

Abstract

Purpose

The purpose of this paper is to establish the relationship between perceived grounds for tax non-compliance or compliance behaviors and perceived tax compliance factors.

Design/methodology/approach

The study employed a correlational and cross-sectional survey design seeking to understand tax compliance by taxpayers' perceptions in Uganda. Data from 205 respondents to the questionnaire were analyzed using Statistical Package for Social Scientists and structural equation modeling with analysis of moment structures.

Findings

Governmental effectiveness, transparent tax system (TTS) and voice and accountability (VA) are perceived grounds for tax compliance or non-tax compliance and, as indicators of tax administration significantly influence variances in tax compliance. Tax compliance in Uganda is indicated by perceived worth and distribution of public expenditure (WDPE), level of taxation, inequalities in the tax system and tax evasion.

Research limitations/implications

No distinction is made between actual and potential taxpayers. Still, the results can contribute to our understanding of tax compliance puzzle from the behavioral angle. Factors such as perceived WDPE indicate a taxpayer's compliance decision and factors such as governmental effectiveness explain that decision. Additional government policy requirements beyond greater enforcement actions by the tax authorities should be cultivated.

Originality/value

Results contribute to extending the basic tax effort model by establishing the extent to which VA, TTS and governmental effectiveness (GEF) matter in a developing country context. The study presents tax compliance as a taxpayer's decision that is informed by perceptions and shows that factors increasing the taxpayers' perceptions about VA and GEF relate to the importance that their perceptions have in their tax compliance decisions.