

TAX COMPLIANCE STRATEGIES AND NATIONAL TAX TARGETS A CASE STUDY OF RWANDA REVENUE AUTHORITY, KIGALI CITY

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ABSTRACT

This study entitled Tax compliance strategies and National tax targets, a case study of Rwanda Revenue Authority, Kigali city has the following objectives: To ascertain what constitutes tax compliance, to assess the validity of tax audits and taxpayers' education as tax compliance strategies employed by Rwanda Revenue Authority and to identify the relationship between tax audits and taxpayers' education as tax compliance strategies and national tax targets.

The researcher adopted qualitative design basing on primary data and secondary data in order to assess the tax audit and taxpayers' education as tax compliance strategies by Rwanda Revenue Authority in National tax target achievement. Data from completed questionnaires was edited, categorized and summarized using figures and graphs and percentage distribution for analysis in the area being studied. The Chi-Squared distribution method was also used to test the relationship between the dependent and independent variables of this study. The population under study was 697 employees of RRA in Kigali city and 80 respondents were taken as a sample purposively. Research findings revealed that 76% of respondents strongly agreed that tax compliance is the gap between the actual revenue collected and the amount that would be collected if there were 100 per cent compliance, it was also revealed that 52% of respondents strongly agreed that tax compliance is only meant for taxpayers and 79% of respondents strongly agreed that it is only by tax compliance that tax Revenues to be collected by RRA may be known. It was revealed from research that the majority 71% of respondents disagreed with the statement that RRA strongly applies a well programmed taxpayers' education strategy in order to address tax compliance problem for tax targets achievement, 66 % of respondents strongly disagreed with the statement that when RRA achieves National tax targets, it means that taxpayers' education and tax audits as tax compliance strategies are exhaustively applied while 59% of respondents disagreed with the statement that RRA strongly applies a well-planned tax audit strategy in order to address tax compliance problem for tax targets achievement. As for the relationship between tax audits and taxpayers' education as tax compliance strategies and national tax targets, the following were revealed by use of chi-square test that without taxpayers' education strategy in RRA still national tax targets can be achieved, without weaknesses in implementing taxpayers' education and tax audits among taxpayers in Rwanda, total revenues that may be raised can surpass the current tax targets to a greater extent and it was revealed that national tax targets given to RRA are understated compared to the tax base in Rwanda. It was recommended that RRA should strongly apply a well programmed taxpayers' education and a risk based tax audit strategies in order to address tax compliance problem for effective tax targets achievement and RRA's National tax targets achievement should match (go hand in hand) with the exhaustive application of taxpayers' education and tax audits as tax compliance strategies and the reverse should not be true.