Effects of Electronic Tax System on Tax Collection Efficiency in Domestic Taxes Department of Kenya Revenue Authority, Rift Valley Region

Flossy Wawira Monica*, Dr. Elizabeth Nambuswa Makokha, Prof. Prof. Gregory S. Namusonge
College of Human Resource Development, Department of Entrepreneurship and Procurement, Leadership and Management, Jomo Kenyatta University of Agriculture and Technology, P.O. Box 62000 - 00200, Nairobi, Kenya

Abstract
Electronic tax system is a computerized tax administration system that is especially designed to handle general tax administration from registration, assessment, filing returns and processing of claims and refunds. Its intended purpose is to reduce the cost of the tax payer complying with Kenya Revenue Authority (KRA), increase tax collection and remove the inefficiencies associated with costs of movement by tax payers to KRA offices to do business and present to tax payers a system that reduces their cost of compliance. This study therefore, was to investigate the effects of the electronic tax system on tax collection efficiency in Domestic Taxes Department of Kenya Revenue Authority in Rift Valley region. The study was guided by the following objectives; to establish the effects of electronic tax payment on revenue collection efficiency by KRA in Rift Valley region to find out the effect of electronic tax filing on revenue collection efficiency of Kenya Revenue Authority in Rift Valley region, the effect of staff competency on revenue collection efficiency and to find out the level of taxpayers' knowledge in operation electronic tax system and gave possible recommendations. The study employed a case study research design. The main data collection tools were questionnaires that were administered to the respondents. The study targeted a population of 130 respondents who included employees of KRA and tax payers. Data from the field was analyzed using SPSS that includes use of descriptive & inferential statistics. The findings from the analysis were organized, summarized and presented using tables, charts, graphs so as to achieve the objectives of the study as well as answer the research question.

Keywords: Tax Collection Efficiency, Employee Competence

1.0 Introduction
Electronic tax collection in developing countries has gained increasing prominence in the policy debate recently. For instance Nisar (2013) argued that recent trends in public taxation stress the need of developing a system of tax assessment and collection that involves internet services. Several factors explain this, including the potential benefits of taxation for state building; independence from foreign aid; the fiscal effects of trade liberalization; the financial and debt crisis in the “West”; and the acute financial needs of developing countries. Governments in developing countries face great challenges in collecting tax revenues, which result in a gap between what they could collect and what they actually collect. One of this challenges according to Muita (2011), is the embracing of emerging technologies and tax payment methods that are more efficient so as they can reduce wastage. One of the technologies he argues is electronic tax management system which so far has been embraced by the Kenya Revenue Authority. According to Cobham (2010), the electronic tax system has been around, globally, for the last 30 years. Its history began in 1986 as a small test program in which only 5 tax payers from Cincinnati, Raleigh Durham, and Phoenix agreed to participate. Since then, electronic tax system has grown to become common place, serving millions of taxpayers every year.

For any government to match in performance with the growth and expectations of its citizenry, it must dramatically increase its fiscal depth without incurring costly recurring overheads. Automated systems have been proven to be capable of introducing massive efficiencies to business processes that can result in increased revenue. Applying technological solutions towards the strategic goals for government will be a key step towards transforming government into an entity that can keep abreast of the needs, requirements and expectations of today's modern world. (Wasao 2014) Governments today are under an increasing pressure to improve the delivery of public services in cost-effective ways. To meet this challenge for example tax authorities are turning to e-government led solutions like electronic tax filing (e-filing) (Amitabh et al., 2008). To date, the use of ICT is prominent in business and tax settings. Notably, tax authorities around the world are using electronic tax administration systems to interact with taxpaying public in tax collection, administration and compliance settings. Technology has influenced the way we work, play, and interact with others. The use of technology to improve the effectiveness of tax administration, expand taxpayer services, and enhance tax compliance has come to attract increasing attention in developed and developing countries (Dowe, 2008).

Wasao (2014), describes electronic tax system is an online platform whereby the taxpayer is able to access through internet all the services offered by a financial authority such as the registration for a personal
identification number, filing of returns and application for compliance certificate, a perfect example of such
system is the Electronic taxation system that was rolled out in 2013 by the Kenya Revenue Authority. Kenya
Revenue Authority for instance as one of the financial authorities in the world conducts this Electronic tax
system through the Business Process Improvement (BPI) and increases scope of electronic interaction with
taxpayers to boost staff productivity and taxpayer service. For Stanislaw (2012), governments worldwide, have
invested heavily in electronic systems for the past two decades. These ranges from registration services (birth,
car, company) to licence or document applications, tax and social welfare services. As already noted, when
looking at progress to date, it is not surprising to find that the aspect of e-government which tends to be most
developed and most widely used is electronic tax system.

Gideon and Alouis (2013) wrote that an efficient national revenue collection system is the hub of every
public administration system and the cornerstone of sound fiscal management. It enables governments to finance
budget deficits from domestic sources, thus dissuading recourse to offshore sourcing. Basing their study on
public revenue collection in Zimbabwe, the two argued that there is need to review the structural and operational
frameworks governing the national revenue authority, tighten treasury control over all national revenue sources,
strengthen legislative oversight and the public audit functions, plug loose areas in income tax frameworks as well
as instituting transparency in national revenue remittance processes. One of their recommendations included the
introduction of an electronic system which the national revenue collector Zimbabwe Revenue Authority (Zimra)
introduced in 2015. Other countries regionally have introduced such electronic systems more so those that are
for online for the same purposes in several government departments and organizations. Kenya Revenue Authority is
one such organization that relies heavily on electronic systems strategy in order to deliver on its core
responsibility of collecting revenue on behalf of the Government of Kenya. According to the Kenya Revenue
Authority website (2015), KRA is a Semi-Autonomous Government Agency (SAGA) whose purpose is
assessment, collection, administration and enforcement of laws relating to revenue and tax administration. It
was established in 1st July 1995 by an Act of Parliament, Cap 469 (www.kra.co.ke, 2015).

According to Atika (2012), electronic tax system forms part of the revenue collection reforms by Kenya
Revenue Authority whose main motive is enhancing tax collections and tax efficiency and thus, tax revenues
have been increasing rapidly due to the country's rapid economic development accelerated by the new systems
In this regard, the planning and formulation phase of an elaborate electronic system strategy was done in the
KRA Corporate plan of 2003 and was implemented in the fourth corporate plan of 2009. KRA has a centralized
Information Communication Technology (ICT) department that provides support services in terms of electronic
systems to the entire organization all these to try and achieve its goals for achieving increased tax collection and
facilitating voluntary compliance by taxpayers (Atika, 2012).

Despite all these efforts, challenges still exist though not much than the increased revenue collection
indicators that the country is enjoying. Other economic and finance experts argue that the increase may not be
necessarily because of the transparency of the electronic system but other factors (Wasao, 2014). This argument
corresponds by an earlier statement by Andrias (2006), who argued that while looking at the importance of
technology established that, the electronic system is considered as an efficient tool when properly used; otherwise
it can also become a problem which needs to be solved, rather than the solution. The electronic tax system
comprises modern Technology that is in the form of computers, internet and software applications. Such
technology is considered to be only efficient when handled by well-trained personnel and embedded in the
workflow of the organization. This research is therefore motivated by the above background to conduct a study on
the effects of the electronic systems in KRA services provision more specifically on the area of efficient revenue
collection. The research will concentrate on UasinGishu County as a case study for and will try find out how
online tax payment and filing has impacted on tax collections on Domestic taxes in that area.

1.1.1 Electronic Tax System

Electronic tax management system is the system that has been developed to replace the current KRA Online
system. It is a web-enabled and secure application system that provides a fully-integrated and automated solution
for administration of domestic taxes. It Enables Taxpayer internet based PIN registration, returns filing, payment
registration to allow for tax payments and status inquiries with real-time monitoring of accounts (Waweru 2013).
According to Kun, et al (2008), for a long time, government services have been regarded as synonymous with
bureaucracy in both developing and industrialized countries. The tenets of Weberian bureaucracy include such
factors as organized hierarchy, development of standardized and impersonal procedures, formal division of labor
and responsibility, and emphasizes on efficiency in all procedures. All countries have bureaucratic state
mechanisms; and while many commercial organizations are strongly inspired by the tenets of bureaucracy, their
efficiency varies widely. Whatever the level of efficiency of the bureaucracy, the availability of computers to
people from all walks of life has brought them better and more convenient access to public services. Additionally,
through the Internet and computer technology, governments can provide services in the original positive sense of
Weberian bureaucracy. In other words, e-government can facilitate public service offerings in a truly standard,
impersonal, efficient, and convenient manner for both service provider (the government) and service recipient
According to Harold (2011), computer-generated returns, transmitted electronically, generally are easier to process than paper returns; since the information on the forms doesn't have to be keyed in, number by number, by IRS staff into the Service's computers hence there is less chance of errors. Electronic transmittal is instantaneous, bypassing the frustrating vagaries of the postal system and the client receives confirmation within a day or two that the return not only was received by the IRS, but was received accurately. However, from an American experience, electronic tax systems' biggest advantage, from the taxpayer's point of view, is that it shortens the time for refunds from an average of 12 weeks to about 3 weeks. Refunds can even be deposited directly into taxpayers' bank accounts. As an added incentive, some vendors that provide electronic filing services for tax preparers also offer a service in which clients due a tax refund can apply for an immediate bank loan equal to the expected IRS check. As a result, a client could receive the refund (less bank and preparer fees) within three days of the filing (Harold, 2011).

Different literatures points out ICT use to be extremely beneficial; Mugisha, (2001) attests that, the use of ICT enhances timely access to accurate and relevant information, which is a prerequisite for good planning, programming, implementation as well as monitoring and evaluation which forms the key component in development; Suluo, (20013) shows that, ICT use has led to high level organizational growth; and yet Crede,(2008) reveals two facts, first; ICT has the capacity to increase productivity and create more cost effective output with the same or less inputs and second; Development of ICT applications for business use alter the approach organizations function and eventually, improve their services as well as products. What these scholars are trying to emphasize is that; the spread of ICT use in various sectors brings new opportunities for economic growth and development. New organization design, new markets, new products and improved services are been created which brings with them new sources of revenue.

1.1.2 Tax Collection and Electronic Tax System

Tax collection and administration can be improved through measures such as; shifting towards an electronic tax payer registration system where a uniform Tax Identification Number (TIN) would apply regardless of whether a tax payer is registering for Personal Tax, Corporate Tax or VAT, simplify the tax code, since income tax and value added tax (VAT) rates are punitive and lack in-built mechanisms that would enhance self-assessment, there is need to simplify tax laws, forms and procedures developing systems that can enhance access to third-party sources of information. KRA still lacks adequate and frequently updated information systems on registered taxpayers.

Computerization of taxpayer records is still incomplete. There is need to develop systems that can access third party sources of information, such as withholdings, bank transactions, foreign exchange transactions, transactions in securities and large transactions (involving real estate, cars, tax-deductible transactions, customs payments). Use of tax amnesties can prove useful. Enhancing administration through measures such as entrusting sensitive negotiations to special teams; minimizing contacts between tax payers and tax collectors and reducing the discretionary powers of tax officers; setting up supervisory systems with at least three hierarchical levels to reduce opportunities for collusion; and devise incentive systems that match public and private interests. There is the possibility of relying on banks in collecting taxes. (Moyi 2006)

The Authority aims to continue on the path towards financial administration excellence through surpassing set financial targets at least cost. Under this perspective, a key strategy to be pursued is the strengthening of the Enforcement function. KRA acknowledges that the majorities of taxpayers are honest and law abiding and deserve efficient, professional and fair tax administration. Therefore enforcement programs must rest on sound foundation of observing taxpayer rights. The Electronic tax system endeavors to provide the balance between quality service delivery and enforcement to enhance voluntary compliance. (Waweru 2013)

KRA was formed to develop improve on financial collection measures as well as making sure that all financial leakages are closed. It was also to ensure that it expedites trade by putting in place those measures that allow digital controlled movement of goods and services. KRA therefore have put in place those measures to reduce the leakages. They invariably include segregation of duties, custody of assets, strict authorization procedures, internal audit, and the use of passwords, proper record digital controls and management supervision. (Obat, 2010).

1.1.3 Technology Acceptance Model (TAM)

Davis et al (2003), TAM theorizes that an individual’s intention towards using a system is jointly determined by perceived usefulness, the user’s ‘subjective probability that using a specific application system will increase his or her job performance’ and perceived ease of use (PEOU), ‘the degree to which the . . . user expects the target system to be free of effort.’ The effects of external variables (e.g., system design characteristics) on behavioral intention (BI) are mediated by these beliefs. According the PEOU also has a direct effect on PU. In predicting usage; TAM models might be useful within and across organizations for evaluating applications or technologies,
or to make comparisons between user groups or applications. However, TAM has limitations in being applied beyond the workplace because its fundamental constructs do not fully reflect the variety of user task environment and constraints.

Paul and John (2003), suggested that TAM is a useful model but has to be integrated into a broader one which would include variables related to both human and social factors. The theory of planned behavior (TPB) takes these factors into account.

Electronic tax management system was introduced by Kenya Revenue Authority to increase financial collection, administration, avail services to the taxpayers all the time from anywhere, reduce costs of compliance and improve tax compliance. However, tax compliance levels remain low and tax collections are below the targets set by Kenya Revenue Authority. Despite the increasing need to increase revenue collection and enforcement so as to provide public services, and the introduction of electronic tax systems in most countries across the global divide, developing countries like Kenya, still face the challenges of low tax compliance and tax administration. Muita (2011) argued that online tax systems are rapidly replacing paper-based tax reporting systems, promising many advantages over the traditional method of hard copy tax filing, these systems promise faster process, lower costs and increased efficiency. In the previous years, the Kenya Revenue Authority has revised all its targets downwards in the last four years. Despite this, it failed to meet the 2011/12 target. To meet the 2014/15 target of a record Sh1.18 trillion, the taxman had to raise collections by over 20 per cent through new efficient measures that heavily relied on the introduction of electronic tax management system. However, taxpayers, KRA staff and even other government bodies have complained on the cumbersome processes of tax payment filing and compliance through the electronic system. Some argue that the increase of revenue collection is not related to electronic tax system but other factors like stable economy, population growth and increase in donor borrowing. There has been limited research done to evaluate the effects electronic tax management system on the efficiency of tax collection. Duncan (2000) looked at the factors that facilitate the successful adoption of technology as a tax compliance enhancement tool. In his study, he concluded that three factors must be in place to realize this objective, namely: flexible Information Technology structure, competent IT skill base and strong customer orientation. Kamau (2014), sought to determine the impact of adoption of technology as a strategic tool in enhancing tax compliance in Kenya. Therefore, this study seeks to analyze the effects of electronic tax management system on tax collection efficiency in Domestic Taxes Department of Kenya Revenue Authority. An electronic system for filing and paying taxes, like the one introduced by KRA, if implemented well and used by most taxpayers, benefits both tax authorities and taxpayers. For tax authorities, electronic filing lightens the workload and reduces operational costs – such as the costs of processing, storing and handling tax returns. The general objective of this study is to assess the effects of electronic tax system on the tax collection efficiency in Domestic Taxes Department of Kenya Revenue Authority.

2.0 eFfeCT Of Employee competence On

According to Baurer (2005), failure to deal with corrupt tax administration employees can create problems for the business community. Bird (2003) argues that, weaknesses in revenue collections occasion inadequate tax collections. Developing countries according to the scholar faces a problem of inefficient tax administration. The foregoing problem is attributed to with insufficient administrative staff with requisite skills, and high level of illiteracy among taxpayers and tax collectors. Kayaga (2010) further notes that, financial constraints has led to hiring of tax officials who lack understanding of the tax laws they are administering, and the concept of the concepts of accounting that are requisite to analyzing returns. The scholar further posits that, the problem of inexperienced and unqualified personnel is aggravated by lack of training facilities and opportunities. Franzen’s (2007) study conducted in Dar es Salaam, Tanzania indicated that, public officials are more effective as revenue collectors that their private counterparts. Fjeldstad and Haggstad (2012) concluded that, measures are required to improve the accountability of revenue collectors and elected officials. The foregoing, according to the scholars, can only be achieved through political goodwill from the national government. Kayaga (2010) in her study of tax policy challenges in Uganda as one of developing countries opined that, new technology alone is not sufficient if the government does not recognize the need for skilled tax officials. The scholar further avers that, effective tax administration requires qualified tax personnel with requisite skills to maintain these systems and operate them to their fullest potential. The study on challenges affecting collection of turnover tax in Nairobi County, Kenya (Simiyu, 2010) established that, tax officers accepted bribes when offered to reduce tax liability and demand for bribes when they visited, a situation that hugely affected revenue collection. The foregoing findings concurred with earlier studies (Pashev, 2006; Chiumya, 2006) that noted that, turnover tax was hampered by illegal practices like reduction of deductions and collusion of County Government revenue collectors. Pashev had observed that, indeed, tax administrators colluded with taxpayers to reduce charges in exchange for illegal payments. When quoting Pashev (2005), Simiyu noted that, turnover tax collection is riddled with corruption and collusion among the tax administrators. It is lamented that, lack of clearly defined roles, functions, and duties of public officials creates an enabling environment for abuse. The greater the discretion, the greater the opportunity...
tax officials have to provide favourable interpretations of government rules and regulations to businesses in exchange for illegal payments (Pashev, 2005).

3.0 Methodology
The research study adopted a case study research design. Target population of this study comprised of employees of KRA, online (iTax) services section and taxpayers based in Rift valley Region. Rift Valley Region comprises of Eldoret, Kitale, Nakuru, Narok, Kericho and MaralalStations. The study focused on four stations; Eldoret, Kitale, Kericho and Nakuru. The target population Was 130. A census used because the population is heterogeneous and is not large. Self-administered drop and pick questionnaires were distributed among the employees of KRA and the online registered taxpayers in Rift Valley Region. The questionnaires had both open and close-ended questions. Before processing the responses, the completed questionnaires were edited for completeness and consistency. The respondents’ views wereanalyzed for content. The data was then be coded to enable the responses to be grouped into various categories. Descriptive statistics was used to analyze the data. This included percentages and frequencies. The findings from the analysis were organized, summarized and presented using tables, charts, graphs so as to achieve the objectives of the study as well as answer the research question. For the purpose of this study the following linear regression equation was used.

4.0 Discussions
Data was first organized, reduced, tabulated and further analyzed using various statistical tools to find answers to the research questions. The statistical package for social sciences (SPSS 20) was used. A discussion of the findings has also been done after the analysis.

Results on the statement below respondents being asked whether they were able to fully access and operate iTax system indicated that 18.2 of the respondents disagreed that they were fully able to access and operate iTax system, 27.3 of the respondents agreed with the statement and 54.5 of the respondents strongly agreed that the were able to fully access and operate iTax system.

The statement on tax payers seek clarifications on tax issues indicated that 54.5 percent of the respondents were not sure about tax payers seeking clarifications on tax issues. 18.2 percent of the other respondents agreed with the statement while 27.3 percent of the respondents strongly agreed that tax payers seek clarifications on tax issues.

The results on statement of being able to handle iTax issues raised by tax payers, 9.1 percent of the respondents disagreed that they were able to handle all iTax issues raised by tax payers. 36.4 percent were neutral about the statement. 27.3 percent of the respondents agreed that they were able to handle issues raised by tax payers. 27.3 percent of the respondents agreed respectively. Results shows that majority of the respondents were not sure of handling the itax issues raised by tax payers.

Data on a statement of KRA management and other staff being supportive in different departments of iTax system revealed that 54.5 percent of the respondents were not sure about the KRA staff in different departments are supportive of itax system. 27.3 percent of the respondents agreed to the statement of that other staff in different departments are supportive of iTax system. 18.2 percent of the respondents strongly agreed. On the statement KRA having put in place various iTax program courses revealed that 9.1 percent of the respondents strongly disagreed that KRA has put in place various iTax program courses. On the other hand 9.1 percent and 18.2 percent of the respondents agreed and strongly agreed respectively. Results clearly indicated that majority of the respondents agreed and to the statement.

On the statement of conducting sufficientiTax training courses, results revealed that 18.2 percent of the respondents were not sure about sufficient iTax training courses being conducted. 45.5 percent of the respondents agreed on the statement while 36.4 percent strongly agreed. The results clearly indicated that majority of the respondents agreed and strongly agreed that kRa conducts sufficient iTax training courses. And when respondents were asked about operating systems being slow/not functioning, results indicated that 9.1 percent of the respondents disagreed that the system were low/not functioning. On the other hand 18.2 percent of the respondents were not sure about the statement. 54.5 percent and 18.2 percent of the respondents agreed and strongly agreed respectively. Based on the results clearly indicated that majority of the respondents agreed and to the statement.

Data on the statement of KRA having a well-equipped and enough staff in their control centre revealed that 18.2 percent of the respondents strongly disagreed that KRA has a well-equipped and enough staff in their control center. 27.3 percent of the respondents were not sure. 27.3 percent and 27.3 percent of the respondents agreed and strongly disagreed respectively.
TABLE 1 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.991a</td>
<td>.981</td>
<td>.944</td>
<td>.25664767</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Taxpayers knowledge, Electronic tax filing, Employee competence, Electronic tax payment

Table 1 shows the regression and residual (or error) sums of squares. The variance of the residuals is the value of the mean square which is .944 as can be observed in table 1, the predictors represent the independent variables namely employee competence on tax collection efficiency. It also provides the data to compute R2 which is SS-regression divided by SS- total = R2.

Table 2 reports the summary ANOVA and F statistic which reveals the value of F (26.352) is significant at 0.05 confidence level. The value of F is large enough to conclude that the set of independent variables; are the major factors influencing tax management system in Rift Valley

TABLE 2 ANOVAa

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>6.943</td>
<td>4</td>
<td>1.736</td>
<td>26.352</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>.132</td>
<td>2</td>
<td>.066</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7.075</td>
<td>6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax collection efficiency

b. Predictors: (Constant), Employee competence

Table 3 evaluates and interprets the standardized coefficients of correlation (beta). In estimating the contribution of each independent variable in the study, it was established that all independent variable significantly contributed to variance of tax collection efficiency at significance level of 0.05. However the relative importance of each independent variable was different. Also, since the significance values are less than 0.01, the coefficients were .

TABLE 3 Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.547</td>
<td>.122</td>
<td>-4.484</td>
</tr>
<tr>
<td></td>
<td>Employee competence</td>
<td>-.234</td>
<td>.104</td>
<td>-.249</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax collection efficiency

Linear regression analysis was used to determine whether independent variables; employee competence affect the dependent variable which is tax collection efficiency in Rift Valley region. From the hypothesis on significance of coefficients, it was noted that employee competence was a significant predictor of the tax collection efficiency (Y) with the results as (t= -2.243, P=.154>5%).

5.0 Conclusions and Recommendations

Results on the statement below respondents being asked whether they were able to fully access and operate iTax system indicated that 18.2 of the respondents disagreed that they were fully able to access and operate iTax system, 54.5 of the respondents agreed with the statement and 27.3 percent of the respondents strongly agreed that the were able to fully access and operate iTax system. The statement on tax payers seek clarifications on tax issues as showed that 54.5 percent of the respondents were not sure about tax payers seeking clarifications on tax issues. 18.2 percent of the other respondents agreed with the statement while 27.3 percent of the respondents strongly agreed that tax payers seek clarifications on tax issues. Data collected on handling iTax issues raised by tax payers, 9.1 percent of the respondents disagreed that they were able to handle all iTax issues raised by tax payers. 36.4 percent were neutral about the statement. 27.3 percent of the respondents agreed that they were able to handle issues raised by tax payers. 27.3 percent of the respondents agreed respectively. Results shows that majority of the respondents were not sure of handling the iTax issues raised by tax payers.

Data from KRA management and other staff being supportive in different departments of iTax system revealed that 54.5 percent of the respondents were not sure about the KRA staff in different departments are supportive of iTax system. 27.3 percent of the respondents agreed to the statement of that other staff in different departments are supportive of iTax system. 18.2 percent of the respondents strongly agreed. Resultson whether KRA has put in place various iTax program courses revealed that 9.1 percent of the respondents strongly disagreed that KRA has put in place various iTax program courses. 18.2 percent were not sure about the statement on the other hand 54.5 percent and 18.2 percent agreed and strongly agreed.

On the statement of conducting sufficient iTax training courses, results revealed that 18.2 percent of the respondents were not sure about sufficient iTax training courses being conducted. 45.5 percent of the respondents agreed on the statement while 36.4 percent strongly agreed. the results clearly indicated that
majority of the respondents agreed and strongly agreed that KRA conducts sufficient iTax training courses. Results on the statement about the operating systems being slow/not functioning indicated that 9.1 percent of the respondents disagreed that the system were low/not functioning. On the other hand, 18.2 percent of the respondents were not sure about the statement. 54.5 percent and 18.2 percent of the respondents agreed and strongly agreed respectively. Based on the results clearly indicated that majority of the respondents agreed and to the statement. Data from the statement on KRA having a well-equipped and enough staff in their control center revealed that 18.2 percent of the respondents strongly disagreed that KRA has a well-equipped and enough staff in their control center. 27.3 percent of the respondents were not sure. 27.3 percent and 27.3 percent of the respondents agreed and strongly disagreed respectively.

The main objectives of this research were to develop the significance of Electronic Tax Payment system on the tax collection efficiency of Domestic Taxes Department of KRA in Rift Valley Region.

Employee competence (X3) was a significant predictor of the tax collection efficiency (Y) with the results as (t= -2.243, P=.154>5%). The respondents are able to access and operate iTax system but taxpayers seeking clarifications on tax issues online is minimal. Handling of iTax issues raised by taxpayers was not satisfactory and KRA management and other staff in other departments were partially supportive of iTax system. However, KRA has put in place various iTax programmes where training is conducted frequently but KRA still experiences system downtime for it is not fully equipped and has a shortage of staff in their control center.

From the conclusion arrived at the following recommendations were made. The organization should introduce special electronic tax payment counters with extended certain hours at all branches to enable the public to submit their returns through e-filing and also provide incentives and services to encourage e-filing.

Authorities should continuously upgrade the system and to offer prefilled electronic forms to simplify the process and make it accessible with different browsers and gadgets. They should install well-designed electronic systems in their offices and hire workers to train taxpayers on how to use the system so that taxpayers could file electronically and reduce face to face interaction. Introduce ambitious initiatives to overcome connectivity shortages by creating a public-private network and e-filing centers with many connectivity points.

The organization should keep on offering refresher courses on e-filing and other departments to embrace electronic tax filing system. The organization should expand its, promotion efforts, sponsoring seminars, talks and television advertisements and distributing flyers and pamphlets. It should also set up booths at public service provision centers for instance Huduma centers and hold road shows to promote electronic system and raise public awareness. It should also make arrangements with internet cafes so that taxpayers could use their equipment for train taxpayers at access points.

REFERENCES
Daily Nation, (2015). KRA's iTax wins admirers in the continent
ITax case study, (2012). Benefits of a computerized integrated system for taxation: iTax case study, a handbook for practitioners based on GIZ tax sector experience in Tanzania and the Philippines


Imperial journal of interdisciplinary research Vol- 2 issue-4, 2016


Moore, M. 2004. Financials, state formation, and the quality of taxation in developing countries International Political Science Review,
