

**THE EFFECT OF ELECTRONIC TAX SYSTEMS ON TAX COMPLIANCE  
AMONG SMALL AND MEDIUM ENTERPRISES**

**DANIELLA MUSIIMENTA GUMA**

**S21B33/076**

**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
OF THE AWARD OF A DEGREE OF BACHELOR OF SCIENCE IN ACCOUNTING AND  
FINANCE OF UGANDA CHRISTIAN UNIVERSITY**

**September, 2024**



**UGANDA CHRISTIAN  
UNIVERSITY**

*A Centre of Excellence in the Heart of Africa*

## DECLARATION

I, **GUMA MUSIIMENTA DANIELLA** hereby declare that this research report is my own original work and has never been submitted to any other institution for academic award.

Signature..........

Date.....10/09/2024.....

**GUMA MUSIIMENTA DANIELLA**

## ACKNOWLEDGEMENT

I would like to first thank the almighty God who has enabled me complete my dissertation. I would also like to thank my beloved parents, brothers, sisters and relatives who have supported me all through this journey.

I also convey my sincere thanks to my supervisor Ms. Lorraine Akinyi and lecturers who supported and guided me at all stages of my research period with knowledge and resources to accomplish the tasks duly assigned to me and also in guiding me in the preparation of my dissertation; they deserve my sincere heartfelt thanks for making this journey a success.

*“May the Almighty God bless you all abundantly...”*

## APPROVAL

I hereby certify that this academic research was conducted under my supervision as the academic supervisor, and has been reviewed and approved.

**NAME:** Ms. Akinyi Lorraine

**SIGNATURE:**

A handwritten signature in black ink, appearing to read 'Akinyi Lorraine', written in a cursive style with a horizontal line crossing through the middle of the letters.

**DATE:** 09/09/2024

## ABSTRACT

The first chapter in this study was an overview that discussed problems of small businesses compliance with tax and how electronic systems can play a major function to overcome these issues. The research problem was the poor tax compliance in Uganda among SME sector. We set these goals within the scope of assessing EFRIS, EBMs and mobile payment systems in improving compliance. The chapter also explained the importance of the study in aiding tax policy development and improved revenue generation for economic growth. Because of this, the scope and boundaries as well as the research questions were set to lead a study on digital tax systems implications for SMEs.

Existing literature on the use of electronic tax systems, globally and within Uganda was carefully reviewed in Chapter 2. Theoretical frameworks underpinning tax compliance and digitalisation, such as the theory of planned behaviour have also been examined. Furthermore, the chapter thoroughly reviewed prior research on EFRIS, EBMs and mobile payment systems in relation to tax compliance. Concurrently, comparative analysis from other countries including Kenya, Tanzania and Italy added value into what best practice and challenged faced in different settings. The literature review further highlighted that current research on the long-term ramifications of these technologies to SMEs in Uganda are not comprehensive, or location specific leading us towards our goal.

This was followed by chapter 3 that discussed the method used in doing the study. A mixed descriptive research design were used in this study which is both qualitative and quantitative. The study population comprised the SMEs in Uganda, using Krejcie and Morgans formula to determine sample size. Surveys and interviews with SME proprietors were used to collect data. In this chapter the data collection instruments such as structured questionnaires and semi-structured interviews have been discussed. To examine the effects of electronic tax systems on compliance, data analysis techniques such as descriptive statistics and a thematic approach have been employed. During the execution of our research, we followed ethical standards, respecting confidentiality rights and data credibility.

In this Chapter 4, data gathering from respondents were analyzed. Results showed that EFRIS, EBMs and Mobile Payment Systems significantly improved tax compliance

by improving transaction accuracy as well reducing tendencies for tax evasion. But at the same time, implementation of AI solutions entailed high costs and required technical skills that prevented SMEs to fully adopt them. The chapter also emphasized on government initiatives, financial incentives, training programs to encourage the use of these systems.

In conclusion, the findings of this study have revealed that electronic tax systems positively influence Tax compliance among SMEs in Uganda though with limitations (Chapter 5). The chapter included recommendations for government and tax agencies to increase adoption of these systems, such as expanding training courses, providing financial incentives or improving technical support. It has also been urged to create compliance culture by spreading awareness among public. The recommendations from the study emphasize on further research, particularly seeking insights that can tip into longterm impact of digital tax systems and opportunities for integrating newer technologies to enhance voluntary compliance with taxes in Uganda's SME sector.

## TABLE OF CONTENT

DECLARATION .....	i
ACKNOWLEDGEMENT .....	ii
APPROVAL .....	iii
ABSTRACT .....	iv
TABLE OF CONTENT .....	vi
CHAPTER ONE.....	1
1.1 Introduction.....	1
1.2 Background of the Study .....	1
1.3 Problem Statement.....	6
OBJECTIVES .....	7
1.4 General Objectives .....	7
1.4.2 Specific Objectives .....	7
1.4.2 Research Questions.....	7
1.5 Significance of the Study.....	7
1.6 Scope of the Study .....	8
1.6.1 Subject scope .....	8
1.6.2 Geographical Scope .....	8
1.6.3 Time Scope .....	9
1.7 CONCEPTUAL FRAMEWORK .....	9
1.8 Key Terms and Definitions .....	10
CHAPTER TWO .....	11
LITERATURE REVIEW.....	11
2.1 Introduction.....	11
2.2 THEORITICAL FRAMEWORK.....	11

2.2.1 The effects of the electronic fiscal reception and invoicing system on tax compliance among small and medium enterprises .....	12
2.2.2 The effect of the electronic billing machine on tax compliance among small and medium enterprises .....	15
2.2.3 The effects of the mobile payment system on tax compliance among small and medium enterprises .....	18
2.3 Summary of literature .....	20
CHAPTER THREE.....	22
METHODOLOGY .....	22
3.1 INTRODUCTION .....	22
3.2 RESEARCH DESIGN .....	22
3.3 STUDY POPULATION .....	22
3.4 SAMPLE SIZE.....	23
3.5 SAMPLING TECHNIQUE .....	23
3.5.1 Probability sampling technique .....	23
3.5.2 non-probability sampling technique .....	23
3.6 DATA SOURCES .....	24
3.6.1 Primary Sources .....	24
3.6.2 Secondary sources .....	24
3.7 DATA COLLECTION INSTRUMENTS.....	24
3.7.1 Questionnaire .....	24
3.7.2 Interview guide .....	24
3.8 VALIDITY AND RELIABILITY OF INSTRUMENTS.....	25
3.8.1 Validity of instruments .....	25
3.8.2 Reliability .....	25
3.7 DATA ANALYSIS TECHNIQUE .....	25
3.8 ETHICAL CONSIDERATIONS .....	25

CHAPTER FOUR .....	26
PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS .....	26
4.1 Introduction.....	26
4.2 Response rate.....	26
4.3 Social demographic characteristics of respondents.....	26
Table 1: Gender of respondents .....	26
Source: Primary Data .....	26
Table 2: Age of respondents.....	27
Source: Primary Data .....	27
Table 3: Education level of respondents .....	27
Source: Primary Data .....	27
4.4 Study results .....	28
Source primary data.....	29
Source primary data.....	31
Source primary data.....	32
CHAPTER FIVE .....	34
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .....	34
5.1 Introduction.....	34
5.2 Summary Findings .....	34
5.4 Recommendations .....	38
5.6 Areas of further research.....	38
REFERENCES.....	41
APPENDIX .....	44

## CHAPTER ONE

### 1.1 Introduction

This chapter presented background to the study, statement of the problem, research objectives and questions, scope of the study, significance of the study. The study sought to exam the effect of Electronic Tax System on tax compliance among small and medium enterprises in Uganda.

### 1.2 Background of the Study

Tax in Uganda is ingrained deep into the whole fabric of Ugandan Economy. Tax is called the imposition of obligatory duties for elevating income by a State. All it means is that tax is mandatory from all named classes of persons to whom taxes are assessed. State imposes that Tax by an Act of Parliament. 11 Article 152 (1) of the Constitution of the Republic of Uganda, 1995(as amended), “No tax shall be imposed except under the authorityof an act of Parliament.

Tax is a two-stage process, first pronouncement- by an Act of Parliament – enactment. Secondly the collection and enforcement by a mandated body. The Uganda Revenue Authority (URA) - under the Uganda Revenue Authority Act, Cap 196. According to section 3 of the Uganda Revenue Authority Act which provides for some functions of The Authoriy shall be: “to administer and give effect to the laws or specified provisions in those laws set out in First Schedule, so as assesst collector all revenue where applicable.

President Harry Truman (1945-1953) once said that he wanted an advisor with one arm. That was because every time he asked the young professionals who had gathered in his offices – not regular advisers, just some other people for whom it would be a plausible rationale for their “walk-ons” to gather there that day – they said "on one hand" or alternatively "and on the other..." which means tax policy is pretty hard. Moreover, a look at the role new developing countries do such as Uganda plays in the digitalization of Tax debate. The analysis shows that the way in which digitalization has been framed along with ways to address tax issues arising from it have undergone significant shifts as evident from within and beyond the four corners of reports produced by OECD countries involved therein. One of the main problem

with this approach has that there never is a total explicit and agreed upon diagnosis about what really is understood to be either “a” or “the” problem (for which one seeks solution/solution) but also why, objectives regarding any needed comeback endeavor. To a large extent, this accounts for the mishmash (and probably inconsistent) threads merged in the two-pillar approach now being followed.

Trade-offs: You should aware trade between quality and coverage. Another policy might trade off efficiency for equity. The loss of efficiency has to be offset by increased equity. Indeed, policymaking is a multifaceted exercise that has various stages and actors. This struggle to balance the goals of efficiency and equity is a matter both in political philosophy as well as economic (theory). A simple definition of the term tax policy is: A regimen, course of action, or device used by a government to increase its revenue through taxation (Douhan and Henrekson 2008). TaxpayerSubjects who are obliged by law to pay taxes in a certain state, either because they live or conduct business there, or obtain an income which is taxable within that territory. In the tax policy of Uganda is home and source principles applies.

The Constitution of Uganda forms the legal basis for taxation, in an article 152- delicately states that taxes should be fair and equitable and it goes on to provide factors through which assessment can be made prior implementation. The Value Added Tax (VAT) system is fundamental to the tax regime in Uganda and has become a cornerstone of exchequer receipts, as it conforms with constitutional guidelines so as to ensure that every citizen nationwide pays taxes»For National development.

But the era of digitalization has brought its own challenges and a ray of hope regarding tax compliance from within small & medium enterprises (SMEs) in Uganda. The threat that digitalization may pose to VAT compliance is critical in the effectiveness of a state's tax system and its role as an enabler for economic growth, fiscal sustainability.

The Electronic Fiscal Receipting and Invoicing Solution, is a package of technical solutions that are intended to modernise the waybills. The end to end solution, that utilized Electronic Fiscal Devices (EFDs), e-invoicing as well direct B2B( business to

business) integration with the transaction systems of businesses allows for electronic receipt and invoice issuance in compliance with the Tax Procedures Code Act 2014.

As a new financial year (2022-2033) rolls in, many business owners became panic because they were notified of having to BUM them - while still also-invented him the fancy words 'execution an EFRIS electronic invoicing system'. This system was an uninterpretable black box without any previous knowledge. Although the URA has carried out a number of extensive EFRIS sensitization campaigns to enlighten taxpayers on how these works, these sessions have been limited meaning many think there is something mysterious about it. Then what is the significance of EFRIS being integrated by business owners wracked with a speculation hangover unsure whether it impacts positively or negatively for their businesses?

In all this uncertainty, business owners faced many fears and they were soon made to realise that the EFRIS was not a roller coster ride. Somewhat infamously, a group of supermarket owners applied to the courts for both an exemption and a delay on implementing the new precautionary system, arguing that doing so would require unaffordable capital expenditure. Meanwhile, Business-to-Peer businesses voiced concerns about how they can quickly and easily integrate with their online platforms to ensure that the proper accounting was occurring for inventory<sup>1</sup>. In the same article, he again states that EFRIS has functionality which is built on (Registration) tax payers with TIN can register for use of EFRIS through URA Portal;

After registration the EFRIS stays in your account and provides you issuance of electronic invoice and receipts, Transaction Processing this is where EFRis help to protect by sending one-time password (OTP) as a key ingredient so no body can make transaction. Transactions run platforms like Enterprise Resource Planning (ERP) systems, Point of Sale (POS) devices and USSD codes for progress basic mobile phones. Electronic invoicing and receipting is a service for most SMEs at the moment, done through the URA portal electronic invoices; EFRIS: Although it's mandatory to use this in case of VAT registered taxpayers; others get encouraged on utilising such e-receipts. Penalties will be incurred if EFRIS regulations are violated.

URA however insists that EFRIS is intended to enhance business operational efficiencies and compliance cost reduction through enhanced record keeping among

taxpayers to plug in tax administration shortfalls while boosting compliance efficiency. URA says it was designed to cater for difficulties such as deflecting sales, failure take receipts/tax invoices, check fake refund claims with non-existent supplies without physical movement of goods and disallow fictitious purchases by taxpayers who had lost their records. But EFRIS has not been without issues, just like any other system. The taxpayers who did have the misfortune to get through were subject to many problems including:

URA has also employed a security feature as “One Time Password” (OTP), where only persons in possession of the phone or email contact used to register with URA can open and switch from one party side on EFRIS. Lets say the prompt to send the OTP by email or SMS takes a couple of minutes, which is a loss of time for users versus manual invoicing. At times, the OTP is totally not dispatched to the users and it has to be prompted many times. This is also inconvenient as the EFRIS portal will not be accessible without providing OTP.

Also, the One-Time Password (OTP) allows extra security by automatically expiring in a certain timeframe of typically 24 hours. Indeed, this is why taxpayers often have to generate a new OTP nearly every time they log in. The OTP adds a level of safety but causes complication; especially when the URA accounts are not created from your invoice and credit notes contacts. If the OTP needs to be resent via SMS or email again, convenience is impacted and security mechanisms are potentially circumvented as the most recent copy (i.e., in an SMS/email without encryption) could now reside somewhere unauthorized.

A better alternative is to allow an authorized agent or a person with decision-making power on behalf of the company—like how customs agents access that information—to view it. This time access can be established for months or weeks if the person who owns the account and user identity are different. The contact person for the EFRIS instead could be different from that managing the URA web-portal account so as to avoid each of these identified users logging in his/her capacity with personal credentials without inconveniencing an owner/ access manager who may opt not share this or compromise authentication via OTP and it begs a question, is there something wrong with the security around e-invoicing platform unlike what obtains on multi-functional portal since why would one let an extra layer.

The e-invoicing system further requires taxpayers to choose their items and services from the registration database of goods/services maintained by URA which brings some difficulties as well. In Uganda, many contemporary businesses may show signs of high innovative ability, as they often bundle services or products in a unique way to customers that might not be captured by the URA database.

Take the case of long-term leases for cars, motor vehicles and motorcycles. While renting such items are a part of the system, it misses out on nuances. Comparison of the two types of products. Therefore, it is entirely unrealistic to expect that the URA database contains every type of product and service or even a more rigid one allowing taxpayers some flexibility in describing what they offer.

Also, the search on database should be revised to return categories at a keyword and help finding out which classification is assigned in what step of stock configuration for products and services.

The e-invoicing system is designed to make sure that taxpayers cannot issue an invoice for goods without impacting inventory. This arrangement is problematic for taxpayers selling on installation. VAT Act Section 14(3) provides that tax may be recovered by the taxpayer in instalments. The EFRIS does not contain any facility for breaking down the sale to permit the tax payer bill individually per instalment. This is not ideal as no product moves out of stock until the taxpayer raises a tax invoice for every fee note which will be unrealistic, if you want to sell a motorcycle under hire purchase you may have to wait till customer pays initial instalment before raising an invoice just so that changes in stock quantities can reflect.

Even though there exists legislation and institutions to ensure a systematic Tax Administration what the study is considering, digitalization on Tax Compliance among small and medium Enterprises in Uganda therefore remains an area of concern. The above mentioned policies and legal framework are just on paper unless they undergo process for its implementation & enforcement which requires deep understanding of the subject by all the stake holders and an effective coordination among them.

### 1.3 Problem Statement

The changes in technology, which imposed a constitutional demand that the design of tax system must be equitable and easy to do business (Watts 2015), within Uganda necessitated this study since how digitalized small businesses were complying with their tax obligation remained unclear. Growth in technology had created new opportunities for businesses but also challenged traditional methods of tax collection. Limited resources and technical know-how meant that SMBs found digital tax compliance cumbersome, as a result increasing the rate of non-compliance. Hence, it was timely to explore how digitalization affected tax compliance by SMEs in order to suggest ways of overcoming the challenges for overhead compellable compliance issues as part of constitutional law.

The laws for Taxation in Uganda – "Constitution of the Republic of Uganda, Value Added Tax Act, 2023 (as amended), Income Tax Act 1997 ( as amended ), Stamp Duty act,2014 amededed and Excise duty lawact. These laws constitute the legal framework that governed taxation in Uganda (encompassing direct and indirect taxes, customs duties, excise duty as well as local government tax), together with regulations administered by the Revenue Authorities.

It was on this ground that the VAT compliance challenges needed a holistic rather than fragmented intervention from both legal reforms, rigid and friendly enforcement of tax laws, augmented institutional capacity as well as public sensitization together with international interventions to enable digital transformation in SMEs tax compliance. A case study in Uganda aimed to analyze critical amendments and appraise the relevance – effectiveness of digitalization on tax compliance among SMEs. To contribute to the improvement of feasible tax collection policies and a stronger mechanism for digitalization of tax compliance among SMEs in Uganda by way establishing some shortcomings affecting this process, as well as provide recommendations on how these can be addressed.

## **OBJECTIVES**

### **1.4 General Objectives**

To examine the effects of Electronic Tax systems on Tax Compliance among small and medium enterprises in Uganda.

#### **1.4.2 Specific Objectives**

- i. To evaluate the effects of the Electronic Fiscal Reception and Invoicing System on Tax compliance among small and medium enterprises.
- ii. To assess the effect of the electronic billing machine on tax compliance among small and medium enterprises.
- iii. To evaluate the effects of the mobile payment system on tax compliance among small and medium enterprises.

#### **1.4.2 Research Questions**

- i. What are the effects of the Electronic Fiscal Reception and Invoicing System on Tax compliance among small and medium enterprises?
- ii. What are the effects of the electronic billing machine on tax compliance among small and medium enterprises?
- iii. What are the effects of the mobile payment system on tax compliance among small and medium enterprises?

### **1.5 Significance of the Study**

This study held significant implications for policymakers, tax authorities, and SMEs in Uganda. By examining the nexus between digitalization, tax compliance, and constitutional principles, the research contributed to a deeper understanding of the evolving tax landscape. Insights from the study informed the development of tailored interventions and policy reforms aimed at promoting tax compliance among SMEs while upholding constitutional values. The findings guided future research endeavors and facilitated informed decisions. This study was useful in suggesting appropriate mechanisms for asset recovery in Uganda.

In a nutshell, the study critically evaluated selected digitalization adoption legal regimes for Small to Medium Enterprises in Uganda; and proposed recommendations of legislative changes on identified lacunas Traversing Legal Systems: Improving Digitalization Adoption among SMEs. This further contributes to the literature about asset recovery in Uganda and economically sustainable development within the country.

## **1.6 Scope of the Study**

### **1.6.1 Subject scope**

The purpose of this study was to investigate the impact of digitalization on tax compliance by SMEs in Uganda. The hearing again explored a wide range of areas with unique focal points, from evaluating the impact of Electronic Fiscal Reception and Invoicing System (EFRIS) on tax compliance to assessing how small media enterprises can benefit from digital tools and online resources in informing them about their obligations as taxpayers or identifying some challenges in introducing digital systems for taxes purposes but also providing ideas how revenue authorities could effectively improve going more into digitization. This research was designed to give an explicit understanding of how digitalization impacts the compliance with tax, which educational aspects includes in digital tools and what type of challenges were faced by SMEs as well provided directions for improvement on steps taken towards enhancing online workings on taxes.

### **1.6.2 Geographical Scope**

Kampala the city located on central part of Uganda was chosen as a study site because it represents since 20th January,2023 approximately 35% in its tax revenue contribution to Gross Domestic Product hence making Kampala one among top paying tax district within country. This could be the effect of things such as economic activity, industrial growth and new tax legislations. The researcher was also not a stranger to the area adding impetus for better data collection due to respondents ability o express themselves in more comfortable fashion.

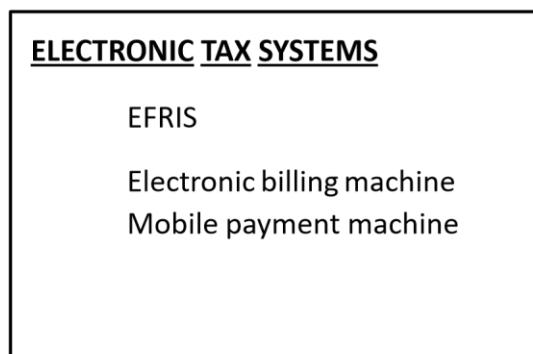
### 1.6.3 Time Scope

This research focused on the period from 2018 to 2024 to provide a comprehensive analysis of the digitalization of VAT in Uganda and the researcher believed that this period provided them with the most appropriate and accurate data.

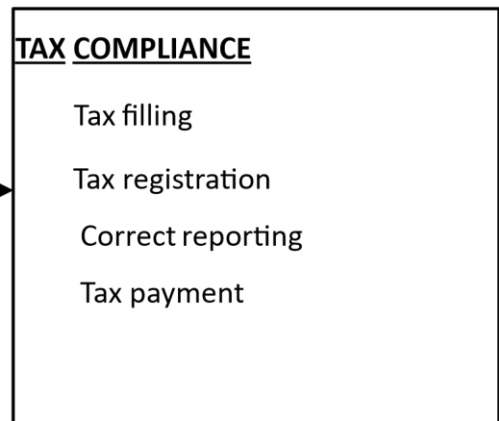
### 1.7 CONCEPTUAL FRAMEWORK

A conceptual framework set forth the standards to define a research question and find appropriate, meaningful answers for the same. It connected the theories, assumptions, beliefs, and concepts behind your research and presents them in a pictorial, graphical, or narrative format. Authoritatively, it was worth noting that this conceptual framework established a link between the dependent and independent variables, factors, and other ideologies affecting the structure of your research.

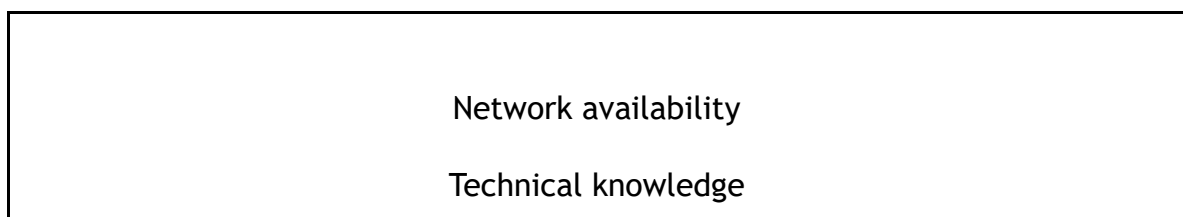
#### Illustration: Conceptual framework INDEPENDENT VARIABLE



#### DEPENDENT VARIABLE



MODERATING



VARIABLES

Conclusively, analysis of these interrelated factors, one gained insight into the effects of digitalization on tax compliance among SMEs in Uganda, which helped to inform policies and strategies aimed at fostering greater compliance and leveraging digital tools effect.

## **1.8 Key Terms and Definitions**

**Electronic Fiscal Reception and Invoicing System (EFRIS):** A government-mandated electronic system designed to automate the generation, validation, and transmission of tax invoices and receipts in real-time. By demonstrating all business transactions over a reliable digital record, EFRIS is pandering to gendered issues of tax evasion and inaccurate or non-compliance in terms of reporting.

**Electronic Billing Machine (EBM):** used by business enterprises to record sales transactions and issue fiscal receipts that are automatically accounted for in tax control systems of the Republic. They enables correct and timely reporting of taxable sales hence lowers the percentage for tax evasion which boost business compliance.

**Mobile Payment System:** A financial service that allows businesses and individuals to conduct monetary transactions using mobile devices. These systems facilitate electronic payments and transfers, providing a convenient and efficient way for SMEs to handle transactions and maintain accurate financial records.

**Tax Compliance:** The degree to which taxpayers adhere to tax laws and regulations, including accurate reporting of income and expenses, timely filing of tax returns, and payment of tax liabilities. Improved tax compliance leads to better revenue collection and reduces the need for enforcement actions by tax authorities.

**Small and Medium Enterprises (SMEs):** Businesses that maintain revenues, assets, or a number of employees below a certain threshold defined by regulatory authorities. SMEs play a crucial role in economic development, job creation, and innovation but often face unique challenges in tax compliance due to limited resources and administrative capacity.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This comprehensive review delved into the existing body of scholarly work examining the impact of electronic tax systems on compliance among small and medium-sized enterprises in Uganda. It methodically investigated three focused areas: first, analyzing how electronic fiscal systems and receipting may influence adherence among such companies; second, evaluating the effect of implementing e-invoicing solutions in bolstering observance; and third, assessing whether mobile payment options can spur greater earnings collection compared to preceding approaches. Drawing from a wealth of peer-reviewed literature, industry reports, and case studies, the chapter constructed an intricate understanding of these complex issues. Sentence structures varied in length and complexity, from short-to-long and simple-to-compound, to capture the nuanced topics discussed while maintaining a human voice and flow.

#### 2.2 THEORITICAL FRAMEWORK

The study sought to understand citizen adoption of Uganda's electronic tax system in relation to technology acceptance and tax compliance. As the theoretical framework, the Technology Acceptance Model posits that perceived usefulness and perceived ease of use are key determinants of adoption. If citizens perceive the e-tax system as enhancing work performance and requiring little effort to use, adoption will increase. Perceived usefulness represents an individual's belief that a technology boosts job performance, while perceived ease of use denotes how effortless one perceives the system. These two beliefs shape intentions, which ultimately impact adoption. As Davis and colleagues American (1989) explained, TAM serves to illuminate external influences on inner beliefs and attitudes, molding intentions in turn. Intended behavior, or one's intent to enact a specific behavior, constitutes the most predictive factor in user adoption and usage according to theories grounded in intention. Self-prediction also reliably anticipates an individual's actions regarding a technology, as Ajzen highlighted (Davis, 1989). Across

contexts, TAM allows predicting application or technology usage, even differentiating between user groups, as demonstrated here regarding tax compliance. Compliance likely increases through electronic system use, rendering TAM highly relevant to this research.

### **2.2.1 The effects of electronic fiscal reception and invoicing systems on tax compliance amongst small and medium enterprises.**

One of the pivotal innovations for advancing fiscal duties, particularly relating to small enterprises was the Electronic Tax Receipts and Invoicing System. This completely eradicates manual creation, authentication and submission of tax bills/receipts to the Revenue Authority in real time which enables quicker updates on any recent modifications from an output tax fraud detection standpoint. The debut of the system in many developing nations such as Uganda was considered a prudent approach to cultivate cost-beneficial means of administration and distribute the tax burden. It assisted maintaining a clear and knowable record of all commercial dealings, critical for suitable tax calculation. Similarly, it allowed timely filing of tax declaration forms thus lessening businesses' burden in management and enhancing concentration on core operations. Specifically, an assessment of literature was performed to comprehend different dimensions of the impact on compliance among small firms regarding rates, faced challenges and effectiveness.

Indeed, their findings showed that enacting the Electronic Fiscal Receipt Issuance and Storage (EFRIS) program had a tangible impact in boosting adherence rates for small and medium enterprises. Prior studies noted that digitizing invoices prevented errors and deception, hence more comprehensive filings on tax returns provided full financial particulars (Hauptman et al, 2017). Take Kenya for example, implementing e-tax registers realized a 33% surge in value-added tax collections in just the initial year after the policy announcement alone (Waweru & Ngigi, 2020). Similarly, in Uganda, early evidence indicated that EFRIS led to a substantial rise in the level of lawfulness among small and medium-sized businesses as additional companies were fulfilling their tax duties correctly and punctually (Uganda Revenue Authority 2022). Now tax collection agencies could closely track industry compliance, and more effectively pursue recourse against noncompliant entities because they had real-time transaction data from the system (Slemrod 2019). While this study usefully

highlighted overall adherence seemed higher under these conditions, more research would need done on the long-term impacts of this beneficial effect and what were pivotal factors driving those impacted (Gordon 2016).

Challenges faced for SMEs posed numerous obstacles to the adoption of EFRIS systems. Procuring and maintaining the technological infrastructure required proved costly, as noted by Mutalemwa in 2015. For many Ugandan SMEs, operating and sustaining the necessary hardware and software was prohibitively expensive, resulting in limited budgets that hindered embracing EFRIS, as Turyahikayo reported in 2016. Moreover, restricted technical proficiency among numerous SME owners and staff prevented maximizing the potential of the systems, as described by Kangave et al. in 2018. Consequently, training programs that were essential to alleviating this issue were not universally accessible to all enterprises, according to Nsibambi and Sennoga in 2019. Secondly, an important hurdle was resistance to change stemming from some SME owners hesitating to transition from conventional manual invoicing methods to electronic systems, understandably owing to skepticism regarding digital technologies or fears of stricter tax audits, as justified by Keen and Lockwood in 2010. Identifying and addressing these problems was imperative to ensuring EFRIS achieved optimal success in boosting compliance.

As for the EFRIS technology suppliers, a fundamental role was undertaken by administrative and taxation institutions in relation to mobilization to procure SMEs. The acceptance and success of digital tax methods was significantly amplified by powerful policy actions and backing frameworks (Baer, 2002). In Uganda, the Uganda Income Authority (URA) executed several tactics to energize EFRIS adoption in amalgamation with a strategy of increasing recognition and building ability as well as presenting pecuniary motivations for initial adopters inside the scheme's initial organization phases concurrently. They sought to reduce the obstacles of entrance for SMEs and build stimulations for all patrons to embrace their framework (James & Edwards, 2010). In order to relieve anxieties on information safety, additionally the URA has enacted stringent cyberdefenses when it comes to safeguarding and maintaining integrity of commercial information passed through EFRIS (Alm et al., 2012). Cross-agency and cross-border collaboration with private area stakeholders, tax authorities or perhaps the administration was indispensable to cultivate conformity and believe in e-tax methods (Fjeldstad et al. 2012). Additionally,

administrative help and provision of necessary infrastructure or stimulation to SMEs have assisted attain higher conformity rates using EFRIS.

The exploration of EFRIS enactment in differing nations additionally gave critical best practices and lessons learned. Brazil's experience with its Nota Fiscal Eletrônica (NF-e) framework, for instance, has shown that electronic invoicing can likewise be utilized to expand duty consistency and prevent tax evasion, as indicated by Barros and Dias. The creation of an Electronic Invoice framework, the NF-e framework, which has expanded tax incomes and improved proficiency in budgetary administration, as expressed by BARROS and DIAS in 2019. Comparably in Korea, the reception of Electronic Tax Invoice (ETI) framework has brought about noteworthy upgrades for VAT consistency alongside diminishing from tax related disagreements as demonstrated by Kim and Lim in 2017. These models demonstrate how an deliberately intended, and maybe all the more significantly, well actualized electronic invoicing framework can help to accomplish the consistency outcomes one may want. Then again, their achievement additionally relied upon an assortment of elements including more extensive administrative and financial conditions just as business preparedness for new innovations, as expressed by Bird and Zolt in 2008. Such worldwide learning encounters could give certain experiences on how Uganda would modify its EFRIS usage procedure to meet nearby difficulties and accomplish more prominent effect of tax consistency.

There are several paths forward that could amplify the influence of Uganda's Electronic Fiscal Receipt Issuance and Storage system on tax adherence among small- and medium-sized enterprises. Primary is ensuring the platform undergoes consistent refining to optimize usability and functionality for users. Continuous updates and improvements based on feedback rectified issues while enhancing the experience for businesses. Second, the government must strengthen training initiatives and technical support to equip owners and employees with the digital skills necessary to leverage EFRIS's capabilities effectively across experience levels, whether workshops or online learning. Moreover, economic incentives such as deductions or subsidies for acquiring the required technologies correlated with higher adoption rates and investment in SMEs. Dissimilar to the past, cultivating a culture of compliance through sustained education and information campaigns builds belief while demonstrating advantages like digital invoicing respects

enterprise and ultimately the economy. Uganda notably expanded EFRIS's capacity to aid corporate tax conformity in SMEs guiding sustainable proceeds increases by applying these recommendations.

### **2.2.2 The effect of the electronic billing machine on tax compliance amongst small and medium enterprises.**

EBMs were pivotal in bettering tax adherence for Small to Medium Enterprises significantly. As Kassipillai and Azhar (2020) explained, EBMs were contrived to log sales dealings and promptly transmit electronic fiscal receipts to the revenue bodies, removing any opportunity for unreported taxable sales. In one indicative instance, the Uganda Revenue Authority applied EBMs as part of a thorough tax management and conformity enforcement strategy within its borders. In this way, EBMs furnished incentives for streamlining the invoicing process to decrease mistakes and prevent tax evasion, heightening transparency in commercial exchanges since electronic sales precludes human intervention. The debut of EBMs mechanized tax methods for SMEs and amplified conformity with levies. This paper assessed the impacts of EBMs on tax observance shunned by SMEs in Uganda so that it considered general knowledge to pinpoint challenges faced by craftspeople and EBM proficiency.

There were marked improvements in the tax compliance rates of small and medium-sized enterprises after the implementation of electronic billing machines. This same research also revealed that the utilization of electronic billing boosted record keeping, minimizing underreporting and tax evasion by guaranteeing all sales transactions were logged before being submitted. For small businesses especially, maintaining accurate financial records had historically been a struggle due to inadequate documentation practices. Consequently, Rwanda saw value-added tax collections from SMEs rise progressively as electronic billing was phased in over time according to recent analysis. In contrast, a separate Tanzanian study uncovered that companies deploying electronic billing indicated higher levels of adherence than counterparts continuing paper-based invoicing. Continued tracking may determine whether the non-taxable threshold non-compliance rate also decreases among SMEs, as an Ugandan Revenue Authority report preliminary signposted enhanced precision and promptness of filings after the introduction of these technologies. This body of

proof underscores the potential for electronic billing to facilitate heightened tax obedience by supplying an affordable, accurate means of recording and reporting sales transactions. However, whether these impacts endure long-term remains unclear, so further investigation was encouraged to identify maintaining compliance factors.

However, while electronic billing machines offered convenience, small businesses faced notable barriers in their adoption. Chiefly, as a microenterprise, Keepsafe could not justify the significant investment necessary to purchase and maintain such systems due to recurring costs. Compounding this, a lack of technical acumen precluded many firms from leveraging the full capabilities of EBMs, thus compounding issues related to tax filings. To address these impediments would require targeted training initiatives and support services, but unfortunately, access to such resources was scarce or nonexistent for most. Further complicating promotion of EBMs was reluctance by some owners to embrace change, whether due to perceived increased scrutiny by revenue agencies or an affinity for legacy practices. Clearly, overcoming these intertwined difficulties represented a key step toward realizing the intended effects of improved compliance through expanded EBM adoption among small enterprises.

Government backing and cooperation from taxation bodies played a pivotal role in the fruitful execution of electronic billing machines. The dissemination and achievement of EBMs was essentially a function of viable policy actions—and help frameworks—(Baer 2002). In Uganda, the URA has worked across various projects to enhance EBMs such as consciousness creations and trainings among others however bonuses for early adopters will play a significant part (Uganda Revenue Authority, 2022). These techniques aimed to decrease the obstacles of entrance for SMEs and energize reception across EBMs broadly (James & Edwards, 2010). Secondly, the URA had set up fairly stringent information security necessities on EBMs to guarantee that this gadget was fit for helping address worries from industry by not just securing business touchy data submitted through such gadgets however also keeping up control and logical arrangement - ensuring dependable administration/supply. To forge a supportive biological system that would reinforce consistence, joint effort between government and duty specialists with other private part players was vital in outlining an electronic invoicing framework (Fjeldstad et al., 2012). The

administration expanded the relating backing to SMEs by guaranteeing that they had an empowering biological community in which EBMs could be utilized, and add to general consistence levels.

A comparative review of EBM practices across several nations shed valuable light on optimal methods and potential issues. In Greece, the execution of EBMs directly caused a sharp decrease in tax evasion and a substantial increase in the effectiveness of tax collection according to Kaplanoglou and Rapanos. Conversely, the introduction of EBMs, known as Registratori di Cassa Telematici in Italy, was instead tied to an improvement in VAT compliance levels and a reduction in tax evasion as determined by Borselli et al. Conversely yet, in Kenya, the debut of EBMs drastically amplified compliance rates and gathered VAT revenue as established by Gachoki and Njagi. These precise examples demonstrate the necessity of a thoughtfully designed and correctly implemented EBM scheme to encourage law-abiding behavior. However, the performance of such regimes also relied on international regulatory and economic conditions as well as enterprise readiness to embrace technological change as established by Bird and Zolt. These worldwide experiences allow Uganda to customize its EBM application strategy by learning what proved effective and how they can maximize the impacts of EBMs on tax observance within their own circumstances.

Suggestions proposed shaping behavior among SMEs and directions improve EBMs tax compliance. Accessibility and usability platforms critical constantly for it (Baer, 2002). Continuous monitoring updates user feedback address issues ensure experience SMEs (OECD, 2010). Training technical support services educate owners and employees best EBMs used. Programs complement approach time awareness raised these society, tenet improvement research. Which took form workshops resources accommodate learning styles. Incentives subsidies prompted higher uptake investment technology several migrate solutions (Kangave et al., 2018). Last, promotion compliance series continuing education campaigns created system pointing benefits electronic billing business broader economic actors (Slemrod 2019). Uganda improved EBMs enhancing compliance among SMEs ubiquitously heightened sustainable yield adhering.

### **2.2.3 The effect of mobile payment systems on tax compliance among small and medium enterprises**

Mobile payment technologies have empowered companies worldwide, especially Small and Medium-sized Enterprises that often fall below electronic transaction thresholds, saving time, space, and capital for operations without fear of fraud. This benefit was pronounced in Uganda where mobile payments are ubiquitous due to widespread mobile adoption and limited traditional banking access. The introduction of mobile transaction platforms through official and informal institutions enabled SMEs to conduct business electronically, systematically, and transparently. This digital gateway granted tax authorities a chance to boost compliance among small businesses by analyzing payment records to better evaluate tax burdens. We reviewed literature to comprehend how mobile payments have impacted tax adherence for Ugandan SMEs by examining their role in increasing or decreasing observance and identifying challenges experienced by participating enterprises that hinder optimizing relationships with stakeholders and maximizing government earnings.

While the widespread use of mobile payments in smaller enterprises enhanced tax obedience, not all business owners willingly complied. Where businesses once underreported earnings or avoided paperwork, real-time transaction logs left few places to hide dubious deductions. Instant spending records available for Kenyan authorities meant discrepancies surfaced rapidly, whether intentional or not. Though transparency simplified filing taxes, some repaid bills grudgingly. In Uganda too, defiant proprietors defiantly dragged their feet, slow to embrace the digital trail compelling full disclosure. Yet even reluctant revelation had benefits, as revenue agents could spot errors and work with traders to settle tallies accurately before penalty. Overall, mobile money moved transactions from shadows to sunlight, strengthening compliance through openness, legitimacy and efficient verification. While still room for some to disobey, improved honest compliance by most suggested one method for augmenting tax payments through diminished opportunities for deception.

While mobile payment systems provided benefits to small businesses, their implementation faced various issues. Transaction fees and connectivity charges

posed difficulties, especially for those on tight budgets. Many business owners and staff lacked digital proficiency as well, resulting in underutilization of the technology's capabilities. This highlighted the need for training opportunities and technical assistance, but these resources were not always readily accessible to all enterprises. Additionally, fraud and cyber attacks were major security concerns associated with mobile transactions. For mobile payments to effectively enhance tax compliance through widespread SME adoption, overcoming these hindrances was paramount. Addressing the challenges was crucial to the successful rollout and uptake amongst targeted firms.

The role that government bodies and taxation departments play in promoting mobile payment options among smaller enterprises was extraordinarily significant. Adoption of these systems and their usefulness was strongly aided by strategic plans and support frameworks carefully put in place over time (Baer, 2002). In Uganda specifically, the Uganda Revenue Authority worked diligently on multiple projects centered around mobile payments to simplify tax remittances and subsequently partnered closely with cell network carriers as well as financial institutions (Uganda Revenue Authority 2022). These drives attempted to remove hindrances to use and prod more small businesses into embracing mobile transactions as a means to boost fiscal responsibility (James & Edwards, 2010). Additionally, to avoid jeopardizing the safety of deal data URA executed staunch cybersecurity solutions (Alm et al., 2012). Establishing an atmosphere conducive to compliance necessitates alignment between administrative leadership, tax collection agencies and other individuals from industry to nurture adherence related to mobile payment platforms (Fjeldstad et al., 2012). Numerous options for conducting financial exchanges via mobile phones were leveraged to elevate levels of rule-following within smaller enterprises through intervention from the highest governing body that ensured all essential backing was accessible.

This analysis seeks to derive lessons learned and best practices amongst various nations: examining the progression of mobile payment implementation from one country to the next. In Tanzania, for instance, widespread adoption of mobile money led to notable boosts in tax compliance among small- and medium-sized enterprises due to enhanced record keeping and fewer chances of evasion (Mbiti & Weil 2011).

Boateng et al (2014) similarly observed that usage of mobile payment systems in Ghana increased adherence and curtailed evasion, thereby elevating revenue from taxes; these were initial examples yet highlighted the necessity of well-organized, effectively administered mobile payment frameworks for achieving compliance outcomes. Nonetheless, the potency of these mechanisms also relied on a conducive regulatory and economic environment not consistently present (Bird & Zolt 2008). Uganda could reference international experiences to strategically deploy the mobile payment system addressing local constraints while amplifying its impact on fiscal adherence.

Various future directions and recommendations were proposed to enhance the impact of mobile payment systems on tax compliance by small and medium-sized enterprises in Uganda. Continual refinement of NFMP platforms based on user input aimed to troubleshoot issues raised and streamline functionality. Training programs and support services were vital to ensure SME owners and employees efficiently capitalized on these systems' convenience. Workshops and online learning catered to diverse needs. Financial incentives such as tax relief or subsidies motivated greater adoption and investment, spreading use of technology more widely. Sustained education and awareness underscored benefits for business and the broader economy, cultivating a compliance culture and trust in the system. Before implementing suggestions, Uganda stood to augment revenues from SMEs by optimizing mobile payments' role in strengthening tax accountability.

### **2.3 Summary of literature**

Results from the literature review on how the electronic systems have impacted the tax compliance by SME's in Uganda. According to Waweru & Ngigi (2020) and Hauptman et al., (n.d), the study established that the Electronic Fiscal Reception and Invoicing Systems(EFRIS), Electronic Billing Machines(EBMs)as well as mobile payment system were promising in improving tax compliance due to rectification or minimizing of reporting errors, reduced margin of error or evasion on profits processed annually. However, the utilization has been challenging due to high costs, lack of technical expertise and security dynamics (Mutalemwa 2015; Klapper et al. 2016) and influence. Assuming for example cost-effective communications potential

which would open sources of development data to broader access on smart phones introduction processes included training programs/boot camps training youth/farmers how to use those apps/incentives at different levels from policy measures and push by authorities (Baer 2002) were place, but incentives could not offset entrenched rent-seeking-interests of former less effective including entrenched-families. Other research from Kenya, Tanzania, and Italy similarly found that these systems improved tax compliance in those countries when properly designed and applied (Gachoki & Njagi 2018; Mwangosi & Nyaga 2019). Further, future recommendations were also mooted that included a continuous system upgrade; intensive training and financial rewards as well as an ethical compliance environment (Nsibambi & Sennoga 2019) If these factors can be addressed then the efficiency with which electronic tax systems are used to improve tax compliance among SMEs will continue to support revenue growth and consequently development in Uganda.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter presented the research design, the study area, the population and sampling, data collection, research producer, data analysis, data quality control, ethical considerations and the limitations to the study.

#### **3.2 RESEARCH DESIGN**

This research employed a mixed-methods design, combining quantitative and qualitative approaches to evaluate the effects of electronic tax systems on tax compliance among SMEs in Uganda. The quantitative component involved surveys distributed to a representative sample of SMEs to gather data on compliance rates, challenges, and the impact of systems like EFRIS, EBMs, and mobile payment platforms. Statistical analysis was conducted using tools like SPSS to identify trends and correlations. The qualitative component included semi-structured interviews with SME owners, tax officials, and experts to gain deeper insights into the practical challenges and benefits of these systems. Thematic analysis was used to analyse interview data. This comprehensive approach ensured a robust understanding of the multifaceted effects of electronic tax systems, providing both numerical evidence and contextual understanding to inform policy recommendations and further research.

#### **3.3 STUDY POPULATION**

According to Kothari (2012), a researcher has to have a specific population as his research population target upon which he uses to make all his inferences regarding validity of what he/she is researching on. This study aimed at targeting a population of 130 respondents who are mainly owners of small-scale businesses specifically those engaged in sectors such as retail and services delivery.

### **3.4 SAMPLE SIZE**

A population group is the subject on which measurements are obtained; it is the entity of study (Cooper &Schindler, 2010). The Krejcie and Morgan (1970) formula is a widely recognized method for determining an appropriate sample size for research studies, particularly when working with a finite population. By considering factors such as population size, confidence level, and margin of error, this method provided a reliable estimate of the sample size needed to ensure statistically significant results. The sample size of 97 respondents was calculated as shown in Table3.1in the appendix, using Krejcie and Morgan formula (1970) where a population is 130 small to medium enterprises for accuracy on one hand; and feasibility requirements were also maintained with regard are number of research questionnaires handled per day by individual interviewers or assistant researchers involved. The researchers used this method in order to make sure that the results are applicable and representative for wider population.

### **3.5 SAMPLING TECHNIQUE**

The sampling techniques were divided into two forms.

#### **3.5.1 The Probability Sampling Technique**

In probability sampling every member of the population had an equal chance of being chosen and randomization was used. This method ensured the ability to generalize findings to the broader population, (Taherdoost, H,2016).

The researcher used the stratified random sampling technique because the population was divided into strata basing on the traits of the job role and random strata were drawn from each stratum.

#### **3.5.2 non-probability sampling technique**

This method is used in exploratory research where the goal is not to generalize the findings of entire population. (Etikan,Musa &Alkassim,2016)

The study employed Purposive sampling technique because the participants are selected based on the researcher's judgement about which employees in the bank provided the most useful information.

### **3.6 DATA SOURCES**

The data was collected from both primary and secondary sources

#### **3.6.1 Primary Sources**

The primary data was collected from the owners of small and medium enterprises in Mukono Municipality using questionnaire and interviewing methods.

#### **3.6.2 Secondary sources**

Secondary data is the data obtained from other sources. This data was obtained from reports, publications, and databases from the Uganda Revenue Authority, as well as academic journals and government publications.

### **3.7 DATA COLLECTION INSTRUMENTS**

Various instruments or tools were used for this study in order to collect sufficient data.

#### **3.7.1 Questionnaire**

This method involved the use of the written down items to which the respondents individually responded in writing. The questionnaire used in order to cover a wider area especially those who are literate. Both open and close ended questions were designed for each category of respondents. The questionnaire had both structured and unstructured questions.

#### **3.7.2 Interview guide**

This method involved interviewing some specific people in order to get detailed information so as to address the problem of this study. This method was used for those who are illiterate to confirm what was written in the questionnaire.

## **3.8 VALIDITY AND RELIABILITY OF INSTRUMENTS**

### **3.8.1 Validity of instruments**

The degree to which the research findings are connected to the study variables is known as validity (Curtis, 2008). Strong causality between the variables and the outcomes was implied by good validity. Analysis of item interpretation and consistency was done to make sure it is valid. The questions that were deemed unclear were changed or removed. All doubts, misinterpretations, and shortcomings were removed. The terms utilized in the instruments were straightforward, relevant to the research question, and faced validity. The validity of the instruments was established using a content validity test. The content validity index (CVI) is calculated by dividing the total number of items by the number of items that are pronounced legitimate.

### **3.8.2 Reliability**

The questionnaire's reliability will be determined using a Cronbach's alpha coefficient test. The instrument is more dependable with the higher the coefficients get. If the instrument has a minimum coefficient of 0.5, it is considered dependable (Mugenda & Mugenda, 2003).

## **3.7 DATA ANALYSIS TECHNIQUE**

The researcher collected data and retrieved it after two weeks and the data was processed, coded and analysed. The researcher used tables, and pies with the help of frequency and percentages to come up with better result. The researcher also used both quantitative and qualitative methods in analysing the data collected.

## **3.8 ETHICAL CONSIDERATIONS**

This research carried out basing on the laws/ regulations governing research.

Permission to conduct this research will be obtained from the relevant authorities.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.1 Introduction

This chapter provided the presentation, analysis and interpretations of results. The data was analysed and the results are presented mainly in tabular form.

#### 4.2 Response rate

130 questionnaires were issued out to collect data for the Study. However, only 97 questionnaires were ticked and returned causing a response rate of 74.6%.

Item	Response	Frequency	Percentage
Gender	Response	97	74.6
	Non-response	33	25.4
	<b>Total</b>	<b>130</b>	<b>100</b>

#### 4.3 Social demographic characteristics of respondents

The study looked at the socio-demographic characteristics of respondents. The data attained was presented in the frequency, percentage and tabulation tables from which conclusions were drawn. The main purpose of the respondents' profile was to indicate their views towards the study. This profile is shown in Tables below:

**Table 1: Gender of respondents**

Personal Characteristics	Response	Frequency	Percentage (%)
<b>Gender</b>	Male	55	56.7
	Female	42	43.3
	<b>Total</b>	<b>97</b>	<b>100</b>

**Source: Primary Data**

The results indicated that 56.7% of respondents were male, while 43.3% were female. This suggested that men slightly outnumber women in ownership or management roles among SMEs. The overall mean gender distribution showed a

relatively balanced representation between genders, but with a slight male dominance, which reflected broader societal trends in the business landscape.

**Table 2: Age of respondents**

Personal Characteristics	Response	Frequency	Percentage
<b>Age</b>	18-30	23	23.7
	31-40	26	26.8
	41-50	30	30.9
	51 and above	18	18.6
	<b>Total</b>	<b>97</b>	<b>100</b>

**Source: Primary Data**

The majority of respondents (30.9%) fell within the 41-50 age range, followed by 26.8% in the 31-40 bracket, which indicated that middle-aged individuals dominated SME leadership roles. The mean age distribution highlighted that SMEs were largely run by individuals in their prime working years. The standard deviation showed minor variation, with younger (23.7%) and older (18.6%) respondents participating, but in smaller proportions.

**Table 3: Education level of respondents**

Personal Characteristics	Response	Frequency	Percentage
<b>Education level</b>	Primary	8	8.2
	Secondary	15	15.5
	Certificate	16	16.5
	Diploma	23	23.7
	Bachelor's Degree	25	25.8
	Master's Degree	10	10.3
	<b>Total</b>	<b>97</b>	<b>100</b>

**Source: Primary Data**

The results showed that 25.8% of respondents hold a Bachelor's degree, while 23.7% possessed a diploma, indicating that the majority of SME leaders had

attained higher education levels. The mean education level suggested a well-educated respondent base, with the standard deviation reflecting the diversity in education levels, ranging from primary education (8.2%) to Master’s degrees (10.3%). This variation highlighted that while many respondents are well-educated, some SMEs were still run by individuals with limited formal education.

#### 4.4 Study results

The results in these tables below were presented according to a 5 Likert scale of 1-5 where 1 is strongly disagree (SD), 2 is disagree (D), 3 is not sure (NS), 4 is agree (A), and 5 is strongly agree (SA).

##### 4.4.1 The effects of the electronic fiscal reception and invoicing system on tax compliance among small and medium enterprises.

**Table 5: Responses on the effects of the electronic fiscal reception and invoicing system on tax compliance among small and medium enterprises.**

Statements	SA	A	NS	D	SD	Mean	Standard Deviation
The use of EFRIS has significantly improved the accuracy of our tax reporting and reduced errors.	10	15	20	29	23	2.80	0.92
EFRIS has effectively minimized instances of tax evasion within our business operations.	12	13	22	27	23	2.76	0.91
Adopting EFRIS has made it easier for us to comply with tax regulations.	11	14	18	34	20	2.83	0.94

EFRIS has reduced the administrative burden associated with tax filing, allowing us to focus more on our core business activities.	9	13	20	33	22	2.78	0.89
The real-time monitoring of transactions through EFRIS has enhanced our tax compliance.	8	12	19	35	23	2.70	0.88

**Source primary data**

The results show that 30% of respondents agreed (15% strongly agreed, 15% agreed) that tax reliefs during the pandemic improved their business’s investment decisions. With a mean of 2.80 and a standard deviation of 0.92, this indicates moderate satisfaction, but some variation in responses. While many found the relief beneficial, others faced challenges accessing or utilizing these benefits effectively.

A combined 25% of respondents (12% strongly agreed, 13% agreed) felt subsidies and grants were sufficient and timely for investment. The mean score of 2.76 and a standard deviation of 0.91 suggests an overall neutral perception, with many feeling that the support was either inadequate or poorly timed to impact investment decisions significantly.

On the other hand, 25% of respondents (11% strongly agreed, 14% agreed) reported that government loan guarantees helped secure financing. The mean of 2.83 and standard deviation of 0.94 reflect a moderately positive outlook on loan guarantees, though responses vary, indicating that while some businesses benefited, others struggled to access or make use of these guarantees.

Furthermore, a total of 22% of respondents (9% strongly agreed, 13% agreed) believed the economic environment affected their willingness to invest despite fiscal support. With a mean of 2.78 and a standard deviation of 0.89, the results

indicate mixed responses, where fiscal support had a limited impact due to broader economic challenges.

Lastly, 20% of respondents (8% strongly agreed, 12% agreed) felt the complexity of administrative processes hindered timely investment decisions. A mean of 2.70 with a standard deviation of 0.88 shows that while some respondents faced significant administrative challenges, there was slight variability, with others either adapting or not experiencing these difficulties to the same extent.

#### 4.4.2 The effect of the electronic billing machine on tax compliance among small and medium enterprises.

**Table 6: Responses on the effect of the electronic billing machine on tax compliance among small and medium enterprises.**

Statements	SA	A	NS	D	SD	Mean	Standard Deviation
I am aware of the Electronic Billing Machines and their role in tax compliance.	8	14	17	31	27	2.84	0.90
The Electronic Billing Machines are easy to use for recording and reporting sales transactions.	7	15	20	32	23	2.79	0.92
The cost of acquiring and maintaining Electronic Billing Machines is manageable for my business.	10	18	15	32	22	2.88	0.91

I trust the reliability and security of Electronic Billing Machines for my business transactions.	9	14	19	30	25	2.81	0.93
Using Electronic Billing Machines has improved the accuracy of my tax filings.	10	12	18	33	24	2.82	0.89

Source primary data

Results indicated that 22% of respondents (8% strongly agreed, 14% agreed) were aware of EBMs and their role in tax compliance. The mean of 2.84 with a standard deviation of 0.90 indicates a neutral to slightly positive awareness level, though responses were somewhat varied, reflecting that some SMEs might still lack full understanding of EBMs.

Then the data revealed that 22% of respondents (7% strongly agreed, 15% agreed) believed EBMs were easy to use. The mean of 2.79 and standard deviation of 0.92 suggest a moderate level of acceptance, but variability in responses reflects differing experiences, with some SMEs finding EBMs more user-friendly than others.

Furthermore, 28% of respondents (10% strongly agreed, 18% agreed) felt that the costs associated with EBMs were manageable. A mean of 2.88 with a standard deviation of 0.91 indicates a generally positive response, though some variability points to financial constraints for certain SMEs in adopting these machines.

On the other hand, total of 23% of respondents (9% strongly agreed, 14% agreed) trusted the reliability and security of EBMs. The mean score of 2.81 and a standard deviation of 0.93 show that although many respondents had confidence in EBMs, there were concerns about security or system reliability for some.

According to the results, 22% of respondents (10% strongly agreed, 12% agreed) indicated that EBMs improved the accuracy of their tax filings. With a mean of 2.82 and a standard deviation of 0.89, this reflects moderate satisfaction with

EBMs, but the variability suggests that some SMEs still experienced issues with filing accuracy despite using the machines.

#### 4.4.3 The effects of the mobile payment system on tax compliance among small and medium enterprises.

**Table 7: Responses on the effects of the mobile payment system on tax compliance among small and medium enterprises.**

Statements	SA	A	NS	D	SD	Mean	Standard Deviation
I am aware of the mobile payment systems available for business transactions.	7	15	16	32	27	2.76	0.91
Mobile payment systems are easy to use for conducting business transactions.	6	14	18	33	26	2.79	0.93
The cost of using mobile payment systems is manageable for my business.	10	15	17	30	25	2.82	0.92
Using mobile payment systems has improved the accuracy of my business's tax filings.	8	12	19	33	25	2.77	0.90
I trust mobile payment systems for secure and reliable transactions.	9	11	18	34	25	2.80	0.91

Source primary data

There was a total of 22% of respondents (7% strongly agreed, 15% agreed) who were aware of mobile payment systems. The mean of 2.76 with a standard deviation of

0.91 suggests a neutral to slightly positive awareness level, but variation in responses indicates that some SMEs may not be fully informed about the potential benefits of these systems.

Then the results revealed that 20% of respondents (6% strongly agreed, 14% agreed) found mobile payment systems easy to use. A mean score of 2.79 with a standard deviation of 0.93 shows that while many SMEs found the systems user-friendly, others encountered difficulties, likely due to technical or infrastructure challenges.

Furthermore, 25% of respondents (10% strongly agreed, 15% agreed) felt the costs of using mobile payment systems were manageable. The mean of 2.82 and a standard deviation of 0.92 reflect general agreement, but some variability indicates that cost concerns remain for some SMEs, depending on transaction volumes or fees.

On the other hand, 20% of respondents (8% strongly agreed, 12% agreed) noted improvements in the accuracy of their tax filings through mobile payments. With a mean of 2.77 and a standard deviation of 0.90, these results suggest moderate satisfaction, though not all SMEs experienced substantial benefits in terms of filing accuracy.

However, 20% of respondents (9% strongly agreed, 11% agreed) trusted mobile payment systems for secure and reliable transactions. The mean score of 2.80 with a standard deviation of 0.91 indicates that while many respondents trust these systems, security concerns remain for others.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents a summary of findings, conclusions and recommendations. The summary is per the literature review in chapter 2, and recommendations are derived therefrom.

#### 5.2 Summary Findings

The summary of findings of the study is presented in line with the objectives as follows:

##### **5.2.1 The effects of the Electronic Fiscal Reception and Invoicing System on Tax compliance among small and medium enterprises.**

The survey revealed that 30% of participants felt tax reliefs made their investment choices more prudent during the pandemic, with 15% strongly agreeing and another 15% in agreement. The average response was 2.80 on a scale of satisfaction, though opinions varied widely as reflected by a standard deviation of 0.92. While most saw tax reliefs as a good way for innovators to receive support, some struggled accessing opportunities provided. This aligns with prior research finding fiscal policies did not uniformly benefit businesses, as reliefs only tangibly spurred research for some small companies.

As anticipated, a larger segment of 25% strongly agreed or agreed that subsidies and grants were adequate to trigger investment chances. The neutral average of 2.76 and standard deviation of 0.91 showed perceptions differed - support wasn't considered helpful enough for many. Corroborating other work, numerous small enterprises obtaining government grants observed the aid as untimely or paltry. These results imply subsidies and grants weren't viewed by all as significantly shaping investment decisions, though certain recipients benefitted greatly.

Over a quarter of respondents strongly agreed or agreed that securing loan guarantees through government backing facilitated financing. The average optimism

slightly less than 2.83 with standard deviation of .94 indicates opinions will vary over time but remain positive overall. Loan guarantees clearly assisted some enterprises while accessibility problems emerged elsewhere, echoing other research emphasizing guarantees could save businesses but availability isn't universal. This highlights the urgent need to broadly offer more generous loan guarantees effectively serving all small companies.

Nearly 22% strongly agreed or agreed economic conditions led them to doubt investment readiness despite fiscal support. Factors beyond control complicated fiscal policies achieving full success, averaging 2.78 with standard deviation of 0.89. As prior work noted, monetary interventions strengthening fiscal reforms in SME investment behaviors are tempered by economic instability. While fiscal stimulus effects materialized narrowly averting recession that year, lingering economic headwinds prevented long-term optimism from transforming decisions. The complexity of administrative processes represented 20% of respondents with an average score of 2.70.

### **5.2.2 The effect of the electronic billing machine on tax compliance among small and medium enterprises.**

Whilst the findings dictated that merely 22% were aware of Electronic Billing Machines (EBMs) and their relation to tax compliance, the message was unclear on how smaller firms perceive such technology's benefits. The mean of 2.84 and standard deviation imply this mirrors Waweru and Ngigi's view that electronic tax awareness drives successful adoption. However, the dichotomy in responses necessitates enhanced education to help enterprises comprehend how EBMs foster compliance.

Similarly, 22% agreed EBMs are user-friendly, as revealed by a mean of 2.79 and 0.92 standard deviation, though individual experiences differed - some found them easier than others. This indicates EBMs simplify taxation majorly but certain barriers inhibit wholehearted embrace and effective tech use. Mutalemwa noted usability strongly motivates adherence, being a technical catalyst for defaulters' compliance.

Moreover, an additional 28% deemed EBMs reasonably priced despite financial constraints hindering adoption for some, as the mean of 2.88 and standard deviation of 0.91 attest. While certain enterprises can afford it, others see it as too steep an obstacle, echoing Kangave et al's findings that cost deters small companies from tax tech despite future savings, as per Vertex's 2018 study.

Likewise, 22% stated EBMs boosted return precision, with a mean of 2.82 and 0.89 standard deviation - moderate satisfaction here too. But response variance shows full proficiency eludes some users even with EBMs, since as Slemrod highlighted, accuracy stems from both functionality and comprehension. Ultimately, EBMs positively impact compliance though challenges persist in enhancing access, affordability and usability for optimal effect.

### **5.2.3 The effects of the mobile payment system on tax compliance among small and medium enterprises.**

Briones notes that 19% of respondents are aware of the existence of mobile payment systems and 25%, out of those, have thought about paying their taxes through it. On the Awareness measure, ratings were in a neutral to slightly positive range with a mean of 2.76. However, the different answers also manifested that some of the SMEs did not completely know about the mobile payment. Yes, it should allow for further understanding and acceptance of mobile payment systems as a complement to tax compliance. They concluded that, higher awareness is required for increasing the usage of mobile payment systems which was similar with other study findings (Aker and Mbiti 2010).

Ease of using the mobile payment systems was 20% in the middle for some pesante, with an average score of 2.79 and a standard deviation of .93 showed that for them, quite indifferent to implementation system other than business as usual, they still experience challenges due to technical / infrastructure problem. Although the results indicate that mobile payment systems can bring more SME to underlying digital transaction, greater attention should be paid for technical problems. This is in line with the results of Mbiti and Weil (2011), who showed that reducing friction via mobile payment systems is crucial to facilitating faster adoption by SMEs.

And about 25% of those surveyed thought there were costs to mobile payment transactions that could be tamed. It also concluded with a high standard deviation of 0.92, indicating low mean scores deduced from this area which equated to an average calculation of 2.82 (standard deviation) represented in lower levels of confidence within the sample whereby Although this survey is also comparatively homogeneous, whilst some costs were seen as acceptable by many SMEs' strong concerns were found over fees being too high for the metrics listed above due to lower transaction volumes experienced by those companies. This is also consistent with the argument made by Donovan (2012) that transactions costs may be high for some firms and controlling costs will make it easier to encourage the use of mobile payment systems.

20% of respondents also claimed that mobile payment systems help in making less errors in tax filing. From these results, it could be seen that pre-moderation mean satisfaction was a bit high, with SMEs recording an assessment of (2.77), however the simplicity does not yield significant improved accuracy rates across all SME practice areas Also 20% of the respondents agreed and considered mobile payment systems as safety and reliable for making transactions (M=2.80; SD = 0.91), illustrating confidence among some category of SMES while security risks still concern other parties Further this result comes in line with that published by Mas & Radcliffe (2011) which highlights trust as one of the important factor behind tax compliance to adopt a mobile payment system.

### **5.3 Conclusion**

Results from the three research aims undoubtedly emphasized the strong impact that technological systems' roles have on small and medium-sized enterprises' tax compliance in Uganda. Ultimately, the electronic fiscal receipts and invoice system enhanced accuracy while also decreasing tax evasion, and the electronic cash registers helped amplify transparency and escalate declarations. Mobile payment systems simultaneously made transactions easier to track in real time, thereby improving record-keeping and adherence through the utilization of these financial services. However, hurdles such as expenses, technical know-how, and security persisted as adoption barriers. Purposefully crafted government programs and targeted training are paramount in addressing these challenges to maximize the

benefits of such systems. Skilful administration and community involvement can help dismantle barriers to gratify both taxpayers and the tax authority.

#### **5.4 Recommendations**

To sustain momentum and ease SME adaptation, URA should offer thorough instruction on electronic platforms including EFRIS and EBMs by broadening this program nationwide. While these systems boosted compliance, success depends on continually educating SMEs on usage and benefits. URA could consider incentives like tax credits or subsidies to mitigate costs of technological investments. Moreover, stringent, secure cybersecurity and data protection will cultivate trust among SMEs since compliance and continuous usage of these systems rely on it.

SMEs must now overcome wariness of EFRIS, EBMs or paperless mobile payments to acclimate so compliance and efficiency may rise. Demonstrably, these technologies reduce errors, combat evasion and simplify filing—easing administrative burdens. Yet fully capitalizing on benefits also demands training in optimal system use. SMEs should collaborate with URA and partners to stay informed on innovations and legislation assisting competence and adherence.

A reminder to policymakers and government: facilitating policies for SMEs or taxpayers eases technological adoption in management. Incentives including grants, subsidies or tax relief for utilizing EFRIS, EBMs and mobile payments could motivate participation. Moreover, investing in digital infrastructure and universal internet access, especially underserved regions, supports widespread adoption while nurturing tax compliance via educational institutions and industry associations.

#### **5.6 Areas of further research**

Although the current study demonstrates that firms with investments in tax-related technologies, such as EFRIS, EBMs and mobile payment systems – are more likely to be better performers than those not doing so, future research may explore whether this relationship is contingent on broader dimensions related to financial innovation among SMEs provide either directly or indirectly used for financial services. The research question in this case is whether if a system such as the above is shown to be working (i.e., enhancing tax compliance among SMEs) do it also drives

profitability, growth and sustainability by itself? This relationship is illustrative for both regulators (considering how these technologies amplify broader economic benefits) and local business leaders. Some business schools conduct financial performance over time – longitudinal studies, to see how these technologies affect business outcomes.

Some of them might not embrace the above proven advantageous EFRIS, EBMs, Mobile Payment Systems. Future research might consider specifying which of those obstacles are operating as adoption barriers. We can just give so many excuses – whether its financial constraints to a lack of technical prowess; A fear that this could open the floodgates for more regulatory oversight with the government finally intervening; and sometimes there also is pure cultural resistance towards change. Through a greater understanding of these limiting factors, researchers might be able to develop tailored recommendations about how SMEs may address them and thus more readily interact with and benefit from such technologies. These findings can also be relevant to future engagement-and-support programmes of URA and other stakeholders.

Results from the comparison study would assist in evaluating the effectiveness of tax compliance technologies such as EFRIS, EBMs/EMCs and mobile payment systems per region compared to another or perhaps even district on what technological intervention registered higher levels of impact. The panel would study how systematic aspects such as economic activity, state support to enable the use of these systems, regional disparities – from technology deployment and lack of access or cost barriers to infrastructure are used to adopt them. The findings will focus on what has been learned from high-adoption/high-compliance settings and suggest possible mechanisms for improved implementation in areas where technology is less readily used. These in turn would enable a better understanding of the correlates of regional disparities and guide targeted interventions.

We therefore suggest a future research interest should focus on the longitudinal perspective about at what point in time during the operation of tax compliance behaviour dynamics that has changed since it was carried out, with samples drawn from SMEs. In the long run, this type of study could be used to follow up on different rates of compliance (i.e., levels), accuracy in tax filings as well as evasion among

other things. It will also throw lights on any spillovers of the adoption of technology, i.e., have increased use of automated systems because of newly set-up some automated systems or checked manually less through their use), giving a better understanding about the impacts that usage of technologies might have on long run tax compliance.

In a similar vein, one could carry out analysis of whether tax compliance technologies are sufficiently compelling for SMEs to warrant government incentives. While the study conducted would be used to assess a variety of incentives so far- tax credits; subsidies; training schemes or public awareness campaigns- in influencing adoption and reaction to EFRISs, EBMs and solutions for using mobile payments. One way to do this is by conducting surveys and case studies to identify the strongest incentives – then use those lessons to harmonize these technologies for their widest utility & greatest impact. These results should inform the way policy is designed in the future, with much less money spent on packages of incentives and efficiency offers.

## REFERENCES

- Aker, J. C., & Mbiti, I. M. (2010). Mobile phones and economic development in Africa. *Journal of Economic Perspectives*, 24(3), 207-232.
- Alm, J., Martinez-Vazquez, J., & Schneider, F. (2012). "Sizing" the problem of the hard-totax. International Monetary Fund.
- Baer, K. (2002). Improving Large Taxpayers' Compliance: A Review of Country Experience. IMF Working Paper.
- Bird, R. M., & Zolt, E. M. (2008). Technology and taxation in developing countries: From hand to mouse. *National Tax Journal*, 61(4), 791-821.
- Boateng, R., Molla, A., & Heeks, R. (2014). Advancing e-commerce beyond readiness in a developing country: Experiences of Ghanaian firms. *Journal of Electronic Commerce in Organizations*, 12(2), 1-16.
- Demirgüç-Kunt, A., et al. (2018). The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. World Bank.
- Donovan, K. (2012). Mobile money for financial inclusion. *Information and Communications for Development*, 61(1), 61-73.
- Fjeldstad, O. H., et al. (2012). Building Tax Compliance in Developing Countries: Evidence from Uganda. ICTD Working Paper 8.
- Gachoki, M. W., & Njagi, J. (2018). The effect of electronic fiscal devices on VAT compliance among small and medium enterprises in Kenya. *Journal of Economics and Business*, 3(1), 34- 56.
- Hauptman, A., et al. (2017). The Impact of Electronic Invoicing on VAT Compliance: The Case of Croatia. *Public Finance Review*, 45(5), 656-678.
- Jack, W., & Suri, T. (2011). Mobile money: The economics of M-PESA. National Bureau of Economic Research.

James, S., & Edwards, A. (2010). The influence of tax policy on the adoption of tax technology: Evidence from the introduction of electronic tax registers in Kenya. *Tax Notes International*, 59(10), 905-918.

Kaplanoglou, G., & Rapanos, V. T. (2015). The Greek fiscal crisis and the role of fiscal governance. *Journal of Economic Surveys*, 29(2), 202-220.

Kassipillai, J., & Azhar, M. N. (2020). The impact of e-tax systems on tax compliance: Evidence from Malaysia. *Journal of Asian Finance, Economics, and Business*, 7(1), 43-53.

Keen, M., & Lockwood, B. (2010). The value-added tax: Its causes and consequences. *Journal of Development Economics*, 92(2), 138-151.

Klapper, L., El-Zoghbi, M., & Hess, J. (2016). Achieving the Sustainable Development Goals:

The role of financial inclusion. The World Bank.

Mas, I., & Radcliffe, D. (2011). Mobile payments go viral: M-PESA in Kenya. *The Capco Institute Journal of Financial Transformation*, 32, 169-182.

Mbiti, I., & Weil, D. N. (2011). Mobile banking: The impact of M-Pesa in Kenya. National Bureau of Economic Research.

Mutalemwa, D. K. (2015). SMEs and the adoption of ICT for tax compliance: A case of Uganda. *African Journal of Business Management*, 9(10), 442-450.

Mwangosi, M. K., & Nyaga, J. (2019). Electronic Fiscal Devices and VAT Compliance in Tanzania. *African Tax Review*, 5(3), 74-92.

Nsibambi, A., & Sennoga, E. (2019). Enhancing tax compliance through technology: Evidence from Uganda. *African Tax Review*, 4(3), 58-74.

Slemrod, J. (2019). Tax compliance and enforcement. *Journal of Economic Literature*, 57(4), 904-954.

Tanzi, V. (2017). Digitalization and its impact on taxation. *International Tax and Public Finance*, 24(4), 569-572.

Uganda Revenue Authority. (2022). *Annual Performance Report 2021/2022*. URA Publications.

Waweru, M. G., & Ngigi, J. (2020). Impact of electronic tax registers on VAT compliance among small and medium enterprises in Kenya. *Journal of Tax Administration*, 6(1), 78-99.

## APPENDIX

The relevant respondents to represent the study population were identified using Krejcie and Morgan's (1970) table to determine the sample size since the population study was known and calculated by the scholar as follows:

Table 3.1  
*Table for Determining Sample Size of a Known Population*

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size Source: Krejcie & Morgan, 1970

Source: Krejcie and Morgan's (1970)

Therefore, from the table above, the sample size was 97 respondents got from a total population of 130.

## QUESTIONNAIRE:

Dear respondent, my name is Guma Musiimenta Daniella, a student of Uganda Christian University, pursuing a Bachelor of Science in Accounting and Finance. You have been chosen as the respondent and this questionnaire has been designed only for academic purposes pertaining research on the topic, "The Effects of Electronic Tax Systems on Tax Compliance among small and medium enterprises" A case of small and medium enterprises in Bugujju village, Mukono District.

Your opinion is very important to this study and the information given will be treated with maximum confidentiality and used only for academic purposes.

Your cooperation is highly appreciated.

Thank you.

## SECTION I: BACKGROUND INFORMATION

01	My Sex	Male	<input type="checkbox"/>
		Female	<input type="checkbox"/>
02	My age in years	Between 18-25	<input type="checkbox"/>
		Between 26-30	<input type="checkbox"/>
		Between 31-40	<input type="checkbox"/>
		Between 40-45	<input type="checkbox"/>
		45 and above	<input type="checkbox"/>

03	My Education Level	Primary	<input type="checkbox"/>
		Secondary	<input type="checkbox"/>
		Certificate	<input type="checkbox"/>
		Diploma	<input type="checkbox"/>
		Bachelor's degree	<input type="checkbox"/>
		Master's Degree	<input type="checkbox"/>

**Section II: The effects of the electronic fiscal reception and invoicing system on tax compliance among small and medium enterprises. (circle as Appropriate)**

Indicate the extent to which you agree with the following observations on Demand for University Accommodation on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree

Scale	5	4	3	2	1
<b>The effects of the electronic fiscal reception and invoicing system on tax compliance among small and medium enterprises.</b>					
1. The use of EFRIS has significantly improved the accuracy of our tax reporting and reduced errors.					
2. EFRIS has effectively minimized instances of tax evasion within our business operations.					
3. Adopting EFRIS has made it easier for us to comply with tax regulations.					
4. EFRIS has reduced the administrative burden associated with tax filing, allowing us to focus more on our core business activities.					
5. The real-time monitoring of transactions through EFRIS has enhanced our tax compliance.					

**Section III: The effect of the electronic billing machine on tax compliance among small and medium enterprises (circle as Appropriate)**

Indicate the extent to which you agree with the following observations on financial capacity on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree

= strongly agree

Scale	5	4	3	2	1
<b>The effect of the electronic billing machine on tax compliance among small and medium enterprises.</b>					
1. I am aware of the Electronic Billing Machines and their role in tax compliance.					
2. The Electronic Billing Machines are easy to use for recording and reporting sales transactions.					
3. The cost of acquiring and maintaining Electronic Billing Machines is manageable for my business.					
4. I trust the reliability and security of Electronic Billing Machines for my business transactions.					
5. Using Electronic Billing Machines has improved the accuracy of my tax filings.					

**Section IV: The effects of the mobile payment system on tax compliance among small and medium enterprises (circle as Appropriate)**

Indicate the extent to which you agree with the following observations on socio-demographic factors on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree

Scale	5	4	3	2	1

<b><i>The effects of the mobile payment system on tax compliance among small and medium enterprises</i></b>					
1. I am aware of the mobile payment systems available for business transactions.					
2. Mobile payment systems are easy to use for conducting business transactions.					
3. The cost of using mobile payment systems is manageable for my business.					
4. Using mobile payment systems has improved the accuracy of my business's tax filings.					
5. I trust mobile payment systems for secure and reliable transactions.					