

ABSTRACT

The purpose of the study was to examine factors affecting voluntary tax compliance among the SMES in Arusha city, Tanzania. The study used descriptive survey research design and the quantitative approach to collect numerical information from respondents. Data were collected from the closed ended questionnaires and analyzed through descriptive statistics where mean were used to interpret the findings. Findings revealed that SMEs were aware of the tax that were supposed to pay. Findings further indicated that the tax rates among the SMEs was not friendly. The study concluded that despite the fact that there were various means of paying tax, the tax system was not friendly among the SMEs in Arusha City. It was concluded that tax laws and policies were not known to the SMEs thus affecting their knowledge on various issues related to tax. It is recommended that education should be given to the SMEs on the importance to pay tax, tax laws and procedures. The Tanzania Revenue Authority should see a need to create a transparent tax system among the SMEs. Where possible negotiations should done between the Tanzania Revenue Authority and the SMEs so as to create a conducive tax paying.

