Determinants of Corporate Tax Non-compliance in Uganda

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ABSTRACT

The study employed a modified Fischer's tax compliance framework using Logistic regression to examine the determinants of corporate tax noncompliance in Uganda. The cross sectional dataset used for this study was gathered from the central, western, Eastern and Northern parts of Uganda. Multivariate analysis was performed on the dataset to determine how firm level characteristics, tax administrative initiatives and other factors like business sectors affect corporate tax noncompliance. The results showed that firm level characteristics and tax administrative initiatives were important determinants of noncompliance. In particular, the number of previous Audits came out strongly as a factor that impact on the current corporate taxpayer compliance behavior where the chances of finding a corporate firm as noncompliant which has been audited less than 3 times are 39.69 times higher than those of a firm audited 3 or more times. This highlights the importance of tax audit in enhancing compliance. The study recommends that for tax noncompliance to reduce there will be a need for a comprehensive tax audit and education program. This program should intend to help taxpayers understand their obligations and the cost of failing to comply, improve on tax reporting, and also detect tax noncompliance and effectively punish it in a timely manner.