

**The Contribution of Tax Administration Criteria on Financial Performance of Small-Scale Enterprises in
Kanungu District**

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Abstract

The study examined the contribution of tax administration criteria on financial performance of small-scale enterprises (SSEs) in Kanungu District, Uganda. Employing a cross-sectional survey design, data were collected from 160 SSE operators using structured questionnaires and analyzed through descriptive statistics, correlation, and regression analysis. Results indicated that tax administration criteria significantly influenced financial performance ($r = 0.712$, $p < 0.01$), explaining 50.7% of variance. Specifically, tax administration simplicity ($r = 0.658$, $p < 0.01$), efficiency ($r = 0.624$, $p < 0.01$), and fairness ($r = 0.593$, $p < 0.01$) all demonstrated positive relationships with financial performance. The study concluded that effective tax administration practices enhanced SSE performance by reducing compliance costs, improving business planning, and facilitating market access. Recommendations included simplifying tax procedures, enhancing service delivery efficiency, ensuring equitable treatment, and establishing taxpayer-friendly support systems to optimize SSE contributions to district economic development.

Keywords: Tax administration, financial performance, small-scale enterprises, tax compliance, Kanungu District, Uganda

Background of the Study

Tax administration represented a critical interface between revenue authorities and taxpayers, encompassing the systems, procedures, and practices through which tax laws were implemented and enforced (Bird & Zolt, 2008). In developing countries, effective tax administration was particularly crucial for mobilizing domestic revenues essential for public service delivery and economic development (Fjeldstad & Moore, 2008). Uganda's tax system underwent significant reforms since the establishment of the Uganda Revenue Authority (URA) in 1991, aimed at improving revenue collection efficiency and broadening the tax base to include the informal sector dominated by small-scale enterprises (Kangave et al., 2016).

Small-scale enterprises constituted approximately 90% of all businesses in Uganda, employing over 2.5 million people and contributing significantly to GDP growth and poverty reduction (UBOS, 2021). In Kanungu District, located in southwestern Uganda, SSEs formed the economic backbone, engaging in diverse activities including agriculture, trading, hospitality, and artisanal manufacturing (Kanungu District Local Government, 2020). However, these enterprises operated predominantly in the informal sector, with limited engagement with formal tax systems due to various administrative barriers and challenges (Eilu, 2018).

Tax administration criteria encompassed several dimensions critical to taxpayer engagement and compliance. According to Alm and Torgler (2011), key criteria included simplicity of procedures, efficiency of service delivery,

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fairness in treatment, transparency of operations, and accessibility of tax services. Simplicity referred to the ease with which taxpayers could understand and fulfill their obligations without excessive complexity or technical requirements (Evans, 2003). Efficiency concerned the speed, cost-effectiveness, and convenience of tax administration processes from registration to filing and payment (Coolidge, 2012). Fairness related to equitable treatment of all taxpayers regardless of size, sector, or location, while transparency involved clear communication of rules, procedures, and decisions (OECD, 2013).

Research demonstrated that tax administration quality significantly affected taxpayer behavior, compliance levels, and ultimately business performance (Kirchler et al., 2008). Poorly designed tax administration systems imposed substantial compliance costs on small businesses, diverting resources from productive activities and undermining competitiveness (Coolidge et al., 2009). Conversely, simplified and efficient tax administration reduced transaction costs, encouraged formalization, facilitated access to credit and government contracts, and enhanced business planning capacity (Djankov et al., 2010).

In Kanungu District, SSE operators frequently cited tax administration challenges including complex procedures, long processing times, inadequate taxpayer support, and perceived unfair treatment as major constraints to their business operations (Tukamushaba, 2017). These administrative barriers not only discouraged tax compliance but also limited business growth potential by restricting access to formal market opportunities. Despite these documented challenges, empirical evidence on how specific tax administration criteria contributed to SSE financial performance in rural Ugandan districts remained limited, creating a critical knowledge gap that this study addressed.

Problem Statement

Small-scale enterprises in Kanungu District encountered substantial challenges related to tax administration that negatively impacted their financial performance and sustainability. Despite government efforts to streamline tax processes through e-filing systems and taxpayer education initiatives, SSE operators reported persistent difficulties including cumbersome registration procedures, complex filing requirements, delayed processing of tax clearance certificates, and limited access to taxpayer support services (Kanungu District Commercial Office, 2019). These administrative inefficiencies imposed significant compliance costs estimated at 15-20% of annual turnover for small businesses, diverting critical resources from productive investments (Waiswa et al., 2015). Furthermore, inconsistent application of tax rules and perceived discriminatory treatment by tax officials eroded trust and discouraged voluntary compliance, with only 42% of eligible SSEs maintaining current tax registrations (URA, 2020). The situation was compounded by geographical barriers, as Kanungu's rural location meant limited physical access to URA offices, forcing operators to travel long distances or rely on expensive intermediaries. Consequently, many SSEs remained informal, unable to access government tenders, formal credit facilities, or business development programs requiring tax compliance documentation. While previous studies examined tax administration in Uganda broadly (Kangave et al., 2016), limited research specifically investigated how tax administration criteria contributed to financial

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performance of SSEs in rural districts like Kanungu, where contextual factors differed significantly from urban centers.

Objective of the Study

To assess the contribution of tax administration criteria on financial performance of SSEs in Kanungu District.

Methodology

This study employed a cross-sectional survey research design to investigate the contribution of tax administration criteria on financial performance of small-scale enterprises in Kanungu District. The design was selected because it enabled efficient collection of data from a large sample at a specific point in time, facilitating examination of relationships between variables without manipulation (Bryman, 2012). The target population consisted of 450 registered small-scale enterprises operating in Kanungu District as documented in the district commercial registry for the fiscal year 2022/2023.

Using Krejcie and Morgan's (1970) table for determining sample size, 160 SSEs were selected as the study sample, providing adequate statistical power at 95% confidence level with a 5% margin of error. A stratified random sampling technique was applied to ensure representation across different business sectors. The population was first stratified into three categories: retail/trading enterprises (46%), service providers (33%), and manufacturing/processing enterprises (21%). Proportionate samples were then randomly selected from each stratum, yielding 74 retail enterprises, 52 service providers, and 34 manufacturing enterprises. This approach enhanced external validity and allowed for sector-specific analysis if required.

Data collection was conducted using self-administered structured questionnaires distributed to SSE owners or managers identified as key informants with comprehensive knowledge of their businesses' tax interactions and financial performance. The questionnaire comprised four sections: demographic characteristics, tax administration criteria assessment (20 items), financial performance measures (12 items), and open-ended questions for additional insights. Tax administration criteria were operationalized across five dimensions: simplicity (4 items), efficiency (4 items), fairness (4 items), transparency (4 items), and accessibility (4 items), measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Financial performance was assessed using indicators including revenue growth, profitability, asset accumulation, market expansion, and business sustainability over the preceding two years.

To ensure instrument validity, the questionnaire was subjected to expert review by three tax administration specialists and two university lecturers specializing in business management, resulting in modifications that improved clarity and relevance. The Content Validity Index was calculated at 0.85, exceeding the acceptable threshold of 0.70. Reliability testing was conducted through a pilot study with 20 SSEs from neighboring Rukungiri District, which shared similar characteristics with Kanungu but were excluded from the main sample. Cronbach's alpha coefficients were computed



for each scale: tax administration criteria ($\alpha = 0.892$) and financial performance ($\alpha = 0.857$), both demonstrating high internal consistency (Tavakol & Dennick, 2011).

Data were analyzed using Statistical Package for Social Sciences (SPSS) version 25.0. Descriptive statistics including frequencies, percentages, means, and standard deviations were computed to summarize respondent characteristics and variable distributions. Pearson correlation analysis examined relationships between tax administration criteria dimensions and financial performance. Multiple regression analysis determined the relative contribution of each tax administration criterion to financial performance, with financial performance as the dependent variable and tax administration criteria dimensions as independent variables. Statistical significance was set at $p < 0.05$. Ethical approval was obtained from the relevant institutional review board, while informed consent was secured from all participants with assurances of confidentiality and voluntary participation.

Results

Demographic Characteristics of Respondents

The study successfully collected data from 160 SSE operators in Kanungu District. Gender distribution showed that 61.3% (n=98) were male while 38.8% (n=62) were female, reflecting male dominance in business ownership within the district. Age distribution indicated that 35.0% (n=56) were aged 26-35 years, 30.0% (n=48) were 36-45 years, 21.3% (n=34) were 18-25 years, and 13.8% (n=22) were above 45 years, demonstrating that the majority of SSE operators were in their economically productive years. Educational qualifications revealed that 45.0% (n=72) had completed secondary education, 28.8% (n=46) had primary education, 21.3% (n=34) possessed tertiary qualifications, and 5.0% (n=8) had no formal education. Business sectors comprised retail/trading (46.3%, n=74), services (32.5%, n=52), and manufacturing (21.3%, n=34). Years in business showed that 38.8% (n=62) had operated for 3-5 years, 31.3% (n=50) for 1-2 years, 20.0% (n=32) for 6-10 years, and 10.0% (n=16) for more than 10 years.

Tax Administration Criteria Assessment

Table 1: Tax Administration Simplicity (N=160)

Simplicity Indicator	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Tax registration procedures are straightforward	15.0	31.3	18.8	23.8	11.3	3.15	1.28
Tax filing forms are easy to understand	11.3	28.1	21.3	26.3	13.1	2.98	1.26
Tax payment processes are simple	18.8	35.6	20.0	17.5	8.1	3.39	1.23
Tax compliance requirements are clear	13.8	33.1	18.1	23.1	11.9	3.14	1.29
Overall Simplicity	-	-	-	-	-	3.17	1.08

Source: Primary Data, 2025

The assessment of tax administration simplicity in Table 1 revealed moderate levels (M=3.17, SD=1.08), with tax payment processes scoring highest (M=3.39, SD=1.23) as 54.4% of respondents found them simple. This suggested that payment channels, particularly mobile money integration, had improved convenience. However, understanding

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tax filing forms remained challenging (M=2.98, SD=1.26), with only 39.4% finding them easy to comprehend, indicating that form design and language complexity presented barriers for many operators, particularly those with limited formal education. Registration procedures (M=3.15, SD=1.28) and compliance requirements clarity (M=3.14, SD=1.29) scored moderately, suggesting mixed experiences where some operators navigated processes successfully while others encountered difficulties.

Table 2: Tax Administration Efficiency (N=160)

Efficiency Indicator	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Tax registration is processed quickly	10.0	26.3	23.8	27.5	12.5	2.94	1.24
Tax refunds are processed promptly	6.3	18.8	28.1	31.3	15.6	2.69	1.17
Tax clearance certificates are issued timely	11.3	30.0	21.3	25.0	12.5	3.03	1.26
Tax officials respond quickly to inquiries	13.1	28.8	23.1	23.8	11.3	3.09	1.26
Overall Efficiency	-	-	-	-	-	2.94	1.04

Source: Primary Data, 2025

Tax administration efficiency results in Table 2 indicated relatively low performance (M=2.94, SD=1.04), representing the weakest dimension of tax administration criteria. Particularly concerning was the processing of tax refunds (M=2.69, SD=1.17), where only 25.1% reported prompt handling, reflecting systemic delays that created cash flow challenges for businesses awaiting refunds. Registration processing speed (M=2.94, SD=1.24) and response times to inquiries (M=3.09, SD=1.26) were moderate, with 36.3% and 41.9% respectively reporting satisfactory service. Tax clearance certificate issuance (M=3.03, SD=1.26) showed similar patterns, with 41.3% receiving timely service. These efficiency challenges suggested inadequate staffing, bureaucratic bottlenecks, or technological limitations that delayed service delivery and imposed time costs on SSE operators who needed quick turnaround for business operations.

Table 3: Tax Administration Fairness (N=160)

Fairness Indicator	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
All taxpayers are treated equally	15.6	30.0	20.6	21.9	11.9	3.15	1.30
Tax rates are fair for small businesses	10.0	25.6	23.1	28.1	13.1	2.91	1.25
Tax assessments are conducted fairly	13.1	28.1	22.5	23.8	12.5	3.06	1.28
Appeals processes are accessible and fair	8.8	23.1	26.3	28.1	13.8	2.85	1.23
Overall Fairness	-	-	-	-	-	2.99	1.07

Source: Primary Data, 2025

Fairness assessment in Table 3 showed moderate but concerning levels (M=2.99, SD=1.07). Equal treatment of taxpayers (M=3.15, SD=1.30) was reported by 45.6% of respondents, yet 33.8% perceived unequal treatment, potentially reflecting experiences of discrimination based on business size, sector, or personal connections. Perceived

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fairness of tax rates for small businesses was notably low (M=2.91, SD=1.25), with only 35.6% considering them fair, suggesting that tax burden was viewed as disproportionate relative to SSE capacity and benefits received. Assessment fairness (M=3.06, SD=1.28) and appeals processes (M=2.85, SD=1.23) scored similarly low, with only 32.0% finding appeals accessible and fair, indicating limited recourse mechanisms when SSEs disputed tax determinations.

Table 4: Tax Administration Transparency (N=160)

Transparency Indicator	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Tax rules and regulations are clearly communicated	16.3	33.8	18.1	20.0	11.9	3.23	1.30
Tax calculation methods are explained	12.5	30.6	21.3	23.1	12.5	3.07	1.28
Tax officials provide clear information	14.4	31.3	21.9	21.3	11.3	3.16	1.27
Tax audit processes are transparent	10.6	26.9	25.0	25.0	12.5	2.98	1.25
Overall Transparency	-	-	-	-	-	3.11	1.09

Source: Primary Data, 2025

Transparency results in Table 4 demonstrated moderate levels (M=3.11, SD=1.09), with communication of tax rules and regulations scoring highest (M=3.23, SD=1.30) among 50.1% of respondents. This positive finding suggested that information dissemination efforts through workshops and media had achieved some success. However, transparency of audit processes remained weak (M=2.98, SD=1.25), with only 37.5% reporting transparency, indicating that audit procedures were not well understood or communicated, creating anxiety and compliance uncertainties among SSE operators. Explanation of calculation methods (M=3.07, SD=1.28) and clarity of official information (M=3.16, SD=1.27) showed moderate performance, suggesting room for improvement in technical communication.

Table 5: Tax Administration Accessibility (N=160)

Accessibility Indicator	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Tax offices are easily accessible	8.1	21.3	23.1	31.3	16.3	2.74	1.23
Online tax services are available and functional	6.3	16.3	25.0	33.8	18.8	2.58	1.19
Taxpayer support services are readily available	10.0	25.0	21.9	28.1	15.0	2.87	1.27
Tax information is available in local languages	11.9	28.1	20.0	26.3	13.8	2.98	1.30
Overall Accessibility	-	-	-	-	-	2.79	1.08

Source: Primary Data, 2025

Accessibility emerged as the most problematic dimension in Table 5 (M=2.79, SD=1.08), reflecting Kanungu's rural geography and infrastructure limitations. Physical accessibility of tax offices scored particularly low (M=2.74, SD=1.23), with only 29.4% finding offices easily accessible, as most operators faced long travel distances to the nearest URA office in Kabale or Mbarara. Online tax services accessibility was lowest (M=2.58, SD=1.19), with

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merely 22.6% accessing functional online services, reflecting limited internet connectivity and digital literacy in rural areas. Availability of taxpayer support services (M=2.87, SD=1.27) and information in local languages (M=2.98, SD=1.30) also showed deficiencies, with 35.0% and 40.0% respectively reporting adequate availability, highlighting communication and service delivery gaps in rural tax administration.

Financial Performance of SSEs

Table 6: Financial Performance Indicators (N=160)

Financial Performance Indicator	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
My business revenue increased in the past two years	21.3	41.3	18.1	13.1	6.3	3.58	1.17
My profit margins have improved	18.1	38.8	20.6	15.0	7.5	3.45	1.20
I have acquired new business assets	16.3	36.3	22.5	16.3	8.8	3.35	1.21
My business expanded to new locations/markets	13.8	33.1	23.1	20.0	10.0	3.21	1.24
My business can meet financial obligations	20.6	40.0	18.8	13.1	7.5	3.53	1.20
I maintain positive cash flow regularly	19.4	38.1	20.0	15.0	7.5	3.47	1.21
I have access to formal credit facilities	10.6	27.5	23.1	26.3	12.5	2.98	1.25
Overall Financial Performance	-	-	-	-	-	3.37	0.97

Source: Primary Data, 2025

The financial performance assessment in Table 6 indicated moderate overall performance (M=3.37, SD=0.97) among SSEs in Kanungu District. Revenue growth demonstrated the strongest performance indicator (M=3.58, SD=1.17), with 62.6% of respondents reporting increased revenue over the previous two years, suggesting that despite administrative challenges, market opportunities existed and businesses were capturing them through operational activities. The ability to meet financial obligations also scored favorably (M=3.53, SD=1.20), with 60.6% reporting capacity to honor commitments, indicating basic financial stability among the majority of enterprises.

Cash flow maintenance showed positive results (M=3.47, SD=1.21), with 57.5% maintaining regular positive cash flow, which was essential for business continuity and investment capacity. Profit margin improvement (M=3.45, SD=1.20) was reported by 56.9% of respondents, suggesting operational efficiency gains or improved pricing strategies despite competitive pressures. Asset acquisition demonstrated moderate success (M=3.35, SD=1.21), with 52.6% having acquired new assets, indicating capital accumulation and gradual business growth.

Market expansion showed more modest results (M=3.21, SD=1.24), with 46.9% expanding to new locations or markets, reflecting that while some businesses grew geographically, many remained constrained to their original operational areas possibly due to capital limitations or market saturation. The most challenging aspect remained access to formal credit facilities (M=2.98, SD=1.25), with only 38.1% successfully accessing such financing. This critical

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constraint limited growth potential and forced reliance on informal financing sources with higher costs and shorter terms, as formal lenders required tax compliance documentation and collateral that many SSEs lacked.

Relationship Between Tax Administration Criteria and Financial Performance

Table 7: Correlation Analysis Between Tax Administration Dimensions and Financial Performance (N=160)

Variables	1	2	3	4	5	6
1. Simplicity	1					
2. Efficiency	0.723**	1				
3. Fairness	0.681**	0.698**	1			
4. Transparency	0.702**	0.715**	0.734**	1		
5. Accessibility	0.645**	0.673**	0.658**	0.681**	1	
6. Financial Performance	0.658**	0.624**	0.593**	0.618**	0.571**	1

* $p < 0.01$ (2-tailed)

Source: Primary Data, 2025

The correlation analysis in Table 7 revealed that all five dimensions of tax administration criteria demonstrated significant positive relationships with financial performance. Simplicity showed the strongest correlation ($r = 0.658$, $p < 0.01$), indicating that when tax procedures were straightforward and easy to understand, SSEs experienced better financial outcomes. This relationship operated through reduced compliance costs, less time spent navigating bureaucracy, and fewer errors that could result in penalties. Efficiency of tax administration also correlated strongly ($r = 0.624$, $p < 0.01$), suggesting that prompt processing and service delivery enabled businesses to operate more smoothly with predictable timelines for tax-related transactions.

Fairness demonstrated significant correlation ($r = 0.593$, $p < 0.01$), indicating that perceived equitable treatment enhanced business performance, likely by building trust in the tax system, encouraging voluntary compliance, and creating a level playing field where businesses competed based on merit rather than preferential treatment. Transparency correlated significantly ($r = 0.618$, $p < 0.01$), suggesting that clear communication and open processes enabled better business planning and reduced uncertainty. Accessibility showed the weakest but still significant correlation ($r = 0.571$, $p < 0.01$), reflecting that physical and technological access to tax services facilitated compliance and business operations, though its effect was somewhat limited by other factors.

Inter-correlations among tax administration dimensions ranged from 0.645 to 0.734, all statistically significant, indicating that these dimensions were related but distinct aspects of tax administration quality. This suggested that improvements in one area tended to coincide with improvements in others, reflecting overall tax administration system quality rather than isolated attributes.

Table 8: Correlation Between Overall Tax Administration Criteria and Financial Performance

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Variables	1	2
1. Tax Administration Criteria (Overall)	1	
2. Financial Performance	0.712**	1

* $p < 0.01$ (2-tailed)

Source: Primary Data, 2025

The overall correlation between tax administration criteria and financial performance in Table 8 was strong and highly significant ($r = 0.712$, $p < 0.01$), demonstrating that tax administration quality substantially influenced SSE financial outcomes in Kanungu District. This relationship indicated that businesses operating under better-administered tax systems achieved superior financial performance through multiple pathways including reduced compliance burdens, enhanced business legitimacy, improved access to opportunities, and better resource allocation.

Table 9: Multiple Regression Analysis Results

Model	R	R ²	Adjusted R ²	Std. Error	F	Sig.
1	0.712	0.507	0.491	0.693	31.657	0.000
Predictor	B	Std. Error	Beta	t	Sig.	
(Constant)	0.847	0.243	-	3.485	0.001	
Simplicity	0.298	0.081	0.312	3.679	0.000	
Efficiency	0.221	0.084	0.237	2.631	0.009	
Fairness	0.186	0.077	0.205	2.416	0.017	
Transparency	0.165	0.080	0.185	2.063	0.041	
Accessibility	0.133	0.075	0.148	1.773	0.078	

Dependent Variable: Financial Performance

Source: Primary Data, 2025

Multiple regression analysis in Table 9 demonstrated that tax administration criteria collectively predicted financial performance significantly ($F = 31.657$, $p < 0.001$), explaining 50.7% of the variance ($R^2 = 0.507$). The adjusted R^2 of 0.491 indicated robust explanatory power not inflated by the number of predictors. Examining individual contributions, simplicity emerged as the strongest predictor ($\beta = 0.312$, $t = 3.679$, $p < 0.001$), suggesting that for every one-unit increase in simplicity, financial performance increased by 0.298 units when other factors were held constant. This dominant effect reflected the critical importance of reducing procedural complexity for resource-constrained small businesses.

Efficiency was the second strongest predictor ($\beta = 0.237$, $t = 2.631$, $p = 0.009$), with a regression coefficient of 0.221, indicating that faster processing and service delivery contributed significantly to business performance by reducing waiting times and uncertainty. Fairness contributed significantly ($\beta = 0.205$, $t = 2.416$, $p = 0.017$) with a coefficient of 0.186, demonstrating that equitable treatment enhanced performance by building trust and encouraging engagement

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with the tax system. Transparency also predicted financial performance significantly ($\beta = 0.185$, $t = 2.063$, $p = 0.041$) with a coefficient of 0.165, showing that clear communication improved business decision-making and planning. Interestingly, accessibility did not reach statistical significance in the multiple regression model ($\beta = 0.148$, $t = 1.773$, $p = 0.078$), despite its significant bivariate correlation. This suggested that when controlling for other tax administration dimensions, physical and technological access had limited independent effect on financial performance, possibly because its impact was mediated through or overlapped with other dimensions. The findings collectively validated the importance of tax administration quality for SSE performance while highlighting that procedural simplicity and service efficiency were most critical in the Kanungu context.

Conclusions

Tax administration quality across all assessed dimensions was generally moderate to low, with significant deficiencies in efficiency and accessibility. The efficiency challenges, particularly regarding refund processing and service delivery speed, imposed substantial time costs on SSEs that diverted managerial attention from productive activities. Accessibility emerged as the most problematic dimension, reflecting the district's rural geography, limited digital infrastructure, and inadequate decentralization of tax services. These administrative weaknesses created compliance barriers and discouraged formal sector participation among SSEs.

Financial performance of SSEs in Kanungu District was moderate, characterized by positive revenue growth and improving profitability for the majority of enterprises. However, performance remained constrained by limited access to formal credit, which affected approximately 62% of businesses. This financing gap stemmed partly from tax administration challenges, as many SSEs lacked the tax compliance documentation required by formal lenders, creating a vicious cycle where administrative barriers prevented compliance, which in turn restricted access to growth capital.

Tax administration criteria contributed significantly and positively to SSE financial performance, with procedural simplicity emerging as the most influential dimension. The research established that tax administration quality explained over half the variance in financial performance, demonstrating substantial practical importance. This contribution operated through multiple mechanisms: simplified procedures reduced compliance costs and enabled better resource allocation; efficient service delivery facilitated timely business transactions; fair treatment built trust and encouraged formalization; transparent processes enabled strategic planning; and accessible services reduced transaction barriers. The findings provided empirical validation for administrative reform priorities in rural contexts. The research revealed that different tax administration dimensions varied in their independent contributions when considered simultaneously. While simplicity, efficiency, fairness, and transparency all demonstrated significant independent effects, accessibility's impact appeared mediated through other dimensions or contingent on contextual factors. This nuanced finding suggested that while improving physical and digital access remained important, it would

yield optimal results when combined with procedural simplification and service quality enhancements rather than pursued in isolation.

Recommendations

URA should prioritize simplification of tax procedures specifically designed for small-scale enterprises. This should include developing a simplified presumptive tax regime with standardized rates based on business turnover bands, creating one-page filing forms with visual guides and local language versions, establishing a single business identifier that serves across all tax types, and implementing mobile-based filing and payment platforms accessible via basic phones requiring minimal data connectivity (Engelschalk, 2007). Such simplification would directly address the procedural complexity identified as the strongest performance constraint while reducing compliance costs that disproportionately burden small businesses.

URA should enhance service delivery efficiency through strategic investments in human resources and technology. Specific measures should include establishing service level standards with maximum turnaround times for common transactions (e.g., 48 hours for tax clearance certificates), implementing automated processing systems for routine applications, increasing staffing at processing centers to reduce backlogs particularly for refunds, and creating expedited tracks for small business applications. Given that efficiency was the second strongest predictor of performance and the weakest dimension of current administration, improvements would yield substantial benefits for SSE operations (Coolidge et al., 2009).

Ensuring fairness in tax administration should be pursued through enhanced accountability mechanisms and transparent assessment criteria. Recommendations included developing and publicizing clear tax assessment methodologies with standardized criteria that minimize discretionary judgment, establishing independent review panels at district level to hear taxpayer appeals within 30 days, implementing taxpayer charters that specify rights and service commitments, creating anonymous feedback mechanisms for reporting unfair treatment, and conducting regular training for tax officials on professional conduct and equitable service delivery. These measures would address the 33.8% of respondents who perceived unequal treatment and build trust essential for voluntary compliance (Alm & Torgler, 2011).

Improving accessibility required decentralization of tax services to rural districts combined with digital solutions adapted to local contexts. Kanungu District Local Government in partnership with URA should establish satellite tax service centers at subcounty headquarters offering basic services including registration, information provision, form collection, and payment receipt. Additionally, mobile tax clinics should visit trading centers quarterly to provide on-site services and education. Digital accessibility should be enhanced through SMS-based systems allowing status

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checks and notifications without internet requirements, voice-response systems in local languages for common inquiries, and partnerships with mobile money agents to serve as tax payment points. These interventions would address the critical accessibility gaps affecting rural SSEs (Fjeldstad et al., 2012).

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