. This implies that as the compliance and monitoring activities become enhanced, revenue collection significantly improves at KRA Rift Valley Region. Therefore the null hypothesis is rejected.

Ho₄: There is no contribution of electronic tax payments on revenue collection at KRA Rift Valley Region.

The study results revealed that there was a significant relationship between electronic tax payments and revenue collection ($p=0.002$). The p -value of 0.002 was less than 0.05. This implies that electronic tax payments significantly contribute to revenue collection at KRA Rift Valley Region. Therefore the null hypothesis is rejected

V. DISCUSSION OF THE FINDINGS

Online Taxpayer Registration and Revenue Collection

The study results as shown in Table 5 showed that there was a significant contribution of online taxpayer registration on revenue collection at KRA Rift Valley Region. This implies that through online taxpayer registration iTax system has led to accurate capture of taxpayer's basic information; taxpayers data captured through iTax system has assisted KRA to staff itself accordingly and actively plan its core tax administration function. Through online taxpayer registration, KRA is able to widen its taxpayers' base and consequently increase its revenue collection.

Online Tax Return Processing and Revenue Collection

The study findings showed that there was a significant contribution of online tax return processing on revenue collection. Through adoption of online tax return processing, taxpayers are able to accurately, conveniently and timely submit returns to KRA. iTax system has increased the number of taxpayers filing their tax returns. Online submission of tax data has improved taxpayers records management through iTax system database. An inaccurate taxpayer database will inevitably lead to ineffective compliance programmes.

Online Compliance and Monitoring Activities and Revenue Collection

The study results also revealed that there was a significant contribution of online compliance and monitoring activities on revenue collection at KRA Rift Valley Region. This implies that efficient online compliance and monitoring activities through iTax system has led to close monitoring of taxpayers through readily available data for trend analysis. In addition, online compliance and monitoring activities has led to easy flagging out of inconsistencies in data declared by taxpayers and enhanced voluntary compliance. Furthermore, improved compliance with tax laws has led to improved revenue collection.

Electronic Tax Payments and Revenue Collection

The study findings indicated that there was a significant contribution of electronic tax payments on revenue collection. This implies that by embracing electronic tax payments KRA is able to accurately reconcile and validate taxes paid. Electronic tax payments of taxes have improved taxpayer's tax accountability, reduced loopholes for tax evasion and timely payment of taxes due. In this regard, online electronic payments

of taxes through iTax system have improved revenue collection at KRA Rift Valley Region

VI. RECOMMENDATION

The Kenya Revenue Authority should use effective measures to mobilize and motivate tax payers to register online for applicable tax heads in order to widen the tax base and enhancement revenue collection. Elaborate civic education should be conducted at the research area and beyond to ensure that the general public is aware of the new tax system, how to use it and if not able to, tax payers should be advised where they can get assistance.

Kenya Revenue Authority and treasury should develop a payment gateway that integrates iTax system and other payment systems such as Integrated Financial Management System (IFMIS) in order to improve tracking of tax payments and seal possible tax evasion loop holes.

Kenya Revenue Authority should enhance internet connectivity in the rural areas to foster growth in online tax registration, tax return filing and online tax remittance. This can be done by building strategic alliances with telecommunication firms.

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.

VII. SUGGESTIONS FOR FURTHER RESEARCH

- Similar studies can be done in other regions in the country and the results of the findings be compared for more accurate generalization.
- There is need for further research on the contribution of online taxpayer registration and revenue collection.
- Finally, a further study is necessary to investigate the factors affecting effective implementation of online tax systems as a strategy for enhancing revenue collection in Kenya

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