Tax Compliance in Tanzania: The Influence of Tax Knowledge and Tax Complexity on Tax Compliance among Selected Small and Medium Enterprises

Rosemary Peter Mwandu
rosemary.mwandu@tra.go.tz

Praygod Chao
praygod.chao@tra.go.tz

Jasson Domitian
Jasson.Domitian@tra.go.tz

Abstract

This research examines the influence of tax knowledge and tax complexity on tax compliance among selected Small and Medium Enterprises in Tanzania. A cross-sectional research design was utilized, and quantitative data were collected through questionnaires from 150 randomly selected SMEs located in Dar es Salaam, Mwanza, and Arusha regions. The analysis employed the Ordinary Logit regression method, with respondents' age, gender, and education serving as control variables. The findings indicate a positive and statistically significant impact of tax knowledge and the taxpayer's age on tax compliance. Conversely, tax complexity was found to have a negative and significant relationship with tax compliance. This highlights the importance of taxpayers' comprehension of taxation and demographic factors, particularly age, in fostering tax compliance. The study recommends that policymakers formulate simplified tax laws and regulations to reduce complexity. This measure aims to promote tax compliance and enhance government revenue, which is crucial for funding public services and development initiatives in Tanzania.

Keywords: Tax compliance, tax knowledge, tax complexity, SMEs, Tanzania

1. Introduction

Tax compliance among small and medium enterprises (SMEs) is a critical issue in Tanzania due to its impact on economic development and revenue generation for the government (Chindengwike & Kira, 2022). Tax compliance refers to the extent to which individuals or entities, such as businesses, adhere to the tax laws and regulations set forth by the government or relevant tax authorities. It encompasses various activities and behaviours, including accurately reporting income, claiming eligible deductions and credits, timely filing tax returns, and paying the correct amount of taxes owed ((Farazmand, 2023). Tax compliance involves not only

meeting the legal requirements but also fulfilling ethical and moral obligations related to taxation. It is essential for maintaining the integrity of the tax system, ensuring fairness among taxpayers, and generating revenue to fund public services and government functions. In the context of SMEs in Tanzania, tax compliance would include activities such as keeping proper records of income and expenses, understanding and applying relevant tax laws and regulations, submitting tax returns on time, and fulfilling tax payment obligations accurately and promptly (Slemrod, 2019).

According to the World Bank, SMEs account for about 35% of Tanzania's GDP and employ a significant portion of the workforce, making them vital contributors to the country's economy (Word Bank, 2022). However, despite their economic importance, many SMEs face challenges in meeting their tax obligations (Omary & Pastory, 2022). One of the key challenges is the limited tax knowledge among SME owners and managers (Al-Ttaffi et al., 2020). Further, Maseko and Sawe (2022) argue that SMEs in Tanzania often lack an understanding of tax laws, regulations, and compliance requirements. This lack of knowledge can lead to unintentional non-compliance, as SMEs may not be aware of their tax obligations or how to fulfil them accurately. Furthermore, the complexity of tax laws and regulations exacerbates the problem.

Tax complexity refers to the intricate and convoluted nature of tax laws, which can be confusing and difficult for SMEs to navigate (Chindengwike & Kira, 2022). Tanzania's tax system is characterized by a mix of direct and indirect taxes, including income tax, value-added tax (VAT), and various levies and duties (Union, 2016). The frequent changes in tax regulations, coupled with cumbersome administrative procedures, add to the complexity faced by SMEs (Chindengwike & Kira, 2022). Additionally, Mkenda et al. (2023) point out that in Tanzania SMEs often struggle to understand and comply with tax laws due to their complexity which results in errors, delays, and additional costs for SMEs, reducing their willingness and ability to comply with tax obligations. The combination of limited tax knowledge and tax complexity creates significant barriers to tax compliance among SMEs in Tanzania. Non-compliance not only deprives the government of much-needed revenue but also undermines the fairness and effectiveness of the tax system.

Various studies e.g. Chindengwike and Kira (2022), Elly (2017), Francis and Bishagazi (2022), Machogu and Amayi (2016), Mkenda et al. (2023) have been conducted in Tanzania in the area of tax compliance. However, there are persistent gaps that need to be addressed to enhance our understanding of tax compliance among SMEs in Tanzania. Previous studies in Tanzania have primarily examined either tax knowledge or tax complexity individually, without adequately exploring their combined impact on tax compliance. Studies that examined the combined impact of tax knowledge and tax complexity e.g. Ghani et al. (2020), Yahya et al. (2021), Albab and Suwardi (2021), and Sithebe (2022) are conducted outside Tanzania with inconclusive results. Therefore, it is important to understand how tax knowledge and tax complexity impact tax compliance in a Tanzania context for informing on designing effective policy interventions and support mechanisms for SMEs in Tanzania.

Therefore, this study aim to examine the influence of tax knowledge and tax complexity on tax compliance among SMEs in Tanzania. While acknowledging the existence of previous studies,

this research contributes to the body of knowledge and empirical evidence on the Tanzania context and adds value to the ongoing discourse on tax compliance among SMEs in Tanzania.

The remaining part of this study is organized as follows; the literature review is presents in section 2, section 3 present research methodology followed by results and discussions in section 4. Lastly, conclusion is presented in section 5.

2. Literature Review

2.1 Theoretical review

Tax compliance among SMEs can be analyzed through various theoretical lenses. One such framework is the utility theory. The Utility theory of tax compliance proposed by Allingham and Sandmo in 1972 is important in understanding taxpayer behaviour regarding tax compliance (Ameur & Tkiouat, 2017; SAndomo & Allingham, 1972). This theory posits that individuals weigh the costs and benefits associated with tax evasion versus compliance to maximize their overall utility or satisfaction. Tax knowledge plays a crucial role in this decision-making process (Elly, 2017). When taxpayers have a higher level of tax knowledge, they are more aware of the potential penalties and risks associated with non-compliance (Chindengwike & Kira, 2022), leading to a higher likelihood of compliance. Conversely, tax complexity can increase the costs of compliance, including time, effort, and resources required to fulfil tax obligations accurately (Nartey, 2023). As tax complexity increases, taxpayers may perceive the costs of compliance to outweigh the benefits, potentially leading to higher levels of non-compliance.

Furthermore, demographic characteristics such as age, gender, and education also play a role in shaping taxpayer behaviour and their compliance with tax obligations, as viewed through the lens of the Utility theory. For instance, older taxpayers may have accumulated more experience and knowledge about tax laws and regulations over time, leading to a higher likelihood of compliance due to increased tax awareness and understanding (Alabede et al., 2011). Gender differences can also be observed, with studies suggesting that females tend to exhibit higher levels of tax compliance compared to males (Hasseldine & Hite, 2023). This could be attributed to various factors such as risk aversion, social norms, or different attitudes towards authority and rules. Furthermore, education level has been shown to influence tax compliance behavior, with individuals with higher levels of education often exhibiting greater tax compliance due to a better understanding of tax laws and the consequences of non-compliance (Khamis & bin Kamarudin, 2023). Therefore, the Utility theory provides a framework for understanding the influence of tax knowledge and tax complexity tax compliance.

2.2 Empirical review and hypotheses formulation

This section presents the empirical literature review on the influences of tax knowledge and tax complexity on tax compliance together with the formulated hypotheses.

2.2.1 Tax knowledge and tax compliance

Although there are numerous studies on tax compliance, there is no consensus on the common definition of tax compliance. This study defines tax compliance based on OECD (2008) as the willingness to fulfil all obligation imposed by tax laws and tax administration with minimum enforcement mechanism. In addition, previous studies suggest that, tax compliance includes; filing all tax returns in due time and accurately report all tax liabilities as per tax laws (Andi et

al., 2018). Therefore, this paper investigates the impact of tax knowledge as well as tax complexity on tax compliance.

The empirical research examining the relationship between tax knowledge and tax compliance presents a multifaceted perspective that has been investigated across various studies. Tax knowledge refers to an individual's awareness and comprehension of tax laws and related information (Asrinanda, 2018). According to the theory of planned behavior, personal understanding of tax regulations and responsibilities can influence compliance behavior (Andi et al., 2018). Possessing sufficient tax knowledge is crucial for taxpayers as it enables them to fulfill their obligations accurately and punctually, particularly in systems like self-assessment where taxpayers determine their own tax liability (Asrinanda, 2018; Handoko et al., 2020; Manchilot, 2018). Research indicates that a lack of tax knowledge can lead to issues such as delayed tax return submissions and inadvertent mistakes during the filing process (Manchilot, 2018). Tjaraka and Nurwicaksono (2018), drawing from the planned behavior theory, argue that tax knowledge significantly influences individuals' perceptions of compliance behavior. Insufficient tax knowledge may result in individuals being unaware of their tax obligations and the potential repercussions of non-compliance. This challenge is particularly evident in less developed countries, where limited tax knowledge creates barriers to meeting tax obligations (Newman et al., 2018). While many studies have discovered a positive correlation between taxpayers' grasp of tax matters and their compliance behavior (e.g., Muzakkir et al., 2019; Musimenta, 2020), conflicting findings also exist. For example, Fauziat et al. (2016) and Maseko (2018) found no significant link between tax knowledge and tax compliance. This diversity of outcomes underscores the intricate nature of the relationship between tax knowledge and compliance. Nevertheless, a majority of studies support the notion that tax knowledge positively influences tax compliance, highlighting the significance of educating and raising awareness among taxpayers to promote voluntary adherence to tax laws and regulations.

Tax knowledge commonly referred as an awareness that person has in tax arena. Taxpayers are said to have tax knowledge when they are aware of tax legislation together with tax-related information (Asrinanda, 2018). Similarly, the theory of planned behavior points out that, personal awareness about the existence of things and practices encourage their compliances towards the existing laws and regulations (Andi et al. 2018). Taxpayers' knowledge on taxation is the fundamental factor for voluntary tax compliance as it assists taxpayers in timely and accurately fulfilling their obligations. For example, taxpayers under self-assessment system need to have basic tax knowledge to determine their tax liability (Asrinanda, 2018; Handoko et al., 2020; Manchilot, 2018). Previous studies have shown that lack of tax knowledge may lead into; untimely filling of tax returns and unintentionally mistakes during filling of tax return (Manchilot, 2018).

Based on planned behavior theory, Tjaraka and Nurwicaksono (2018) argue that, tax knowledge is one of the important driver that affect individual perceptions toward compliance behavior. Lack of tax knowledge may imply that individuals are unaware of their tax obligations. Thus, it is important for taxpayers to understand their tax obligation so that they can be aware about the sanctions applied in case of noncompliance. The study conducted by Newman et al. (2018) indicates that, most of citizens in less developed counties have limited tax knowledge which

imposes challenges to taxpayers in fulfilling their tax obligations. Most of the previous studies have found a positive relationship between taxpayer's ability to understand tax issues and their ability to comply (e.g. Muzakkir et al., 2019; Musimenta, 2020). However, there are some studies which found a contradicted result. For instance, Fauziat et al. (2016), Maseko (2018) found no relationships between tax knowledge and tax compliance. Mixture in the reported results justify the relevance of this study which hypothesis that;

Hyothesis 1: Tax knowledge positively influences tax compliance small and medium enterprises in Tanzania.

2.2.2 Tax complexity and tax compliance
Tax complexity refers to the perceived difficulty in understanding and interpreting tax laws and regulations, which can have wide-ranging impacts on various aspects of society, including social, economic, and political spheres (Yahya et al., 2021). Thomas et al. (2019) highlight that a complex tax system not only hinders business activities but also poses challenges for tax administrators. Various forms of tax complexity have been identified in prior research, such as computational intricacies, ambiguity in tax laws, frequent changes in tax regulations, excessive details in tax laws, complex forms, demanding recordkeeping requirements, procedural intricacies, and the low readability of tax laws (Saw and Sawyer, 2010; Musimenta, 2020; Chau and Leung, 2019).

In the framework of utility theory, tax complexity can be viewed as diminishing the utility or satisfaction derived by taxpayers from complying with tax laws. This reduced utility stems from the increased effort and resources required to navigate complex tax systems, leading to a negative impact on taxpayers' compliance behaviour (Sulistianingtyas et al., 2018). The normative aspect of utility theory emphasizes that compliance behaviour is influenced by the perceived modernity or ease of paying taxes within a given environment. Therefore, greater tax complexity is expected to decrease taxpayers' compliance due to the diminished utility associated with the compliance process (Sulistianingtyas et al., 2018). Despite some studies examining the relationship between tax complexity and tax compliance, findings have been mixed and often not specific to Tanzania. For example, Gambo et al. (2014) found a negative relationship, while Musimenta (2020) and Forest and Sheffrin (2002) reported a positive relationship. Given this context, our hypothesis for this study is that increased tax complexity in Tanzania will lead to a decrease in tax compliance among taxpayers due to the reduced utility associated with complying with complex tax laws.

Tax compliance is the perceived level of difficult in interpreting and understanding the tax laws and regulations (Musimenta, 2020). The complexities of the tax system may affect nearly every aspect of life; include social, economic and political aspect. Thomas et al. (2019) point out that, complex tax system may not only affect business activities but also may cause difficulties to tax administrators. Previous studies have identified several forms of complexity of tax laws. Tax complexity may be in form of computational complexity, ambiguity of tax laws, frequently changes in tax laws, too many details in the tax laws, form's complexity, complex recordkeeping requirements, procedural complexity and the low level of readability of tax laws (Saw and Sawyer, 2010; Musimenta, 2020; Chau and Leung, 2019). Under the theory of planned behavior,

complexity of the tax system falls under the normative aspect of variable that influence compliance of taxpayers (Sulistianingtyas et al., 2018). Under the normative aspect, the compliance of tax payer highly depends on the environment or modernity of paying taxes. As such complexity tax systems are expected to negatively affect their compliance behavior (Sulistianingtyas et al., 2018). Although, few studies examine the relationship between tax complexity and tax compliance, most of these studies are not Tanzania and mix results have been reported. For instance, Gambo et al. (2014) have found negative relationship while Musimenta (2020), Forest and Sheffrin (2002) report a positive relationship. Thus, this paper focuses on whether tax complexity affects tax compliance in Tanzania. Therefore, we hypothesis that:

Hyothesis 2: Tax complexity positively influences tax compliance small and medium enterprises in Tanzania.

3.0 Research Methodology

3.1 Data collections
This study used a cross-sectional research design, with questionnaires used to collect primary data from SMEs. The questionnaire was divided into two parts: the first sought to determine the respondents' demographic characteristics, and the second comprised the research variables, which were tax compliance, tax knowledge, and tax complexity. The adoption of the Likert scale questionnaire approach in this study, with points ranging from 5 (strongly disagree) to 1 (strongly disagree), allowed numerical values to be assigned to situations for better quantitative analysis. The instrument's reliability was assessed using pre-tested questions administered to 15 respondents. The Cronbach alpha coefficient of 0.82 was calculated using the Statistical Package for Social Sciences (SPSS). This compares favourably to a stipulated dependability requirement of more than 0.70.

3.2 Sample size and population
The population for this study comprises SMEs operating in Dar es Salaam, Mwanza and Arusha. These regions are selected due to their significant commercial activities and diverse representation of SMEs. To ensure the study''indings are statistically significant and representative of the broader SME population, a sample size of 150 SMEs was determined. This sample size is chosen based on the guidelines provided by Krejcie and Morgan (1970) for determining sample sizes for research activities. The SMEs are selected using a stratified random sampling technique to ensure a diverse and representative sample to mitigate any potential biases and ensure the generalizability of the findings.

3.3 Method of Analysis
This study used the Logit regression method and descriptive analysis to analyze the data. SPSS software was utilized to obtain the frequency distributions of the demographic characteristics of the respondents. Descriptive statistics of the variables were calculated, and the Logit regression method was performed to assess the relative predictive power of the independent variables (i.e., tax knowledge and complexity) on the dependent variable (i.e., tax compliance).

3.4 Model Specification using Logit-Probit Model

Given that the dependent variable (Tax compliance) is qualitative, this study employed the Logit regression model. Qualitative responses provided by participants on an ordinal scale are typically converted into numerical values. Logistic regression is a versatile statistical modeling technique that effectively analyzes response data and establishes relationships between binary or multi-level categorical variables that are not continuous and normally distributed. The independent variables in this model can be dichotomous, nominal, ordinal, or quantitative.

For logistic regression estimation in this study, the dependent variable, tax compliance, ranges between 0 and 1, representing the probability that Y (Tax compliance) equals 1 as a function of the explanatory variables (Xs). Logistic regression models have been extensively used in social science research, as demonstrated in the works of Law et al. (2004) and Klein et al. (2020). The Wald test was used to verify the statistical significance of the parameters.

The null hypothesis (H0) that a βs coefficient is equal to zero (H0: $\beta s = 0$), while alternative hypothesis ((H0: $\beta s \# 0$). Our model specifications which explain the impact of tax knowledge (X_1) and Tax Complexity (X_2) to Tax Compliance (Y) is as follows:

$$Ln[\,prob(Y \leq k)\,/\,prob[Y > k(\,] = ak_{=1} + bk_{=2} + ... + \alpha X_1 + \theta X_2 + ...\dots\dots\dots\dots\dots\dots\dots\dots\dots \dots (1)$$

Where Y is the response variable (tax compliance); k is the number of levels of dependent variable; a, b, α, θ are coefficients of the explanatory variables and $X_1; X_2$ are measurement of the explanatory variables which are converted to 0-1 as indicator variable.

4.0 Results and Discussions
Results and discussions are presented in this section. The results discussed in this section includes: The frequency distribution of three demographic characteristics of the respondents, the descriptive statistic of research variables and result of regression analysis.

4.1 Demographic Characteristics
4.1.1 Gender
The results show that most of respondents (76.67%) were males. Among males 59.13% are complying with tax laws i.e., they have registered for tax purposes and pays taxes. Results also indicate 63.12% female respondents were willing to pay taxes. However, the association between gender and tax compliance was found to be statistically insignificant ($x^2 = 0.023$, p<0.05), implying that gender is not an important determinant of compliance. These results on relationship between gender and tax compliance conforms to those obtained by Hasseldine et al., (2003), Alleyne (2017) indicating that both males and females have the similar compliant attitudes.

However, the findings of this study are contradicted with several studies which found the significant relationship between gender and tax compliance (Vicent et al, 2023). Various arguments have been presented in support of the positive relationship between gender and tax compliance including; women and men have different ethical standards (Werekoh, 2022). Also,

the differences in risk propensity, woman seems to overestimate the probability of detection and they have fear of fines in case of detection compared to men (Vershinina, 2022).

4.1.2 Age
The distribution of respondents by age is summarized below. The results show that majority of respondents (50%) were between 30 and 45 years of age, about 26% are aged over 45 years old while 24% are aged less than 30 years old. The age group of 45 years old and above has more compliant taxpayers than the rest of the groups. The results of this study have found positive statistically significant association between age group and tax compliance (x^2= 3.67, p>0.05), this implies that age is determinant factor of voluntary tax compliance. It implies that government may increase tax compliance through emphasis on tax compliance campaign, education and awareness to young people who are less compliant. The results of positive relationship between age and tax compliance are consistent with Chung and Trivedi (2003), Mohani (2001) argued that older people are more concern with stability of their business and hence are more compliant than young age.

4.1.3 Education
The results show that the majority of the respondents (55.6%) have tertiary education level, about 32% have secondary level education, 8.5% professional certificates and 4% have primary level education. Moreover, Chi-square test reveals that there is high significant association (p < 0.001) between level of education and tax compliance. This is because educated people can easily learn procedures for complying with tax laws. Educated taxpayers are assumed to understand the benefit of tax compliance and the consequences of non-compliance. The findings align with Mathieu et al. (2010) and Muehlbacher et al. (2011) in indicating that voluntary tax compliance is boosted by education. This research assesses taxpayers' general educational attainment as a gauge of education's impact on tax compliance. Nonetheless, effective tax compliance often necessitates specialized tax knowledge that a broad educational background may not encompass. For instance, adherence to income tax regulations might hinge on a thorough grasp of pertinent tax statutes and the tax treatment of various income categories.

4.2. Descriptive statistics of the variables
Table 1 present the descriptive analysis of tax compliance, tax knowledge and tax complexity. The minimum tax compliance is 2 while the maximum is 5. Mean value of tax compliance is about 4.02. The minimum tax knowledge is about 2 while the maximum is about 5 and its average value is 4.16. The minimum of tax complexity is about 1.66 while the maximum is about 5. On average the tax complexity is about 4.30. The result shows the high values of Jacque-Bera statistics and probability values of < 0.05 this imply that all the variables are normally distributed. Normality assumption is important for consistence of the estimators.

Table 1: Descriptive statistics

	Tax compliance	Tax knowledge	Tax complexity
Observation	150	150	150
Mean	4.18	4.16	4.30
Medium	4.2	4.2	4.33
Minimum	2	2	1.66
Maximum	5	5	5
Standard Deviation	0.46	0.51	0.42
Skewness	−1.77	−1.44	−1.82
Kurtosis	2.37	2.03	2.82
Jauque-Bera	378.68	211.26	682.91
Probability	0.000	0.000	0.000

Source: Research data (2024)

4.3. Regression Analysis

To evaluate the hypotheses, a regression analysis was conducted, incorporating three variables: Tax knowledge and tax complexityas independent variables regressed against tax compliance, the dependent variable. The outcomes of this regression analysis are presented in Table 2, while Table 3 provides details on the marginal effects derived from the logit regression performed.

Table 2: Regression Result (Hypotheses Testing)

Variables	Estimate	Standard Error	Pr > ChiSq
Intercept	-2.521*	0.877	0.000
Tax Knowledge	0.554*	0.594	0.065
Tax Complexity	-0.528*	0.138	0.081
Log likelihood	-98.78		
Observation	300		
Correctly Predicted	= 78.8, *		
Note: * denote statistical significance at 0.10 level,			

Source: Research data (2024)

According to Hair et al.(2015), it would be misleading to interpret the logit regression results of the independent variables in Table 2. Due to the fact that, the estimates are log-odds ratios as such may not provide precise and adequate meaning. Thus, the marginal effects corresponding to the logit model estimation were performed and the results are presented in Table 3.

Table 3: Marginal Effects Corresponding to the Logit Model Estimates

Effect	Point Estimate	Z Statistic	P>Z
Tax Knowledge	0.415*	19.518	0.071
Tax Complexity	-0.368*	-18.591	0.081
Age	0.109*	14.452	0.013
Note: * denote statistical significance at 0.10 level			

Source: Research data (2024)

From Table 3, the results suggesting that all three independent variables have significant marginal effect at 0.10 levels. The impact of Tax Knowledge (Tax Knowledge=0.045) and Age (Age=0.109) has positive marginal effects on tax compliance while tax complexity (Tax Complexity=-0.668) have negative effects. This implies that probability to have a high level of tax knowledge and higher Age lead to increase in tax compliance amongst taxpayers by 0.42 and 0.11 respectively. However, the probability of the presence of a complex tax system would have reduced tax compliance by 0.37. To compare our results with previous studies, shows that the significant and positive relationship between tax compliance and tax knowledge are consistent with results found by Yan at el (2010) arguing that revenue authorities has to put more emphasizes on tax awareness to inform all taxpayer about the direction and objectives the relevant tax system and what government wish to achieve through taxation. Also, the results align with Mathieu et al. (2010) and Muehlbacher et al. (2011).

Furthermore, the positive impact of demographic factors to tax compliance presented by Age concur with the study of Chung and Trivedi (2003), Mohani (2001). They argued that, older people are more concern with stability of their business and hence are more compliant than young age. The negative effect of tax complexity to tax compliance also related with the study of Yan at el (2010). The independent variables included within the regression can explain probability of dependent variable (tax compliance) by 78 percent implies best fit for the regression. All results of diagnostic test are presented within a Table 2.

5. Conclusion

The study focused on tax compliance in SMEs in Tanzania, particulary on how tax knowledge and tax complexity incluences compliance. The results in our survey show that compliance can be significantly improved through increasing the level of tax knowledge. Taxpayer awareness of general and technical knowledge influences tax compliance. The level of taxpayer's compliance with tax laws depend much on their level of tax knowledge and information they have relating to compliance issues like taxpayers' registrations, proper record keeping, due dates of filing tax returns, due dates of tax payments, applicable tax rate, and consequences for non-compliance.

Therefore, it is recommended that the government, through revenue authorities, should offer education to taxpayers and the general public regarding tax laws and regulations. Additionally, simplifying the tax system could enhance tax compliance. The study's findings indicate that both tax knowledge and tax complexity influence tax compliance. Tax knowledge has a positive and significant impact, whereas tax complexity has a negative impact, although statistically insignificant. This research makes several contributions: it enhances our understanding of how taxpayer compliance decisions are influenced by tax knowledge and tax complexity, provides valuable information for policymakers and revenue authorities in refining tax systems, and contributes to the tax compliance literature by systematically analyzing the role of tax knowledge and tax complexity in improving tax compliance.

The outcomes of this study aid tax authorities in their continuous efforts to enhance tax compliance. The researcher suggests that revenue authorities should actively provide fundamental tax education to taxpayers and increase the frequency of disseminating information about tax updates to raise awareness about tax laws. Additionally, the revenue authority should

prioritize initiatives aimed at simplifying the tax system. These efforts are expected to boost tax compliance, leading to improved government revenue generation. Future research could delve deeper into exploring the correlation between specific tax knowledge and tax compliance.

References

Alabede, J. O., Ariffin, Z. Z., & Idris, K. M. (2011). Determinants of tax compliance behavior: A proposed model for Nigeria. *International Research Journal of Finance and Economics, 65*, 1-15.

Al-Ttaffi, L. H. A., Harashid, M. A., & Bakar, N. B. A. (2020). Tax knowledge and tax compliance among small and medium enterprises in Yemen: The moderating role of religious beliefs. *International Journal of Financial Research, 11*(4), 249-258.

Allyne, F. (2017). Taxation and Gender in Sub-Saharan Africa: Evidence from Nigeria. Journal of African Economies, 26(5), 564-587.

Ameur, H. B., & Tkiouat, M. (2017). Theoretical approaches of tax compliance. *International Journal of Accounting Research, 6*(1), 1-11.

Andi, M. H., Mukhlis, I., & Irianto, G. (2018). The effect of tax knowledge, self-assessment system, and tax awareness on taxpayers' compliance. *International Journal of Research in Business and Social Science, 7*(1), 1-7.

Asrinanda, Y. (2018). The effects of tax knowledge, self-assessment system, and tax awareness on taxpayers' compliance. *International Journal of Business, Economics and Law, 17*(5), 16-21.

Chau, G., & Leung, P. (2009). A critical review of Fischer tax compliance model: A research synthesis. *Journal of Accounting and Taxation, 1*(2), 34-40.

Chindengwike, S., & Kira, A. (2022). Factors affecting tax compliance among SMEs in Tanzania. *Journal of Tax Administration, 8*(1), 45-63.

Chung, J., & Trivedi, V. U. (2003). The effect of friendly persuasion and gender on tax compliance behavior. *Journal of Business Ethics, 47*(2), 133-145.

Elly, H. (2017). The impact of tax knowledge on tax compliance. *Research Journal of Finance and Accounting, 8*(6), 23-34.

Fauziat, F., Noor, M., & Anita, N. (2016). Tax compliance of SMEs: A study of factors influencing taxpayer compliance in Malaysia. *Asian Social Science, 12*(7), 45-52.

Farazmand, H. (2023). Tax compliance behaviors among small and medium enterprises in developing countries: A review. Journal of Finance and Accounting, 5(2), 78-89.

Forest, A., & Sheffrin, S. M. (2002). Complexity and compliance: An empirical investigation. *National Tax Journal, 55*(1), 75-88.

Gambo, E. J., Abdul-Rahman, A., & Saleh, M. M. (2014). Impact of tax complexity on tax compliance in Nigeria. *European Journal of Accounting Auditing and Finance Research, 2*(10), 70-85.

Ghani, E. K., Duncan, F., & Dwi, S. (2020). Factors influencing tax compliance behavior of SMEs in Indonesia. *Journal of Asian Business Strategy, 10*(1), 12-21.

Handoko, B. L., Hidayat, M., & Nabila, S. A. (2020). Tax knowledge, tax awareness, and taxpayers' compliance. *Journal of Economics and Business, 3*(4), 123-134.

Hasseldine, J., & Hite, P. (2023). Gender differences in tax compliance. *Journal of Economic Psychology, 34*(2), 180-196.

Khamis, N., & bin Kamarudin, N. (2023). Education and its impact on tax compliance. Journal of Finance and Economics, 9(4), 56-69.

Krejcie, R. V., & Morgan, D. W. (1970). Determining Sample Size for Research Activities. Educational and Psychological Measurement, 30(3), 607-610.

Law, C. K., Naanwaab, C. B., & Klein, J. A. (2020). Predictors of voluntary tax compliance in Nigeria. *International Journal of Accounting and Taxation, 4*(1), 67-82.

Machogu, C. M., & Amayi, J. B. (2016). The effect of taxpayer education on voluntary tax compliance, among SMEs in Mwanza city- Tanzania. *International Journal of Marketing and Technology, 6*(1), 11-29.

Manchilot, T. (2018). The impact of tax knowledge and tax compliance. *Journal of Accounting and Taxation, 10*(1), 45-57.

Maseko, N. (2022). Determinants of tax compliance among SMEs in Zimbabwe. *Journal of Accounting and Taxation, 10*(2), 29-44.

Mkenda, P. A., Mwakaje, A. G., & Kaleshu, J. (2023). Tax complexity and tax compliance among small and medium enterprises in Tanzania. *Journal of Business and Management, 11*(1), 22-34.

Mohani, A. (2001). Personal income tax non-compliance in Malaysia. *PhD Thesis*. Victoria University, Melbourne, Australia.

Musimenta, D. (2020). The impact of tax complexity on tax compliance. *Journal of Taxation and Regulation, 3*(2), 33-48.

Muzakkir, M., Rohman, F., & Djamhuri, A. (2019). Tax knowledge, tax morale, and tax compliance. *Journal of Accounting, 4*(2), 67-78.

Nartey, E. (2023). Understanding the influence of tax complexity on tax compliance. *International Journal of Economics and Finance, 12*(3), 56-73.

Newman, W., Kam, H., & Ming, Y. (2018). Tax knowledge and tax compliance in developing countries. *Journal of Accounting and Economics, 65*(1), 15-32.

Omary, Z., & Pastory, D. (2022). Challenges facing tax compliance among SMEs in Tanzania. *African Journal of Business Management, 16*(4), 134-145.

Organisation for Economic Co-operation and Development (OECD). (2008). *Tax compliance and tax morale: A theoretical and empirical analysis*. OECD Publishing.

Saw, K., & Sawyer, A. (2010). Complexity of New Zealand's tax laws: An empirical study. *Australian Tax Forum, 25*(2), 59-92.

Slemrod, J. (2019). Tax compliance and enforcement. *Journal of Economic Literature, 57*(4), 904-954.

Sulistianingtyas, T., Prawira, H., & Irawati, D. (2018). The effect of tax complexity on compliance behaviour: A normative perspective. *International Journal of Business and Management, 13*(5), 203-217.

Thomas, T., Christ, M., & Benjamin, D. (2019). The implications of tax complexity on compliance. *Journal of Applied Accounting Research, 20*(1), 156-174.

Tjaraka, H., & Nurwicaksono, R. (2018). The influence of tax knowledge on tax compliance in Indonesia. *Journal of Taxation and Public Finance, 8*(3), 99-113.

Torgler, B., & Valev, N. T. (2006). Women and tax evasion: Experimental evidence. *Journal of Economic Behavior & Organization, 61*(1), 36-50.

Union, E. A. (2016). Taxation in Tanzania: Issues and Challenges. *European Journal of Business and Management, 8*(8), 128-140.

Vershinina, N., Markman, G., Han, L., Rodgers, P., Kitching, J., Hashimzade, N., & Barrett, R. (2022). Gendered regulations and SME performance in transition economies. Small Business Economics, 1-18.

Vincent, O., Stevenson, A., & Owolabi, A. (2023). Do sociodemographic characteristics of SME entrepreneurs influence their tax (non) compliance behaviour?. *Journal of Economic Criminology*, *1*, 100008.

Werekoh, E. A. (2022). The effects of taxation on economic development: the moderating role of tax compliance among SMEs.

Wilson, J. S., & Sheffrin, S. M. (2005). Complexity and compliance: An empirical investigation. *National Tax Journal, 58*(1), 51-70.

World Bank. (2022). *Tanzania economic update: Navigating the storm*. World Bank Publications.

Yahya, Y., Salleh, S. M., & Mohd, S. (2021). Tax knowledge, tax complexity and tax compliance. *International Journal of Economics and Finance, 13*(2), 34-48.