

REVENUE ADMINISTRATION AND REVENUE PERFORMANCE IN LOCAL GOVERNMENTS IN UGANDA: A CASE OF NAMISINDWA DISTRICT

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DECLARATION

I, NAMNZALA METRINE hereby declare that this is my original work and has not been presented to any university or institution of Higher Learning for any academic award. Where secondary sources of information were used in this work have been acknowledged

Signed.....

Date 21ST June 2024

NAMNZALA METRINE

APPROVAL

This dissertation has been written under my supervision and is submitted for examination for the award of the Degree of Bachelors in Business Administration with my approval as Uganda Christian University Supervisor.

Signature:

A handwritten signature in blue ink, appearing to read 'Paul Otingole', written over a horizontal line.

Date: 21/06/2024

MR. OTINGOLE PAUL

University Supervisor

DEDICATION

This dissertation is dedicated to my husband, my sponsor Elizabeth Mwaka and my children who always encouraged me to read, for the years I spent pursuing the course.

ACKNOWLEDGEMENTS

I take this opportunity to appreciate the contribution of my Supervisor, Mr. Otingole Paul of Uganda Christian University for his parental and academic guidance, commitment and readiness to help, including the professional listening skills rendered to me towards the completion of this work. May the Almighty God bless them abundantly!

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LIST OF ACRONYMS

LG FAR	Local Government Financial and Accounting Regulations
SPSS	Software Package for Social Scientists
LG	Local Government
MoLG	Ministry of Local Government
LGA	Local Government Act

ABSTRACT

The study examined the relationship between local revenue administration and local revenue performance in Namisindwa District Local Government. The study was underpinned by three objectives which included examining the relationship between local revenue planning and performance in Namisindwa District Local Government, examining the relationship between local revenue collection and performance in Namisindwa District Local Government and assessing the relationship between local revenue monitoring & evaluation and performance in Namisindwa District Local Government. The study was conducted using a cross-sectional research design, adopting both quantitative and qualitative approaches. 65 respondents formed the population, of which, 54 respondents were chosen using simple random sampling technique while others were selected purposively. Findings revealed that there was a significant and positive relationship between local revenue planning and performance in Namisindwa District Local Government ($r = .643$). On the second objective, there was a significant and positive relationship between local revenue collection and performance in Namisindwa District Local Government ($r = .871$). The third objective revealed that there was a significant and positive relationship between local revenue monitoring & evaluation and performance in Namisindwa District Local Government ($r = .741$). The study concluded that if more emphasis is put on local revenue planning, local revenue collection and local revenue monitoring and evaluation, then the Local revenue of local governments in Uganda may tremendously increase. There is need therefore to devise appropriate mechanisms for collecting taxes efficiently while giving much attention to adequate local revenue planning, local revenue collection and local revenue monitoring and evaluation.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study examined the relationship between local revenue administration and local revenue performance in local governments of Uganda using a case study of Namisindwa District Local Government. In this study, Local revenue administration was conceived as the independent variable (IV) while local revenue performance was considered as the dependent variable. These variables are diagrammatically summarized in the figure 1 (conceptual framework). This chapter therefore consists of the study background, problem statement, study purpose, research objectives and questions, study hypotheses, the figure of conceptual framework, study significances, study justification, study scope and definition of key terms.

1.1 Background to the study

The background to this study was presented in four perspectives namely; the Historical perspective which explains the origin of Local revenue administration in Local Governments; Conceptual perspective containing definitions of the major concepts in the study topic; Theoretical perspective which unfolds the Theory used to guide the research; and Contextual perspective unfolding information about the area of study in relation to the research problem.

1.1.1 Historical background

Globally, local revenue administration has been an issue of concern since history (Smoke, 2013). Casanegra and Bird (2012) contend that local revenue collection has existed in various forms since the beginning of civilization. Casanegra and Bird (2012) further state that among the other commonest types of revenue collected locally over the years were poll related taxes, taxes on goods and property taxes specifically concerning land value. In the ancient times, he continues that the primary focus of early local revenue was land and its productive value. He goes ahead to state that local revenue collection therefore dates back to about 500 BC for countries like Greece, Egypt, China, and Persia and in most of the other world. He cites England which introduced the window tax in 1696 and Scotland, Ireland and Wales which imposed land tax in 1667. Both taxes were a form of property tax (Casanegra & Bird, 2012). He notes that local revenue collection continued through the medieval times and colonial period up to recent times while changing forms. Therefore, Edelman (2012), points out that efficient and effective local revenue administration

enhances the amount of local revenue realized in Local Governments and is one of the key variables to the success of any Local Government. Wilson (2018) indicates that under the decentralization reforms and particularly fiscal decentralization, this scenario agrees with that of Edelman (2012), who points out that local revenue collection for any local government is a major pillar in meeting an increment in local revenue collected in local governments. Edelman (2012) indicates that in countries like West Germany where decentralization was first introduced, public administrators in different provinces were given legal mandates to identify, assess, bill and enforce tax statutes so as to realize increment in local revenue collected. In California, USA, local revenue was seen increasing every year because of the local leadership assertive roles in identifying taxpayers, assessing tax to levy and enforcing local government statutes Wilson, ((2018). It was from this basis that the researcher realized that globally, local revenue administration had a lot of contribution on local revenue performance.

In developing countries and particularly Africa, Mangheni (1999) explains that in Sub-Saharan Africa, the collection of local revenue has been facing severe challenges especially in identifying, assessing, billing and enforcing tax laws and statutes. Akin and Strumpf (2005), emphasize that many LGs are highly dependent on Central government transfers which are insufficient, conditional, late or do not come at all. The imbalance between local government revenue and central government transfer makes local government finances more vulnerable and less predictable hindering the ability of local authorities to prepare more stable and realistic budgets for effective and efficient service delivery. Devas (2001) cited that many countries in Africa, for example Ghana, Tanzania, Uganda among others have established semi-autonomous local revenue authorities moving tax collection out of the ministry of finance into a separate entity. However, government agencies responsible for collection of the taxes are facing great pressure than ever, the combination of the budget constraints, rising demand for services and changing priorities is escalating the need to maximize local revenue collection effectiveness and efficiency to improve service delivery to citizens.

In East Africa, local revenue dates back to 1946 for Tanzania with the enactment of the Municipalities Ordinance (Cap 105) (Moore, 2017). In Uganda it dates back to 1948 when the first valuation list for Kampala was prepared Okello- Okello and Nsamba-Gayiiya (2020) while for Kenya, annual value rating was introduced in Nairobi in 1901 and unimproved site value rating was introduced in 1920 (Di John, 2006). According to Local Governments' Rating Act (2005) in

Uganda, this is viewed as the root of most of the local revenue collected. Historically, Uganda has been indicated to have had a tax rating which was supposed to be similar with other African countries. The initial listing of taxes known in history was that of Kampala as a local government which was done in 1948. By the time of independence that is in 1962, Uganda went on to adopt the rating systems which were being used by the colonialists which were exemplified in LG Ordinance of 1948 plus the annual rental value system, that-one belonged so much in urban councils in 1958. By that time, it was reached that the first four town of the country including Kampala town, Jinja town, Masaka town and Mbale town were supposed to be taxed on capital value system. This meant that other smaller towns and trading centers were to be valued basing on the annual rental system.

After Uganda got independence in 1962, in the subsequent year of 1964, the government introduced two codes which were revised from LG rating Act and the Urban Authorities Act. Close to end of 1960s, the government found itself with a number of rating systems. In 1979, a new legislation was introduced to consolidate all the then existing rating systems and this started as the Local Governments (Rating) Decree. This decree was repealed later which led to the drafting of Local Governments (Rating) Act 2005 which is still in force (Okello-Okello & Nsamba-Gayiiya, 2005). It is from this background that this study was undertaken to assess whether local revenue administration has had an effect on local revenue performance in local governments in Uganda, using a case study of Namisindwa District Local Government.

1.1.2 Theoretical Background

The Public Choice Theory by Buchanan and Tullock (1982) underpinned this study. This theory borrows economic principles in the market place to explain decision making in public arenas. . The Public Choice Theory indicates that there must be an interaction of four different stakeholders of different interests and these should include the interests of the voters, the interests of politicians themselves, the bureaucratic arena and work action committees. According to the theory, although key actors in the political market place have some concern for the public good, their overcharging motive as voters, politicians, lobbyists, or bureaucrats is self-interest. Relatedly therefore, this theory implies that the conduct of any public servant in tax administration relies on individual interests (Behiigwa, 2014). For public officials who are unethical, they will always work to ensure that their interests are fulfilled and to those public officials who are ethical, they always work to

ensure that they are generous and put the interests of others first. They do not work to maximize their utilities compared to unethical officials.

The Public Choice Theory views an individual as a rational being meaning, he or she calculates before deciding. They calculate the gains and losses. If the losses outweighs the gains, they do not undertake the choice and if the gains are more than the losses, they will always undertake the deal. Corrupt officials are a rational being who calculates that even if they are caught in such unethical behavior, they can still pay up and retain some money for their own interests (Behiigwa, 2014). So, they always calculate the penalty against the gain. If the penalty outweighs, they do not undertake the act and vice versa. The strength of this theory lies in the potential to disclose what is in the mind of public officials and understanding the factors that propel public officials to cause the downfall of some institutions (Schinkel, 2014). The public choice theory concentrates on a specific situation of an unethical conduct of public official who calculates pros and cons. The proponents of the theory further note that since tax administration depends on the decisions made by officials. If the interests of administrators are to increase tax levied or realized, they can choose to use all forms of tax administration to ensure that taxes increase, or if their interests is not to realize or engage in corruption, they can choose to stifle the process of tax administration including tax planning, collection, and monitoring and evaluation.

1.1.3 Conceptual background

The key concepts in this study were revenue administration and local revenue performance. Local revenue administration are the procedures put in place by different Local Government agencies in planning, collecting and undertaking monitoring and evaluation of all assessed revenue as pre-determined in the budgets and work plans on due dates (Local Revenue Handbook MOLG, 2017). Local revenue administration also refers to the procedures through which taxes and fees payment are obtained from different sources of income to Local Government agencies (Kawesa, 2011), local revenue administration involves the management of tax laws, rules and regulations promulgated by the Local Government on behalf of the state (Zaake, 2018). Therefore, in this case, local revenue administration was measured by local revenue planning, local revenue collection and local revenue monitoring & evaluation.

On the other hand, local revenue performance refers to the income accruing from taxation to a Local Government during a specified period of time, usually a financial year (Vehorn, 2017). In addition, Behiigwa (2014) defines revenue performance as the exact/levied amount of funds paid

by tax payers as tax. This means that the ascertained chargeable income and the amount of tax have been for the year of income. He adds that this is the cash obtained from tax payers previously assessed for each financial year in a Local Government. Musgrave and Musgrave, (1998) however, regards local revenue performance as an increase in revenue or tax levied from taxpayers in a particular year. Accordingly, in this study, local revenue performance was operationally measured by expected revenue, budget performance, collection ratio and actual revenue collections/net collections.

1.1.4 Contextual background

A lot of efforts have been done in Namisindwa Local Government aiming at ensuring that Local Governments and Namisindwa Local Government in particular improve their local revenue. In spite of the above efforts, local revenue in the Local Government has continued to decline (as shown in table 1.2.1) and local revenue administration done in form of local revenue planning, collection and monitoring & evaluation is still being queried. Businesses and Properties in Namisindwa Local Government were valued in 2006 and a valuation list of 2006 is in place. According to section 3(1) of The Local Governments (Rating) Act, 2005, local governments are mandated to fix the rate of tax up to a maximum of 12% of the retable value and the then Town council approved the rate of local revenues 10% of retable value of properties in February, 2013. In spite of reducing this rate to 5% in April, 2015 and then 3% in June 2017 at the request of property and business owners, payment of the tax remained poor ranging from 51.5% to 73.8 percent as shown in the table 1 below.

Table 1: Revenue performance of Namisindwa Local Government for the last Six years

Financial year	Expected revenue	Actual revenue	Percentage of actual revenue
2015/16	29,502,692	15,205,600	51.5
2016/17	25,728,972	16,921,895	65.8
2017/18	27,194,906	14,400,281	53
2018/19	53,268,544	23,040,652	43.3
2019/20	102,266,059	73,050,798	71.4
2020/21	112,472,117	83,044,000	73.8

Source: Namisindwa District Local Government final accounts 2015/016 to 2020/21

Business and Property owners are served with demand notes annually to remind them of their obligation but their response remains poor. A service provider to enforce local revenue payment

was secured in 2015/16 (Namisindwa District Local Government Annual Procurement Report, 2015/16) but still local revenue yield has not exceeded 75%.

1.2 Statement of the problem

Effective local revenue administration is believed to be a significant factor in the local revenue performance of any local governments, the world over. Indeed, in Uganda, local governments are highly emphasizing the importance of local revenue administration as a way to ensure that their performance in terms of local revenue collected improves (Kajumbula, 2013). Namisindwa District Local Government, for example, has in the recent past introduced a number of ways to ensure effective local revenue administration and subsequently performance in the district. These include undertaking local revenue planning, development of tax collection procedures and outsourcing mechanisms as well as monitoring and evaluation of the overall tax collection system in the district (Van der Linden & Hengeveld, 2012). The district also has in place legal reforms, publication of hand books for local revenue administrators and trainers by government, sensitization workshops for local revenue administrators and business/property owners by the Local Governments. Others are fixing an affordable rate of local revenue of 3% by the council and securing a service provider to enforce collection of the tax on behalf of the Local Government (Namisindwa District Local Government Annual Report, 2020/21). These are intended to ensure that taxes set are realized and reduce evasion and avoidance rates.

In spite of these efforts, local revenue in Namisindwa Local Government has continued to remain redundant from 71.4% in 2019/20 to 73.8% in 2020/21 (Namisindwa District Local Government final accounts for 2015/16 to 2020/21). Net revenue collection formed a very small percentage of the expected revenue in all the years above possibly due to and other administration weaknesses that need to be investigated. The Local Government lost revenue amounting to Shs.346, 770,064 over the six years an average of Shs.57, 795,010 per year. This is huge money compared to the local revenue budget of the Local Government. This failure to achieve the required local revenue is affecting the overall operations and service delivery in Namisindwa District Local Government. This study therefore intended to investigate whether local revenue administration has had an effect on local revenue performance in Namisindwa District Local Government.

1.3 Purpose of the study

The purpose of the study was to examine the relationship between revenue administration and local revenue performance in Local Governments of Uganda; Namisindwa District Local Government was taken as a case.

1.4 Objectives of the study

The objectives of this study were:

- i. To examine the relationship between revenue planning and performance in Namisindwa District Local Government
- ii. To establish the relationship between revenue collection and performance in Namisindwa District Local Government.
- iii. To assess the relationship between local revenue monitoring and evaluation and performance in Namisindwa District Local Government.

1.5 Research questions

- i. What is the relationship between local revenue planning and performance in Namisindwa District Local Government?
- ii. What is the relationship between local revenue collection and performance in Namisindwa District Local Government?
- iii. What is the relationship between local revenue monitoring & evaluation and performance in Namisindwa District Local Government?

1.6 Hypotheses of the study

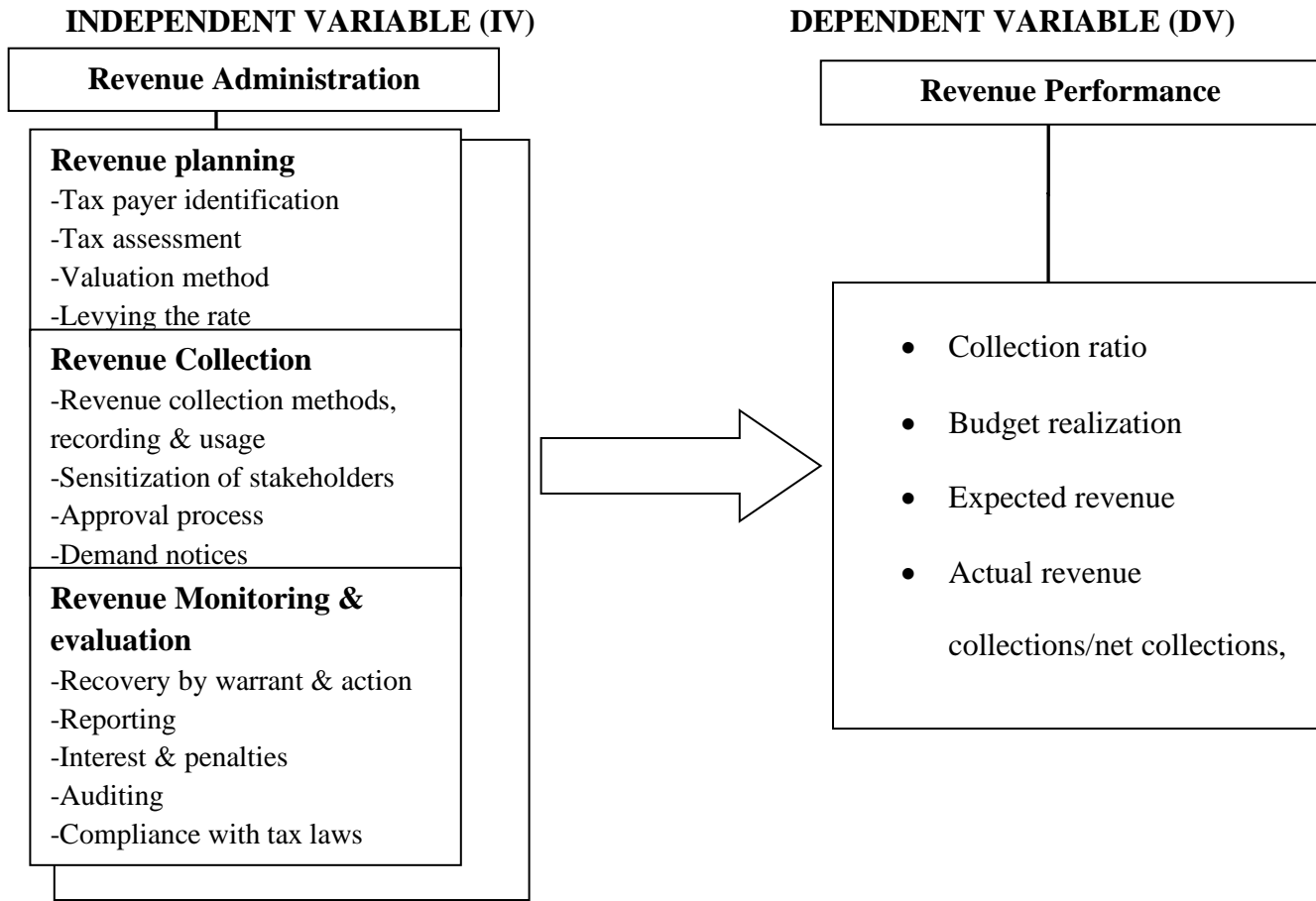
- i. There is no significant positive relationship between local revenue planning and performance in Namisindwa District Local Government
- ii. There is no significant positive relationship between local revenue collection and performance in Namisindwa District Local Government.
- iii. There is no significant positive relationship between local revenue monitoring & evaluation and performance in Namisindwa District Local Government.

1.7 Conceptual framework

The section presents study variables: dependent variable and the independent variable. The dependent variable was local revenue performance, reflected in measures like collection ratio, budget performance, expected revenue actual revenue collections/net collections, expected revenue and actual revenue collected. The independent variable was local revenue administration

reflected in local revenue planning, local revenue collection and local revenue monitoring & evaluation. The figure below summarizes the variables above.

Figure 1.1: A Conceptual Framework for understanding the relationship between revenue administration and performance.



Source: Adapted and modified from Abigaba (1998) and Iga (2014).

From the conceptual framework in Figure 1.1, it is hypothesized that local revenue administration has a relationship with performance. According to Abigaba (1998) and Iga (2013), they assume that if a Local Government is to perform well, local revenue planning, tax billing and collection and local revenue monitoring & Evaluation must be done well because these can influence local revenue performance in terms of collection ratio, budget performance, expected local revenue, actual revenue collections/net collections, expected revenue and actual revenue collected.

1.8 Significance of the study

The study may help analyze problems affecting local revenue administration and suggest ways to administrators and policy makers on how the problems can be addressed in order to improve local

revenue performance for Namisindwa Local Government and other Local Governments in Uganda.

The study may also help Local Governments in Uganda and Namisindwa Local Government in particular to improve service delivery. Money generated from local revenue is expected to be expended on providing services stipulated under Section **37(2)** of the Local Governments (Rating) Act, 2005. Such services include; road construction and maintenance, street lighting, anti-malarial drains, physical planning and other services required by tax payers within their areas. Increased revenue from local revenue would therefore be helpful in providing the above services.

The study may contribute to the existing body of knowledge on local revenue administration and act as a basis for academicians and researchers to conduct further research in the same or related areas.

1.9 Justification of the study

Since there is an enabling law in form of The Local Governments (Rating) Act, 2005 and Regulations and the Ministry of Local Governments has developed a property rates hand book and facilitators guide to explain the procedures involved in collecting local revenue but still little revenue is collected by Namisindwa District Local Government. For instance, local revenue in Namisindwa Local Government has continued to remain redundant from 71.4% in 2015/16 to 73.8% in 2020/21 (Namisindwa District Local Government final accounts for 2015/16 to 2020/21). Net revenue collection formed a very small percentage of the expected revenue in all the years above possibly due to and other administration weaknesses that need to be investigated. This study was necessary to find out the cause and how to address it.

1.10 Scope of the study

Coverage of the study was limited in terms of geography, content and time. Presented therefore is geographical, content and time scope of this study.

1.10.1 Geographical scope

In this study, focus was on Namisindwa District Local Government which is located in the Eastern region of Uganda with the major coordinates of 1.067°N latitude, and 34.583°E longitude. Namisindwa District borders the districts of Mbale to the North, Bududa to the Northeast, Sironko District to the East, Manafwa district to the South and Bulambuli District to the West. The Local Government is able to levy, collect, plan for and spend its revenue as a self-accounting authority (Namisindwa District Local Government 5-year Development Plan–2018/18-2023/23).

Namisindwa District Local Government and lower level councils were chosen because it is a representative of Local Governments in Uganda.

1.10.2 Content scope

The study analyzed local revenue administration in Namisindwa Local Government focusing on local revenue planning, billing and collection and monitoring & Evaluation and their influence on the amount of revenue generated from taxes. Local revenue performance was also conceptualized to have dimensions including collection ratio, budget performance, expected revenue actual revenue collections/net collections, expected revenue and actual revenue collected.

1.10.3 Time scope

The study focused on the period from 2024 to 2025. This time period was preferred since a number of cases of low local revenue collected in Namisindwa District Local Government had been reported during this time.

1.11 Operational Definitions

The section presents the concepts as operationalized right from the conceptual framework;

Local revenue/rate: Tax levied by Namisindwa Local Government on movable and immovable property that includes a building (industrial or non-industrial) or a structure of any kind, but does not include a vacant site (Local Governments Rating Act, 2005 Sec. 2)

Local revenue administration: The way local revenue planning, billing and collection and monitoring & evaluation are performed at Namisindwa Local Government.

Local revenue planning: This is the preparation of ratings basing on ratable value of the property within Namisindwa Local Government's area of jurisdiction ascertained in accordance with the LG Rating Act, 2005.

Local revenue collection: The process of collecting revenue due from each business or property owner within the local council for a specified period and remitting such statement to the property owner at Namisindwa Local Government.

Local revenue monitoring & Evaluation: This involves administering a demand notice, recovery by warrant, recovery by action, charge of penalties/ interest, recovery from tenants and occupiers, prohibition of transfer of property and to impose a rate first charge on property or business in Namisindwa Local Government.

Local revenue Performance: Amount of local revenue collected in Namisindwa Local Government from revenue in Uganda shillings during a financial year.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature related to the relationship between local revenue administration and performance. The review was done thematically under the objectives of the study and focuses primarily on local revenue planning, billing and collection and monitoring and Evaluation and their influence on local revenue performance. In turn, the chapter presents the theoretical review, related review and summary of literature review.

2.1 Theoretical framework

2.1.1 Public Choice Theory

The Public Choice Theory underpinned this study. This theory was theorized by two great thinkers in 1980s namely Buchanan and Tullock (1982). They aimed at explaining how public decisions are made. The Public Choice Theory indicates that there must be an interaction of four different stakeholders of different interests and these should include; the interests of the voters, the interests of politicians themselves, the bureaucratic arena and work action committees. This theory is based on the main assumption that the conduct of any public servant relies on individual interests (Behiigwa, 2014). For public officials who are unethical, they will always work to ensure that their interests are fulfilled and to those public officials who are ethical, they always work to ensure that they are generous and put the interests of others first. They do not work to maximize their utilities compared to unethical officials.

The Public Choice Theory views an individual as a rational being meaning, he or she calculates before deciding. They calculate the gains and losses. If the loses overweighs the gains, they do not undertake the choice and if the gains are more than the losses, they will always undertake the deal. Corrupt officials are a rational being who calculates that even if they are caught in such unethical behavior, they can still pay up and retain some money for their own interests (Behiigwa, 2014). So, they always calculate the penalty against the gain. If the penalty overweighs, they do not undertake the act and vice versa. The strength of this theory lies in the potential to disclose what is in the mind of public officials and understanding the factors that propel public officials to cause the downfall of some institutions (Schinkel, 2014).

The public choice theory concentrates on a specific situation of an unethical conduct of public official who calculates pros and cons. The proponents of the theory further note that since tax

administration depends on the decisions made by officials (Frozen, 2022). If the interests of administrators are to increase tax levied or realized, they can choose to use all forms of tax administration to ensure that taxes increase, or if their interests is not to realize or engage in corruption, they can choose to stifle the process of tax administration including tax planning, collection, and monitoring and evaluation (George et al, 2015). This theory will be imperative to this study since tax administration depends on the choice of administrators. If the interests of administrators are to increase tax levied or realized, they can choose to use all forms of tax administration to ensure that taxes increase, or if their interests is not to realize or engage in corruption, they can choose to stifle the process of tax administration including tax planning, collection, and monitoring and evaluation.

2.2 Related Review

2.2.1 Local revenue planning and performance in Local Governments

Okello and Nsamba (2010), Abigaba, (1998), Chen and Reinsildca, (2009) indicated that local revenue planning must start with tax payer's identification. Taxpayer identification is the very first process and a vital component in the administration of stamp duty. Surrey (1974) pointed out that the beginning of revenue administration starts with preparing the lists or registers and ensuring that the tax payers are on the rolls. Kajumbula, (2013) observed that identifying and registering more taxpayers decreases the number of taxpayers who would otherwise evade. Taxpayers who have executed or received instruments chargeable to duty are required to have them duly stamped as provided under the Local Governments (Rating) Act 2005 of the Laws of Uganda.

Identification and registration of taxpayers reduces the number of those who would evade payment of taxes. Okello & Nsamba (2010) asserted that if taxpayers are identified and registered, compliance and revenue performance would increase. A number of the clients who have executed/received local revenue instruments are not paying the proper duty due to failure of the local revenue duty officers to identify them. Planning is an important aspect of tax administration that involves the determination of tax liability. Shamora (2012) defines planning as the process of ascertaining or estimating a person's tax liability. Planning of local revenue involves the determination of the property duty on the instrument executed or received by the clients. The Local Governments (Rating) Act 2005 contains the list of instruments chargeable to property tax. Accessibility of the Local Governments (Rating) Act 2005 improves on the accuracy of the duty assessed on the instruments executed or received in Uganda. In Uganda, the ascertainment of

revenue payable on executed instruments in Uganda is determined officially by Local Governments or voluntarily by the taxpayer. Taxpayers with copies of the Local Governments (Rating) Act 2005 and its amendments can determine the duty they are supposed to pay. Tax Administrators in Local Governments, local revenue office uses the Local Governments (Rating) Act 2005, to assess the revenue payable on the instruments brought for planning. The limited accessibility of the Local Governments (Rating) Act 2005 by majority of the taxpayers in Uganda creates a big burden on the individual planning of the proper tax by property taxpayers in Uganda. In Uganda's Local Governments, revenue is generated from the valuation of properties and is based on annual Rental Value, with the owner of property liable for payment (Okello Kello and Nsamba-Gayiiya, 2020). Frozen (2022) adds that it is based on (total) improved value. The valuation is currently governed by the Local Government (Rating) Act, 2005 that provides for annual rental value LG (Rating) Act, 2005. The Act also provides for revaluations of property at least once in every 5 years or such longer period as the Local Government may determine. The law further provides for the updating of valuation lists through annual supplementary valuation lists to address properties which is divided or sub-leased and any properties which has ceased to qualify for exemption Local Government (Rating Act, 2005).

Okello Okello and Nsamba-Gayiiya, (2020) further point out that only 3 urban authorities produced supplementary valuation lists in the last 10 years. This was because almost none of the urban authorities had the capacity to prepare such a list. This period is long and, in some cases, goes beyond 10 years as revealed by (Nsamba 2022). This situation is unpleasant especially since the lack of valuation leads to loss of revenue. Unfortunately, however, there are few empirical studies that have analyzed the level and accuracy of the individual parcel property valuations (Mitra, et al, 2022). Kelly further points out that, there are no mass valuation techniques used by any rating authority and estimates are used that reveal a big dispersion between the valuations on the rolls and real market value. He also argues that although valuations may be accurate when first produced, this accuracy erodes over time due to shifts in relative and absolute market value. In Uganda, registered valuers are generally responsible for municipal valuation rolls in respect of small councils (Franzsen, 2022). It is imperative that property valuation profession be addressed in a constructive manner that has not happened even in South Africa and elsewhere (Nsamba, 2020). Franzsen (2022) further points out that, legislative provisions pertaining to valuation of properties should be addressed in different statutes. This implies that the preparation of proper

valuation rolls requires accurate data pertaining to ratable property parcels and a considerable effort and commitment on the part of all concerned parties if the current, rather dismal state of municipal valuation for rating purposes is to improve significantly.

Armstrong (2020) looked at local revenue performance management and scaled down to department performance. He defined department performance as the extent to which a given department in an organization achieves its intended outcome. He added that departmental performance indicates how well a department has done its job. This author was however also very general in approach. He was never specific on any department. This notwithstanding his understanding of a departmental performance is helpful in guiding the study of approach to revenue collection performance. Allingham and Sandmo (1972) discussed local revenue performance evaluation in work settings stressing it as the major concern of management. Allingham and Sandmo (1972) observed that if local revenue performance is effective, targets are achieved. Murphy was quick to add that although objectives and targets are normally set at organizational levels, they tend to be divided and sub-divided into minor objectives and targets set at department, section or individual staff member's levels. If this is properly done, the achievement of objectives and targets at the individual staff member's level effectively means that those at the section, department and ultimately at the organizational level are also achieved. Abigaba (1998) noted that unfortunately, many organizations set objectives and targets at section as the lowest level. Little effort is devoted to setting objectives and targets at individual staff member's level. As such, when organizations fail to achieve section objectives and targets, management tends to blame the head of the section other than all staff members in the section. Abigaba (1998) advised therefore that if organizations set targets for each individual staff member, it would easily identify employees contributing to its success or those contributing to its failure to achieve desired effectiveness and be able to establish the causes at the individual staff members' level. Although Allingham and Sandmo (1972) and Abigaba (1998) are very articulate with respect to how organizational performance can be measured basing on set objectives and targets, they never highlighted the forms that can be used to measure this local revenue performance. Barbone (2013) pointed out one form that can be used to measure organizational performance effectiveness. These authors focused on measuring organizational performance using financial units. They basically conceived of performance in financial terms and measure performance effectiveness by comparing set with actual financial targets. They focused on financial performance of those hospitals

belonging to health networks and systems. However, their approach is the most appropriate to adopt in order to measure the revenue performance.

In general, and as Kiwanuka (2018) noted, organizational performance has too often been restricted to its financial facet. As a matter of fact, most valuations of organizational performance are based on indicators such as return on investments, sales, and profit per share. The authors noted however that this notwithstanding, some organizations use different indicators to measure their revenue performances, depending on what best suits their circumstances. Organizations can use the process they use to achieve their objectives, or the environment in which the organizations operate (using their market share for instance), or the objectives and targets they set for their employees at any level, be it department, section or individual staff members level.

Therefore, on this instrument of tax administration, it can be realized that a lot has been perused through as far as tax planning and local revenue performance is concerned but, it roughly lacks empirical observations of current days in Namisindwa Local Government. Most of the review rotates around Uganda, Africa and the world. Therefore, this is a very big gap that this study sought to fill by bringing out rightly how local revenue payers are identified, valuation done and rates fixed in relation to local revenue performance in Namisindwa Local Government.

2.2.2 Local revenue collection and local revenue performance in Namisindwa District

Tanzi (2014) assert the costs of paying local revenue dues for upcountry taxpayers are far higher than the duty chargeable. Local Governments and municipalities are not collecting local revenue as per LG (Rating) Act, 2005 or on a number of instruments executed or received in Uganda because of the way local revenue is administered (Mulindwa, 2013). Tanzi (2014) further acknowledged that collection procedures involve collecting money from the taxpayer and are the final stage and goal of the tax procedure (Iga, 2013). The collection procedures have an effect on the number of taxpayers who do pay. The effectiveness of the local revenue collection procedures can be gauged from the number of compliant taxpayers (Okello & Nsamba 2010). The centralized method of local revenue collection in Uganda greatly affects the local revenue collection performance. Shalinzi & Shaz (2009) noted that tax structures in Developing countries raise little revenue and the reason seems to be poor administration. Smith (2011) further said, because of the weak administration has become prevalent among developing countries especially among the relatively rich members of society. The scholar suggested that strengthening the tax administration

activities including collection would encourage compliance and improve the revenue collection performance.

Kajumbula, (2014) recommended that in Masaka district, if taxes collected are to be realized by the tax payers, proper percentage entitled to the sub counties 60% and villages 30% should actually be delivered and put to proper use. According to (Kiyega, 2016), the over centralization of the collection of local revenue and embossing process limits the number of instruments executed/received in Uganda that are duly paid as required by LG (Rating) Act, 2005. The low collections of local revenue in urban centers could partially be attributed to the over centralized collection method which increases on the compliance costs of taxpayers willing to pay local revenue and have the instruments duly stamped. A client who has executed/received a fixed value instrument whose proper duty is shillings 5000= would ordinarily not comply if expected gains of having the instrument duly stamped is less than compliance costs.

Birungi & Mutenyo (2010) noted that improvement in local revenue administration is very crucial in raising local revenue. The rules must be simple and the taxpayers should be identified and sensitized (Bahemuka, 2011). Local revenue performance is an outcome of how the local revenue administration methods are handled. If local revenue administration is effectively administered local revenue collection is likely to improve. In Uganda a number of instruments in the schedule to the LG (rating) Act 2005 are being executed or received without payment of proper duty contrary to the provision of the LG (rating) Act 2005 which exhibits weakness in the administration (Birungi & Mutenyo, 2010). Identification of the elements under LG (rating) Act 2005 that affect revenue performance is therefore vital and is an integral objective of this study.

Fiscal Decentralization strategy pilot Guideline for District and municipalities (volume 5) stated that revenue is receipts or money received and recorded in line with the Local Government financial and Accounting Regulations (LGFAR) 2017 and banked in general fund Account of the Local Government. The LGFAR, 2017 defines local revenue as charges levy by the Local Government as defined under section 27 of the regulations. It also clarified the responsibilities of the chief financial officer and local revenue collectors to properly ensure that local revenue is collected and Banked. (The monitor Friday 5th November, 2014) “Joint Annual Review of Decentralization held in Kampala” quoted the discussion on inter- Local Governmental fiscal issues covering operation and importance of local revenue accountability by the Local Governments. The permanent secretary ministry of Local Government emphasized on lack of

efficiency in revenue collection and control as the major causes of loss of revenue which should be addressed by all Local Governments including municipalities (Tumuhimbise, 2010). The Uganda constitution 1995 empowers Local Governments through the Local Governments Act, 1997 to levy taxes. They are as well given planning and budgeting powers.

Therefore, as observed from the above reviews, it can be realized that most of the studies done by scholars of 2018 and below shows clearly the need for new empirical studies on local revenue billing and collection since not much is talked about some of the dimensions like billing documents used by Local Government, local revenue collection methods, recording & usage and local revenue performance which creates a gap (Zake, 2014). This study aimed at closing this gap by investigating the impact of these dimensions on revenue performance. Training of staff & sensitization of stakeholders has however been reasonably discussed by the scholars.

2.2.3 Local revenue monitoring and evaluation and local revenue performance

Mitra et al (2022) ascertained that revenue monitoring & Evaluation involves providing the relevant information to taxpayers clearly stating the procedures, the benefits of paying and the consequences of non-payment. If taxpayers perceive that non-compliance will lead to penalties they are likely to be more complaint Thirsk, (2001). Sensitization of taxpayers is one of the key activities of tax monitoring & Evaluation. Tanzi (2014) notes that a good tax should be certain and clear to the taxpayer. Tax education helps to enlighten taxpayers about the tax laws, their rights and tax obligations and sanctions in case of non-compliance hence making them certain and clear. Several writers have come up to suggest what really affects taxpayer compliance. Moore (2017) argues that people engage in tax evasion when the expected benefits (low taxes) are equal to the expected costs (punishment). This view is shared by Allingham and Sandmo (2022) who also suggest that a rational individual's choice to evade will be based on the expected gains associated with the decision. Keen et al (2009) asserts that tax evaders in most developing countries can realistically assign an expected value of zero to the likelihood of being detected and penalized, that the more severe the penalty, the less likely it is to be applied which is a showed weakness in administration. However, he noted that penalizing non-compliers appeared to have had a healthy effect on stimulating compliance.

The sanctions under the LG (rating) Act 2005 are generally not known by majority of rate payers in Uganda which is a big blow to the local revenue performance. Such sanctions include recovery by warrant and action, charging of interest and penalties and others (Mulindwa, 2010, Naimeede,

2018). Therefore, it can be reached that there are a number of studies and evidences which point at the impact of tax monitoring & Evaluation on revenue performance as per the literature reviewed but unfortunately most of this literature lacks empirical evidence in Namisindwa District Local Government. Though the literature review had confirmed that there is indeed a relationship between monitoring & Evaluation and revenue performance, the nature of such monitoring & Evaluation has not been described. There is also need to know which of the different aspects of local revenue monitoring & Evaluation which include recovery by warrant and action and penalties and fines is more applicable in determining the relationship. There is therefore a very big gap between what is reported by the literature which is more general and what the researcher sought to investigate (different aspects of monitoring & Evaluation). For instance, the researcher would like to know whether demand notices are delivered to correct addresses of tax payers in the Local Government, delivered in time and contain correct amounts, whether fines and penalties are imposed for those who pay late and recovery by warrant or action is resorted to in case of defaulting. The literature did not provide these details.

2.3 Summary of the literature review

The literature reviewed clearly indicates that there are a number of studies in place that have viably established the relationship between local revenue administration and local revenue performance world over and in Uganda. However, most of the literature reviewed is for studies done in previous years of 2010 and below. There is a need to take into consideration new developments thus the need to carry out further study. A number of gaps have been identified during the review as pointed out above thus the need for a study like this to try to empirically test the literature reviewed and weigh the progress of the new programs in place. The study therefore revealed new works especially on the relationship between local revenue administration and local revenue performance in Uganda.

Particularly, the scholars seemed to limit themselves on local revenue collection as affecting local revenue performance while giving an overview of the whole Uganda and the entire global world. This means that it ignored what is happening in the study area. This study endeavored to fill this gap while investigating what is happening in Namisindwa Local Government, in Uganda. Further, the literature ignored the conceptual basis of local revenue monitoring and evaluation.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents, describes and justifies the methods used in the study. In particular, the chapter covers the research design, population of study, sample size and selection, sampling technique and procedure, data collection methods and instruments, reliability and validity of the study instruments, data collection procedure and analysis.

3.1 Research Design

The study employed a case study design of Namisindwa district that adopted a cross sectional research design. The case study design was considered appropriate to isolate the study problem within Namisindwa district and thereby take an in-depth investigation of it. The cross-sectional survey was considered basing on the fact that the study was done within a section of respondents within a specified period of time (Sekaran, 2013). Additionally, cross sectional design gathered information from relatively a large number of respondents. The study was basically integrated into two approaches of research and these included both Qualitative and Quantitative research approaches. The Qualitative approach enabled the researcher to acquire in depth knowledge and analysis of revenue administration and performance, while the Quantitative approach was used to generate frequencies, percentages, graphs, and summary tables that were used to present the data numerically. Triangulation was important for accuracy and reduction of the inherent biases that would accrue if only one approach was relied upon (Amin 2005).

3.2 Study Population

This study population was drawn from Namisindwa Local Government, targeting 65 respondents (Namisindwa District Local Government Records, 2013). This included district and two sub-counties executive committees, District top management composed of CAO, Deputy CAO and RDC. Two sub counties top management made up of Chairperson, secretary in charge of finance), District and sub-counties CSOs, and Private sector made up of prequalified service providers at district level. District and two sub-counties executive committees were selected since they were the people who designed the tax policies. District top management composed of CAO, Deputy CAO and RDC. These were selected since they were part of revenue sourcing and implementation of tax policies to ensure that revenue increases.

3.2.1 Sample Size and Selection

Morgan and Krejcie (1970) cited from Amin (2005) was used in determining sample size as indicated in the Table 2 below.

Table 2: Sample Size and Sampling Technique

Population Category	Access Population	Sample Size	Sampling Technique
District Executive committee	5	5	Purposive sampling
Two sub-counties Executive committee members (Secretary, Revenue officer)	10	10	Purposive sampling
District top management (CAO, RDC)	10	10	Purposive sampling
Two sub counties top management (Chairman, Revenue officer)	20	10	Simple random sampling
District and sub-county CSOs	12	11	Simple random sampling
Private sector members	8	8	Simple random sampling
Total	65	54	

Source: Namisindwa District Local Government Records (2021)

3.2.2 Sampling Techniques and Procedures

The study used simple random sampling technique. Simple random sampling was used to select two sub counties top management; (Chairman, secretary of finance, District and sub-counties CSOs and District and sub-county Private sectors like tenderers. In using simple random sampling, the study used the lottery approach where names were written on a tag and put in a basket of which one tag was picked until the required number was reached (Denscombe, 2013). This technique was adopted on the basis that these respondents were many and could not be accessed in a shortest period of time if not using a simple random sampling. This was basically to reduce on bias since they were many.

The purposive sampling was employed to select district and two sub-counties executive committees, District top management; (CAO, Deputy CAO, RDC, and Revenue officer), two sub counties top management (Chairman, secretary of finance and Sub County chief). These were used in this study because they had the knowledge on local revenue needed in this area of their jurisdiction (Sekaran, 2013).

3.3 Data Collection Methods

The study deployed three data collection methods including, questionnaire survey, interview and document review as explained below

3.3.1 Questionnaire Survey

The questionnaire was used basing on the fact that the variables could not be observed such as views, opinions, perceptions and feelings of the respondents on revenue administration and revenue performance. The questionnaire was also used because it would collect vast amounts of data less expensively at a low cost (Sekaran, 2013). The questionnaire was administered by dropping it at the Chairman, secretary of finance, District and sub-counties CSOs and District and sub-county Private sectors like tenderers' offices and picked after one week with the help of research assistants. The questionnaire was administered to only tax assessors and tax collectors.

3.3.2 Interview

In this method, the researcher interviewed district and two sub-counties executive committees, District top management; (CAO, Deputy CAO, RDC and Revenue officer), Two sub counties top management (Chairman and secretary of finance) as key informants face to face to obtain in depth information on local revenue administration and revenue performance in Namisindwa District Local Government. The researcher recorded the responses of the interviewee that were later transcribed for reporting in a narrative form.

3.3.3 Document Review

This was used to collect secondary data from Namisindwa District Annual Reports, Local Government Act, 2005, PPDA Act 2013 revised 2014, Revenue Collecting Reports, final Accounts, budget, Procurement plans, Audit Reports and Contracts (samples).

3.4 Data Collection Instruments

For each data collection method, there is a corresponding data collection instrument. The section therefore describes them as below.

3.4.1 Questionnaire

The questionnaire (Appendix I) was designed with both open and closed ended questions using the five Likert scale tying method of strongly agree (5) to strongly disagree (1). It was designed to obtain data on the four constructs used in the study and these included data to be obtained on local revenue planning, local revenue billing and collection and local revenue monitoring & Evaluation. According to Kothari (2020), a questionnaire has advantages of being practical, collects large amounts of information from a large number of people in a short period of time and in a relatively cost effective way; can be carried out by the researcher or by any number of people with limited affect to its validity and reliability; and the results of the questionnaires can usually be quickly and easily quantified by either a researcher or through the use of a software package.

3.4.2 Interview guide

The researcher prepared a semi-structured interview guide using open ended questions that allowed probing and prompting key informants as indicated in Appendix II. The interview was designed with three sets of open-ended questions with an intention to answer the three objectives. Interviews were chosen because they were thought to provide in-depth information about a particular research issue or question.

3.4.3 Document Review Checklist

This was designed with a number of documents required in the study to investigate the relationship between local revenue administration and revenue performance. The document review consists of a list of documents expected to be reviewed, including Namisindwa District Annual Reports, Local Government Act, 2005, PPDA Act 2013 revised 2014, Procurement plans, final Accounts, Budget, Audit Reports, Revenue Collecting Reports and Contracts (samples). This tool was preferred because it played a big role in complementing on findings obtained from the questionnaire and interview guides that were used in the study (see Appendix III).

3.5 Quality control

Data quality in this study was ensured by testing the data collection tools and instruments for relevance and consistence. The section therefore presents how validity and reliability was done as indicated below.

3.5.1. Validity

The validity of study instruments was established using expert judgments (Oso & Onen, 2018). Experts included academic supervisors, academic experts in financial departments and financial experts. Three experts were contacted to assess and evaluate the validity of the instruments. The experts were requested to rate questions depending on their relevance. The Content Validity Index (C.V.I) was determined by dividing the number of items rated relevant and total number of items. CVI was at least 0.7 to consider tools were valid as indicated in Table 3 below

Table 3: Content Validity Indices

Variable	Description	No. of Questions	Content validity index
Independent	Revenue planning	11	.888
	Revenue collection	18	.861
	Revenue monitoring and evaluation	11	.776
Dependent	Revenue performance	9	.845

Source: Primary data (2022)

3.5.2 Reliability

In establishing the reliability of the tools, the researcher pretested study instruments twice. Two pilot studies were conducted in an organization which was similar to Namisindwa District Local Government and this was Pallisa District Local Government. The first and second test was conducted in the range of two weeks to a month time. After, the results were obtained from each test and compared or correlated. The results obtained the consistency required. A Cronbach's Alpha Reliability Coefficient of 0.7 and above was considered applicable (Oso & Onen, 2018) as indicated in Table 4 below.

Table 4: Reliability indices

Variable	Description	No. of questions	Cronbach alpha
Independent	revenue planning	11	.868
	revenue collection	18	.918
	revenue monitoring and evaluation	11	.836
Dependent	revenue performance	9	.808

Source: Primary data (2022)

3.6 Data Collection Procedures

The researcher obtained a letter from Uganda Christian University introducing her to Namisindwa District Local Government and specifying that the data to be collected was solely for study purposes. Upon obtaining the requisite permission, the researcher proceeded with data collection starting with giving out questionnaires to tax assessors and tax collectors in Namisindwa District Local Government. After that, interviews were conducted with heads of department and section in the Local Government. After obtaining data from both questionnaire and interviews, it was sorted, cleaned and entered into SPSS in order to answer the research questions and research hypotheses.

3.7 Data Analysis

Data was analyzed both quantitatively and qualitatively therefore needed to deploy both quantitative data analysis techniques and qualitative data analysis techniques as below described.

3.7.1 Quantitative data analysis

Quantitative data analysis involved use of both descriptive and inferential statistics. Descriptive statistics entailed determination of the mean as a measure of central tendency and percentages as a measure of dispersion. Inferential statistics included determining correlation coefficients and testing hypothesis using SPSS in order to answer the research questions and research hypotheses. Correlation analysis was carried out to establish relationship between variables based on the Pearson Product Moment Correlation Coefficient. Through the Pearson Product Moment Correlation, the researcher was able to establish a pattern which indicated the relationship between elements of the academic staff workload and research output. The hypotheses tested at a 5% upper level of statistical significance from which the research hypothesis for the three research objectives were tested against the null hypothesis and the statistical significance of the relationships determined.

3.7.2 Qualitative Analysis

Qualitative data was identification analyzed using the content analysis technique that involved transcription of the qualitative findings into themes. Implication and conclusions from the narratives were deduced. Qualitative data was compared with the quantitative data to establish the points of agreement and disagreement. Thematic analysis helped to establish which themes emerge during the data collection exercise. Comparative analysis helped to compare and contrast the views of respondents and it was also helpful to discern data through the various patterns of speech.

3.8 Measurement of variables

Study variables were measured using three major ways. For instance, the age and time taken by respondents when serving Namisindwa District Local Government was measured using ordinal scales which use numbers. Nominal scales were used to measure the variables using names and in this case gender and education of the respondents were measured using this tool. Whilst, the variables of local revenue administration and local revenue performance were measured using Likert type rating scales (strongly disagree (1), disagree, (2) not sure (3), agree (4) and strongly agree (5).

3.9 Ethical considerations

The research ensured *confidentiality* and also ensured that the respondents are informed about the purpose of the study prior to securing their consent to participate. Where the respondents did not desire their identities and particulars to be disclosed, the same was concealed. The researcher also ensured that all literature read, reviewed and referred to in the study was duly recognized. The researcher was guided by research ethics during the study where respondents' *informed consent* was sought, benefits of the study were explained, while their rights, privacy and confidentiality was assured and observed. Voluntary participation in the study was assured.

The individual was free to refuse to participate without consequences. The researcher also assured the respondents of *privacy* of their information that it was solely for academic purpose. The researcher endeavored to capture rapport and make appointments that were convenient to the respondents to reduce on non-response. The researcher also went ahead to ensure that originality was ensured while using other people's work by testing (Kothari, 2014). Further, voluntary participation was assured and observed where by respondents were not forced to participate in the study without their will. They were persuaded through rapport. To ensure that the study avoided bias, the researcher decided to be objective and ensuring the views of each and every respondent were appreciated without being encroached. In cases of non-responses, the researcher-built rapport with respondents to ensure that non-response is minimized.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

The study examined the relationship between revenue administration and local revenue performance in Local Governments of Uganda taking a case of Namisindwa District Local Government. This chapter presents and analyzes findings of the study which was conducted. This chapter essentially has three main sections, the first section handles the background information of respondents, the second section handles the descriptive analysis done on each and every dimension for the study and the third section handles the inferential analysis done to establish the relationships between study variables. The chapter is opened up by indicating the response rate considered for this study.

4.1 Response rate

The response rate findings are presented in table 5 below

Table 4.1: Showing the response rate

Respondents	Target Response	Actual Response	Response Rate
Interview schedule	8	7	87.5
Questionnaires	46	41	89.1
Total	54	48	88.8

As indicated in table 4.1 above, out of the 46 questionnaires administered 41 were returned indicating a response rate of 89.1%. On the side of interviews, 7 interviews were conducted out of the 8 that had been planned suggesting a response rate of 87.5%. The overall response rate for the study was 88.8%. This response rate of 88.8% was deemed good because it was over and above the 70% recommended by Mugenda and Mugenda (2013).

4.2 Background of the Respondents

This section presents the characteristics of those respondents that were used in the study in relation to their gender, age, education, marital status and time spent in Namisindwa District Local Government.

4.2.1 Gender of the respondents

The views of respondents regarding their gender were obtained and their responses are represented in Figure 4.2 below.

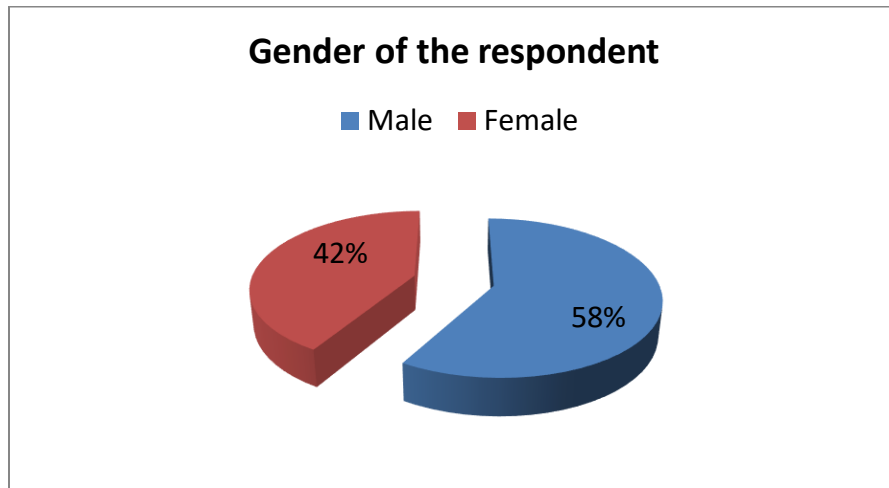


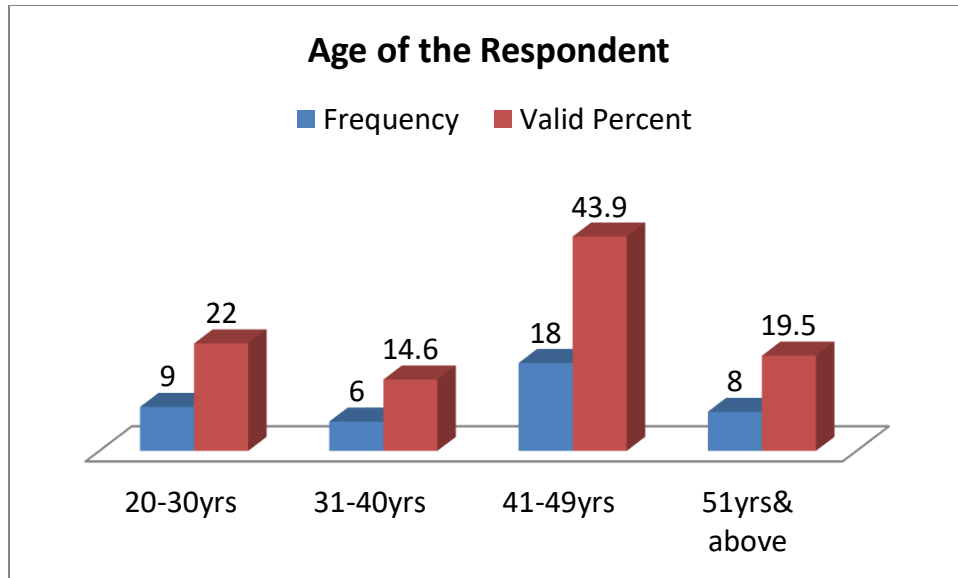
Figure 4.1: Gender of the respondents

Source: Primary data, 2024

Majority of respondents in the study were males constituting 58% (24). Females on the other hand, constituted 42% (17) of the respondents. The implication of this finding was that no matter the disparity in percentage of males and females who attended the study, at least views of both males and females were captured which is too vital in making a critical analysis in the performance of local revenues in Namisindwa district. This made the study findings representative and, therefore, enabled generalizations.

4.2.2 Age of the Respondents

The views of respondents regarding their age were obtained and their responses are represented in Figure 4.2 below.



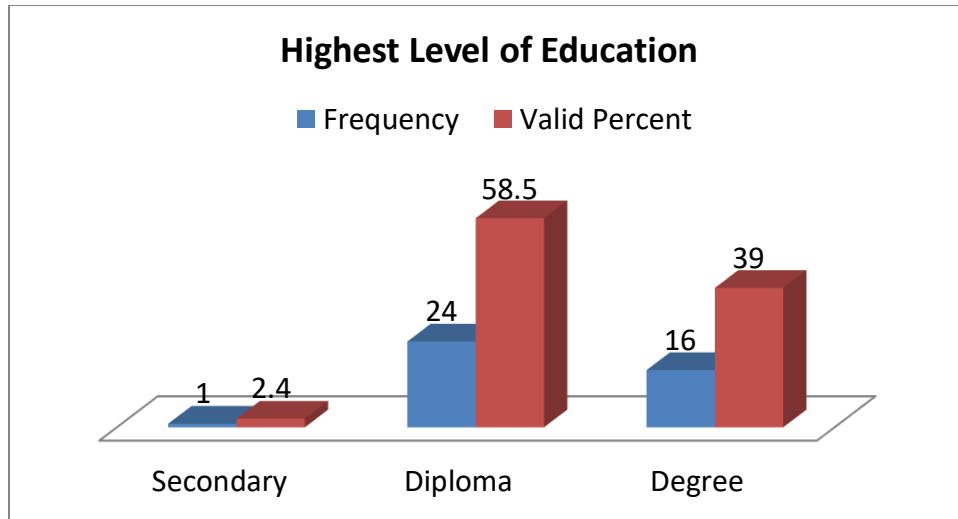
Source: Primary data, 2024

Figure 4.2: Age of the respondents

The study findings indicated those between 41-49years had 43.9% (18). Those who were in the category of 51years and above constituted 19.5% (8), those who were between 20-30years took 22% (9) and the category of 31-40years was represented by 14.6% (6). The implication from this finding is since the majority of respondents were at least 30 years and above they were expected to have enough experience of what is exactly happening as far as the study was concerned. They were also able to completely respond to issues put to them regarding local revenue administration and performance.

4.2.3 Level of Education of the Respondents

The views of respondents regarding their level of education were obtained and their responses are represented in Figure 4.3 below.



Source: Primary data, 2024

Figure 2.3: Level of education of the respondents

Majority among Namisindwa District Local Government officials had attained a diploma 58.5% (24). 39% (16) had a bachelor degree and those with secondary level of education took 2.4% (1). Basing on the above findings, given the fact that the study was conducted in both much educated and less educated individuals, this provides a balanced perspective required by the study as per the mental and cognitive capacity of the respondents. They were also able to competently respond to issues put to them regarding local revenue administration and performance.

4.2.5 Length in service

The views of respondents regarding length of respondents in service were obtained and their responses are represented in Figure 4.5 below.

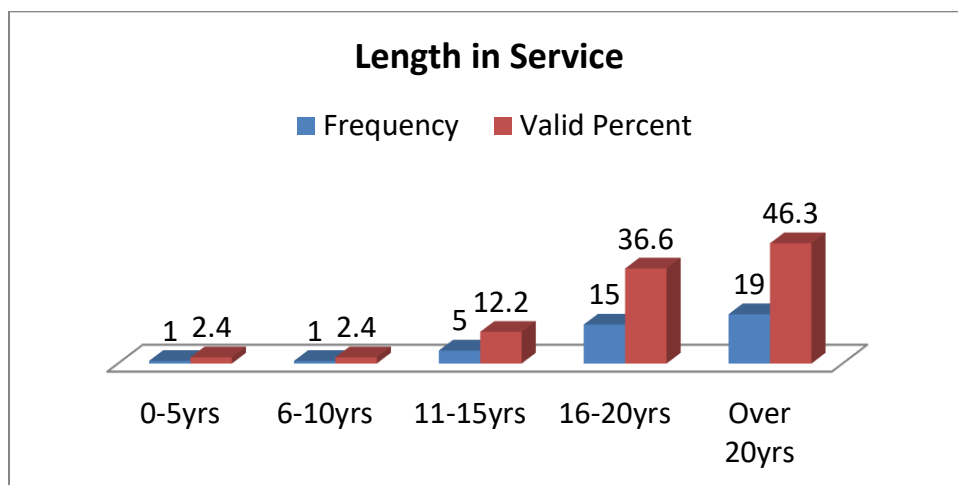


Figure 4.5: Length in Service

Source: Primary data, 2024

Figure 4.5 above indicates that most of the respondents had been at Namisindwa District Local Government for over 20 years and these amounted to 46.3% (19). 36.6% (15%) had been at Namisindwa District Local Government for 16-20 years and 12.2% (5) of the respondents had been at Namisindwa District Local Government for 11-15 years. This thus implies that as per the number of years most respondents had dealt with most of the people at Namisindwa District Local Government. Such people were assumed to have enough experience to inform the study.

4.3 Empirical findings on local revenue administration and local revenue performance in Namisindwa District Local Government

This section presents the empirical findings of the study according to the objectives. The empirical findings are analyzed using descriptive statistics, qualitative analysis and testing hypotheses for the respective findings. A number of question statements were administered to respondents to establish the extent to which they agreed with them. The responses were measured on a five-point Likert scale ranging from (5= Strongly Agreed, 4= Agree, 3= Not Sure, 2= Disagree, 1= Strongly Disagree). The findings for the respective objectives are presented in the next sub-sections below.

4.3.1 Findings on local revenue performance in Namisindwa District Local Government

To understand the level of local revenue performance in Namisindwa District Local Government, Uganda: The mean scores used referred (Mean score=1.00 meant strongly disagreed; Mean score= 2.00 meant disagreed; Mean score =3.00 meant Neutral; Mean Score=4.00 meant agreed and Mean at 5.00 meant strongly agreed by most of the respondents). The standard deviation above 1 meant higher deviation than standard deviation below 1. The interpretation of standard deviation was based on the rule that the higher the standard deviation, the lower the means and vice versa. Table 4.2 has more details.

Table 4.2: Descriptive Statistics on local revenue performance in Namisindwa District Local Government

	Percentage responses (%)					Mean	Std Dev.
	SD	D	N	A	SA		
Tax collection in terms of volume has increased tremendously.	39.4%	44.7%	3.9%	3.9%	7.8%	2.20	1.842
Net revenue collection has been increasing tremendously	53.9%	34.2%	3.9%	2.6%	6.5%	2.24	1.409
The district has always met its expected revenue	42%	35.5%	5.2%	11.8%	5.2%	1.33	1.506
All taxpayers identified submit in their taxes to tax collectors	59%	26.3%	2.6%	3.9%	7.8%	1.00	1.598
Majority of taxpayers are complaint	61.8%	3.9%	1.3%	1.3%	31.5%	1.02	1.098
Local revenue is highly misappropriated and diverted	1.3%	1.3%	3.9%	71.8%	21.5%	4.07	.809
Tax revenues collected has always fallen short of targeted	0%	0%	7.8%	50%	42.2%	4.11	.761
The local revenue collection ratio is higher than funds lost every year	0%	0%	2.6%	50%	47.3%	4.13	.865
The percentage of local revenue collection from licenses and permits has been increasing over years	0%	0%	21.5%	41.3%	37%	4.03	.800

Source: Primary data, 2024

The results above revealed that local revenue performance was not convincing in Namisindwa District Local Government. Among the items that confirmed this claim included; Tax collection in terms of volume has increased tremendously (2.20); Net revenue collection has been increasing tremendously (2.24); The district has always met its expected revenue (1.33); All taxpayers identified submit in their taxes to tax collectors (1.00); Tax revenues collected has always fallen short of targeted (4.11), Majority of taxpayers are complaint (1.02). These reflects that there are still less taxes collected, net revenue collection is decreasing, the district does not meet its expected revenue, many taxpayers still avoid and evade taxes. This means that they are not complaint.

On the other hand, some responses seemed on small extent indicated that local revenue performance is promising and these included, local revenue is highly misappropriated and diverted (4.07); The collection ratio is higher than funds lost every year (4.13); The percentage of local revenue collection from licenses and permits has been increasing over years (4.03). The study findings above can be interpreted to mean that to high extent local revenue performance in Namisindwa District Local Government is not convincing and needs serious attention, to a small

extent, it was discovered that local revenue performance was partly improving and this was reflected in absence of local revenue misappropriation and diversion, the collection ratio is higher than funds lost every year and the percentage of local revenue collection from licenses and permits has been increasing over years.

On the side of Key informants, it is clear that a largest portion seemed to support the above claim expressed in the questionnaire that local revenue performance has not been improving as per expectations. For instance, these key informants expressed that Namisindwa district Local Government has a limited tax base and many of the potential taxpayers avoid tax. Businesses keep opening and close in a shortest period of time. It was established that the district had planned to obtain 21% of its taxes from businesses but, the district did not raise even half of the expectations. Key informant 4 was quoted saying: *“One of the biggest challenge we have is that our businesses have no required potential to comply with taxes as they are expected...every year new businesses come on the scene and they close before end of the year and usually the Local Government finds it hard to meet expectations...and we also have an issue of corruption among tax assessors and enforcement team...that one I cannot rule it out...”*

The quotation above implied that local revenue performance is not performing well due to increasing number of informal businesses, which do not stay for a period of one and the increased levels of corruption and bribery among tax assessors and collectors. This idea of corruption is contrary to what was found out in the questionnaire where majority of respondents seemed non-supportive that revenue is highly misappropriated and diverted.

Key informant 7 further confirmed that local revenue performance is still poor as reflected in the failure of the majority of taxpayers in 2016/2017 failed to comply. He added that only 24% of taxpayers identified failed to submit in their taxes to tax collectors as indicated in the verbatim below. *“On paper, taxes we collected have been increasing in volume but in reality, when you compare with the growing demands and number of people in the district, the taxes we collect are still very few...”*

However, key informant 2 seemed agreeing that taxes collected have been increasing. He opined that, the district collected a lot of taxes in the financial year of 2016/2017 which have never been collected before. He indicated that the taxes collected exceeded the expected revenue. He said, *“I think we have improved a lot than earlier leadership...Namisindwa is a new Local Government*

after we were cut from Pallisa but we manage to contribute close to 51% of the budget we use in the district after the central Local Government grant...”

The above findings from primary research tools were generally in congruent with the data obtained from the documents reviewed. According to Namisindwa District Local Government Annual Reports (2014/2015, 2015/2016 and 2017/2018), it is quite clear that the budget had a poor budget performance where almost 23% of expected local revenue was not obtained. This is further confirmed by ACODE (2017) which indicated that Namisindwa Local Government still takes 67th position, out of the 118 districts assessed in Uganda and this was due to poor local revenue performance.

4.3.2 Findings on local Revenue Planning and Performance in Namisindwa District Local Government

To find out the relationship between local revenue planning and performance in Namisindwa District Local Government. The mean scores used referred (Mean score=1.00 meant strongly disagreed; Mean score= 2.00 meant disagreed; Mean score =3.00 meant Neutral; Mean Score=4.00 meant agreed and Mean at 5.00 meant strongly agreed by most of the respondents). The standard deviation above 1 meant higher deviation than standard deviation below 1. The interpretation of standard deviation was based on the rule that the higher the standard deviation, the lower the means and vice versa. Table 4.3 provides details;

Table 4.3: Descriptive Statistics on local Revenue Planning in Namisindwa District Local Government

Items	1	2	3	4	5	Mean	Std Dev.
Tax planning of businesses and properties is carried out in a clear and transparent manner	3%	3%	22.5%	30%	40.5%	4.75	.707
The district involves different stakeholders in fixing tax rates	0%	11.8%	15.7%	25%	48.6%	4.86	.880
The Local Government council is better placed to determine the rate of local revenue to be paid	3.9%	11.8%	26.3%	31.5%	27.6%	4.14	.729
There is proper identification of tax payers in the Local Government	0%	0%	7.8%	69.7%	22.3%	4.20	.650
Proper identification of tax payers reduces cases of tax evasion	0%	0%	0%	63.1%	36.8%	4.37	.998
The choice of valuation method made has an effect on the expected revenue	3.9%	3.9%	7.8%	39.4%	44.7%	4.50	.799
The valuation method used can facilitate tax evasion	0%	0%	7.8%	32.2%	60%	4.51	.698
The rate of local revenue charged by the council is relatively affordable	0%	0%	14.6%	29.3%	54.8%	4.67	.966
In my opinion, similar businesses/properties are given the same planning values	61.8%	31.5%	1.3%	1.3%	3.9%	1.03	1.431
I believe the assessment value of my business/property is proportionate to the market value	0%	13%	6.5%	38%	42%	4.77	.732
Tax payers are aware of the process of appealing against high planning	61.8%	25%	0%	3.9%	9.2%	1.09	1.508

Source: Primary data, 2024

Findings above indicated that the Namisindwa District Local Government was adequately planning local revenue. The items that confirmed the above statistical claim included; Tax planning of businesses and properties is carried out in a clear and transparent manner (4.75); The rate of local revenue charged by the council is relatively affordable (4.67); The valuation method used can facilitate tax evasion(4.51); The choice of valuation method made has an effect on the expected revenue (4.50); Proper identification of tax payers reduces cases of tax evasion (4.37); There is proper identification of tax payers in the Local Government (4.20);The Local Government council is better placed to determine the rate of local revenue to be paid (4.14). The district involves different stakeholders in fixing tax rates (4.86).

On the other hand, some statements to a small extent indicated less practicing of tax planning and these included, Tax payers are aware of the process of appealing against high planning (1.09); in my opinion, similar businesses/properties are given the same planning values (1.03).

The above statements implied that Namisindwa District Local Government ensure that tax planning of businesses and properties is carried out, ensure that the rate of local revenue charged by the council is relatively affordable, the valuation method is clearly researched on, undertakes proper identification of tax payers; and the district works with different stakeholders in fixing tax rates. The only weakness associated with revenue planning is not considering or giving a room for taxpayers to appeal and difficulties in giving similar business, the same valuation but rather being evaluated differently. These are resumed to impact on local revenue performance.

The above reportage concurred with what key informants indicated in the interview. For instance, a good number of key informants showed that local revenue planning in Namisindwa District Local Government has been improving tremendously especially when it comes to ensuring that new taxpayers are identified and clearly assessed. The identification of taxpayers has been given much priority which has championed the performance of local revenue. For instance, key informant 5 said, *as a council, we always sit and come up with mechanisms to work with the management of the district...we make continuous drives in our town council to identify new taxpayers...I am sure this is one of the reasons as to why our taxable base has been expanding...* Another key informant 8 added that, *“Our role is to work with different stakeholders in and outside the district to make sure that we obtain appropriate valuation methods for each and every business or commercial and residential areas...in our planning of revenue we make sure that each and every taxpayer is associated with his ability...”*

The above verbatim is interpreted to mean that tax planning is adequately done while ensuring that each and every stakeholder is engaged and different valuation methods are used for different businesses. Further, in support of above opinion, many key informants denied the view expressed in questionnaire that similar businesses/properties are not given the same planning values. They wholly supported the argument that the rate of local revenue charged by the council is relatively affordable. The views from key informants and questionnaire were synonymous with what was identified with documents reviewed, for instance, Namisindwa District Local Government Strategic Plan (2015/2020), which indicated differing valuation methods used in assessing

taxpayers which are taken as very key in improving local revenue performance. However, ACORD Report (2015) indicated that poor tax planning is one of the causes of poor local revenue generation in Local Governments in Uganda including Namisindwa Local Government.

4.3.1.1. Correlation results for Local revenue planning and local revenue performance in Namisindwa Local Government

The first hypothesis stated, “There is a significant positive relationship between local revenue planning and performance in Namisindwa Local Government.”

Table 4.4 provides details on the results towards the first hypothesis below.

Table 4.4: Correlation results

		Local Revenue Planning	Local Revenue Performance
Local Revenue Planning	Pearson Correlation	1	.643**
	Sig. (2-tailed)		.000
	N	41	41
Local Revenue Performance	Pearson Correlation	.643**	1
	Sig. (2-tailed)	.000	
	N	41	41

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data, 2024

Findings show that there was a positive correlation ($r = .643$) between local revenue planning and performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Due to the results of correlation test, the hypothesis “There is a significant positive relationship between local revenue planning and the performance of Namisindwa Local Government” was accepted. Thus, the implication of the findings was that the higher the compliance with local revenue planning, the higher the local revenue performance in Namisindwa Local Government.

The study indicated that there was a positive correlation ($r = .643$) between local revenue planning and performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. This finding is in line with the literature of Okello and Nsamba (2010), Abigaba, (1998), Chen and Reinsildca, (2009) indicated that local revenue planning must start with tax payer's identification. Taxpayer identification is the very first process and a vital component in the administration of stamp duty. Surrey (1974) pointed out that the beginning of local revenue administration starts with preparing the lists or registers and ensuring that the tax payers are on the rolls. Kajumbula, (2013) observed that identifying and registering more taxpayers decreases the number of taxpayers who would otherwise evade. Taxpayers who have executed or received instruments chargeable to duty are required to have them duly stamped as provided under the Local Governments (Rating) Act 2005 of the Laws of Uganda.

Shamora (2012) further confirms current study that planning is an important aspect of tax administration that involves the determination of tax liability. Shamora (2012) defines planning as the process of ascertaining or estimating a person's tax liability. Planning of revenue involves the determination of the property duty on the instrument executed or received by the clients. The Local Governments (Rating) Act 2005 contains the list of instruments chargeable to property tax. Accessibility of the Local Governments (Rating) Act 2005 improves on the accuracy of the duty assessed on the instruments executed or received in Uganda. In Uganda, the ascertainment of revenue payable on executed instruments in Uganda is determined officially by Local Governments or voluntarily by the taxpayer. Taxpayers with copies of the Local Governments (Rating) Act 2005 and its amendments can determine the duty they are supposed to pay. Tax Administrators in Local Governments, revenue office uses the Local Governments (Rating) Act 2005, to assess the revenue payable on the instruments brought for planning. The limited accessibility of the Local Governments (Rating) Act 2005 by majority of the taxpayers in Uganda creates a big burden on the individual planning of the proper tax by property taxpayers in Uganda. In general, and as Kiwanuka (2018) noted, organizational performance has too often been restricted to its financial facet. As a matter of fact, most valuations of organizational performance are based on indicators such as return on investments, sales, and profit per share. The authors noted however that this notwithstanding, some organizations use different indicators to measure their

local revenue performances, depending on what best suits their circumstances. Organizations can use the process they use to achieve their objectives, or the environment in which the organizations operate (using their market share for instance), or the objectives and targets they set for their employees at any level, be it department, section or individual staff members level.

The findings of this study agree with the theoretical framework that underpinned this study, lack of revenue planning lead to reduced revenue performance in local governments. The theory supported that without proper revenue planning, poor performance of revenue goes high. Where the predicator or cause and in this case local revenue planning measures are well utilized, there is always increased local revenue performance.

4.3.2. Findings on local revenue collection and performance in Namisindwa District Local Government

To establish whether Namisindwa District Local Government fairly collected local revenue as it was hoped to affect local revenue performance. The mean scores used referred (Mean score=1.00 meant strongly disagreed; Mean score= 2.00 meant disagreed; Mean score =3.00 meant Neutral; Mean Score=4.00 meant agreed and Mean at 5.00 meant strongly agreed by most of the respondents). The standard deviation above 1 meant higher deviation than standard deviation below 1. The interpretation of standard deviation was based on the rule that the higher the standard deviation, the lower the means and vice versa. Table 4.5 has more details in regard to this inquiry;

Table 4.5: Descriptive Statistics on local revenue collection in Namisindwa Local Government

Items	1	2	3	4	5	Mean	Std Dev.
There is accurate billing by the Namisindwa Local Government to determine the expected revenue	2.6%	3.9%	7.8%	59%	26.3%	4.00	.752
Demand notices are issued to local revenue payers in time	1.3%	1.3%	31.5%	61.8%	3.9%	4.02	.779
Demand notices are sent to the right address	1.3%	1.3%	3.9%	71.8%	21.5%	4.07	.728
Demand notices contain accurate amount of tax payable	0%	0%	7.8%	50%	42.2%	4.11	.580
Demand notices are issued out annually	2.6%	7.8%	22.3%	42%	25%	4.07	.723
The Local Government delivers the bills in time	51.3%	22.3%	0%	15.7%	10.5%	2.15	1.401
The billing documents issued by the Local Government reflect all the revenue expected from the tax payer including arrears.	3.9%	5.2%	21%	35.5%	26.3%	4.38	.611
Local Revenue collection method currently in use is convenient	34.2%	30.2%	11.8%	14.4%	6.5%	2.46	1.026
Local Revenue collection method affects actual revenue collected	9.2%	7.8%	14.4%	28.9%	36.8%	4.58	.675
There is proper recording of local revenues in the district	19%	4.8%	4.8%	28.5%	57.3%	2.63	1.050
I believe local revenue is properly utilized by council authorities	23.6%	6.5%	22.3%	25%	26.3%	3.53	.703
Bank slips for banking the money are easily accessible by all tax payers	3.9%	2.6%	6.5%	53.9%	34.2%	3.54	.927
Local revenue obtained is properly monitored through regular reports and reconciliations to enable detection of tax evasion	26.3%	21%	9.2%	17.1%	34%	1.48	1.293
Staff are trained to understand and implement the Rating Act	0%	0%	21.5%	41.3%	37%	4.43	.600
Tax payers have been sensitized about their responsibilities	4.4%	9.2%	7.8%	38.9%	36.8%	4.44	.623
Business/property owners are aware of the provisions of The Rating Act, Regulations and property rating handbook.	47.3%	22.3%	5.2%	11.8%	13%	1.61	1.401
The Local Government collects local revenue from property tax	0%	0%	2.6%	50%	47.3%	4.37	.711
Local revenue is a major source of funding for Local Government activities	3.9%	3.9%	7.8%	39.4%	44.7%	3.50	.926

Source: Primary data, 2024

The study findings established that Namisindwa District Local Government has also been performing well as far as local revenue collection is concerned. This is confirmed by the following assertions; local revenue is a major source of funding for Local Government activities (3.50); The Local Government collects local revenue from property tax(4.37); Tax payers have been sensitized about their responsibilities(4.44); Staff are trained to understand and implement the Rating Act(4.43); Bank slips for banking the money are easily accessible by all tax payers(3.54); I believe local revenue is properly utilized by council authorities (3.53); Local Revenue collection method affects actual revenue collected (4.58); The billing documents issued by the Local Government reflect all the local revenue expected from the tax payer including arrears (4.38), Demand notices contain accurate amount of tax payable (4.07), Demand notices contain accurate amount of tax payable (4.11), Demand notices are sent to the right address (4.07), Demand notices are issued to local revenue payers in time (4.02), There is accurate billing by the Namisindwa Local Government to determine the expected local revenue (4.00).

On the other hand, the Local Government delivers the bills in time (2.15), Local Revenue collection method currently in use is convenient (2.46), There is proper recording of Local revenues in the district (2.63), Local revenue obtained is properly monitored through regular reports and reconciliations to enable detection of tax evasion (1.48), Business/property owners are aware of the provisions of The Rating Act, Regulations and property rating handbook (1.61).

The above responses thus suggest that Namisindwa District Local Government has been able to generate enough local revenue for Local Government activities, collects revenue from property tax, engage in sensitization, staff are trained to understand and implement the Rating Act, Bank slips for banking the money are available for tax payers, local revenue is properly utilized by council authorities, local revenue collection methods used are appropriate, the billing documents issued by the Local Government reflect all the local revenue expected from the tax payer including arrears, demand notices used contain accurate amount of tax payable, demand notices used contain accurate amount of tax payable, demand notices are sent to the right address, demand notices are issued to local revenue payers in time and there is accurate billing by the Namisindwa Local Government to determine the expected local revenue.

The findings from the questionnaire seemed incongruent with the findings established in key informants' interviews. For instance, majority of key informants indicated that district has billing documents issued which reflects all the local revenue expected from the tax payer including

arrears. Key informant 3 said, *“We give out demand notices before we collect taxes and citizens are given ample time before we enforce taxes and this has improved on the behaviors of most of our taxpayers in the district....”*

He added, *“The district has enough bank slips which taxpayers can always use at any time and pay taxes...those bank slips indicate all items required to be paid..”*

It was further established that there is underlying challenge associated with the methods used by the Local Government in collecting local revenue which has practically affected local revenue performance in Namisindwa Local Government. Key informant 8 also in confirmation added that, *“We endeavor to employ favorable revenue collection methods where taxpayers are not coerced...however; revenue collection has always caused mixed feeling from taxpayers and tend to end in quarrels which directly affect our revenue generated especially when it comes to collecting trading incenses and Local Government tax...”*

The above responses as obtained from key informants and questionnaires did not resonated with the data obtained from documents reviewed. For instance, Namisindwa District Local Government Annual Report (2017) indicates that there is still a challenge experienced in the process of collecting taxes from citizens since they have always ended into strikes. The collection of taxes has always led to number of political quarrels, of which they affect the amount of taxes collected by the Local Government. This is because some of the taxes are agreed on with citizens but they always take advantages when politicians try to capitalize on such issues. The methods of collecting local revenue have highly affected local revenue performance.

4.4.2.1 Correlation results on local revenue collection and performance in Namisindwa Local Government.

The second hypothesis stated, *“There is a significant positive relationship between local revenue collection and performance in Namisindwa Local Government.”* Table 4.6 provides details on the results towards the first hypothesis below

Table 4.6: Correlation results

		Local Revenue Collection	Local Revenue Performance
Local Revenue Collection	Pearson Correlation	1	.871 **
	Sig. (2-tailed)		.000
	N	41	41
Local revenue Performance	Pearson Correlation	.871 **	1
	Sig. (2-tailed)	.000	
	N	41	41

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data, 2022

Findings show that there was a positive correlation ($r = .871$) between the local revenue collection and performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis “There is a significant positive relationship between local revenue collection and performance in Namisindwa Local Government” was accepted and the null hypothesis was rejected. Thus, the implication of the findings was that the higher the local revenue collection is done appropriately, the higher the local revenue performance in Namisindwa Local Government.

The study indicated that there was a positive correlation ($r = .871$) between the local revenue collection and performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. These findings are confirmed by the works of Tanzi (2014) assert the costs of paying local revenue dues for upcountry taxpayers are far higher than the duty chargeable. Local Governments and municipalities are not collecting local revenue as per LG (Rating) Act, 2005 or on a number of instruments executed or received in Uganda because of the way revenue is administered (Mulindwa, 2013). Tanzi (2014) further acknowledged that collection procedures involve collecting money from the taxpayer and are the final stage and goal of the tax procedure (Iga, 2013). The local revenue collection procedures have an effect on the number of taxpayers who do

pay. The effectiveness of the local revenue collection procedures can be gauged from the number of compliant taxpayers (Okello & Nsamba, 2010). The centralized method of local revenue collection in Uganda greatly affects the local revenue collection performance.

Shalinzi and Shaz (2009) further concurs with study findings while noting that tax structures in Developing countries raise little local revenue and the reason seems to be poor administration. Smith (2011) further said, because of the weak administration has become prevalent among developing countries especially among the relatively rich members of society. The scholar suggested that strengthening the tax administration activities including collection would encourage compliance and improve the local revenue collection performance. Kajumbula, (2014) also in line with study findings recommended that in Masaka district, if taxes collected are to be realized by the tax payers, proper percentage entitled to the sub counties 60% and villages 30% should actually be delivered and put to proper use. According to (Kiyega, 2016), the over centralization of the collection of local revenue and embossing process limits the number of instruments executed/received in Uganda that are duly paid as required by LG (Rating) Act, 2005. The low collections of local revenue in urban centers could partially be attributed to the over centralized collection method which increases on the compliance costs of taxpayers willing to pay revenue and have the instruments duly stamped. A client who has executed/received a fixed value instrument whose proper duty is shillings 5000= would ordinarily not comply if expected gains of having the instrument duly stamped is less than compliance costs.

Birungi and Mutenyo (2010) noted that improvement in revenue administration is very crucial in raising local revenue. The rules must be simple and the taxpayers should be identified and sensitized (Bahemuka, 2011). Local revenue performance is an outcome of how the local revenue administration methods are handled. If local revenue administration is effectively administered local revenue collection is likely to improve. In Uganda a number of instruments in the schedule to the LG (rating) Act 2005 are being executed or received without payment of proper duty contrary to the provision of the LG (rating) Act 2005 which exhibits weakness in the administration (Birungi & Mutenyo, 2010).

The findings of this study agree with the theoretical framework that underpinned this study, lack of local revenue collection lead to reduced local revenue performance in local governments. The theory supported that without proper local revenue collection, poor performance of local revenue

goes high. Where the predicator or cause and in this case local revenue collection measures are well utilized, there is always increased local revenue performance.

4.3.3 Findings on the relationship between local revenue monitoring & evaluation and local revenue performance in Namisindwa District Local Government

To establish whether there is a relationship between local revenue monitoring & evaluation and performance in Namisindwa District Local Government. The mean scores used referred (Mean score=1.00 meant strongly disagreed; Mean score= 2.00 meant disagreed; Mean score =3.00 meant Neutral; Mean Score=4.00 meant agreed and Mean at 5.00 meant strongly agreed by most of the respondents). The standard deviation above 1 meant higher deviation than standard deviation below 1. The interpretation of standard deviation was based on the rule that the higher the standard deviation, the lower the means and vice versa. Table 4.7 provides details on this inquiry;

Table 4.7: Descriptive Statistics on local revenue monitoring & evaluation in BDLG

Items	1	2	3	4	5	Mean	mean
We ensure that tax laws are adhered too when collecting taxes	0%	5.2%	16.6%	44%	33.1%	3.54	4.22
Tax reports are drafted every financial year	2.6%	2.6%	6.5%	53.9%	34.2%	1.48	4.14
We endeavor to audit taxes collected to overcome the gaps	2.5%	2.7%	6.5%	50.2%	37.6%	4.43	3.74
List of tax defaulters are spread out	15.7%	39.8%	12.8%	22%	17.6%	4.44	2.43
Action is taken against a rate payer if he fails to respond to the demand notice	3.0%	28.5%	31.5%	30%	6%	1.61	3.24
Tax payers are aware of action that can be taken to recover tax arrears	11.8%	25%	48.6%	0%	15.7%	4.37	3.26
The Local Government charges interest of 2 percent per month on any rate that remains in arrears for more than 30 days	3.9%	3.9%	7.8%	52.6%	31.5%	3.50	4.12
Sufficient supervision during local revenue collection is provided	9.2%	32.8%	19.7%	25%	14.4%	2.46	2.24
The procedure for recovery from businessmen and tenants and occupiers is known to taxpayers	21%	30.2%	18.4%	22.3%	21%	4.58	2.19
The Local Government has means for safeguarding revenue during the transfer of property or business	23.6%	36.8%	30.2%	6.5%	3.9%	2.63	2.14
The Local Government acts when a rate payer fails to pay by the due date	10.5%	19.7%	30.2%	22.3%	14.4%	3.53	3.16

Source: Primary data, 2024

The results indicated that Namisindwa District Local Government has no adequate avenues required for monitoring and evaluating local revenue to a high extent. This is reflected in the following responses; The Local Government has means for safeguarding local revenue during the transfer of property or business (2.14); The procedure for recovery from businessmen and tenants and occupiers is known to taxpayers (2.19); Sufficient supervision during local revenue collection is provided (2.24); List of tax defaulters are spread out (2.43);The Local Government takes action when a rate payer fails to pay by the due date(3.16); Action is taken against a rate payer if he fails to respond to the demand notice (3.24); Tax payers are aware of action that can be taken to recover tax arrears (3.26).

The above findings implied that Namisindwa District Local Government in monitoring local revenue compliance lacks adequate mechanism to safeguard local revenue during the transfer of property or business; has no proper procedure to recover taxes from businessmen and tenants and occupiers; lacks sufficient supervision during local revenue collection; the list of tax defaulters are not spread out well; The Local Government does not take action when a rate payer fails to pay by the due date; Action are not equally taken against a rate payer if he fails to respond to the demand notice and tax payers are not clearly aware of action that can be taken to recover tax arrears.

On the other hand, some of the items were indicated with means above 3.5 which meant that Namisindwa District Local Government partly has the required monitoring and evaluation mechanism for local revenue collection. Among these items included: The Local Government charges interest of 2 percent per month on any rate that remains in arrears for more than 30 days (4.12); We endeavor to audit taxes collected to overcome the gaps (3.74) Tax reports are drafted every financial year (4.14); We ensure that tax laws are adhered too when collecting taxes (4.22). This thus means that to a certain extent Namisindwa District Local Government has endeavored to take serious mechanisms to ensure that monitoring and evaluation of local revenue collected is done.

The findings from the interviewees seemed incongruent to what most of the respondents in the questionnaire had indicated. For instance, a bundle of key informants reported that Namisindwa district Local Government has been changing the policy operation in local revenue collection. For instance, they opined that district has endeavored to ensure that laws are used as they are given to them to ensure that all taxpayers who do not go by their requests are dealt with. Key informant 3

indicated that in the district, there have been many occasions when the taxpayers, tax assessors and tax collectors are arrested when caught in bribery. *“In 2015, we arrested our own staff who were used to liaise with the taxpayers and they evade taxes, others were being given receipts without payments...those men were arrested.”*

In a number of occasions, it was reported that due to the existing monitoring and evaluation mechanisms, the community directly alerts the district officials about their fellow businessmen or taxpayers who evade taxes and district licenses. The community also alerts the district about the district officials who engage in practices of bribery. These perhaps indicate that to a certain extent, the district has endeavored to ensure that there are mechanisms in place to monitor cases of abuse of local revenue which is presumed to have impacted on the rate of local revenue collected. However, these findings seemed contrary to what documents reviewed indicated. For instance, GAPP Annual Report (2013) and NUDEIL Annual Survey (2014) which have consistent indicated that low local revenue performance is related to insufficient supervision during local revenue collection.

4.3.3.1 Correlation results on Local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government

The third hypothesis stated, “There exists a significant positive relationship between the local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government. “Table 4.8 provides details on the results towards the third hypothesis below.

Table 4.8: Correlation results

		Local revenue monitoring & Evaluation	Local revenue Performance
Local Revenue monitoring & Evaluation	Pearson Correlation	1	.741**
	Sig. (2-tailed)		.000
	N	41	41
Local revenue Performance	Pearson Correlation	.741**	1
	Sig. (2-tailed)	.000	
	N	41	41

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data, 2024

Findings show that there was a positive correlation ($r = .741$) between local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. Because of this, the hypothesis “There exists a significant positive relationship between local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government” was accepted and the null hypothesis rejected. Thus, the implications of the findings were that the higher Namisindwa District Local Government monitors and evaluate the process of local revenue collection, the higher the performance.

The study indicated that there was a positive correlation ($r = .741$) between local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. These findings are confirmed by the works of Mitra et al (2022) who ascertained that local revenue monitoring and evaluation involves providing the relevant information to taxpayers clearly stating the procedures, the benefits of paying and the consequences of non-payment. If taxpayers perceive

that non-compliance will lead to penalties they are likely to be more compliant Thirsk, (2001). Sensitization of taxpayers is one of the key activities of tax monitoring & Evaluation. Tanzi (2014) notes that a good tax should be certain and clear to the taxpayer. Tax education helps to enlighten taxpayers about the tax laws, their rights and tax obligations and sanctions in case of non-compliance hence making them certain and clear.

Moore (2017) argues that people engage in tax evasion when the expected benefits (low taxes) are equal to the expected costs (punishment). This view is shared by Allingham and Sandmo (2022) who also suggest that a rational individual's choice to evade tax will be based on the expected gains associated with the decision. Keen et al (2009) asserts that tax evaders in most developing countries can realistically assign an expected value of zero to the likelihood of being detected and penalized, that the more severe the penalty, the less likely it is to be applied which is a showed weakness in administration. The sanctions under the LG (rating) Act 2005 are generally not known by majority of rate payers in Uganda which is a big blow to the local revenue performance. Such sanctions include recovery by warrant and action, charging of interest and penalties and others (Mulindwa, 2010, Naimeede, 2018). Therefore, it can be reached that there are a number of studies and evidences which point at the impact of tax monitoring & Evaluation on local revenue performance as per the literature reviewed but unfortunately most of this literature lacks empirical evidence in Namisindwa District Local Government.

The findings of this study agree with the theoretical framework that underpinned this study, lack of local revenue monitoring and evaluation lead to reduced local revenue performance in local governments. The theory supported that without proper local revenue monitoring and evaluation, poor performance of local revenue goes high. Where the predicator or cause and in this case monitoring and evaluation measures are well utilized, there is always increased local revenue performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter entails summary and discussion of findings done according to the objectives set for the study. The chapter also presents conclusions derived from the discussion of findings, and the recommendations for improving local revenue performance in Namisindwa Local Government based on the findings of the study. Limitations, contributions of the study and areas of further study are also suggested.

5.1 Summary of Findings

The study established a number of findings, the summary of the findings is explained here under by theme.

5.1.1 Local revenue planning and performance of Namisindwa Local Government

The first objective of this study was to assess the relationship between local revenue planning and performance of Namisindwa Local Government. Findings show that there was a positive correlation ($r = .643$) between local revenue planning and performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. This implied that the higher the compliance with local revenue planning, the higher the local revenue performance at Namisindwa Local Government. However, from the qualitative data collected, most of the respondents interviewed indicated that local revenue planning has a number of impediments which has negatively affected local revenue performance at Namisindwa Local Government. This position was further supported by documents reviewed.

5.1.2 Local revenue Collection and Performance of Namisindwa District Local Government

The second objective of this study was to assess the relationship between local revenue collection and performance of Namisindwa Local Government. Findings show that there was a positive correlation ($r = .871$) between local revenue collection and performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. Thus, the relationship was significant. This implied that the higher the compliance with appropriate

local revenue collection procedures, the higher the local revenue performance in Namisindwa Local Government. From the qualitative data collected, most of the respondents interviewed indicated that local revenue collection was lacking which has negatively affected local revenue performance at Namisindwa Local Government. This position was further supported by documents reviewed.

5.1.3 Local revenue Monitoring and evaluation and local revenue performance in Namisindwa Local Government

The third objective of this study was to assess the relationship between local revenue monitoring and evaluation and performance of Namisindwa Local Government. Findings show that there was a positive correlation ($r = .741$) between local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government. These findings were subjected to a test of significance (p) and it is shown that the significance of the correlation ($p = .000$) is less than the recommended critical significance at 0.05. This implied that the higher the compliance with appropriate local revenue monitoring and evaluation, the higher the local revenue performance in Namisindwa Local Government. This was in line with what qualitative data collected indicated whereby most of the respondents interviewed indicated that monitoring and evaluation was fairly done which was improving significantly local revenue performance at Namisindwa Local Government. This position was not supported by documents reviewed.

5.2 Conclusions

Arising out of the discussion above, the study came up with several conclusions. Below presented are some of the conclusions.

5.2.1 Local revenue planning and performance in Namisindwa Local Government

The study concluded that there was a significant positive relationship between local revenue planning and performance in Namisindwa Local Government. Centered on the empirical results of this study, it is concluded that local revenue performance in Namisindwa Local Government heavily relies on proper local revenue planning practices. Therefore, the more emphasis put on local revenue planning, the more likely the local revenue performance will improve.

5.2.2 Local revenue collection and performance in Namisindwa Local Government

It was concluded that there is a significant positive relationship between local revenue collection and performance in Namisindwa Local Government. Centered on the empirical results of this study, it is concluded that local revenue performance in Namisindwa Local Government heavily relies on proper local revenue collection processes employed.

5.2.3 Local revenue Monitoring and evaluation and local revenue performance in Namisindwa Local Government

It was concluded that there is a significant positive relationship between local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government. Centered on the empirical results of this study, it is concluded that local revenue performance in Namisindwa Local Government depends on consistent undertaking of Monitoring and evaluation of local revenue collection.

5.3 Recommendations

In light of the above conclusions, below are the suggested recommendations as per each study objective;

5.3.1 Local revenue planning and performance in Namisindwa Local Government

Local Governments of Uganda should ensure that similar businesses/properties are given the same planning values because this was found to affect compliance. This is because apportioning of high tax to a business which it cannot afford, increases chances of not remitting it. This can be done by undertaking required time to undertake proper tax assessment and analysis.

5.3.2 Local revenue collection and performance in Namisindwa Local Government

Further, depending on the findings, it is important that Local Governments devise new and appropriate mechanisms for collecting taxes efficiently. The more force is used by tax enforcement to collect taxes, the more chances that many of businesses which have potential to pay tax will close and leave businesses or they diverge to other mechanisms of evading taxes. It is thus adequate that appropriate methods are used in collecting local revenue.

5.4.3 Local revenue monitoring and evaluation and local revenue performance in Namisindwa Local Government

Lastly, basing on the findings, it remains very significant that District Local Government ensures that it disseminates annual lists of tax defaulters and list for those who complied. This can be a very good trick for motivating those who comply in the face of their customers and also can

according prompt those who do not calmly to comply in fear of being listed in newspapers and district notes board. Further, sufficient supervision during local revenue collection needs to be provided since chances of tax embezzlement on the side of collectors can be alleviated.

5.5 Areas recommended for further study

Future research should follow the longitudinal approach to predict beliefs and behavior over time since the model in this study is cross-sectional, which measures the intention only at a single point in time.

There is a need for another study covering all Local Governments in Uganda not only Namisindwa District Local Government to clearly obtain their views on how local revenue performance can be improved.

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APPENDIX 1: QUESTIONNAIRE FOR REVENUE PAYERS

This questionnaire is designed for academic purposes to study revenue administration and revenue performance in Namisindwa Local Government.

Please respond to the following questions frankly and honestly in the spaces provided or by ticking / circling your opinion among the alternatives provided or on the scale 5-1 where 5= Strongly Agree, 4= Agree, 3= Not Sure, 2= Disagree and 1= Strongly Disagree. As a key stakeholder, your input is deemed very essential for completion of this study.

Your responses will be kept strongly confidential; do not disclose your name anywhere on the questionnaire. Kindly ensure that you complete each section of this instrument. Thanks in advance for your cooperation.

Yours faithfully.

SECTION A: BACKGROUND INFORMATION

1. **Sex** 1. Male 2. Female
2. **Age** 1. 20-30 years 2. 31-40 years 3. 41-50 years 4. 51-above 5. Others
3. **Level of education** 1. Primary 2. Secondary 3. Diploma 4. Degree/ Post graduate 5. Others (please specify)
4. **Length in service** 1. 0-5 years 2. 6-10 years 3. 11-15 years 4. 16-20 years 5. Over 20 years

SECTION B (LOCAL REVENUE ADMINISTRATION)

5=Strongly Agree, 4=Agree, 3=Not Sure, 2=Disagree, and 1=Strongly Disagree

(I) LOCAL REVENUE PLANNING

8.	Tax planning of businesses and properties is carried out in a clear and transparent manner					
9.	The district involves different stakeholders in fixing tax rates					

10.	The Local Government council is better placed to determine the rate of local revenue to be paid						
11.	There is proper identification of tax payers in the Local Government						
12.	Proper identification of tax payers reduces cases of tax evasion						
13.	The choice of valuation method made has an effect on the expected revenue						
14.	The valuation method used can facilitate tax evasion						
15.	The rate of local revenue charged by the council is relatively affordable						
16.	In my opinion, similar businesses/properties are given the same planning values						
17.	I believe the assessment value of my business/property is proportionate to the market value						
18.	Tax payers are aware of the process of appealing against high planning						

(II) LOCAL REVENUE COLLECTION

19.	There is accurate billing by the Namisindwa Local Government to determine the expected local revenue						
20.	Demand notices are issued to local revenue payers in time						
21.	Demand notices are sent to the right address						
22.	Demand notices contain accurate amount of tax payable						
23.	Demand notices are issued out annually						
24.	The Local Government delivers the bills in time						
25.	The billing documents issued by the Local Government reflect all the local revenue expected from the tax payer including arrears.						
26.	Local revenue collection method currently in use is convenient						
27.	Local revenue collection method affects actual revenue collected						
28.	There is proper recording of revenues in the district						
29.	I believe local revenue is properly utilized by council authorities						

30.	Bank slips for banking the money are easily accessible by all tax payers					
31.	Local revenue obtained is properly monitored through regular reports and reconciliations to enable detection of tax evasion					
32.	Staff are trained to understand and implement the Rating Act					
33.	Tax payers have been sensitized about their responsibilities					
34.	Business/property owners are aware of the provisions of The Rating Act, Regulations and property rating handbook.					
35.	The Local Government collects local revenue from property tax					
36.	Local revenue is a major source of funding for Local Government activities					

(III) LOCAL REVENUE MONITORING & EVALUATION

37.	We ensure that tax laws are adhered too when collecting taxes					
38.	Tax reports are drafted every financial year					
39.	We endeavor to audit taxes collected to overcome the gaps					
40.	List of tax defaulters are spread out					
41.	Action is taken against a rate payer if he fails to respond to the demand notice					
42.	Tax payers are aware of action that can be taken to recover tax arrears					
43.	The Local Government charges interest of 2 percent per month on any rate that remains in arrears for more than 30 days					
44.	Sufficient supervision during revenue collection is provided					
45.	The procedure for recovery from businessmen and tenants and occupiers is known to taxpayers					
46.	The Local Government has means for safeguarding local revenue during the transfer of property or business					
47.	The Local Government acts when a rate payer fails to pay by the due date					

SECTION C: DEPENDENT VARIABLE – LOCAL REVENUE PERFORMANCE

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No.	QUESTION	1	2	3	4	5
1.	Tax collection in terms of volume has increased tremendously.					
2.	Net local revenue collection has been increasing tremendously					
3.	The district has always met its expected local revenue					
4	All taxpayers identified submit in their taxes to tax collectors					
5.	Majority of taxpayers are complaint					
6.	Local revenue is highly misappropriated and diverted					
7.	Tax revenues collected has always fallen short of targeted					
8.	The collection ratio is higher than funds lost every year					
9	The percentage of local revenue collection from licenses and permits has been increasing over years					

THANK YOU.

APPENDIX II: INTERVIEW GUIDE FOR KEY INFORMANTS

1. What is your responsibility / position?
2. How is your responsibility / position related to local revenue administration?
3. How effective is planning in generating local revenue?
4. What challenges are met in planning of taxpayers?
5. What can be done to address the above challenges so as to improve the planning?
6. How can the process of revenue planning be improved to generate significant local revenue for Namisindwa District Local Government?
7. How can the method of local revenue collection be improved to generate significant revenue for Namisindwa District Local Government?
8. What do you think about the appropriateness of the taxes calculated from the gross value?
9. What monitoring & Evaluation mechanisms do you use to administer tax?
10. What problems do you face in local revenue monitoring & Evaluation?
11. How can these problems be addressed and the quality of monitoring & Evaluation improved?
12. How important is local revenue as a source of funding for the District Local Government?

APPENDIX III: DOCUMENTARY REVIEW CHECKLIST

No	Document	Aim
1	Budget Act, 2001	Local revenue planning, collections and monitoring and evaluation
2	Constitution of Uganda, 1995	Budget management
3	Local revenue performance reports	Local revenue performance
4	District Annual / Audit Reports	Local revenue administration
5	Tax Contracts (sample)	Monitoring and evaluation of taxes
6	Public Finance and Accountability Act 2013	Local revenue control Local revenue planning and collection
7	Local Governments Act 1997	Local revenue administration
8	Leadership Code Act 2022	Local revenue administration
9	Local Government Finance Commission Act 2013	Financial/Revenue management
10	Prevention of Corruption Act 1970	Revenue performance
11	Access to Information Act 2005	Local revenue administration
12	Local Government Financial and Accounting Regulations 2017	Revenue administration
13	The National Audit Act 2018	Revenue administration and performance
14	The recent Public Financial Management Act, 2015	Revenue administration
15	ACODE Reports	Revenue performance

**APPENDIX IV: TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN
POPULATION**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2020	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20200	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Source: Krejcie & Morgan (1970, as cited by Amin, 2005)

Note: *N* is population size.

S is sample size.

APPENDIX V: RESEARCH INTRODUCTORY LETTER



UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.
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Academic Registrar office

To CHIEF ADMINISTRATIVE OFFICER NAMISINDWA DISTRICT

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss NANZALA METRINE
Of Registration Number; WS21/MUC/BBA/040 pursuing a Masters' Degree/Postgraduate Diploma / Bachelor's Degree

A BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION

He/ she is required to carry out an academic research on the topic

B. REVENUE ADMINISTRATION AND PERFORMANCE IN LOCAL GOVERNMENTS IN UGANDA.

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.

Thank you.

Yours faithfully,

Timothy Akampurira
Academic Registrar UCU-MUC

28 FEB 2024

