

## Identifying Factors Affecting The Relationships Between Tax Officials and Taxpayers in Kenema City

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### Abstract:

In Sierra Leone Kenema to be particular, tax officials have to go to the field for tax collection because most taxpayers fail to do so. This is unlike the developed countries where most of these are done online and therefore both tax officials and taxpayers rarely see each other with respect to tax matters. Taxation is very important in the development of every nation in the world. According to Oboh (2012), the concept of taxation has been a concern of global significance as it affects every economy irrespective of national differences. According to Allingham and Sandmo (1972), tax revenues are one of (if not the) main income source for many governments throughout the world. Few matters are as important as the taxes people pay to their government as taxation is considered the most efficient and effective means of raising revenue for both central and local governments. Importantly, taxation is the avenue through which citizens are most intimately connected to the state and can be an important catalyst for public demands for responsiveness and accountability (Prichard, 2009). **The aim of this study is to identify the factors affecting the relationship between tax officials and taxpayers in Kenema City, this validates the popular opinion that positive attitude of tax officials encourages voluntary compliance which eventually promotes a good relationship with taxpayers.** Taxpayer respondents were selected using proportional allocation method of random sampling from each of the trading areas (Big Market, Fisheries market, Gbomgbotor Market and How for Do market) to give a total sample size of 250 out of the 3200 taxpayers in the four trading areas. (148) (59%) respondents were selected from Big Market, (40) (16%) from Fisheries market, (38) (15%) from Gbomgbotor and (24) (10%) from How for Do market. In all, the study has it that most of the taxpayers are of the perception that, the relationship between the tax officials and them is a positive one. This study answers the major research question which was to find out taxpayers' perception of their relationship with tax officials. Finally, it is recommended that a positive attitude be shown by tax officials in their dealing with taxpayers. The positive attitude exhibited by tax officials is likely to shape the perception of taxpayers about them and better enhance their relationship. The study has revealed how the positive attitudes of patience, politely and professionalism contributed to ensuring a positive relationship between the officials and taxpayers.

### INTRODUCTION

There are a lot of activities that bring tax officials and taxpayers into contact. Some of those activities are payment of taxes, filing of tax returns and application for other documents including certificate of registration and tax clearance certificate. In Sierra Leone Kenema to be particular, tax officials have to go to the field for tax collection because most taxpayers fail to do so. This is unlike the developed countries where most of these are done online and therefore both tax officials and taxpayers rarely see each other with respect to tax matters. Taxation is very important in the development of every nation in the world. According to Oboh (2012), the concept of taxation has been a concern of global significance as it affects every economy

irrespective of national differences. According to Allingham and Sandmo (1972), tax revenues are one of (if not the) main income source for many governments throughout the world. Few matters are as important as the taxes people pay to their government as taxation is considered the most efficient and effective means of raising revenue for both central and local governments. Importantly, taxation is the avenue through which citizens are most intimately connected to the state and can be an important catalyst for public demands for responsiveness and accountability (Prichard, 2009). To avoid excessive foreign financial support which may in the long-run lead to problem of debt burden and possible domination, Gupta (2007) is of the view that developing countries need to rely substantially on domestic tax. Tax is a compulsory charge imposed by a public authority on the income of individuals and companies as stipulated by the government decrees, acts or cases laws irrespective of the exact amount of services rendered to the taxpayer (Olaseyitan & Sankay, 2012; Omotoso, 2001).

Whenever a citizen becomes a taxpayer, there is an automatic relationship between him or her and a tax official who does the imposition of a tax charge. It is important to note that before a tax charge is levied, a relationship is established as the potential taxpayer is interviewed and assisted by a tax official through the requisite procedures before finally the tax charge. At that early stage, if the tax official is able to build trust in the taxpayer, the latter is likely to work hard to meet the tax demand. Trust is therefore a paramount factor for strengthening the tax official-taxpayer relationship. According to the Swedish Tax Agency, one of the reasons for which people pay their taxes and refrain from evasion is the trust in the tax officials. In their study, one of the questions was: “Would you evade tax if you had the possibility?” Out of the people who said that they trusted the Tax Agency, 12% answered yes, they would evade the tax, if they had the possibility. In contrast, in the group of people who said that they did not have trust in the Tax Agency, 27% said that they would take the opportunity and avoid the tax if they only could. The trust in the Swedish Tax Agency was found to be based on the way the tax officials treat their taxpayers: If the attitude is helpful, listening and cooperative, and based on the assumption that most people are honest, the impact of the trust in the Tax Agency is positive. However, the impact on the trust is negative, when the position of the tax official is: indifferent, insensitive, superior, exercising power and accusatory or even worse, if it is based on the belief that most people are dishonest (Desax, 2009). Aside trust, a reciprocal fulfillment of expectations from both parties is likely to maintain an affirmative relationship necessary for revenue mobilization. In every relationship, each party has a responsibility to fulfill. In other words, both parties have expectations from each other. An argument raised by Organization for Economic Corporation and Development (OECD) (2007) affirms that, the revenue body expects taxpayers to be fully transparent in their communications and dealings. This means that taxpayers are expected to volunteer information about tax return and also provide comprehensive responses so that the revenue body can understand the significance of issues, deploy the appropriate level of resources and reach the right tax conclusions. In the same way, the taxpayer also has expectations in the relationship. The principal goal of taxpayers is to have tax matters resolved quickly, quietly, fairly and with finality. There is a common ground here with the position of revenue bodies, in that the quick, quiet, fair and final resolution of tax issues will come with increased disclosure and transparency. A point to note, however, is that if a particular taxpayer is not being transparent enough, he or she less likely receives the reciprocal benefits of the relationship.

In the same way, anecdotal evidence suggests that transparency this time on the part of governments is likely to affect the relationship between the tax official and taxpayer. When there is marginal level of transparency and accountability, taxpayers register their displeasure against a government to the tax official by refusing to pay their taxes. In Sierra Leone and Kenema to be specific, cited examples are alleged cases of corruption among government officials.

Wang (2010) stated that taxpayers’ confidence is largely dependent on the efficiency and efficacy of

government services, that is, whether the services provided are cost-efficient (that is, perceived to represent “value for money”) and whether the revenue is appropriately spent in a transparent and accountable manner. With reference to the local government level in Liberia, Fjeldstad (2006) states that taxpayers’ unwillingness to pay is not perceived to be the main problem in revenue collection but rather misuse of tax revenues.

Tax officials as “middlemen” between government and taxpayers are directly attacked by the latter. This therefore affects the cordial relationship that is supposed to exist between the taxpayer and tax official as far as revenue mobilization is concerned. As the study was conducted in Sierra Leone Kenema in particular, an important question asked was: “what single challenge is likely to affect the relationship between the two parties in Kenema?” The relationship between tax officials and taxpayers in Sierra Leone Kenema to be specific is to some extent affected by inadequate taxpayer service to make taxpayer compliance with the relevant laws and regulations as easy as possible. Little has been done about making provision of sufficient information, pamphlets and education which would eventually improve the relationship. This had been the situation before the creation of the N.R.A in 2009. This study was therefore committed in finding out the relationship between the tax officials and taxpayers after the creation of the N.R.A.

### **PROBLEM STATEMENT**

The problem statement is what accounts for the need for the study (Creswell, 1994). It is meant to answer the question ‘why does this research need to be conducted?’ (Pajares, 2007). There is a relationship in the tax administration in any country and the principal parties to the relationship are taxpayers and the revenue bodies. It is one characterized by what each is legally required to do without any urging or persuasion from the other (OECD, 2007). Therefore, if one party fails to do what is required of it, the relationship is likely to be affected negatively. When the relationship between the tax official and the taxpayer is weak, low compliance is likely to occur (Alabede, Ariffin & Idris, 2011). For instance, where there is low level of education on tax ethics, citizens evade taxes. This is because there are empirical evidences suggesting that ethical values may play significant role in the compliance decision of an individual taxpayer. Ho and Wong (2008) submitted that individuals with stronger ethical mind may have favorable compliance attitude as they will regard complying with rule and regulation as an obligation that must be honored. Manaf (2004) reported that taxpayers who see tax evasion as unethical are likely to comply more than those who regarded tax evasion as not unethical. Therefore, education of taxpayers over core ethical values is likely to ensure tax compliance. Even though the relationship between the tax officials and taxpayers is important as it contributes to revenue mobilization, not much is known about it. This is because there is dearth of studies that look at the tax officials’/taxpayers relationship. There is therefore a gap in the relevant literature that has to be filled and this study is committed to do that. A limitation of some of the studies is the fact that they looked at the relationship at the corporate institutions and company level. What makes this study in particular unique is the fact that it focuses on the relationship between tax officials and individual taxpayers and not corporate institutions.

Another problem at this level of relationship between tax officials and taxpayers has been a hostile relationship where according to anecdotal evidence tax authorities and taxpayers work against each other. Since majority of people do not like paying taxes, tax officials use coercive measures to enforce taxation in Ghana. Some of the coercive measures include monetary fines (penalties), garnishing and prison sentence. Some tax officials do not see taxpayers as partners in the tax contract and therefore use authoritarian measures which are devoid of respect in dealing with taxpayers. On the other hand, some taxpayers evade and avoid taxes by failing to declare their true taxable income, all of which affects revenue mobilization, McClelland and Schulze (1992) argue that “a purely economic analysis of the evasion gamble implies that most individuals would evade if they are ‘rational’, because it is unlikely that cheaters will be caught and penalized.” Anecdotal evidence has shown that some taxpayers flout tax laws by failing to report to the tax office upon invitation, tamper with properties (padlocks) of the D.T.R.D when their shops are garnished and

issue verbal and physical attack on tax officials. Many tax reforms are being enforced around the world and in Africa example Kenya in 1995 and Uganda in 1996. These tax reforms are silent on the tax official-taxpayer relationship. However, the success of these reforms also depends on a good relationship between the tax official and taxpayer. It was in December 2009 that the N.R.A was established and was committed to ensure efficiency in revenue mobilization. After the merger, little is known about the relationship that now exists between the tax official and the taxpayer. This study sought to look at the relationship whether improved or not in the Domestic Tax Revenue Division of the N.R.A in the Kenema city.

### **SIGNIFICANCE OF THE STUDY**

Income taxes are important source of revenue to government in both developing and developed countries (Teera& Hudson, 2004). But the amount of revenue to be generated by government from such taxes for its expenditure programme depends among other things, on the willingness of the taxpayers to comply with tax officials on the basis of tax laws of a country (Eshag, 1983). This study was relevant for three major reasons. This study will look at the relationship between tax officials and taxpayers in revenue mobilization. It will reveal whether the relationship is positive or negative. Secondly, there was no comprehensive literature on the existing relationship between the tax official and the taxpayer after the erection of the National Revenue Authority. The findings will contribute to the existing knowledge base on tax official/taxpayers' relationship. Again, it will serve as a useful material for future research when published and a potential contributor to policy consideration in terms of improving the relationship between the two parties.

### **RESEARCH QUESTIONS**

The study was committed to find out the existing relationship between tax officials and taxpayers. In this context, the overall research question was: "what factors affect the relationship between tax officials and taxpayers?" To answer this question, four sub- questions were formulated.

- ❖ What is taxpayers' perception of their relationship with tax officials?
- ❖ To what extent do persuasion and coercion affect the relationship between tax officials and taxpayers?
- ❖ Does taxpayers' level of knowledge influence their relationship with tax officials?
- ❖ Does tax officials' attitude affect their relationship with taxpayers?

### **AIM OF THE STUDY**

**The main aim of this study is to identify the factors affecting the relationship between tax officials and taxpayers in Kenema City.**

### **OBJECTIVES OF THE STUDY:**

More specifically, the study sought to:

- Find out taxpayers' perception of their relationship with tax officials.
- Find out the extent to which persuasion and coercion affect the relationship between tax officials and taxpayers.
- Ascertain whether taxpayers' level of knowledge influence their relationship with tax officials.
- Examine tax officials' attitude that affect their relationship with taxpayers.

### **RESEARCH HYPOTHESES**

Ho: Coercive measures by tax officials do not have a negative effect on the relationship between tax officials and taxpayers.

H1: Coercive measures by tax officials have a negative effect on the relationship of tax officials and taxpayers.

Ho: Taxpayer’s level of knowledge on taxation issues does not lead to a positive relationship.

H1: Taxpayer’s level of knowledge on taxation issues leads to a positive relationship.

Ho: Tax official’s positive attitude does not have a positive effect on tax officials and taxpayers’ relationship.

H1: Tax official’s positive attitude has a positive effect on tax officials and taxpayers relationship.

### CONCEPTUAL FRAMEWORK

**Figure1.** Conceptual Framework of Tax Officials and Taxpayers Relationship in the Domestic Tax Revenue Division

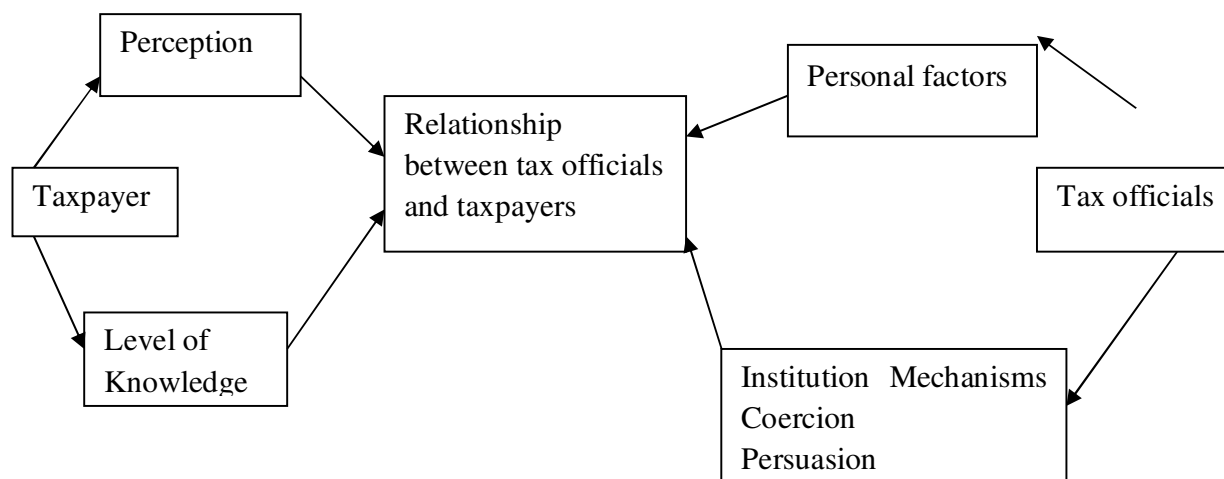


Figure 1 shows the relationship between taxpayers and tax officials. As it is with every relationship, there is reciprocity in this relationship. That is, the relationship is not a ‘one-way traffic’ so to speak but rather ‘two-way traffic’ as depicted by the opposite arrows.

Both the taxpayer and the tax official enter into the relationship with certain factors. On the part of the taxpayer, he/she comes into the relationship with factors such perception and level of knowledge. On the side of the tax official attitude from the personal factors and institutional mechanisms which are the use of persuasion and coercion. The persuasive measures include trusting and collaborating with taxpayers and giving them enough time to settle their arrears. Moreover, coercion comprises the use of the police, penalties, garnishing, the use of force in revenue collection and many others. These are the intervening or mediatory variables that operate within the relationship.

### DEFINITION OF TERMS

**Coercion:** In this context, it is the enforcement of rules set for revenue mobilization.

**Persuasion:** In this context, it is the act of convincing taxpayers to pay their taxes.

**Patience:** In this context, it is the ample time tax officials give to taxpayers to pay their arrears.

**Politeness:** In this context, it is the respectful behavior tax officials’ show to taxpayers.

**Professionalism:** In this context, it is the showing of partiality and favoritism to taxpayers by tax officials.

**Preferential Treatment:** In this context, it is the competence and skills tax officials use in the discharge of their duties.

### REVIEW OF RELATED LITERATURE

#### INTRODUCTION

This chapter is committed to answering the research question by considering the existing literature that

covers the tax official and taxpayer relationship. More importantly, this chapter will find out the gap in previous research so as to make contribution in that respect. The review of the relevant knowledge is expected to help develop sharp and insightful research questions. The review of the relevant literature is important for determining what is known and unknown about the chosen research topic and also keep abreast with current research approaches and trends and debates. The assessment of the state of knowledge relevant to the research topic is expected to inform the analytical framework, methods of collecting data and analysis (Yeboah, 2010). This chapter starts with a definition of literature review. This is followed by examining taxation and its relation to the relationship between tax official and taxpayer. Next, this chapter looks at the theory of relationship which is followed by the factors that affect the relationship between the tax official and taxpayer. This chapter concludes with stressing on the essence of the relationship between the tax official and taxpayer in maximizing taxation.

### **ISSUE OF TAXATION**

No one likes taxes. People do not like to pay them. Governments do not like to impose them. But taxes are necessary both to finance desired public spending in a non- inflationary way and also to ensure that the burden of paying for such spending is fairly distributed. While necessary, taxes impose real costs on society. Good tax policy seeks to minimize those costs” (Bird, 2003). Taxation is fundamental to sustainable development, as it supports the basic functions of an effective state and sets the context for economic growth. More often than not, the role of taxation as a catalyst for the development of responsive and accountable government, and for the expansion of state capacity is overlooked. Yet for this state of economic growth to be achieved, the relationship between the two parties (Taxpayers and Tax officials) must not be taken for granted.

### **THEORIES TO THE EXPLANATION OF THE RELATIONSHIP**

There are existing theories that give detailed explanation to the understanding of the relationship between the tax official and the taxpayer. Two of them to be put into consideration are the Systemic and Behavioral theories.

#### **SYSTEMIC THEORY**

A system is a set of things that affect one another within an environment and form a larger pattern that is different from any of the parts. The System theory was used by Von Bertalanffy (1968), a biologist, as the basis for the field of study known as ‘general system theory’. In the light of this study, taxation is a system. It is the umbrella under which the two parties namely the tax official and taxpayer are found. It is important to note that it is through the tax system that a relationship has been established between the taxpayer and the tax official. From the system theory, different parts or elements are found within a system. The parts that come under the tax system are the tax officials and taxpayers. As each part makes a contribution toward the maintenance of the system, the system theory explains that there is an internal relationship as the parts are interrelated and interdependent. Therefore, the tax officials and taxpayers interrelate and inter-depend on each other. For example, tax officials expect taxpayers to pay taxes on quarterly basis and taxpayers expect tax officials to educate them on taxation.

#### **BEHAVIOURISM THEORY**

Behaviourism is appropriate in explaining the relationship between tax officials and taxpayers. It is primarily concerned with observable behavior as behaviourists assert that the only behaviours worthy of study are those that can be directly observed; thus, it is actions, rather than thoughts or emotions, which are the legitimate object of study (Parkay& Hass, 2000). The behaviours put up by both the tax official and taxpayer

is observable and helps to determine whether it is a positive or negative relationship. For example, the use of force and persuasion by the tax official are observable behaviours. Parkay and Hass (2000) argues that behaviour is directed by stimuli. An individual selects one response instead of another because of prior conditioning existing at the moment of the action. For example, tax officials can adjust their behaviour to deterrence when the taxpayer refuses to make regular payments. When a taxpayer delays in tax payments or submission of tax returns, the use of penalty is likely to be the response of the tax official. This is likely to affect the relationship negatively. The theory also argues that a person's environment determines their behavior.

### **FACTORS THAT AFFECT THE RELATIONSHIP**

In improving revenue mobilization, a key issue that cannot be overemphasized is the relationship between the tax official and the taxpayer. When attention is given to it, revenue mobilization is likely to increase. However, there are a number of factors that affect the relationship between the tax official and the taxpayer. Some of those to be discussed below are the institutional mechanisms which transparency, rewards, cultural difference, corruption, appropriate enforcement, taxpayers' perception, and taxpayers' attitude.

### **INSTITUTIONAL MECHANISM**

#### **PERSUASION/RESPECTFUL TREATMENT**

Since many people do not like paying taxes, coercion is needed to enforce taxation. Several scholars have established that selfish individuals would be rational not to pay taxes, because the probability of being detected and the size of the fines are so low that it is advantageous to evade tax (Alm, McClelland and Schulze, 1992 cited in Feld and Frey, 2003). For this reason, tax officials may adopt measures to undertake this difficult exercise of mobilizing revenue and avoid needlessly hurting the feeling of taxpayers. Feld and Frey (2003), suggested that tax officials can approach their work successfully by considering the respectful treatment supporting, and possibly even raising, tax morale. The taxpayers' willingness to pay their taxes, or tax morale, is supported, or even raised, when the tax officials treat them with respect and dignity. That is, through persuasion, taxpayers are more likely to comply with tax laws. However, when the tax officials consider taxpayers purely as 'subjects' who have to be forced to pay their dues that is through coercion, the taxpayers tend to respond by actively trying to avoid taxation. That is, when tax officials use coercion, resistance is what can be expected therefore marring the relationship between taxpayers and tax officials. Taxpayers respond in a systematic way to how the tax authority treats them.

#### **COERCION**

Coercion is to compel something by force. That is, the force that tax officials use to ensure that taxpayers do what is expected of them. This force might make taxpayers feel controlled and forced to pay their taxes. This in turn affects the relationship between the parties involved in a negative way. When taxpayers feel cornered, Frey and Feld (2002), argue that such coercion imposed by the tax authority may undermine individuals' intrinsic willingness to conform to tax laws. As seen from the ongoing discussion, coercion breeds mistrust and stress the relationship between taxpayers and tax officials. Coercion is the practice of forcing another party to act in an involuntary manner (whether through action or inaction) by use of threats or intimidation or some other form of pressure or force. In law, coercion is codified as the duress crime. Such actions are used as leverage, to force the victim to act in the desired way. Coercion may involve the actual infliction of physical pain or injury or psychological harm in order to enhance the credibility of a threat. The threat of further harm may lead to the cooperation or obedience of the person being coerced. Prichard (2010), argues that when taxation remain purely coercive, taxpayers may angrily reject taxation and could result in animosity against tax officials and revenue mobilization would therefore be impeded. This effect could affect

government spending and economic growth in a country. To conclude, taxes are needed by the state or government to ensure both economic and social development. To accomplish this, taxpayers and tax officials come in contact. Most research work often time turn to neglect the relationship between these two parties. This research focuses on the relationship between taxpayers and tax officials. As noted in the discussions above, the relationship between taxpayers and tax officials is very important if taxation will be maximized. It was noticed in the literature reviewed that there are two strategies that come to the fore when tax officials deal with taxpayers. These are the use of coercion and persuasion.

### **TRANSPARENCY**

The strength of public demands for greater tax transparency is apparent from a survey of Sierra Leonean taxpayers in the late 1990s. It found that 75 per cent of respondents favoured the publication of the names of tax evaders and 84 per cent believed that the names of those receiving any kind of tax incentives or exemptions should be published, along with the cost to the treasury. The strength of public demands for transparency surprised even the researcher of the survey. Unfortunately, in most low-income countries trust in tax administration and government is very low, owing to inequitable enforcement of tax laws and a significant lack of transparency about what taxes are collected and how the money is used. Basic awareness of taxation is likewise limited, as taxpayers are aware that they are paying, but seem too often have only a partial understanding of how much, why and what for, particularly with respect to the use of their taxes. These also buttress the point that when taxpayers are fully aware that tax officials acknowledge them, the relationship between them grows and get strengthened (Prichard, 2010). Awareness and transparency are basic requirements for building public engagement and trust; without some degree of both, taxation is likely to be characterized by conflict rather than co-operation. Citizens must be aware of the taxes they are paying and be educated about the system of taxation and budgeting, while government must be transparent about tax collection and public spending. At the local level transparency can be achieved by publicizing revenue collection and its links to public spending, and by engaging citizens directly in budgeting, revenue raising and assessment processes. At the national level governments can do much more to share revenue information, transparently estimate compliance and revenue performance and more closely monitor tax incentives and their costs.

### **CORRUPTION**

In recent years, especially in the 2017, a phenomenon broadly referred to as corruption has attracted a great deal of public attention. For example, in the end-of-year auditoria on December 31<sup>st</sup>, 2017, The Financial Times characterized 2017 as the year of corruption. The writing of books on corruption has become a growth industry in various countries. And this concept cannot be left out in the field of taxation. If the issue of corruption is not addressed in tax collection, other efforts by tax administration including a sound tax structure and expenditure policy would be unprofitable. The specific source of bureaucratic inefficiency in tax collection on which we focus here is collusion between tax collector and taxpayer to evade taxes which affects their relationship. (Simanjuntak, 1979) argues that collusion between tax collector and payer is likely, quantitatively; to be the most important form of corruption in Sierra Leone and this has a direct effect on the relationship between the two parties. In reducing the effects of corruption in the relationship between the tax official and taxpayer, the wages of tax officials should be made better. Inadequate wages are frequently cited as a prime cause of bureaucratic corruption. Adequate wages for tax officials is likely to encourage honesty among them and this would change the negative perception taxpayers have concerning them. Should this happen, the tax official-taxpayer relationship would improve (Besley & McLaren, 1993).



### **APPROPRIATE ENFORCEMENT**

Ineffectiveness of the tax administration can affect the tax officials and taxpayers' relationship. Bird (2003) states that "due attention must be given to the extent to which revenue is attributable to 'enforcement' (the active intervention of the administration) rather than 'compliance' (the relatively passive role of the administration as the recipient of revenues generated by other features of the system)". Tax administrations must be able to identify those who must pay, but will not pay (that is, tax evaders), and distinguish them from those who may want to pay, but cannot pay (that is, hardship cases). Various enforcement mechanisms, coupled with tax relief mechanisms, are available to tax administrations to succeed in this task. An example, is jailing a taxpayer. Enforcing a tax system is neither an easy nor a static task. It is especially difficult in the dynamic environments prevailing in developing countries. Unless this task is approached professionally and with consistency, even a well-designed tax system will fail to produce good results (Bird & Zolt, 2003). This is especially evident at local government level where tax collectors seldom use the available enforcement mechanisms provided by law, or where they do enforce, inappropriate mechanisms are sometimes used. This also affects negatively the tax official and taxpayer relationship.

### **TAXPAYER PERCEPTIONS**

Both taxpayers and tax officials have perceptions about themselves and whether positive or negative, those perceptions affect the relationship that exists between the two parties. Mikesell and Birskyte (2007) have stated that "compliance improves when taxpayers believe the tax system is fair, they believe that they receive something valuable for their payments and when society shows no tolerance for tax evasion. This finding is explained by a broad concept of 'the tax culture'. Although Sierra Leonean taxpayers, including business taxpayers, generally hold the view that it is reasonable to pay one's fair share of tax, they also feel that the tax system in the country is too complex, tax rates are too high and there are too many taxes, which all contribute to high compliance costs (Wang, 2010 cited in Franz Sen, 2003). Governments and tax administrations have the responsibility of putting the interest and sentiments of taxpayers into consideration on tax matters so as to be in the good books of taxpayers. This will influence their perception and improve the tax officials and taxpayer relationship.

### **LEVEL OF KNOWLEDGE**

Tax education can constitute any informal or formal programme organized by the tax authority or independent agencies by which to facilitate taxpayers in completing tax returns correctly and also to cultivate awareness of their responsibilities in respect of the tax system (Eriksen & Fallan, 1996; IRB Annual Report, 2006; McKerchar, 2007). Building a relationship between the tax official and taxpayer also depends on efforts to provide better services and education to taxpayers. By increasing awareness and the perceived legitimacy of the tax system, such measures can immediately improve compliance while laying the foundations for a more effective tax bargain. Unfortunately, the absence of documented successes suggests that efforts to improve taxpayer services have yet to consistently alter the often antagonistic relationship between taxpayers and the tax administration in developing countries. Taxpayers still complain regularly about high compliance costs, a lack of clarity over tax regulations, seemingly arbitrary behaviours by tax officials and a lack of transparency. At a minimum, public demand for improved services appears undeniable. In a Sierra Leone survey, small and medium businesses made powerful demands for a better taxpayers' helpdesk. In fact, the survey found that demand for a helpdesk exceeded demand for a simplified tax regime or a higher VAT threshold, among other things (Abrie & Doussy, 2006).

## **TAX OFFICIALS' ATTITUDE**

As Ssewakiryanga (2004) argues, "citizen engagement in revenue processes is still very dependent on how they negotiate their relationship with tax collectors" (OECD, 2010). Tax officials have to behave professionally so as to establish a cordial relationship between them and taxpayers. Among other things, tax officials are enjoined to dress well and put on their flying tie as some taxpayers' years ago used to complain about the way some tax officers dress when on the field.

## **RESEARCH METHODOLOGY**

### **INTRODUCTION**

This chapter looked at the methods that would address the research question. It is believed that research methodology is about collecting data for research projects. It gives a clear cut idea on what the researcher is carrying out in his or research. The research methods in this chapter comprised of research design, population of study, target population, sample size and sample technique, source of data collection, method of data collection, pretesting, ethical issues and field work report. The essence of the research methods is to have reliable and accurate results of the study. This chapter concluded with data presentation and analysis.

### **RESEARCH SETTING**

The research setting for this study is Kenema city which is the regional head quarter town of the Eastern region. It is popularly known as "The third City" or "heart beat" of Sierra Leone. Kenema was chosen for this study because of its dominance in economic activities. The city has a population of about 700,000 and 5,000 shops for most of its consumer goods. The selected markets for the sample size were Big Market, Fisheries Market, Gbomgbotor Market, and How far Do Market. The Big market is believed to be the largest single market in the Kenema city with over 2000 stores. For fisheries Market, it is believed that about twenty thousand traders come together six days a week for trading purposes. Virtually everything that one wants to purchase from a market can be found at these two major trading areas in Kenema city. In Kenema city, the organization under study is the National Revenue Authority, Kenema city.

### **RESEARCH DESIGN**

Research design is about the plan and the structure of conducting a research project. A research design which is not properly planned will result in waste of resources and money. According to Vaus (2001), two fundamental types of research questions asked by social researchers are: what is going on (descriptive research)? and why is it going on (explanatory research)? This study is committed to looking at the relationship that exists between the tax officials and taxpayers which made this study descriptive. Furthermore, the study revealed why certain things happen in the relationship between the tax official and taxpayer. For example, why taxpayers evade taxes or why tax officials use respectful treatment in dealing with taxpayers. The study was not only descriptive but explanatory as well. Secondly the study employed a cross-sectional approach. According to Olsen and St. George (2004), one of the most common and well-known study designs is the cross-sectional study design. A cross-sectional study is the study that observes or measures exposures and outcomes simultaneously in a population. In this design, a researcher examines the association between the exposure and the outcome, but cannot infer cause and effect (ADA, 2011). According to popular opinion, cross-sectional studies are observational in nature because they are used to describe characteristics that exist in a population, but not to determine cause and effect relationships between different variables. The researcher believed this method of data collection used to collect data from more than one case at a single point in time helps to collect data in connection with a number of variables to help determine the relationship and moreover, they are collected by the use of questionnaire.

## **SAMPLING PROCEDURE**

### **SAMPLE SIZE TARGETED AND STUDY POPULATION**

The study targeted individual taxpayers who had traded for two or more years with active files because the researcher believed that such taxpayers had experience with respect to their relationship with tax officials and therefore could make better contribution to the study than new taxpayers. Self-employed or individual taxpayers were targeted. This is because among the three categories of taxpayers: companies, employees and self-employed, the latter has a direct relationship with tax officials. Companies and employees are represented by accountants in tax matters but the self-employed deal directly with tax officials. There are many self-employed or individual taxpayers including carpenters, fashion designers, fishermen and lawyers. The focus was however on traders that is, individual taxpayers who engage in buying and selling. Mouton (1996) define a population as the entire set of data from which a sample is selected and about which the researcher wishes to draw conclusions. Taxpayers within the main trading areas of the Kenema city namely Big Market, Fisheries market, Gbomgbotor market and “How for do” market constitute the population of the study. The population of taxpayers from Big Market, Fisheries market, Gbomgbotor market and How market was 3,200 in population.

### **SAMPLE SELECTION**

Taxpayer respondents were selected using proportional allocation method of random sampling from each of the trading areas (Big Market, Fisheries market, Gbomgbotor Market and How for Do market) to give a total sample size of 250 out of the 3200 taxpayers in the four trading areas. (148) (59%) respondents were selected from Big Market, (40) (16%) from Fisheries market, (38) (15%) from Gbomgbotor and (24) (10%) from How for Do market. The number of respondents from each area differed since some had more taxpayers than others. Specifically, Big Market has 2150 taxpayers; Fisheries market has 440 taxpayers, Gbomgbotor market, has 410 taxpayers and How for market Do has 200 taxpayers.

### **SOURCES OF DATA**

Data Collection is an important aspect of any type of research study. Inaccurate data collection can impact the results of a study and ultimately lead to invalid results. The primary source of data was collected from the taxpayers. The primary source of data was collected by the researcher at first-hand through the use of self-administered questionnaire. On the secondary source, data was collected from N.R.A web, literature on N.R.A, files of either tax officials or taxpayers (in case of any problem with tax official or taxpayer).

### **VARIABLES**

The dependent variable in the study was taxpayer perception of relationship with tax officials. The independent variables measured were; coercion, persuasion, level of knowledge, corruption and attitude of tax officials.

### **MEASUREMENT OF VARIABLES**

#### **TAXPAYERS PERCEPTION OF RELATIONSHIP**

In revenue mobilization the relationship between taxpayers and tax officials plays a key role. Though taxpayers are obliged to pay their taxes the relationship that exists between them and tax officials determines their willingness to pay and not default. To establish the relationship between taxpayers and tax officials, five (5) questionnaire items were developed to measure taxpayers' perception of their relationship with tax officials. The items measured included: ease of communication, warmth, friendliness, trustworthiness, and likability of tax officials. The sum of the six items was computed and transformed into a composite variable with two response categories, that is, positive or negative relationship. Because the response categories of the

individual items were coded as 0=No and 1=Yes, a total score of zero (0) was taken as a negative relationship while a total score of five (5) indicated a positive relationship. Though this categorization may be criticized as being arbitrary, it provided the best estimate of measuring the relationship between the two parties.

### **COERCION**

Existing literature establishes that coercion has a significant effect on the taxpayer's relationship with tax officials (Frey & Feld, 2002). To determine if coercion also affects tax officials and taxpayers' relationship in the DTRD of Ghana, five items were developed to measure taxpayers' perception of tax officials' use of coercion. The items measured included: response to part payment, use of command and force, payment of arrears, payment of taxes by due date, frequency of locking shops and submission of tax returns.

### **PERSUASION**

The feeling of being controlled in a negative way and being suspected of tax cheating makes tax morale fall (Prichard, 2010). Four (4) questionnaire items were developed to measure persuasion as one of the independent variables of the study. The items measured included tax officials': offer of ample time to pay tax, explanation of tax processes, tolerance, and use of collaboration and cooperation. The response categories of these items were coded as 1=Yes, 2=No.

### **LEVEL OF KNOWLEDGE**

The knowledge (which entails their awareness and understanding of tax issues) of taxpayers on the need to pay their taxes, the benefits derived from paying taxes and their internalization of such knowledge determines the extent to which they cooperate with tax officials in their operations (Abrie & Doussy, 2006; Durand & Thorp, 1998). To determine if level of knowledge on tax issues affect the relationship between taxpayers and tax officials in the DTRD there was the need to develop research items to measure the knowledge of tax issues among taxpayers. Three (3) items were developed to measure level of knowledge. Items measured included taxpayers' awareness of: uses of taxes, responsibility to pay taxes as a Sierra Leone and all responsibilities in respect of the tax system.

### **CORRUPTION**

Research shows that taxpayers' perception of tax officials' corruptness affects their relationship. Four (4) questionnaire items with response categories '1=Always to 3=Not at all' was developed to measure corruption. Items measured included tax officials: usual demand of money to reduce tax, usual demand of money to waive arrears, usual demand of money before giving of official certificate and demand of money to examine tax returns.

### **ATTITUDE OF TAX OFFICIALS**

Attitude of tax officials as an independent variable was measured by five (5) questionnaire items. The items measured included tax officials': patience, display of professionalism, politeness, preferential treatment and good treatment.

### **METHOD OF DATA COLLECTION**

Questionnaires were used to collect data from taxpayers. The importance of a well- designed questionnaire that elicits valid and reliable information from respondents and additionally facilitates analysis and interpretation cannot be overemphasized (Creswell, 1999, Bell, 1999 cited in Yeboah, 2010). While validity is concerned with accuracy of the questionnaire, reliability has to do with consistency and stability over time.

The questionnaire used in the collection of data for the study was closed-ended with mutually exclusive and exhaustive responses. The closed-ended questions made the analysis much simpler. Since some of the taxpayers were illiterates, they were assisted by the researcher through the researcher-administered questionnaire whilst the literates used the self-administered questionnaire. The researcher-administered questionnaire enabled questions to be explained to respondents and also result in higher response rates (Yeboah, 2010). After the construction of the questionnaire, it was pretested. Pretesting and its importance is discussed in the next section.

**DATA ANALYSIS AND PRESENTATION.**

**INTRODUCTION**

This chapter begins with the descriptive analysis of background characteristics of respondents sampled for the study. This is followed in by the Bivariate analysis of the independent variables cross-tabulated with the dependent variable establishing relationships between the variables which help to determine if the hypotheses advanced for the study is supported or not supported. The multivariate analyses results which establishes the significant determinants and effects of the set of independent variables on the dependent variable (relationship) is then presented.

**TAXPAYERS CHARACTERISTICS AND PERCEPTION OF THEIR RELATIONSHIP WITH TAX OFFICIALS**

**Table 1. Taxpayers’ Relationship with Tax Officials by Gender**

VARIABLE	Fq	%	Good Relationship			Bad Relationship		
			Fq	%		Fq	%	
MALE	188	75	175	70		75	30	
FEMALE	62	25	154	62		96	38	

**Source Data: Alimatu Fartoma 2021.**

Table 1 shows that a higher percentage 188 (75%) of males were taxpayers compared to females 62(25%). This finding contradicts the assertion that most taxpayers are females. The high number of male respondents recorded for the study can however be attributed to the fact that data was collected from sample areas mostly dominated by males. In spite of the large difference in the sample with regards to gender, a high percentage of females 96(38%) reported that they have a negative relationship with tax officials compared with males 75(30%) who indicated they had a negative relationship with tax officials. Male taxpayers as can be seen from Table 1 are more likely to develop a positive relationship 175(70%) with tax officials than female taxpayers 154(62%).

**Table 2. Taxpayers’ Relationship with Tax Officials by Age**

VARIABLE	Fq	%	Good Relationship			Bad Relationship		
			Fq	%		Fq	%	
18 - 28	60	24	168	67		82	33	
29 – 39	84	34	167	67		83	33	
40 – 48	60	24	194	78		56	22	

49 – 59	35	14	125	50	125	50
60	11	4	----	----	----	----

**Source Data: Alimatu Fatorma 2021**

Age wise, a higher percentage 84(34%) of respondents were between the ages of 29 and 38 years. This result suggests that the youth are more into trading than adults. The dominance of the youth in trading can be attributed to the fact that the youth are strong and would be able to meet the demanding nature of the work. Also the aged constitute the marginal percentage due to the fact that most of them have handed over their work to their children and grandchildren. It is clear from the table that trading in the Kenema city is dominated by the youth of school going age. Compared to the other age cohorts, older taxpayers as can be seen from Table 2 were more likely to develop a positive relationship (100%) with tax officials. Taxpayers within the age category of 49- 59 were more likely to have a negative relationship (50.0%) with tax officials than any other age group.

**Table 3. Taxpayers’ Relationship with Tax Officials by Marital Status.**

VARIABLE	Fq	%	<u>Good Relationship</u>			<u>Bad Relationship</u>		
			Fq	%		Fq	%	
Married	159	64	169	68		81	32	
Single	91	36	173	69		77	31	

**Source Data: Alimatu Fatorma 2021**

Compared to singles 91(36%), higher percentages 159(64%) of taxpayers were married. This finding reflects the actuality on the ground as trading is mostly done by married couples, in most instance joint ventures. From Table 3 it can be observed that taxpayers who were married were less likely to have a positive relationship with tax officials 169 (68%) than tax payers who are unmarried 173(69.0%). Taxpayers who were married were again more likely to develop a negative relationship with tax officials 81(32%) than taxpayers who were single 77(31%). The inference drawn from this result is that marital status to some extent may be related to developing a positive or negative relationship with tax officials.

**Table 4. Taxpayers’ Relationship with Tax Officials by Education**

VARIABLE	Fq	%	<u>Good Relationship</u>			<u>Bad Relationship</u>		
			Fq	%		Fq	%	
Non Literate	16	6	125	50		125	50	
Primary	48	19	172	69		78	31	
Junior	129	52	181	72		69	28	
Senior	57	23	145	58		105	42	

**Source Data: Alimatu Fatorma 2021**

Considering the educational attainment of taxpayers, 129(52%) of taxpayers had completed Junior School. Taxpayers who had attained Secondary education also constituted 57(23%) of the sample, which recorded the second highest percentage. From table 4 it can be realized that most of the taxpayers had at least attained some form of formal education, however, 16(6%) of taxpayers indicated that they had not attained any level of formal education. This result gave a fair distribution of education as a variable in the sample and supported the assertion that most traders are semi literates. Table 4 also shows that taxpayers who had attained Junior education are more likely to develop a positive relationship 181(72%) with tax officials. Taxpayers who had not attained any form of formal education were not surprisingly found to develop a negative relationship (50.0%) with tax officials as education to a large extent determines traders’ knowledge on tax issues.

**Table 5. Bivariate relationship between independent variables and taxpayers’ perception of relationship with tax officials. Relationship between independent variables and dependent variable**

	Good Relationship		Bad Relationship	
	freq	%	freq	%
<b>Coercion: Frequency of shop locked up</b>				
Once	53	21	29	12
Twice	32	13	20	8
Thrice	15	6	13	5
Never	62	25	26	10
<b>Persuasion: Ample Time To Pay Tax</b>	<b>freq</b>	<b>%</b>	<b>freq</b>	<b>%</b>
Enough Time	115	46	57	23
Not Enough	47	19	31	12
<b>Tax Process Explanation</b>	<b>freq</b>	<b>%</b>	<b>freq</b>	<b>%</b>
True	104	42	37	15
False	58	23	51	20
<b>Tolerance</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
True	132	53	56	22
False	30	12	32	13
<b>Taxpayers Knowledge of Tax Issues</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
<b>Knowledge Of Uses Of Taxes</b>				
Yes	131	53	61	24
No	29	12	29	12
<b>Knowledge of tax system</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
Much knowledge	99	40	34	14
Limited knowledge	46	18	44	18
No knowledge	16	6	11	4
<b>Corruption: Demand money to reduce tax</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
Often	17	7	16	6
Sometime	32	13	27	11
Never	112	45	47	18
<b>Demand money to waive arrears</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
Often	11	4	9	4
Sometime	27	11	22	9
Never	123	49	58	23
<b>Tax Officials Attitude: Patients</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>

Yes	132	53	55	22
No	30	12	33	13
<b>Display of Professionalism</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
Yes	139	56	55	22
No	23	9	33	13
<b>Politeness</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
<b>Yes</b>	133	53	51	20
<b>No</b>	29	12	37	15
<b>Preferential Treatment</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
Yes	129	52	59	24
No	31	12	31	12
<b>Good treatment</b>	<b>Freq</b>	<b>%</b>	<b>Freq</b>	<b>%</b>
True	91	36	39	16
False	71	28	49	20

**Source data: Alimatu Fatorma 2021**

This section is dedicated to presenting the results of the Bivariate analysis conducted to establish the relationship between the independent variables of the study and the dependent variable; taxpayers’ perception of relationship. The chi-square test of independence was utilized. Results of the analysis are presented in the Table 5. Though the frequency of shop lockups, submission of tax returns, settlements of arrears, and tax officials’ response to part payment of taxes as independent variables did not relate significantly to taxpayers’ perception of their relationship with tax officials, each of these variables either negatively or positively affected the relationship between taxpayers and tax officials as can be seen from Table 5. The chi-square test of independence as depicted in Table 5 also shows that the persuasive measures that significantly relate to taxpayers’ perception of their relationship with tax officials are tax process explanation, and tolerance, of tax officials. In all the measures of persuasion a high percentage of taxpayers reported that tax officials offer of ample time (57%), explanation of the tax process (51%), and tolerance (56%) positively affected their relationship with tax officials. According to Table 5, all the measures of taxpayers’ knowledge of tax issues significantly related to taxpayers’ perception of their relationship with tax officials. From the table it can be observed that a high percentage of taxpayers who indicated that they had knowledge on the uses of taxes (53%) and those who had much knowledge of the tax system (40%) reported a positive with tax officials. Though demand of money to waive arrears and demand of money to give certificate did not significantly relate to taxpayers’ perception of their relationship with tax officials, a high percentage of taxpayers indicated that tax officials non demand of money to waive arrears (58%) and non-demand of money to reduce tax (45%) positively affected their relationship with tax officials. Table 5 it can be seen that a high percentage of taxpayers indicated tax officials’ patience (53%), display of professionalism (56%), politeness (53%), preferential treatment (52%) and good treatment (36%) positively influenced the relationship. The implication of this result is that tax officials’ attitude towards taxpayers largely or is more likely to affect a positive relationship between taxpayers and tax officials. In sum, the variables that significantly related to taxpayers perception of their relationship with tax officials identified in this study include: Due payment of tax, Tax process explanation.

**DISCUSSION OF FINDINGS**

As far as the demographic characteristics are concerned, the study revealed that the male respondents (75%) far outnumber the females and this counters the assertion that most taxpayers in the trading sector are males. The study also revealed a negative relationship between female taxpayers and tax officials than male



taxpayers and tax officials. Pertaining to age, this study showed that trading in the Kenema city is dominated by the youth and this can be attributed to the fact that the youth are strong and able to meet the demanding nature of the work. The study revealed that older taxpayers have a positive relationship with tax officials as compared to the youth. The study on marital status reflects the actuality on the ground as trading is mostly done by married couples, in most instance joint ventures. The study also showed that, taxpayers who are single (64%) have a positive relationship with tax officials than those married. On education, the study disclosed that most of the taxpayers had at least attained some form of formal education and that half of those who had no education (50%) had a negative relationship with the tax officials. All of them can be seen in Table.

On coercion, the study found that taxpayers who conformed to coercive measures were likely to have a positive relationship with tax officials as those who submitted returns on time and those who made payments to avoid locking of their shops testify a positive relationship with tax officials. A high percentage (25%) of taxpayers who indicated that they never had their shops locked up by tax officials, taxpayers who submitted their tax returns and tax officials' acceptance of taxes positively affected their relationship with tax officials. However, most of taxpayers who reported having frequent shop lockups (three times), and taxpayers who did not submit their tax returns reported a negative relationship with tax officials. This study did not give credibility to the first research hypothesis and as such a conclusion can be drawn at 65% confidence level that coercive measures by tax officials has a positive effect on the relationship between tax officials and taxpayers This is contrary to the studies by Prichard (2010), which states that when taxation remain purely coercive, taxpayers may angrily reject taxation and could result in animosity In all the measures of persuasion a high percentage of taxpayers reported that tax officials offer ample time (46%), explanation of the tax process (42%), and tolerance (53%) positively affected their relationship with tax against tax officials and revenue mobilization would therefore be impeded. In all the measures of persuasion a high percentage of taxpayers reported that tax officials offer ample time (46%), explanation of the tax process (42%), and tolerance (53%) positively affected their relationship with tax officials. This study show that persuasive measures lead to a positive relationship. In answering a major research question as to whether taxpayers' level of knowledge on taxation influence their relationship with tax officials, the table confirms that a high percentage of taxpayers who indicated that they had knowledge on the uses of taxes (53%) and those who had much knowledge of the tax system (45%) reported a positive relationship with tax officials. The study therefore reveals that, if a taxpayer has knowledge on tax issues and knows what taxes are used for, their relationship with tax officials is likely to be positive. This was also confirmed by the analysis results which revealed knowledge of tax system to be one of the significant predictors of a positive relationship between taxpayers and tax officials. On the basis of this result, the second hypothesis advanced by the study, which predicted that taxpayers level of knowledge on tax issues leads to a positive relationship is supported.

Furthermore, another research question was to find out whether tax officials' attitude affects their relationship with taxpayers. From Table 5, it can be seen that a high percentage of taxpayers indicated tax officials' patience (53%), display of professionalism (56%), politeness (75.3%), preferential treatment (52%) and good treatment (36%) positively influenced the relationship. These are the variables that significantly relate to the relationship between taxpayers and tax officials.

The study found that, good attitude exhibited by officials to taxpayers encourages a healthy and positive relationship between the two parties. This was further confirmed by the analysis results in (Table 5) which provided support to the third research hypothesis advanced by the study, which was: Tax official's positive attitude has a positive effect on tax officials and taxpayers' relationship. The positive values obtained for each of the attitudinal measures (see, Table 5) leads to the conclusion that indeed tax officials' positive attitude correspondingly has a positive effect on their relationship with taxpayers. This validates the popular opinion that positive attitude of tax officials encourages voluntary compliance which eventually promotes a

good relationship with taxpayers. In all, the study has it that most of the taxpayers are of the perception that, the relationship between the tax officials and them is a positive one. This study answers the major research question which was to find out taxpayers' perception of their relationship with tax officials.

## **SUMMARY, RECOMMENDATIONS AND CONCLUSION.**

### **INTRODUCTION.**

This chapter presents appropriate recommendations made on the basis of the findings of this study. In addition, it summarizes the findings of the study with particular emphasis on the contribution of the study to knowledge.

### **SUMMARY OF THE STUDY**

The study was an exploratory research set to investigate taxpayers' perception of their relationship with tax officials in the DTRD of the Kenema city. The target population comprised of taxpayers who have traded for two or more years and with active files within the main trading areas of the Kenema city namely Big Market, Fisheries market, Gbomgbotor market and How for Do. A background study was conducted on the development of the now National Revenue Authority. The theoretical bases of the taxpayers and tax officials' relationship were also reviewed. It was realized that the relationship existing between taxpayers and tax officials could be motivating or de-motivating to the generation of revenue for development. A search for literature on empirical studies conducted to ascertain the relationship between taxpayers and tax officials after the Internal Revenue Service and Value Added Tax (VAT) merger revealed no study carried out in this area.

A survey questionnaire was used as the principal tool for data collection. The questionnaire was pre-tested and post-tested to ascertain its validity and reliability before it was finally used for the data collection. The data was analyzed quantitatively using both descriptive and inferential statistics.

The descriptive statistics consisted mainly of frequency tables which permitted comparison of responses. The inferential statistics used included chi-square and binary logistic regression which also permitted tests of hypotheses. In all, three hypotheses were tested; the first of which showed that coercive measures by tax officials does not have a negative effect on the relationship of tax officials and taxpayers. The second test of hypothesis also proved that taxpayer's level of knowledge on taxation issues leads to a positive relationship. Finally, the third hypothesis was tested which also showed tax official's positive attitude has a positive effect on tax officials and taxpayers' relationship.

### **CONCLUSION**

The relationship between tax officials and taxpayers is likely to shape the perception taxpayers have about tax officials. It is very important in ensuring reciprocal benefit between the tax official and taxpayer. This is possible when each plays the significant roles which are legally required of them.

The importance of a positive relationship between the two parties has to be understood. Moreover, the roles that the respective parties need to play to enhance the relationship must be known. For instance, since the principal goal of taxpayers is to have their tax issues resolved quickly and fairly, they are expected to give information about their tax return to help tax officials reach the right tax conclusion. This goes a long way to strengthen the relationship between the tax officials and taxpayers. Officials have to widen tax education to all so as to strengthen their relationship by reducing tax evasion.

The roles that the variables play in determining a positive relationship between tax officials and taxpayers have been clearly defined.

Though the study has corroborated the contribution of other researchers pertaining to the relationship between tax officials and taxpayers, a major aspect of the contribution of this study to knowledge has been to

examine and employ persuasion to better enhance the relationship between the said parties. For instance, when tax officials collaborate and cooperate with taxpayers, the latter according to the study responds to the tax demand which eventually promotes a healthy relationship. When taxpayers are given enough time to settle their arrears, it boosts their morale to fulfill their tax obligations. Such persuasive measures according to the study stabilize a positive relationship.

Secondly, the use of the coercion variable has to be minimized as it scares taxpayers. Though it forces taxpayers to honour their tax obligations, it negatively affects their relationship with officials. As some taxpayers respond systematically to how tax officials treat them, coercive measures applied to them leads to misunderstanding and verbal exchanges as argued by anecdotal evidence. To raise tax morale and increase voluntary compliance among taxpayers, tax officials are enjoined to reduce coercion.

Again, level of knowledge has much role to play in the taxpayer/tax official relationship. The variable has revealed why those with much knowledge about the tax system have a positive relationship with tax officials. Those who have little or no knowledge on the tax system do not appreciate or understand it and it ends up affecting their relationship with officials. Example is traders who do not know anything about Income Tax or what taxes are used for. Therefore, it is proposed that tax officials increase tax education to enlighten taxpayers about their tax obligations. Corrupt tax officials are likely to have a negative relationship with taxpayers especially those who bribe such officials reluctantly.

As the study has shown, most taxpayers in the Kenema City have a positive relationship with tax officials because of the absence of corruption in their dealings. This reflected in the reduction of their taxes and examination of returns. Since the absence of corruption see to a positive relationship with taxpayers, conscious efforts need to be put in place to alleviate it from the system. For instance, criminalizing corrupt activities and simultaneously motivating tax officials is likely to clamp down corruption and reinforce a healthy and positive taxpayer/tax official relationship.

relationship.

Furthermore, the attitude variable has an impact on the taxpayer /tax official relationship. As this variable in the study promotes a positive relationship between the two parties, it is proposed that tax officials put up quality attitude by being patient, polite and professional in the discharge of their duties. This is likely to deepen the positive relationship that exists between them and their clients.

In conclusion, the factors that contribute to a relationship between tax officials and taxpayers have been discovered. The factors including persuasion, coercion, level of knowledge, corruption and tax officials' attitude are responsible for either a positive or negative relationship. These variables when applied well are likely to promote tax morale and voluntary compliance and by these there will be reduction in tax evasion. These variables are introduced knowing that they contribute to knowledge and enhances a positive tax official/taxpayer relationship

## **RECOMMENDATIONS**

On the basis of the findings, the following recommendations are suggested:

Since relationship between two persons is very vital, it is suggested that a better relationship be established between tax officials and taxpayers. This is because the study in spite of indicating a positive relationship between taxpayers and tax officials also reveals a negative relationship between the two parties. As taxpayers respond in a systematic way to how tax officials treat them, persuasive treatment is recommended to ensure voluntary compliance. Tax authorities need to put persuasive measures in place to raise tax morale. Further, it is recommended that tax authority take tax education serious to increase the level of knowledge of taxpayers. The study reveals that majority of (53%) and (40%) who had knowledge on the uses of taxes and much knowledge of the tax system respectively reported a positive relationship with tax officials. The tax authority therefore must be committed to prioritizing tax education through suggested means including

developing a free taxpayer bulletin, hosting tax fairs throughout the country and disseminating important information through newspapers and brochures. Finally, it is recommended that a positive attitude be shown by tax officials in their dealing with taxpayers. The positive attitude exhibited by tax officials is likely to shape the perception of taxpayers about them and better enhance their relationship. The study has revealed how the positive attitudes of patience, politely and professionalism contributed to ensuring a positive relationship between the officials and taxpayers.

## REFERENCES

1. Oboh (2012), the concept of taxation has been a concern of global significance as it affects every economy irrespective of national differences.
2. Allingham and Sandmo (1972), tax revenues are one of if not the main income source for many governments throughout the world.
3. Gupta (2007) is of the view that developing countries need to rely substantially on domestic tax.
4. (Olaseyitan & Sankay, 2012; Omotoso, 2001); Tax is a compulsory charge imposed by a public authority on the income of individuals and companies as stipulated by the government decrees, acts or cases laws irrespective of the exact amount of services rendered to the taxpayer.
5. (2007) Organization for Economic Corporation and Development (OECD) affirms that, the revenue body expects taxpayers to be fully transparent in their communications and dealings.
6. Wang (2010); stated that taxpayers' confidence is largely dependent on the efficiency and efficacy of government services, that is, whether the services provided are cost-efficient (that is, perceived to represent "value for money")
7. Fjeldstad (2006) states that taxpayers' unwillingness to pay is not perceived to be the main problem in revenue collection but rather misuse of tax revenues.
8. Ho and Wong (2008) submitted that individuals with stronger ethical mind may have favorable compliance attitude as they will regard complying with rule and regulation as an obligation that must be honored.
9. Manaf (2004) reported that taxpayers who see tax evasion as unethical are likely to comply more than those who regarded tax evasion as not unethical