

Corporate income tax payment and financial performance of people's bank of Zanzibar

Hafidh Ali Hafidh

Zanzibar University, Tanzania. Email: hafidh.h9@zanvarsity.ac.tz or hafidh.h9@gmail.com

ABSTRACT

The aim of this paper was to examine the effect of corporate income tax payment on financial performance of People's Bank of Zanzibar PBZ. The study used quarterly secondary data from 2010 to 2019 whereby the unit root test estimation model, Correlation and Regression model based on OLS have been used for estimation in the linear econometric model in which independent variables namely corporate income tax, firm size, growth, and liquidity were examined so as to achieve the stated objective. The results showed that there is a negative relationship between corporate income tax and financial performance of People's Bank of Zanzibar PBZ, on the other hand firms' size, and firm growth showed a positive relationship with financial performance. The results further reveal a negative relationship between liquidity and financial performance. The study then recommends among others, People's Bank of Zanzibar PBZ should employ the services of tax experts to aid them in legal tax planning in order to reduce the net tax payment so as to increase their financial performance.



© 2024 The authors. This is an open access article under the Creative Commons Attribution 4.0 International (CC BY 4.0) License.

ARTICLE INFO

Keywords:

Ordinary Least Square, Corporate Tax, PBZ

Article History:

Received: 15 Mar 2024

Accepted: 28 May 2024

Published: 30 Jul 2024

1. INTRODUCTION

Government in order to meet up with its responsibilities of providing social infrastructures and other development projects to her citizen imposes taxes on her citizens. This is done by different tiers of Government states and local Governments with respect to their Fiscal power (Tax Power). Although tax is an important source of fund for development of the economy of a particular country and provision of social services, it is said to have direct and indirect impact to some sector of economy like large enterprises (Salum, 2013). In Zanzibar many large company suffer due to taxation in their business and also many business man such as management and other stakeholders complain about the taxation and knowledge regarding tax compliance and recording requirement, education programs and seminars organized by ZRB and TRA while welcome have not been affective enough in reaching their objective, so due to this lead the company collapse or bankrupt. Taxation is a major drawback to sustainable economic growth and a burden to organization likes hotels, petroleum companies in Zanzibar and also taxation systems have resulted in to negative relationship between taxes and the business ability to sustain itself and to expand dramatically. The researcher is convinced that the effect and the contribution of taxation in financial performance have an important factor of enterprise's life. It is therefore, important to examine the same. Obvious that taxation reduce the turn over and profitability of the business which further affects the financial performance and hence leading to collapse of the business or bankrupt. The concern taxable capacity on business financial performance is a challenge. Presently PBZ revenue increases and hence net profit also does increase but not at the rate favored by the bank, this was caused by higher amount of income tax that result net profit after tax to decline and this affect the bank performance. Thus, the study intends to examine the impact of tax payment on the financial performance of The People's bank of Zanzibar to fill the gap. Profitable firms also tend to employ more workers and have a greater impact on growth and poverty reduction. In this respect, detecting the determinants of firm performance is a way to assess the company's survival and development capability. This indicates a need to understand a relationship that taxation has on financial performance. The layout of the rest of the paper is as follows: Section 2 provides a brief review of the existing literature on the linkage between taxation and corporate performance. Section 3 introduces the methodology and estimation techniques employed in this paper. Section 4 presents the findings and its discussions and finally in section 5 the authors present the conclusion and recommendations with respect to findings.

2. LITERATURE REVIEW

There is a general agreement that taxation worn out the profitability of the firm and increase the revenue of the government to serve the public goods well. Due to its importance many researchers attempt to examine the taxation-financial performance nexus; Ajayi, (2015) argued that the major problem affecting the survival and establishment of industries in Nigeria today is the problem of multiple taxation and custom duties. There

are many unneeded taxations that are discouraging investors and making indigenous players in our business environment to sleep with one eye opened. Government policies are not favorable to industrial growth and it is having multiplier effects on the prices and availability of raw materials for industrial usage. Multiple taxation, custom duties, police, and other agencies as well as policies and programmers of the government are not allowing the actual users of raw materials to make any profit and this is affecting the salaries and remuneration of workers in many industries and companies.

Kariuki, (2017) examine the effect of corporate tax planning on financial performance of listed companies in Kenya. The population for the study was all the 64 companies listed in Kenya. The independent variables for the study were tax planning as measured by current income tax expense divided by profit before tax, liquidity as measured by current ratio, firm size as measured by natural logarithm of total assets and leverage as measured by long term debt divided by (shareholders equity + long term debt). Financial performance was the dependent variable and was measured by Return on Assets (ROA). The study employed a descriptive cross-sectional research design and a multiple linear regression model was used to analyse the relationship between the variables. Data analysis was undertaken using the statistical package for social sciences. The results revealed that corporate tax planning and liquidity produced positive and statistically significant values for this study. Leverage produced negative but statistically significant values while firm size was found to be a statistically insignificant determinant of financial performance of listed companies in Kenya. Kurawa and Saidu (2018) examine the effect of company income tax on the financial performance of listed consumer goods companies in Nigeria from 2006-2016. Data for the study was collected from the annual reports and accounts of the companies and regression analysis was used as a technique for data analysis. The study found that there is an insignificant negative relationship between corporate tax and financial performance using return on assets as a measure. Age and risk however exhibits a positive but not significant relationship with ROA. Size on the other hand shows a positive and significant relationship with performance confirming prior expectations. The study recommends that to improve the financial performance of listed Nigerian consumer goods, services of tax experts are needed to engage in legal tax planning like transfer pricing or structuring intra-company debt in order to reduce the net tax payment. By doing so, the net income after tax will increase which in turn increases financial performance.

Sebastian and Cortel (2018) investigate the impact of overall firm-specific tax-mix on firm performance for Romanian listed companies during the year 2000–2011. By overall tax-mix, it means all public finance-related liabilities borne by a company, thus including not only profit taxes, but also non-profit taxes like real estate taxes and labour related taxes. Developed around the corresponding tax wedge, the variable of interest is a firm specific effective tax rate that aggregates all public finance liabilities, based on a unique set of hand collected data from publicly available corporate reports. Using a fixed effect model, the results show that one

percentage point increase in overall firm-specific tax rate triggers 0.15 percentage points decrease in return on assets. Moreover, tangibles leverage and size had a negative effect on Romanian listed companies' performance, while liquidity, growth and lagged profitability have a positive effect.

Agu. (2019) examined the effect of taxation on the performance of SMEs in Aba Abia State. A survey approach was adopted while the questionnaire was used as an Instrument. A randomly selected 162 employees and owners of 40 SMEs were used for the study. Collected data were analyzed using the multiple regression analysis and one Sample t-test. Results indicate that significant and positive relationship exist between taxation and the performance of SMEs and that tax assessment, tax collection and tax utilization significantly influences the performance of SMEs in Aba. It was recommended among others that the Nigerian tax system must seek to protect and promote the SMEs for them to contribute meaningfully to economic growth and that they should identify the agents responsible for illegal, multiple tax collections that seek to frustrate SMEs and deal with them accordingly. Adegbe and Fakile (2011) examined the relationship between company income tax and Nigeria's economic development for the period 1981 – 2007. They used the GDP to capture the Nigerian economy which was measured against total annual revenue from company income tax for the same period. They employed the use of chi square and multiple linear regression analysis method to analyze data obtained from both primary and secondary sources. Their variables included various taxes regressed against GDP. With an R squared of 98.6% and an adjusted R squared of 98.4%, revealing that company income tax impact on GDP is very high and impressive.

3. METHODOLOGY

3.1 Model Specification

This study has the interest to examine the effect of taxation on financial performance of PBZ. To implement that the basic model of this study designed as follows:

$$\text{Financial performance} = f(\text{Taxation}) \text{----- (i)}$$

Then the basic model to answer the objectives of this study can be transformed into the regression of the following form:

$$FP_t = \beta_0 + \beta_1 T_t + \varepsilon_t \text{----- (ii)}$$

Where FP represents financial performance of PBZ and measured by using return on asset (ROA) and *T* as Taxation in which one variable was used the corporate income tax (CIT). Hence, the linear regression model represented as follows:

$$\log ROA_t = \beta_0 + \beta_1 \log CIT_t + \varepsilon_t \text{----- (iii)}$$

Whereby, β_0 is the constant term, β_1 and β_3 , are the parameters estimated, $t = 1, 2, \dots$ is the time index for the time from 2010 to 2019 in a quarterly basis and ε is the stochastic error term. Assuming that there other variables than CIT which can affects financial performance of PBZ other three control variables were added namely; growth (GRTH), firm size (FS) and liquidity (LIQ). Hence our study model (iii) to be estimated transformed as follows:

$$\log ROA_t = \beta_0 + \beta_1 \log CIT_t + \beta_2 \log GRTH_t + \beta_3 \log FS_t + \beta_4 \log LIQ_t + \varepsilon_t \text{----- (iv)}$$

3.2 Variables and their measures

Data of all variables in table 1 extracted from PBZ financial statements, all dependent variables (FS, GRTH, and LIQ) are expected to have positive signs implying the positive influence of these variables on financial performance with an exceptional of corporate income tax payment which expected to have a negative impact.

Table 1. Variables description and their Measures

Variable	Measure	Expected sign
Return on Assets (ROA)	Net profit after tax over Total assets	
Corporate tax payment	Income tax over Operating income	-
Firm Size (FS)	Natural log of firm's total sales revenue	+
Firm Growth (GRTH)	Previous Total asset deduct with Current Total asset and divide it by Previous Total asset	+
Liquidity (LIQ)	Current asset divide it by current liabilities	+

Source: Author's computation 2023

3.3 Estimation Techniques

The descriptive study with the time series data for the period from 2010 to 2019 were used to examine the effect of tax payment on financial performance.

3.3.1 Unit Root Test

Due to microeconomic data to have the feature of random walk (Nelson & Plosser, 1982), the unit root problem for each individual series was checked to avoid the spurious results. The ADF test developed by Dickey & Fuller (1981) was used with the assumption (null hypothesis) that each individual series has unit root problem.

3.3.2 Ordinary Least Square method

To examine the relationship between Taxation and Corporate Financial Performance of PBZ, Ordinary Least Square (OLS) technique was used to estimate the variables used in the equation. This is because under the Gauss-Markov theorem, OLS is the Best Linear Unbiased Estimator (BLUE). Moreover, OLS is mathematically simple. To avoid spurious results, normality tests were conducted like Unit Root test, this will be tested using Augmented Dickey-Fuller to test stationarity since the data are time series. Multicollinearity test to test whether there is high correlation between predictor variables and Autocorrelation test using Durbin-Watson test to test whether the error term in one-time period is correlated with the error term in any other time period. Applying Unit Root test, the null hypothesis was rejected when p-value was less than a significance level of 5% at first difference.

4. FINDINGS AND DISCUSSIONS

4.1 Descriptive Statistics

Usually, before estimating any regression model, it has to check whether the series of variables used has followed the normal distribution curve. Therefore, the traditional way to confirm the normality is to conduct the descriptive analysis for variables used. The Table 2 provides the estimation of mean, median, skewness, kurtosis and probability values. The mean over median ratio for each series is seen to be approximately one, which represents normality of distribution, which agreed the series had the feature of normal distribution. Addition to that, the Jarque-Bera test statistics fails to reject the null hypothesis of normal distribution of each variable ($P > 0.05$), which confirms that the series are normally distributed. Also, the numeric of kurtosis for each variable is found to be close to 3, which indicates the normality of distribution. Therefore, the study has been confirmed the normality of distribution.

Table 2. Descriptive Statistics for Key Variables

	LROA	LCIT	LLIQ	LFS	LGRTH
Mean	5.2329	4.5053	4.8125	4.8155	12873
Median	5.5363	4.4177	4.7645	5.6772	1.2900
Maximum	5.2467	4.1437	4.1062	4.8852	4.3500
Minimum	5.5034	3.3573	3.2517	3.7826	0.6283
Std. Dev.	1.0355	0.7532	0.3414	0.9041	1.4506
Skewness	0.4760	0.7581	-0.8322	-0.7211	0.7347
Kurtosis	2.6432	2.5356	1.2437	2.1715	2.1716
Jarque-Bera	5.1258	0.0409	1.6803	1.2780	1.8781
Probability	0.3607	0.5205	0.6769	0.2414	0.2562
Observations	40	40	40	40	40

Source: Author's computation 2023

4.2 Correlation Analysis

If there is existence or not of multicollinearity can be detected from Table 3. Multicollinearity test is used to test whether perfect or exact relationship between the predictor variables exists. However, the result displayed in the table does not indicate the existence of multicollinearity between predictor variables because the correlation value that exists between all predictor variables is below 20% and they were all not significant. Correlation of all independent variables is less than correlation standard of 0.70 Anderson Sweeney and Williams (1990). Therefore, all variables can be used in the model.

Table 3. Correlation matrix

	ROA	CIT	LIQ	FS	GRTH
ROA	1.0000				
CIT	0.0200 (0.5068)	1.0000			
LIQ	0.4700 (0.5066)	0.1444 (0.6520)	1.0000		
FS	-0.1777 (0.4569)	0.1740 (0.8208)	0.1560 (0.6032)	1.0000	
GRTH	-0.1618 (0.5767)	0.1755 (0.8422)	0.1233 (0.5015)	0.1412 (0.8785)	1.0000

Source: Author's computation 2023

4.3 Unit Root Test

ADF was done by comparing the t-statistics calculated and Mackinnon critical values at the 5% level of significance. With the 3 lag interval, the results in Table 4 show that all series were non-stationary at level but become stationary at 5% level of significant when the first difference is taken.

Table 4. Results for Unit Root Test

Variables	At Level		At 1 st differences			
	T-Statistics	Probability	Results	T-Statistics	Probability	Results
LROA	-0.2925	0.8020	Not stationary	-5.7001	0.0001	Stationary
LCIT	-2.6287	0.6899	Not stationary	-4.0937	0.0000	Stationary
LLIQ	-1.3559	0.9281	Not stationary	-3.7157	0.0004	Stationary
LFS	-0.8648	0.5756	Not stationary	-3.4512	0.0005	Stationary
LGRTH	0.6845	0.2978	Not stationary	-2.1757	0.0255	Stationary

Source: Author's computation 2023

4.4 Ordinary Least Square Method

This study adopted a regression technique based on the ordinary least square method to reach to these findings for the objective two. This type of analysis examines the nature of the association between the variables, and whether taxation measured by corporate income tax has any significant effect in dependent variable corporate financial performance represented by Return on Assets (ROA). The explanatory variables were measured using four proxies one being the main variable namely Corporate Income Tax (CIT) and the other three were the control variables related to tax namely Growth (GRTH), Firm Size (FS) and Liquidity (LIQ). The results from the estimated equation show that, the coefficient of the constant term is 0.0546 implying that at zero performance of the various explanatory variables used, Return on Asset (ROA) stands at 0.0546 units. Moreover, the results from Table 5 show that the main independent variable that is corporate income tax have insignificant negative relationship with the dependent variable which is ROA of PBZ, the variable accepted the null hypothesis, similar with one control variable that is liquidity (LIQ) which also had insignificant negative effects with the return on assets. While the other two independent variables which were treated as control variables that are growth (GRTH) and Firm Size (FS) were statistically significant at 5% level of significance and had a positive relationship with financial performance (ROA) of PBZ. According to regression findings as presented in Table 5, the adjusted R squared from estimated equation is 0.75; this means that model explains 75% of the variations in the financial performance. And only 25% of the variations are unexplained by the model. Thus, it is concluded that the model used is a good one because it explains most of the explanatory variables. Moreover, the result indicates a Durbin Watson of 1.71 that meet requirement of Rule of thumb. A rule of thumb shows that normal value should range from 1.5 to 2.5. Therefore, since in this study the value of Durbin Watson is 1.71, serial correlation is not of the concern. Below are the detailed elaborations of the independent and control variables on how it affects financial performance of PBZ as estimated regression result has revealed.

The results also, indicates that when other things remain constant a one unit increase in corporate income tax payment leads to decrease in corporate financial performance of PBZ by 0.025. That means as corporate income tax payment increases it makes the corporate financial performance to decrease. The results further reveal that the relationship between corporate income tax payment and financial performance in this study is not statistically significant at 5% level of significance. This implies that as the PBZ pay more tax its financial performance decrease and the reason could be that tax reduced the earnings levels of the company as the corporate income tax payment influences in the opposite way the return on assets. This result confirms the assumption that a firm gives stronger evidence of effective management of the fiscal impact of the taxable base achieving corporate tax payment reduced. The results relate with that of Kurawa and Saidu (2018) who found out that there is an insignificant negative relationship between corporate tax and financial performance using return on assets as a measure. It is obvious services of tax experts are needed to engage in legal tax planning like transfer pricing or structuring intra-company debt in order to reduce the net tax payment. Firm size, is measured by taking the log of firm's total assets, showed a positive relationship with financial performance having recorded a coefficient of 0.03 implying that the size of PBZ contributes about 3 percent to every 1 unit increase of financial performance achieved by the bank. This is because as the size of the company increases the management turns to implement strategies which lead to an increment in the markets share meaning that they sell to a wide spectrum. If this is the case then their financial performance definitely increases in the same proportion as the firm size. Moreover, the results reveal that there is a statistically significant relationship at 5 percent level of significance between firm size and financial performance of PBZ. The finding confirms the earlier assumption that the bigger the company, the higher the expectation of good financial performance which might be as a result of achieving economies of scale

which may enable larger firms to produce at a lower cost because of the high level of efficient utilization of resources. It is argued by Aloys, George and Thomas (2015) that firm size is a basis of competitive advantage in the sense that larger companies tend to be more efficient than their smaller counterparts and have better resources to survive economic downturns. Furthermore, this finding is consistent with Gatsi, Gadzo and Kportorgbi, (2013), Beigi, Rafat and Panah, (2013), and Kurawa and Saidu (2018) who suggested that as firms increase it is most likely their performance would increase too. The finding is however contrary to Mou & Wanrappel, (2015) who find a negative relationship between firm size and return on assets in Shanghai stock exchange.

Liquidity measure the ability of a bank to meet its current obligation and how it affects the financial performance of a bank. The results from table 4.6 show a negative coefficient of 0.125 which signifies a negative relationship between liquidity and return on assets of PBZ and a significance level at 5 percent. This indicates that when everything else are kept constant one unit increase in liquidity of the bank leads to the decrease of the return on assets by 0.125 unit at a statistically significant level of 5%. Thus the hypothesis of a positive relation between liquidity and financial performance is. This result is inconsistency with the study of Kadapkkam (1998). This might be because too much money which is idle might not be health for the performance of the bank, investing the money into marketable securities and earn return is advisable. Business risk is measured as the growth of total asset. The results reveal a positive significant relationship between firm growth and return on assets. It shows that an increase in total asset growth rate by 1% leads to an increase in return on assets by 1.9%. This result is not consistent with the study of Becker and Holmes (2010), where an insignificant relationship is found between firm growth and financial performance of firms. The result of this study implying that an increase in the asset a size leads to an increment in profit simply because an addition of an efficient asset has the possible effect of increasing the volume of income hence increases the turnover of the bank which will finally reflect in the earnings after corporate taxation, through the spread.

Table 5. Results of Regression Analysis

Variable	Coefficients	Std. Errors	T-Statistic	P t
C	0.0546	0.0432	3.9855	0.0000**
Corporate Income Tax	-0.0252	0.0957	0.9211	0.5521
Growth	0.0193	0.1265	3.3672	0.0031**
Firm Size	0.0310	0.0647	3.4561	0.0021**
Liquidity	-0.1250	0.0923	0.7757	0.4001
R-squared	0.8010			
Adjusted R-squared	0.7500			
S.E. of regression	0.0105			
Sum Squared Resid	0.0038			
F-statistic)	6.0041			
Prob (F-statistic)	0.0012			
Durbin-Watson stat.	1.7162			

Note: * means significant at 10%, ** means at 5% and *** means at 1%.

5. CONCLUSION AND RECOMMENDATIONS

This paper examines the effect of corporate income tax payment on financial performance of PBZ for the period 2010 to 2019. The study used descriptive research design, where the secondary data were used for the variables to be analyzed in which the researcher extracted from the financial statements of PBZ. The analysis was based on the Ordinary Least Square (OLS) method in order to attain the objectives of the study on which the results obtained were presented in form of tables and discussions were made. The results showed that there is a negative relationship between corporate income tax and financial performance of PBZ, on the other hand firms' size, and firm growth showed a positive relationship with financial performance. The results further reveal a negative relationship between liquidity and financial performance. The study then recommends among others, PBZ should employ the services of tax experts to aid them in legal tax planning in order to reduce the net tax payment so as to increase their financial performance.

REFERENCES

- Aboagye, P. Y., & Hillbom, E. (2020). Tax bargaining, fiscal contracts, and fiscal capacity in Ghana: A long-term perspective. *African Affairs*.
- Agu, A. G., Onwuka, O. O., & Aruomah, O. (2019). Impact of taxation on the performance of small and medium Enterprises in Aba, Abia State, Nigeria. *Archives of Business Research*, 7(3.2).
- AKOTH, C. A. (2019). Effect of revenue collection techniques on financial performance of county-governments (Doctoral dissertation, Maseno University).
- Assfaw, A. M., & Sebhat, W. (2019). Analysis of Tax Compliance and Its Determinants: Evidence from Kaffa, Bench Maji and Sheka Zones Category B Tax Payers, SNNPR, Ethiopia. *Journal of Accounting, Finance and Auditing Studies*, 5(1), 32-58Y.

- Atuhairwe, O., Tugume, P., & Ainebyona, S. Tax Administration And Tax Revenue Performance Of Kiboga District Local Government, Uganda.
- Atuhairwe, O., Tugume, P., & Ainebyona, S. Tax Administration and Tax Revenue Performance of Kiboga District Local Government, Uganda.
- Bellon, M., Pizzinelli, C., & Perrelli, R. (2020). Household Consumption Volatility and Poverty Risk: Case Studies from South Africa and Tanzania (No. 20/51). International Monetary Fund.
- Berg, L. A., & Levy, N. (2020). When aid builds states: party dominance and the effects of foreign aid on tax collection after civil war. *International Interactions*, 1-27.
- Boly, A., Coulibaly, S., & Kéré, E. N. (2020). Tax Policy, Foreign Direct Investment and Spillover Effects in Africa. *Journal of African Economies*.
- Braithwaite, V. (Ed.). (2017). *Taxing democracy: Understanding tax avoidance and evasion*. Routledge.
- Brooks, C., Godfrey, C., Hillenbrand, C., & Money, K. (2016). Do investors care about corporate taxes?. *Journal of Corporate Finance*, 38, 218-248.
- Chalu, H., & Mzee, H. (2018). Determinants of tax audit effectiveness in Tanzania. *Managerial Auditing Journal*.
- Charles E. McLure, Jr. "Taxation". Britannica. Retrieved 3 March 2015.
- Dlamini, B., & Dube, G. Precipitants of tax evasion in the Informal Sector in Zimbabwe: A case study of Bulawayo Metropolitan Province.
- Fjeldstad, O. H. (2001). Taxation, coercion and donors: local government tax enforcement in Tanzania. *The Journal of Modern African Studies*, 39(2), 289-306.
- Fjeldstad, O. H., Ali, M., & Katera, L. (2019). Policy Implementation Under Stress: Central-Local Government Relations in Property Tax Administration in Tanzania (No. 14480).
- Fjeldstad, O. H., Kagoma, C., Mdee, E., Sjursen, I. H., & Somville, V. (2020). The customer is king: Evidence on VAT compliance in Tanzania. *World Development*, 128, 104841.
- Gatsi, J. G., Gadzo, S. G., & Kportorgbi, H. K. (2013). The effect of corporate income tax on financial performance of listed manufacturing firms in Ghana. *Research Journal of Finance and Accounting*, 4(15), 118-124.
- Gwaro, P. M., Muathe, S., Waitthaka, S. T., Malongo, I. K., Mwangi, M. W., Ndegwa, P. W., ... & Kinyua-Njuguna, J. W. (2019). *Corporate Structure and Revenue Collection by Kenya Revenue Authority in Nairobi, Kenya* (Doctoral dissertation, KENYATTA UNIVERSITY).
- Huang, S. H., Yu, M. M., Hwang, M. S., Wei, Y. S., & Chen, M. H. (2017). Efficiency of Tax Collection and Tax Management in Taiwan's Local Tax Offices. *Pacific Economic Review*, 22(4), 620-648.
- Idewele, I. O. (2020). Effect of Business Performance on Taxation of Small and Medium Enterprises Scale in Bwari Area Council FCT Abuja, Nigeria. *SIASAT*, 4(1), 46-57.
- Ifeanyi, C., Azubike, J. U., & Iormbagah, J. A. (2020). Effect of triple bottom line reporting on the financial performance of listed oil and gas firms in Nigeria. *International Journal of Management Studies and Social Science Research*, 2(2), 9-18.
- Jansen, A., Ngoben, W., Sithole, A., & Steyn, W. (2020). The corporate income tax gap in South Africa.
- Juhandi, N., & Fahlevi, M. (2019). Tax policy and fiscal consolidation on corporate income tax. *Journal of Business, Management, and Accounting*, 1(1), 21-33.
- KARIUKI, S. T. (2017). The effect of corporate tax planning on the financial performance of listed companies in Kenya.
- Kemme, D. M., Parikh, B., & Steigner, T. (2020). Tax Morale and International Tax Evasion. *Journal of World Business*, 55(3), 101052.
- Kimeu, G. (2013). The effect of tax reforms on financial performance of real estate firms in Kenya. Unpublished MBA Project.
- Kinyua, B. (2019). Effects of tax incentives on financial performance of savings and credit cooperative societies in Nairobi county (doctoral dissertation, school of business, university of Nairobi).
- Kirui, R., & Onyuma, S. (2019). Effect of Group Composition and Formalization on Financial Performance of Investment Groups in Kenya. *International Journal of Economics, Finance and Management Sciences*, 7(2), 65.
- Kochanova, A., Hasnain, Z., & Larson, B. (2020). Does e-Government improve Government capacity? Evidence from tax compliance costs, tax revenue, and public procurement competitiveness. *The World Bank Economic Review*, 34(1), 101-120.
- Kurawa, J. M., & Saidu, H. (2018). Corporate Tax and Financial Performance of Listed Nigerian Consumer Goods. *Journal of Accounting and Financial Management*, 4(4), 30-43.
- Kyssima, E. H., Tesha, D. N., Lello, D. S., & Mtitu, F. S. (2020). Profit Maximization Strategies Employed by the Small and Medium Size Building Contractors in Dar-Es-Salaam, Tanzania. *International Journal of Engineering and Management Research (IJEMR)*, 10(1), 92-110.
- Lee, C. C., Wang, C. W., & Ho, S. J. (2020). Financial inclusion, financial innovation, and firms' sales growth. *International Review of Economics & Finance*, 66, 189-205.
- Leyaro, V., Masekesa, F., Ramadhan, R., Kisanga, E., Noble, M., & Wright, G. (2020). Tax-benefit microsimulation modelling in Zanzibar.
- Lokarach, N. E., & Rugami, J. (2019). Influence of i-Tax System on Performance of Kenya Revenue Authority: A Case of Nairobi County. *Journal of Strategic Management*, 3(2), 46-75.
- Luambano, N. F. (2018). *Assessment of the Effectiveness of Existing Staff Motivation Strategies on Performance In Tanzania Revenue Authority (TRA): A Case Of Temeke Tax Region* (Doctoral dissertation).
- lukhanda Shibusse, R., Kalunda, E., & Achoki, G. (2019). Effect of leverage and firm size on financial performance of deposit taking savings and credit cooperatives in Kenya. *International Journal of Research in Business and Social Science* (2147-4478), 8(5), 182-193.
- Machoka, O. S., & Jagongo, A. (2020). Competitive information sharing and credit scoring on the performance of commercial banks in Kenya. *International Academic Journal of Economics and Finance*, 3(5), 45-61.
- Magasi, C., Tonya, E., & Kapaya, S. M. (2020). Effects of Internal Resources and Capabilities on the Survival of Family-Owned Manufacturing Firms in Dar es Salaam, Tanzania. *African Journal of Applied Research (AJAR)*, 6(1), 76-90.
- Mao, C. W., & Wu, W. C. (2019). Does the government-mandated adoption of international financial reporting standards reduce income tax revenue?. *International Tax and Public Finance*, 26(1), 145-166.
- Masanja, N. M. (2019). Major Taxation Challenges facing Small and Medium Scale Business Enterprises in Tanzania.
- Mason, P. D., Utke, S., & Williams, B. M. (2020). Why pay our fair share? How perceived influence over laws affects tax evasion. *The Journal of the American Taxation Association*, 42(1), 133-156.
- Mtasigazya, P. (2018). The Impact of Outsourcing on Local Governments' Revenue Collection Performance in Tanzania: Experience from selected Councils. *International Journal of Technology and Management*, 3(2), 19-19.
- Mucaj, G. P., Kinya, G. S., Noor, A. I., & James, E. R. (2014). Tax planning and financial performance of small scale enterprises in Kenya. *International Review of Management and Business Research*, 3(2), 1236.
- Mullins, P. (2020). *International Taxation and Developing Countries*.
- Mwang'onda, E. S., Mwaseba, S. L., & Nkembo, A. F. (2018). Underlying Factors on Consumer's Behaviour in Asking for Sales Receipts towards Tax Collection Maximization: An Application of Theory of Planned Behaviour. *Sciences*, 7(1), 14-20.
- Odimegwu, C. N., & Igwe, C. (2020). Adequate tax policy and implementation: a panacea to the success of a property tax system. a case of the failed Anambra state property and land use charge (apluc). *Tropical Built Environment Journal*, 7(1).
- Oirere, D., Nyamache, T., Ganesh, S., & Khalisia, I. B. (2020). Examining the Impact of Debt Capital on financial Performance of SACCOs in Kenya. *Our Heritage*, 68(30), 4240-4253.
- Olaoye, C. O., Akinleye, G. T., & Adekanmbi, J. A. Effects of Electronic-Taxation on Tax Productivity in Nigeria (2008-2018).
- Onoja, E. E., & Odoma, A. U. (2020). Assessing the Effect of Tax Administration on Smes Tax Compliance Level in Kogi State. *European Journal of Social Sciences*, 3(1), 15-29.
- Ponte, S., Noe, C., & Mwamfupe, A. (2020). Private and public authority interactions and the functional quality of sustainability governance: Lessons from conservation and development initiatives in Tanzania. *Regulation & Governance*.
- Quak, E. J. (2020). The impact of Public Finance Management (PFM) reforms on education in Tanzania.
- Rahayu, S. K. (2020, January). Tracing Tax Violation by Taxation Information System. In *International Conference on Business, Economic, Social Science, and Humanities-Economics, Business and Management Track (ICOBEST-EBM 2019)* (pp. 207-213). Atlantis Press.
- Rifat, A., Nisha, N., & Iqbal, M. (2019). Predicting e-Tax Service Adoption: Integrating Perceived Risk, Service Quality and TAM. *Journal of Electronic Commerce in Organizations (JECO)*, 17(3), 71-100.
- Shao, P. E., & Dida, M. A. (2020). The Implementation of an Enhanced EFD System with an Embedded Tax Evasion Detection Features: A Case of Tanzania. *Journal of Information Systems Engineering and Management*, 5(1).

- Sonia, S., & Suparmun, H. (2019, February). Factors Influencing Tax Avoidance. In 5th Annual International Conference on Accounting Research (AICAR 2018). Atlantis Press.
- Taing, H. B., & Chang, Y. (2020). Determinants of Tax Compliance Intention: Focus on the Theory of Planned Behavior. *International Journal of Public Administration*, 1-12.
- Therkildsen, O., & Bak, A. K. (2019). Democratisation in Tanzania: No Elections Without Tax Exemptions.
- Wafula, W. M., Tibbs, C. Y., & Ondiek, A. B. (2019). Average Collection Period and Financial Performance of Nzoia Water Services Company. *Int. J. of Multidisciplinary and Current research*, 7.
- Okwo, I. (2011). *Challenges of tax authorities in the management of tax reform processes*. Enugu: Africana Fep Publishers Ltd. *Arabian Journal of Business and Management Review*, 4 (2), 34 – 39.
- Onaolapo, S. Aworemi, E. I. and Ajala, K. (2013). Impact of value added tax on revenue generation in Nigeria, *Quarterly Journal of Economics*, 122 (19), 729 – 773.
- Owolabi, M. and Okwu, U. (2011). Contribution of VAT to the development of Lagos State economy, *British Journal of Education Studies*, 35(2), 129-148.1.5, 50-58.
- Tosun, E. and Abizadeh, J. (2005). Responsiveness of Economic Growth to Taxation in Nigeria, *International Journal of Business and Social Sciences*, 5 (2), 19 – 26.
- Wooldridge, J.M., (2006). *Introductory Econometrics: A Modern Approach*.3rd Edition. New York: Thomson Higher Education, Mason
- Osiegbu, P.I. and Nnamdi, I (2009). *Public Finance: Theories and Practices*. Asaba: C.M. Global Company Ltd., Asabi.Ogbonna, A. L. and Ebimobowei, G. (2012). Impact of petroleum profit tax on the economic growth of Nigeria, *International Journal of Multidisciplinary Education and Research*, 1(5), 5-10 22.
- Okafor, M. (2012). Impact of income tax revenue on the economic growth of Nigeria, *Journal of Abnormal Psychology*, 67, 422-436
- Yoabin, S. (2007, October). "Tax, Small Business, Growth: Effect of Taxation on Investment and Cross—Border Trade". Paper Presented at the ITD Conference on Taxation