(RESEARCH ARTICLE)

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Factor influencing taxpayer compliance on voluntary tax disclosure program initiative: Case of Kenya revenue authority southern region

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Abstract

Tax is the primary source of government revenue, its vital component in running daily government activities. Not collecting enough tax causes the government to strain or stalling of its mandates, therefore its role of every government to mitigate and maximize its tax collection scope. The research sought to investigate the factors influencing taxpayer compliance on voluntary tax disclosure program in Kenya Revenue Authority, case of Southern region. The specific objectives of these research included, to assess the effects of Tax Sanctions on the taxpayer on participation in a voluntary tax disclosure program. To determine the impact of subjective norms of taxpayer participation on the Voluntary tax disclosure program. To evaluate the influence of taxpayer knowledge on participation in a voluntary tax disclosure program. The main challenge that was thematic for investigation, why despite the opportunity to declare asset without punitive punishment, still there is few uptakes for the program. The geographical location of the research was in Southern Region Domestic Taxes department on its six tax office namely; Voi, Mombasa South, Lamu, Malindi, Mombasa North and Diani for the financial year 2023/2024. The study sought to use descriptive approach, where a sample size of 150 was derived from a population of 230 staffs in Compliance Domestic taxes. Data collection was done using online well-structured questionnaire via Kobo-Collect in a random sampling and analyzed using SPSS version 28. To test validity and reliability of the data pilot test was conducted and Cronbach alpha and KMO-test proved data to be reliable and valid. The output of the analysis showed the regression model whose covariates, Tax sanction (t=2.448, P<0.016) subjective norm (t=3.347, P<0.001) and taxpayer Knowledge (t=7.827, P<0.00) were all significant at 95% level. Moreover, the R^2 =0.951 which means the exploratory variables explained 95.1% variation of Compliance to the Voluntary tax disclosure. The ANOVA result showed the data was fit to the model was good at (F=942.61, p<0.00). The study concluded indeed, Subjective norms, Tax Sanction and Taxpayer Knowledge influences greatly compliance of Taxpayer towards Voluntary tax disclosure. The research implied that proper use of tax sanction such us fines, penalties, and interest on taxpayers would increase compliance. Also educating taxpayer is essential as the decisions made by some taxpayers depend on the knowledge they have acquired. Also on subjective norms, some behaviors are traceable as some are based on influence of association hence compliance officer need to continuous encourage taxpayer to comply. This research recommends that the authority through the compliance officer, use of subjective norms, Taxpayer knowledge and Tax sanction as a mitigating strategy to mitigate on Voluntary tax disclosure, through this it will increase tax base and revenue mobilization and compliance status of Taxpayers.

Keywords: Voluntary tax disclosure; Subjective norm; Taxpayer knowledge; Tax Sanction; Kenya Revenue Authority

1. Introduction

Tax is the primary source of government revenue. It means the government can rely on expedited taxation to remain afloat without relying on foreign borrowing if all taxes are remitted accurately, and taxpayers are cooperative, which is not always the case. To increase remittance and offshore declaration the government comes with mitigation such as

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Voluntary tax disclosure waving all fines and interest to increase compliance to taxes in general, the Voluntary Tax Disclosure Program (VTDP) is the opportunity rendered to the taxpayers by the governing Authority to allow the declaration of assets and liabilities that previously were not in books of account within the specified terms (Langenmayr,2017), (Benedek et al., 2022). A voluntary Tax Disclosure program can complement information between the governing tax authority and the taxpayer to detect offshore tax evasion missions. VTDP is the broader avenue for compliance strategies that must be considered by variant compliance actions between tax administration and Government as an agenda to meet its state affairs (Kays,2022). The design for the VTDP is such that the taxpayers, at their disposal, come out voluntarily in willing to remit taxes which they had absconded to be fully fledged compliant. In this aspect, the taxpayer faces less punitive suction for a given open tax window than the evaders who make no disclosure, later (Boubaker, Debouche, & Nguyen, 2022).

World Bank in 2006 in Washington DC, United States, was the first institution to launch a voluntary disclosure program whose main aim was to curb anti-corruption strategies through banking (Bethmann, & Kvasnicka, M., 2016). These missions ensured that all the finances and wealth were declared right, even those invested in off-show accounts (Chen & Shevlin, 2023). Due to various Government not able to meet its obligation through tax remitted, there has been an excellent stake in coming up with mitigating compliance strategy to curb the widening gap of tax evasion through offshore missions (Venter et al,. 2017) In 2012 Argentina faced a financial crisis since the taxation remitted was insufficient to support government operations. The Country adopted the VTDP model, which waived all the punitive penalties, fines, interest and other related charges to the taxpayer who had evaded taxes through offshore savings. The taxpayers prosecuted for tax evasion were carefully let escorted free, a chance to declare their taxation. The VTDP model in Argentina broadened its Tax base by US$ 110B. The revenue mobilized in taxes and statutory fees for Argentina stood at US$9B, a translation of 0.45% of the total revenue collected in 2010 (Bedard, et al., 2010).

In Kenya, the governing Authority responsible for mobilizing taxation for the Government is Kenya Revenue Authority. The Authority was incepted after approval by the parliament in 1995 jotted in Parliament Act. Its mandate has been to mobilize revenue and ensure taxpayer compliance (Slemrod, J. 2019). Through various reforms put in place, there still have been pending gaps and loopholes where state taxes have been lost due to non-disclosure. The Kenya Revenue Authority and its intervention through National Treasury have been mutual engagement on increasing compliance in taxation and, in recent cases, non-disclosure of offshore assets or liabilities (Marandu, 2015). Through the finance act 2022," The Act," in its clauses, there has been a provision for a voluntary tax disclosure program that aims to mitigate and give taxpayers a chance to declare their taxation correctly without punitive punishment or lawful prosecution (Opanyi et al., 2022). The program took its flight effective on 1st January 2021, which opened the window back from 2015. Through the commissioner of Domestic taxes, the taxpayer is therefore required to apply for non-declared assets. The terms of these initiatives are to run for three years ending December 2023. The aggregated waiver of all penalties, fines, and interest is 100% for the first year of declaration, 50% for the second year, and 25% for the third year, December 2023. This program aims to allow the taxpayer to clean their books of account with administrative Authority for their non-declared local or foreign asset (Kanyi and Kalui, 2014). It would bridge the gap of tax loss and, at the same time, improve tax compliance and Expansion of the tax base of the Kenya Revenue Authority (Mugo, 2014)

Moreover, tax evader has an exponential inverse response toward the enforcement measures put in place. As per (Rizkiani,2022), evaders of taxes need to pay their criminal penalties together with the taxes evaded. Meanwhile, others may evade taxes with a possible action to avoid detection, while other individuals would declare their liabilities voluntarily. Through this mitigation avenue, tax compliance is imperative to society. According to the research works of Kaplow (1994), the laws of economics state that optimum law enforcement with the schema of self-reporting to taxes is said to be superior to the laws of enforcement.

1.1. Problem Statement

Administration of taxation, can either be cooperative or hostile. In the case of cooperation, the taxpayers and the governing tax authority interact synergistically and tend to solve issues more authentically and in a remorseful manner (Gangl, Hofmann, & Kirchler, 2015). On the contrary, when the environment is hostile, the antagonistic climate is characterized by tax evaders and offshore accounts "Robbers and Cops," where attitudes from both sides have a perception that taxpayers are seen as "robbers" whose aims have been to evade taxes. In contrast, the taxpayers feel threatened by authorities, "Cops" who think they can play a hide-and-seek game with administrative Authority. According to the research works Bogardus 1928, He states that the push and pull between tax authorities and taxpayers creates a sizeable social distance which leads to having little respect for the tax administration by individuals or groups. In these scenarios, compliance with taxation can be neglected hence tax evasion. A cooperative environment would mean the Government can full fill the operation affairs as a community congruency since there will be a positive enhancement by the individual taxpayers in support of tax regime compliance. Frey (2015), states that in Switzerland,

the tax administration has coexisted with the respectful and friendly treatment of taxpayers for quite a long time. Such an environment creates a habitable operation where there is a voluntary declaration of correct tax without coercion hence low tax evasion levels. Compliance in taxation reduces administrative costs on the side of the Government as fewer resources are allocated to look to tax evaders and prosecute them that don't disclose their non-compliant assets.

As per the research works of Malik (2020), voluntary disclosure is a promising avenue where strong incentives are built for tax evasion schemes. There was a mixed reaction to the views of the literature, and the disclosure scheme is still desirable despite the ripple effects, Mongrain (2010). Adams (2022) reiterates that as much as a disclosure program reduces restriction, objective evidence on documentation has a minor impact on post-amnesty tax compliance. The ripple effect that the VTDP program tends to ease restrictions appears to be lower, mainly in the transitive enforcement regime. (Fiorio & Santoro,2023), threatening taxpayers to pay their taxes in their upcoming returns through close examination, increased tax compliance for low and middle taxpayers but decreased for high-income taxpayers.

In Kenya, there has been increased tax non-compliance for a long time. It has led to a tax gap where revenue mobilized by the state government is not enough to supplement its operation. Also, offshore account non-declared assets have become rampant where taxpayer hide their assets in foreign countries without declaring them to the administrative Authority, making it punitive and hard for the Government to meet its obligation (Mascagni & Nell, 2022). Since 2015 there has been a notable decline in the targeted revenue by the Kenya Revenue Authority, hence ditching the government expectation and operations due to shortfalls in revenue mobilization. It has been a pain area where the Government is forced to seek subsidiary loans from foreigners to maintain its economic functions. This research will therefore seek the factors influencing taxpayer participation in voluntary tax disclosure program initiatives at Kenya Revenue Authority.

1.1.1. General Objective

The research aims to investigate the key factors influencing taxpayer participation in Voluntary tax disclosure programs, a case of the Kenya Revenue Authority

1.1.2. Specific Objectives

- To assess the effects of Tax Sanctions on the taxpayer on participation in a voluntary tax disclosure program
- To determine the impact of subjective norms of taxpayer participation on the Voluntary tax disclosure program
- To evaluate the influence of taxpayer knowledge on participation in a voluntary tax disclosure program.

Research Questions

- Do tax sanctions affect taxpayer's participation in the Voluntary tax disclosure program?
- What is the impact of subjective norms of taxpayer participation on the Voluntary tax disclosure program?
- How taxpayer knowledge does influences participation in the Voluntary tax disclosure program?

2. Literature Review

2.1. Theory of Tax Compliance Economic Deterrence

The economic theory of tax compliance is driven by the nodes that taxpayers have based on the outcome desired. As per the economic theory, two significant aspects are determinants of the taxpayer's compliance with taxes: the desirable and feasible choices (Nasution, 2020). The Neo-classical analysis shows that individuals' morality is assumed to desire vast income, but the risk is averse. Based on the stipulated assumption, tends not to comply with taxes not unless non-compliance lowers their income by either non-declaration or decreasing the quantity publicly provided it is good or increases the risk. The Viability of non-compliance levels is led by preferring the ability of the environment accustomed my administering Authority on taxation efficacy. As per the research works of (Slemrod, 2019), the economic compliance of tax is influenced by the taxpayer's behavior, the determined cost of evading the tax and accumulated benefits, the rate and probability of being detected, and penalties on the stated frauds de La Feria, R. (2020). The implication is that if the rate of detection is high and accurate, there is a decline significantly in tax evasion in the scenario where there is no structured audit and low penalties avenue. There is high tenacity of tax evasion. The economic tax compliance model can predict non-compliance substantively. Sandmo (2012) admonished that the currently existing models focus on coercion elements on the verge of compliance. (Evans et al., 2019) Articulated conspicuous evidence showing strategies that deter addressing non-compliance issues. For example, the construed fear of being caught on the wrong side of the law for tax evasion has been seen as a good strategy that leads to truthful behavior among people. Enforcement principles have been adopted with economic deterrence strategies by the tax

administration, based on imposed hefty penalties and fear of being found by the governing Authority (Jaramba,2013). The principles behind economic deterrence theory are on the statutes of perceived difficulty that tax evasion is harrowing and heinous; hence taxpayers are more compliant.

2.2. Fiscal Psychological Theory

The theory propounds that the perception of a taxpayer in government perception is imperative. According to Baeli (2021), emphasizes taxpayers' incentives since there are few and real benefits from tax payments, (Shome, 2021). The fiscal, psychological theory combines a psychological approach and an economic approach, which better explains underpinning tax compliance (Baeli,2021). (Mehrotra, 2013) reiterates that the budgetary process is better to emphasize the need for favorable government policies to ensure continued cooperation between the Government and the taxpayers. He also stresses that the taxpayer's knowledge of taxation aids in to what extent the individual taxpayer cooperates. Based on this approach, taxation compliance is seen as a psychological advent to the taxpayer, as it involves vast issues in the cycle of a taxpayer. (Tideman et al., 2023) stated that the cordial relationship between the Government and taxpayers remains psychological. The psychological approach calls for and advocates equitability between taxpayers and the Government (Enachescu, 2019). The process emphasizes equitability and discursive element between the taxpayer and the Government. It brings a cordial relationship, where both partisan operates with effectiveness and elate remittance of taxes to the Government. When there is mutual understanding, the essence of paying taxes, and the knowledge of the tax policies formed, there remains a commitment in this psychological commitment.

Fiscal Psychological Theory offers valuable insights into the behavioral dynamics of taxation. FPT enriches understanding of taxpayers' attitudes, motivations, and compliance behavior by considering psychological factors such as loss aversion, mental accounting, and framing effects and employing theoretical frameworks like TPB and tax morale. This understanding can inform the design of tax policies, communication strategies, and enforcement measures that encourage voluntary compliance, improve revenue collection, and promote a fair and efficient tax system (Prichard, 2019).

2.3. Planned Behavior Approach

The Planned Behavior Approach is a widely-used theoretical psychological framework that helps explain human behavior in various contexts. Developed by Icek Ajzen in the late 1980s, the theory posits that an individual's behavior is primarily influenced by their intentions to engage in a particular action, which is determined by their attitudes, subjective norms, and perceived behavioral control. Attitudes refer to an individual's evaluation of the behavior in question (Khristy et al,. 2022). In other words, whether they see the behavior as positive or negative, desirable or undesirable. For example, an individual's attitude towards recycling could be positive if they believe it benefits the environment or hostile if they see it as a hassle or inconvenience. On the other hand, subjective norms refer to the perceived social pressure or expectations surrounding the behavior (Roh, T., Seok, J., & Kim, Y., 2022).

Marceau (2010) posits that an excellent positive attitude will always have a clear, reasonable implication on tax compliance, while a negative attitude triggers a negative sense towards tax compliance. (Puspita,2016), states that personal behavior attitudes are the primary determinant of individual factors toward tax compliance. Olsen (2019) reiterates that attitude determines predictive abilities, unlike in nodes of subjective nodes and perceptual controls. In their empirical research, Hartono et al. (2023) noted a positive intention based on impactful influences. As influenced by a great purpose, there is a high probability of meeting the tax obligation. Research works of Kehelwalatenna, (2020) denote that the non-compliance rate will be acute in the scenario of disobedience. The approach intends applied on the taxpayer's role in subjective norms.

Overall, the Planned Behavior Approach provides a helpful framework for understanding the complex factors that influence human behavior. By examining an individual's attitudes, subjective norms, and perceived behavioral control, we can understand why they may engage in certain behaviors and how to promote behavior change.

3. Material and methods

3.1. Research Design

Various research designs are prescribed by multiple research experts for instance (Cooper and Shindler, 2013) and Mugenda and Mugenda,2003) concerning the philosophy tradition of research, scope, time of research, the nature of data to be collected, the research design to be adopted in this research will be descriptive survey design. Using the chosen design will hell the research to describe the study's variables and derive predictive modelling for dependent

variables. Orodho (2003) denotes that the invention is like a scheme availed to get answers to a research problem. The design is adopted since it is systematic and has a high level of accuracy. The independent variables include Taxpayer Knowledge, Tax sanction, and Subjective Norms, while the dependent variable will be the voluntary taxpayer disclosure program.

3.2. Target Population

The target population is from which the researcher intends to draw inferences and conclusions (Mugenda and Mugenda 2003). As per the establishment of the Kenya Revenue Authority, all taxpayers are mapped in the whole Country and subdivided into regions. The tax offices in Southern region mapped are, Mombasa South, Mombasa North, Malindi, Diani, Lamu, Voi as per the establishment of the finance act of 2020, the provision of tax base expansion was through the Voluntary taxpayer disclosure program open to all Taxpayers in the whole Country. Taxpayers can declare their undeclared income and assets without recovery of interest and penalties 100% waiver for the first year, 50% for the second year, and 25% for the third year. Therefore, the target population of 230 officers of this research will be all Compliance officers who assist the taxpayers who had applied for the program disclosure in Kenya, where the researcher will draw the sample.

3.3. Sampling frame

Raoprasert (2010) defined the sampling frame as a unit with robust items in listing, where a sample is drawn. (Lewis-Beck et al., 2004) described it as a list of things where elements of choice are drawn for an example. It is a representation of the population selected for the study scope. The sampling frame will be selected from the 6 Tax offices in Southern region stated as per Kenya Revenue Authority establishment, which includes; Diani, Voi, Lamu, Mombasa South, Mombasa North, Malindi.

3.4. Sampling and Sample size determination

The principal technique to be employed in this study is the probabilistic sampling technique, where the random sampling method will be utilized; this will allow every variable of interest to Euclidian chances of being selected. Kothari (2014) stated that sampling is essential to conclude a population where N is more significant than 100, then it is imperative to make the selection to infer the population. The participant will be randomly selected across all the regions. The recommended formulae for sampling in this research study is; The Taro Yamane formulae of 1967 used to ascertain the sample size.

$$N=N/1+N (e)^2$$

$$230=230/1+230(0.05)2 = 146$$

Where

- n-is the desired sample size
- N-Population study
- e- Sapling precision error 5%

A marginal error of 0.005 was considered to take care of none responses

3.5. Data Collection Procedures

In this research, self-administered questionnaires will be distributed in the regions. As per (Resins, 1972), Questionnaires are the most accurate and precise tool for data collection and have a high response rate compared to other data collection methods. In this research, the respondent will have clear instructions and the study's intent, guaranteeing a high level of confidentiality of the collected data.

3.6. Data analysis and reporting

The researcher will utilize the statistical software SPSS version 26.0 (Statistical Package for social sciences). The data from the questionnaire will be entered into SPSS in the form of a coded Likert scale as per the number of questions per variable. The statistical analysis for descriptive and inferential statistics will be done through mean mode standard deviation and the variance, multiple linear regression, and correlation analysis.

The overall regression model was a follows

$$Y_I = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \varepsilon_i, \quad \varepsilon \sim N(0, \sigma^2) \dots\dots\dots\dots\dots\dots$$

Where Y was independent variable while the Independent variable was as follows x_1, x_2, x_3

$$y_I = Volintary\ Tax\ Disclosure\ program$$

$$x_1 = Tax\ Sanction$$

$$x_2 = Subjective\ norm$$

$$x_3 = Taxpayer\ Knowledge$$

4. Result

4.1. Response rate

The analyzed data was collected from the Kenya Revenue Authority officers in Domestic Taxes department, across its six-tax station in the region namely; Mombasa North, Mombasa South, Malindi, Voi, Lamu, Diani. One hundred and fifty-one questionnaires were distributed via kobo collect where only 112 were responded to and 39 none response giving a 74.5% which is a good sample representation

4.2. Reliability and Validity Test Results

A pilot study was performed among 16 staff of the 6 selected Tax selected offices, who were not participants in the main study. To accurately ascertain the validity of the data, conducted the Kaiser-Meyer_Olkin (KMO) Test and Bartlett's Test as a factor analysis as an assessiblitiy of the suitability of the population. The KMO test showed the population was adequate 0.969 and the Bartlett's test sphericity was acceptable at (x2=4726.689 at 190 degree of freedom and a P-value of 0.00 as indicated in the table below. If the Index for KMO is greater than 0.05 and Sphericity test is at P-Value of less or equal to 0.05, of the factor analysis was considered suitable for the data as shown in table 1 below (Williams et al., 2012).

In this study the cut-point for the reliability coefficient for Cronbach alpha value was at 0.7 which was supported by study of Cooper and Schindler (2014). The reliability coefficient of these research was conducted through pilot study on sample questionnaire distributed to the officers. The result from the pilot indicated the reliability coefficient were significant at the range of above 0.9 for all the three variables

4.3. Demographic characteristics

The study sought to analyze descriptive statistics of the variables of interest. The inferred characteristics were, Station, gender, level of education and level of experience in the Authority. In this research males indicated were majority at 46. 4% gender while the remaining 27.8 accounted for the female gender. The findings showed that in the Domestic taxes department is dominated by male officer's employees than female officers in Kenya Revenue Authority Southern region as tabulated in the table above. The trend was an indication; the department roles are more endorsed to the male gender in the authority.

4.4. Descriptive Statistics

The research study sough to establish the descriptive statistics of the study variables which included, Tax Sanction, Subjective norms Taxpayer Knowledge and Compliance on Voluntary tax disclosure program. The respondent responded to the questions measured in the Likert scale of 5 is a strongly agree and 1 is strongly disagree. According to (Norman, 2010) in his works of law of statistics and measurement of scale he noted that the summation of the values of the Likert scales of above 5 is enough to give a representation of a mean and standard deviation. The descriptive inferences of mean and standard deviation was used to describe the variables. Statistical package of social science version 28.0 was used to derive the statistics of the collected data.

4.5. Tax Sanctions

Tax Sanctions are administrative actions imposed by government authority through local or international tax authorities as an avenue to deter tax evasion or tax malpractices to encourage compliance from the taxpayers. In this research sought to understand how tax sanction affect the compliance of taxpayer through tax disclosure program. The opinions of the respondent in the Likert scale was recorded and presented in the table 10 below. Most respondent responded, that its essential for a compliance officer to ensure there is a balance between enforcing sanctions and encouraging taxpayers to participate in tax disclosure program at (mean=3.79 , SD=1.102) .Respondent agreed having leniency measure tax sanction mitigate negative impact on taxpayer participation at (mean=3.63 SD=1.013) .Moreover ,the participants agreed tax sanctions in form of threats influences taxpayer to comply with Voluntary tax disclosure program (mean=3.42, SD=1.104). Also the response on the taxpayers who had experienced threats in the past have a high probability of complying with the tax disclosure initiatives at (mean =3.51 SD=1.147). Lastly the respondent indicated that tax sanctions as an act to tax deterrence to the influences of tax disclosure program was neutral at (mean= 3.04, SD= 1.230)

From the descriptive statistics below it's a clear indication that the authority needs to necessitate compliance officer to strike a balance while enforcing tax sanctions and encouraging the taxpayer to participate in the voluntary tax disclosure program. It's also notable that the taxpayers who had experienced past threats from the authority have high tendency of complying to the initiatives hence the compliance officer should constantly remind the taxpayer to comply. The study also found that tax sanctions doesn't act as tax deterrence to the compliance of tax disclosure initiatives as it is voluntary.

4.6. Subjective Norms

The research sought to establish the descriptive statistics of the effect of subjective norms on compliance to voluntary tax disclosure program. Subjective norm is defined as the status of social behavior either to participate or not participate in taxation. When positive subjective norms are practiced within the tax regime there is high tendency of taxpayers complying with the voluntary tax disclosure program. Five questions in the form of Likert scale were subjected to compliance officers in order to gain full understanding how subjective norms influences tax disclosure program participation by the taxpayer. The descriptive statistics was as shown in the table 11 the statistics showed that taxpayers are influenced by their behavior and professional work to comply with voluntary tax disclosure program with a (mean =4.05, SD=0.804). The respondent also indicated and agreed that giving a highlight of a successful insight of tax disclosure program would influence participation and compliance at (mean=4.02 SD=0.930). As per the statistics, peers and colleagues indicated a positive impact that influence taxpayer in compliance to tax disclosure program at (mean=3.99 SD =0.944). Participation in voluntary tax disclosure program for the industries poses a positive influence to the taxpayer to create increased interest in participation of the program at (mean=3.96 SD=0.879).lastly the compliance tax officer should take into consideration subjective norm in designing and promoting voluntary tax disclosure program at a (mean=3.95 SD=0.994).Its notable that that behaviors and opinions along the professional works has great influence to participation to the tax disclosure program, such that positive opinions and behavior have positive impact. Moreover, making it public by highlighting successful cases of tax disclosure program, through testimonial, influences taxpayers to participate in the tax programs.

4.7. Taxpayer Knowledge

The study sought to establish descriptive analysis on how does taxpayer knowledge influences taxpayer compliance in voluntary tax disclosure program. Kenya Revenue Authority belief in enriching taxpayers with the necessary tax knowledge through tax base expansion and Taxpayer service unit using the available and viable medium. Taxpayer Knowledge is defined as tax awareness, attitude and behavior toward taxation. Taxpayers with the right information and knowledge about taxes have high capability level to comply with t voluntary tax disclosure program as shown in the table 12 below; The study showed that ensuring the taxpayer have comprehensive and accessible tax information improves greatly the level of compliance to voluntary tax disclosure program at (mean= 4.29, SD=0.821). Additionally, taxpayer knowledge about the benefits of compliance and the consequences of non-compliances to voluntary tax disclosure initiatives increases the willingness of the taxpayer to participate at (mean=4.21, SD=0.944). Moreover, compliance officer taking the initiatives to educate the taxpayers on the importance of voluntary tax disclosure program benefits improves compliance to taxation at (mean =4.30, SD=0.826). The research also showed the taxpayer who understands more on the tax laws and regulation are more likely to be actively involved in the tax disclosure program at (mean=4.21 SD=0.944). The respondent also agreed that taxpayer lack of understanding about taxation leads to hesitation or non-participation in Voluntary tax disclosure program at (mean =4.08 SD=1.006).

4.8. Voluntary Tax Disclosure Program

The study sough to analyze and understand the influence of tax compliance on voluntary tax disclosure program. Voluntary tax disclosure program is defined as the program that is initiated by the government through tax authority, allowing the taxpayer to disclose their tax assets and liabilities which are not the records to the tax authority where a relief from tax fines, penalties and interest are waived for a particular given period. The respondent responded to the attributes questions which were in the Likert scale of 1-5 as shown in the table 13 below. The respondent agreed to the extent that support and assistance given to the taxpayer leads to high rate of compliance at (mean =4.27 and SD=0.838). Also, the respondent agreed that existence of simple and clear way of application to voluntary tax disclosure program leads to increased number of taxpayer compliance to the program at (mean= 4.22 SD=0.877), also the respondent agreed that perception of fairness of the tax system impact the taxpayer willingness to participate in Voluntary tax disclosure program at (mean =3.93 SD=1.011) .In addition the level of penalties and fines towards the taxpayer due to non-compliance either motivates the taxpayer to comply with tax disclosure program at (mean=3.76 SD=1.101) the research has implied support assistance simplify and clear system, fairness in the tax systems a great influencers to taxpayer compliance to the tax disclosure program.

4.9. Inferential statistics

The study sought to establish the relationship in predictor variable and covariates. The covariates of the study were Tax sanction, Subjective Norms and Taxpayer knowledge while the response variable was Compliance to Voluntary tax disclosure program. The variable correlation was conducted to ascertain the relationship among the variables. In this study it also sought to establish the model linearity and the goodness fit of the model through analysis of variance. Multiple linear regression was conducted on the dependent and independent variables of the study.

4.10. Correlation analysis

The research adopted Pearson correlation which tested the linear strength among the study variables. The result of the analysis is as illustrated in the table 1 below

Table 1 Correlation matrix

		Tax Sanction	Subjective Norm	Taxpayer Knowledge	VTDP
Tax Sanction	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	112			
Subjective Norm	Pearson Correlation	0.604**	1		
	Sig. (2-tailed)	0.000			
	N	112	112		
Taxpayer Knowledge	Pearson Correlation	0.566**	0.543**	1	
	Sig. (2-tailed)	0.000	0.000		
	N	112	112	112	
VTDP	Pearson Correlation	0.567**	0.571**	0.685**	1
	Sig. (2-tailed)	0.000	0.000	0.000	

**. Correlation is significant at the 0.01 level (2-tailed).; Source: Author (2023)

The finding from the analysis established that tax sanction and Compliance to Voluntary tax disclosure program had a Pearson correlation of *r=0.567, (p=0.000*) which was an indication that tax sanction had a strong association to the Compliance to tax disclosure program.

4.11. Multivariate Regression Analysis

The research was to establish the factors influencing taxpayer compliance to the voluntary tax disclosure program. The researches employed multiple linear regression and the results are fitted table 2 below as follows

Table 2 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.975[a]	0.951	0.950	2.08558	2.00

Source: Author (2023)

4.12. Predictors: (Constant), Taxpayer Knowledge, Tax Sanction, Subjective Norm

The model statistics in the table above illustrated that $R=0.975$ which shows the correlation between the covariates and the independent variables. The result showed there exist a strong positive linear relationship among the variable (tax sanction, Subjective Norms, Taxpayer). The findings also showed that the coefficient of determination $R^2=0.951$ which is an implication that taxpayer compliance accounted for 95.1% in the variation of Taxpayer compliance to the Voluntary tax disclosure program. Moreover, the taxpayer compliance had a strong power to explain variation to Voluntary tax disclosure program.

4.13. Analysis of Variance (ANOVA)

The study sought to test and establish the significance of the regression model which was fitted in the data to predict relationship between tax compliance and Taxpayer compliance to Voluntary tax disclosure program at Kenya Revenue Authority Southern region. The tabulated $F\text{-}statistics =942.62, (p=0.000)$, the statistics implied the regression model was statistically significance as it had goodness of fit. It was a proof from the F-statistics the model was good enough to predict influences of taxpayer compliance (tax sanction, subjective norm, taxpayer knowledge on voluntary tax disclosure program.) as shown in table 3 below.

Table 3 Analysis of Variance

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12300.187	3	4100.062	942.619	0.00[b]
	Residual	630.699	145	4.350		
	Total	12930.886	148			

Source: Author (2023)

4.14. Regression Coefficients

The research sought to establish the significance level of the independent variables in the regression model. The result of the finding are tabulated in the table 4 below.

Table 4 Regression model Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.091	0.334		0.273	0.785
	Tax Sanction	0.188	0.077	0.175	2.448	0.016
	Subjective Norm	0.254	0.076	0.248	3.347	0.001
	Taxpayer Knowledge	0.551	0.070	0.565	7.827	0.000

Source: Author (2023)

Tax sanction had a regression coefficient of *beta=0.188* and a *p-value =0.016*. This indicated the tax sanction as an independent variable was statistically significance in predicting the model as it was below the threshold of *P<0.05*. These results indicated that tax sanctions influences the taxpayer compliance towards the voluntary tax disclosure program at Kenya Revenue Authority. The findings showed an increase of 0.188 units in Voluntary tax disclosure program from effect of tax sanctions. The study showed enhancing the tax sanction measure as an Authority to its taxpayer would lead to increase in tax compliance more so in voluntary tax disclosure, hence increased revenue collection in the authority and expansion of tax base. These finding contends with the finding of (Yunus and Ramli,2017) that penalties interest

and fines makes most of the taxpayer comply with tax authority, therefore tax sanction becomes a critical entity in compliance of taxpayer towards voluntary tax disclosure.

Further the research finding showed that subjective norms had a coefficient of *beta =0.254* and *p-value=0.01* which was statistically significance to the model at a level of significance of 5%. The shows that subjective norms had a positive impact on compliance of tax disclosure program in Kenya revenue Authority Southern region. Its shows when the taxpayer have developed a healthy behavior from their professional work related to tax and influences from peers, observation there is high tendency in compliance with any tax program. An increase in subjective norm causes a positive influence to tax disclosure program by 0.254 units. These results coincide with the work of Nyakundi (2020) that subjective norms from the taxpayer and the governing authority leads to increase level of compliance to tax disclosure program. Also these works relate to the works of (Gurria,2018) where posited that a good and a systematic strategy in dealing with taxpayer brings a mutual relationship and hence increases the level of compliance in government tax strategies initiative like voluntary tax disclosure program.

Finally, the research findings showed that taxpayer knowledge had a coefficient *beta=0.511* and *P-value =0.000* which was statistically significant to the regression model. The significance level showed there exist a positive relationship between the taxpayer knowledge and Compliance to tax disclosure program at 5% significance level. An increase in taxpayer knowledge would cause an improvement in compliance level for taxpayer on voluntary tax disclosure program by 0.55 units. These research contends with the research finding of (Nyakundi, 2020) where he disclosed that improved taxpayer knowledge, where it is easily accessible in a simplified manner causes increased level of compliance. The implementation of tax base expansion whose mandate is tax education to the taxpayer, would impact the taxpayer as the authority provide necessary information to the taxpayer, hence compliance level increased.

The overall regression model was a follows

$$Y_I = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \varepsilon_i, \quad \varepsilon \sim N(0, \sigma^2) \ldots\ldots\ldots\ldots\ldots\ldots\ldots$$

Where Y was independent variable while the Independent variable was as follows x_1, x_2, x_3

$$y_I = Volintary\ Tax\ Disclosure\ program$$

$$x_1 = Tax\ Sanction$$

$$x_2 = Subjective\ norm$$

$$x_3 = Taxpayer\ Knowledge$$

Therefore: Y= 0.091+0.188X_1+0.254X_2 +0.551X_3.. …………………..

5. Discussion

The research had three main objectives of the study, where the first one was on the influence of tax sanction on taxpayer compliance with Voluntary tax disclosure program. The survey showed that there need for officers to strike balance on tax sanction and encouraging the taxpayer to comply. The survey also depicted that taxpayer who had faced the tax threat, fine, penalties and interest have high chance of complying with the set rules of voluntary tax disclosure program. Also the result showed that tax sanction doesn't act as a deterrent measure for non-compliance measure to the compliance to the tax disclosure program. Tax sanction overall showed a great influence to taxpayer participation to the voluntary tax disclosure. It's an indication that proper use of tax sanction measures by the authority will pose a great improvement to tax compliance, hence revenue collection improvement and tax base expansion and accurate ledger records of the taxpayers. The regression model findings showed an increase of 0.188 units in Voluntary tax disclosure program from effect of tax sanctions.

The second objective was on the influence of subjective norms to the participation of taxpayer to the voluntary tax disclosure program. The result from the respondent indicated, highlights of the successful cases of Voluntary tax disclosure program motivate taxpayer to participate. Also taxpayer having good behavior on tax compliance influence their compliance status. Moreover the influence from colleagues, peers and other stakeholders plays a vital role in influence to compliance to tax disclosure programs, a positive influence means increase in compliance .The results depicted that the subjective norm influenced the decision of taxpayer in participation to tax disclosure program .It's an

urge that the authority through the compliance officers should encourage the taxpayer to have a positive attitude towards tax regime and compliance to laid down initiatives and strategies. The subjective norm also had a strong correlation hence strong linear relationship towards the voluntary tax disclosure. The regression model also showed an increase in subjective norm causes a positive influence to tax disclosure program by 0.254 units

The third variable was on influence of taxpayer knowledge on participation to the voluntary tax disclosure program. The result of the research depicted availability of tax information in simple and systematic manner influences the taxpayer compliance. Moreover, education to the taxpayer about the available module like the voluntary tax disclosure program enables increase awareness to the taxpayers and becomes more compliant. The results also showed that the taxpayer knowledge about tax have a great influence on the decision they make whether to comply or no. In addition, understanding of the tax laws and regime by the taxpayer also aids on the compliance level by the taxpayer on voluntary tax disclosure. It's a clear indication, that there is strong influence on participation of taxpayer to the voluntary tax disclosure program. The research gives a clear picture that the authority need to enhance and improve the medium to which the taxpayer knowledge can be spread to the taxpayer which will influence compliance to the voluntary tax disclosure program. Regression model showed an increase in taxpayer knowledge would cause an improvement in compliance level for taxpayer on voluntary tax disclosure program by 0.55 units

6. Conclusion

The study sought to investigate the factors that influences compliance to the voluntary tax disclosure program. The research had three independent variables tax sanction, subjective norm, and taxpayer knowledge. The variables were analyzed and descriptive statistics were as illustrated in chapter four. Moreover, regression model had strong coefficient of determination of $r2=0.951$ which explained 95.1% of independent (tax compliance) variation to Voluntary tax disclosure program for Kenya Revenue Authority. The model showed a good prediction power over tax sanction which level of significance at P-value=0.016 this implied the tax sanction such as threats, penalties. fines and interest plays a vital role in enhancing tax compliance more so tax disclosure programs. Its vivid that Kenya Revenue Authority should expedite its powers on usage of tax sanction to increase compliance level of the taxpayer. Also Subjective norm as the second variable stood out to influence the participation to the voluntary tax disclosure program. The regression coefficient of the model for subjective norm was found significant at P-value =0.01. Also the subjective norm had a strong correlation with voluntary tax disclosure hence influencing the taxpayer participation. It's a clear indication that subjective norms keenly influence taxpayer compliance. It's the mandate of Kenya Revenue Authority to ensure the taxpayer get valid example cases which have succeeded through the previous program, as it gives the taxpayer morale to participate. Through the power of association, there is high tendency for taxpayer in a cluster either comply or not, this is influenced by the power of collaboration and information disparity therefore, the authority need to emphasis on having a culture that is goal oriented in terms of behavior toward taxation and this will definitely improve compliance. The study also investigated the influence of taxpayer knowledge on participation of taxpayer on voluntary tax disclosure program. The regression coefficient of the model proved to be significant at a level of P-value=0.00, it is an indication that taxpayer knowledge influenced the taxpayer decision on participation to voluntary tax disclosure program. The variable also had a strong correlation with voluntary tax disclosure program. It's important noted, that the authority implement more advance modules on sharing and spreading the tax information. Taxpayer who understands the tax laws stands in a good point to make a positive decision. Good taxpayer education enables the taxpayer have up to date information on taxation which influences them on tax disclosure participation. In general, the tax compliance influenced taxpayer level of compliance on voluntary tax disclosure.

Recommendations

The search interest was to establish the factors influencing taxpayer compliance to the Tax disclosure program. On the output recommend on the tax sanction, the authority to come up with a robust strategy, using even the modern technology to mitigate compliance level. I would also suggest, threats, fines and penalties seems to be a working strategies hence policies on the same would improve compliance hence revenue collection. Would also recommend enforcing a tax sanction would work hand in hand when the compliance officer encourages the taxpayer to comply, therefore authority should encourage the compliance officer to mitigate in order to improve on compliance level. In history the taxpayer who had past being found on the wrong on the tax law, they should be given a platform to encourage other taxpayers to comply with tax. It will help other taxpayer's builds up a confidence hence comply. Lastly in African stet up most taxpayer responds well with threats, it's therefore important the authority choose which type of threat which would facilitate the taxpayer to come out from their hiding space.

The study further interrogated subjective norm as an independent variable which showed good power to influence compliance of taxpayer to tax disclosure program. I therefore recommend the authority to work on a module where

there is significance reduction of peer and colleagues on nodes concerning to participation to tax disclosure program. On this entity I wish to recommend a broadcasted version of cases which have been successful on the module should be aired out, this would give the taxpayer the confidence needed to participate in the tax program. The research also wishes to recommend that professional skills influences taxpayer attitude and behavior; therefore, the compliance officer should be encouraging to instigate professionalism when handling cases regarding to tax disclosure program. The research also recommends the authority to fish out those industries or organization that sells out false information about participation of tax disclosure program, this would help curb spread of bad rumors that would affect tax regime and compliance at large.

Lastly the research sought to investigate the influence of taxpayer knowledge on voluntary tax disclosure program. Research wish to recommend the following, the authority need to come up with awareness module where the taxpayer get to know the advantages and disadvantages of noncompliance to voluntary tax disclosure .The research also recommend that availability of information in a simpler and easier manner influences greatly the revenue collection and compliance by the taxpayers .Continuous taxpayer education through various channels should be enhanced to ensure the taxpayer understand what the program is all about and what it means to comply with it. The authority should also consider selecting tax expert champions of the voluntary tax disclosure program, it will enhance taxpayer coordination in the authority. Also the authority should consider coming up with a platform where the taxpayer can get aquatinted with tax law either in soft copy or hard copy for their referral. Overall taxpayer knowledge stands up as key area where the authority should mitigate to reaching out to as many taxpayers as possible as this will enhance compliance to tax disclosure program.

Further Suggested study

The regression model depicted the model prediction power of 95.1% where 4.9% was not accounted by the model. It leaves a gap for further research to investigate more other affecting factors other than taxpayer knowledge, tax sanction, and subjective norms. Further the research suggests the study on how the past history on penalties, threat, fines and interest influences taxpayer compliance level. Also the research suggests a comparative analysis on compliance to taxpayer voluntary tax disclosure with other region or other tax authority.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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