THE RELATIONSHIP BETWEEN TAX AWARENESS LEVELS AND TAX PAYMENT DEFAULTS IN KILIMANJARO REGION

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Abstract

The default in tax payment has been growing as a tax issue particularly in developing countries around the world. Generally, the study aimed to examine the relationship between tax awareness levels and tax payment defaults. The study was guided by the optimal tax theory as the basis for the study. A cross-sectional research design was adopted while systematic probability sampling technique was used to obtain 364 respondents. Data were collected through questionnaire while descriptive statistics and Multiple Linear Regression Models were used in analysing data. The findings showed that the majority of respondents agreed that tax awareness levels had a significant influence on the tax payment defaults. Besides, the findings revealed that there is a statistically significant relationship between tax education and tax payment defaults. The study concluded that there is a relationship between tax awareness levels and tax payments defaults. The study recommends TRA management to invest much in creating awareness to the taxpayers. This can be done through conducting training, provision of mentorship forums, and dissemination of the information through televisions, radios, and social media about the importance of timely tax payments.

Key words: tax, tax defaults, tax education, tax compliance, tax payment

Paper type: *Research paper*

1. INTRODUCTION

The default of tax payment has been growing as a tax issue particularly in developing countries around the world (Manamba, 2013). Tax collection defaulting is not a new practice. According to Fjeldstad (2006), it has existed for centuries, dating back to two thousand five hundred years ago. The tax default as the one among challenges facing tax collection authorities has brought huge negative effects on the budgets of different countries (Wadhawan, 1998).

In this 21st century the existence of tax default cannot be refuted too. It has been a problem that has negatively affected countries particularly those in the developing world (Manamba, 2013). Global Financial Integrity (GFI) has estimated financial losses by the developing countries through illicit financial flows to be between the regions of US $ 859 billion to US $ 1.06 trillion per year. Region-wise African countries are estimated to have lost US $ 854 billion in cumulative capital flight through

tax default between 1970-2008 (Germany Federal Ministry for Economic Cooperation and Development, 2010).

Experience from African countries shows that the problems of tax default among taxpayers has existed a long time ago. For example, OECD reported that the tax default was still regarded as the major challenge among popular taxpayers in South Africa (OECD, 2013). The government of South Africa made some efforts to deal with the default in tax payment, these include; the implementation of popular taxpayer outreach and education programs, the use of combined enforcement techniques, as well as awareness creations to improvements in public altitudes (South African Revenue Service , 2011). These efforts were done after realising that the default of taxpayers was caused by poor public attitudes towards tax payment, and lack of knowledge among taxpayers.

In Kenya, it was reported that the tax burden was unevenly distributed in the population; this resulted in leavinga large fraction of the economy untaxed (Waris *et al*, 2009). The large tax burden distributed among few taxpayers was a major factor influencing default in tax payments in Kenya (World Bank, 2012). The study done by Chinyamata (2007) noted that the government of Kenya has to bear in mind that the creation process of integrating all citizens into the tax system in the long run will solve the problem of tax defaults among taxpayers in the country.

According to Cahyadi and Jati (2016), awareness creation is the ability of a taxpayer to know the tax regulations regarding tax rates and also the benefits that are obtained when they pay taxes. There are several types of tax-paying awareness which encourage taxpayers to pay taxes, such as tax education, tax morality, and taxpayers' perceptions (Nugroho & Zulaikha, 2012). Theory of taxpayer awareness state that "The level of awareness of taxpayers in paying taxes, knowledge and understanding of tax regulations, tax sanctions, and tax services had the influence on tax payment defaults" (Listyowati, *et al*., 2018). Additionally, Famami and Norsain (2019) described that tax education levels and taxpayer morale contribute to the tax compliance. This implies that provision of tax education to taxpayers increase the morale of taxpayers which enhance the minimization of tax payment defaults.

On other hand, tax payment default is defined as a failure of taxpayers to pay the tax either in whole or part within the time due to some reasons (Seidu & Sebil, 2015). If any amount of tax imposed under any tax law remains unpaid after due dates by the taxpayers, it is known as tax default (TRA, 2020). Also, the tax default occurs in case where a withholding agent fails to pay the withholding tax due within the time. Generally, in this study the term tax default is defined as the failure by a taxpayer to pay in accordance with a taxation law, the whole or part of tax that the taxpayer is liable to pay when he/she agreed during tax assessment period.

Having realised the negative effects of tax default to the budget of the country, the government of Tanzania has made large efforts to improve taxpayer compliance such as awareness creations, and introduction of a single payment gateway. However, the tax regulation is still limitedly known, which implied that the taxpayer's awareness is still low (Yayuk, Margono,& Eka, 2017). The Controller and Auditor General Report of 2020 revealed that the country is still facing a big challenge of tax default among taxpayers (CAG, 2020). Therefore, the study examined the causal relationship between tax awareness levels and tax payment defaults. Specifically, the study hypothesised that:

H_1: there is no significant relationship between level of illiteracy and tax payment defaults

H_2: there is no significant relationship between provision of tax education and tax payment defaults; and

H_3: there is no significant relationship between tax morality and tax payment defaults.

2. THEORETICAL LITERATURE

2.1 Theory of taxpayer awareness

Alabede *et al*. (2011) thought that awareness is a determination accompanied by action from reflection to reality. Theory of taxpayer awareness state that "The level of awareness of taxpayers in paying taxes, knowledge and understanding of tax regulations, tax sanctions, and tax services had the influence on tax compliance" (Listyowati, *et al*., 2018). Taxpayer awareness is an effort or action accompanied by self-encouragement and willingness to perform the rights and obligations of taxation in accordance with the regulations (Yayuk, Margono,& Eka, 2017). Taxpayer awareness is understood if the taxation regulation has been known, acknowledged, respected and obeyed. The low awareness of taxpayer is suspected to be caused by the minimum knowledge and understanding of tax regulations (Alabede *et al*. 2011).

Nugroho and Zulaikha (2012) examined the factors that influence the willingness to pay taxes with the awareness of paying taxes as an intervening variable. The results showed that the variables, knowledge and understanding of tax regulations, quality tax services and perceptions of taxation effectiveness have a significant influence on the awareness of paying taxes. Munari (2005) also explained that taxpayers experience awareness when they: know the existence of laws and provisions of taxation; know the function of paying taxes to the state; understand the rights and obligations to be implemented; count, pay and report voluntarily; calculate, pay and report taxes correctly.

2.2 The influence of tax education on tax compliance

Standard models of tax compliance assume that taxpayers are fully informed of all the aspects that cover the tax reporting process (Andreoni *et al.* 1998). The level of knowledge and information might

be an important factor in the way taxpayers behave. Well-educated taxpayers are supposed to know more about tax law and fiscal connections and thus would be in a better position to assess the degree of compliance (Nurkhin, *et al*. 2018). However, it should be noted that there might be people with lower education who have acquired a high knowledge about taxation. More educated taxpayer may be less compliant because they better understand the opportunities for avoiding taxes. Also, Fiscal knowledge may positively influence the practice of avoidance. Fiscal ignorance might be an important contributor to the development of negative feelings towards taxation. Lewis (1982) reports that more educated taxpayers have in general more sympathetic fiscal preferences than those with a lower education because they are area of the benefits and services the state provides for the citizen from the revenues. According to Alm and Torgler, (2006), experiments in the tax compliance literature have just started to pay attention to the effect of information on tax compliance.

Base on the theory of taxpayer awareness and previous studies, it is considered necessary to use the level of illiteracy and tax education variables as among of the variables in this study. Hence, the study hypothesized that;

H_1: there is no significant relationship between level of illiteracy and tax payment defaults

H_2: there is no significant relationship between provision of tax education and tax payment defaults;

2.3 The influence of tax morality on tax payment defaults

According to OCED (2013), tax morale measures taxpayer perceptions and attitudes towards paying taxes or tax defaults. Research shows a significant correlation between tax morale and tax payment defaults in both developing and developed countries (OCED, 2013). For example, tax morale is an important determinant of the "shadow economy" and therefore has an impact on tax payment defaults (Alm & Torgler, 2006). Tax morale, generally defined as the intrinsic motivation to pay taxes, is a vital aspect of the tax system, as most tax systems rely on the voluntary compliance of taxpayers for the bulk of their revenues (Horodnic, 2018). Improving tax morale therefore holds the potential to increase revenues with (relatively) little enforcement effort (OECD, 2018). According to Horodnic (2018) low tax morale to the people contributes to the increase levels of tax payment defaults. For example, OCED (2013) found that older individuals and people with greater trust in government were less likelihood of defaults in tax payments. Thus the study hypothesized that:

H_3: there is no significant relationship between tax morality and tax payment defaults.

3. METHODOLOGY

This study adopted a cross sectional research design to collect data from a selected sample of enterprises. The data were collected once, at the specified period from early August to September,

2021 where the respondents answered the intended research questions distributed to them. The study was conducted in the Kilimanjaro region due to the presence of a large number of 4,015 taxpayers who failed to pay tax that they were required to pay (TRA, 2020). The second justification was the researcher's accessibility to the respective tax defaulters concerning the subject matter which simplified the exercise of gathering data within a short period. The familiarity of the geographical area was another reason for a choice of the study area; this made the data collection process to be succeeded well.

The population of this study was constituted of 4,015 tax defaulters which include all registered taxpayers who failed to pay tax on agreed time (TRA, 2020). The unit of analysis of this study was tax defaulters where the company manager or owner of each enterprise was considered as a unit of observation. A sample size of 364 respondents obtained using Yamane's formula as the study population was less than 10,000 respondents; finite and well known was used in the study as shown below;

$$n = \frac{N}{1+N*(e)2}$$

Where N = number of population i.e 4,015 (TRA, 2020)

e = (95% confidence level with +/- 05% i.e (0.05)

n = number of respondents or sample size

$$n = \frac{4015}{1+4015*(0.05)2} = 364 \text{ respondents}$$

The study employed probability sampling techniques. The study applied systematic probability sampling technique to obtain 364 respondents from 4,015 tax defaulters. To achieve this, the study prepared a sampling frame by listing down all names of tax defaulters. Thereafter, the study established sampling interval size by dividing study population by sample size as shown below;

Sampling interval $=\frac{Studypopulation}{Samplesize}$. Therefore sampling interval was $= \frac{4015}{364} = 11$. The simple random sampling used to select one element within 1-11, and thereafter every 11^{th} item was automatically included in the sample up to the last element (364^{th} element). The study opted to use systematic sampling technique because the systematic sample is spread more evenly over the entire study population. Also, to ensure that each population element has an equal chance of being selected. A semi-structured questionnaire was used in data collection. The study administered the questionnaire to 364 tax defaulters. The questionnaire tool contained both open-ended and closed-ended questions. To ensure data validity, the study consulted advice and comments from various experts in taxation issues on designed instruments for data collections. Thereafter, some questions were modified and other

themes were added before they were taken to the field. Also, the study used internal consistency reliability to measure the degree to which instruments were measured the same way each time they were used under the same condition with the same subjects. Data collected through various methods were analysed using descriptive statistics and a multiple regression model.

The descriptive statistics applied mean, and standard deviation analysis to analyse data while a multiple regression model was used to test causal relationship between tax awareness levels and tax payment defaults.The study sought to examine the relationship between tax awareness levels and tax payment defaults. The study asked the respondents to state their level of agreement or disagreement on statements posed with regard to influence of tax awareness levels on tax payment defaults. The responses were given on a five-point likert scale (where 1= strongly disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= strongly Agree). The scores of 'strongly agree' and 'agree' have been taken to represent a statement highly agreed upon, equivalent to mean score of 3.5 to 5.0 while the score of 'disagree' and 'strongly disagree' were taken to represent a statement of not agreed upon equivalent to a mean score of 1.0 to 2.5. The mean score from 2.6 to 3.4 were taken to represent a statement of neither agree nor disagree.

The reason for applying for multiple regression analysis was based on the nature of the data of the dependent variable which was numerical data. Also, the multiple regression model allows a study to assess the strengths of determining variables as an outcome and predict variables to show the importance of each of the predictors to the relationship. The assumptions of the model were tested before data analysis where for testing the normality of variables, the study used Kolmogorov and Shapiro-Wilk and the results were both above 0.05 implying that collected data were normally distributed. To test the presence of multi- Collinearity among independent variables, the study calculated both tolerance test and Variance Inflation Factors (VIF) and the results were >0.01 and <10 respectively in all predictor variables, implying that there was no problem of multi- Collinearity among predictor variables.

$Y= \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \ldots\ldots\ldots\ldots\ldots\ldots + \beta_n x_n + \varepsilon$

Where;

Y	=	tax payment defaults (D.V)
α	=	Intercept of the equation
B1to βn	=	Regression coefficients.
X_1 to X_n	=	Predictor variable
ε	=	error term

Table 1: Variable Matrix

Variable	Definition and units of measurement	Expected Sign

X_1 Illiteracy of tax estimate	Likert Scale 5-point (1= strongly agree, 2= Agree, 3= Neutral, 4= Disagree, 5=Strongly disagree)	+
X_2Tax education	Likert Scale 5-point (1= strongly agree, 2= Agree, 3= Neutral, 4= Disagree, 5=Strongly disagree)	-
X_3Tax morality	Likert Scale 5-point (1= strongly agree, 2= Agree, 3= Neutral, 4= Disagree, 5=Strongly disagree)	-

4. FINDINGS AND DISCUSSIONS

4.1 Analysis of response rate

The researchers distributed 364 questionnaire sheets to the selected respondents. The profile of respondents included the taxpayer defaulters found in Moshi Municipality. Out of 364 distributed questionnaire sheets, 311 (85.4%) were managed to be filled and returned to the researcher while 53 (14.6%) were not returned to the researcher for analysis. The response rate of 85.4% of the participants in the study was enough to allow the data analysis and report writing as recommended by Pazzaglia (2016) who argued that if the survey response rate is equal or above 85% of distributed questionnaire sheets, then the study can draw the conclusion and generalisation of the target population.

4.2 Analysis of Normality and Multi-Collinearity test for tax awareness levels

The study used Kolmogorov and Shapiro-Wilk to test the normality of variables developed under tax awareness levels. The findings in Table 2 revealed that the collected data in all variables had p-values greater than 0.05 implying that data were normally distributed.

Table 2: Results of normality test for tax awareness levels

Indicators	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Illiteracy of tax estimate	0.141	311	0.281	0.323	311	0.105
Tax education	0.283	311	0.263	0.514	311	0.611
Tax morality	0.252	311	0.217	0.277	311	0.422

With regard to mutli-collinearity test for variables under tax awareness levels, the researcher computed both tolerance test and Variance Inflation Factors (VIF). According to findings in Table 3 there was no problem of multi- Collinearity among independent variables.

Table 3: The results of Multi-Collinearity test for tax awareness levels

Variables	Collinearity Statistics	
	Tolerance	VIF
Illiteracy of tax estimate	0.412	2.664
Tax education	0.619	2.635
Tax morality	0.321	2.923

4.3 Demographic Characteristics of the Respondents

In this section, demographic characteristics of respondents such as sex, age, education level, working experience, marital status, size of the firm, and duration of business operation are presented. The study analysed demographic characteristics of respondents aiming to assess the relationship between determinants of tax defaults and the tax compliance in Moshi Municipality.

Table 4: Demographic Characteristics of Respondents

Demographic Characteristics of Respondents	Frequency	Percentage
Sex of Respondents		
Male	242	77.8
Female	69	22.2
Total	**311**	**100**
Size of the firm in terms of profit		
With turnover 4 to 100 million	272	87.5
With turnover above 100 million	39	12.5
Total	**311**	**100**
Duration of Business operation		
Less than 2 years	79	25.4
2 to 5 years	39	12.7
6 to 10 years	104	33.3
More than 10 years	89	28.6
Total	**311**	**100**

4.3.1 Sex of Respondents

With regard to the sex of respondents, findings in Table 4 revealed that among the 311 respondents who participated in the study; 242 (77.8%) of respondents were male, while 69 (22.2%) of respondents were female. This shows clearly that many registered taxpayers are dominated by the male in this business area which is aligned with other general business areas. The study findings concurred with the study done by Mlay (2015) who found that majority of taxpayers involved in tax paying were male. Hence, this signifies that male participate highly in the study, thus they are majority involved in tax paying.

4.3.2 Size of the firms

With regard to the size of the firms in terms of profit, the study was categorized respondents in two groups namely; those with turnover between 4 to 100 millions, and those with turnover over 100 millions. The findings in Table 4 revealed that 87.5% of respondents were the one with turnover between 4 to 100 million per a year while only 12.5% of participants were those with turnover above 100 million per a year. These findings imply that the majority of respondents failed to comply with tax payments were those with turnover between 4 to 100 million. These findings are similar with those of Mlay (2015) who found that most of VAT registered traders with lower income group tended to have a lower proportion of tax compliance than their counterparts in the higher income group.

4.3.3 Duration of Business Operations

The findings from the field as in Table 4 revealed that 79 (25.4%) of business firms have been in operation with less than two years, 39 (12.7%) firms have been in operation for between 2 to 5 years, 104 (33.3%) business firms have been in operation between 6 to 10 years and 89 (28.6%) business firms have been in operation for more than 10 years. These findings imply that majority of tax defaulters were operated their businesses in less than 10 years. The study findings imply that the majority of tax defaulters had no enough experience in business operations.

4.4 The influence of tax awareness levels on tax payment defaults

The Table 5 showed the responses of respondents on six posed statement with regards to the influence of tax awareness levels on tax payment defaults.

Table 5: The influence of tax awareness levels on tax payment defaults (n=311)

Statements	Mean	Std. Deviation

I do not know the criteria used in estimating tax amount of my business organisation	4.12	0.78
The TRA tax estimators do not provide the issues they consider during tax assessment to the taxpayers	3.81	0.88
There is lack of orientation and tax education provided to taxpayers on tax compliance	4.13	0.79
There is low tax morality among taxpayers	4.05	0.75
There is lack of awareness on the importance of tax payments among taxpayers	3.9	0.94
Aggregate scores	**4.00**	**0.83**

The first statement was posed with the purpose of realising whether taxpayers know the criteria used in estimating tax amount of their business organisation. The findings as detailed in Table 5 indicated a majority of respondents to a great extent agreed (mean scores = 4.12) that they do not know criteria used in estimating tax amount of their business organisation. The mean score (4.12) implied that most of the respondents rated the items between strongly agree and agree and standard deviation of 0.78 implied that respondent perceptions did not differ significantly. These findings imply that the majority of respondents (tax defaulters) are not aware of criteria used in estimating the tax amount of their business. This might be one of the determinants of tax payment defaults on tax compliance in the Kilimanjaro region. The findings are similar to those of Lestari and Wicaksono (2017) who found that knowledge of paying taxes had a significant influence on the value of tax compliance.

With regard to whether The TRA tax estimators do not provide the issues they consider during tax assessment to the taxpayers, the findings as detailed in Table 5 indicated that a majority of respondents highly agreed upon (the mean score = 3.81; and standard deviation = 0.88) with statement. This implied that TRA tax estimators do not educate their taxpayers on what criteria they consider in estimating tax amount.

The findings in Table 5 concerning levels of orientation and tax education provided to taxpayers on tax compliance found that mean score was 4.13and standard deviation was 0.79. The mean score (4.13) implied that most of the respondents rated the items between strongly agree and agree that there is lack of orientation and tax education provided to taxpayers on tax compliance. The study findings imply that the low level of awareness led to tax payment defaults among taxpayers in the study area. These findings concurred with the study done by Lestari and Wicaksono (2017) who found that knowledge of paying taxes had a significant influence on the value of tax compliance. This means that an increase in provision of tax education will decrease the rate of tax defaults among taxpayers. In

addition, Seidu and Sebil (2015) found that inadequate tax education by tax authorities contributed much to tax defaults among taxpayers.

Likewise, according to findings in Table 5 with regard to tax morality among taxpayers, a majority of respondents highly agreed (Mean scores = 4.05; Standard Deviation = 0.75) that there is low tax morality among taxpayers. The mean score (4.05) implied that most of the respondents rated the items between strongly agree and agree and standard deviation of 0.75 implied that respondent perceptions did not differ significantly. Thus, the findings revealed that the tax morality to a great extent had influence on tax compliance among taxpayers. The study findings imply that low tax morality was one among determinants of tax defaults as a result of low awareness levels among taxpayers in Kilimanjaro region. These findings concur with those of Horodnic (2018) who found low tax morale to the people contributes to the increase levels of tax payment defaults. Likewise, the findings support the study done by Mughal and Akram (2012) who found that absence of tax morality favours the reasons for tax payment defaults.

On whether the level of awareness on the importance of tax payments among taxpayers had an influence towards tax compliance, the findings as seen in Table 5 found that, the mean score was 3.9 with a standard deviation of 0.94. The mean score (M=3.9) implied that most of the respondents rated the items between strongly agree and agree and standard deviation (0.94) implied that respondent perceptions did not differ significantly. Thus to a great extent the findings revealed respondents agreed that there was a lack of awareness on the importance of tax payments among taxpayers in the Kilimanjaro region. These findings are supported by those of Alabede *et al*. (2011) whose found that the low awareness of taxpayer is suspected to be caused by the minimum knowledge and understanding of tax regulations.

Generally, looking at the results in column of aggregate scores as seen in Table 5 (Mean score = 4.0; Standard Deviation = 0.83), the study realised that the mean score on each item in this objective was significantly higher than the midpoint 2.5 implying that there was more the agreement with the posed statements regarding the influence of tax awareness levels on tax payment defaults. These findings are supported by the theory of awareness which state that "The level of awareness of taxpayers in paying taxes, knowledge and understanding of tax regulations, tax sanctions, and tax services had the influence on tax compliance" (Listyowati, *et al*., 2018). Also the findings concur with those of Seidu and Sebil (2015) indicating that inadequate tax education by tax authorities contributed much to tax non-compliance among taxpayers.

4.5 The relationship between tax awareness levels and tax payment defaults

To capture the relationship between tax awareness levels and tax payment defaults the multiple regression model was adopted. The three predictor variables were developed to predict the existence of a relationship between tax awareness levels and tax payment defaults. These include; illiteracy of tax estimate, tax education, and tax morality. Since the data were collected using Likert scale, the study combined Likert-type items of dependent variable into a single composite score/variable during the data analysis process to provide a quantitative measure of a character or personality trait.

Preliminary results as seen in Table 6 shows that the model had $R^2 = 0.612$; Adjusted $R^2 = 0.585$ and standard error of the estimate 0.34556. The coefficient of determination ($R^2 = 0.612$) explains the fact that the predictor variables applied in the model accounted for 61.2% of the influence of tax awareness levels on tax payment defaults and the rest was contributed by other factors not included in this study.

Table 6: The Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.782[a]	0.612	0.585	0. 34556

a. Predictor variables: (constant), illiteracy of tax estimate, tax education, and tax morality.

b. Dependent variable: tax payment defaults.

With regard to fitness of the model used, the results of the analysis of variance (ANOVA) as seen in Table 7 shows the overall fit of the model was statistically significant ($p = 0.000^b$) which means the model had enough explanatory power to predict the influence of tax awareness levels on tax payment defaults.

Table 7: The summary of ANOVA

Model	Sum of square	df	Mean square	F	Sig.
Regression	10.931	3	2.733	22.885	0.000[b]
Residual	6.926	307	0.119		
Total	17.857	310			

a. Predictor variables: (constant), illiteracy of tax estimate, tax education, and tax morality.

b. Dependent variable: tax payment defaults.

The illiteracy of tax estimates as one among predictor variables under the study was tested at $p < 0.05$ and produced the statistical significant results as detailed shown in Table 8 ($\beta = 0.144$; $t = 1.748$; $p = 0.036$). The P –value of 0.036 which is less than 0.05 implied that the Illiteracy of tax estimate among taxpayers had a positive significant influence towards tax payment defaults. The standardised coefficient ($\beta = 0.144$) indicates that a unit increase in illiteracy of tax estimate had an influence of

14.4% to the increase in tax payment defaults. This implied that there was a positive relationship between illiteracy levels and tax payment defaults.

Table 8: Multiple regression results on relationship between tax awareness levels and tax payment defaults.

Variables	Unstd. Coefficients		Stand.	Coefficients	
	β	S.E	Beta	t	Sig.
(Constants)	0.376	0.133		2.828	0.006
Illiteracy of tax estimate	0.144	0.082	0.185	1.748	0.036
Tax education	-0.522	0.095	-0.609	-5.483	0.000
Tax morality	-0.093	0.109	-0.096	-0.849	0.029

Dependent variable: Tax payment defaults

The influence of tax education was tested at $p < 0.05$ and produced statistical significant results as seen in Table 5 ($\beta = -0.522$; $t = -5.483$; $p = 0.000$). The p – value = 0.000; $p < 0.05$ implies that there is a statistical significant relationship between tax education and tax payment defaults. The standardised coefficient ($\beta = -0.522$) implies that a unit increase in tax education was influenced by a 52.2% decrease in tax payment defaults. The study findings imply that there is a negative relationship between tax education and tax payment defaults, the increase of awareness level through provision of tax education led to decrease in level of tax payment defaults. These findings concurred with those of Mlay (2015) who found that levels of understanding of the tax laws influenced to a significant degree the attitudes of taxpayers. Taxpayers' levels of understanding positively correlated to a significant degree with their tax compliance decisions. Also, the findings is supported by those of Nugroho and Zulaikha (2012) revealed that the level of knowledge and understanding of tax regulations, quality tax services and perceptions of taxation effectiveness have a significant influence on the awareness of paying taxes.

Also, tax morality was another predictor variable that was tested in the study and produced statistically significant results as detailed in Table 5 ($\beta = -0.093$; $t = -0.849$; $p = 0.029$). The standardised coefficient ($\beta = -0.093$) implies that a unit increase in tax morality had been influenced by a 9.3% decrease in tax payment defaults. The study findings imply that there is a negative relationship between tax morality and tax payment defaults; the increase of tax morality through awareness creations led to a decrease in the level of tax payment defaults. These findings concurred with study done by Torgler (2006) who indicated that a perceived inequality between one's exchange and the exchange others get creates a sense of distress which causes anger which in turn reduces the

morality in tax payment which results in tax defaults. Besides, the findings are supported by OCED (2013) which reported that older individuals and people with greater trust in government were less likelihood of defaults in tax payments.

5. CONCLUSIONS AND RECOMMENDATIONS

The findings on the relationship between tax awareness levels and tax payment defaults in the study area revealed that to a great extent there was a negative relationship between provision tax awareness through orientation and tax education and the tax payment defaults. Also, the study findings revealed that there was a low level of orientation and tax education provided to taxpayers on tax compliance. Therefore, the study concludes that low level of tax awareness among taxpayers was one of determinants of tax payment defaults. Besides, the study concludes that presence of bad perception and low tax morality was one among determinants of tax payment defaults among taxpayers in the study area.

A tax awareness level was seen as one of the determinants that influencing the tax payment defaults among taxpayers in the study area. Thus, among other things, the study recommends TRA and government in general that they should invest much in creating awareness to the taxpayers. This can be done through conducting training, provision of mentorship forums, and dissemination of information through televisions, radios, and social media about the importance of timely tax payments not only to the government but also to the public. This will help to encourage taxpayers to pay tax within the allocated time.

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