

## INCOME TAX COMPLIANCE UNDER THE TAX STAMP SYSTEM: A STUDY OF SMALL SCALE ENTERPRISES IN THE ACCRA METROPOLIS, GHANA

Evans Frimpong-Manso<sup>1\*</sup>, Isaac Christopher Otoo<sup>2</sup>, & Tahir Ahmed Andzie<sup>3</sup>

<sup>1\*</sup>Lecturer, Department of Accounting, University of Cape Coast, Ghana. Email: [efrimpong-manso@ucc.edu.gh](mailto:efrimpong-manso@ucc.edu.gh)

<sup>2</sup>Lecturer, Department of Finance, University of Cape Coast, Ghana, Email: [isaac.otoo@ucc.edu.gh](mailto:isaac.otoo@ucc.edu.gh)

<sup>3</sup>Lecturer, Department of Business and Social Sciences Education, University of Cape Coast, Ghana. Email: [tahir.andzie@ucc.edu.gh](mailto:tahir.andzie@ucc.edu.gh)

**\*Corresponding Author:-** Evans Frimpong-Manso

<sup>\*</sup>Lecturer, Department of Accounting, University of Cape Coast, Ghana. Email: [efrimpong-manso@ucc.edu.gh](mailto:efrimpong-manso@ucc.edu.gh)

### Abstract

The study investigated income tax compliance of Small Scale Enterprises (SSEs) under the Tax Stamp System (TSS) in Ghana. Using SSEs in Greater Accra Metropolis of Ghana, the study employed a concurrent triangulation mixed methods design. Consequently, the study sampled 400 operators/managers of SSEs and the two zonal heads of Domestic Tax Revenue Division (DTRD) of Ghana Revenue Authority (GRA) in charge of TSS in the Metropolis. The zonal heads were selected purposively while the operators/managers were selected randomly using stratified random sampling technique. Questionnaire, with reliability co-efficient of .798, and an interview guide were the instruments used to collect the data. The data were analysed using frequencies, percentages and means. It was revealed that operators/managers of SSEs are familiar and are aware of TSS in the Metropolis. However, the most important reason why majority of the operators/managers purchase the tax stamp was because of its mandatory nature by law, even though, the operators/managers find it difficult to comply fully with the tax stamp system. Also, it was revealed that paying tax fines and penalties, understanding of the tax laws, positive government image, positive peer attitude, low compliance cost, and justice in the tax system are factors that influenced SSE operators to comply with the tax stamp law requirements. It is recommended that management of DTRD of GRA should assume that majority of the SSE operators are good citizens and would be willing to comply if they understood the tax system and are helped to comply. It should, however, be made known that if the trust of the service is breached, it will evoke its punitive measures. On this basis, sanctions must be preserved in income tax (TSS) laws as the last resort in enforcing compliance. The government could make this as a precondition for renewal of company licenses and for acquiring loans/other banking services in the country.

**Keywords:** Income Tax, Small Scale Enterprise, Tax Compliance, Tax Stamp System, Ghana

## Introduction

Globally, taxation is considered as one of the important elements in managing national income. It has played an important role in civilised societies since their birth thousands of years ago. According to Lymer and Oats (2009), tax is a compulsory levy, imposed by government or other tax raising body on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return. Governments use tax revenues to provide certain vital services that are not directly paid for. Such services include the maintenance of law and order, and provision of security, defence, education, and general administration (Bărbuță-Mișu, 2011).

Income tax among Small Scale Enterprises (SSEs) is a meaningful and appropriate tax system for which all nations, including Ghana, are finding it difficult to implement and manage effectively (Bărbuță-Mișu, 2011). According to National Development Planning Commission [NDPC] (2013), SSEs employment creation in Ghana is estimated at 2.5 million with a meaningful improvement in standards of living of people. It has been perceived however, from previous works that numerous SSEs in less developed economies are non-tax compliant, especially income tax, in spite of major policy interventions and reforms (Arthur, 2013; Baba & Asante, 2012). This challenge is largely due to the difficulty in locating SSEs by tax administrators. This has resulted in SSEs paying less income tax, as compared to their assigned or fair percentage of anything.

The works of Terkper (2003) and Arthur (2013) also confirm the high tax non-compliance among small businesses in Ghana. In order to radically deal with the menace of tax non-compliance by SSE, Marti, Wanjohi and Magutu (2010) advocated for the institution of tax enforcement using sanctions, fear and coercion to improve compliance in tax administration. As such, many tax laws have incorporated sanctions and other punitive measures to enforce compliance. An example of punitive tax legislation with punitive provisions is Ghana's Internal Revenue Act (IRA), 2000 where in Sections 141 to 146, various sanctions are stipulated (Arthur, 2013). However, Reckers, Sanders and Roark (2009) advocated for the use of cooperation rather than sanctions or penalties in enforcing compliance.

According to Ghana Statistical Service [GSS] (2018), over 50% of the possible tax revenues in Ghana tend to remain uncollected. This is so because as at the end of 2018, Ghana's direct tax compliance, particularly income tax, was at 38 percent. However, the tax regime of Ghana is preoccupied with consumption taxes rather than income taxes as income taxes account for only 27 percent of net revenue collections (NDPC, 2018). This has been aggravated in comparison by lower ratio of tax revenue to GDP of 17.2 percent matched to Namibia (31%), Kenya (21.2%), Burundi (19%), Uganda (13.5) to mention a few in Sub-Saharan African countries with analogous tax systems (NDPC, 2018).

According to Baba and Asante (2012), inadequate knowledge and skills about tax procedures are the major qualities of most SEs in Ghana, as most owners hire incompetent family members to

keep proper financial records. Also, many SSE taxpayers do not know the domain of tax professionals since they lack the independence and have no tax competency. These challenges may be the reasons for the poor tax compliance among SSE in Ghana. Many governments have adopted tax compliance administrative measures like penalties, rates and tax audits to ensure tax enforcement instead of compliance (Arthur, 2013; NDPC, 2018), which have still failed to yield meaningful results. Much of the studies that have been undertaken in the field of tax compliance have mainly centred on the models of tax administration, managing small size taxpayers (Terkper, 2003), public perception of tax evasion (Baba & Asante, 2012) and tax payers' proficiency (Arthur, 2013). The findings of these researchers call for the need to enforce tax laws to improve compliance especially among SSE under the Tax Stamp System (TSS).

Given the importance of taxation in the development of Ghana, this study contributes to the improvement in revenue generation and efficiency of the income tax administration in Ghana in several ways. Firstly, it is useful to the government in policy formulation and implementation with respect to major aspects of the TSS suited to all forms of SSEs. Secondly, it serves as a source of reference to government generally, and in particular, to the Domestic Tax Revenue Division (DTRD) of Ghana Revenue Authority (GRA) and the Ministry of Finance and Economic Planning in terms of estimating their revenue profile through taxation of SSEs- (understanding factors that influence their tax compliance). Thirdly, tax professionals and advisors will be afforded the opportunity to design a master plan and offer advice that are most reasonable and fitting for tax clients to keep them from infringing upon the annual duty laws. Finally, the results of this work gives owners of SSEs the alternative income tax stamp compliance system that would be prescribed to enhance the tasks of their businesses, especially, in the territories of good record keeping and tax education. In the academic field, this investigation fundamentally add to the assortment of existing information on the tax stamp framework and provokes further studies in the area of tax compliance via the Tax stamp system.

### Literature Review

The study is anchored on three main theories. These are the economic deterrence theory/approach, the social exchange theory, and the behavioural decision theory. The economic deterrence theory holds that the size of the perceived penalties should affect the likelihood of tax evasion. In particular, arguably the most onerous penalty – going to jail for tax evasion should be most likely to deter those thinking about evasion. Again, the theory suggests that taxpayers make a cost-benefit analysis when deciding on compliance outcomes, and relies on enforcement for compliance to work. The theory held that, if you increase the cost of committing a crime enough, people will not commit the crime. Social exchange theory sees social behaviour as a result of a process of interactive exchanges. These exchanges help people weigh the potential benefits and costs of social relationships. The purpose of social exchange is to maximize positive interactions and minimize negative interactions. When the costs of the relationship outweigh the benefits, people will likely abandon the relationship. Social exchange theory says that people tend

to calculate if the relationship is worthwhile by subtracting its costs from rewards. The behavioural decision theory is concerned with identifying the values, uncertainties and their issues relevant in given decision, its rationality and the optimal decision results. The major problem with the old views of decision making is that it assumes that decision makers have mental capabilities for analysis and evaluation that vastly exceed those actually possessed by people. The central ideas of behavioural decision theory recognise decision making is often dominated by non-rational, social and political processes. Decision makers must actually settle for something less than an ideal solution.

### **Empirical studies on income tax compliance**

While the researcher agrees that extensive work has been done on income tax compliance in general, not much has been done on income tax compliance under the tax stamp system among SSEs in Accra metropolis, Ghana. According to Bagahwa and Naho (1995), public revenue remains weak in numerous sub-Saharan African countries and the tax burden appears to be unevenly distributed. Two sectors are often considered as being under taxed: the agricultural and the unrecorded urban sectors. Its under-taxation results in considerable losses in tax revenue. What is worse, the development of unrecorded activities is threatening the official sector which plays a crucial role in collecting government resources. Bagahwa and Naho (1995) added that the economy of Ghana is largely made up of individual and small-scale enterprises. That sector provides diverse sources of income which, if taxed, could increase government internally generated revenue.

Furthermore, Bagahwa and Naho (1995) found in their study that the main source of employment in Ghana is the informal sector. The sector provides employment opportunities for at least 80 percent of the labour force. However, tax evasion in the sector has been identified as one of the major problems confronting tax administration especially in the developing countries. Evasion of tax is more problematic with respect to the informal/retail sector. Agyei (2002) also avers that in Ghana, one of the greatest problems facing tax administration is that of income tax evasion. The notion that the self-employed have an appetite for income tax noncompliance behaviour is longstanding in tax compliance literature. Inappropriate application of tax enforcement strategies has been identified as one of the principal reasons for the high incidence of income tax noncompliance among the self-employed. Determining which regulatory enforcement strategy will be most effective has been a difficult task for tax authorities. There has been a longstanding debate between those who believe that taxpayers will comply with tax laws when confronted with harsh sanctions and those who believe that persuasion and cooperation work in ensuring compliance. Baba and Asante (2012) study focused on determining which enforcement strategy that ensures compliance among the self-employed, taking into consideration the reasons for noncompliance.

Baba and Asante (2012) used 350 self-employed within the Tema Metropolis were sampled from a population of 6,318 self-employed. A simple random sampling technique using the lottery method was employed in selecting the sample. In all, a total of 267 useable responses, giving a response rate of about 76 percent were received and used for the data analysis. The results of Baba and Asante's (2012) study favour a combination of the deterrent and accommodative enforcement strategies with the initial use of tax education in enforcing compliance. They recommended that sanctions must however be preserved and used only when all other persuasive means had failed for the deviant and recalcitrant non-compliers. This is in support of the ATO compliance model promulgated in Australia.

Income tax from self-employed is very important for governments but compliance among self-employed leaves much to be desired. Baba and Asante (2012) used hypothetical questionnaire to a sample of 380 self-employed in the Accra Metropolis. Applying simple regression analysis and analysis of variance, the study of Baba and Asante (2012) found positive effect each of sanction and cooperation on compliance. Though the coefficient of the sanction as enforcement strategy is insignificant, a joint significance test of sanctions and cooperation on tax compliance shows that sanction and cooperation jointly significantly influence tax compliance among self-employed. Baba and Asante (2012) recommended that tax authorities should switch their approach to tax administration from a one-size-fits-all enforcement model (sanctions) to a blend of strategies and possible use sanctions as last resort.

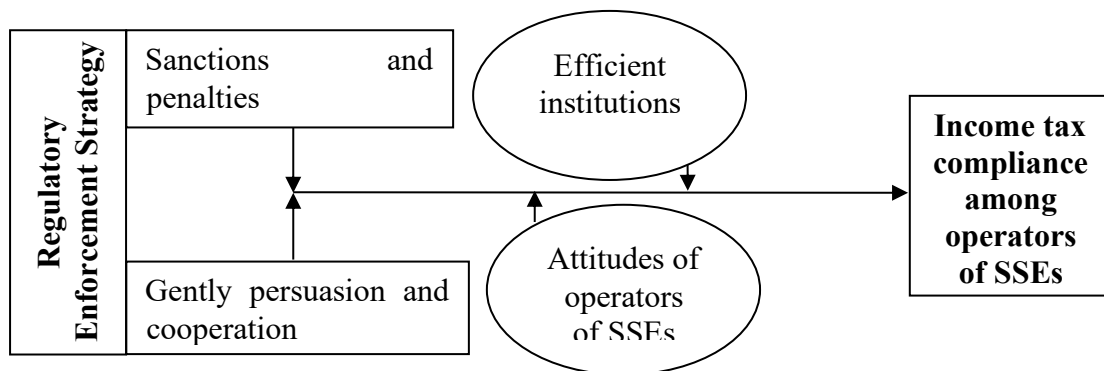
The study of Saani (2014) also investigated the estimated cost of tax compliance for SMEs in Ghana. The sum of internal compliance cost, external compliance cost and incidental cost; including bribery/psychological cost related to the different taxes paid by SMEs in Ghana was utilised in estimating the tax compliance costs. The analyses of Saani's (2014) study revealed that on the average the SMEs overall tax compliance cost in Ghana is about GH¢4108, 594 per annum and the values range from GH¢44,500 to GH¢995,000 per annum. Smaller SMEs were found to have an average Tax Compliance Cost (TCC) of GH¢619,601 per annum as against GH¢423,047 TCC per annum for larger SMEs which imply the existence of tax compliance costs regressivity in Ghana. Saani (2014) further discovered that Value Added Tax (VAT) has the highest TCC accounting for about 33 percent of the total average tax compliance costs.

Furthermore, the study shows that SMEs in manufacturing industry have the highest relative average tax compliance cost while those in business services have the lowest average tax compliance cost. Exporting SMEs in Nigeria bear higher tax compliance cost burden than non-exporting SMEs. Based on the findings and conclusions of their study, Saani (2014) recommended tax compliance simplification and incentives that would assist in reducing SMEs tax compliance costs in Ghana.

## Conceptual Framework

The conceptual framework for the study is illustrated in Figure 1. As indicated in Figure 1, the independent variable is regulatory enforcement strategy, which comprise of harsh sanctions and penalties, and gently persuasion and cooperation. The dependent variable is income tax compliance among operators of SSEs. However, background characteristics such as sex, age, highest educational level and length of experience as operator of SE were treated as controls while effective and efficient institutions and attitudes of operators of SEs were treated as mediating or intervening variables.

The study agrees that both harsh sanctions and gently persuasion of regulatory enforcement strategy by tax officials do predict the level of income tax compliance among operators of SSEs. However, the study agrees that this influence becomes much stronger when the institutions responsible for income tax collection are effective and efficient and also when the attitudes of operators of SSEs are perceive in positive terms by the authority. Therefore, sanctions, penalties, persuasions and cooperation will ignite the attitudes of operators of SSEs which will in turn boost their income tax compliance. With effective and efficient tax institutions, the influence becomes more potent and permanent in the long run.



**Figure 1: Conceptual Framework for Examining Income Tax Compliance of SSEs under the TSS in Ghana**

**Source: Author’s construct, 2023**

### Methodology

The study’s epistemological and ontological orientations with regard to the pursuit of the merits of truth were based on the ideas of both positivism and naturalism paradigms. Thus, understanding of income tax compliance requires an understanding of the context in which it is constructed and also from the general perspective from which the society agree to it. The adoption of both paradigms created room for the researcher to use both deductive and inductive approaches concurrently due to the circumstantial nature of tax compliance and the numerous ways in which tax compliance is built by operators of SSEs.

Concurrent triangulation mixed methods design was adopted for this study in order to fuse both quantitative and qualitative stand points of exploring reality. This type of design is characterised by two or more methods used to confirm, cross-validate, or corroborate findings within a study

(Creswell & Creswell, 2018; Gravetter & Forzano, 2018). The study population consisted of operators of SSEs in Accra Metropolis and the zonal heads of DTRD of GRA in charge of TSS in the Metropolis. According to Ghana Revenue Authority [GRA] (2018), there are 729 registered and active SSEs in the Accra Metropolis.

A sample size of 400 was obtained using Slovin's (as cited in Kelly, 2016) recommended formula. This formula was used because it specifies the precision of estimation desire for the population, and has been tested and used for most surveys (Kelly, 2016). The formula is  $n = N \div [1 + N (e^2)]$ , where  $n$  is the sample size,  $N$  is the population size, and  $e$  is the level of precision. Thus, using a population size of 729, the appropriate sample size for this study should not be less than 400 as indicated by the sample size calculation. In addition to this, two zonal heads were interviewed.

$$n = 729 \div [1 + 729 (0.05)^2] = 729 \div 1.8225 = 400$$

The two zonal heads of DTRD of GRA in charge of TSS in the Metropolis were selected purposively for the interview because of the unique role they play as tax administrators and the vast information they are equipped with regarding income tax compliance and the TSS. In relation to the respondents, who are the operators of SSEs, the study employed the stratified sampling procedure to select the respondents. Specifically, after grouping the operators into the various categories of SSEs, simple random sampling procedure that makes use of the computer random number method was used to select the operators.

Questionnaire with a Cronbach's alpha reliability co-efficient of .798 and an interview guide were the instruments used to collect the data. The data collection procedures were carried out in two stages. The first stage was the administering of the questionnaire and interview guide, which was done simultaneously while the second stage was focus on retrieving the questionnaires that were administered. The researcher was able to collect complete and accurate data from the 400 SSE operators and the two zonal heads. Statistical tools such as frequency, percentage and mean were used to analyse the quantitative data. The axial coding system was used to analyse the qualitative data manually base on the research questions raised.

## Results and Discussion

The rationale of the first research question was to find out the level of SSE operators' awareness and general view of TSS in Accra Metropolis. Respondents were first asked to indicate whether their business registered to any of the state institutions. All the 400 operators of SSEs in the Metropolis captured for the study indicated that they have registered their business with both the Registrar-General's Department and the Internal Revenue Service (IRS) of GRA. However, only 17.9 percent of the respondents indicated that they have registered with the Social Security and National Insurance Trust (SSNIT). This means that most of the SSEs in the metropolis have not registered their employees with the SSNIT. This may mean that there is no effective and reliable retirement plan for the employees working in the SSEs.

However, the two zonal heads of the DTRD in charge of the TSS in the Metropolis were of the view that not all SSEs within their catchment areas have registered as Tax Stamp taxable persons. They added that not all SSE operators/managers/owners within their catchment areas buy their

quarterly Tax Stamp as required by Law. One of the zonal heads added that *most of the SSEs who have been registered are buying their tax stamp as expected; however, the problem is those who have not been captured or registered because they are not located in specific places but are movable because of the nature of their business.*

In relation to respondents' awareness of TSS, all the owners/managers of the various SSEs indicated that they have ever heard of it. Respondents were further asked to indicate where they heard it from. The results are presented in Table 1.

**Table 1: Respondents' View on Where They First Heard the TSS**

Items	Frequency (No.)	Percent (%)
Through a tax official's visit	217	54.3
Through a friend	96	24.0
On radio	62	15.5
Meeting of association	18	4.4
Public forum	7	1.8
Total	400	100

**Source: Field work, 2023**

As presented in Table 1, majority (54.3%) of the respondents indicated that they first heard about TSS through a tax official's who visited their enterprise. The results are in line with the comments of the two zonal heads who asserted that their inspection team occasionally visit the operators of SSE to examine and verify their records yearly with regard to their tax stamp purchase. Also, 24.0% and 15.5% of the respondents indicated that they first heard of TSS through a friend and on radio respectively. However, none of the respondents indicated that they have heard of TSS on television. This means, GRA is not using television as a means of advertisement with regard to TSS. The findings are consistent with the ratings of the two zonal heads who rated simultaneously the familiarity of the operators/owners/managers of the various SSEs with the TSS laws of the country in general as fairly.

With regard to the operators/managers general view, all the respondents were of the view that they think taxation is necessary for every country. They were asked to further give reasons for their answer. Many reasons were given by the respondents. Generally, they were of the view that taxation is necessary for every country because it aid or promote infrastructural and economic development. It also helps in providing basic needs, social amenities and other social interventions to the masses. Specifically, respondents were asked to indicate the most important reason why they pay their income taxes (TSS). The results are presented in Table 2.

**Table 2: Most Important Reason Why SSE Operators Purchase Tax Stamp**

Reasons for purchasing tax stamp	Frequency (No.)	Percent (%)
Because it is mandatory by law	237	59.3
To contribute to national development	92	23.0
To be a good citizen	47	11.7
For infrastructural development	15	3.7



I do not really know	7	1.8
Others	2	0.5
Total	400	100

Source: Field work, 2023

Results from Table 2 show that the most important reason why majority (59.3%) of the operators of the various SSEs purchase the tax stamp was because of its mandatory nature by law. In addition, 23.0% and 11.7% of the respondents indicated that they purchase the tax stamp in order to contribute to national development and to be a good citizen respectively. The findings show that most of the operators are paying their tax because it is mandatory. This means, the operators/managers do not pay their taxes voluntarily. Respondents briefly added that they do not purchase the tax stamp voluntarily because it is expensive, and paying it quarterly is difficult for them. This finding supports the submissions of NDPC (2018) which states that tax officials and other law enforcement agencies must ensure that they enforce the payment of tax on all qualified tax payable persons since people find it difficult to voluntarily pay tax.

The purpose of the second research question was to find out the factors that influence SSE operators to comply with the laws of the TSS. In Ghana, the TSS compliance requirements, according to the income tax laws relating to SSEs that qualify to purchase the tax stamp include among others the following. In the first place, these SSEs must register as a taxable person, purchase the tax stamp on quarterly bases, and display the tax stamp at their operation area. Also, they are required to pay taxes due by the prescribed dates, and also pay fines and penalties for overdue taxes and allow audit of records by the tax officials or the DTRD if deemed necessary.

The respondents averagely indicated that they buy their tax stamp regularly. This means, they purchase the stamp quarterly as indicated by the law. The views of the operators are not consistent with that of the zonal heads who indicated that not all the operators/owners/managers of the various SSEs within their catchment areas are able to comply with the period for buying the tax stamp. The findings go further to support the argument that most people find it difficult to comply fully with direct tax such as tax stamp (Baba & Asante, 2012).

In relation to compliance, from the researcher's own observation it was realised that most of the operators had exhibited their tax stamp at the front of their operating centre or place or even vehicle. The respondents further indicated several range of amount regarding the amount of tax stamp they buy per quarterly. The amounts they indicated ranges from GH¢20.00 – GH¢45.00. One of the zonal heads explained that *the difference ranges of prices or amount given by the operators is true and that the amount to pay depends on the type of business one is involved in and the scale of it.*

All the operators further indicated that they buy the tax stamp from tax officials in the office (DTRD) quarterly; and that those who refuse to do so are been confronted by tax officials over tax collection. One of the zonal heads added that *in some cases, the shops or areas of operation of these people are closed with labelled padlock with the assistance of the police for refusal of tax payment (tax stamp). He added that confronting the operators who have not paid or refuse to pay*

*their tax (tax stamp) are done basically to help them contribute their quota to national development by becoming patriotic and concern citizens through payment of tax.*

Compliance with laws and rules become effective if those who are expected to comply are familiar with them. Therefore, the owners/managers of this enterprises were asked to rate their familiarity with TSS. The results are presented in Table 3.

**Table 3: Familiarity with the TSS Laws by SSEs**

Extent of familiarity	Frequency (No.)	Percent (%)
Very familiar	132	33.0
Familiar	210	52.5
Unfamiliar	58	14.5
Total	400	100

**Source: Field work, 2023**

It can be observed from Table 3 that majority (52.5%) of the operators of the various SSEs in the area indicated that they are familiar with the TSS law requirements while 33.0% indicated that they are very familiar with the laws. This means, 85.5% of the operators/managers are familiar with the law. This result was confirmed by the comments expressed by the two zonal heads of the DTRD in charge of the TSS that, *SSE operators within their catchment areas are familiar with the TSS law requirements.*

Preponderance number of the respondents further contended that their respective SSEs are able to comply with the period for securing or buying a tax stamp as stipulated by GRA. In indicating the months in which they buy their tax stamp in a year, all the SSE operators unanimously indicated that they do so in March, June, September and December respectively. The views of the operators was confirmed by the two zonal heads who also indicated that the stipulated months for the quarterly payment are March, June, September and December. This high rate of familiarity with the TSS law requirements may be due to the fact that the system has been in operation for about 22 years. This is a good sign since familiarity and understanding of the tax rules on the part of tax payers help to enhance tax compliance (Arthur, 2013).

Respondents were asked to indicate the factors that influence SSE operators to comply with the TSS laws. The results are presented in Table 4. The results show that majority (54.3%) of the respondents were of the view that justice in the tax system can influence their decision to comply with the TSS law requirements. This finding, with a mean of 3.37, means that the operators/managers of the various SSEs surveyed consider justice in the tax system as a factor that can influence their decision to comply. This finding supports Bărbuță-Mișu's (2011) assertion that taxpayers' perceptions of the procedural justice of the tax system, how the tax administration treats them and other similarly situated taxpayers, affect the legitimacy that taxpayers attribute to the administration. This sense of legitimacy, in turn, affects taxpayers' levels of compliance. Bărbuță-Mișu added that tax payers who believe that the tax system is unfair are more likely not to comply with the tax laws.

**Table 4: Factors that Influence SSE Operators to Comply with the TSS Laws**

Statements	A (%)	U (%)	D (%)	Mean
Justice in the tax system	54.3	19.0	26.7	3.37
Positive peer attitude	55.2	15.2	29.6	3.37
Understanding of the tax laws	60.0	29.5	10.5	3.74
Paying tax fines and penalties	61.9	11.4	26.7	3.47
Rewarding taxpayers	48.6	15.2	36.2	3.26
Degree of being detected for non –payment of tax	41.9	19.0	39.1	2.98
Positive government image	57.1	25.7	17.2	3.51
Aggressive enforcement efforts by tax authorities	36.2	15.2	48.6	2.62
Ethics and morality	49.5	26.7	23.8	3.45
Low compliance cost	55.2	15.2	29.6	3.25

**Source: Field work, 2023** Where A = agree, D = disagree, and U = undecided (N = 400)

Again, majority (55.2%) of the respondents believed that positive peer attitude can influence their decision to comply with the TSS law requirements. This shows that positive peer attitudes is one of the factors that influences operators/managers to comply with the tax system (Mean = 3.37). Also, 60.0%, with a mean value of 3.74, of the respondents indicated that understanding of the tax laws could improve their tax compliance behaviour. Therefore, understanding of TSS laws plays an instrumental role in the tax stamp compliance decision of majority of the operators/managers. Similarly, high proportion (61.9%) of the respondents was of the view that tax fines and penalties can influence them to comply with the TSS laws.

Furthermore, the results show that rewarding taxpayers can make them comply (Mean = 3.26). This shows that genuinely rewarding taxpayers in an exchange relationship will increase tax compliance. Also, the results show that the operators/managers of the various SSEs in Accra Metropolis cannot be influenced to comply for fear of being detected for non-payment of tax (Mean = 2.98). Majority (57.1%) of the respondents indicated that positive government image can influence their tax compliance behaviour. This means the role of a government has a significant positive impact on determining citizens' attitudes toward tax compliance. The results again show that employing aggressive enforcement efforts by the tax authorities to ensure compliance from the operators/owners/managers of SSEs in Accra Metropolis may not be a successful strategy (Mean = 2.62). The result shows that ethics and morality has the effect of making SSE operators comply with the tax laws (Mean = 3.45). Similarly, high compliance cost could affect the compliance levels of the SSE operators in Accra Metropolis (Mean = 3.25).

The findings that emerged from Table 4 are in line with that of Marti et al. (2010) who posit that taxpayers may still commit non-compliance so long as this non-compliance are consistent with in-group expectations and norms. Also, the complexity in income tax laws has come to be recognised as a possible reason for tax noncompliance. Terkper (2003) postulated that in the context of tax compliance decisions, taxpayers should be able to understand the tax rules for computations by

which they are to be taxed. Lymer and Oats (2009) also report that tax law complexity is significantly related to tax evasion.

Furthermore, the finding that paying tax fines and penalties improves compliance is consistent with the comments of Reckers et al. (2009) who posit that severity of sanctions has significant effects on tax compliance behaviour. Thus, tax compliance can be increased by increasing the penalties associated with it. According to Reckers et al., taxpayers with stronger ethical minds show a higher rate of tax compliance as they perceive that it is their obligation to comply with laws and regulations. Reckers et al. added that the probability of being audited is negatively correlated with tax compliance behaviour. The comment of Reckers et al. does not, however, support the conclusion drawn by Arthur (2013) who was of the view that there is a significant positive relationship between the risk of tax audit and the rate of voluntary tax compliance. Arthur added that this type of strategy ultimately diminishes taxpayers' willingness to comply voluntarily with their tax obligations.

### Conclusions and Policy Implications

Based on the findings, the study concludes by saying that SSE operators' are familiar and are aware of TSS in the Accra Metropolis. However, the most important reason why majority of the operators of the various SSE in the metropolis purchase the tax stamp was because of its mandatory nature by law. Furthermore, SSE operators find it difficult to comply fully with the tax stamp system. However, factors such as justice in the tax stamp system, positive peer attitude, understanding of the TSS laws, tax fines and penalties, rewarding taxpayers, the degree of being detected for non-payment of tax, positive government image, ethics and morality, and compliance cost can be used to influence SSE operators decision to comply with the TSS law requirements. In all, the study indicated that operators of the various SSEs in the Accra Metropolis exhibit high level of internalised acceptance of the rules and regulations associated with the TSS. The study therefore recommends a continual dialogue between the tax authorities and operators of SSEs to whip up the confidence and trust of operators of SSEs to comply with the payment of tax.

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