FACTORS AFFECTING COLLECTION OF NON-OIL REVENUE IN SOUTH SUDAN

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DECLARATION

Declaration by the Student

This research is my original work and has not been presented for a degree in any other university. No part of this research may be reproduced without the prior permission of the author and/ KCA university.

Sign ……………………   Date: …………………..

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Declaration by the Supervisor

This research project has been submitted for examination with my approval as the University supervisor.

Sign ………………………   Date……………………….…….

Dr. Michael Njogo

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DI	Developmental Initiatives
GDP	Gross Domestic Product
IMF	International Monetary Fund
KRA	Kenya Revenue Authority
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
PAYE	Pay As You Earn
RRC	Relief and Rehabilitation Commission
SMEs	Small Medium Enterprises
SSRA	South Sudan Revenue Authority
VAT	Value-Added Tax
WB	World Bank

ABSTRACT

All over the world, the responsibility of any working nation is to provide services to the citizens. The insufficient collection of non-oil revenue has disabled many crucial services to the citizen; for instance, social amenities in the region. Thus, this study proposes to expound on the factors that weaken the collection of non-oil revenues apart from war and it propose various prospects to capitalize in order to utilize the resources adequately. The study further anticipates to examine the effect of staff competence, tax rate, taxpayer's knowledge and tax compliance cost on collection of non-oil revenues in South Sudan respectively. It has employed methods like descriptive research design and probability sampling techniques. Therefore, fulfilling the intended purpose for this study, the researcher targeted 1,093 businesses who were taxpayers in Juba town as its population. Additionally, Yamane's formula as elaborated later helped to come up with sample size of 293 respondents from where 249 responses were gathered. The study used questionnaire to collect primary data. Findings were presented using frequencies, percentages, means and standard deviations. Multiple linear regression to bring out the association between the independent variables and dependent variables in line with the research. Significance was tested at five percent level. According to the results, the study noted that every unit rise in staff competence led to a significant increase (β=0.6455, p value=0.005) in Non-oil revenue collection. Similarly, for each unit rise in tax rate, there is a significant increase (β=0.254, p value=0.021) in Non-oil revenue collection and the tax payers' knowledge led to a significant rise (β=0.3055, p value=0.033) in Non-oil revenue collection. On the other hand, tax compliance cost led to an insignificant (p value=0.423) decline (β=0.1704, p value=0.423) in Non-oil revenue collection. As per the outcomes, the study suggests for a need to improving staff competence through coaching sessions and voluntary trainings, adjustment of tax rates, and to determine appropriate programs intended at educating taxpayers concerning their tax rights, legal requirements and responsibilities as it encouraged voluntary compliance amongst taxpayers in South Sudan.

CHAPTER ONE

INTRODUCTION

Throughout the world, the main role of any nation is to promote the life of her people. This can be in terms of giving the best in social amenities so as to support their well-being. However, the amount of revenue that a state is capable of generating is the key determining factor in terms of the amount the government will spend in providing both the political as well as the social infrastructures. In this regard, a well-structured tax system is key to ensuring that the nation can collect enough resources in terms of revenue so as it can be able to meet its obligation.

1.1 Background to the Study

Revenue in terms of taxes collected by any government is very essential in every aspect of the economy and it therefore forms significant part of state revenue source for the developed nation (Abata, 2014). However, tax revenue collected in developing economies tend to be a bit low due to the fact that these economies are characterized by insufficient income for citizens as well as lack of modern tax collection systems (Ogbonna & Appah, 2012).

According to OECD, (2011) industrialized nations have perfected the art of revenue collection efficiency due to organizational internal design and the resources are channeled in terms of priority. Further they utilize online government innovations and ICT to minimize costs. On the same note Gaalya, (2015) acknowledges that in the event where authorities tasked with tax administration issues manage their overall activities well, such agencies are likely to improve on the overall tax performance particularly as a result of reduced tax administration costs. However,McClellan (2013), empasizes that corrupt or ineffective tax administration agency tend to diminish state revenue by creating an environment that makes it possible for tax evaders to work freely, hence, negatively affecting the state economic development. Conversely, considering the fact that tax avoidance is illegal, the authorities can therefore tightened tax enforcements with its administration leading to more people complying hence more collection achieved in the process.

In order to illustrate the above findings, Malaysia proves the view. In 2004, an electronic tax system was launched by the Malaysian Inland Revenue Board with the objective of increasing the country's tax revenue through improvement of taxpayer's services. Specifically, the new tax system aimed to reduce the time it took taxpayers to file their tax returns as well as allowing them to easily conform with the payment of tax easily (Nagel, Huber, Van Praag & Goslinga, 2019). Despite the challenges, the e- tax system resulted to increased outcome in terms of revenue. This was evidenced by the fact that the number of individual taxpayers as well as body corporations filling their tax returns electronically increased significantly from just 5 percent in 2006 to 34 percent as of 2011 while at the same time tax revenues collected also went up just from 14.5 percent up to 15.3 percent (Nasr, 2012).

According to Bird (2015), there are key parameters that are assumed but have significant impact in revenue collection potential. This research further highlights that for Tax Administration to expand revenue collection, it need to have well trained personnel and should be well organized. Moreover, it is noted that though latest technology can serve great purpose in revenue collection it cannot work in isolation. In many countries, the task of working out the right mix as well as setting strategies to advance their information technology as well as human resources with regards to administration of tax has proved difficult (Bird and Zolt, 2008). As a result of this, individuals well trained on latest technological advancements with sufficient political backing are very essential in ensuring effective tax administration. Additionally, tax agencies need to establish suitable provisions in regards to training and retaining experienced tax administrators.

Nilsson (2015) used two approaches to evaluate tax conformity performance in Argentina. The idea behind this was to promote far reaching campaigns as well as mercantile taxpayers and alongside audit to improve the probability of exposure amongst all the taxpayers. It was revealed that chances of exposure and increase number of audits led to positive conforming to the tax regulations and accurately recording their source of revenue thus clearly influencing the tax rates. Ideally,it was realize that some people did not pay tax due to lack of knowledge hence it was not intentional to avoid paying while there were those who deliberately refused to comply. It was noted that some taxpayers were smart hence integrated more tax avoidance ways which were difficult to detect through documentation hence ended up paying less tax when they realized that they could not be detected due to lack of scrutiny. In addition to these,some studies are in agreement with the hypothetical suggestions which revealed that apprehension of recognition affected the level of complying hence the group that avoid paying tax have devised a way to counter the outcome when being exposed (Bird, 2008; Castro & Scartascini, 2015).

The need for revenue diversification by governments is real hence emphasis that tax collection is mandatory (Rose & Karran, 2018). It is because of this in sub-Saharan Africa, a great number of countries have established policies which focuses to increase revenue collections. Thus proved fruitful as it has shown rise in revenue collection, for instance in South Africa and Uganda, have seen growth in the share of revenue taxes in gross tax revenue in a great magnitude. For the case of Uganda, the percentage of income tax that constitute part of the gross tax revenue improved from 24.5 percent to 45.2 percent between 2004 and 2011 period (Word Bank,2014). On the other hand South Africa revenue has grown steadily from 54.1 per cent in 2004 to 56.4 per cent in 2011 respectively (Word Bank, 2014). However, the proportion of income tax to gross revenue tax in South Africa improved from 54.1 percent to 56.4 percent during the same time. From the revelations it is clear that for any economy to grow there need to be strong and effective public policy to support tax collection. For example Tanzania government outsourced experts in different areas so as to promote tax collection (Rashid, 2016). The specialist looked into market fees, and property taxes in order to prompt better revenue collection. However, for this to succeed it calls for good political will, support from government administration and the process need to be transparent. In line to these evaluation, the revenue prospective may lead to a challenge if not well factored into as the selected specialist may be inconsistent in handling of collected revenue (Fjeldstad, 2006).

Kanyi and Kalui, (2014), narrates that in Kenya, economic development is heavily dependent on tax revenues. These study is in agreement with Kiprotich, Momanyi and Nyandusi (2012). The study established clearly that Kenya is one of the numerous developing nations that struggle with the issue of tax collection due to tax evasion by some Kenyans. However, in comparison with other previous studies undertaken, it was established that the non-compliance by business doesn't significantly impact on the amount of revenue collected. Additionally, forty two percent of the respondents who participated in this study argued that imposing high tax rates doesn't result in higher tax revenues being collected by KRA. On the other hand, a study by Bikas and Andruskaite (2013) illustrated that despite of continuous tax transformations that have been introduced by the government, the tax system is still characterized by numerous taxes with varying tax rates that makes it difficult for majority of taxpayers to understand easily in the absence of a tax expert. The Kenya Revenue Authority acknowledges that although the various changes in tax collection system has yielded results there are still challenges that need to be addressed so as to achieve the desired target.

Many countries face challenges in tax collection (Muller & Kolk, 2015) and South Sudan is not an exceptional. This has resulted in a struggle to fulfill her pledge to people due to huge deficit in the budget. The budget deficit can be attributed to ineffective taxation system adopted, laws, policies, administration of tax and overreliance on oil as the source of revenue. Also the volatility of oil market has highly hit South Sudan hard as well as over reliance on grants and loans (South Sudan Statistics, 2015).

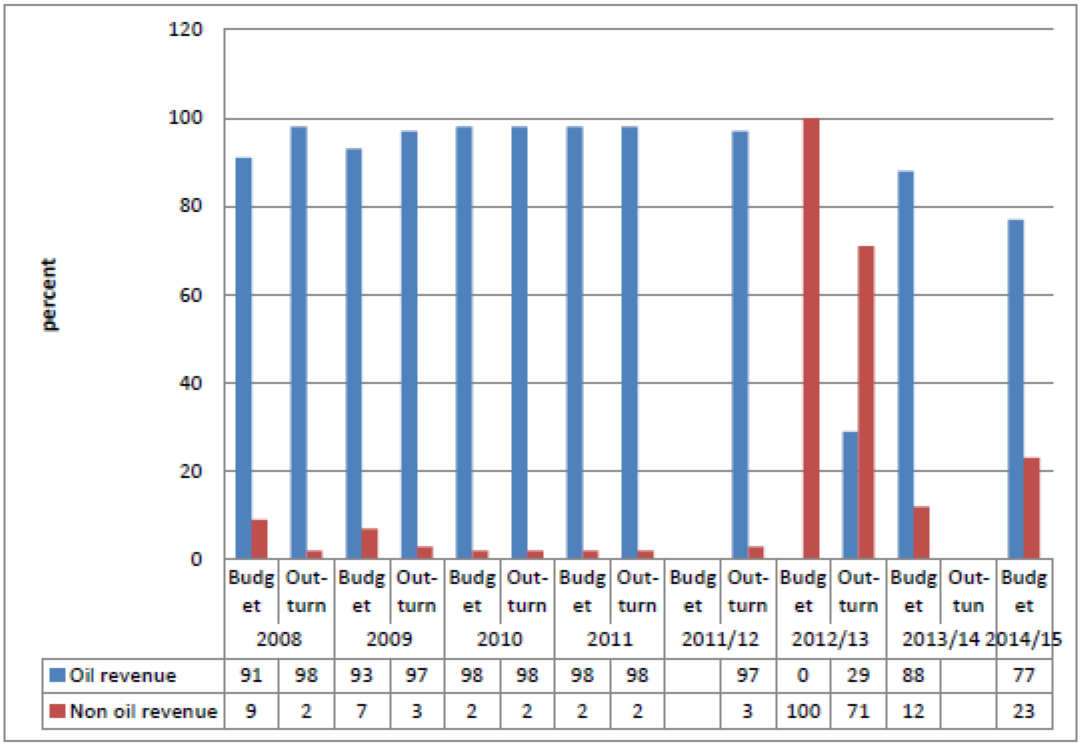
Annual tax reforms debates being a norm in South Sudan, with minimal tax improvement. The slow progress can be due to insufficient registration and monitoring process alongside noncompliance of tax payers due to provision of correct information, appropriate documentation, accurate records keeping, avoidances, and evasions especially in their obligation as tax payers (Chol, 2015). It has been argued that government failure to provide basic amenities can be attributed to lack of revenue mobilization from taxes(Amin, 2018) hence a stumbling block for the country to grow both economically and socially. This has resulted to forcing the government to go for loans and grants to run her affairs (Stiglitz, 2016).

1.1.1 Revenue in South Sudan

South Sudan had undergone civil war for years before being declared an independent state. At her birth, she had approximately 8.3 million people. When comparing it to her neighbors the economy is highly less developed and susceptible to external shocks due to majorly dependence on oil as chief source of revenues (Keukeleire, 2016). As observed in the year 2010, trade in oil contributed most of her gross domestic product (GDP). Javid, Sharif, and Alkhathlan, (2018) noted that whenever an economy is purely dependent on oil as means of income, it is greatly affected at long run since the oil market keep on fluctuating.

Collection of revenue is entirely for the economic development of any given state (Borcan, Olsson & Putterman, 2018). The key objective why governments collect revenue is to meet their budgetary needs. To be considered effective, tax collection must meet the purpose of both revenue agency as well as that of the state. However, political domination by civil leaders tends to hinder effective tax collection in their respective areas.

Tax agency should improvise a way that balances between oil as well as non-oil revenue collection in country through revenue diversification (Kale, 2016). This would allow the country to realized high income and focus on developing other sectors of the economy. GDP of the country is dominated by the oil sector, the value added of which accounts for about 60% of totalGDP. Value added by the petroleum sector has averagedabout $7.9 billion a year in the past three years. According to report by IMF (2016), non-oil revenue to Gross Domestic Product in South Sudan rose from 1 percent after independence in 2011 to almost 4 percent in 2016. However, the political instability that still exist in the country has largely hindered non-oil revenue collection in the country. Figure 1.1 shows trends in oil and non-oil revenue collected in South Sudan.



Source: Adapted from UNDP (2015)

On the revenue side, it can be observed that the budgets over the years since independence, continue to show wide fluctuations in estimates including on the non-oil side. Oil continues to be the major source of revenue with the government expecting it to finance nearly 80percent of the overall budget. However, there are uncertainties in oil revenue levels in the light of the ongoing conflict, particularly in the oil producing states.

1.1.2 Non-oil Revenues in South Sudan

Despite being endowed with oil, South Sudan equally has other sources which have potential to generate revenues other than oil (Bestoyin, 2018). The other sources are referred to as non-oil revenues. Non-oil revenues comprise of Value added tax, Business profit tax, Excise tax, Customs Duties, Stamp duties, Fees from nationality, passports, immigration, visas among others. In order for the government to evaluate its tax it has created the National Revenue Authority as an representative legally authorized to assess and collect taxes whether indirect taxes or other fees as stipulated by the laws of South Sudan (Reth& Mwakhamah, 2019). Also the state has mandated it to impose penalties and charges on law offenders. The government has two divisions each with specific roles. The collection and supervision of fees is under Immigration division whereas direct tax is the mandate of Domestic Tax Division. Additionally, the collection of indirect tax from imports, export and exercise duty has been assigned Customs division (Igga, 2018).

Tax can be of various categories. For example goods that are locally manufactured are levied Excise tax. Goods that are subjected to Excise tax are known as “Excisable good” and these goods that are in line to Chapter 8 of Financial Act 2017/2018. Goods subject to Excise tax include tobacco products, motor vehicles, alcoholic products as well as fuels. On the other hand, “Excisable services” are those services also in Chapter 8 and includes insurance services, flight transport charges, and telecommunication services (Financial Act, 2017/18). In order to deliver on its duties and responsibilities, the government levies duties as a means of tax collection so as to get the resources needed to develop the various amenities for citizen wellbeing (Reth & Mwakhamah, 2019).

On the other note when goods are brought into a country from other foreign nations they are levied a tax well known as custom duty. According to the *Customs Service Act 2013* Under Section 53 (1) , it is required that special duty rates to be levied on all goods whose source falls under bilateral trade agreement in a foreign country especially from preferential economic block where South Sudan is a full member as noted in ((Financial Act, 2018).

In addition to abovewhen rendering professional services, production, financial investments, economic activities during a given tax period that are subjected to business organization involved in trading is referred to as Business Profit Tax. Conversely, Taxable profit as stipulated in section 68 of Taxation Act 2009 amended in 2012 can be calculated by subtracting gross income earned by a business in a given period and any other allowable expenses during the same tax period. Furthermore, the value added at each stage of value chain on all products as well as services is called Value Added Tax. VAT is normally charged per the cost of the product minus all production costs used during the production process as illustrated (Financial Act, 2017/18).

Besides, these tax charged on various government documentations is called Stamp duty. Such documents include military commission, Cheque, legal documents, land transfer documents as well as marriage agreement forms (Huang, Kuo & Chou, 2018). Historically, in order to verify that document had been paid for a revenue stamp was mounted on it to show that it can be considered legal and effective. However, nowadays, there are modern form of stamp duty hence there is no need for the physical stamp duty being attached on the document. According to financial Act 2017/2018 it is clear operational levies is subjected to external companies who engage in the petroleum sector. Similarly, foreign workers as well as expatriate staff are subjected to remit fees related to work permits as directed by the government through the authorized body that is mandated to collect levies in reverence of 30(2) that empowers Ministry of Labour, Public Service as well as Human Resource Development to collect the tax (Financial Act, 2017/18).

For efficient and smooth operation of NGOs in the country it is required to pay a fees as registration package. Under section 25(2) the Ministry of Justice and Relief and Rehabilitation Commission (RRC) are authorized in overseeing as well as charges associated to the provision of legal services that is charges on legal expert and fines. Judiciary of South Sudan is the accredited agency with the autonomy of tax collection per Chapter 44 (2). Various services are levied such as civil registry, passports, and immigration control. Traffic control should be charged to generate non-oil revenues for National government as per Chapter 14 of Financial Act, 2017/2018. In regard to Financial Act, (2017/18) the Ministry of Interior has been authorized for collection of fees in respect of 28 (2).

Non-oil GDP increased from $4.55 billion in 2008 to about $5.38 billion in 2010 (both at current prices) an average rate of increase of about 16% a year. There are no firm estimates for non-oil GDP growth in real terms; however, the International Monetary Fund (IMF) puts domestic inflation at about 2.5% a year during 2009-10, which suggests that real non-oil GDP may have grown quite strongly in real terms during this period.

1.2 Statement of the Problem

South Sudan has a variety of resources that make her compete among the world (Sefa-Nyarko, 2016; Murphy, 2018). Unfortunately with all these resources there has been always challenges hence resulting to the country lagging behind economically as per global economic indices (World Health Organization, 2015; Young, 2017). For instance, being crippled economically South Sudan is subjected to underdevelopment with little amenities such as road networks which are further destroyed due to civil war totally affecting her progress (Macharia, Ouma, Gogo, Snow & Noor, 2017). The current situation, dynamics, and the roles of the various actors in revenue collection has been crippled. The situation has been worsened due to feeble institutions and human resource base subjecting the country to look for heavy financial and specialized education services at various levels. Overreliance on oil sector which has been fragile and vulnerable in the recent past calls for urgent need for economic diversification (Moro, 2018; Kang & Lee, 2018).

Most developing countries including South Sudan face the problem of raising tax revenue to carry out public sector spending. Tax revenue is necessary for economic growth and development (Aggrey, 2011). Despite the efforts made South Sudan has always recorded a falling trend in revenue collection from the time it became independent from the Sudan (Moro, 2018; Deléchat, Fuli, Mulaj, Ramirez & Xu, 2018). A study by Kenyi, (2016) noted that the collection of revenue formed nearly 4% GDP of South Sudan. Whenever there is no peace many things are affected. This is the scenario in South Sudan where constant fights has hindered oil production which is backbone of the economy due to destruction of the facilities hence heavily affecting her economy (Moro, 2018). Furthermore, due to the lack of well-organized system to collect tax from other sources apart from oil has negatively affected the country to the point of struggling to provide the basic needs of the citizens such as roads, affordable health services and even clean and safe water (James, 2015; Bird & Eric Zolt, 2016; Bestoyin, 2018; Moro, 2018).

Due to porous nature of the tax systems, South Sudan has been struggling to collect more revenue from non-oil sources (Wight, 2017). However, non-compliance has been on the rise. Compared to other countries within the region, the average tax collection when compared to gross revenue collected stands at 2.6 percent. When this is equated to her neighbors like Rwanda that has 13.4 percent, Kenya got 17.2 percent and Uganda recorded 13.0 percent during the same time period (Dau, 2016; Craze, Tubiana & Gramizzi, 2016). This high disparity in non-oil revenue sector when compared to oil and the aggregate GDP, has prompted an investigation in to possible challenges that might be facing the government in resource mobilization.

Studies conducted exploring different facets of revenue collection have mainly concentrated on general resource mobilization and tax policies rather than on non-oil revenue collection whereas others are specifically focusing on oil revenue collection. For example; Gebre (2010) explored the relationship between Revenue Performance and Value Added Tax (VAT) administration, Aggrey (2011) recognized the determinants of tax revenue in Ghana, Younus, Rasheed and Zia (2015) did a study to identify the factors affecting customer purchase intention. On the same note Gaalya (2015) in Uganda undertook a study which compared the tax revenue performance with trade liberalization. Other studies include that of Maisiba& Atambo (2016) in Kenya explored collection of revenue efficiency in tax system of electronic. Lastly, Harelimana (2018) examined in Rwanda how tax audit influenced revenue collection. All these studies are focused on other countries with not only strong systems including institutional capacities but also different economic political dynamics from that of South Sudan. To the best of my knowledge, only Ayuba (2014) explored revenue collection from other sources apart from oil in Nigeria, however, the research focused at estimating the influence of non-oil tax revenue on economic growth which is not in line with this study. This study proposes to establish the factors that affects the collection of non-oil revenues other than war and identify prospects to exploit the resources sufficiently. This research therefore seeks to expound on the factors influencing the non-oil revenue collection by government of South Sudan.

1.3 Objective of the Study

For the intended purpose of the research, the main objective of the investigation sought to examine factors affecting collection of non-oil revenue in South Sudan. The following specific objectives guides this study too:

i. To ascertain influence of staff competence on collectionof non-oil revenues in South Sudan.
ii. To establish the influence of tax rateon collection of non-oil revenues in South Sudan.
iii. To examine the influence taxpayer's knowledge have on collection of non-oil revenues in South Sudan.
iv. To examine the influence of tax compliance coston collection of non-oil revenues in South Sudan.

1.4 Research Questions

i. To what extent does staff competence influence the collection of non-oil revenues in South Sudan?
ii. How does tax rate influence collection of non-oil revenues in South Sudan?
iii. To what extent does tax payer's knowledge influence the collection of non-oil revenues in South Sudan?
iv. To what extent does tax compliance cost influence collection of non-oil revenues in South Sudan?

1.5 Significant of the Study

The results of the survey will form a very important base to National Revenue Authority as well as the governments as it purposes to investigate the factors affecting collection of non-oil revenue in South Sudan. Moreover the study may be able to pinpoint areas of further improvement in terms of Tax Administration so as to enable NRA to efficiently and smoothly collect all possible tax revenues in the country.

After this research, the findings will form a pillar to improve on the existing tax systems and propose the best system of tax in order to achieve desired collection of revenue which assist the government achieve its responsibilities.

The outcome of this research findings and recommendations will be of great importance for scholars who may explore on an associated topic. Lastly, the benefits to the researcher who will be able to understand about administration of tax and how it is linked to revenue performance. Further it will be in partial fulfilment for the award of the masters' Degree.

1.6 Justification of the study

This study will be important in understanding the factors affecting collection of non-oil revenue in South Sudan, but also useful tool and a guide on how to increase revenue collection through taxes. It articulates the bases of enhancing tax revenue through public understanding of tax policy and taxpayer's consciousness on tax compliance. For this reason, realistic indication on taxpayer consciousness is required for better examination of tax policy scheme. To have the solid policy recommendations and promote formulation of the policies which was to facilitate tax collection it was key to respond to the questions of the study.

1.7 Basic assumptions of the study

The investigation assumed all targeted respondents in this study cooperates and participate in this survey willingly and that they gave clear and accurate information as per the study objectives during data collection.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The section highlights the related literature review as well as how it relates to this research variables. It goes a step further to review the literature on factors affecting collection of non-oil revenue. Additionally the theoretical review is discussed, while the conceptual framework is elaborated .Finally there is empirical review alongside research gaps.

2.2 Theoretical Review

To be able to deeply analyze this study it was grounded on the following theories; The Control theory, Revenue Diversification theory, The Expediency theory of taxation, principlesmodel of Taxation as well as economic based theories.

2.2.1 The Control Theory

Control theory was put forward by Kalman (1960). It was utilized by Brian (2013) and Maisiba & Atambo (2016) on exploring revenue collection efficiency. The theory was described as an interdisciplinary branch of engineering and mathematics that deals with the behaviour of dynamical systems with inputs. The external input of a system is called the reference. When one or more output facets of a system is required to follow a certain reference over time, a controller influences the inputs to a system to get the estimated effect on the output of the system (Branicky, Borkar & Mitter, 1998).

The role of a control theory was to calculate solutions for the accurate corrective action from the controller that result in system stability, that is, the system will hold the set point and not oscillate around it (Goodwin, Graebe & Salgado, 2001). Systems have inputs and outputs to bring a product after processing and so inputs and outputs of a control system are generally linked by differential equations.

Setting objectives, budgets, plans and other expectations establish criteria for control. Control itself in this case exists to maintain performance or a state of affairs within what is anticipated, allowed or accepted in a revenue collection body (Ajzen, 1985).

Control built within a process is internal in nature. It takes place with a combination of interrelated components such as social environment effecting behavior of employees, information necessary in control, and policies and procedures (Porter, Bigley & Steers, 2003). Internal control structure is a plan determining how internal control consists of these elements. Thus controls enhanced staff competency and easy application can make tax registration, filing and payment easy for the taxpayers. This theory aids the study to answer the question; to what extent does staff competence influence the collection of non-oil revenues in South Sudan?

2.2.2Revenue Diversification Theory (RDT)

The study adopts a revenue diversification strategy that originate from the Financial Modern Portfolio Theory, and applied as the potential revenue strategy for South Sudan Government.Elaborating on the same point Bernelot (2013), acknowledged that that having well diversified and balanced revenue portfolio resulted to improved financial stability for the new nation hence minimizing revenue volatility that often resulted in reduction of government public expenditures. The diversification revenue theory focuses on whether well diversified and balanced revenue portfolio improves financial stability for the new Nation through capping volatility in revenue that often resulted in reduction of government public expenditures.

The diversification strategies embraced have positive effects that ensures improved revenues for the government incomes. In order to test the effect on revenue collection performance commercial and market oriented revenue strategy was utilized fully. Similarly Bernelot,(2013) argued that to have continuous revenue it must come from a variety of sources which must embrace equity in multiple incomes sources in the said revenue portfolio on the profit organization that often improve financial stability. This theory will enhance the second objective that links tax rate to non-revenue collection in south sudan.

2.2.3 The Expediency Theory of Taxation

When defining the theory of taxation,it’s mandatory to ensure that reporting on revenue collection has to pass the practicability test which is a key consideration when the national revenue authority is selecting the revenue collection report (Ayuba, 2014). Despite the progress achieved by the authority, there is always a pressure from various quotas such as political, social as well as economic who have vested interest .This to some extent has pushed the government to adjust the tax structure to accommodate them in order to minimize the pressure (Bhartia, 2009).

Acknowledging that taxation has potential of providing useful policy tools to the relevant authorities which when capitalized ensures that social and economic ills like regional disparities, inequalities of income, unemployment, economic and cyclical fluctuations are addressed (Ciocca, 2016). To address some of those challenges expediency is in line to the study since it tends to elaborate the effect of administrative set up in revenue collections by the National Revenue Authority. The theory enhances the third and fourth objective where tax payers knowledge and tax compliance are linked to increase in non-oil revenue collection.

2.2.4 Resource Based Theory (RBT)

RBT is an approach to achieving competitive advantage that emerged in 1980s and 1990s, after the major works published by Wernerfelt (1995). The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it.

According to RBT proponents, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity (Grant, 1991). In RBT, resources are given the major role in helping companies to achieve higher organizational performance. RB model focuses attention on an organization's internal resources as a means of organizing processes and obtaining a competitive advantage. Therefore, for National Revenue Authority to increased non-oil revenue collection, they should use their internal resources in terms of skill-workforce and develop their capacity to enhance revenue growth in the country.

2.2.5Principle Model of Taxation

A classical economist Adam Smith (1776) also cited by Abiola and Asiweh (2012) put forward the canons or general principles of taxation which he said should be observed by the Government when building a good tax system to promote growth and development. These are equity, certainty, convenience, productivity, simplicity, elasticity and economy.

These canons improves the revenue collection, compliance and lower cost of collection if followed in tax assessment, collection and administration (Egyin, 2011).

Equity, certainty and simplicity principles are related to the performance indicators of Compliance. According to the equity principle, every taxpayer should pay depending on his ability to pay; meaning they should pay taxes proportional to income. Besides, the certainty principle says that the taxpayer should know in advance how much tax to pay, at what time to pay and in what form a tax is to be paid. And the tax system should be simple for the taxpayers to understand. All these together enhances taxpayers' compliance since it encourages taxpayers to pay and comply with the tax obligations.

Economy principle is related to the revenue performance indicator of cost of collections (Franklin-Johnson, Figge & Canning, 2016). It provides that the cost relating to collection of tax revenue must be less than the total tax collected. This is because, if the cost incurred is more than the tax collected, such tax wouldn't serve any purpose since the administration of such tax is likely to be very difficult. Productivity and elasticity principles are related to the revenue performance indicator of revenue collections.

A tax system needs to be in a position to yield sufficient revenue for the treasury which eventually allows full financing of the government activities without any deficit financing (Kirchner & van Wijnbergen, 2016). As such, the government should be able to collect all projected revenues and also be able to maximize or minimize state revenue as the requirement of the state (Elasticity). Convenience principle can do for both compliance and revenue collections. Additionally, the timing of tax payment needs to be scheduled when appropriate and also be convenient for all taxpayers (Carr, Davies & Davies, 2018). For instance, land tax is collected during harvesting season, while income tax is normally levied at source before the money reaches the owner. Therefore, a tax system that is convenient tend to encourage taxpayers to comply in tax payment, hence, being able to increase the overall tax revenue collected.

2.2.6Economic Based Theories

These may be referred to as deterrence theories. These theories put significant importance on incentives. According to these theories, tax payers need moral utility maximizers. Therefore, taxpayers tend to be impacted by existing economic motives especially that relating to maximization of profit as well as the possibility of detection. Based on this, taxpayers tend to look at alternative avenues of compliance. They usually weigh whether to or not to pay tax and the chances of being caught. After careful analysis of the consequences always they choose an option they believe will favor them at the end of the day in association to tax returns by making necessary adjustments for the possible risks. As stated by Bogenschneider, (2015), the entire procedure is known as “playing the audit lottery”.

The above theory has been under constant attack by psychologist and sociologist models which have pointed out that it has fault in individual preferences and choices in its analysis. Further they noted that considering the factors along psychology and sociology lines they have overarching influence on tax compliance when subjected to a number of limitations thus cutting the first turf for the creation of the psychological economic models on VAT compliance(Schumpeter, 2017). However, Nwulu, and Xia, (2015) noted that according to this theory the taxpayers’ judgments are exclusively based on maximizing their individual financial as well as economic welfares.

Prompting to several features of tax evasion as captured by Allingham and Sandmo (1972) resulted to proposition of seminal economic deterrence model. It observed that taxpayers react differently depending on the level of risk faced. As observed by Langenmayr, (2017) a tax payer who is less risk averse is likely to practice evasion when compare to the one who is more risk averse. Conversely the tax payers’ knowledge and understanding was important when making decision of compliance.

Based on this, economic based theories suggest that tax regimes need to ensure that they conduct more in-depth audits and also impose strict penalties for those suspected of not complying with tax matters as a way of improving compliance (Christensen, 2019). The theory further asserts that enhancing the basic sector is the most essential way of ensuring that the economy of a country is able to grow and strengthen. Therefore, the basic sector is considered as the most essential towards the growth of the local economy. As such, this theory is attributed on the simple causal model which provide that the basic sector within the economy is the major cause that allows local economies to grow.

2.3 Empirical Review

In order to fully understand this part the study went an extra mile to analyze empirical studies based on various research constructs to achieve its purpose.

2.3.1 Staff Competence

According to Baurer (2015) in countries where corrupt tax administration practices are not dealt with, such incidences creates serious problems especially for the business community. Gleason, Pincus, and Rego, (2017) also states that, inadequate tax collections is due to weaknesses that prevails during its collection. Many scholars in the field of taxation have observed that developing nations are always faced with serious problems in regards to inefficient tax administration. Such problems in developing nations is believed to be caused by insufficient tax administrative employees with necessary skills as well as high illiteracy level that prevails amongst taxpayers and tax collectors in these countries. The reason why inexperienced tax officials with little understanding of various tax laws as well as lacking sufficient accounting practice that are key to analyzing tax returns are engaged to deal with tax matters in developing countries is as a result of financial constraints Torgler, (2011). Further, Kayaga (2010) argue that the problem of engaging unqualified and inexperienced tax officials is due to inadequate of training institutions as well as opportunities.

As per study conducted in Tanzania by Franzen (2015) it is established that employees in the public sector are more effective when engaged as tax collectors as opposed to their counterparts in the private sector. Additionally, Fjeldstad and Haggstad (2012) in their research survey concluded that effective measures need to be established in order to promote the accountability of revenue collectors as well as other related officials. Therefore, achieving effective tax collection can be achieved better if political will is embraced from the national government. In another study conducted in Uganda by Kayaga (2010) that aimed to assess the challenges that faced tax policies in developing nations with specific focus on Uganda, it was established that adopting modern technology was not sufficient enough especially in the event where the need to engage experienced and skilled tax officials is not recognized fully by the state government. The study therefore concluded that for effective tax administration to be achieved, it is a prerequisite for the state to engage tax officials who are experienced and qualified in terms of tax matters so as to make sure that the tax systems are operating to their ideal level.

For better understanding Karanja, (2018) conducted a study which highlighted the challenges affecting collection of turnover tax in Nairobi County, Kenya. He recognized that revenue collection was highly affected due to the tax officers soliciting bribes so as to reduce tax liability. Similarly, Ngugi and Kagiri, (2016)noted that, the vice of collusion as well as reduction of deductions by County Government revenue collectors heavily affected tax turnover.

Further emphasis on this point is the evident that, this vice of collusion of taxpayers and administrators of tax was real so as to ease charges in exchange for kickbacks that was not in order hence reducing the expected revenue (Karanja, 2018). Besides these Jahnke, (2017) acknowledged that, gross tax collection is negatively affected by dishonesty, exploitation and collusion among the tax administrators. It further approved that, mismatch and collision of duties of public officials created a loop hole for the ill-fated tax administrators to advance their deals. Also what came out clearly was that the better positioned the tax administrators were in the government they skewed the tax interpretations to ensure they received kickbacks.

2.3.2 Tax Rate

Scholars in tax matters posit that the main reason why many taxpayers consider evading tax payment is because of existence of high tax rates. This is so because, the incentives that makes one to engage in tax evasion depends on the overall marginal taxation rate since they tend to govern the gains that one earns by evading tax as an accumulation of the evaded tax (Kaldor, 1956). Additionally, high personal income tax rates is also another factor that causes tax payers to evade paying taxes. Another factor causing tax payers to evade tax payment is the numerous and complex rules and regulations that are normally enforced by the governments. With this, business tend to find it extremely difficult to pay higher taxes which in turn render their business undertakings unprofitable. Even in developed countries like United States and Britain, the issue of heavy taxation is a subject of worry as it is with developing countries like Kenya. For example, there are numerous taxes imposed upon taxpayers in Kenya such as PAYE, VAT, Income taxes, Excise duties, Custom duties, import and export taxes among others (KRA, 2018).

SMEs heavy taxation in Africa and Kenya in particular has called for great attention to intensify research tailored towards finding the overall effects of taxation on these enterprises (Muller & Kolk, 2015). Derwent, (2000) conducted a deep investigation into taxation behavior in United States, Kenya, Gambia, South Africa and Nigeria concluded that the ever-increasing tax is a key burden for citizens in these countries. The study results however established that higher tax rates tend to result in additional cost especially in production, distribution and selling costs which in turn result in higher prices which causes consumers to alter their purchasing behavior. As a result of higher prices, people alter their purchasing behavior by buying less products for which they require. As a result of reduced sales, manufacturers tend to cut down on their production level causing them to lay down some of their workers, hence, increasing the rate of unemployment within the nation.

It has been observed that the main factors of production that is land, labour, entrepreneurship, and capital have been apportioned to other sectors or even remain unused. For example, an increase in tax rates by the government on harmful products such as alcohol and cigarettes in a bid to raise additional revenue as well as discouraging their consumption causes people to look for alternative measures such as purchasing local brews which are sometimes dangerous. Increase in prices of goods and services as a result of increase in tax rates causes a decrease in the rate of consumption as well as decrease in sales volume which normally affects the growth of small businesses (Porter, & Kramer, 2019). Paying taxes reduces the overall purchasing power of a business since it acts as an avenue for cash outflow from the business. This is because, tax payment tends to consume a large portion of the amount that a business collects rather than such cash being utilized in expanding the same business enterprise. As Mika, (2012) notes, the overall purchasing power of a business tend to decrease significantly at the point where the organization pays more tax.

According to various studies, scholars have unanimously agreed that high tax rates appeared to inspire tax evasion. The main reason being increasing tax rates results to rise in tax burden therefore lowering taxpayer's disposable income level (Chipeta, 2002).

Nevertheless, the tax rates level is not the only single factor that is likely to influence individual's decision in regards to complying with tax. This is because, the overall tax system structure is likely to influence people's decisions as well. For instance, in the event where the tax rates charged on companies is relatively low as compared to high income tax rates charged on individuals, such individuals are likely to consider their tax rates as a burden and unfair to them, hence, they are likely to contemplate evading paying tax or even declaring only a small portion of their income for tax purposes. Likewise, large businesses are also likely to capitalize on various tax loopholes to their own advantages, hence, leading to the alleged inequity of the tax system. In this regard, both tax rates as well as overall tax system structure can be said to subject a great influence to the individual's desire to avoid paying the tax.

2.3.3 Taxpayer Knowledge

It has been supported that Knowledge of taxation is the reason why some taxpayers meet their tax obligation and is the reason why others don't comply. Citizen, educated or not need e a fair understanding as well as knowledge regulations of tax in order to fulfil their tax responsibilities. In general it was necessary for taxpayers to know about taxes in advance so as to fulfil their obligation. Besides these it has been observed that there is need to call for urgent sensitization of the taxpayers to clearly and easily understand the importance of paying tax so that they can do it voluntarily (Braithwaite, 2017). Moreover, making them appreciate the rewards and benefits which comes from this to them at individual levels and the country at large (Jatmiko, 2006). Also when the taxpayers know the regulations well they will be advantaged to minimize the exploitation of the fraud tax administration officers who have been capitalizing the gap that exist due to inadequate information.

For further emphasis on the above points it has been proven that there was positive significant relation between tax compliance and tax knowledge (Kamil, 2015). In spite of variation of tax knowledge it has always been realized that there was a connection to tax compliance. Equally, it was noted in Malaysia that despite the fact that the level of tax knowledge varied among the respondents always there was a bond linking them to tax compliance, (Palil 2010). Nevertheless, in Africa, generally tax compliance was influenced by tax education (Olaoye, Ayeni-Agbaje, & Alaran-Ajewole, 2017). Above all, Kamil, (2015) acknowledged that to fully understand what is taxed has resulted to increase tax payers' compliance.

Self-initiative to learn about tax has been embraced by many authorities. This can be through formal education, on line learning, and other informal ways to grasp the knowledge. Also the government has gone an extra step to make tax rules to be available in almost every plat form but it is still a challenge to many who seems not interested as they are rigid to the fact that tax is a burden to them.

2.3.4 Tax Compliance Cost

By definition a compliance cost refers to the expense in terms of money or even time while complying with the statutory requirement such as tax payment as per the laid down legislations. For instance, companies or individuals who are registered for VAT and dealing with ratable goods are tasked with extra burden of maintaining detailed and accurate records of all input as well as output taxes details which they utilize while filling for VAT returns in the following month following sale or purchase of ratable goods/services. This may entail employing an experienced person in tax matters which can be said to be cost of compliance. Therefore, cost of compliance usually constitute of every cost that are associated to complying to the law such as administration ,planning as well as the time and money that are incurred in filling taxes.

While preparing, and filling, business especially SMEs are normally faced with heavy compliance costs in addition to the cost incurred for paying taxes. As a result of these compliance costs in addition to fines and penalties imposed, risk of tax audit as well as the demand for bribe by tax officials normally makes it impossible for business to expand their operations especially in developing countries. Undertaking a survey on compliance cost is capable of providing useful information that aids in designing of effective tax reforms that are capable of minimizing the compliance cost and hence the risk for small businesses. This is clearly illustrated by the fact that compliance survey undertaken in Ukraine, South Africa, Peru and Yemen established the extent of burden that is caused to small businesses by these compliance costs. According to Coolidge, (2010), these detailed survey on compliance costs aided in fine-tuning the designing of tax compliance reforms which in turn lowered the associated costs and improved the competitiveness of small businesses.

In the systems where compliance cost has been exaggerated it has been prone to tax fraud, tax avoidance causing retorted investments due to reduced edge of competitiveness of a country due to poor tax attractiveness (Ojeka, 2012). To better understand tax system it encompasses tax planning cost, amount paid as tax and even paper work as called by economist as tax compliance cost.

Due to complexities of tax worsened by different level of government structures for instance in Kenya has pushed SMEs to avoid paying tax. This can be associate to increased compliance cost linked to various processes in the system (OECD, 2004).

2.3 Conceptual Framework

To better define conceptual frame work Young, (2009) recognized that it was an interconnected linkage between dependent variable and independent variables due to their given relationships. Similarly, the researcher has capitalized on both dependent and independent variables that form the factors affecting collection of non-oil revenue

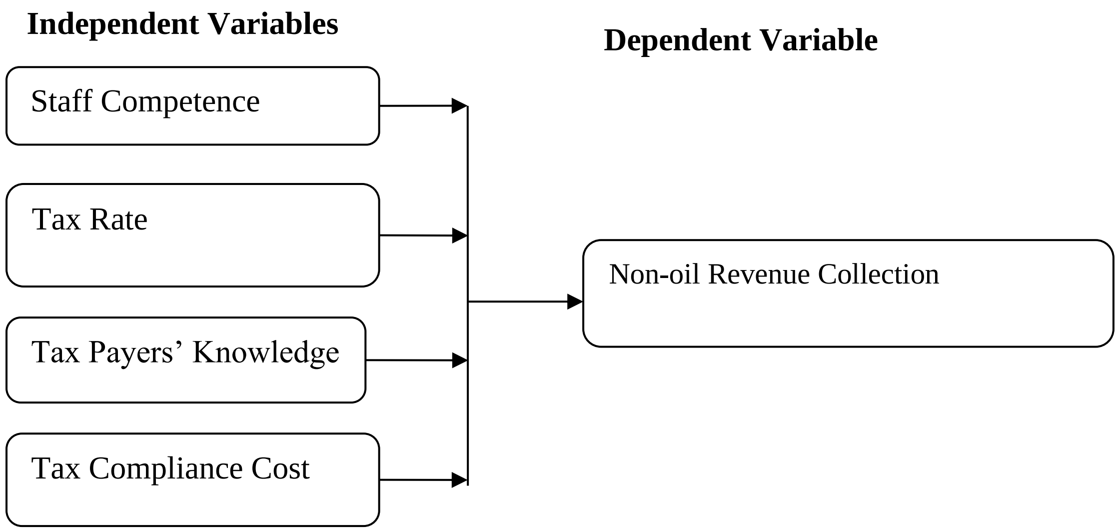


Figure 2.1: Conceptual Framework

2.4 Summary and Research Gaps

In order to summarize the discussed review of literature it was noted that various authors had disparities in coming up with determinants of Tax Revenue administration. Firstly, poorly administration of Tax Revenue due to insufficient tax identification, assessment, collection procedures and sensitization (Kira, 2017). On the other note Bodea, and LeBas, (2016) had the opinion that it was due to the quality of service delivery, Attitude of taxpayers toward tax, and inadequate tax registration.

The impact of not fully collecting the much needed tax by the government affects not only the people but also the government at large due to being crippled to play its role as expected. Cleland, (2004) notes that collection of revenue to its ideal potential fail because of the following reasons. It can be due to poor planning as organized by less informed managers, misuse of available resources due to insufficient accountability and lack of taxpayers drive to obey their tax paying responsibility.

2.5 Knowledge Gaps

Table 2.1: Knowledge Gaps

Author of Study	Aim of Study	Methodology	Findings	Knowledge Gaps	Focus of Current study
Vadde, S. &Gundarapu, S. (2012)	Factors that influence rental tax payers' compliance with tax system: an empirical study of Mekelle City, Ethiopia	Qualitative type of research Was adopted Purposive sampling technique was employed	The study indicated that there were some dishonest rental tax payers. Some rental tax payers were intentionally understating theirtaxable income by substantial amounts.	The study focused only the rental estate without focusing on other sectors	The current study aims to investigate the factors that are influencing
Mwangi, P. N.	Factors influencing tax compliance amongsmall and medium enterprises in Nairobiindustrial area, Kenya	Stratified sampling technique was Adopted Primary data was used	The study revealed tax rate influencing SMEs compliance The lack of readily available information accounted to a great percent as a reason for non-compliance.	The study focused only on SMEs leaving other sectors uncovered	This study aims to investigate factors that influence collection of revenues in non-oil resources
Sumartaya, D. &Hafidiah, A. (2014)	Influence of taxpayer's awareness and tax morale toward tax evasion	Purposive sampling method	The study established that that the awareness of tax and tax morale both partial and simultaneous significant	The study focused on general taxpayers'hose taxpayers whose earned income over non-taxable income of Rp15, 840,000 annually.	The study will focus on taxpayers and specific aspects such as tax compliance cost, tax rate, taxpayer

			effect on the level of tax evasion.		knowledge will be examined

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discusses study methodology which was utilized while undertaking this research. Other areas covered under this section include the research design, target population of the research, sampling method and sample size of the population, study tools, validity and reliability and other methods used to achieve the purpose of the study.

3.2 Research Design

Bryman & Bell, (2011) argued that research design is the detailed strategy that a researcher utilizes as a guide while organizing his/her study activities. Through this strategy, a researcher is capable of providing detailed arrangements on how the study is conducted. Therefore to meet the purpose of the research,the investigator used a descriptive research design. In order to describe two variables,a descriptive statistics is employed. Descriptive research design is used since it provides a clear representation of the situation which the researcher aims to study. Additionally, it provides the researcher with an opportunity to determine the various features of the variables under investigation. As earlier noted this research focused on establishing factors affecting collection of non-oil revenue in South Sudan, the research strategy used makes it possible for the researcher to determine the status of the variables which are being investigated.

3.3 Population of the Study

For the researcher to achieve the intended purpose, the study targeted 1,093 business companies who were paying tax in Juba town and were engaged in businesses within the town (Ministry of Trade and Industry, 2019). The reason why these were selected as the participants in this study is because they are always in touch with the NRA and have an idea on how the tax system operated since they paid their taxes. Number of businesses in trade are 688 whereas those which are in service sub sector are 405. As illustrated in table 3.1 a detailed distribution of the target population of businesses considering the type of business across all sub sectors in Juba town.

Table 3.1: Distribution of the target population in different sub sectors

Sub Sectors	**Number of Businesses**	**Percentage of Total Businesses (%)**
Trade	688	63
Service	405	37
Total	**1093**	**100**

Sources: Juba Trade and Commerce Report (2019)

3.4 Sample and sampling technique

The strategy that a researcher decided to use in order to enable him/her to obtain the required sample to study from the larger population is here referred to as a sample design. According to Flick, (2018) it is a method which a researcher adopts when selecting sample items in order to come up with a representative sample of the target population for the study. Yamane (1998) formula for a finite population, the sample size is adopted. It is given by:

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

N=Population size

e=margin of error

From the Yamane's method, to compute the sample size (n), given the total population size (N) of 1093 and the margin of error (e) of 0.05, substituting to the formula results to a sample size of approximately 293 business in juba town. Further, two sampling techniques are adopted in selection of the sample that is a stratified sampling and simple random sampling. Biyi (2005) refers to stratified random sampling as one where the target group is first divided into two or more sets referred to as strata and then simple random selection is made within each stratum. The nature of these system(s) is informed by the reason that the population of the study is heterogeneous as it varies in distribution across the sub-sectors. For example trade sub sector has large number of businesses whereas the service sub sector has few. To avoid sampling bias, the proportionate allocation formula is used; $(n_h = N_h/N) \times n)$

Where, $h = the\ stratum$

$$n_h = the\ sample\ size\ of\ the\ stratum\ h$$

$$N_h = the\ population\ size\ of\ the\ stratum\ h$$

$$N = the\ total\ population$$

$$n = sample\ size\ of\ the\ population$$

The proportion of distribution as demonstrated in table 3.1 is maintained in table 3.2. Businesses is stratified in two categories that is; sub sector (trade or service). Thereafter, simple random sampling is conducted to identify the actual businesses that are set to participate in the study.

Table 3.2: Distribution of the Sampled Population across sub sectors

Sub sector	Number of sampled Businesses
Trade	185
Service	108
Total	**293**

Source: Researcher (2019)

3.5 Data Collection Instruments

The information that was utilized during this investigation was basically primary data and was gathered using questionnaires. The questionnaires were issued out to all participants. The questions on the questionnaire were well structured questions. The survey was grouped into two parts, with the initial part containing background information and the other part focused on both the specific and main objective of the study. The outcome from questionnaires were categorized in Likert scale format in order to clearly capture all the variables that were studied relating to tax collection for non-oil resources.

3.6 Validity and Reliability

Research quality was measured using the validity and reliability. To define validity it focused on how accurate the data obtained captures its intended measure however to ensure the content validity the questionnaire were subjected to a pilot test to evaluate the weakness in the formulation and of the questionnaire and then the final questionnaire constructed (Page et al, 2007).

A pilot test was undertaken to ensure generalizability; a representative sampling of the population was drawn from 30 business which is 10% of the sampled population according to Bryman et al., (2007) whereby respondent from each business were selected for the pilot. The businesses located in outskirt towns surrounding Juba town were selected because they possess similar characteristics to those in Juba town.

On the other hand reliability focused on the measure of the consistency of an idea. The aim of the reliability is to reduce the errors and biases in the study (Bryman et al., 2007). Using the Cronbach alpha test a reliability test was evaluated to assess the relationship among the study variables. 0.7 as a Cronbach alpha coefficient was considered acceptable.

3.7 Data Collection Procedure

In order to save time during data gathering time, two research assistants were engaged by the researcher so as to help in distributing questionnaires to all the participants who the study aimed to interview. Issuing and collecting later technique was utilized during the administration of the questionnaires.

3.8 Data Analysis and Presentation

The primary data collected was compiled, sorted, and edited in order to ensure that it was accurate and clean after which it wasclassified and coded into specific sheets after which it was analyzed using a computer statistical software calledSTATA version 14.1. This computer software was used for analyzing the study data since it is command based and had capacity to analyses structural latent variables. On the other hand, qualitative data obtained were quantified together after which it was analyzed as per the content matter of the responses. In this case, all those responses which have similar themes were classified together into coherent categories. Further data was analyzed using descriptive statistics after which the results was presented using frequency tables, means and standard deviations. However, results obtained from quantifiable data was presented using tables and graphs after which detailed dissemination of the results was done in prose.

In order to determine the strength which existed between the independent and dependent variables, correlation analysis andmultiple linear regression model was used. Analysis of variance (ANOVA) a statistical test for significance of the differences between the mean scores of more than two groups, (Wagner, 2007) was used.

The model is:

$$\mathbf{Y}= \boldsymbol{\beta 0+ \beta_1 SC+\beta_2 TRC+ \beta_3 TK+ \beta_3 TCC+\varepsilon}$$

Where: **Y** is dependent variable (Non-Oil revenue collection),

β_1, β_2, β_3 and β_4 are the slopes of the regression equation,

SC is the Staff Competence

TR is the Tax Rate,

TK is the Tax Knowledge,

TCC is the Tax Compliance Cost.

Also **ε** representsan error term normally distributed about a mean of 0 and for purpose of computation. Note that SEM modeling does not produce a constant.

3.9 Operationalization of the study variables

This research revolved around concept of revenue mobilization and the respective determinants. Identified factors are the independent variables while non-oil revenue collection is the dependent variable. The table 3.4 demonstrates how the study variables were measured.

Table 3.3: Variable Operationalization

Variable	Operational Definition	Measurement
Dependent Variable		
Non-Oil Revenue collection	• Proportion collected • Increased use of technology • Low non-oil tax evasion	5 Point Likert Scale
Independent Variables		
Staff Competency	• Competent revenue clerks • Requisite training • Revenue are accountable	5 Point LikertScale
Tax payers Knowledge on Tax laws	• Awareness on tax obligation • Attended any tax filing clinic • Assisted in filing returns	5 Point Likert Scale
Tax Compliance cost	• Tax compliance cost • Cost correct tax liability • Tax evasion	5 Point Likert Scale
Tax Rate	• Tax rates compared with the other East African countries • Tax payers to understate their tax liabilities • Marginal tax rate	5 Point Likert Scale

Source: Researcher (2019)

3.10 Ethical Considerations

To ensure that anonymity and confidentiality were ascertained the researcher employed use of codes to represent the respondents instead of names and data. In addition to this the researcher requested for permission to administer questionnaires while to ensure confidentiality further the questionnaire and interview guides did not require the respondents to indicate their names on.

Besides these, it was made clear to the respondents that it was a voluntary exercise and the information given in the process should be to the best of their knowledge and above all no soliciting of money was expected before, during and after the process. The information shared after processing was to be available in public domain and no person was to be marginalized along the line of race, gender and even position.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents findings and analysis of data obtained during the study. It entails research findings, data analysis, as well as interpretation. The findings are presented in form of tables and figures. Furthermore the analyzed data was grouped under subjects that reflected the research objectives.

4.2 Response Rates

To realize the purpose of the study a total of 293 survey questionnaires were administered to the sampled respondents, out of which approximately 249 questionnaires were filled properly and returned. This resulted to an overall successful response rate of 84.98%. It is suggested that generally whenever we acquire 50% as a response rate or more it is considered adequate. Similarly, Mugenda and Mugenda, (2003); and Babbie, (2015) elaborated that return rates of 50% are adequate to analyze and publish, 60% is good and 70% is excellent to work with. Findings are as shown in table 4.1

Table 4.1: Response Rate

Response	Total	Percent
Returned	249	84.98%
Unreturned	44	15.02%
Total	**293**	**100%**

Source: Primary Data (2019)

4.3 Reliability and Validity Results

As explained in the methodology, a pilot test was undertaken to ensure generalizability; a representative sampling of the population was drawn. On the other hand reliability analysis was done to reduce the errors and biases in the study. Cronbach alpha test a reliability test was used to evaluate and assess the relationship among the study variables. The following (table 4.2) were the reliability findings from the pilot test.

Table 4.2: Scale Reliability Coefficients

Constructs	Alpha value (%)	No of Items	Comments
Non-Oil revenue collection	81.32	3	Reliable
Staff competence	75.13	5	Reliable
Tax Rate	75.50	4	Reliable
Tax payers' knowledge	71.77	5	Reliable
Tax Compliance Cost	71.86	4	Reliable

As illustrated from the results, all the variables were reliable since their Cronbach Alpha value recorded was greater than 70 percent in which the non-oil revenue collection recorded highest coefficient of 0.8132 and tax payers' knowledge had the least coefficient value of 0.7177 as Cronbach Alpha values respectively. As per Bovens (2005), if all the variables are reliable then the research instrument is reliable and therefore no amendments required.

4.3 Demographic Characteristics

4.3.1 Gender

The gender of participants who pay tax is of essence when it comes to level of compliance. The findings are indicated in table 4.3. It was revealed that 57.03 % belonged to male by gender while the remaining that is 42.97% were female by gender.

Table 4.3: Gender Distribution

Sex	Freq.	Percent
Male	142	57.03
Female	107	42.97
Total	**249**	**100.00**

Source: Primary Data (2019)

4.3.2 Age Bracket

In order to establish the age category of the respondents they were requested to indicate their age bracket. The outcomes are as shown in table 4.4. It was clear that about 38.15% were in 26-33 category, while 34.94% of the respondents were between the ages 34-41 years. In addition to these 16.87% were under age bracket of between 42 and 49 years while 10.04% were between 18 and 25 years. This means that over 73% of the businesses were conducted by individual aged between 26 and 41 years. This is the most active segment in the population structure.

Table 4.4: Age Distribution

Age Bracket	Freq.	Percent
18-25 years	25	10.04
26-33 years	95	38.15
34-41 years	87	34.94
42-49 years	42	16.87
Total	**249**	**100.00**

Source: Primary Data (2019)

4.3.3 Duration Worked in the Organization

The respondents were asked to indicate the period they had worked in the organization. Results in table 4.5 indicated that about 27% of the respondents had worked for 6-10 years, while around 25% had served for 1-5 years. On the other hand, 16% had been in operation between 16-20 years, while 10% had served for more than 20 years. Further 22% had worked for 11-15 years.This means thatover 50% of respondents in these businesses had worked for a period of between one and ten years.

Table 4.5: Duration Worked in the Organization

Duration(Years)	Freq.	Percent
1-5	62	25
6-10	67	27
11-15	55	22
16-20	40	16
More than 20	25	10
Total	**249**	**100.00**

Source: Primary Data (2019)

4.3.4 Legal Business Ownership

As per the outcome as indicated in table 4.6, 70% of the respondents were sole traders, 20% respondents were in private limited company while the remaining 10% engaged in partnership. These means that the businesses available in juba town were mostly under sole proprietorship as it’s easier to start and operate than other forms of businesses.

Table 4.6: Business ownership

Business ownership	**Freq.**	**Percent**
Sole Trader	174	70
Partnership	50	20
Private Limited Company	25	10
Total	**249**	**100.00**

Source: Primary Data (2019)

4.3.5 Number of Employees

The respondents were asked to indicate the number of employees in their firms. Results in table 4.7 indicated that approximately 48.19% of the esteemed respondents had attained between 11 and 20 number of employees while 21-30 employee had 14.87% of the share.in addition to these 22.89% belonged to those who had less than 10 employees. On the other hand, 8.03% had 41-50 employees while the reminder portion of 6.02% had between 31-40 employees. Based on these statistics, it can be deduced that most of the businesses adding up to about 71.08% had less than 20 employees.

Table 4.7: Number of Employees

Number of Employees	Freq.	Percent
Less than 10	57	22.89
11-20	120	48.19
21-30	37	14.87
31-40	15	6.02
41-50	20	8.03
Total	**151**	**100.00**

Source: Primary Data (2019)

4.4 Descriptive Statistics

This division presents the descriptive outcomes of the factors affecting collection of non-oil revenue in South Sudan. These factors include: staff competence, tax rate, taxpayer's knowledge, and tax compliance with regard to collection of non-oil revenues in South Sudan. Measures of central tendency as stated earlier were adopted; Mean measures the exceedingly representative value in a set of values while the standard deviation (STD) illustrates how far from the mean the range is. Finally the arrangement in this section was based on the aims of the research.

4.4.1 Competence of Revenue Collection Staff

The aim of the research was to establish the competence of revenue collection staff. The responses were evaluated accordingly and the outcome rated on a Likert scale before being presented in table 4.8. It was revealed that about, 41.72%, of the respondents generally agreed while 7.95% disagreeing with the point that there is inadequacy of competent revenue clerks in South Sudan. The mean found for the construct was 3.67 whereas the STD was 1.40. Additionally, about 25.57% of the respondents just agreed with the statement that the revenue collectors lacked adequate requisite training on revenue collection. The mean and the STD for this statement was 3.23 and 1.44 respectively.

From the findings it was clear that the approximately, 45.04% of the respondents generally supported the statement that financial constraints had led to hiring of incompetent revenue clerks who lacked sufficient understanding of the tax laws. These recorded mean of 3.01 and STD of 1.44.On the other hand it is was revealed that about 50.33% supported the statement that revenue clerks lacked sufficient training on accountability of revenue collected. Lastly about 39.74% as per the respondents supported the statement that there were elements of corrupt revenue clerks. This lead to mean of 3.24 and STD of 1.36 suggesting low variation in replies. Considering the overall mean, the findings imply that respondents were neutral or not very sure about competency of revenue collection staff.

Table 4.8: Competence of Revenue Collection Staff

	Percentage (%)						
Statement	**SD**	**D**	**N**	**A**	**SA**	**Mean**	**STD**
There is inadequacy of competent revenue clerks in South Sudan	7.95	21.19	8.61	20.53	41.72	3.67	1.40
Some of the revenue collectors lacks adequate requisite training on revenue collection	15.89	21.85	10.6	26.49	25.17	3.23	1.44
Financial constraints have led to hiring of incompetent revenue clerks who lack sufficient understanding of the tax laws	20.53	21.85	12.58	25.83	19.21	3.01	1.44
Revenue clerks lacks sufficient training on accountability of revenue collected	14.57	22.52	12.58	25.83	24.5	3.23	1.42
There are elements of corrupt revenue clerks	16.56	26.49	17.22	25.17	14.57	2.95	1.33
Average						**3.22**	**1.41**

Source: Primary Data (2019)

4.4.2 Tax Rate

The study sought to establish the tax rate in South Sudan. In order to have a clear picture of the findings the responses were evaluated on a Likert scale and the results tabulated in table 4.9. The study outcomes indicated that about 50.33% of the respondents acknowledged support with 20.53% dissenting with the fact that South Sudan charged a high tax rate compared with the other East African countries. It was noted that this had a mean of 3.48 and STD of 1.13. Also, the approximately 47.69% of the respondents backed the statement that high tax rates made some tax payers to understate their tax liabilities. This prompted a mean and STD of 3.34 and 1.12 respectively.

The research further recognized that about 64.90%, of the respondents agreed with the statement that high tax rates causes some tax payers to evade the payment of tax. This led to a mean of 3.85 while the STD was 1.20 indicating low variation in responses. Besides these, approximately 70.2% supported the idea that high marginal tax rate had a negative effect on tax compliance. The statement recorded a mean and STD of 3.66 and 1.06 respectively.

After final evaluation it was noted that the average mean for the statements was 3.58, indicating that most of the respondents just approved that tax rate influenced the revenue collection. The STD was 1.12, also indicating that there was some variation in responses by the respondents. From the findings that is overall mean, it could be concluded that most of responses concurred with statements put forward regarding tax rate.

Table 4.9: Tax Rate

Statements	Percentage (%)					Mean	STD
	SD	D	N	A	SA		
South Sudan charges a higher tax rate compared with the other East African countries	3.97	16.56	29.14	27.81	22.52	3.48	1.13
Higher tax rates make some tax payers to understate their tax liabilities	4.64	21.19	26.49	31.13	16.56	3.34	1.12
High tax rates make some tax payers to evadepayment of their tax	3.31	14.57	17.22	23.84	41.06	3.85	1.20
High marginal tax rate has a negative effect on tax compliance	5.3	11.26	13.25	52.98	17.22	3.66	1.06
Average						**3.58**	**1.12**

Source: Primary Data (2019)

4.4.3 Tax Payers Knowledge on Tax Laws

The study sought to establish the tax payers' knowledge on tax laws. The findings was computed and were rated on a Likert scale while the outcomes were tabulated in table 4.10. From the outcome it was evident that about, 37.09% of the respondents strongly approved while 5.96% strongly disapproved with the fact that they were not fully aware about their tax obligation. These led to a mean of 3.88 while the STD was 1.20 per this statement. Moreover, it was evident that they had not attended any tax filing clinic with 3.58 and 1.35 as the mean and STD for this statement respectively.

Besides these, about 49.87% of the respondents acknowledged support with the statement that they filed their returns with the help of the tax expert. The mean for this construct was 3.27 with STD of 1.36. Additionally the respondent supported the idea that they had never been visited by NRA staff with approximately about 25.17% approval. Finally, about 23.79 % of the respondents approved the statement that they were sometime penalized for making wrong declarations. This resulted to mean of 3.26 and STD of 1.28 inferring to low variation in responses. The general mean for the statements was 3.46, suggesting that most of the respondents just accepted that tax payers' knowledge on tax laws was key in order to implement the revenue collection. Likewise on the case of STD of 1.29 suggesting that there were some variation in responses. The overall mean implies that respondents were neutral or were not sure with most of the statements regarding taxpayers' knowledge on tax laws.

Table 4.10: Tax Payers' Knowledge on Tax Laws

	Percentage (%)						
Statement	**SD**	**D**	**N**	**A**	**SA**	**Mean**	**STD**
I am not fully aware about my tax obligation	5.96	11.26	8.61	37.09	37.09	3.88	1.20
I have not attended some tax filing clinic	9.27	17.88	10.6	29.8	32.45	3.58	1.35
I file my returns with the help of the tax expert	11.26	23.84	15.23	25.83	23.84	3.27	1.36
I have never been visited by NRA staff	5.96	28.48	15.23	28.48	21.85	3.32	1.26
I sometime penalized for making wrong declarations	7.95	27.81	15.23	28.48	20.53	3.26	1.28
Average						**3.46**	**1.29**

Source: Primary Data (2019)

4.4.4 Tax Compliance Cost

Tax compliance cost is key to any system hence this study sought to establish the influence of compliance cost on revenue collection. The responses were subjected to the Likert scale and the results tabulated in table 4.11. The outcomes noted that majority, 74.83%, of the respondents generally agreedwhereas 15.90% disagreed with the fact that tax compliance cost was high. Therefore this led to a mean of 3.69 and the STD of 1.01. Moreover, the majority of the respondents, 70.86%, supported the statement that highamount of tax compliance costs motivated taxpayers to evade tax. Consequently leading to a mean and the STD of 3.74 and 1.21 respectively.

The research also recognized that about, 68.88% of the respondents supported the statement that taxpayers opted to take the risk of being detected evading tax since tax compliance cost was higher than the cost of determining the correct tax liability. After evaluating this construct it resulted to mean of 3.98 while the STD was 1.39. The general mean for this statements was 3.80, indicating that a good number of the respondents just supported the idea that tax compliance cost was key in order to implement the revenue collection. On the other hand recording a STD of 1.20 showed that there was some variation in responses. The findings means that respondents concurred with statements put forward on cost of tax compliance.

Table 4.11: Tax Compliance Cost

	Percentage (%)						
Statement	**SD**	**D**	**N**	**A**	**SA**	**Mean**	**STD**
Tax compliance cost is high	4.64	11.26	9.27	60.26	14.57	3.69	1.01
The high amount of tax compliance costs motivates taxpayers to evade tax	6.62	13.25	9.27	41.06	29.8	3.74	1.21
Taxpayers opt to take the risk of being detected evading tax since tax compliance cost is higher than the cost of determining the correct tax liability	7.95	13.25	9.93	10.6	58.28	3.98	1.39
Average						**3.80**	**1.20**

Source: Primary Data (2019)

4.4.5 Non-Oil Revenue Collection

The study sought to establish the influence on non-oil revenue collection. The results were analyzed and rated on a Likert scale as illustrated in table 4.12. It was evident that a good number, 87.41%, of the respondents supported with 9.27% disagreeing with the fact that there was minimal collection of non-oil revenue as an extra source of revenue in South Sudan. From the analysis it was noted that the mean for the statement was 4.08 while the STD was 0.95. Conversely, about 64.24% of the respondents supported the statement that Non-oil revenue collected constituted a very small percentage compared to oil revenue. This culminated to a mean of 3.82 and the STD of 1.09.

Similarly it was revealed that approximately, 72.19% of the respondents embraced the idea that lack of adequate competence revenue staff had attributed to the low levels of non- oil revenue collected. After careful computation the outcomes resulted to a mean of 3.91 while the STD recorded was 1.30. Above all, about 72.19 % of the respondents acknowledged their support to the statement that high tax compliance cost contributed to high tax evasion of non- oil revenue. The overall mean of the outcome for this statement is 3.90 while the STD is 1.12 inferring low variation in responses. Like previous immediate construct, respondents concurred with statements put forward on Non-Oil revenue collection.

Table 4.12: Non-Oil Revenue Collection

	Percentage (%)						
Statements	**SD**	**D**	**N**	**A**	**SA**	**Mean**	**STD**
There is minimal collection of non-oil revenue in South Sudan	3.31	5.96	3.31	53.64	33.77	4.08	0.95

Non-oil revenue collected constitutes a very small percentage compared to oil revenue	3.97	7.28	24.5	31.13	33.11	3.82	1.09
Lack of adequate competence among revenue staff has attributed to the low levels of non- oil revenue collected	5.96	15.89	5.96	25.83	46.36	3.91	1.30
Hightax compliance cost contribute to high tax evasion of non- oil revenue	1.32	21.85	4.64	39.74	32.45	3.80	1.15
Average						**3.90**	**1.12**

Source: Primary Data (2019)

4.5 Correlation Analysis

To properly illustrate the level of significance and degree of association among variables it is crucial to carry out correlation analysis. It can be utilized to measure the level of linkage between two variables. After analyzing the variable the outcomes were tabulated in table 4.13 and in the appendices section. Usually correlation variable ranges between 1 and – 1. When elaborating this values 1 shows a very strong positive linkage while -1 depict a very strong negative linkage. However, zero shows lack of bond between the two variables.

The relationship between non-oil revenue oil collection and staff competence was positive, strong and non-significance (r= 0. 333, p value= 0.000). Similarly, relationship between non-oil revenue oil collection and tax rate was moderate, positive and significance (r = 0.421. p value = 0.000). The relationship between tax payers knowledge and non-oil revenue oil collection was positive, moderate, and significant (r = 0. 562, p value = 0.000).Similarly, the association between tax compliance cost and non-oil revenue oil collection was negative, moderate, and non-significant (r = -0.106, p value = 0.096).

Table 4.13: Pearson Correlation Analysis

Correlations

		Non-Oil Revenue Collection	Staff Competence	Tax Rate	Tax Payer Knowledge	Tax Compliance Cost
Non-Oil Revenue Collection	Pearson Correlation	1	.333**	.421**	.562**	-.106
	Sig. (2-tailed)		.000	.000	.000	.096
	N	249	249	249	249	249
Staff Competence	Pearson Correlation	.333**	1	.116	.351**	-.133*
	Sig. (2-tailed)	.000		.067	.000	.036
	N	249	249	249	249	249
Tax Rate	Pearson Correlation	.421**	.116	1	.268**	-.218**
	Sig. (2-tailed)	.000	.067		.000	.001
	N	249	249	249	249	249
Tax Payer Knowledge	Pearson Correlation	.562**	.351**	.268**	1	.010
	Sig. (2-tailed)	.000	.000	.000		.876
	N	249	249	249	249	249
Tax Compliance Cost	Pearson Correlation	-.106	-.133*	-.218**	.010	1
	Sig. (2-tailed)	.096	.036	.001	.876	
	N	249	249	249	249	249

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary Data (2019)

The results showed that all variables had some association which was positive within their respective pairs. The relationship between tax rate and staff competence proved positive, strong and non-significance (r= 0.116, p value= 0.067). Similarly, relationship between tax payers knowledge and staff competence was moderate, positive and significance (r = 0.351. p value = 0.000). The relationship between tax compliance and staff competence was negative, moderate, and significant (r = -0.133, p value = 0.036). The relationship between tax payers knowledge and tax rate was positive, very weak, and non-significance (r = 0.268, p value = 0.000). The relationship between tax rate and tax compliance was negative, moderate and significance(r = -0.218, p value = 0.001). Similarly, the association created between tax payers knowledge and tax compliance was revealed to be positive, modest and non-significant (r = 0. 010, p value = 0.876).

4.6 Regression Analysis and Interpretation of Estimated Coefficients

In order to determine factors influencing the collection of non-oil revenue in South Sudan, a multiple regression analysis was carried out. According to Byrne, (2013) noted that the model was up voted to be suitable since it had both the dependent and independent variables and were structural in nature. The model described the relations between the observable variables as well as defining concealed factors that are either directly or indirectly causing modifications in the values of other latent factors in the given model.

4.6.1 Assumptions for Multiple Linear Regression Analysis

In testing hypotheses, the study conducted multiple linear regression model. To test the hypothesis, a regression analysis was done to establish the extent to which staff competence, tax rate, tax payer’s knowledge and tax compliance cost influenced non-oil revenue collection. Before testing any hypothesis, the study first subjected the model into tests of various assumptions. Assumptions include normality, linearity, heteroscedasticity and multicollinearity.

4.6.1.1 Test for Normality

The Shapiro Wilk test for normality was conducted to test whether Post-conflict reconstruction was normally distributed. The null hypothesis was that the data did not come from a population that was not normally distributed. Therefore the alternate hypothesis is that the data originated from a normally distributed population. The test statistic is as shown in the table 4.14.

Table 4.14: Normality Test (Shapiro-Wilk test)

	Shapiro-Wilk		
Variable	**Statistic**	**df**	**P value**
Staff competency	1211	225	0.090
Tax rate	1013	236	0.101
Tax payers knowledge	1001	227	0.223
Tax compliance cost	1232	218	0.064

The result shows that the p-values for the explanatory variables that is 0.09, 0.101, 0.223 and 0.064 are greater than 0.05. Therefore we failed to reject the null hypothesis that the variables were normally distributed at 5% level of significance. Therefore regression was applied on the data considering that the data met the assumed conditions for application of multiple linear regression analysis.

4.6.1.2 Test for Linearity

In testing whether the variables were linearly associated, an analysis for linearity was done. The null hypothesis for the test was that there is no linear relationship. The test statistic for linear relationship between staff competence, tax rate, tax payer's knowledge, tax compliance costand non-oil revenue collection (dependent variable) is shown in figure 4.1. From the partial regression plot, variables follows linear assumption.

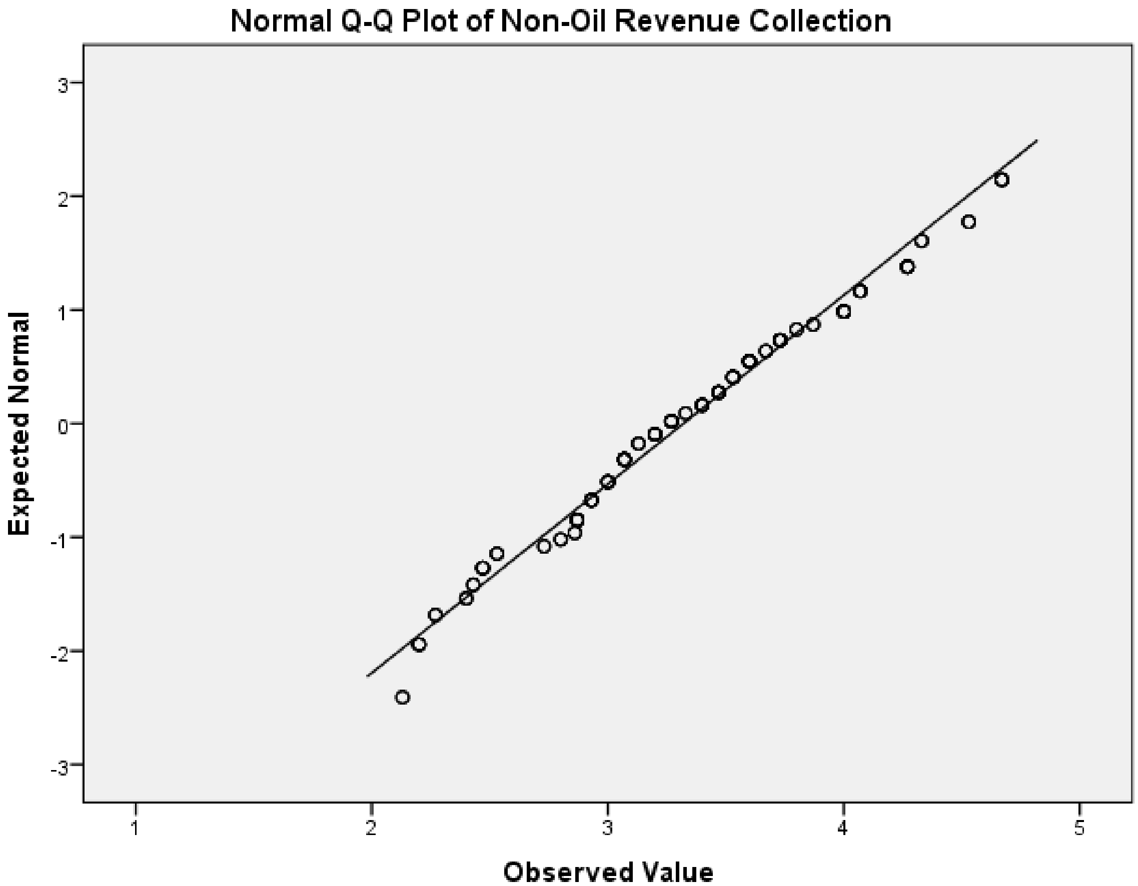


Figure 4.1: Test for Linearity

Source: Primary Data (2019)

4.6.1.3 Test for Heteroscedasticity

Heteroscedasticity refers to variation of the error terms across all the observations under study. The study used the scatter plot test for heteroscedasticity. Figure 4.2 show that heteroscedasticity is absent as it is scattered across.

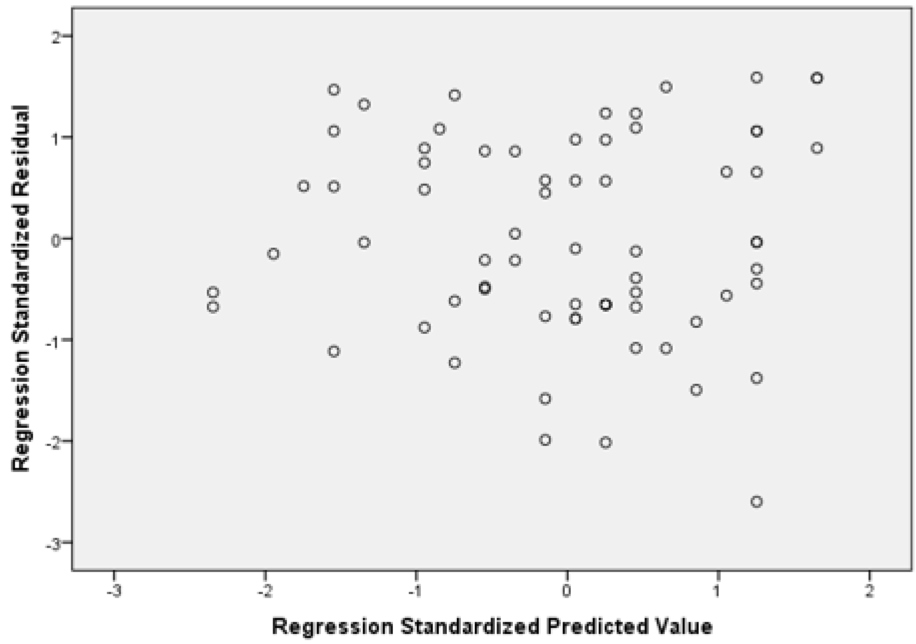


Figure 4.2: Scatter Plot for Heteroscedasticity test

4.6.1.4 Test for Multicollinearity

To test whether the level of multicollinearity in the estimated models would be tolerated, Variance Inflation Factor (VIF) was used. The finding is stated in table 4.15.

Table 4.15: Multicollinearity Test

Variables	VIF
Staff competency	1.15
Tax rate	2.35
Tax payers knowledge	4.21
Tax compliance cost	3.33

The results shows that the VIF for the proposed model that is 1.15, 2.35, 4.21 and 3.33 are within the acceptable ranges of 1 to 10. This shows that staff competence, tax rate, tax payer’s knowledge, and tax compliance cost did not exhibit multicollinearity and regression analysis was then carried out.

4.6.2 Multiple Linear Regression Analysis

The purpose of this section is to highlight the effect of staff competence, tax rate, tax payer's knowledge, and tax compliance coston non-oil revenue collection in South Sudan. A hypothesis was proposed leading to testing of the relationship through multiple linear regression model.

4.6.2.1 Model Summary

In this section, a multiple regression analysis was conducted to test the influence among predictor variable. The model summary are presented in the Table 4.16.

Table 4.16:Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999	.998	.855	.0359

a. Predictors: (Constant), Staff Competence, Tax Rate, Tax Payer Knowledge, Tax Compliance Cost

The study used coefficient of determination to evaluate the model fit. The adjusted R^2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The study results revealed that staff competence, tax rate, tax payer's knowledge, and tax compliance cost explained non-oil revenue collection. This is based on the value for coefficient of determination which was 0.998 and adjusted to 0.855. Therefore they explained 99.8% of variation in non-oil revenue collection. This implies that the three independent variables had a strong relationship with non-oil revenue collection in South Sudan. From this fit statistics, the study concludes that estimation of the multiple regression model could proceed and that estimates are not biased.

4.6.2.2 Regression Analysis of Variance

The study further tested the significance of the model by use of ANOVA technique. The findings are tabulated in Table 4.17.

Table 4.17:Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sign.
	Regression	1198.632	4	299.658	= 256.50	.000
1	Residual	209.965	245	0.857		
	Total	**1408.597**	**249**			

a. Dependent Variable: Non-Oil Revenue Collection

b. Predictors: (Constant), Staff Competence, Tax Rate, Tax Payer Knowledge, Tax Compliance Cost

From the ANOVA statistics, the study established the regression model had a significance level of 0.000 which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (F=256.5, p value=0.000) an indication that staff competence, tax rate, tax payer's knowledge, and tax compliance costhad a joint and significant effect on non-oil revenue collection. The significance value was less than 0.05 indicating that the model was significant.

4.6.2.3 Regression Coefficients

A Multiple linear regression analysis was done to establish the extent to which staff competence, tax rate, tax payer's knowledge, and tax compliance costhada significant effect on non-oil revenue collection The composite index of the staff competence, tax rate, tax payer's knowledge, and tax compliance costas well asnon-oil revenue collection was computed and a multiple regression analysis performed to establish the influence. The relevant results are presented in **Error! Reference source not found.**.

Table 4.18:Regression Analysis of Non-Oil Revenue Collection Factors

Coefficients					
b coefficients					
Model	Unstandardized coefficients		Standardized coefficients		
	B	Std. Error	Beta	t-stat	Sig.
(Constant)	.4490	.1520		2.95	.005
Staff Competence	0.6461	0.1946	0.6455**	3.32	0.005
Tax Rate	0.2542	0.1025	0.2540**	2.48	0.021
Tax Payer Knowledge	0.3056	0.1306	0.3055**	2.34	0.033
Tax Compliance Cost	-0.1704	0.1794	-0.1704	-0.95	0.423

Predicators: Staff Competence, Tax Rate, Tax Payer Knowledge, Tax Compliance Cost

Dependent Variable: Non-Oil Revenue Collection

****Significance level of 5 percent.**

Source: Research Data (2019)

The outcome shows the output of the structural modeling of the predictor variables. The findings further proved that all the four variables were statistically significant at the set 5% level in elaborating and explaining this dependent variable through. In order to know the direction and the degree of influence of the predictor variable on the dependent variable beta coefficient plays a crucial role.

From the results, it was established that a unit increase in staff competence, led to a significant (p value=0.005) increase in revenue collection with 0.6455 units holding other factors constant. This is was due to the fact that the p value of 0.005 is less than 0.05 level of significance. Similarly, an increase per unit in tax rate, led to a significant (p value=0.021) increase in revenue collection with 0.2540 units holding other factors constant. This is due to the fact that the p value of 0.021 is less than 0.05 level of significance. On the same note, the tax payers' knowledge led to a significant (p value=0.033) rise in revenue collection with 0.3055 units maintaining other factors constant. This is to the fact that p value of 0.033 is less than 0.05 level of significance. Lastly, tax compliance cost, unlike other factors explained above led to a non-significant (p value=0.423) decline in revenue collection with 0.1704 units while maintaining other factors constant. This is simply to the fact that p value of 0.423 is more than 0.05 level of significance.

CHAPTER FIVE:

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section brings out comprehensive discussions of the study findings obtained in the previous chapter. It later makes broad conclusionson sought to examine factors affecting collection of non-oil revenue in South Sudan upon which key policy recommendations are drawn.

5.2 Discussions of the Study Findings

The study variables were subjected to model estimation and estimates were obtained as depicted in the previous section. Interpretation was thereafter undertaken. Both significant and non-significant factors revealed based on the selected criteria. The study further subjects the results to discussion indicating studies in the literature that either supported or differed with the estimated study findings.

5.2.1 The Influence of Staff Competence on Collection of Non-Oil Revenues in South Sudan

In this objective the study sought to establish the influence of staff competence on collection of revenues. As per descriptive analysis, the overall mean for the observed factors was 3.22, implying that most of the respondents were positive despite being neutral on the statements. The standard deviation was 1.41, indicating that there was some variation in all of the responses. From the empirical estimation, the study results established that a unit increase in staff competence led to a significant increase in revenue collection. This means that there is a statistically significant positive relationship between staff competence and collection of non-oil revenues in South Sudan.

The findings concurs with study by Bird (2013) who asserts that, inadequate tax collection is as a result of weaknesses that prevails during its collection. Further to this, many scholars in the field of taxation have observed that developing nations are always faced with serious problems in regards to inefficient tax administration. Such problems in developing nations is believed to be caused by insufficient tax administrative employees with necessary skills as well as high illiteracy level that prevails amongst taxpayers and tax collectors in these countries. Consequently, these results are congruent with that of Kayaga, (2010) that revealed the reason why inexperienced tax officials with little understanding of various tax laws as well as lacking sufficient accounting practice that are key to analyzing tax returns are engaged to deal with tax matters in developing countries is as a result of financial constraints. Further, Kayaga (2010) argue that the problem of engaging unqualified and inexperienced tax officials is that due to lack of training institutions and opportunities.

5.2.2 The Influence of Tax Rate on Collection of Non-Oil Revenues in South Sudan

The second objective sought to establish how the tax rate influenced collection of non-oil revenues in South Sudan. The average mean for the constructs was 3.58, indicating that majority of the respondents just agreed that tax rate influenced the revenue collection. The standard deviation was 1.12, indicating that there was some variation in responses.

From SEM analysis, it was found that tax rate had a positive and significant influence on non-oil revenue collection. This may be associated with the fact that lower tax rates made some tax payers to adhere to their tax obligations. The study results concur tothe findings obtained by Kaldor, (1956) which revealed that the main reason why many taxpayers consider evading tax payment is due to existence of high tax rates. This is so because the incentives that makes one to engage in tax evasion depends on the overall marginal taxation rate since they tend to govern the gains that one earns by evading tax as a sum of the evaded tax. Further study Chipeta, (2002) indicate that high tax rates tend to encourage tax evasionand otherwise given low tax rates. This is because increasing tax rates causes an increase in tax burden therefore lowering the taxpayer's disposable income level.

5.2.3 The Influence of Taxpayers' Knowledge on Collection of Non-Oil Revenues in South Sudan

For this objective to be realized, the study sought to estimate the influence of tax payers' knowledge on non-oil revenue collection. The overall mean for the constructs was 3.46, indicating that majority of the respondents were positive despite being neutral on tax payers' knowledge on tax laws as a key factor in implementing the non-oil revenue collection. The standard deviation was 1.29 indicates that there was some variation in responses.

From the SME analysis it was indicated that tax payers' knowledge led to a significant rise in non-oil revenue collection. This may be linked to the facts that the respondents were not fully aware about their tax obligation while others had not attended any tax filing clinic before. The results are in line with the findings of Santi, (2012) who acknowledged that Knowledge of taxation was the reason why some taxpayers met their tax obligation while others did not comply. Citizen, educated or not should have a fair understanding and knowledge of tax regulations in order to meet their tax obligations, Taxpayers needed to know about how much taxes to be paid in advance.

Furthermore, the results are in harmony with those of Jatmiko, (2006) which states that tax payers need to have knowledge and understanding of the tax rules, so as for them to be able to pay. With their understanding of tax, the public will better understand the importance of paying taxes, and what benefits can be felt directly and indirectly. With the knowledge and understanding of tax rules, the people will be open minded, that taxes are purely used for the needs of the nation and its people.

5.2.4 The Influence of Tax Compliance Cost on Collection of Non-Oil Revenues in South Sudan

Finally the study sought to understand the influence of tax compliance cost on collection of non-oil revenues in South Sudan. The overall mean for the constructs was 3.80, indicating that majority of the respondents just agreed that tax compliance costwas key in order to implement non-oil revenue collection. The standard deviation was 1.20 indicating that there was some variation in responses

From the structural regression analysis, the tax compliance cost led to a non-significant decrease in revenue collection. This may be associated with the fact that that high amount of tax compliance costs motivated taxpayers to evade tax. This results concurs with the finding by Ojeka, (2012) who established that high compliance costs resulted in tax avoidance, tax fraud, and inhibit investment by way of diminishing competitiveness of the country in terms of taxation attractiveness.

5.3 Conclusions

The study delved into the debate around concept of non-oil revenue factors and revenue collection. Competence of staff, tax rate, tax payers’ knowledge, and tax compliance cost were some of the factors considered as the key in determining on-oil revenue collection

In South Sudan, tax reforms have been conducted annually during budgets debates yet little improvements had been witnessed. The study thus concludes that only tax compliance cost has negative and non-significant effect whereas the rest (staff competence, tax rate, and tax payers' knowledge) have a positive and significant influence on non-oil revenue collection in South Sudan. Hence, there is need for a policy formulation in South Sudan focusing on staff competence, tax rate, and tax payers' knowledge as they were highly significant. The National Revenue Authority's tax division should therefore work on revenue diversification as a way of promoting the country's economic growth and well-being. Government must work in collaboration with citizen to encourage tax payment. This can only be achieved through efficient service delivery to the citizen.

5.4 Recommendations to the Study Findings

Revenue collected in developing economies tend to be a bit low due to the fact that these economies are characterized by insufficient income for citizens as well as lack of modern tax collection systems. In Africa, most countries have developed strategies that aim to enhance revenue collections. South Sudan has been facing a huge deficit in collecting revenues that aims to sustain development agenda in the country.

A knowledgeable, skilled and well-trained workforce is critical to a company's success. Improving competencies allows an organization to remain adaptable and competitive, ultimately contributing to increased productivity and greater revenue. This can easily be achieved with little to no expense, other than extra time and attention. Considering the benefits far outweigh the costs, improving employee competencies is an opportunity South Sudan as atax collection authority to embrace. This could be achieved in two ways that is; through coaching. It should be known that a simple and inexpensive way National Revenue Authority (NRA) could improve staff competencies is through regular coaching sessions. While coaching does not necessarily teach new skills, it provides constructive feedback and assistance to improve current ones. This allows staff to perform to the best of their ability, opening the door for more learning opportunities once they have a solid foundation. Second one is through voluntary training. In order to improve competencies, staff need resources and motivation. Resources can come in any number of forms, such as learning seminars, e-learning programs, manuals, books or articles to name a few; however, there need to be tangible benefits involved. For example, make it clear that staff who take advantage of competency training have a greater chance of advancing through promotions or raises.

Increase in tax revenue can be achieved if taxable capacity is substantially expanded or adjusted tax rates but maintain them at reasonable levels. NRA should ensure that there are stringent measures to ensure all tax leakages are sealed before any upward adjustment of tax rates. One of the measures that will shore up different taxes especially progressive tax rate are adjusted to specific rates against inflation, which is expected to result to increased revenue due to a rise in the prices of products and services.

The authority mandated to collect revenue in South Sudan (NRA) should be in a position to determine appropriate programs aimed at teaching taxpayers about their tax rights, responsibilities and legal requirements. They should consider efficient and effective methods of educating the people about the whole process of taxation and why they should pay tax. It has been shown that it assists taxpayers in meeting their tax obligations to the government. This means that taxpayer education by NRA will encourage voluntary compliance amongst taxpayers. The authority will do this with the main objective of imparting knowledge as regards to tax laws and compliance; change taxpayer’s attitude towards taxation and increase tax collection through voluntary compliance.

5.5 Limitations of the study

The study encountered various challenges that challenged its success. The first limitation that was encountered during this study is limited time frame since the study required to be completed within a short time. Sufficient funds to thoroughly conduct this study was also a limiting factor for this survey since the researcher funded himself. Also some of the respondents fail to return all the questionnaires duly completed, likewise others of whom were interviewed failed to answer all the study questions completely as they feared that providing such sensitive information might expose them or cause some inconveniences to NRA.

To mitigate against this, a research assistants were trained and engaged by the researcher to assist in collecting data. Additionally, the taxpayers were assured that the information that they gave was treated with confidentiality as it was to be utilized for the academic purposes only.

Apart from this, the scope of the study was limited to Juba town in Juba state and so the sample size was limited to Juba town. Other states or towns with different dynamics were thus not explored. The study further concentrated on some few factors such as staff competence, tax rate, tax payers' knowledge and tax compliance cost.

5.6Suggestion for Further Areas of Study

The main objective of this study was examining factors affecting collection of non-oil revenue in South Sudan. Given above limitations, there is need for similar studies focusing at different states in South Sudan. As well, a comparative study should be done with other countries with similar dynamics as that of South Sudan to see whether the findings hold.

Further, given the fact that few factors were considered by the researcher, there is need to undertake similar but longitudinal study focusing on non-oil revenue collection using other factors such as political stability, human capital development, credit to private sector among other non-tax related factors.

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APPENDICES

Appendix I: Introduction Letters

KCA UNIVERSITY

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KCAU/SGS/MSc/July. 19/11 ***July 11, 2019***

To whom it may concern,

Dear Sir/Madam,

RE: WEL GEU WEL AKAU REG NO: 17/04481

It is my distinct pleasure to introduce to you Mr. Wel Akau who is a student in our institution pursuing a Master of Science in Commerce at the School of Business and Public Management.

Wel is conducting a research on a topic titled: "*Factors affecting Collection of Non-Oil Revenue in South Sudan*" which is part of the requirements of the program he is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to him is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

11 JUL 2019
Dr. Nyaribo Misuko
Dean, School of Graduate Studies & Research

REPUBLIC OF SOUTH SUDAN

MINISTRY OF TRADE & INDUSTRY

Director General for Planning Research & Statistics

Ref:RSS/MTI&EACA/J/2019-07-11

11th–July- 2019

TO WHOM IT MAY CONCERN

RE: Wel Geu Wel Akau Reg. No: 17/04481

This to bring to your attention that the above mentioned person (Wel Geu Akau) is pursuing a Master of Science in Commerce at the School of Business and Public Management-at KCA University in Kenya.

Wel has been given approval by the University to proceed with his research as per his project proposal titled "Factors affecting Collection of Non-Oil Revenue in South Sudan". In this respect, the Ministry of Trade, Industry and EAC Affairs hereby request your institution to cooperate and allow Wel Geu to collect the required data for his research.

Thanks you.

11/07/2019

Kuot Madhor Kuot

Director of Planning, Research and Statistics

MINISTRY OF TRADE. INDUSTRY & EAST AFRICA COMMUNITY AFFAIRS
11 JUL 2019
DIRECTOR GENERAL FOR PLANNING RESEARCH

Dear Sir/Madam,

REF: REQUEST TO CARRY OUT DATA COLLECTION.

I am a student at KCAUniversity,pursuing a Master of Science in Commerce (Finance & Accounting Option). As a requirement in fulfillment of this degree, am carrying out a study on the '**FACTORS AFFECTING COLLECTION OF NON-OIL REVENUE IN SOUTH SUDAN**.'

You have been selected as a respondent in this study as you are well positioned to provide reliable information that will enable the study achieve its objectives. I intend to research the above topic through the use of questionnaires.

Any assistance accorded to me in my noble cause and information given shall be treated as confidential and will be used purely for the purpose of this research and a final copy of the document shall be availed to you upon request. Your cooperation will be highly appreciated and thank you in anticipation.

Yours Faithfully,

____

Wel Geu Wel Akau

Appendix II: Research Questionnaire

Kindly fill the questionnaire to the best of your knowledge by ticking or filling in the space(s) provided. The data collected shall be kept confidential and used purely for academic purpose.

PART A: GENERAL INFORMATION

1.Gender (Male) (Female)

2.Age A. (18-25) B. (26- 33) C. (34-41) D. (42-49)

3. Indicate the nature of your business (optional)…………………………………………

4. How long you worked in this organization?

   1 – 5 years [ ] 11- 15 years [ ] More than 20 years [ ]

   6- 10 years [ ] 16 – 20 years [ ]

5. What is the legal business ownership of this firm?

   Sole trader [ ] Private limited company [ ]

   Partnership [ ]

   Any other (specify…...

6. How many employees work in this firm?

   Less than 10 [ ] 11-20 [ ] 20- 30 [ ]

   30- 40 [ ] 40 – 50 [ ]

7. Indicate the degree of agreement or disagreement with the following information by ticking the appropriate box: Use a scale of 1 – 5 where 1 -strongly disagree, 2- disagree, 3 -neutral, 4- agree , 5- strongly agree.

a) Competence of Revenue collection staff	**1**	**2**	**3**	**4**	**5**
i) There is inadequacy of competent revenue clerks in South Sudan					
ii) Some of the revenue collectors lacks the requisite training on revenue collection					
iii) Financial constraints have led to hiring of incompetent revenue clerks who lack understanding of the tax laws					
iv) Revenue clerks lacks training on accountability of revenue collected					
v) There are elements of corrupt revenue clerks					
b) **Tax payers Knowledge on Tax laws**	**1**	**2**	**3**	**4**	**5**
i) I am not fully aware about my tax obligation					
ii) I have not attended some tax filing clinic					
iii) I file my returns with the help of the tax expert					
iv) I have never been visited by NRA staff					
v) I sometimes get penalized for making wrong declarations					
c) **Tax Compliance cost**					
i) Tax compliance cost is high					
ii) The high amount of tax compliance costs motivates taxpayers to evade tax					
iii) Taxpayers opt to take the risk of being detected evading tax since tax compliance cost is higher than the cost of determining the correct tax liability					
d) Tax Rate					
i) South Sudan charges a higher tax rate compared with the other East African countries					

ii)	High tax rates make some tax payers not to understate their tax liabilities					
iii)	High tax rates make some tax payers to evade payment of their tax					
iv)	High marginal tax rate has a positive effect on tax compliance					

8. Indicate the degree of agreement or disagreement with the following information by ticking the appropriate box: Use a scale of 1 – 5 where 1 -strongly disagree, 2- disagree, 3 -neutral, 4- agree, 5- strongly agree.

Non-Oil Revenue Collection		**1**	**2**	**3**	**4**	**5**
i)	There is minimal collection of non-oil revenue in South Sudan					
ii)	Non-oil revenue collected constitutes a very small percentage compared to oil revenue					
iii)	Lack of adequate competence among revenue staff has attributed to the low levels of non- oil revenue collected					
iv)	High tax compliance cost contribute to high tax evasion of non- oil revenue					

9. Briefly outline other factors affecting collection of non-oil revenue in South Sudan

…………………………………………………………………………………………………

………………………………………………………………………………………………

10. Suggest some possible solutions to address the factors you think will enhance collection of non-oil revenue in South Sudan.
………………………………………………………………………………………
………………………………………………………………………………………
………………………………………………………………………………………

THANK YOU FOR YOUR PARTICIPATION