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AN ASSESSMENT OF ELECTRONIC TAX REGISTERS IN PROCESSING VALUE ADDED TAX RETURNS: A CASE OF REGISTERED BUSINESSES IN NAIROBI (CBD), KENYA

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ABSTRACT
Kenya has witnessed significant changes in many aspects of its economy over the last four decades, but like most developing countries, it has had to contend with common problems that plague tax system of developing countries. The introduction of ETR, machine was aimed at improving revenue collection and the sales audit for business. The findings of this research was to assist Kenya Revenue Authority to look for ways of improving the processing of VAT returns as well as come up with other cost effective methods which tax payers can use in processing their VAT returns. This study sought to assess the effectiveness of Electronic Tax Registers (ETRs) in the processing of Value Added Tax returns. The study was done to determine the extent to which the Electronic Tax Registers are being used by the taxpayers, the problems that they encounter in using them as well as suggest possible solutions to the problems. Since many researchers have concentrated much of their work on tax systems, tax evasion, taxes and interest rates, a lot was desired especially in this area to assess the effectiveness of Electronic Tax Registers which were recently introduced by the Kenyan Revenue Authority. The study sought to establish if the Electronic Tax Registers have increased the speed at which taxpayers process their VAT returns and if there are any associated costs in the processing of VAT. The population under study comprised of 130 VAT registered businesses within Nairobi CBD according to the regional KRA office’s records which will be stratified randomly. The main instrument of collecting primary data was the questionnaires while secondary data was obtained from the KRA regional office. Analysis of data was mainly done using descriptive statistics. The findings were to help the Kenya Revenue Authority to improve the processing of VAT returns. Data analysis tools used in the research was Excel and SPSS version 21; and data was presented in form of tables, pie charts and graphs. The findings were that a company was advantaged if it was VAT registered and that VAT returns processing was complex and taxpayers were not honest in filing returns. It was recommended that tax authorities find ways to elaborate the importance of ETR acquisition.