

Abstract

This study explores Factors Affecting Tax Payers Compliance among SMEs in Tanzania, A Case of Arusha Region focusing on small and medium sized enterprises such as retail shops, wholesale shops, supermarkets small audit firms and pharmacy. This study was guided by three specific objective: - which are analyzing tax payers' perception on government spending and its impact to tax payers' compliance to pay taxes, examining the effect of taxpayer ethics on taxpayers Compliance to pay taxes and analyzing tax payers' awareness on penalty on tax and its impact to taxpayer compliance to pay taxes. The study employed cross-sectional and descriptive research design. Both quantitative and qualitative research approach were used. The study employed questionnaires and interview to collect data. Purposive sampling technique was designed with the specific goal of selecting respondents who are knowledgeable, experienced, willing, available, and reachable at the moment from a random sample, hence a sample size of 52 people was used. Attention was paid to the thematic analysis of the data and the repetition of the replies and descriptive statistics was used to analyze data with the help of Microsoft excel. The findings shows that SMEs would pay tax if revenue collected is put to good use, Researcher concludes that few SMEs have no knowledge on penalty as well researcher concludes as well SMEs do not issue receipts neither demand receipt on sales and purchase of items. The study recommends that the

government should provide education to citizen and government should also enhance transparenc, on expenditures incurred on tax collected.