

**ELECTRONIC TAX SYSTEM AND TAX REVENUE PERFORMANCE IN RWANDA
A CASE STUDY: RWANDA REVENUE AUTHORITY (RRA)**

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ABSTRACT

Since November, 2011 the Rwanda Revenue Authority adopted the new system called e-tax system (e-filing and e-payment) replacing the manual procedures. This was adopted to increase revenue collection, minimize time spent by the taxpayers, administration, avail services to the tax payers all the time from anywhere, reduce costs of compliance and improve tax compliance. However RRA is facing the main problems such as the increase of queries relating to the non-performed transactions and tax revenue collections are below the targets set by Rwanda Revenue Authority. The purpose of this research study is to analyze the effect of electronic tax system on tax revenue performance. The objectives of the study are to evaluate the application of the electronic tax system in Rwanda revenue authority, to analyze the contribution of electronic tax system on revenue performance in Rwanda Revenue Authority, to evaluate the effect of electronic taxation on tax revenue performance and to establish whether the e-tax system has affected tax compliance costs and administration costs of taxpayers. In the research methodology, the research design used the correlational and cross sectional survey methodology. The Research used a cross sectional survey design basing on the use of qualitative and quantitative approaches that was adopted to establish the relationship between e-tax system and revenue performance. The study was correlational in order to determine or describe in quantitative terms the degree to which the variables are related. The researcher used simple random sampling, purposive sampling and cluster sampling methodology in order to get the sample representing all population. In this study, the researcher used primary data and secondary data to achieve the objectives. Questionnaire and interview was the technique used to obtain primary data, while secondary data was obtained through existing literature about the study. The study population was composed of personal income tax payers registered with Rwanda Revenue Authority, clearing agencies and the officials of the Rwanda Revenue. Findings showed that the contribution of electronic tax system on revenue performance is characterized by maximizing revenue collections through minimizing time spent by the taxpayers, availing services to the tax payers, reducing costs of compliance, improving tax compliance and adapting new technology. Finally findings showed that electronic taxation improved tax revenue performance. Recommendations basing on findings are that the RRA takes measures to roll out the E Tax system to the rest of the country; there is need for additional education of the masses about general tax procedures besides E Tax, trainings on e-filing and e-payments be done, work more with all banks for further the aspect of online banking; endeavor to have the legislature expeditiously enact the information and communication technology law to govern electronic businesses in order to reduce the cost of stationery printing on the taxpayers.