

ABSTRACT

The general objective of this study was to examine EFDs non-compliance factors and their effect on revenue collection. A total number of 186 respondents were interviewed so as to collect information to accomplish this study. The SPSS package was used to analyze the data. It was revealed that some of the measures like fines and penalties are not effective in addressing non-compliance. Moral suasion and education were found to have a higher rate from the respondents agreeing that it is more effective towards addressing non-compliance. The results of the fitted multiple linear regression model suggest that the variables such as; amount of sales, maintenance cost and number of power outage are the vibrant variables which affect revenue collection including amount of VAT declared and paid to TRA. Other variables such as network failure, amount of fines imposed to defaulters and education of the business owner were not very substantial and less significant regardless their contribution to non-compliance of EFD by taxpayers. Nevertheless factors like lack of patriotism to both businessman and majority of citizens, inconsistency of EFD inspections conducted by tax administrators, existence of hostile EFD machines in terms of how to use and durability, political interference as well as wrong information spread regarding EFD Machines were revealed to be among supplementary factors for EFD non-compliance whereby the impact goes even to revenue collection. This fitted model suggests that, holding other variables at a fixed value, an increase in sales by one Tsh induces an increase in VAT contribution by 16 cents. It was recommended as part of way forward the government from the top level should provide continuous education and sensitization programs to the general public to emphasize the usage of EFDs and benefits derived from it to the government and businessmen, offering free after sale service on EFD to mitigate the challenge of maintenance costs, providing friendly EFD machines which can accommodate basic records to captured within short period of time. Improvement in network will as well be of a value addition towards easing compliance of using EFD machine.

