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Tax Control and Revenue Growth in Local Governments in Uganda: A Case of Nansana Municipal Council-Wakiso District

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Abstract
The study was carried on tax administration on revenue growth, based on three objectives including the influence of tax control on revue growth in Nansana Municipal Council. The study used social Influence Theory and tax compliance theory. The study used a cross-sectional survey design and a sample of 69 respondents including finance committee, finance department and tax enforcement officials. Results indicate that, based on Pearson correlation coefficient, a moderate significant positive relationship between tax control and Revenue Growth, The R-value represented the simple correlation and is 0.713[a], which represents an average degree of correlation. The adjusted R-squared was a corrected goodness-of-fit (modal accuracy) it identifies the percentage of variance in the dependent variable; Revenue Growth is explained by the independent variable tax control. From table, tax control explains 50.5% of variations in loyalty (Adjusted R-square = 0.505).
Effective tax control is interlinked and critical for enhancing revenue growth, reducing tax burdens, and promoting economic development. Simplifying tax regulations, adopting digital tools, and fostering collaboration between public and private sectors are essential strategies for achieving these goals. Policymakers should develop comprehensive tax strategies that enforce compliance while supporting economic growth and public trust in the tax system. The study therefore recommends that in order to enhance revenue growth and economic development, local governments should simplify tax regulations, invest in tax education and training, and develop digital tax planning tools. Fostering public private collaboration and introducing incentives for effective tax planning will support businesses in optimizing their tax liabilities as well as enforcing mechanisms and modern technology that reduce tax evasion and improve efficiency.

Keywords: tax control, revenue growth and tax administration

Introduction
The study conceptualizes tax administration into three core components: tax planning, tax control, and tax execution, each playing pivotal roles in effective financial management within organizations. Budgetary control, as a critical part of tax administration, involves comparing actual financial outcomes with planned targets and analyzing any variances.
Budgetary control, as described by Lucy and Loo, forms a critical component of financial management that directly impacts revenue growth through its systematic approach to managing financial resources. By comparing actual financial results with pre-established budgets, budgetary control provides a mechanism for organizations to assess their performance against planned targets.
This process ensures that expenditures are managed within predetermined limits and facilitates adjustments to ensure financial discipline and alignment with organizational goals. Moreover, budget execution is essential for organizations to effectively implement and monitor budgets, tracking expenditures and ensuring compliance with budgetary constraints set at different organizational levels (Gladney *et al*., 2009) [5].
This hierarchical approach, from appropriation to allotment, not only ensures legal compliance but also enables internal management to maintain fiscal accountability and operational efficiency.

Together, these components form a comprehensive framework for tax administration, integrating strategic planning, rigorous financial oversight, and operational execution to optimize financial outcomes and organizational performance.

Theoretical review

The study utilized Social Influence Theory and Tax Compliance Theory to explore taxpayer behavior. Social Influence Theory suggests that taxpayers' decisions to comply with tax laws are shaped by social norms and the behaviors of their peers within social networks, including family, friends, and community attitudes toward taxation. Effective tax administration strategies informed by this theory aim to cultivate compliance culture by leveraging these social dynamics. Such strategies include highlighting high compliance rates, emphasizing moral obligations, and using social proof to encourage adherence to tax laws.

The Tax Compliance Theory focuses on understanding the factors influencing individuals and businesses to adhere to tax laws, encompassing deterrence (fear of audits and penalties), social norms, and perceptions of fairness in the tax system. Its strengths lie in its comprehensive approach, integrating economic incentives with psychological and social factors like fairness perceptions and social norms.

This framework supports the design of effective tax administration strategies beyond punitive measures, including taxpayer education, simplification of tax laws, and fostering trust in the tax system. Supported by empirical evidence, this theory provides insights into enhancing voluntary compliance across diverse cultural and economic contexts, thereby promoting sustainable tax administration practices.

Objectives of the study

Specific objectives

1. To investigate the influence of tax control on revue growth in Nansana Municipal Council.

Literature Review

Tax control and revenue growth

This process involves monitoring expenditures closely to ensure they align with allocated budgets, thereby preventing overspending and directing resources towards activities that contribute to revenue generation. Effective budgetary control involves several key elements such as Budgeting: This initial step involves the preparation and utilization of budgets as management tools to outline strategic plans for future periods. Budgets serve as blueprints that guide decision-making and resource allocation across various organizational functions and departments.

A budgetary monitoring and control process assumes that expenditure must agree with the budgeted plans and maintains information about expenditure. Financial control is also one of the most important aspects of budgeting. By means of budgetary control, which means comparing actual results with planned results and reporting on the variations, a control frame is set for management. This frame points to managers to track flow of resources accurately and consistently. This calls for continuous control process through the year, and not just at the end of a budget period. The objectives of control are to plan the policy of an organization, to coordinate the activities of the organization so as to achieve the targets set.

Budget control is a process of budget planning and implementation that is designed to ensure that resources are allocated in an efficient, transparent and secure way. Argues that monitoring the budget is important to ensure that the financial, operational and capital plans that were developed and approved for implementation as part of the budget processes are being implemented. Budget monitoring is crucial for an organization to be able to enforce accountability related to spending.

According to Brown and Howard budgetary monitoring and control can be viewed as a system of controlling cost which include the preparation of budget coordinating the department and establishing responsibility, comparing actual performance with that budgeted and acting upon results to achieve maximum profitability or service delivery in the case of a public entity. It is important that the service received by beneficiaries is compared to what was planned to check if funds and resources were availed as per the plans for that particular service.

Kpedor asserts that budgetary control is the use of the budget as an instrument for the guidance of business operations. In that case, budgets serve as a yardstick for executive control of operation, to determine the extent to which planned goals and objectives are being attained and to arrest off-line drifts on time so that service delivery is not affected.

Methodology

Research design

A cross-sectional survey design was used to establish the relationship between the variables (tax administration and revenue growth). It is preferred because it allows large amount of data to be collected over a short time period. Furthermore, since it observed a representative subset at one specific point in time, problems arising from recurrent mistakes in data collection instruments were also minimized. According to Kothari, cross sectional survey design is the collection of data mainly using questionnaires or structured interviews to capture quantitative or qualitative data at a single point in time. This study adopted a quantitative approach which involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion.

Data quality control

Validity

The researcher made use of expert judgment to confirm the validity of the instruments. The relevance of each item in the research instruments to the research objectives was evaluated. In particular, the reviewers rated each item as either relevant or not relevant. Validity was determined using Content Validity Index (C.V.I), where; C.V.I = Items rated relevant by both judges divided by the total number of items in the questionnaire as shown below;

$$CVI = \frac{\text{Number of items rated relevant by all judges}}{\text{Total Number of items}}$$

$$CVI = 8/10$$
$$CVI = 0.878$$

The validity of the instruments was tested and gave a result of 0.87**8** which was above 0.7 as agreed by Dawson. This meant that the validity of the instrument was 76% which was above average.

Reliability

The reliability test values were analyzed using Cronbanch's Alpha Reliability Coefficient. This coefficient measures the internal consistence of a test and generally increases when the correlation between the variables increases. This was used and results were as below;

Table 1: Showing reliability statistics

Variable	Number of items	Alpha values
Tax control	6	0.885
Revenue growth	8	0.762

***Source*:** Primary data, 2024

Data analysis

Data analysis in this study utilized both descriptive and inferential statistics within the Statistical Package for Social Scientists (SPSS). Descriptive statistics involved calculating measures of central tendency such as mean, mode, and median, as well as measures of dispersion including range, variance, and standard deviation. Frequency distributions and percentages were also computed to summarize categorical data. The data was meticulously processed through editing, coding, and entry into SPSS, and then presented in detailed tables that illustrated responses across various categories of variables. Inferential statistics encompassed correlation analysis, where correlation coefficients were computed to explore relationships between variables, and regression analysis, which utilized regression coefficients to predict outcomes based on independent variables. These analyses were crucial in addressing the research questions and deriving meaningful conclusions from the data.

Analysis of the Findings

Tax control and revenue growth in local governments

In order for the researcher to generate information, used research question two to address the opinions of people on tax control in Nansana Municipal council based on 5 point Likert scale (1=Strongly disagree, 2 = Disagree, 3 = Not sure, 4= Agree, 5= Strongly agree) as follows.

Table 2: Descriptive statistics on Tax control in local governments

Details	Mean	Std.
Effective tax control always reduces tax evasion.	4.24	0.65
Strong tax control mechanisms always encourage compliance with tax laws.	3.49	0.72
Tax control always contributes to the overall stability of the economy.	3.78	0.71
Strict tax control always changes the business environment.	2.58	0.90
Enhanced tax control measures always increase government revenue	4.29	0.78
Effective tax control improves the efficiency of tax administration.	3.72	0.93
Tax control always ensures equity and fairness in the tax system.	2.55	0.84
Rigorous tax control always deters foreign investment.	3.06	0.87
Effective tax control always increase public trust in the tax system.	3.57	0.82
The municipality always uses technology to control and improve accuracy and reduces errors.	4.08	0.75

***Source*:** Primary data, 2024

The table presents various statements about tax control and measures respondents' levels of agreement using a Likert scale, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree." Below is a detailed interpretation and discussion of the results for each statement: The high mean score of 4.24 indicates strong agreement among respondents that effective tax control reduces tax evasion. A significant majority (77%) agrees or strongly agrees with this statement, reflecting a broad consensus. The low standard deviation (0.65) suggests that responses are closely clustered around the mean, indicating consistent views.

On the opinions are mixed regarding whether strong tax control mechanisms encourage compliance with tax laws. With a mean score of 3.49, there is moderate agreement, but 66% of respondents either disagree or strongly disagree, indicating skepticism. The standard deviation of 0.72 reflects some variability in responses. The mean score of 3.78 suggests moderate agreement that tax control contributes to overall economic stability. Responses are somewhat spread out, as indicated by the standard deviation of 0.71, showing varied opinions on this statement. There is moderate disagreement that strict tax control changes the business environment, with a mean score of 2.58. However, 64% of respondents agree or strongly agree, suggesting a notable perception of impact. The higher standard deviation (0.90) indicates significant variability in opinions; results concur with (Gladney *et al*., 2009) [5].

The statement that enhanced tax control measures increase government revenue has strong support, with a mean score of 4.29. A large majority (76%) agrees or strongly agrees, indicating confidence in the revenue-boosting potential of such measures. The standard deviation of 0.78 shows moderate consistency in responses. There is general agreement that effective tax control improves the efficiency of tax administration, with a mean score of 3.72. About 70% of respondents agree or strongly agree. The standard deviation of 0.93 indicates moderate variability in responses, reflecting differing levels of perceived efficiency improvements. Respondents are divided on whether tax control ensures equity and fairness, with a mean score of 2.55. Although 66% of respondents agree or strongly agree, a significant portion disagrees, indicating varied views. The standard deviation of 0.84 suggests moderate variability in opinions.

The mean score of 3.06 indicates mixed opinions on whether rigorous tax control deters foreign investment. Responses are spread out, with 61% agreeing or strongly agreeing. The standard deviation of 0.87 reflects a wide range of views, highlighting the complexity of this issue. There is moderate agreement that effective tax control increases public trust in the tax system, with a mean score of 3.57. A majority (63%) agrees or strongly agrees, suggesting a positive perception of tax control's role in building trust. The standard deviation of 0.82 indicates some variation in responses. There is strong agreement on the effectiveness of using technology in tax control, with a mean score of 4.08. A significant majority (70%) agrees or strongly agrees that technology improves

accuracy and reduces errors in tax control. The standard deviation of 0.75 suggests consistent views among respondents on this issue. In general, the data highlights varying degrees of agreement on the effectiveness and impact of tax control measures, with some statements showing strong consensus and others reflecting more diverse opinions. This variability underscores the complexity of tax control and its multifaceted effects on compliance, revenue, efficiency, equity, investment, and public trust.

The inferential results of tax control and revenue growth in local government

The study further carried the inferential statistics to get the relationship and the extent at which tax control influence revenue growth in local government, the following tests were carried;-

Table 3: Pearson's correlations between tax control and revenue growth in local government

		Tax control	Revenue growth
Tax control	Pearson Correlation	1	.713**
	Sig. (2-tailed)		.000
	N	69	69
Revenue growth	Pearson Correlation	.713**	1
	Sig. (2-tailed)	.000	
	N	69	69
**. Correlation is significant at the 0.01 level (2-tailed).			

The table 2 shows that there was a strong significant positive relationship between tax control and revenue growth within Nansana Municipal council (r = 0.713, Sig=0.000). The positive relationship indicates that the two variables (tax control and revenue growth) move in the same direction. This means that as local governments improve on tax control practices levels of revenue growth also improves this further means when this practice declines the level of revenue growth also declines.

Regression results

Results on regression for tax control and revenue growth are presented below;

Table 4: Model Summary on tax control and revenue growth in local government

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713[a]	.508	.505	.51714
a. Predictors: (Constant), tax control				

The above table provides the R and Adjusted R square values; The R-value represented the simple correlation and is 0.713[a], which represents an average degree of correlation. The adjusted R-squared was a corrected goodness-of-fit (modal accuracy) it identifies the percentage of variance in the dependent variable; Revenue Growth is explained by the independent variable tax control. From table, tax control explains 50.5% of variations in loyalty (Adjusted R-square = 0.505).

Table 5: Anova Values on tax control and revenue growth in local government

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	47.727	1	47.727	178.462	.000[a]
	Residual	46.267	173	.267		
	Total	93.994	174			
a. Predictors: (Constant), tax control						
b. Dependent Variable: Revenue Growth						

***Source*:** Primary data, 2024

The table shows that tax control aspects collectively predict Revenue Growth (Sig = 0.000, F-value = 178.462). F-value 178.462 is statistically significant (P-value of 0.000≤ 0.01). This signifies that tax control significantly predicts loyalty therefore; there was a relationship between tax control and revenue growth. Furthermore, the residual value higher than the regression value confirms that there are inconsistencies in operations that need to be addressed.

Table 6: Coefficients of variations between tax control and revenue growth in local government

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.522	.140		10.865	.000
	Cognitive engagement	.544	.041	.713	13.359	.000
a. Dependent Variable: Revenue growth						

***Source*:** Primary data, 2024

In table 5 it was found that the t-value for cognitive engagement is 13.359 and a beta value of 0.713 which is significant at 0.000. This signifies that an improvement in cognitive engagement positively and strongly contributes to revenue growth, because as managers of Nansana municipal council through various tax administration an improvement in revenue growth is achieved.

Discussions

Tax Control and revenue growth

There is moderate agreement that tax control contributes to overall economic stability, although opinions vary widely. Respondents generally disagree that strict tax control changes the business environment, despite a notable number perceiving an impact. Enhanced tax control measures are widely believed to increase government revenue, and there is a consensus that effective tax control improves the efficiency of tax administration.

Opinions are divided on whether tax control ensures equity and fairness, reflecting varied views. There are mixed opinions on whether rigorous tax control deters foreign investment, highlighting the complexity of this issue. There is moderate agreement that effective tax control increases public trust in the tax system. Additionally, respondents strongly agree on the effectiveness of using technology in tax control, believing it improves accuracy and reduces errors. Overall, the data highlights varying degrees of agreement on the effectiveness and impact of tax control measures, indicating the complexity and multifaceted effects of tax control on compliance, revenue, efficiency, equity, investment, and public trust. The analysis also shows a strong positive correlation between tax planning and revenue growth, indicating that improvements in tax planning are associated with increased revenue growth, particularly within Nansana town council.

Conclusions

Tax control and revenue growth in local government

The findings indicate that effective tax control and planning are critical for reducing tax evasion, increasing government revenue, and improving the efficiency of tax administration. However, the complexity of tax laws and mixed opinions on their impact on compliance and investment suggest a need for regulatory reforms. Simplifying tax regulations could enhance compliance and make it easier for businesses to engage in effective tax planning. The strong support for using technology in tax control highlights the potential for digital solutions to improve accuracy and reduce errors, further increasing public trust in the tax system. The study underscores the significant role of effective tax control and planning in promoting economic stability and growth. While there is a strong consensus on the benefits of tax control in reducing evasion and increasing revenue, opinions vary on its impact on compliance and foreign investment. These mixed views highlight the complexity of tax systems and the need for continuous improvement and simplification of tax regulations. By adopting digital tools and fostering collaboration between the public and private sectors, governments can enhance the effectiveness of tax control measures, ultimately supporting economic development and public trust in the tax system.

Recommendations

Tax control and revenue growth

The study recommends that the government should simplify tax regulations and implement comprehensive tax education programs for business owners and tax professionals. Investing in digital tools for tax control, fostering public-private collaboration, and introducing incentives for effective tax planning will further support businesses in optimizing their tax liabilities. Regular reviews and updates of tax policies are essential to ensure they remain relevant and supportive of economic conditions. These measures will streamline tax processes, reduce administrative burdens, improve compliance, and ultimately foster a more efficient and trustworthy tax system that supports economic development.

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