



Influence of Taxpayers' Trust on Income Tax Compliance among Small and Medium Enterprises in Tanzania

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Abstract: This study examines the influence of taxpayers' trust in the Government on income tax compliance behaviour in the stages of registration, correct declaration of income and payment of taxes within due dates. Data was collected from six tax regions of Tanzania. Descriptive statistics and Partial Least Square measures were used in data analysis. Based on the findings, the study concluded that taxpayers who have higher level of trust in the government are more willing to register in the tax system and make correct declaration of their income. However, higher level of trust in the government does not significantly influence their decisions to pay taxes within due dates. The study suggests that other factors, such as ability to pay and financial conditions of the taxpayers may hinder the taxpayers' obligation to pay tax. In addition to enhancing the level of taxpayers' trust in government, tax authorities should use various administrative measures to ensure taxpayers' compliance. For instance, they can use various forms of communication to remind taxpayers about consequences of non-compliance.

Keywords: Tax compliance; trust in the government; small and medium enterprises.

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Introduction

Strengthening contribution of Small and Medium Enterprises [SMEs] to domestic taxes has been a major policy agenda in achieving the Millennium Challenge goals and Africa 2063 agenda for development (Amos & Jairo, 2023; Ebrahim *et al.*, 2024). Globally, SMEs are notably engines that drive economic development through job creations, employment and wealth creation (Muriithi,

2017). For example, in Tanzania, this sector comprises more than 40% of the Gross Domestic Product (Ubabuko *et al.*, 2010), constitute 60.9% of the labour force in agricultural sectors and 29.1% in non-agricultural sectors (ILFS, 2021). Thus, SMEs have high potentials in generating domestic income taxes (Mkenda *et al.*, 2023).

Most of the SMEs are obliged to pay taxes on their income in the form of individual income tax (Machogu & Amayi, 2013). Average revenue statistics for the last decade shows that individual income taxes contribute only 3.9% to total direct taxes (United Republic of Tanzania, 2022), thus undermining the overall growth in tax-GDP-ratio (Rwabunywenge *et al.*, 2024). Consequently, for the previous decade, tax-GDP-Ratio grew slowly from 10.7% in 2010/2011 to 11.4% in 2020/2021 (United Republic of Tanzania, 2022), which is not only below an average of 16% attained by some of the Sub-Saharan African Countries but also minimum of 20% required to achieve the Millennium Challenge Goals (Mebratu, 2024). Thus, there is an obvious challenge in tax compliance among individual taxpayers (Ntiamoah *et al.*, 2023).

Enhancing tax compliance behaviour among the SMEs is expected to contribute significantly to improvement in generation of the tax revenue, which is necessary in the financing of the social-economic wellbeing of the people (Appiah *et al.*, 2024). Therefore, Government through tax authorities pursues various compliance strategies, such as block management systems (Semboja, 2017) enforcement measures, including inter alia audits, penalties, interests and fines (Msangi, 2015; Munguasifiwe *et al.*, 2024), taxpayer education and highly customer care services (Semboja & Msafiri, 2022). However, these measures have not fully addressed the challenge of low tax compliance among the SMEs (Rwabunywenge *et al.*, 2024).

To complement the aforementioned measures, Government has also emphasized in building trust to the taxpayers with expectation of enhancing their compliance behaviour (Kinyondo & Byaro, 2019; Batrancea *et al.*, 2022). Thus, significant efforts and resources have been invested in policy programs and interventions to strengthen taxpayers' trust in the Government (Mzalendo & Chimilila, 2020; Athanas, 2025). For example, Tanzania Revenue Authority has clearly articulated in its vision "to become highly trusted revenue authority for social-economic development" (Athanas, 2025). The key objective is to have trust-based overall strategy which compliment enforcement to achieve sustainable tax compliance behaviour and domestic revenue mobilization (Athanas, 2025).

Hence, understanding the influence of taxpayers' trust on income tax compliance behaviour is important in the design of effective and efficient policy programs and interventions (Nichelatti & Hiilamo, 2024). The policy makers can select programs and interventions targeted to enhance confidence to the Government (Torgler, 2012) or social-economic services that drives highest satisfaction to the taxpayers (Kouame, 2019). However, the extent of influence of taxpayers' trust in the Government on their tax compliance behaviour is not clearly known (Hoy, 2023; Athanas, 2025).

Findings from previous empirical studies showed taxpayers' trust to the Government depends on the extent to which the Government is able to fulfill the fiscal and social contract through provision of the social-economic welfare in return of the revenue collected from taxes (Ali *et al.*, 2014; Kouame, 2019), transparency in the spending (Ntiamoah *et al.*, 2023), right to enforce tax laws (Kira & Chindangwike, 2020) or confidence of the taxpayers to government and its systems (Torgler, 2007). Notably, confidence in the government systems and reciprocity are salient proxies of the perceived level of trust in the Government (Horodnic, 2018).

What drives the satisfaction of the taxpayers depends on the priorities which may be either directly stated or implied in the fiscal and social contracts with the Government (Nichelatti & Hiilamo, 2024). Furthermore, the behavior of the Government is not static (Torgler, 2007), such that its strategies and systems are changing frequently (Athanas, 2025). Hence, trust in the Government is a dynamic variable, affected by the timing, social, political and environmental settings (Horodnic, 2018). Understanding what drives confidence and satisfaction of taxpayers in a specific time or social-economic settings is necessary in the design of compliance strategies (Nichelatti & Hiilamo, 2024).

Moreover, recent empirical studies showed that compliance behavior of the taxpayer varies across the compliance stages of compliance cycle, that is registration, declaration of income and payment of taxes (Msangi, 2015; Deyganto, 2018). Therefore, thorough understanding of the extent to which the predictor variable, that is trust in Government, influences willingness of taxpayers to register in the tax system, make correct declaration of income or pay taxes

within due dates is crucial in policy design (OECD, 2013; Deyganto, 2018).

Literature Review

This section presents the theoretical and empirical literature review relevant to this study. Hence, it presents the applicability of the institutional theory and previous empirical findings on the influence of taxpayers' trust on income tax compliance.

Theoretical Underpinnings

This study applied the Institutional theory, which is widely used in explaining the role of formal and informal institutions in the behavior of different actors in the community and formulation of policy to guide such behavior (Horodnic, 2018). The theory predicts that behavior of the regulator in benevolently and fairly manner will create trust and positively affect the behaviour of those regulated (Thelen & Steinmo, 1992).

In the context of the tax compliance, the behavior of the government in fulfilling the fiscal contractual obligations with its citizens through provisions of the social services in return of the revenue collected from them in form of taxes influences their compliance behavior (Kouame, 2019). Moreover, the belief of the taxpayers that government is acting benevolently for their benefits enhances their confidence to the authorities and hence readiness to cooperate (Supriyadi, 2017). Thus, trust of taxpayers in the government is expected to enhance their willingness to comply to tax laws (Kirchler et al., 2008; Horodnic, 2018; Batrancea et al., 2022; Athanas, 2025).

Empirical Literature Review

Compliance to the income tax law, involves three stages: registration into the tax system, correct declaration of income and payment of taxes within due dates (OECD, 2004; Msangi, 2015; Deyganto, 2018). Therefore, the study reviews the empirical findings on the influence of taxpayers' trust in the Government on the decisions to register in the tax system, make correct declaration of income and pay taxes within due dates.

Influence of Trust in Government on Registration into Tax System

Trust refers to firm belief of taxpayers in the ability and reliability of the government to act benevolently for their interests as part of the

implied contractual relationship in relation to the taxes paid (Ali et al., 2014; Castro & Scartasini, 2015; Kouame, 2019). It is expected that taxpayers who have higher trust to the Government are willing to register in the tax system than others (Paleka & Vitezic, 2023).

A study by Batrancea et al. (2022) concluded that provisions of services in return of the revenue collected from taxes influences decisions of taxpayers to register with the tax system. Similarly, Paleka and Vitezic, (2023) and Appiah et al. (2024) concluded that transparency in the decisions of the Government influences decisions of the taxpayers to register with the tax system. However, trust in the Government is a dynamic variable, shaped by the timing and environmental changes (Horodnic, 2018).

Influence of Trust in Government on Correct Declaration of Income

Literature predicts that taxpayers who have higher trust to the Government are willing to declare their income correctly to the tax authority than those who have lower trust to the Government (Kouame, 2019).

A study by Mzalendo and Chimilila (2020) concluded that positive perceptions of the taxpayers on the right of the Government to enforce tax laws influences taxpayers to make correct declaration of their income to the tax authorities. Likewise, Kira and Chindangwike (2020) and Koumpias et al. (2020) established that perceived ability of the Government to provide social services influences decision of the taxpayer to declare their income correctly to the tax authority. However, trust to the Government is a dynamic variable, shaped by the timing and environmental settings (Horodnic, 2018).

Influence of Trust in Government on Payment of Taxes within Due Dates

The collection of tax revenue from the taxpayer to the Government is facilitated by the existence of the social contract between the two parties (Kouame, 2019). Taxpayers are willing to pay taxes on the anticipation that the amount of revenue collected will be used by the Government to finance their social-economic welfare (Kinyondo & Byaro, 2019). Therefore, it is predicted that when taxpayers have higher trust to the Government, they are ready to pay taxes (Kirchler et al., 2008).

Kinyondo and Byaro (2019) concluded that higher level of trust encourages willingness to pay taxes among citizens in the regions of Dar-es-Salaam, Pwani and Lindi. Likewise, Kouame` (2019) in the comparative study on taxpayers' attitudes towards taxation, concluded that higher level of trust to the Government encourages willingness to pay taxes. However, spending of Government to finance social-economic welfare of its citizens varies in accordance to the various economic priorities.

Conceptual Framework

The conceptual framework in this study was guided by the Slippery Slope Framework of tax compliance, developed by Kirchler et al. (2008), which consists of three dimensions; trust in tax authorities, power of tax authorities and tax compliance. According to the framework, tax compliance can be influenced by either trust in the tax authorities or power of the tax authorities in enforcing compliance; or using of

both trust in tax authorities and power in the tax authorities (See Figure 1). Considering the Right Hand of figure 1, when the trust of the taxpayer to the Government is at maximum, taxpayers are willing to voluntarily cooperate with the tax authorities and comply to the tax laws. Conversely, on the Left Hand side of Figure 1, when power of the authorities is at the maximum, taxpayers are enforced to comply to tax laws. Furthermore, the framework assumes that when both trust and power are at the minimum, taxpayers are not willing to cooperate and tax authority has no power to enforce to compliance behavior (Lissi, 2019).

Thus, slippery slope situation or failure to comply is likely to occur, which leads to massive tax evasion (Paleka & Vitezic, 2023). Conclusively, basing on the framework, the study predicts trust in the Government has positive and significant influence on tax compliance behavior (trust in the Government authority).

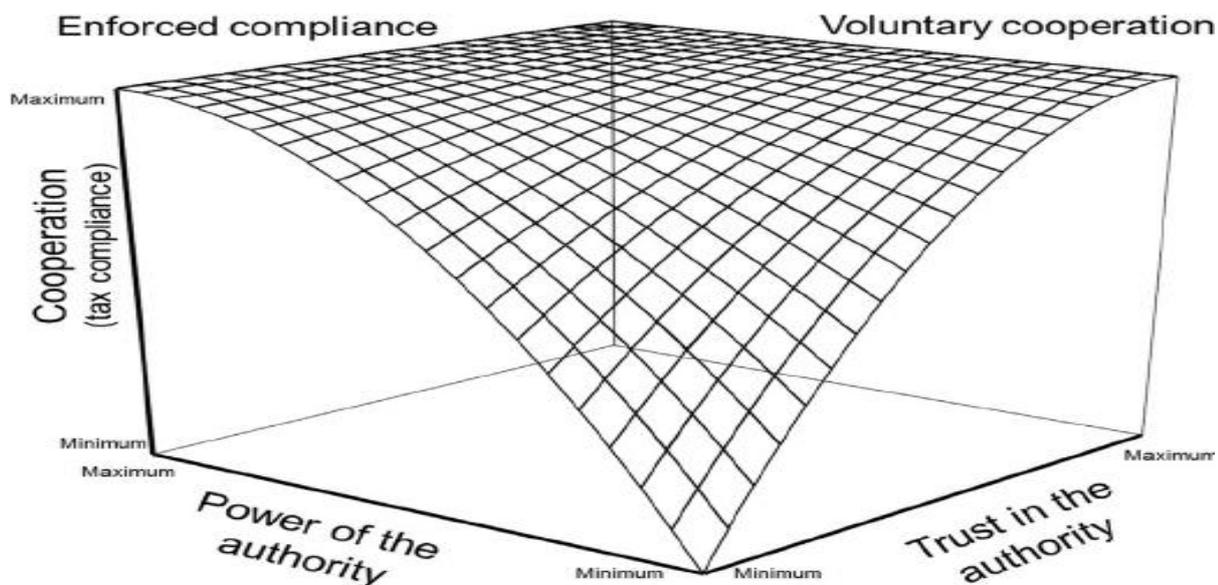


Figure 1: Slippery Slope Framework (Kirchler et al., 2008, p. 212)

Methodology

This section discusses how the study was conducted. It presents the research design, sampling and population size, data collection instruments, issues of validity and reliability, data analysis and ethical considerations.

Design

The study adopted an explanatory cross-sectional research design. The cross-sectional design was applied because of its effectiveness and efficiency in collecting data which relates to perceptions, attitudes and practices of

respondents at once (Creswell, 2014). Although data is collected once, these perceptions are stable and refer to the experience and evaluation of the particular object, person, phenomenon, or behaviour over considerable period of time (Azjen, 1991).

Population and Sampling

The study was carried in the six selected tax regions in Tanzania, which were Kinondoni, Kariakoo, Temeke, Mtwara, Singida and Tabora. The findings of the Afro-barometer survey 2011-12 round indicate that in the regions of

Kinondoni, Kariakoo and Temeke, 54% of the respondents had positive tax compliance attitudes. Singida and Tabora scored 34% while Mtwara scored 22%, which was the lowest rating in Tanzania (Ali *et al.*, 2014). Moreover, tax regions of Kinondoni, Kariakoo, and Temeke contribute 85% of the country's tax revenue (URT, 2022). On the other hand, tax regions of Singida, Tabora and Mtwara, contributed part of the remaining 15% of the country's tax revenue (URT, 2022). Therefore, the regions were selected based on variations in the positive compliance attitudes and revenue performance (Ali *et al.*, 2014; United Republic of Tanzania, 2022).

In this study, the sample size of 450 respondents was obtained from the total population of registered 3,000,000 individual taxpayers in the country (United Republic of Tanzania, 2022; Mang'ana *et al.*, 2023). The sample size was calculated using the Taro Yamane formula at the 95% confidence interval and margin of error of 5% (Yamane, 1967). The formula is suitable for calculating sample size in survey studies with finite population (Uakarn *et al.*, 2021). Simple random sampling was employed to minimize biases in the selection of the respondents (Creswell, 2014). In each tax regions, 75 respondents were selected to participate in the study so as to have equal representation of each tax region in the sample.

Units of Analysis

The unit of analysis was the Individual taxpayers and inquiries were made to the owners, managers and supervisors in the business whom the researcher believed that they have adequate knowledge or understanding of tax matters and information related to daily business operations. Managers and supervisors are entrusted by the owners to operate the business in their absence; hence they have the required knowledge in tax matters and affection to the business (Mkenda *et al.*, 2023).

Instruments

Collection of the primary data was done by the use of a self-administered structured questionnaire. This is the superior instrument in gathering information from the respondents swiftly, timely and cost efficiency from large number of participants. It is also appropriate in analyzing behaviors, attitudes, perceptions and intentions (Saunders *et al.*, 2019).

Measurement of Variables

The perceived level of trust to the government construct was internationalized in the second order factor, measured with ten first order indicators, using five points Likert-scales (Saad *et al.*, 2018). In the Likert scales, strong disagree = 1, disagree = 2, neutral = 3, agree = 4 and strong agree = 5. The indicators are, confidence with the Government, confidence with the Parliament, confidence with the Legal Systems, confidence with the tax system, confidence with the Public Officials, confidence with the political systems, fairly spending of revenue from taxes by the Government, effective spending of the revenue from taxes by the Government, efficient spending of revenue from taxes by the Government and transparency in spending the revenue collected from taxes (Saad *et al.*, 2018). The dependent variable in the study is income tax compliance behavior. An individual complies with the income tax law under three stages: registration into the tax system, correct declaration of income, and payment of taxes within due dates (OECD, 2004, Mebratu, 2024). The researchers examined how the decision to act in the phases of compliance was reached, whether voluntarily, convinced or enforced (enforced = 1; convinced = 2; voluntary = 3) (Deyganto, 2018).

Diagnostic Tests

The study performed Variance Inflation Factor (VIF) to test presence of biasness or collinearity in the data (Kock, 2015), Paired Sample test for Non-Response Bias (NRB) (Groves, 2016) and Composite reliability to test for reliability, Average Variance Extracted [AVE] and Heterotrait – Monotrait Ratio (HTMR) to test for validity (Hair *et al.*, 2021).

Data Analysis Techniques

Questionnaire response rate and respondent profiles were analyzed descriptively. Structural Equation Modelling [SEM-PLS] was used to analyze inferential relationships on the influence of taxpayers' trust in the Government on dependent variables (Hair *et al.*, 2021).

Ethical Considerations

This study is part of the PhD thesis undertaken at Mzumbe University in Tanzania. Ethical considerations were dully adhered during data collection, analysis and report writing. Among the measures to adhere to ethical is consent letter from the University and approval from the tax authority to proceed to collect data from the

sampled tax regions, which were strictly followed under the research supervisors.

Results and Discussions

This section presents results and discussions on the various tests done in this study.

Common Bias and Non-Response Bias Tests

Common Bias Tests check the presence of collinearity among the measures of the independent and dependent variables

(Kansheba et al., 2024). The measures of the perceived trust in the Government, registration into the tax system, correct declaration of income and payment of taxes within due dates were taken from the same sample of individual taxpayers, hence there was a need to perform the test (Kansheba et al., 2024). The results of the tests showed that collinearity is within the tolerable value, that VIF is less than 3.0 (Kock, 2015) (refer Table 1).

Table 1: Multicollinearity Checks (Variance Inflation Factor (VIF) <3

Independent Variables	DECL (VIF)	REG (VIF)	PAY (VIF)
Trust in Government	1.03	1.17	1.62

Table 2: Non-Response Bias Test [Paired Sample Test

Variable		Paired Differences			95% Confidence Interval of the Difference		t	df	Sig. (2-tailed) p-value
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	Age	-.41579	1.06073	.17207	-.76444	-.06714	-1.040	37	0.201
Pair 2	Gender	-.47368	.96058	.15583	-.78942	-.15795	-1.416	37	0.104
Pair 3	Education	-.44737	1.87167	.30363	-	.16784	-1.003	37	0.149
Pair 4	Employee number	-.64912	1.04536	.16958	1.06257		-1.528	37	0.076

Table 3: Summary of Distributed Questionnaires and Response Rate

Serial No.	Tax Region	Distributed Questionnaires	Respondents	Response Rate
1.	Kariakoo	75	69	92.00%
2.	Temeke	75	71	94.66%
3.	Kinondoni	75	73	97.33%
4.	Mtwara	75	59	78.66%
5.	Singida	75	66	88.00%
6.	Tabora	75	72	96.00%
		450	410	91.10%

Furthermore, the study tested the existence of the non-response bias (whether the individuals who were targeted to participate in the survey differs systematically with those who participated) using the paired t-test. Test results as per Table 2 show that the p-values for the four pairs of variables selected are greater than 0.05, hence there is no significant difference between means of the pairs.

Questionnaire Response Rate Analysis

The total number questionnaire sheets distributed was 450. At the end, 410 questionnaire sheets were returned,

representing response rate of 91.1% as seen in Table 3.

Respondents' Profiles

Respondents were predominantly male (N=222, 54.2%) and those aging between 36-60 (N=260, 63.4%). Most of the respondents were married (N = 227, 55.4%) and the largest part of them held primary school education (N = 180, 44%) as seen in Table 4.

Furthermore, Table 4 shows that out of 410 SMEs contacted, 16.83% were from Kariakoo, 17.31% from Temeke, 17.80% from Kinondoni, 14.39% from Mtwara, 16.09% from Singida and 17.56% from Tabora. The study found that

44% of the SMEs' management had primary education, 33.90% had secondary education, 18.4% had University education and 4.14% had vocational training. Their level of education implies that they had ability and knowledge to

understand tax matters as argued by Mkenda et al. (2023), thus their level of education may influence their compliance behaviour (Appiah et al., 2024).

Table 4: Respondents' Characteristics

SN	Category of the respondents' characteristics	Number of respondents	Frequencies of respondents	Percentage of the respondents
1	GENDER			
(a)	Male	410	222	54.2%
(b)	Female		188	45.8%
2	AGE			
(a)	18-35	410	97	24.3%
(b)	36-60		260	63.4%
(c)	61-70		53	12.3%
3	MARITAL STATUS			
(a)	Single		183	44.6%
(b)	Married	410	227	55.4%
4	LEVEL OF EDUCATION			
(a)	Primary Education		180	44.0%
(b)	Secondary Education	410	139	33.9%
(C)	Vocation Training		17	4.1%
(d)	University Education		74	18.0%
5	NUMBER OF EMPLOYEES			
(a)	Less than 10		52	12.7%
(b)	10 – 20	410	340	83.0%
(C)	20 – above		18	4.3%

Moreover, majority of the SMEs (83%) had more than 10 employees, which signifies that they have potential employment opportunities (Muriithi, 2017). On the other hand, 89.02% of the SMEs had capital which is below 250,000,000 TZS (See Table 5).

Reflective Measurement Model

The influence of trust in Government on income tax compliance was analyzed using the Structural Equation Modelling (SEM-PLS). The SEM-PLS has an ability to build latent constructs and determine direction and strength of relationship between independent and dependent variables by using the bootstrapping method (Tusubira, 2018). The suitability of SEM-PLS in measuring reflective indicators used in the model was tested using indicator reliability, internal consistency reliability, convergent validity and discriminant validity (Hair et al., 2021).

The ability of the construct to account for more than 50% of the indicator variance in the measurement of a variable is referred to as

indicator reliability. Indicator reliability values greater than 0.7 are accepted as satisfactory (Hair et al., 2021). The tested values in this model, except for the indicator GT7 are greater than 0.711, thus having sufficient indicator reliability (Hair et al. 2021). However, values between 0.4 to 0.7 can also be acceptable if their acceptance increases AVE (Hair et al., 2021). Therefore, values obtained for the indicator GT7, that is, 0.593 was accepted. (See Table 6 and Figure 2).

The ability of the indicators to measure the construct consistently is referred to as internal reliability (Hair et al., 2021). This was assessed by Composite reliability. The tested values showed the lowest value for composite reliability is 0.771 (CDI) as seen in Table 6 and Figure 2).

The ability of the indicators to measure the construct consistently is referred to as Internal Reliability (Hair et al., 2021). This was assessed basing on Composite Reliability, whereby test

values in Table 6 are 0.771 and above, thus, confirming assurance of internal reliability.

The extent to which each study variable is distinct from other study variables is referred to as Discriminant Validity (Duarte & Raposo,

2010). It was assessed using the Heterotrait – Monotrait Ratio (HTMR). The results of the tested values for HTMR in Table 6 are 0.593 and below, thus providing assurance that discriminant validity is within the acceptable range (Henseler et al., 2015).

SN	Profile Details	Number of SMEs	Percentage (%)
1	Location		
(a)	Kariakoo	69	16.83%
(b)	Kinondoni	73	17.80%
(c)	Temeke	71	17.31%
(d)	Tabora	72	17.56%
(e)	Singida	66	16.09%
(f)	Mtwara	59	14.39%
2	Management Characteristics		
(a)	Male	227	55.40%
(b)	Female	183	44.60%
(c)	Primary Education	180	43.90%
(d)	Secondary Education	139	33.90%
(e)	Vocation Training	17	4.14%
(f)	University Education	74	18.04%
3	Number of Employees		
(a)	Less than 10	52	12.7%
(b)	10 – 20	340	83.00%
(c)	20 – above	18	4.30%
4.	Size of Capital		
(a)	5,000,000 – 100,000,000	123	30.00%
(b)	100,000,000 – 250,000,000	242	59.02%
(c)	250,000,000 - 800,000,000	45	10.98%

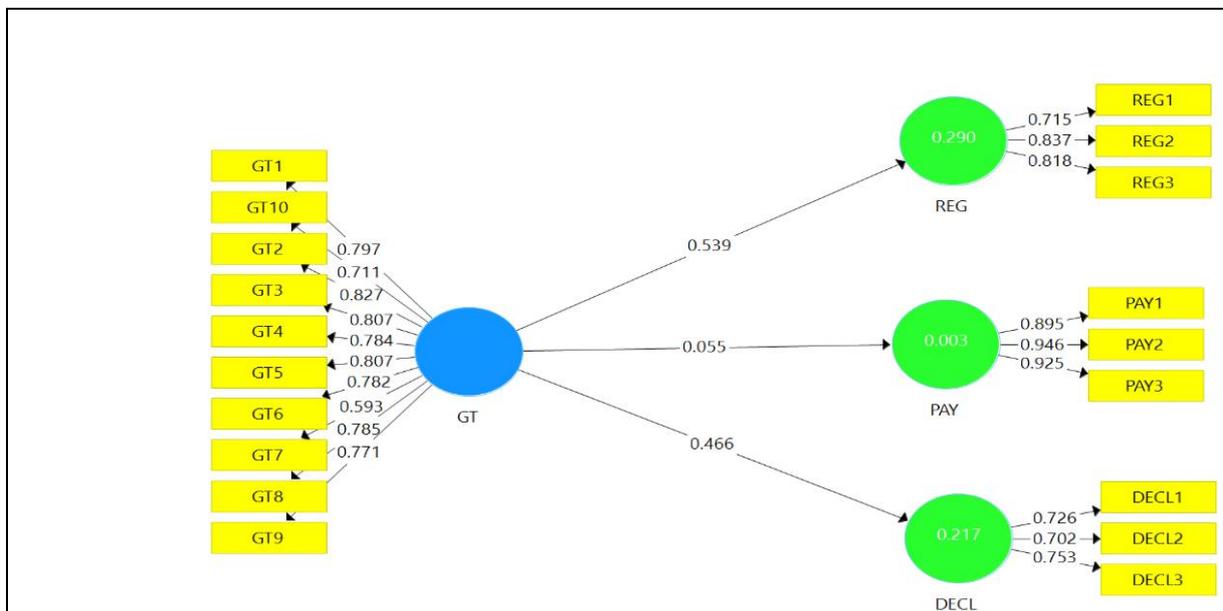


Figure 2: Reflective Measurement Model

Table 6: Assessment of the Reflective Measurement Model

S/No	Indicator	Indicator reliability	Composite reliability	Convergent Validity [AVE]	Discriminant Validity [HTMR]
1	GT1	0.797			
2	GT2	0.827			
3	GT3	0.807			
4	GT4	0.784			
5	GT5	0.807			
6	GT6	0.782			
7	GT7	0.593			
8	GT8	0.785			
9	GT9	0.771			
10	GT 10	0.711	0.935	0.592	-
11	REG1	0.715			
12	REG2	0.837	0.834	0.627	
13	REG3	0.818			0.064
14	CDI1	0.726			
15	CDI2	0.702	0.771	0.529	0.593
16	CDI3	0.753			
17	PAY1	0.895			
18	PAY2	0.946			
19	PAY3	0.925	0.945	0.850	0.037

GT= Trust in the Government, REG = Registration into the Tax System, CDI = Correct Declaration of Income, PAY = Payment of Taxes within Due Dates.

Table 7: Results of Hypotheses Testing [Direct Relationship]

Path	Beta (B)	T Statistics	P Values	95%Confidence Interval	REMARKS
GT -> CDI	0.466	10.987	0.000	[0.202; 0.444]	Supported
GT -> REG	0.539	11.485	0.000	[0.025; 0.137]	Supported
GT-> PAY	0.055	0.852	0.394	[-0.137; 0.117]	Not Supported

CDI = Correct Declaration of Income; GT= Perceived Trust in the Government; PAY= Payment of Taxes within Due Dates; REG = Registration into the Tax System

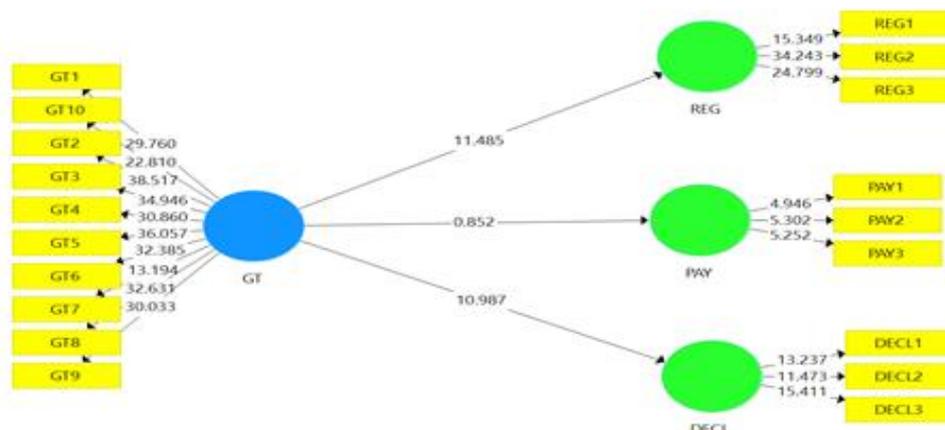


Figure 3: Structural Measurement Model

Path Coefficients

The path coefficient shows the relationship between the independent variable (taxpayers’ trust in the Government) and the dependent

variables (registration, declaration and payment of taxes within due dates) is shown on Table 7 and Figure 3.

The influence of Trust in the Government on Registration into the Tax System

The findings show that perceived level of trust to the Government (GT) has positive and significant influence on the decision of taxpayer to register into the tax system (REG) ($B = 0.539$, p -values = 0.000, T -statistics = 11.484, $C.I = 0.025, 0.137$). Thus, Hypothesis 1, Trust in the Government has no significant influence on decision of taxpayers to register with tax system rejected while the alternative hypothesis is embraced.

The findings imply that decisions of the individuals to register their business in the tax system are significantly influenced by their level of trust in the Government. There are 53.9% ($Beta = 0.539$) higher chances for an individual with higher trust in the Government to register in the tax system, than those without or with lower trust in the Government. The findings, supports the prediction of the institutional theory, which asserts that individuals are ready to comply with the requirement of the law when they are satisfied or have confidence that regulator will benevolently act for their social-economic welfare (Thelen & Steinmo, 1992). The findings further concur with the prediction of the conceptual model, which is based on the Slippery Slope Framework, stating that trust in the Government enhances voluntary tax compliance (Kirchler et al., 2008).

Moreover, the findings are similar with previous empirical literature, which concluded that trust in the Government has positive and significant influence on compliance behavior of taxpayers (Ali et al., 2014; Kouame, 2019; Batrancea et al., 2022). These findings suggest that tax authorities can positively influence decisions of individuals to register in the tax system (Kirchler et al., 2008).

The influence of Trust in the Government on Correct Declaration of Income

The findings in Table 7 further show that the perceived level of trust in the Government (GT) has a positive and significant influence on decision of the taxpayers to declare correctly their income to the tax authority (CDI): $Beta = 0.466$; T -statistics = 10.987; p -values = 0.000; $C.I (-0.202; 0.404)$. Therefore, Hypothesis 2, Trust in the Government has no significant influence on decision of the taxpayers to declare their income correctly is rejected while the alternative hypothesis is embraced. .

The findings imply that taxpayers who have higher level of trust to the Government are more likely to declare their income correctly to the tax authority than those with lower trust (Mzalendo & Chimilila, 2020). There are 46.6% ($Beta=0.466$) higher chances for a taxpayer who has higher trust to the Government to make correct declaration of income compared to one who has lower trust. These findings support the predictions of the institutional theory that taxpayers with higher trust to the Government will reciprocate by reporting their income correctly to the tax authorities because they anticipate that the regulator will make fair assessment of taxes (Saad et al., 2018; Tusubira, 2018) and adhere to the fiscal contract by providing social-economic welfare in return of revenue collected (Kouame, 2019). They also believe that Government has power to detect and punish under-declaration of income, thus creating fair competition in the similar lines of business (Kleven et al., 2016; Tusubira, 2018).

Moreover, the findings are consistent with the prediction of the Slippery Slope Framework and previous empirical literature (Kirchler et al., 2008; Kira & Chindangwike, 2020; Koumpias et al., 2020).

Tax authorities enhance the behaviour of taxpayers to declare their income correctly (Batrancea et al., 2022).

Influence of Trust in the Government on Payment of Taxes within Due Dates

Lastly, findings in Table 7 show that perceived level of trust in the Government (GT) has no significant influence in the decision of taxpayers to pay taxes within due dates (PAY) ($Beta = 0.055$; T -statistics = 0.852; p -values = 0.394, $C.I = (-0.137; 0.117)$). Thus, Hypothesis 3, Trust in the Government has no significant influence on decision of taxpayers to pay taxes within due dates is embraced while the alternative hypothesis is rejected.

Therefore, perceived trust does not have significant influence on the decision of taxpayers to pay taxes within due dates. These findings contradict previous empirical studies, which show that trust in the Government has a positive influence on tax compliance behaviour at all stages in the compliance cycle (Lissi, 2019; Kouame, 2019; Kinyondo & Byaro, 2019; Batrancea et al., 2022).

Conclusions and Recommendations

The study concludes that taxpayers who have higher level of trust in the government are more willing to register in the tax system and make correct declaration of their income. However, higher level of trust in the government does not significantly influence their decisions to pay taxes within due dates. The study suggests that other factors, such as ability to pay and financial conditions of the taxpayers may hinder the taxpayers' obligation to pay tax. However, this requires some further investigations. In addition to enhancing the level of taxpayers' trust in government, tax authorities should use various administrative measures to ensure taxpayers' compliance. For instance, they can use various forms of communication to remind taxpayers about consequences of non-compliance.

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