

## Abstract

This study examines factors affecting taxpayer willingness to pay tax- a case study on SME's located at Arusha region. Hence, this study offers insights into better understanding on the factors affecting taxpayers' willingness to pay tax. The researcher was guided by three specific objectives, hereby are, analyzing taxpayer's perception on government spending, to examine the effect of taxpayer ethics on tax compliance and to determine the influence of Taxpayer's awareness on penalty and offence on the tax compliance. Qualitative research approach was adopted to collect data in order to see the world from the participant's perspective and the researcher is interested on how taxpayer experience tax compliance. Population was 133 as my sample size and sampling technique was purposefully sampling to choose respondent who are expert, experienced, willing, available and accessible at time from random selection. Data analyzed by thematic analysis and repeating of answers pay attention. The finding shows that, when there is proper utilization and transparency on money collected through payment of tax then SME comply with tax law. Other respondent believes that, it is responsibilities of the government to construct hospital, purchase airplane, roads and bridge. Also, at the time of assessment and physical survey when conducted regular education should be provided at the scope of keeping proper business record, at the time of closing business what to do in order to not be fined or penalized with TRA.

