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EFFECT OF TAX AUDIT ON REVENUE COLLECTION IN RWANDA

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Abstract: **Taxation is the main source of government revenues in Rwanda. Rwanda's tax revenues have been increasing rapidly due to the country's rapid economic development; therefore, Government has invested time and money in an integrated online tax filing system for tax administration to improve the efficiency of its tax system. Government started massive tax reforms from the year 2002 through tax modernization programme, tax rates adjustment and modification of tax penalties in its efforts to create a sustainable tax system that could harness adequate tax revenue to finance public expenditures. However, tax revenue collection from large tax payers has been increasing at a decreasing rate. The purpose of this study was to determine the effects of tax audit on revenue collection in Rwanda. The study is limited to the Headquarter of the Rwanda Revenue Authority in Kigali. This study adopted a descriptive approach. Data sources that was used was secondary data from Rwanda Revenue Authority reports. Data collected was analyzed through SPSS version 21. Data analysis involved statistical computations for averages, percentages, and correlation and regression analysis. Ordinary least squares (OLS) regression method of analysis was adopted to determine the inferential statistics. The findings revealed that holding Tax administration, tax revenue performance, revenue protection system, tax automation to a constant zero, revenue collection would be at 0.347. A unit increase on Tax administration would lead to increase in revenue collection by a factor of 0.162, a unit increase in revenue protection system would lead to increase in revenue collection by a factor of 0.194 and unit increase in tax automation would lead to increase in revenue collection by a factor of 0.211. Tax audit actually has an effect to revenue collection as according to the ANOVA analysis and model analysis on the four variables on tax audit with reference to revenue collection. This clearly indicates that tax audit increases revenue collection. That in essence means that the more the tax audit conducted the more revenue is collected. Thus, it is right to say that tax audit is directly related to revenue collection. The study recommends that there is need for a study on how the size of a company influences the auditing as there is variation for various organizations based on the size.**

Keywords: **Tax Administration, Tax audit, Rwanda Revenue Authority, Revenue collection, Revenue performance.**

1. INTRODUCTION

1.1 Background

For most developing countries, taxation goes hand-in-hand with economic growth and taxes are lifeblood for governments to deliver essential services and to make long-term investments in public goods (OECD, 2010; Paepe & Dickinson, 2014). Some of the countries in Latin America region that are on a fiscally sustainable path, revenues appear inadequate to fund a socially sustainable level of provision of public services (Ter-Minassian, 2012). The United Nations considers that achieving the Millennium Development Goals (MDGs) requires developing countries to raise at least 20% of their gross domestic product (GDP) in taxes. Several Asian and Latin American countries and some of sub-Saharan African countries still mobilize less than 17% of their GDP in tax revenues hence making it difficult to finance public projects (Paepe & Dickinson, 2014). Very low tax to gross domestic product (GDP) ratio is a common characteristic of most of the developing countries (Ter-Minassian, 2012). For example, over the past few years, lower than projected tax revenue has forced the government of Tanzania to cut its ambitious plans which reduced its capacity to finance public projects. Similarly, Despite the fast economic growth of Uganda, its tax to GDP ratio is still low (11% in 1997 to 13%

now)(Mwenda M., 2015); and even Kenya the leading country in East-Africa, the tax to GDP ratio is still lower than the East African region ratio target of about 25% (African Economic Outlook, 2015).

Kircher (2008) stated that tax audit is the examination of an individual or organization's tax report by the relevant tax authorities in order to ascertain compliance with applicable tax laws and regulations of state. He further reported that tax audit is a process where the internal revenue service tries to confirm the numbers that you have put on your tax return. Ola (2001) stated that the process of tax audit involves tax returns that are selected for audit using some selection criteria. Thereafter, the underlying books and records of the taxpayers are examined critically to relate them to the tax return filed. Tax audit is important because it assist the government in collecting appropriate tax revenue necessary for budget, maintaining economic and financial order and stability, to ensure that satisfactory returns are submitted by the tax payers, to organize the degree of tax avoidance and tax evasion, to ensure strict compliance with tax laws by tax payers, to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government. In more formal usage, revenue is a calculation or estimation of periodic income based on a particular standard accounting practice or the rules established by a government or government agency. Two common accounting methods, cash basis accounting and accrual basis accounting, do not use the same process for measuring revenue. Corporations that offer shares for sale to the public are usually required by law to report revenue based on generally accepted accounting principles or International Financial Reporting Standards.

Government revenue includes all amounts of money (i.e. taxes and/or fees) received from sources outside the government entity. Large governments usually have an agency or department responsible for collecting government revenue from companies and individuals. Government revenue may also include reserve bank currency which is printed. This is recorded as an advance to the retail bank together with a corresponding currency in circulation expense entry, that is, the income derived from the Official Cash rate payable by the retail banks for instruments such as 90-day bills. There is a question as to whether using generic business-based accounting standards can give a fair and acc0urate picture of government accounts, in that with a monetary policy statement to the reserve bank directing a positive inflation rate, the expense provision for the return of currency to the reserve bank is largely symbolic, such that to totally cancel the currency in circulation provision, all currency would have to be returned to the reserve bank and cancelled, (Beekes & Brown, 2008). Tax audit affects revenue collection in that it promotes voluntary compliance of taxpayers which increases revenue. It also determines the accuracy of returns so as to ensure the right taxes are submitted. With tax audit tax liability can be easily declared and matters that need adjustment are identified. It also helps in collecting tax interests and penalties which thereby increase revenue collection. Tax audit also helps to implement changes to eradicate evasion. Thus, tax audit is positively related to Revenue collection.

In the same region, according to African Economic Outlook (2015), Tax to GDP ratio for Rwanda was 13.9% (2013) and 14.8% (2014) which was lower than the 14.9% and 15.4% target respectively. This is still lower than Sub Saharan Africa (SSA) average of about 20% (The Government of Uganda, 2012) and the East African region target of about 25% (2014). In comparison with other East African Countries like Kenya which has a Tax to GDP ratio of about 20.1% (2014) and Tanzania 18.6% (2014), the Tax to GDP ratio for Rwanda is still low.

Table 1: Illustration of the financial years/tax to GDP ratios

Countries	**Financial years/Tax to GDP ratios**			
	2011/2012	**2012/2013**	**2013/2014**	**2014/2015**
Kenya	20.1	20.1	20.5	20.1(e)
Tanzania	17.1	16.8	17.4	18.6
Rwanda	12.5	13.5	13.9	14.8(e)
Uganda	10.33	11.19	11.76	13.1
Burundi	15.2	14.1	12.9	12.3
Average for EA region	16	18.1	18	18
Average for African Region	20	22.3	18	20

Source*: (*African Economic Outlook, 2010; Kiringai, 2014; Gaalya, 2015).

The low tax to GDP ratio for Rwanda shows that a lot of tax remains uncollected, despite the fact that the government has put in place a number of interventions to increase the ratio and reduce the aid dependency. These measures include Taxpayer education in form of dialogues with stakeholders, seminars, and others to mobilize tax, to reduce tax evasion and to increase tax compliance; and also online facilities like e-filing and e-payment, e-clearance, e-billing machine and online registration were farther introduced to simplify the process of paying taxes, reduce costs, reduce time taken by taxpayers for declaration and payment of tax, and to increase domestic revenue (Kagarama, 2013).Developing countries across the world typically suffer from insufficient supply of internal resources. Despite much effort, many countries fail to raise sufficient revenues to finance the government budgets and to support the development needs of the country. This incapability is a major hindrance for the government's regular operations and for the capacity to accelerate economic growth initiatives (Haque, 2012).

According to the report by Rwanda Auditor general's (2015), the failure to collect all potential revenue, could be linked to Tax Administration system characterized by lack of proper tracking of registered taxpayers for domestic taxes and gaps in existing databases of taxpayers; failure to register some taxpayers and yet RRA was aware of their existence; failure to verify majority of declarations and to follow up taxpayers who had not filed their returns or remained inactive since the time of their tax registration; capacity challenges in tax audits leading to low tax audit coverage and many contested audit results which resulted in reduction in amounts of tax assessed in 145 cases by RRA appeals committee (43% of all contested cases); and weak revenue protection system which is highly dependent on informers instead of generating and reviewing exceptional reports from existing systems to provide more preventive revenue protection strategies.

Low tax to GDP has been linked to poorly administered tax system characterized by low tax audits, complicated tax system and thereby discouraging compliance and contributes to difficulties in raising tax revenues in Latin American region (Aggrey, 2011;Ter-Minassian, 2012). In Nigeria and Zimbabwe, the research findings show that those working in informal sector do not find the need of paying tax whereas it is the largest and growing component in economy and this leads to the revenue loss (Abiola & Asiweh, 2012; Dube, 2014). Could the tax revenue performance in Rwanda be due to the above stated inadequacy in other countries? This research was relevant since sought to establish the relationship between Tax audit and Revenue collection in Rwanda Revenue Authority.

1.2 Problem statement

Taxes are the main revenue for the government and thus the department or agent concerned should ensure they are collected the right way. While the principal source of a government's revenue should be taxation, in Rwanda this is often not the case. The country relies on foreign sources of finance namely foreign loans and aid due to its poor tax administration capacity and collection ability (RRA Annual Report 2012/2013). Weaknesses in revenue administration lead to inadequate tax collections. Financing of the resulting budget deficit through borrowing or monetary expansion can cause an unsustainable increase in public debt and inflation, respectively. In the alternative, revenue shortfalls shrink the budgetary resource envelope, thus, affecting the government's ability to implement its policies and programs and provide public services. Unexpected decline in revenue collections also cause budget cuts that result in major inefficiencies in the public expenditure management.

The Government of Rwanda continued to carry out tax reforms over the years with an aim of improving taxation efficiency and increasing the amount of revenue raised to finance the government expenditure. In year 2000, Rwanda Revenue Authority (RRA) embarked on the decentralization process and further strategies were implemented such as Taxpayers education and electronic tax system to mobilize and increase tax revenue collections.

However, despite the RRA employed strategies, the failure to collect all the potential tax revenue is persisting, and the tax-to-GDP ratio is lower than their target, EAC and SSA average ratio. The low tax to GDP ratio implies that a lot of tax remains uncollected and so tax revenues collected are inadequate to finance government budget. For example, from 2012 to 2014 the tax to GDP ratio is averaged to 14.06% compared to EAC average of about 18%. Therefore, it is evident that the tax that remains uncollected is causing inadequacy in the meeting of the government budget thus making it insufficient. This problem could be linked to inadequate tax registrations, tax audits, tax automation and Revenue protection system (Auditor General report Rwanda, 2015).

Reform of the revenue administration that include efficient and effective tax audit may be needed to enable it to keep up with the increasing sophistication of business activity and tax evasion schemes. With globalization, goods and services are produced by taxable entities in multiple countries. This presents vast opportunities for manipulating transactions to reduce the tax burden. The existence of corruption, tax havens and increasing use electronic financial transactions pose major challenges in enforcing the tax laws. Without a matching increase in the professional and technological capacity of the revenue administration, its chances of monitoring taxable activity and countering tax evasion are seriously reduced. For this reason, tax audit plays an important role to increase the revenue administration capacity. As tax audit is one of the tools of revenue administration, this study focuses on its significance and practice in Rwanda taking RRA as the case study.

In Rwanda, tax evasion is explained by different economic and non-economic factors contributes to lowering the ratio of tax revenues to GDP (15% for 2014/2015), which is less than a half of the ratio computed for major industrialized countries members of OECD (Vito and Howell, 2001). Following this, one may ask, why this low tax to GDP ratio for Rwanda? Is it due to the structure of the economy? Is it due to inefficiency of the tax administration in tackling exhaustively all tax revenue potential? Or it is due to low technical compliance rate of taxpayers into tax net and non-compliance of informal sector accounting more than 40 per cent of the GDP? The present study therefore examined the effect of tax audit on revenue collection while looking through the relationship between them.

1.3 Objectives of the study

This research has general objective and specific objectives.

1.3.1 General objective

The general objective of the study was to establish the effect of tax audit on revenue collection in Rwanda.

1.3.2 Specific objectives

The following specific objectives guided the study:

1. To measure the efficiency and effectiveness of Tax Administration in RRA
2. To determine the level of Tax Revenue Performance of RRA.
3. To establish the relationship between Tax Administration and Tax Revenue collection of RRA.

2. CONCEPTUAL FRAMEWORK

Conceptual framework is a schematic presentation which identifies the variables that when put together explain the issue of concern (Mugenda & Mugenda, 2013). It is a set of broad ideas used to explain the relationship between the independent variables (factors) and the dependent variables (outcome) (Kothari, 2012). The conceptual framework assesses how the independent variable influences tax on revenue collection. Tax audits are key characteristics of the voluntary compliance mechanism in the SAS regime because higher audit rates are thought to increase tax compliance (Allingham & Sandmo, 1972). Tax audits have a specific deterrent effect on those audited taxpayers, and more 20 importantly, audits also have a general deterrent effect on taxpayers not actually audited (Khadijah & Jeff P, 2011).

The variables to be studied are Tax audit as the independent variable, which contains three elements:

1. Taxpayer’s registration
2. Revenue protection system
3. Tax automation

The dependents variables are revenue collection chosen for the study are:

1. Compliance
2. Cost of collection
3. Revenue performance

The intermediating variables to be studied are loan policy, procedures and regulation which contain three elements: loan procedures and policies, market environment and supervision and regulations.

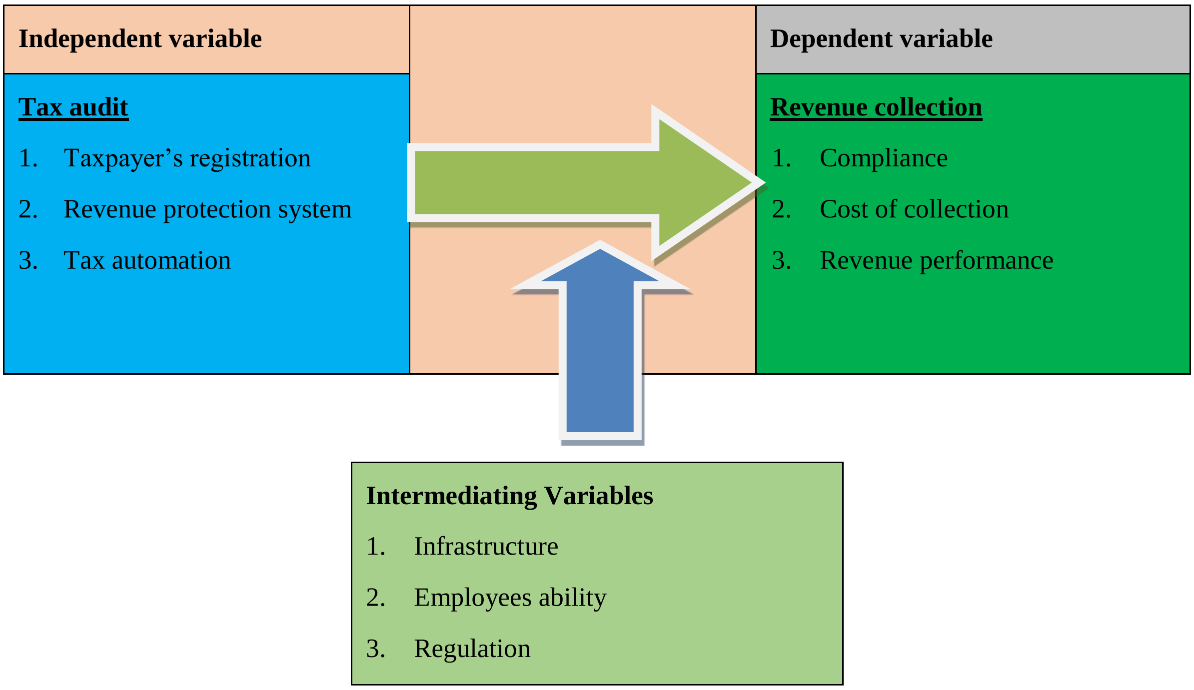

Figure 1: Conceptual framework

3. RESEARCH DESIGN

This study adopted a descriptive survey. Descriptive survey research design is a scientific method which involved observing and describing the behavior of a subject without influencing it in any way (Cooper & Schindler, 2008). It is designed to gain more information about variables within a particular field of study. Its purpose is to provide a picture of a situation as it naturally happens (Burns & Grove, 2007). The objectives are stated clearly, and a clear definition of the population is given. The instruments for data collection were tested for validity and reliability which is necessary for descriptive studies (Kothari, 2009).

The study employed both quantitative and qualitative approaches. Quantitative method was used to generate numerical data to ensure high levels of reliability of gathered data, and qualitative method to generate non-numerical data in order to get in-depth information about the variables. The study engaged a descriptive, cross sectional and correlational research designs. It was descriptive because it used descriptive statistics to describe the two variables of the study; and it was cross sectional since it was carried out over a short period of time and data was collected as a one stop event. It engaged correlation design to establish the relationship between Tax Audit and Revenue collection in RRA.

3.1 Target population

Population refers to all people or items with the similar characteristics that one wishes to study (Zikmund *et al.* 2011). Population is a set of people or items with similar characteristics that a study intends to study and to draw statistical inferences or conclusions (Gall et al., 2006).

The population of the study consisted of 110 RRA tax audit staff reported by the Human Resource department (2016). This population consisted of RRA staff involved in day-to-day Tax auditing. These includes; Head of Divisions, Group leaders and Officers involved in the tax audit activities. The purpose of choosing them as the respondent was that they are usually the personnel who interface with taxpayers and enforce the legal framework promoted by legislators to administer and safeguard government revenue.

3.2 Sample size

Sampling frame is a list of all the population subjects that the study targeted during the study (Cooper & Schindler, 2008). The sample size comprised staff from all tax audit departments at RRA.The sample size was statistically calculated using Slovin's formula.

$$n = \frac{N}{1 + N\,(e)^2}$$

Where n = the desired sample size

e = probability of error (i.e., the desired precision, e.g.,0.05 for 95%confidence level)

N = the estimate of the population size (110)

$$n = \frac{110}{1 + 110\,(0.05)^2} = 86.3 \cong 87$$

The sample size was 87 respondents

Sampling size computation applied to RRA Audit staff. Desired sample size was got using

$$n_r = \frac{p_r}{N} \times n$$

Table 2: Sample size

Category	**Number**	**%**	**Sample size(n)**
Heads of Division	10	9	8
Group Leaders	20	18	16
Officers	80	73	63
Total	**110**	**100**	**87**

Source: Katamba & Nsubuga (2014)

3.3 Revenue protection system

The study also analyzed revenue protection system on revenue collection in Rwanda Revenue Authority.

Majority (59%) of the study participant agreed with the statement that RRA system is able to detect and track frauds while 8% disagreed with the statement. Most (67%) of participants agreed with the statement that RRA system is able to track non-compliant taxpayers while 33% strongly agreed with the statement. Majority (76%) of the study participant strongly agreed with the statement that RRA system is able to track non-registered taxpayers while 24% just agreed with the statement. The findings also indicated that 19% of the respondents strongly agreed with the statement that RRA system is able to keep all taxpayers' information, 67% just agreed while 14% disagreed with the statement. Majority (87%) agreed with the statement that the system is able to generate appropriate reports while 13% strongly agreed with the statement. Majority (59%) of the study participant strongly agreed with the statement that the system is able to ensure the accuracy and security of the information processed while 41% disagreed with the statement. Majority (59%) of the study participant strongly agreed with the statement that the system is able to ensure that a transaction is processed once. while 41% disagreed with the statement. Furthermore, the findings also indicated that 19% of the respondents strongly agreed with the statement that Preventive revenue protection strategies are provided by the system in place, 67% just agreed while 14% disagreed with the statement. Lastly (87%) agreed with the statement that the revenue collected are protected from any leakage while 13% strongly agreed with the statement.

Lutfunnahar (2007) identified the determinants of tax share and revenue performance for Bangladesh along with 10 other developing countries for the 15 years through a panel data analysis. The results obtained suggest international trade, broad money, external debt and population growth to be significantly determinants of tax efforts. The study concluded that Bangladesh and other countries have low tax effort (less than unity index) and are not utilizing their full capacity of tax revenue and therefore have the potential for financing budgetary imbalance through raising tax revenue.

3.4 Tax automation

The study also analyzed the influence of tax automation on revenue collection in Rwanda Revenue Authority. The study presented the results as per the below subheadings.

The findings Shows that 20% of the respondents strongly agreed with the statement that All transactions are processed using automated system, 50% just agreed while 30% disagreed with the statement. Majority (59%) agreed with the statement that All registered taxpayers are able to file electronically, while 41% strongly agreed with the statement. Majority (59%) of the study participant agreed with the statement that E-tax system reduces time taken by taxpayers in declaration and tax payment while 8% disagreed with the statement. Most (67%) of participants agreed with the statement that Non-compliance cases decreased as a result of e- tax system while 33% strongly agreed with the statement. Majority (76%) of the study participant strongly agreed with the statement that an E-tax system increased revenue collection while 24% just agreed with the statement. Moreover, the findings also indicated that 19% of the respondents strongly agreed with the statement that all records are digitized with RRA, 67% just agreed while 14% disagreed with the statement. Lastly the findings also indicated that (67%) of participants agreed with the statement that Electronic records are able to be retrieved after an extended period for audit purposes while 33% strongly agreed with the statement.

Gasteiger (2011) indicated that automated system enhances administration with the provision of multiple scenarios that allow senior management in a multi-campus university system to generate multiple income scenarios, make well-informed decisions concerning the operation of their institution and timely calculation and allocation of resources to academic departments. In Kenya, Kioko (2012) indicated that the macro model performs better the variations in funds allocated to counties than the representative tax system.

3.5 Statistical analysis on level of tax revenue performance

Majority (59%) agreed with the statement that there are sufficient financial resources to audit all taxpayers, while 41% strongly agreed with the statement. Majority (59%) of the study participant agreed with the statement that the institution has sufficient staff to carry out audits while 8% disagreed with the statement. Most (67%) of participants agreed with the statement that RRA organizes training programs for auditors while 33% strongly agreed with the statement. Majority (76%) of the study participant strongly agreed with the statement that financial statements and records of all potential taxpayers are examined annually while 24% just agreed with the statement. The findings also indicated that 19% of the respondents strongly agreed with the statement that audits are conducted on a timely basis to verify if the taxpayer has correctly reported and assessed their obligations, 67% just agreed while 14% disagreed with the statement. Majority (87%) agreed with the statement that RRA has the capacity to identify tax evaders through audits while 13% strongly agreed with the statement. Majority (59%) of the study participant strongly agreed with the statement that RRA gives audit notifications to the taxpayers on time while 41% disagreed with the statement. Lastly Majority (59%) of the study participant strongly agreed with the statement that RRA gives audit notifications to the taxpayers on time while 41% disagreed with the statement.

Tax knowledge is very essential in order to increase level of tax compliance (Mohd Rizal, 2013). Hence, it is very important to have knowledgeable and competent taxpayers. This suggests that tax education is one of the effective tools to induce taxpayers to comply more. In other word, taxpayers are more willing to comply if they understand basic concept of taxation.

3.6 Combined linear regression model

Regression analysis was done to determine the relationship between tax audit on revenue collection.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.542[a]	.294	.268	.130

a. Predictors: (Constant), tax administration, revenue protection system, tax automation

Source: Primary data, 2018

Table 3 shows that the coefficient of determination R square is 0.294 and R is 0.542 at 0.05 significant level. The coefficient of determination indicates that 29.4% of the variation in the dependent variable banks performance is explained by the independent variables (tax administration, tax revenue performance, revenue protection system, tax automation).

Automated tax audit system is critical, because tax related regulations are based mainly in part of accurate corporate data coming from the tax audits of the authority. Thus, the audit should include an appropriate examination of the system to provide reasonable assurance that information produced by the system is valid and reliable. For example, ERCA trying to introduce some automation system such as SIGTAS, ASUCUDA++, Biometric TIN system and application of sales register machine (ERCA, 2010) which was cited by (Getaneh Mihret, 2011)

Table 4: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.575[a]	3	.192	11.388	.000[b]
1	Residual	1.379	51	.017		
	Total	1.953	54			

a. Dependent Variable: Revenue collection

b. Predictors: (Constant), Tax administration, revenue protection system, tax automation

Source: Primary data, 2018

Table 4 presents the results of Analysis of Variance (ANOVA) on tax audit on revenue collection. The ANOVA results for regression coefficient indicate that the significance of the F is 0.00 which is less than 0.05. This implies that there is a positive significant relationship between tax audit on revenue collection and that the model is a good fit for the data.

Table 5: Coefficient results

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.347	.231		1.973	.106
	Tax administration	.162	.009	.444	1.815	.009
	Revenue protection system	.194	.017	1.075	3.159	.025
	Tax automation	.211	.240	.230	.850	.028

Source: Primary data, 2018

From the data in the Table 28 the established regression equation was

$Y = 0.347 + 0.162\ X_1 + 0.194\ X_2 + 0.211\ X_3$

From the regression equation, it was revealed that holding Tax administration, revenue protection system, tax automation to a constant zero, revenue collection would be at 0.347. A unit increase on Tax administration would lead to increase in revenue collection by a factor of 0.162, a unit increase in revenue protection system would lead to increase in revenue collection by a factor of 0.194 and unit increase in tax automation would lead to increase in revenue collection by a factor of 0.211.

As already indicated, the tax system is not an independent entity and imperfections in the tax system may have implications for the pattern of public expenditure. For example, Mahdavi, (2008) argued that imperfect income tax compliance implies it is desirable that the supply of public goods should be distorted downwards. At a more detailed level an infinite amount of such analysis is possible. For instance, Bird (2010) estimate the parameters required to calculate the optimal second-best gasoline tax. The implication of 'second best' analysis is that the failure to consider a much wider range of factors than is currently the norm might mean that an 'improvement' in tax compliance or simplification does not lead to an overall improvement at all. When the wider context is Included, the overall disadvantages may be greater than the more obvious benefits of the initial change.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. Conclusions

Tax audit actually has an effect to revenue collection as according to the ANOVA analysis and model analysis on the four variables on tax audit with reference to revenue collection. This clearly indicates that tax audit increases revenue collection. That in essence means that the more the tax audit conducted the more revenue is collected. Thus, it is right to say that tax audit is directly related to revenue collection. All the tax audits are important because they add something to revenue and thus should be encouraged as it assists the government in collecting appropriate tax revenue necessary for budget, maintaining economic and financial order and

stability, to ensure that satisfactory returns are submitted by the tax payers, to organize the degree of tax avoidance and tax evasion, to ensure strict compliance with tax laws by tax payers, to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government

4.2 Recommendations

Therefore, the following recommendations based on the findings of the respondents:

1. The study recommends that the tax audit reports be submitted to the public and a standard procedure to be found in choosing the companies that random audit is conducted. This is to assure the public that those audited randomly are not eyed or discriminated but at least they see the result and be aware of the procedure used in the selection. The public is also urged to submit their taxes fully and seek clarification wherever they are not sure of what to do.

2. The study suggested the following recommendations as a measure to improve on revenue collection performance at Rwanda Revenue Authority. The government should allocate the organization with more human and financial resources in order to strengthen the organization capacity in revenue collection. The employees should be regularly trained on modern revenue collection procedures and more staff should be recruited. The government should allocate the organization enough funds in order to make the organization expand its revenue collection operations in the country.

3. To ensure that tax automation adoption leads to an increase in revenue collection performance. The government should implement an effective ICT infrastructure in the country in order to allow easier accessibility of automated RRA revenue collection systems by customers. The organization on the other hand should also improve on ICT infrastructure in order to support effective implementation and use of 294 automated revenue collection systems. The organization should also conduct continuously employees training programs on use of ICT based revenue collection systems and also extend by training the customers on how to use the systems.

4. To ensure that tax regulatory framework leads to an increase in revenue collection performance. The government should improve on the level of tax regulations enforcement in order to increase on the level of tax regulations compliance. The tax administrative structure should also be improved. The study finally suggested further studies to be carried out in order to determine other determinants of revenue collection performance in Kenya and also to undertake similar study in other countries.

5. Further, there is need for a study on how the size of a company influences the auditing as there is variation for various organizations based on the size. Further, a study should be conducted on the procedures followed during audit to see if all the Rwanda Revenue employees follow the same procedures or a standard procedure is in place and adhered to.

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