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**PUBLIC SECTOR REFORMS AND TAX ADMINISTRATION BY KENYA REVENUE AUTHORITY IN NAIROBI CITY COUNTY**

**Abdirahman Mohamed [1] & Dr. Wilson Muna, PhD [2]**

[1] Masters Candidate, School of Law, Arts and Social Sciences, Kenyatta University, Kenya
[2] Lecturer, School of Law, Arts and Social Sciences, Kenyatta University, Kenya

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**ABSTRACT**

*This study looked at the Kenya Revenue Authority's (KRA) public sector reforms and tax administration in Nairobi City County. It attempted to address Several different goals: ascertain the effect of the payment plan method introduced by KRA on tax administration within Nairobi City County; analyze the influence of PIN issuing practices by KRA on tax administration in Nairobi City County; and investigate The impacts of Tax Invoice Management procedures on tax administration within Nairobi City County by KRA, and analyze the repercussions of tax waivers on tax administration within Nairobi City County by KRA. Guided by the Theory of Constraints and Agency concept, this study took a descriptive research design with a sampling approach tailored to the study population and variable relationships. The problem discussed in this research centers on the efficacy and impact of tax administration strategies employed by the KRA within Nairobi City County. Specifically, it focused on assessing the effectiveness of various methods such as payment plans, PIN issuance practices, Tax Invoice Management procedures, and tax waivers in facilitating efficient tax collection and compliance. These aspects are crucial for enhancing revenue generation, promoting fiscal sustainability, and ensuring equitable tax distribution within the county. Data was sourced from documented work and KRA yearly reports stored in the institution's library, supplemented by interviews with key stakeholders involved in tax administration and reform processes. The study population comprised 94 employees from the large taxpayer's office within the Kenya Revenue Authority compliance department, holding various positions including senior managers, managers, subordinate managers, supervisory team, and officials. Inferential statistical analysis including correlation coefficients, determination coefficients for model suitability, synthesis of deviation (ANOVA) for possibility significance, and regression modeling, facilitated by SPSS software was utilized to analyse the collected data. Thematic complemented data analysis and be organized about a conceptual framework distinguishing reform contexts, processes, and arenas. This comprehensive approach ensured a nuanced understanding of the dynamics shaping tax administration and reform initiatives in Nairobi City County.*

***Key Words:*** *Tax Payment Plan, PIN Issuance, Tax Invoice Management, Tax Waivers, Tax Control*

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## INTRODUCTION

Policymakers, practitioners, and scholars from developing nations, including Kenya, have long been interested in reforming public institutions and practices. The public's demand for efficient and effective service delivery has increased pressure for reform, forcing governments to implement measures to improve public institutions. When firms suffer a setback, ordinary citizens, civil society organizations, and the private sector frequently demand improvements. Donors also demand institutional improvements in exchange for the financial support they provide for reform initiatives. The European Union (2019) claims that financial strain and worries about widespread misconduct, insufficient delivery of services, and insufficient facilities exacerbate the demand for reforms among diverse stakeholders.

Taxation has been a critical element in handling nations' wealth, more so in industrialized states, plays an essential function in communities while ancient times. A study by Keen & Slemrod (2017) in a publication of Public Economics on the best way to administer taxes indicates that effective tax administration ensures high taxpayer compliance and maintains low administrative costs for consumers with the collected revenue. Excellent tax management needs an efficient technical capability, better-framed tax policies, and maintaining a strong link between adherence to law and overall tax management Keen & Slemrod (2017). Tax administration reform is essential for achieving desired policy outcomes, as administrative efficiency directly influences the actual revenue collected, the investing environment, and the ability to combat fraud while also sophisticated tax evasion schemes (Fakile, Adegbie & Faboyede, 2014).

In developing countries, tax administration faces challenges such as widespread tax evasion and inefficient tax structures, developing a significant gap between potential and real tax revenues. The study findings by Bassey et al. (2022) having a theoretical foundation for online tax management structure review indicate that effective tax reform involves understanding the political nature of the reform process, as meaningful reforms often result from administrative rather than political leadership. The basic goal of taxes aims to raise financial resources for the state, redistribute resources, and influence public consumption habits through policy formulation (Bassey et al., 2022). However, taxes can inhibit commerce and development if they are not well-structured and fail to raise the desired revenue. Modern tax authorities must consider public opinions on tax matters, emphasizing consultation and public participation through representatives.

The state-owned sector in Kenya has experienced a strong demand for reforms more than any other section. Public service delivery in Kenya has been improved through several strategies as a consequence of the rising populace and the need for social facilities. For the past two decades, the primary goal of these initiatives has been to provide efficient service delivery (Opiyo & Ndegwa, 2012). However, the outcomes of Kenyan civil service restructuring are uneven. Some reforms failed to achieve their objectives, often due to a lack of appreciation for the political economy context in which they were implemented (Word Bank report, 2019)

Nevertheless, certain reforms excelled. The KRA is a notable example of successful public department reform, achieving sustained revenue growth from Kshs. 694 billion in 2013/2014 to Kshs. 2.63 trillion in 2021/2022 (KRA, 2023) financial years. The Independent Evaluation Group (2008) pegs it on advancements in tax management highlighting an effective government administration. The relationship that exists between economic incentives and political affiliations within the government significantly has an impact on the context within which reforms are undertaken. Reforms within the public space are inherently associated with political structures as well as political ideals that inherently inform their implementation (Alm, 2019). Understanding why changes in the tax system were successful is essential at an occasion when Kenyans is enacting devolution of authority, a highly substantial reform in the government sector. It is essential to subsequent establishing policies and execution to comprehend the elements that influence the effectiveness or collapse of improvements to the public sector.

### Statement of the Problem

Revenue management changes in the Kenyan context fall short of insights into strategy, focus, plan of action, and mode of operation, leading to inconsistent reform initiatives. Despite various reform efforts, including the introduction of electronic tax registers within the framework of the Simba 2005 Scheme and the consolidated tax control system, the absence of a coherent tax law framework undermines the effectiveness of these reforms.

The heightened interest in internal controls, as highlighted by Alm (2019) on tax compliance and administration emphasizes the importance of effective internal control systems in preventing losses and enhancing service delivery. However, despite significant investments, internal control weaknesses persist, contributing to unsatisfactory service delivery and revenue collection challenges (Alm, 2019).

The risks facing tax administration include uncertainties in the macroeconomic environment, tax evasion, political interference, and weak laws governing tax collections (James & Alley, 2022). These challenges hinder the Kenya Revenue Authority (KRA) from effectively fulfilling its mandate of assessing taxes, collecting revenue, and ensuring sustainable revenue mobilization. While previous research has explored the effects of taxation reforms on collecting revenue, there is still a gap in comprehending the impacts of tax improvement plans of action on the financial indicators of the Kenya Revenue Authority. Hence, this research aims at finding out the impact of the sector reform strategies on tax administration, by collecting data from KRA offices in the head office based in Nairobi City County.

**Study objectives**

- Assess the overall implication of the tax payment plan on tax control by the KRA.
- Evaluate how PIN issuance practices affect tax administration by the KRA.
- Evaluate the effects of tax invoice management procedures on tax administration by the KRA.
- Analyze how tax waivers affect tax governance on tax control by the KRA.

## LITERATURE REVIEW

Tax administration plays a critical role in shaping taxpayer compliance. Efficient tax administration enhances taxpayer will to remit levies, especially when they understand the implications and penalties for lack of adherence (Alm, Bloomquist, & McKee, 2017). However, while these studies emphasize the importance of taxpayer awareness, there is a gap in understanding how specific reforms, such as payment plans, directly impact tax administration effectiveness in Kenya. This research envisaged filling this gap by evaluating the influence of payment plans on levy management by the Kenya Revenue Authority in Nairobi City County.

The effectiveness of tax administration should be evaluated not only by the amount of revenue collected but also by its impact on equity, political stability, and economic welfare (Slemrod, 2019; IMF, 2015). A poor-quality tax administration may disproportionately target easily taxable sectors, such as wage earners while neglecting taxes on businesses and professionals. Thus, revenue collection alone is not an adequate measure of tax administration effectiveness (Keen & Slemrod, 2017). This study assessed how KRA's reforms, particularly tax invoice management, address these broader measures of effectiveness.

The Kenyan government executed the tax modernization scheme in 1986. The program aimed to increase boost the tax revenue to growth rate from 22% in 1986 to 24% by the middle of the 1990s; reduce compliance to and supervision of expenses; enhance tax management through the closure of missed opportunities; increase computer equipment use; enhance inspection observation; and fortify KRA's ability to oversee tax legislation through the implementation of efficient managing database structures.(Mutegi, 2019). Kenya's tax adjustments should aim to promote tax prudence and productivity increase revenue management and accumulation while reducing costs, and promote tax efficacy by increasing tax adaptability. The report goes on to claim that Kenya's tax burden is excessive in comparison to global standards, hence the primary purpose of a the objective of an overhaul of taxes program ought to be to reduce the burden of taxes and the expense of taxation (Abdul and Wang, 2018).

Taxpayer registration involves recording companies' and individuals' details using unique identification numbers (KRA, 2013). An electronic taxpayer registration system that uses a uniform Personal Identification Number (PIN) for all tax kinds can improve tax collection and administration (Chipeta, 2012). Accurate and timely collection and recording of taxpayer information are fundamental for effective tax administration, as an inaccurate database leads to ineffective compliance programs (Azubike, 2017). However, there is a gap in understanding how such systems can be optimized for efficiency in the Kenyan context. This study addresses this gap by analyzing KRA’s PIN issuance process and its impact on tax administration.

The technique through which revenue inspectors get fundamental identifiable data, including designations, buildings, and entities of all kinds, is known as taxpayer identification. (Brown & Mazur, 2013). Contemporary tax management also gather regulatory data, such as corporate methods categories or projected turnover, in order to prepare future regulatory measures. While these findings are useful, further localized studies are required to understand how these activities affect tax administration in specific places. The goal of this research was to look into how taxpayer registration implicates the adherence to KRA. Tax incentives have garnered significant interest due to their impact on business profits and sustainability (Kitsios & Patnam, 2016). While studies like Rapuluchukwu, Ibukun, and Belmoondo (2016) have examined the effects of fiscal incentives on firm productivity, studies on the clear effects of tax waivers and tax management are limited. This research focuses on filling this gap by scrutinizing the impacts of tax incentives on adherence to levy and revenue gathering in the context of Nairobi County.

Value Added Tax was implemented in Kenya in 1990 to do away with sales tax, aiming to expand the tax base and increase government revenue (Wanjagi & Ondabu, 2018). Despite its significance, there is an insufficient study on the efficacy of VAT-gathering mechanisms and their impact on levy administration. This investigation bridges the divide by looking at the function of tax invoice management in enhancing VAT compliance and revenue collection in Kenya.

Wanjagi & Ondabu, (2018) divided three categories of budgetary machines: financial digital authentication gadgets, budgetary POS printing equipment, and fiscally computerized taxation registrants each with its own set of functions. However, insufficient research has been carried-out uptake and usage of these devices in Kenya. This research investigated the obstacles and opportunities associated with the implementation of fiscal devices in enhancing tax invoice management and VAT compliance

## Theoretical Review

### Theory of Constraints

It includes five focused steps. One is determining the present-day constraint. This is the solitary component that prevents the firm from attaining its objectives. The intermediate stage is to capitalize. This guarantees that the constraint is improved quickly by leveraging existing resources. The third step is to assist. This guarantees that all actions in the procedure are in line with the constraints. The fourth option is to raise. According to Barausse et al. (2016) if the confinement persists, embark on an alternative plan that will effectively mitigate the confinement.

This ensures that the limitation is completely mitigated. The final phase is re-doing the entire procedure. It is an ongoing enhancement interval. Each firm faces challenges at some point, once one restraint is eliminated, the second restraint shall be addressed. It serves as an admonisher to the company not to become comfortable, but to sharply address the baseline precondition prior to to addressing the following matter (Puche & De la Fuente, 2016).

### Agency Theory

In general, an agency is a relationship between two people, one of whom is a chief and the other an agent who acts on the chief's behalf in dealings with third parties. Agency collaborations develop when the principals recruit agents to act on their behalf. (Bendickson et al., 2016). Principals frequently assign decision-making authority to their agents. Agency difficulties might occur as a result of inefficiencies and inaccurate information (Bendickson et al., 2016). In finance, there are two key agency relationships: Shareholder and administrator and shareholder and creditors. The theory aids the research by studying the tax administration tactics employed by KRA, the agent in the collection of levies and income for the authorities, the chief, and, by larger the Kenyan citizens.

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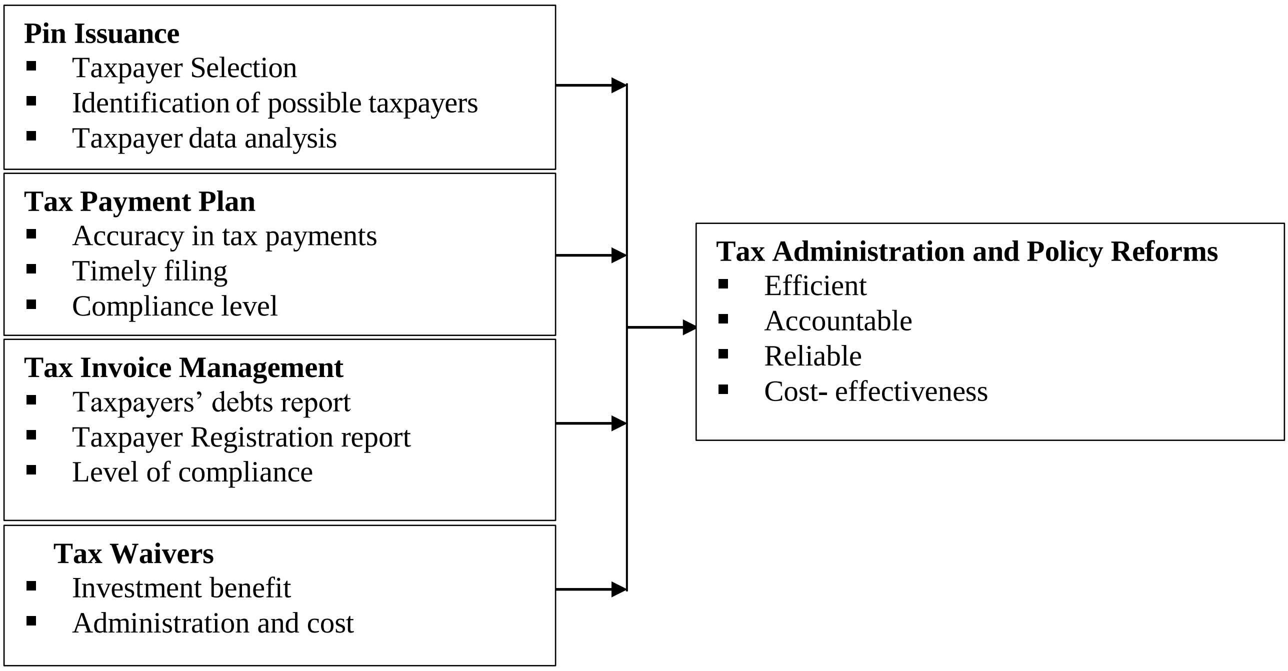
**Conceptual Framework**




**Independent Variables** **Dependent Variable**

**Figure 1: Conceptual Framework**

## METHODOLOGY

The study employed a descriptive study method using a sampling approach, taking into consideration the tenets of the target population and the relationship between research variables (Mugenda, 2012). Descriptive research design, as noted by Nassaji (2015), elucidates the contemporary affairs concerning research variables that are beyond the researcher's control. It aims to shed light on existing challenges through information gathering and synthesis to effectively draw valid conclusions.

The section of human resources at the KRA's indicates that the total population comprises 94 staff working in the Head Taxpayer Department, occupying various portfolios including senior managerial staff, middle managers, subordinate managers, supervisors, and clerks. A census sampling technique was employed, comprising all 94 KRA employees. Given the small target population, the sample contained all 94 Kenya Revenue Authority workers from the Large Taxpayer Department in Nairobi City County.

This study is based on primary data obtained using the drop-and-pick method, employing surveys that are both closed-ended questions and open-ended. Closed-ended surveys restrict the options available to responders. Comments to specific categories, which improves privacy and authenticity. Respondents will rate Using a 5-point Likert scale; they indicate how much they concur with the information provided.

In the pilot study, 10% (10 respondents) of the sample population were administered to an equivalent population selected from Kiambu County KRA regional offices. These participants received the questionnaire and tasked to complete it within a specified timeframe. Subsequently, they provided feedback on the clarity of questions, any encountered difficulties, and suggestions for improvement. This feedback was carefully analyzed to identify any areas of confusion or ambiguity in the questionnaire. Based on this analysis, necessary modifications were made to the questionnaire to guarantee clarity and connection to the study objectives. Once these revisions were implemented, the questionnaire was considered final and ready for administration to the entire sample population. The iterative process of pilot testing and improvement is critical for improving authenticity and dependability of the data gathering equipment.

In this research project, surveys were used to collect information, coded, and meticulously cleaned to ensure accuracy and consistency, and was using version 29 of the SPSS (Statistical Package for the Social Sciences) for analysis.

Statistical inference and description were employed. Descriptive statistics, such as frequency, percentiles, deviation from average, and mean, will be utilized to present and iterate the data effectively. Meanwhile, deductive statistics included correlation coefficients, determination coefficients for framework suitability, synthesis of variance (ANOVA) for framework relevance, and regression analysis.

## DATA ANALYSIS, RESULTS AND DISCUSSIONS

### Response Rate

In order to examine the the government sector Reforms and tax agency by KRA in Nairobi City County, the investigation focused on 94 participants from its substantial consumers' office division of tax regulatory within the KRA. Of these, 90 replied, resulting in an acceptance rate of 95.7%, as shown in table 1. This rate of reaction was suitable because, according to Kothari (2013), an reaction rate of 50% is sufficient, 60% is excellent, and 70% or more is deemed suitable for evaluation.

**Table 1: Response rate**

| Response | Frequency | Percentage |
|---|---|---|
| Responses | 90 | 95.7% |
| Non-responses | 4 | 4.3% |
| **Total** | **94** | **100** |

The investigator's efficient data gathering methods are responsible for the high frequency of responses seen in Table 1. Participants were pre-notified about the upcoming survey, and a self-administered questionnaire was used, allowing respondents to complete it on their own before being collected immediately afterward. Additionally, follow-up calls were made to address any questions or concerns regarding the questionnaire.

### Level of Education

Education serves a vital part in forming the competencies and effectiveness of employees, particularly in technical fields such as tax compliance. Understanding the educational qualifications of personnel in the compliance department within the large taxpayers' section provides insights into their ability to interpret and enforce tax regulations, apply analytical skills, and enhance overall tax administration.

The results presented in Table 2 show that a significant proportion of employees in the compliance department have attained higher education qualifications. Specifically, the largest percentage (38.6%) of respondents hold Bachelor’s degrees, demonstrating that a substantial number of employees have undergone formal university training, equipping them with the necessary expertise and skills for positions involving paying taxes correctly. Additionally, 32.7% of the respondents have college certificates, suggesting that a considerable portion of the workforce possesses foundational education relevant to their roles. A notable 28.7% of respondents have postgraduate qualifications (Master’s and Doctorate degrees), reflecting a high level of expertise and specialization among some employees.

The high educational attainment among employees in the compliance department is critical for effective tax administration, as it enhances their ability to understand tax laws, utilize modern tax systems, and engage in strategic decision-making. Moreover, the presence of postgraduate degree holders indicates a pool of professionals with advanced analytical skills, which is essential for handling complex tax matters, policy formulation, and enforcement strategies.

Overall, the data suggests that the compliance department within the large taxpayers' section is staffed by well-educated individuals, ensuring efficiency, accuracy, and professionalism in tax administration.

**Table 2: Level of Education**

| Response | Frequency | Percentage |
|---|---|---|
| College | 32 | 32.7% |
| Bachelor’s Degree | 36 | 38.6% |
| Postgraduate | 26 | 28.7% |
| **Total** | **94** | **100** |

**Work experience**

Work experience is a key factor in determining employees' effectiveness, particularly in technical and regulatory fields such as tax compliance. The length of service influences an employee’s ability to understand tax policies, adapt to reforms, and efficiently handle tax-related matters. Analyzing the work experience of personnel in the compliance department provides valuable insights into their expertise, efficiency, and capacity to enforce tax regulations effectively.

According to the results, an overwhelming majority of participants (30%) have 8–10 years of work experience, followed by 25% with 5–7 years of experience. This suggests that a significant portion of employees have substantial industry exposure, enabling them to apply their knowledge and skills effectively. Additionally, 20% of respondents have been in the field for over 10 years, further reinforcing the presence of highly experienced professionals within the compliance department.

While a smaller percentage of employees have 1–4 years of experience (15%) or less than 1 year (10%), their presence is still valuable in ensuring a balance between seasoned professionals and newer entrants who bring fresh perspectives and adaptability to emerging tax technologies and reforms.

The overall distribution of work experience implies that the department benefits from a workforce that is well-versed in tax regulations, compliance procedures, and administrative requirements. The high percentage of experienced professionals enhances the department’s ability to interpret and implement tax policies, engage with taxpayers effectively, and contribute to the success of tax reforms.

In conclusion, the findings confirm that the compliance department is composed of a highly experienced workforce, which is essential for efficient service delivery, informed decision- making, and adaptability to the evolving tax landscape.

**Table 3 Work experience**

| Scale | Frequency | Percentage |
|---|---|---|
| Less than 1 year | 8 | 10 |
| 2-4 years | 14 | 15 |
| 5-7 years | 24 | 25 |
| 8-10 years | 29 | 30 |
| Above 10 | 19 | 20 |
| **Total** | **94** | **100** |

**Study Variables Findings**

**Planning and Implementation of the Reforms**

As utilized in this research project, the term "transformation process" refers to the "shift" by the way data circulates, pronunciation, and public discussion, provoking inquiries regarding regarding the manner in which suggested policy modifications are conveyed, by which individuals, and to those involved, and who determines the priority." These procedures are typically nonlinear and frequently disjointed; they involve collaborations with significant stakeholders as well as their roles throughout the framework of change (Social Development Department, 2008:12).

Leading of these changes was the KRA, whose mission was to lower the expense of adhering with Since he understood the importance to national income, the general commissioner took the initiative to make sure they were successful; as Lal (2008) explains, he distinguishes out as the reformist enthusiast.

According to a stakeholder assessment, the participants in the initiative to reform fell into five primary classifications. Members were divided into many groups. The first group consisted of the KRA divisions, including comprised the development department for household revenue taxes, the ICT section, the procurement unit, the communications and publicity section, and the legal support section. Each of these groups had a set of responsibilities. Being the primary administrators, they had a vested stake in the project's fulfillment in order to guarantee higher revenue gathering and the achievement of their combined productivity and financial objectives.

Financial institutions such as the World Bank, the International Monetary Fund, and the Ministry of

Finance (treasury) made up the remainder of the group. Specialists were hired to create the iTax platform under the third classification. It was Optimisa from Chile at first, and then Tata Consultancy from India. Important sources of pertinent company data for the system were the National Registration Bureau and the business enrollment.

Following the application's creation, a few universities participated in the testing phase. One hundred wealthy taxpayers and one hundred intermediate consumers were among them. A solution that lowered the banking costs associated with making tax payments piqued their curiosity. They had a significant impact on the project's accomplishment since they offered advice on how to optimize the technology while it was made available to the public at large. The Institute of Certified Public Accountants of Kenya and bankers also received input during the entire system's development and deployment. This is because they serve as the intermediary between KRA and consumers and companies, making them the biggest beneficiaries.

With the objective to maximize revenue gathering at the lowest feasible expense to improve the social-economic happiness of all Kenyans, KRA's mission is to " advance adherence to Kenya's taxation, commerce, and border regulations and laws through encouraging requirements established in the Taxpayers Charter and ethical implementation, by extremely driven and competent employees." (KRA, 2012:xix). This declaration makes it clear that the institution's primary objective is to increase conformity and optimize collecting payments. This can be accomplished through ongoing industry reforms because the organization's ecosystem is flexible enough to accommodate current developments.

Consequently, it came as no surprise to the authorities that the necessity to boost conformity was the reason behind the changes' genesis. Participants cited a number of initiatives to identify answers by panels and high levels of failure to comply as the reasons for the changes. This led to suggestions for enhancing several processes and infrastructure in the Domestic Tax the department, and as a result, it was incorporated into the business strategy.

According to the comments, one of the main goals of the changes was to exceed customer demands and solve the deficiencies in generating revenue. Improved earnings collection was the ministry's top priority. This was viewed as a chance to streamline the movement of the information from the Electronic Tax Registering electronic submission, registry a fee, and customer account enquiry.

The primary goal of the improvements, according to the the research's conversation with those surveyed, was to improve delivery of public services, which would raise adherence and revenue collections. With the following goals in mind, modifications were intended and a web-based system (ITAX) proceeded live in December 2008: to enhance the provision of services; expand the tax foundation; to upgrade revenue handling, revenue tax, and VAT systems; to lower costs and elevate taxpayer conformity; to lower tax collection expenditures or costs; and to connect all home tax transactions of a taxpayer through one single interface that will facilitate exchange of data among the various departments.

The installation was broken down into three stages: Phase 1 included taxpayer enrollment, filling out, and a form of payment Phase 2 included computerization and the database procedures, including the introduction of GPRS-enabled ETR information to assist with manage reimbursements for VAT and make it possible immediate delivery of invoice data; and Phase 3 included management information and the process. Using a consistent fiscal identification number (TIN), now called a Personal Identification Number (PIN), when enrolling for VAT, business taxes, or individual taxes was one of the main components of these amendments.

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**Pin Issuance and Tax Administration**

**Table 4: Pin Issuance and Tax Administration**

| Statement | N | Mean | Std Dev |
|---|---|---|---|
| Pin issuance has enabled the capturing of all income from different sources of taxpayers | 94 | 4.32 | .532 |
| Pin issuance has made it possible for consumers to maintain precise records of their income and expenses hence easing tax administration. | 94 | 4.15 | .452 |
| Pin issuance has made it possible for consumers to understand which revenue needs to be taken into account when calculating their tax liability. | 94 | 4.34 | .493 |
| Pin issuance has influenced tax compliance in Kenya. | 94 | 4.24 | .459 |
| Pin issuance has influenced has made it possible for consumers to understand which revenue needs to be taken into account when calculating their tax liability business registration. | 94 | 4.21 | .470 |

The goal of the investigation was to determine how much the KRA's collection of taxes is impacted by PIN distribution methods. The survey respondents' degree of consensus regarding the impact of taxation modifications on the financial responsibility of small and medium-sized businesses in Kenya's Mombasa County is summarized in Table 4 above.

From table 4 the dataset consists of responses from 94 participants regarding the impact of PIN issuance on various aspects of tax compliance and administration. The analysis includes the mean (average) and standard deviation (Std Dev) for each statement.

From the analysis Pin issuance has enabled the capturing of all income from different sources of taxpayers having a mean of 4.32 and Standard Deviation of 0.532. this implies that respondents generally agree that PIN issuance has helped in capturing all income sources, with a high level of agreement (mean of 4.32). The standard deviation (0.532) indicates that responses are fairly consistent.

There is strong agreement that PIN issuance improves record-keeping for taxpayers, making tax administration easier. The relatively low standard deviation (0.452) suggests that responses are closely clustered around the mean.

The statement Pin authorization has made it possible for consumers to understand which earnings needs to be taken into account when calculating their taxable earnings received the highest agreement among respondents (mean of 4.34), indicating that PIN issuance has significantly improved taxpayers' understanding of taxable income. The standard deviation (0.493) shows consistency in responses.

The majority of respondents agree that PIN issuance has positively influenced tax regulatory, with a mean averge of 4.24. The deviation from average (0.459) suggests a strong consensus.

Respondents agree that PIN issuance has facilitated electronic tax-related processes, with a mean of 4.21. The standard deviation (0.470) indicates moderate variation in responses.

All mean values are above 4.0, suggesting strong agreement across all statements.

The highest-rated statement is "Pin issuance has made it possible for consumers to understand whose revenue ought to be taken into account when calculating their taxable earnings. (Mean = 4.34).

The lowest-rated statement is "Pin issuance has allowed consumers to maintain accurate financial documents, hence easing tax administration" (Mean = 4.15), though still indicating agreement.

The standard deviations range from 0.452 to 0.532, indicating that while responses show some variation, there is general consensus among participants.

The results shows that PIN issuance has had a positive implication on tax administration, compliance, and electronic tax processes in Kenya. The strong agreement across all aspects highlights its effectiveness in improving income tracking, record-keeping, tax awareness, and electronic tax systems.

These findings are supported by Yegon (2023) who discovered that online taxpayer registration increased revenue performance and minimized tax fraud at Kenya Revenue Authority. Musgrave (2013) noted that registration modules should be the first operational process in tax administration as it eases business registration and has an effect on the number of entrepreneurs entering the formal sector, thereby increasing government revenue (Doing Business in Kenya, 2017). Legal requirements include obtaining a PIN and VAT registration with KRA.

**Tax Waivers and Tax Administration**

**Table 5: Tax Waivers and Tax Administration**

| Statement | N | Mean | Std Dev |
|---|---|---|---|
| Applying tax waivers minimizes the fee payments procedure, saving money. -hours hence efficient tax administration. | 94 | 4.29 | .536 |
| Tax waiver methods reduce the receipting process at KRA. | 94 | 4.20 | .419 |
| Granting tax waivers has improved tax administration levels. | 94 | 4.23 | .420 |
| Granting tax waivers has influenced tax administration in Kenya. | 94 | 4.26 | .542 |
| With tax waivers, investors can invest more hence more taxes remitted to KRA. | 94 | 4.32 | .522 |

The study sought to examine how tax waivers affect tax administration by the KRA. Table 5 above illustrates the degree of consensus among participants regarding the impact of online tax waiver reforms on tax administration by the KRA. The statement that applying tax waivers reduces the tax payment process which saves on man-hours hence efficient tax administration had a mean score of 4.29. The statement that tax waiver methods reduce the receipting process at KRA had a mean score of 4.20. The statement that granting tax waivers has improved tax administration levels had a mean average score of 4.23. The statement that granting tax waivers has influenced tax administration in Kenya. 4.26. The statement that with tax waivers, investors can invest more hence more taxes remitted to KRA had a mean average of 4.32.

The results suggest that tax waivers positively impact tax administration efficiency, investor confidence, and overall tax collection. The strong agreement across all aspects highlights their role in simplifying tax processes, reducing administrative burdens, and encouraging economic growth. The results are consistent with multiple research projects that are being conducted to demonstrate that tax waivers and tax incentives have garnered significant interest due to their impact on business profits and sustainability. Wanjagi & Ondabu, (2018) analyzed the impact of tax incentives on investment by Kenyan EPZ firms, emphasizing the need for diverse incentives beyond tax waivers. Alhulial (2014) studied the effects of tax motivations on the sales of eco- friendly cars in Japan, highlighting the positive effects of tax incentives on consumer behavior.

**Tax Invoice Management**

**Table 6: Tax Invoice Management**

| Statement | N | Mean | Std Dev |
|---|---|---|---|
| Tax invoice registry has helped reduce the calls on tax payment hence easing tax administration. | 94 | 4.16 | .391 |
| Tax invoice management has made it possible for consumers to fully understand the various tax breaks to which they are eligible as well as the associated rates. | 94 | 4.21 | .460 |
| Tax invoice management has helped KRA is in charge of the data gathering procedure. | 94 | 4.33 | .499 |
| Tax invoice management has contributed to the effective use of reported information. | | 4.35 | .550 |
| Tax invoice management has enabled KRA to have and manage the data of all taxpayers. | 94 | 4.19 | .402 |
| Tax invoice ensures the accuracy of filled data. | 94 | 4.24 | .459 |
| Tax invoices are reliable and user-friendly. | 94 | 4.29 | .536 |

This dataset presents responses from 94 participants on the effect of tax invoice handling on tax administration, taxpayer awareness, and compliance. The analysis includes mean values (indicating the level of agreement) and standard deviation (Std Dev, showing response variability).

Tax invoice management has helped reduce the calls on tax payment, hence easing tax administration with an average of 4.16 and deviation from average of 0.391. Participants agree that tax invoice management reduces queries related to tax payments, easing tax administration. The low standard deviation (0.391) suggests a strong consensus among responses.

Tax invoice management has made it possible for customers to fully understand the various tax breaks to which they are eligible, and the amounts they paid had a median rating of 4.21 with the standard deviation of 0.460 this means that tax invoice management is perceived as beneficial in increasing taxpayer awareness about tax reliefs. The moderate standard deviation (0.460) suggests that most respondents share this view with minor variations.

The highest level of agreement is observed in this statement Tax invoice management has aided KRA in managing the procedure of collecting indicating that tax invoice management is highly effective in helping KRA manage tax collection. The moderate standard deviation (0.499) suggests minor response variation.

Tax invoice management has helped in efficient reporting time utilization scored 4.35 as the mean and the accepted standard deviation: 0.550. This statement received the highest mean score (4.35), indicating strong agreement that tax invoice management improves efficiency in reporting. However, the higher standard deviation (0.550) suggests more variation in responses compared to other statements.

Respondents agree that tax invoice management improves KRA's ability to maintain and manage taxpayer data. The low standard deviation (0.402) suggests a high level of consensus.

The statement Tax invoice ensures the accuracy of filled data received a high mean score, indicating strong agreement that tax invoice management enhances accuracy in tax reporting. The moderate standard deviation (0.459) suggests minimal response variation.

Tax invoices are reliable and user-friendly. Most respondents agree that tax invoices are both reliable and easy to use. The slightly higher standard deviation (0.536) suggests a wider range of opinions compared to other statements.

All mean values exceed 4.0, indicating strong agreement among respondents on the benefits of tax invoice management. The highest-rated statement is "Tax invoice management has helped in efficient reporting time utilization" (Mean = 4.35), showing that respondents find tax invoice management particularly effective in time efficiency.

The lowest-rated statement is "Tax invoice management has helped reduce the calls on tax payment" (Mean = 4.16), though still showing strong agreement.

Standard deviations range from 0.391 to 0.550, indicating low to moderate variability, meaning responses are fairly consistent.

The results suggest that tax invoice management has a positive impact on tax administration by improving efficiency, accuracy, data management, and taxpayer awareness. It is also seen as reliable and user-friendly, making it an essential tool for both taxpayers and the Kenya Revenue Authority (KRA).

**Correlation Analysis**

**Coefficient of Correlation**

Pearson the independent variable, tax administrations and regulatory modifications in Nairobi City County, was correlated with the independent parameters, tax settlement plan, pin issuing, tax invoicing administration, and tax exemptions and incentives adjustments, using a multidimensional association coefficient. Sekaran (2015) asserts that the Pearson correlation coefficient, which ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive association), is believed to be linear. To determine how strongly dependent and independent variables were related, the correlation coefficient was calculated (Kothari & Gang, 2014).

The results imply that independent variables; tax payment plan, pin issuance, tax invoice management and tax waivers and incentive reforms significantly influenced tax administration and policy reforms in Nairobi City. county. This is consistent with Djankov et al. (2010), who found that overhauled tax elements are essential for promoting delivery of services, effectiveness, the increase of fiscal revenue, and maintaining enthusiasm.

**Table 7: Pearson Correlations**

| | | Tax Admin & Policy Reforms | Payment plan | Pin Issuance | Invoice mgt | Tax waivers |
|---|---|---|---|---|---|---|
| **Tax admin Reforms** | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 94 | | | | |
| **Payment plan** | Pearson Correlation | .497** | 1 | | | |
| | Sig. (2-tailed) | .000 | | | | |
| | N | 94 | 94 | | | |
| **Pin Issuance** | Pearson Correlation | .655** | .509** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |
| | N | 94 | 94 | 94 | | |
| **Invoice Mgt** | Pearson Correlation | .886** | .427** | .735** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | |
| | N | 94 | 94 | 94 | 94 | |
| **Tax Waivers** | Pearson Correlation | .756** | .336** | .642** | 562** | .497 1 ** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 |
| | N | 94 | 94 | 94 | 94 | 94 |

**. Correlation is significant at the 0.01 level (2-tailed).

## Regression Analysis

### Model Summary

A study of validating variables was carried out in order to determine the research paradigm. To assess the model's effectiveness and forecast a causal connection among independent variables, each of them were put through a linear regression assessment; tax payment plan, pin issuance, tax invoice management and tax waivers and incentive reforms and the dependent variable; tax administration and policy reforms in Nairobi City County. The table's hypothesis accounts for 83.2% of the variation in changes in taxation (R Square = 0.832). It is obvious that additional elements beyond the four suggested in the above framework can be employed to forecast policy changes and tax management in Nairobi City County. Cooper and Schinder (2013) noted that this model is still good and that if the modified R square value is greater than 0.10, it is appropriate for use in social science. This suggests that the four factors—tax repayment plan, pin issuing, tax bill administration, and tax waivers and incentives reforms—account for 83.2% of the association. Further variables not included in the model account for the remaining 16.8%.

**Table 8: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .912[a] | .832 | .830 | .10864 |

a. Predictors: (Constant), tax payment plan, pin issuance, tax invoice management and tax waivers and incentive reforms

### Analysis of Variance (ANOVA)

The sum of squares resulting from extrapolation and the residuals is shown in the ANOVA outcome. Additionally, the F ratio value and its meaning are displayed. The regression algorithm's relevance or suitability is represented by the F. It shows the degree to which the predictors can accurately forecast what is dependent. The Regression Modeling is essential, according to the data ($F = 356.684$, $p = 0.000$). If a regression machine learning model's p-value is less than or equal to 0.05, it is deemed significant. A regression model with a p-value of 0.000 significance—less than 0.05—is shown in table 9. This suggests that the impact of taxation administration and policy improvements in Nairobi City County was predicted by a regression equation with statistical significance. This demonstrates that the model as a whole was noteworthy and that tax administration and policy improvements are impacted by tax payment plans, pin being issued, tax billing executives, tax exemptions, and incentives improvements.

**Table 9: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 12.628 | 3 | 4.209 | 356.684 | .000[b] |
| | Residual | 2.549 | 216 | .012 | | |
| | Total | 15.177 | 219 | | | |

a. Dependent Variable: Tax Administration and Policy Reforms
b. Predictors: (Constant), Payment plan, Pin Issuance, Invoice management and Tax waivers and incentives

**Regression Coefficients**

Regression coefficients and their statistical significance (p-value) are shown in Table 10. The regression result indicates that the payment plan policy reforms coefficient is.224. This suggests that, while all other parameters are held stable, a one-unit modification in payment schedule policy changes results in a.224 unit rise in tax administration. Consequently, it was discovered that policy changes had a statistically significant influence on Nairobi City County's tax administration ($\beta = 0.378$; $t = 4.000$; $p < 0.05$). The regression analysis indicates that the reforms to tax payment processing and pin distribution had a coefficient of.316. This suggests that, while all other conditions are held equal, a one-unit reduction in pin distribution and tax invoice management improvements results in a.072 unit rise in tax administration. Thus, it was determined that the changes to the tax invoice management policy and the issuing of pins had a highly significant effect on Nairobi City County's tax administration ($\beta = 0.470$; $t = 4.451$; $p < 0.05$). The tax waiver coefficient, derived from the regression result, is.194. This suggests that, while all other things are held equal, a one unit change in tax waiver policy reforms results in a.277 unit rise in tax administration. Thus, it was determined that tax exemption reforms had a statistically significant impact on Nairobi City County's tax collection process ($\beta = 0.263$; $t = 3.356$; $p < 0.05$).

**Table 10 Regression model**

| Model | B | Unstandardized Coefficients | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 2.762 | .542 | | 5.096 | .000 |
| | Payment plan | .224 | .056 | .374 | 4.000 | .000 |
| | Pin issuance and Tax invoice management | .316 | .071 | .470 | 4.451 | .000 |
| | Tax waivers | .198 | .059 | .263 | 3.356 | .002 |

a. Dependent Variable: Tax Compliance

The established regression equation was:

$Y = 2.762 + 0.224X_1 + 0.316X_2 + 0.316X_3 + 0.198X_4$

Tax administration modifications pertaining to Pin issuance and tax invoice management X2 and Collection of revenue was most strongly correlated with X3 ($\beta = 0.316$, $p<0.05$), subsequent to payment strategy innovations X1 ($\beta = 0.224$, $p<0.05$), and finally, tax exemption legislation X3 ($\beta = 0.198$, $p<0.05$). Management of taxes and policy improvements were substantially foretold by all four parameters. With the p-value under 0.05, the logistic regression model's beta coefficients demonstrate that every evaluated variable exhibited a positive connection and was highly significant.

The given regression model demonstrates that when all other variables are held constant (Payment plan, Pin Issuance, Invoice management and Tax waivers and incentives) constant, tax administration and policy reforms would be 2.762.

This result concurs with Musyoka's (2019) conclusions that administrative and technical tax improvements significantly and jointly improved SMEs' passive tax adherence in Nairobi County. According to Mwiti (2016), tax changes that include online tax filing, taxpayer instruction and certification, and tax rate regimes have a favorable impact on revenue compliance in the SMEs sector. Technical assistance and penalties for taxation, nevertheless, were not linked to tax compliance. Mulago's (2017) findings, however, showed a slight inverse relationship between technical changes and business filing of taxes and a moderately favorable relationship among administration tax changes and corporation adherence to taxes.

## CONCLUSION AND RECOMMENDATION

The research involved emphasizes the critical participation of public sector reforms in enhancing tax administration by the Kenya Revenue Authority in Nairobi City County. By improving tax payment flexibility, streamlining PIN issuance, integrating electronic invoicing, and ensuring transparent tax waivers, KRA can significantly enhance compliance and revenue collection efficiency. Leveraging technology and taxpayer education will further promote accountability, reduce fraud, and create a more effective tax system. Implementing these reforms will not only strengthen tax administration but also contribute to sustainable economic growth and development.

The research suggests the following:

The KRA should enhance flexibility in tax payment plans to accommodate different taxpayer capacities and improve compliance. Implementing automated reminders and digital tracking systems can ensure timely payments while reducing administrative burdens.

KRA should streamline the PIN issuance process by integrating it with other government services for easier access and enhanced taxpayer registration. Increased awareness campaigns and taxpayer education programs should be conducted to emphasize the importance of PIN registration in tax compliance. Additionally, leveraging digital platforms for PIN application and verification can reduce fraud and improve data accuracy.

To enhance efficiency in tax invoice management, KRA should fully integrate electronic invoicing (e-invoicing) systems and ensure businesses adopt real-time reporting mechanisms. Strengthening audit processes and enforcing compliance with standardized invoicing can minimize tax evasion and improve revenue tracking. Training taxpayers and businesses on proper invoice management practices will further enhance accuracy and efficiency in tax administration.

While tax waivers can provide relief to businesses and investors, KRA should implement clear guidelines and monitoring frameworks to prevent misuse. Conducting periodic evaluations on the effectiveness of tax waivers will help determine their impact on revenue collection and economic growth. Additionally, ensuring transparency in granting waivers and linking them to specific economic objectives can enhance accountability and fairness in tax administration.

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