



Tax Write-Off and Remission on Revenue Mobilization in Wiawso Municipal Assembly of Ghana

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Abstract

The maiden budget of the Akufo-Addo administration, presented by the Finance Minister on Thursday, March 2, 2021, saw the downward revision of certain taxes while others were completely abolished. According to Public Finance General Directorate, the purpose of taxation as enshrined in the French laws is “for the maintenance of public force and administrative expenses”. The need therefore to increase internally generated funds have been at the center stage of most developing countries, as Donor Partners insist on ensuring efficiency in tax administration before loans can be granted. Against the backdrop of tax cuts announced in the 2021 budget, this study seeks to evaluate the effect of tax cuts on revenue mobilization in the Wiawso Municipal Assembly of Ghana. The study employed the purposive sampling technique, making use of a population of 50. The result of the study showed that there is a strong negative relationship between tax cuts and revenue mobilization. Hence tax cuts can be assumed to reduce revenue mobilization. It also came to light that non-compliance was the main challenge facing the revenue collectors in the Wiawso Municipality. In the light of the above, the following recommendations were made. Government should support GRA by providing the necessary resources needed by the staff to carry out their daily activities effectively. For instance, the introduction of the taxpayer identification system. Technical training should also be organized regularly for GRA staff in other to help them acquire the necessary technical skills needed to carry out their activities effectively.

Keywords: Tax remission; Tax writ-offs; Revenue mobilization; Public expenditure; Impact on taxpayers.

1. Background of the Study

The last few years have brought fundamental changes to the economies of developing countries. The social responsibility of governments to provide public goods and services and the need to bridge the fiscal gap have gained much attention from policy makers. The need therefore to increase internally generated funds has been at the centre stage of most developing countries, as Donor Partners insist on ensuring efficiency in tax administration before loans can be granted. Tax revenue is arguably the major fundamental source of finance to nations and governments all over the world (Abdallah, 2008). According to Public Finance General Directorate (2009) the purpose of taxation as enshrined in the French laws is “for the maintenance of public force and administrative expenses”. Miller and Oats (2009), maintained, “Taxation is required to finance public expenditure”. To achieve maximum revenue mobilisation whilst reducing the impact on taxpayers, respective schools of thought have proposed either to use “tax cuts” or “tax rises” as the way out. For instance Gill (2003) posits that maximization of revenues for governments rely more on the efficiency and effectiveness of the tax administration, as opposed to tax laws and policies which creates the framework for raising tax revenues. In furtherance of the above, respective governments in Ghana between the period 2000 to 2018 have resorted to either “tax cuts” or “tax rises” to mobilise revenue. (Ministry of Finance, 2001), (Ministry of Finance, 2009) and (Ministry of Finance, 2021 & 2018). The maiden budget of the Akufo-Addo Administration, presented by the Finance Minister on Thursday, March 2, 2021, saw the downward revision of certain taxes while others were completely abolished. The finance Minister was of the view that even though taxation is a tool used to raise revenue to finance needed developmental projects, when taxes are too high they adversely affect the operations of businesses, leading to evasion in various forms. He further posited that whenever it becomes economically desirable, tax cuts may be resorted to in order to achieve certain economic objectives. The immediate effects of a tax cut he stated, are a decrease in the real income of the government and an increase in the real income of those whose tax rate has been lowered. He finally contended that even though taxation is important, the lower the tax rates the more willing people will be to comply with their tax obligations, so the end result will be the generation of more revenue for the country. This study therefore seeks to evaluate the effect of tax cuts on revenue mobilization in the Wiawso Municipality of Ghana.

2. Theoretical Issues

2.1. Understanding Tax Policy

Tax policy is concerned with the reasoning behind how much revenue the government is collecting, what the revenue is being used for, and whether the government is collecting revenue in the most appropriate way. Tax policy analysis follows a two-step process: the first step identifies the purposes of specific tax instruments, and the second step evaluates how well those instruments achieve their purposes. Tax policy analysis necessarily examines the nature and role of the state, for most of the purposes of tax instruments are identical to the function of government itself. In a sense, taxes are a necessary evil in private property regimes; we have taxes in order to give government entities access to cash and productive resources. From this derives the old maxim that “taxation is one of the few things that one can be certain about.”

2.2. Purposes of Taxation

The imposition and collection of taxes is simply one of the fundamental policy instruments used to achieve governmental social and economic goals. The objectives of tax policy are similar to those of public policy in developing countries, and overlap with the purposes of the tax system or the purpose of most governments. There are five purposes for collecting revenue through taxes: to give government power to allocate resources; to enable government to provide/support social development; to stabilize the economy; to constitute and define the market place; and to encourage optimal economic growth. In his book *Tax Policy and Economic Development*, Richard Bird has concluded that three of these are of greatest urgency in developing countries: economic growth; internal and external stability; and ensuring that incomes are distributed appropriately.

2.3. Taxation and Economic Growth

Extant studies carried out by [Nightingale \(2002\)](#) and [Lymer and Oats \(2010\)](#): have established the link between taxation and economic growth. Most developing countries are extremely focused on economic growth in both the private and public sectors. Even in primarily market-based economies, governments need to acquire assets for public sector capital formation and development-related expenditures. There appears to be no limit to the tax gadgetry used in different countries to stimulate economic growth. Most developing countries encourage foreign direct investment to stimulate economic growth through the use of tax incentives, and many developing countries impose higher taxes on retained profits than on distributed profits in order to encourage distribution. However, the effectiveness of some policies -- especially of incentives remains uncertain because there is still insufficient data to link such policies with growth performance.

2.4. Taxation and Stabilization

The use of tax instruments to enhance economic stability is important in developing countries because this enables them to ensure elasticity with respect to changes in the value of money and income levels. If tax yields rise when national income rises, governments have less need to rely on deficit financing to maintain and expand the level of public-sector activity in a growing economy.

2.5. Taxation and Distribution of Income

The distributional role of taxes in developing countries is another important purpose of the tax system. Disparities in income can block development and increase demands for government social spending. The main explicitly redistributive tax in most tax systems is the personal income tax (PIT). In practice, the personal income tax in developing countries is far from being progressive due to large disparities in incomes. These disparities are compounded by the influence of the rich, who may end up paying fewer taxes due to numerous exemptions or favors from the government.

2.6. Performance of Tax Administration

Performance of tax administration has to be unarguably an effective and efficient comportment so as to guarantee an equitable in addition to economically system exists of efficient taxation, ([Klun, 2004](#)). The significance of an effective and efficient tax administration is backed by [Gill \(2003\)](#) who affirmed that “while the policy of tax and tax laws generate possibility of raising tax revenues, the definite taxes flowing into the government Treasury, to a very great degree, based on the effectiveness and efficiency of the revenue administration”. [Gill \(2003\)](#) further added that limitations in revenue administration bring about insufficient tax collections, therefore dwindling the budgetary resource packet, and affecting the government’s capacity to execute its policies and programs, and provide public services.

Notwithstanding the significance of having a thriving revenue administration, there are no universal, settled upon measures which offer for the relative assessment of performance tax administration ([Levi, 1988](#)). [Klun \(2004\)](#) also revealed that the literature does not put forward a general definition for tax administration system performance measurement. Actually, there is no one set of broadly conventional performance measures or indicators for measuring the revenue performance or the general tax administration system performance.

By reason of the lack of standardized systems for performance measurement, ([Klun, 2004](#)) preceding literature has recommended diverse methods to find out the tax administration system performance. Several authors have proposed measuring tax office performance founded on productive efficiency, ([Farrell, 2013](#)). Other authors such as [Tanzi and Pellechio \(1995\)](#), and [Silvani and Baer \(1997\)](#) have clustered certain issues together within the single

concept of tax administration performance in respect of effectiveness and efficiency. [Silvani and Baer \(1997\)](#) proposed that the system of tax administration efficiency and effectiveness are most excellent considered by examining the process of tax collection and taxpayer's non-compliance or the tax gap. The OECD (2001) appraised tax administration performance of OECD countries by centering on efficiency, service quality and effectiveness. Conversely, the text recommends that the scope of appraisal relates to input, output, productivity, quality, taxpayer satisfaction and the outcomes from revenue and compliance.

The World Bank (2003) suggested that performance of tax administration should be assessed with reference to the three qualifications of effectiveness, efficiency and equity. [Teera \(2003\)](#) proposed that tax performance assessment should center on raising more tax revenue. In keeping with [Seera \(2003\)](#), an illustration of an end result of a system of tax administration is the amount of audits carried-out by each tax inspector whereas the outcomes typically consist of taxpayer satisfaction, quality of services to the taxpayers and taxpayer compliance rate. The OECD (2008) acknowledged that the tax administration outputs are, for instance, the amount of inquiries processed and the amount of audits cases and debt cases settled, and the outcome could be in the form of changes in taxpayers' compliance.

In spite of the lack of uniform systems for performance measurement of tax administration, researchers have been determining performance of tax administration by means of different performance standards, indicators and measures to attempt to estimate the problems regarding tax administration and to propose ways to prevail over those problems.

2.7. Improving Tax Compliance

As [Bird \(2015\)](#) correctly points out, "assessing the relation between administrative effort and revenue outcome is by no means a simple task". Maximizing revenue is only one dimension of the task of tax administration. How that revenue is raised, in other words the effect and impact of the revenue-raising task in equity, the level of economic welfare as well as the political fortunes of governments, may be as important. Rather than simply looking at the amount of revenue raised, that is the level of collection, to measure the effectiveness or success of a tax administration, a more accurate measure would be to measure the so-called "compliance gap" which constitutes the gap between actual and potential revenues ([Casanegra de Jantscher, 1997](#)). The Malaysian government has recently embarked on an initiative to encourage the collection levels of local revenue. Stars are awarded to individual local authorities on the basis of their success with the collection of their property taxes. The idea is that there will be sufficient peer-pressure amongst local authorities to stimulate poorer-performing authorities to improve their star rating by collecting more property tax.

2.7.1. Tax Amnesties

Governments periodically offer those who have not fully complied with their tax obligations a period in which they can voluntarily correct past violations and not suffer the full penalties that such violations would normally entail. Although revenue is a key attraction of amnesties, they are also sometimes used to address political goals, for example, as a measure to "put the past behind us in order to move forward" ([Bird, 2015](#)). On the whole, the evidence is clear that tax amnesties are seldom successful and should rather be avoided ([Bird, 2015](#); [Casanegra de Jantscher, 1997](#)). 18 Tax amnesties are popular¹⁹ and therefore commonly encountered. They are especially attractive to politicians who regularly (and somewhat short-sightedly) view an "amnesty as a way to obtain revenue that was owed the government but would never have been collected without the amnesty" ([Mikesell and Birskyte, 2007](#)). Apart from the importance of careful design, a tax amnesty will only be effective if the taxpayer can be certain that the amount declared during the amnesty will not result in a future investigation of possible tax evasion in years not covered by the amnesty ([Bird, 2015](#)). [Mikesell and Birskyte \(2007\)](#) state that one-time amnesties may enhance voluntary taxpayer compliance during the amnesty period, but that typical tax amnesties are unlikely to generate significant amounts of new revenue in the long run. To be successful, an amnesty programme must do more than simply offer relief for past violations. These authors conclude: "It must also change future behavior, both of the taxpayer and the government. If the likelihood of getting caught, and thus penalized, rises after the program, then taxpayers are more likely to take advantage of the temporary amnesty as a last chance opportunity. The design of a successful amnesty might combine mild treatment of the evaders upon the disclosure with a tougher expected enforcement regime." In 2006 South Africa embarked on a tax amnesty for small businesses. The reason for this amnesty was to provide the large number of small businesses that were not registered for tax purposes, or was in the net but had not made full disclosure of their taxable income to the revenue authority (SARS), with an opportunity to regularize.

2.7.2. Tax Write-Off and Remission

A good number government provides legislation in their financial administration acts to permit the write-off of any government debt that cannot be collected. When an account is submitted for write-off, the tax administration has made a business decision not to continue with further collection action. It is imperative to note that a write-off does not "extinguish" the debt and if the taxpayer is in a position to settle the debt at some future time then the tax administration can collect the debt at this later date ([Jacobs et al., 2013](#)).

A "remission" is legally special. According to [Jacobs et al. \(2013\)](#), remission is a paper request from the taxpayer requesting relief due to financial hardship or other extraordinary circumstances. A remission will permanently extinguish interest, penalty, and/or tax ([Jacobs et al., 2013](#)). Before a remission is considered and

granted, taxpayer is required to make a request to the commission with the stated reasons specifying his/her exceptionally case that warrant it.

Most modern tax administrations have the authority to write off tax arrears that are considered to be uncollectible (Jacobs *et al.*, 2013). This authority is vital to proper administration, as it frees resources from attempting to collect debts that have no reasonable possibility of being collected. It is also good accounting, as it removes uncollectible tax debts from the accounts of the tax administration, and it presents the government with a more accurate picture of the amount of arrears that have some potential for collection (Jacobs *et al.*, 2013).

A write-off procedure for uncollectible accounts should be developed and agreed to by all, including the Ministry of Finance. An example of the process could be:

- i. Accounts are listed by type of tax, date, principle, penalty, interest, and the reason for being considered uncollectible;
- ii. A committee of senior tax officials reviews the list to ensure the account is uncollectible;
- iii. The list is submitted to the head of the tax administration for approval;
- iv. The accounts are transferred in tax administration records as uncollectible, which removes them from the general listing of receivables;
- v. In the interest of transparency, the list is published in a newspaper; and
- i. The list is submitted to the Minister of Finance as a draft bill for Parliamentary approval (Jacobs *et al.*, 2013). -

3. Research Approach

3.1. Research Design

Burns (2007), defines a research design as a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. Parahoo (1997), also describes a research design as a plan that describes how and where data are to be collected and analyzed. Pilot (2004), defines a research design as the researchers overall for answering the research question or testing the research hypothesis. This study focuses on the effect of tax cuts on revenue mobilization in Wiawso. The research approach is survey research design. Survey research design is one of the most popular descriptive designs used by students of research, practitioners and scholars, (Levin, 2006). Survey research design is used to determine prevalence which equals the number of cases in a population at a given point in time, (Levin, 2006). It also makes use of standardized questions where reliability of the items is questions (Owens, 2002). Survey research design follows the same sample over time and makes repeated observations and the same group of people is interviewed at a regular interval, enabling researchers to track changes over time and to relate them to variables that might explain why the changes occur (Vandenberg, 2010).

3.2. Population and Sampling Techniques

Saunders (2009), refers to a population as a group of individuals, objects or items having common observable characteristics from which samples are taken for measurement. It also means the aggregate people from which the sample is to be drawn. The population of this research study was selected from the staff of Wiawso Municipal Assembly and the Small Taxpayers Office of Ghana Revenue Authority, Wiawso. The estimated targeted population is 50.

3.3. Sample Size Determination

This study, made use of a number of population of concerned interest, which totaled 50 in number. I then applied the

(Yaro, 1967) formula for the determination of the sample size, stated below.

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = sample size

N = Total population (50)

e = Limited of tolerable error (0.05)

i = Constant

$$n = \frac{50}{1 + 50(0.05)^2} n = 44$$

Hence at 5% significance level the study requires a sample of at least 44 to give fair representation of the element in pupation and produce accurate result.

The study employed the purposive sampling technique that involves the conscious selection by the researcher of certain people to include in a study, because they have an intimate knowledge in the subject matter of study. Purposive sampling is significant for this study because it is used to produce a sample that is representative of the population. This is done by using the researcher's expert knowledge of the population and selecting a sample of elements in a non-random manner. It also offer a wide range of sampling techniques those researchers can use across different qualitative research designs (Palys, 2008).

3.4. Data Sources

Data for the study was obtained from both primary and secondary sources.

3.4.1. Primary Data Sources

Primary data for the study was obtained from field respondents using questionnaires in a field survey. The key respondents were staff of the Small Taxpayers Office and Municipal Assembly, Wiawso. The essence was to collect information that reflects the real situation of the impacts of the regulations on the institutions.

3.4.2. Secondary Data Sources

Secondary data used in the study took the form of existing but relevant literature on the subject matter. This included text books, journals on taxation, existing publications on the subject matter and Ghana Revenue Authority Acts. The Ghana Revenue Authority website was a valuable source of information. This was to situate the study in the context of existing information on the issue while aiding the direction and flow of the study.

3.4.3. Tools of Data Collection

The main data collection instruments that was used for this study is questionnaire. The researchers opted for these instruments of data collection in order to obtain standard form of answers or responses that will give way for easy and accurate analyses. Essentially, the questionnaire technique was used because of the numerous advantages offered to researchers.

3.4.4. Tools of Data Presentation and Analysis

This section looks at how data will be analyzed, considering the objectives of the study such as;

- i. To determine the relationship between tax cuts and revenue mobilization in Wiawso Municipality.
- ii. The difference in revenue mobilization before and after tax cuts.
- iii. To identify the challenges in mobilizing revenue.

These objectives were analyzed by using Pearson's correlation coefficient, independent sample T-test and five points Likert scale respectively, with the help of SPSS version 20 and Microsoft Excel, 2013. The demographic characteristics were presented in a form of charts and frequency tables.

4. Results and Discussion

This section focuses on the analysis and discussion of the primary data collected with the questions. The first section of this chapter presents the processed data on the demographic characteristics of the respondents obtained from the field in the form of tables with their corresponding analyses. The second section presents the relationships between tax cuts and revenue mobilization. The third section captured the difference in revenue mobilization before and after tax cuts and the fourth section identifies the challenges in mobilizing revenue.

Table-4.1. Gender distribution of respondents

		Frequency	Per cent
Valid	MALE	28	66.7
	FEMALE	14	33.3
Total		42	100.0

Source: Field Survey, 2021

Table 4.1 shows that male workforce constitutes 28 representing 66.7% while female workforce constituted 14 representing 33.3%. Hence males form the majority of the workforce at Ghana Revenue Authority and Wiawso Municipal Revenue Office in the Wiawso Municipality. This is not surprising as males dominate Ghana Public Sector at all levels.

Table-4.2. Age distribution of respondents

		Frequency	Per cent
Valid	30-39	26	61.9
	40-49	11	26.2
	50-59	5	11.9
	Total	42	100.0

Source: Field survey, 2021

Data from Table 4.2 showed that 26 respondents representing 61.9% were in the age bracket 30-39, 11 respondents representing 26.2% were in the age bracket 40-49 and 5 respondents representing 11.9% were in the age bracket 50-59. Most respondents contacted for this study were between the age bracket 30-49 amounting to 88.1% of the total sample implying that there are more young people working in GRA and Wiawso Municipal Revenue Office in the Wiawso Municipality which is good for GRA's future.

Table-4.3. Education level of respondents

		Frequency	Per cent
Valid	TERTIARY EDUCATION	42	100.0

Source: Field survey, 2021

Results in table 4.3 indicated that all the 42 respondents representing 100% had tertiary education. This indicates that majority of the staff of GRA (42) had degree and above which depicts that most of the GRA staff have the needed qualification to execute their work.

Table-4.4. Awareness of tax cuts

		Frequency	Per cent
Valid	YES	42	100.0
Total		42	100.0

Source: Field Survey.

Table 4.4 revealed that 42 of the sampled respondents representing 100% agreed that they are aware of tax cuts by government and received approval by parliament.

Items Affected By Tax Cut

This section identifies the type of tax items that have been affected by the tax cuts, announced by the Minister of finance in the 2021 budget Ministry of Finance (2021). Out of 42 respondents, 28 of the sampled respondents representing 66.7% listed the following items:

- I. Spare parts levy
- II. Special petroleum tax
- III. National electrification scheme levy

Also 14 of the respondents representing 33.3% listed the following items and others affected by the tax cuts:

- I. Financial service levy
- II. Real estate sales
- III. Domestic airline tickets

This implied that most of the respondents in GRA in the Wiawso Municipality agreed strongly to the fact that all the above items were actually affected by the tax cuts (MoF, 2021).

Table-4.5. correlation between tax cut and revenue mobilization

		TAX CUT	REVENUE MOBILIZATION
TAX CUT	Pearson Correlation	1	-0.765
	Sig. (2-tailed)		0.039
	N	60	60
REVENUE MOBILIZATION	Pearson Correlation	-0.765	1
	Sig. (2-tailed)	0.039	
	N	60	60

Source: Field survey, 2021

4.1. The Correlation between Tax Cuts and Revenue Mobilization

Table 4.5 contains the Pearson correlation result between tax cut and revenue mobilization, Results in table 4.5 revealed that the coefficient had a P-value of $0.039 < 0.05$ hence was significant at 5% level. The Pearson coefficient of -0.765 indicates that there is a strong negative relationship between tax cut and revenue mobilization. Hence an increase in tax cut leads to a reduction in revenue mobilization. This is not surprising since tax cut in a short run increase the disposal incomes of the individuals and profit after tax of companies since fewer amounts will be charged translating into reduction in revenue mobilization. This finding is consistent with the findings of Dahlby and Ferede (2012) who observed that tax cuts in the short run reduces revenue mobilized by government, however revenue increases in the long run affects positively the productive sector of the economy. The short run effect is depicted by this study since the study was conducted shortly after the governments announced tax cuts in March, 2021.

Table-4.6. Effects of Tax Cuts on Revenue Mobilization?

		Frequency	Per cent
Valid	YES	42	100.0
Total		42	100.0

Source: Field survey, 2021

Table 4.6 show that 42 of the sampled respondents agreed strongly that tax cuts have strong negative impact on revenue mobilization. Asked whether tax cuts affect revenue mobilization, 42 representing 100% responded in the affirmative. Moreover, out the 42 sampled respondents who answered yes, 28 respondents were of the view that tax cuts affect revenue mobilization negatively while 14 respondents were also of the view that tax cut affect revenue mobilization positively.

Table-4.7. Group Statistics

	TAX	N	Mean	Std. Deviation	Std. Error Mean
RM	BEFORE	30	25880.0000	29267.80507	5343.54568
	AFTER	29	986.8621	1047.47120	194.51052

Source: Field Survey, 2021

Table-4.8. Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
RM	Equal variances assumed	1.779	.230	4.576	57	.000	24893.13793	5439.84449	14000.03724	35786.23862
	Equal variances not assumed			4.655	29.077	.000	24893.13793	5347.08470	13958.37716	35827.89871

Source: Field Survey, 2021

Table 4.8 shows the result for Levene's test of equality of variance and independent test for equality of means. Levene test takes the null hypothesis that variance for two groups are equal. Result in table 4.8 indicates F statistic value of 1.779 with P-value of 0.230 > 0.05, this indicates that the null hypothesis cannot be rejected, hence the two variance are equal which satisfied the assumption of equality of variance. The independent sample t-Test value of 4.576 with P-value of 0.00 < 0.05 indicates that the null hypothesis is reject; hence there is difference in revenue mobilization before and after tax cuts. This indicates that the study independent sample t-test has met the required assumptions. The conclusion that, there is a significant difference between revenue mobilization before and after tax cut which is confirmed by the mean difference of GHC24893 in favor of revenue mobilization before tax cut as showed in table 4.8 This finding is consistent with the findings of Chariton, Lois and Halim (2012).

Table-4.9. Examining the challenges in revenue mobilization

	N	Minimum	Maximum	Mean	Std. Deviation
Non Compliance	42	3	5	4.14	.647
Difficulties In Identifying Physical Location Of Entities	42	3	5	3.90	.759
High Cost Collecting Taxes	42	1	5	2.83	1.080
Inadequate Requisite Training And Motivation	42	1	5	3.52	.890
Valid N (List Wise)	42				

Source: Field survey 2021

To ensure adherence to the tax cut and revenue mobilization, Table 4.9 assessed the challenges in revenue mobilization to enhance easy collection of revenue in the Wiawso Municipality. Some of the challenges were evaluated on an individual basis. The 1st item (challenge) in table 4.9 is "Noncompliance", the mean score of the factor is 4.14 and standard deviation of 0.647. The minimum score for this question is 3 i.e. "Average" and maximum score is 5 i.e. "strongly agree".

The next challenge in line is "Difficulties in identifying physical location of entities". This has mean score of 3.90 and the standard deviation is 0.759. The minimum score for this question is 3 i.e. "Average" and maximum score is 5 i.e. "strongly agreed".

High cost of collecting taxes was also the next in question for respondents in table 4.9, which had a mean score of 2.83 and the standard deviation is 1.080. The minimum score for this challenge is 1 i.e. strongly disagreed and maximum score is 5 i.e. strongly agreed.

The 4th item in line of the challenges in table 4.9 was "Inadequate requisite training and motivation" with a mean score of 3.52 and standard deviation 0.890. The minimum score for this challenge is 1 i.e. strongly disagreed and maximum score is 5 i.e. strongly agreed.

This implied that with the exception of High cost of collecting taxes which the respondents were neutral with a mean score of 2.83 and standard deviation of 1.080 all the items on table 4.9 were accepted by the respondents to enhance easy revenue mobilization in the Wiawso Municipality.

5. Conclusion

5.1. Findings of the Study

This section summarizes the main findings of the study. It covers among others the effects of tax cuts on revenue mobilization in the Wiawso Municipality, the differences in mobilizing revenue after and before the tax cuts and identifying the challenges in mobilizing revenue in the Wiawso Municipality.

i. The study employed Pearson's coefficient of correlation to analyze the data for objective one of the study, identifying the relationship between tax cuts and revenue mobilization in the Wiawso Municipality. The result showed that there is strong negative relationship between tax cuts and revenue mobilization. Hence tax cut can be assumed to reduce revenue mobilization. This finding is consistent with the finding of William (2014).

ii. The second objective was to identify the difference in mobilizing revenue before and after tax cuts; the study used independent T- test to test for the hypothesis. The study revealed that there is difference revenue mobilization before tax cuts and after tax cut in favor of revenue mobilization before tax cut with a mean difference of GHC24893. This confirms the findings of Revenue Policy Division (MoF)/GRA 2021.

iii. The third objective was to identify the challenges in mobilizing revenue in the Wiawso Municipality using five points Likert scale. The study revealed the following challenges faced by revenue administrators in the following order; noncompliance, difficulties in identifying physical location of entities, high cost of collecting taxes and inadequate requisite training and motivation. From the above, the study revealed that non-compliance was the main challenge facing the revenue collectors in the Wiawso Municipality.

5.2. Conclusion

Base on the findings the following conclusions were drawn.

- i. The findings from the study revealed that there is a strong negative relationship between tax cuts and revenue mobilization.
- ii. There is a significant difference between revenue mobilizations before and after tax cut which is confirmed by the mean difference of GHC24893 in favor of revenue mobilization before tax cut.
- iii. The study also found out that, non-compliance was the major challenge facing the revenue collectors in the Wiawso Municipality.

5.3. Recommendation

From the findings the following recommendations were made.

- i. Individuals and businesses should be educated on the benefits of paying tax and penalties when there is an infraction of the tax laws.
- ii. Government should support GRA to provide the necessary resources needed by the staffs to carry out their daily activities effectively. For instance, introduce the digital identification system.
- iii. Technical training should be organized regularly for GRA staffs in other to help them acquire the necessary technical skills needed to carry out their activities effectively.
- iv. The researchers further recommend that, a future research should be on the impact of taxes cut on businesses and individuals.

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