

**THE ROLE OF TAX REFORMS IN IMPROVING TAX COMPLIANCE IN
KENYA (A CASE OF KIAMBU COUNTY)**

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ABSTRACT

The main issue faced by tax authorities is that it has never been easy to persuade all the taxpayers to comply with the regulations of a tax system. Investment and trading businesses are fastest growing in the sectors of our economy in Kenya yet the taxes collected from the taxpayers in this sectors are continually on a decline and undeterminable. The research project sought to determine the effect of tax compliance cost, tax knowledge and education, fines and penalties on tax compliance in Kenya. The study was guided by the Theory Of Planned Behavior. The study used explanatory research design. A sample size of 60 was drawn from the target population of 100 businesses. The data was collected using structured questionnaire, coded, keyed and analyzed quantitatively using descriptive statistics. The research findings showed that compliance cost had the negative effect on the tax compliance level. However tax knowledge and education had positive effect on the level of tax compliance among most businesses. Also fines and penalties had positive effect on the level of tax compliances, while for perceived opportunity for tax evasion had negative effect.

The research findings provides some preliminary evidence that imposing fines and penalties and the provision for tax knowledge and education amongst the investors will definitely improve tax compliance. Conversely, high compliance cost and high opportunity for tax evasion will reduce the tax compliance among the investors. Therefore tax compliance cost should be in a way that it does not encourage taxpayers to evade tax. There is an urgent need to enforce stiff fines and penalties to deter tax evasion. On the other hand, tax authorities should simplify the processes involved in filing of returns and payments. The current introduction of iTax should be strengthened to cover the entire Kenya.

Keywords: Taxation, Tax Compliance, investors