

**Assessment of the Impact of Ghana's Tax Administration on Businesses**



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## **Executive Summary**

The survey was conducted by the UK Ghana Chamber of Commerce (UKGCC) with funding from the UK's Foreign Commonwealth and Development Office, in Ghana, to assess the perception of members of the UKGCC on tax policy and administration. The respondents to the survey are senior officers of UKGCC member organisations including business owners, accountants, head of departments, and CEOs of UKGCC, an important and influential Chamber. The essence of this survey was to generate evidence on the impact of tax policy and administration on tax compliance and revenue mobilization from the private sector, for Ghana's sustainable development and to help push the Ghana beyond aid agenda. In all, 179 companies of different sizes responded to the survey. Most of the respondents of the survey are males (66.5%) and 67.6% have tertiary education background while 25.1% indicated that they have SHS level of education and a significant percentage (45.3%) of the respondents are within the private sector-small taxpayer segment.

No baseline data was collected prior to this study, however, by using secondary data and key informant interviews, pre-existing conditions were approximated.

### **Convenience Of Tax Payment System**

Convenience of tax payment system is critical for enhancing tax compliance. From the findings of the study, 68.2% of the respondents indicated that they complete tax returns before they pay taxes but 54.5% of the respondents are assisted before completing their tax returns because most (52%) of the respondents rely on people to assist them in paying their taxes. On convenience of tax payment, 34.5% of the respondents pay their taxes through the bank, 23.2% by mobile money, 15.8% by cheques and 21.5% by cash. Majority of the respondents (80.7%) supported the idea that digital payments offered by GRA is very useful.

#### ***What Should Tax Administrators Do?***

- i) Waive the e-levy and other mobile money charges on tax payment through mobile money.
- ii) The GRA should set up tax boots in central business districts to get taxpayers closer to the taxpayers.
- iii) GRA should develop podcast and short videos of different tax scenarios and calculation for each to help tax entities and payers to make tax calculation and filing easier and more convenient.
- iv) Collaborate with professional firms such as accountancy and legal firms to support companies and present evidence for tax rebates for their own tax liabilities.

### **Tax Education**

There is generally high awareness (54.2%) of different tax laws respondents are required to comply with, but the 34.6% who indicated that they are unaware of tax laws to comply with should provide tax agencies new impetus for enhanced tax education. There is also high reach of tax education as 83.1% of the respondents indicated that they have been educated on tax types and their obligations under the tax laws last year but 19.7% claimed the education did not make impact on their understanding since according to 34.2% of the respondents, it was not too detailed. Radio/television

still ranks high (47.7%) as most trusted source of information on tax policies, 18.2% of the respondents trust direct-in-person education by GRA officers and 17% trust social media. 47.5% of the respondents indicate radio/television as most preferred media for receiving tax education. 19.8% by direct-in-person education by GRA officers, 13% by GRA social media, 14.1% by GRA website while 5.6% by marketing broadcasting using vans. A number of factors discourage people from paying taxes and 47.2% of the respondents fail to file their tax returns because they do not see exactly what government is doing with the taxes they collect. Also, 15.7% of the respondents indicated that some people do not know how to file their tax returns.

### ***What Should Tax Administrators Do?***

- i) Tax education should be intensified through various means and bearing in mind that social media is fast catching up and less expensive, more efforts should be devoted in developing social media messages targeted at different taxpayer segments.
- ii) Embark upon vigorous tax education targeting different age categories. The OECD recommends an integrated approach to tax education, to target both the current taxpayers and young people in school.
- iii) Many potential taxpayers currently not captured in the tax net may be less accessible by the formal tax education channels such as the traditional media, but cinema vans and FM stations may help to reach them, consequently, these unorthodox media should be deployed to reach potential taxpayers.
- iv) GRA should partner with educational institutions to help them disseminate educational content on taxation to the youth.
- v) GRA should work with Ghana Education Service to include chapters on taxation in the social studies curriculum to help inculcate into school children the responsibilities of taxpayment.

### **Customer Satisfaction**

Customer satisfaction is a key ingredient for repeat business. A very high percentage (72.8%) of the respondents file their taxes regularly and 45.1% of the respondents use online platform to file their returns. Most of the survey respondents (57.6%) are either very satisfied or satisfied with their interaction with GRA, which 65.5% interact with GRA in person. Tax entities interacted with tax agencies more often by face-face than other media and this does not potent well for great customer service. From the survey, 34.1% of the respondents have ever been contacted by GRA through their call centre and 68.1% waited for up to five minutes.

### ***What Should Tax Administrators Do?***

- i) Deploy both automatic voice service call centres and person-manned call centres with timed responses to address customer complaints and queries.
- ii) Develop frequently asked questions and circulate on all social media and traditional media outlets.
- iii) Institute customer complaints booths where tax entities can seek support and help for tax filing purposes.

- iv) Institute online automated customer pop-up chats assistants to address concerns of customers who visit GRA websites.
- v) GRA should institute annual taxpayer surveys to get feedback on challenges taxpayers are confronted with and develop strategies to address them in a proactive manner.

### **Perceived Benefits of Taxation**

The findings show that respondents believe there is no benefits for paying taxes and that the payment of taxes is not beneficial to the citizens. Respondents think government does not use taxes for intended purposes and rated government poor or very poor and that their decision to pay taxes depends on how well tax monies are used. This perhaps accounts for the low tax base in Ghana which forces government to resort to external borrowing to finance development.

### ***What Should Tax Administrators Do?***

- i) Link tax education messages to specific government interventions and projects to show the link between tax payment and national development.
- ii) Disseminate annual tax reports and which sectors of the economy the country invested its resources.
- iii) Institute voluntary tax payment disclosures and encourage all important personalities including politicians to declare their tax payment obligations to encourage others to do same.

### **Perceived Corruption in Tax Collection Accounting**

There is minimal trust for tax officials to account for tax revenues because respondents are not aware of any system put in place to monitor tax revenue collected, and majority of respondents believe tax officials take bribes.

### ***What Should Tax Administrators Do?***

- i) Provide opportunities for reporting corruption at all tax payment points
- ii) Institute reporting mechanisms for reporting corruption including hotlines and whistleblowing systems to help tax entities to report corruption when they encounter same.
- iii) Deploy a national digital and web monitoring and complaints system for reporting service ineptitude and corruption.
- iv) There is the need for a digital mechanism for reporting corruption, managed by an independent non-governmental organization.

## **Introduction**

There is evidence in literature that tax policy and administration have implications on economic growth. Tax can be used as a stimulus and catalyst to spur economic activities to engineer growth. At the same time, tax can become a hindrance for business viability, cause enterprise stagnation and consequently, stifle economic growth and development. This peculiarity of tax and its implications make both government and businesses very sensitive to taxes and governments take tax policy enactment and implementation seriously. The government of Ghana declared a “Ghana Beyond Aid” which among others signals self-reliance and sufficiency in many respects in the management of national affairs. However, recent reviews on Ghana’s fiscal outlook does not potent well for her sustainable development especially her ability to raise adequate tax revenues. The post 2020 situation has become critical with tax revenues not adequate to cover compensation of employees and debt repayment which exceeds 100% of tax revenue. The pressures brough about as a result of the COVID-19 relief spending has further exacerbated the situation requiring the widening of the tax net to increase tax revenues. Ordinarily, many tax entities will not pay taxes because it a cost to both individuals and business. Consequently, tax systems which create convenient and easy to use tax methods encourage tax payment. As an important stakeholder in Ghana, and mindful of the role that a good tax system plays in stimulating not only business development but also economic growth and national development, the UKGCC commissioned this survey.

The survey was conducted by the UK Ghana Chamber of Commerce (UKGCC) with funding from the UK’s Foreign Commonwealth and Development Office, in Ghana, to assess the perception of members of the UKGCC on tax policy and administration. The respondents to the survey are senior officers of UKGCC member organisations including business owners, accountants, head of departments, and CEOs of UKGCC, an important and influential Chamber. The essence of this survey was to generate evidence on the impact of tax policy and administration on tax compliance and revenue mobilization from the private sector, for Ghana’s sustainable development and to help push the Ghana beyond aid agenda. In all, 179 companies of different sizes responded to the survey. This is the first survey conducted by the UKGCC impact of Ghana’s tax administration on businesses and therefore, there is no baseline to facilitate comparison and to determine whether these responses show a deterioration or improvement in the various items of the survey. The relevance of the findings of the survey is due to the fact the respondents form an influential cluster of business groups in Ghana. Although this survey was designed and administered using google forms, research assistants were trained to administer it using tablets to facilitate high participation. The data was analysed thematically using the key sub-headings and themes.

## **Policy Context of Taxation in Ghana**

Taxes are major means by which governments raise revenue to fund social programmes and provide public goods<sup>1</sup>. Taxation is therefore important for national development and tax culture is critical to administrative governance and economic development<sup>2</sup>. Taxation is essential, because governments must raise money somehow to carry on their activities of running the country, providing defence forces, a police force, fire service, a health service, education, roads, bridges, investing in new

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<sup>1</sup> (Akoto, 2020).

<sup>2</sup> (Atuguba, 2021)

enterprises to create employment, funding important research, and the like<sup>3</sup>. Without strategic funding mechanisms, particularly improvement in tax revenue collection, governments' plans toward local economic and social development risk failure<sup>4</sup>. In Ghana, revenue collection has become a particularly pressing issue in recent years given longstanding fiscal challenges<sup>5</sup>. In this light, for the Government of Ghana to achieve its target of 20% tax-to-GDP ratio by 2023, the tax system has a crucial role to play in terms of effective domestic revenue mobilization.

A country's tax system is a major issue of concern to policymakers in the context of revenue mobilization towards the achievement of fiscal policy goals and development objectives. The aggregate tax revenue collection is driven by several factors including tax policy, tax system, tax administration and structural economic features<sup>6</sup>. Ghana operates a property rate system which is administered by local authorities (MMDAs) and the related collections do not form part of central government revenues. The sources of revenue to the central Government of Ghana can be broadly categorized into tax revenue and non-tax revenue. The Ghana Revenue Authority (GRA) is the government agency that is mandated to collect tax revenues in Ghana.

In the 2019 fiscal year, tax-to-GDP ratio in Ghana stood at 13.5% representing a decrease by 0.6 percentage points from 2018 (i.e., 14.1% to 13.5%) and an increase by 2.6 percentage points from 2010 to 2019 (i.e., 10.9% to 13.5%)<sup>7</sup>. Notwithstanding this steady increase in Ghana's total tax revenue as a percentage of GDP over the last decade, the overall level of tax revenue mobilization remains low relative to many of its lower middle-income counterparts in the sub-region with a comparable income level. The tax structure is the composition of a nation's tax revenue across different tax types which details the fraction of each tax component in the total tax revenues. According to OECD/AUC/ATAF (2021), value added taxes (VAT) and taxes on goods & services other than VAT were the major drivers of Ghana's tax revenue in 2019 with each contributing 26% of total tax revenue collected. The next higher share of tax revenues in 2019 was derived from corporate income tax amounting to 25% of total tax revenue. This was followed by personal income tax with a contribution of 16% of total tax revenue. The social security contributions and other taxes accounted for 6% and 1% respectively.

Considering Ghana's tax structure in terms of direct and indirect taxes (including import duties), total tax revenues in 2019 is relatively evenly divided between the two, with direct taxes contributing 48% and the indirect taxes represented 52% of the total tax revenues. Notably, customs collection is an important source of tax revenue in Ghana, with 58% of indirect taxes collected at borders. Remarkably, there is a general shift in Ghana's tax structure away from indirect taxes driven and towards direct taxes driven over the past two decades. For instance, the direct taxes accounted for

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<sup>3</sup> (Akoto, 2020)

<sup>4</sup> (Kaye-Essien, 2021)

<sup>5</sup> (OECD/AUC/ATAF, 2021)

<sup>6</sup> (Malik et al., 2021)

<sup>7</sup> (Malik et al., 2021)

32% of Ghana's total tax revenue in 2000 and by 2019, its contribution had increased to 48% of the total tax revenue.

### **Background and Demographic Characteristics**

Most of the respondents of the survey are males (66.5%) and 33.5% of the respondents are females. It appears that the survey did not consider gender parity in the sampling. Another factor that may be responsible for this is that most women-led businesses are informal and usually not captured in surveys that focus on formal businesses. On educational level of the respondents, 67.6% indicated they have tertiary background education while 25.1% indicated that they SHS level of education. Likewise, 7.3% of respondents have basic level educational background. The respondents were asked to indicate the taxpayer segment in which they fall. From the findings of the study, a significant percentage (45.3%) of the respondents are within the private sector-small taxpayer segment. Also, 33.5%, 12.3% and 8.9% of the respondents indicated that they fall within private sector-medium taxpayer, private sector-large taxpayer, and the public sector respectively. This is consistent with the statistics that Ghana is dominated by micro, medium and small enterprises. For this category of enterprises, tax filing processes, tax burden and other regulatory impediments can be detrimental to their growth and sustainability. 56.8% of the respondents indicated that they own their business while 17% of the respondents indicated that they are managers and heads of departments respectively. Also, 9.1% of the respondents indicated that they are accountants. This result gives authenticity to the data collected because business owners view challenges they face differently. Entrepreneurs perceive the business environment and other micro-economic situations that affect businesses differently from employees and other citizens.

### **Convenience of Tax Payment System**

In this section, the results about the convenience of tax payment in Ghana are presented. The Income Tax Act, 2015 (Act 896) and the Revenue Administration Act, 2016 (Act 915) require the filing of taxes within four months after the end of the financial year. The GRA provides an electronic as well as physical means for tax entities to file their taxes. From the findings of the study, 68.2% of the respondents indicated that they complete tax returns before they pay taxes while 31.8% of the respondents do not. Although the literacy rate is high (69.8%) in Ghana, financial literacy is estimated to be low. In addition, computer literacy is low and this may be challenging and pose a problem for convenient tax filing even though electronic filing seeks to provide convenience. Taken together with the question on whether respondents sought assistance in filing tax returns, it stands to reason that most respondents do not find the filing of tax as convenient enough. From the findings of the survey, 54.5% of the respondents reiterated that they are assisted before completing their tax return while 45.5% do not require assistance to complete their tax return. Seeking help may increase cost of tax payment and delay in processing of tax obligations, which are afront to the principles of taxation. In terms of those who assist in completing tax returns, 42.6% of the respondents reiterated that they are assisted by accountants, 10.6% said lawyers, 29.8% said tax advisors, 1.4% said teachers, 5.9% said friends while 1.4% said businessmen. The reasons for the use of third parties to help complete tax returns forms is largely attributed to perception of most (58.4%) of the respondents that it is a bit difficult when completing tax returns. It is however instructive and refreshing that a high percentage



(41.6%) indicated that they have no difficulties in completing tax returns. These responses provide insights on the range of professionals involved in the tax administration value chain. However, there is no clarity on the cost of the services rendered by these various professionals to the businesses. One challenge with this is that, these professional services are not easily available or accessible to micro, small and medium enterprises and this challenge can become a disincentive to businesses desire to honour their tax obligations.

Other variables of a tax system apart from convenience i includes complexity in completing tax returns. This survey results confirm that 38.3% of the respondents indicated that the tax returns form is not made easy and simple, 39% of the respondents indicated that they are too many requirements on the form whereas 16.9% of the respondents added that the words on the forms are not in plain language. Thus, most respondents (51.7%) reiterated that it is difficult when paying tax liability, as a result 52% of the respondents indicated that they have people who assist them in paying their taxes but 48% do not have any one to assist them.

The mode of payment of taxes is something to consider in the mobilisation of taxes because it contributes to making the tax system convenient or otherwise and helps in saving time and ensures efficiency. The survey results indicates that 34.5% of the respondents pay their taxes through the bank while 23.2% pay by mobile money, 15.8% by cheques and 21.5% said they pay their taxes through cash. Although cash payments should be discouraged as Ghana pursues more digital transformation, the country's cash economy is still large and provision for tax payment by cash will provide option for the less complicated business community, except for the risk of fraud and other forms of corruption. Despite the challenges that are said to be associated with digital payments, such as lack of a uniform platform, and lack of public acceptability, digital payments are very essential since it ensures efficiency and saves time. From the findings of the survey, majority of the respondents (80.7%) supported the idea that digital payments offered by GRA is very useful.

### ***What Should Tax Administrators Do?***

- i. The GRA should set up tax boots in central business districts to get taxpayers closer to the taxpayers.
- ii. GRA should develop podcast and short videos of different tax scenarios and calculation for each to help tax entities and payers to make tax calculation and filing easier and more convenient.
- iii. Collaborate with professional firms such as accountancy and legal firms to support companies and present evidence for tax rebates for their own tax liabilities.

### **Tax Education**

In their work of tax education, the OECD (2021) has asserted that “Taxpayer education is a key tool to transform tax culture and increase voluntary compliance. Taxpayer education can be a key tool to boost the willingness of individuals and businesses to voluntarily pay tax and play a vital role at the heart of mobilising the tax revenues urgently needed to help achieve the Sustainable Development Goals. This is a truism and this survey sought to establish this on many dimensions.

A key aspect of tax education is the awareness about relevant tax laws. Tax laws are an important source of tax information and provides the framework and basis for tax decision by tax entities. Although it is refreshing that most of the respondents (54.2%) indicated awareness of different tax laws they are required to comply with, the percentage of 34.6% who indicated that they are unaware of tax laws to comply with should provide tax agencies new impetus for enhanced tax education. Another vex issue about tax administration in developing countries is the issue of governance generally and prudence, transparency and efficient utilization of tax revenue. A significant proportion of the respondents (47.2%) were upbeat about the relationship between tax revenue utilization and propensity for tax morale, compliance and citizenship to be either high or low. This was reflected in the responses that respondents fail to file their tax returns since they do not see exactly what government is going with the taxes they collect. Indeed, there is a general feeling among the Ghanaian populace that there is waste in the system and tax revenues are not efficiently and transparently utilized. Research evidence confirms that dissatisfaction with the delivery of public services and oppressive tax enforcement does not encourage people to pay their taxes. Also, 15.7% of the respondents indicated that some people do not know how to file their tax returns while 12.4% of the respondents complained that tax officers do not educate people well on payment of taxes, tax laws and obligations as well as lack of effective compliance monitoring and transparency. These last three responses are actually an indictment on the tax agencies as their education must be taken seriously. Applying all the core elements of tax education includes “teaching taxpayers, providing in-depth tuition, building new knowledge and skills; using communication tools to raise awareness in taxpayers of the different aspects of tax, including obligations, deadlines, taxpayer rights and how taxes are spent; and providing taxpayers with practical assistance in tax compliance<sup>8</sup>”.

The guidelines by OECD (2021) actually mirrors the views of respondents because they proposed tax media for enhancing tax education at 46% text messages and market broadcast; 47.2% one-on-one education and support; 65.3% radio and television; 29% and 21% of the respondents also opted for GRA social media handles and GRA website respectively. Likewise, 0.6% of the respondents opted for public forums in partnership with various trade associations, call centre services at the GRA, education curriculum, and all media sources respectively. From the findings of the study, 83.1% of the respondents indicated that they have been educated on tax types and their obligations under the tax laws last year but 19.7% had no impact on their understanding since according to 34.2% of the respondents, it was not too detailed.

Although traditional media (radio and television still ranks high at 47.7%) as the most trusted source of information or education on tax policies, 18.2% of the respondents trust direct-in-person education by GRA officers, social media with 17% is fast catching up. Other preferred forms include 11.9% for GRA website and 4.5% for market broadcasting by vans. The findings of the survey shows that 47.5% of the respondents prefer radio/television as most preferred media for receiving tax education, 19.8% by direct-in-person education by GRA officers, 13% by GRA social media, 14.1% by GRA website while 5.6% by marketing broadcasting using vans. Although social media has become very powerful,

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<sup>8</sup> <https://www.oecd.org/tax/building-tax-culture-compliance-and-citizenship-second-edition-18585eb1-en.htm>

it does not rank as the most preferred media. However, the potential of this media should be exploited due to its reach and relatively low cost. The OECD provides a three-prong approach to include: “teaching – providing in-depth engagement with the audience, which is often, but not always the youth; communicating – higher-level engagement focussed on awareness-raising campaigns; and providing practical assistance – supporting taxpayers directly in their compliance obligations.”

### **What Should Tax Administrators Do?**

- i. Tax education should be intensified through various means and bearing in mind that social media is fast catching up and less expensive, more efforts should be devoted in developing social media messages targeted at different taxpayer segments.
- ii. Embark upon vigorous tax education targeting different age categories. The OECD recommends an integrated approach to tax education, to target both the current taxpayers and young people in school.
- iii. Many potential taxpayers currently not captured in the tax net may be less accessible by the formal tax education channels such as the traditional media but cinema vans and FM stations may help to reach them, consequently, these unorthodox media should be deployed to reach potential taxpayers.
- iv. GRA should partner with educational institutions to help them disseminate educational content on taxation to the youth.
- v. GRA should work with Ghana Education Service to include chapters on taxation in the social studies curriculum to help inculcate into schoolchildren the responsibilities of taxpayment.

### **Customer Satisfaction**

Tax agencies provide service to tax entities, and it is important for these agencies to critically see their customers as clients satisfaction will guarantee repeat business. In other words, every tax agency is required to provide services which meets the minimum service quality indices. Studies have observed “statistically significant positive effects of *reliability*, *responsiveness*, *assurance*, and *empathy* on the tax compliance behaviour of SMEs”<sup>9</sup>. In essence therefore, customer service should be the fulcrum of the tax service provision. Under customer service, the survey evaluated the number of years respondents had filed taxes, whether they did it online or otherwise, whether clients had to visit GRA office or not, satisfaction with services received from GRA and many other factors. From the findings of the survey, 72.8% of the respondents indicated that they have been filing their tax return for up to 10 years now, 19.2% of the respondents said between 11-20 years while 8% said 21 years and above. Although tax entities may not have options to paying taxes, the consistent nature of tax payment obligations means that tax agencies have a great opportunity to improve tax revenue collection. One of such opportunities is the use of digitalisation to improve tax collection. However, less than half of the respondents (47.4%) do not use online platforms for filing their taxes. This is not surprising as only recently had virtual and online systems been popularized by the incidence of COVID-19. The idea that a good number of the respondents do not use online platform to file their tax return could be attributed to lack of public acceptability of online payment platforms as well as the technical skills

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<sup>9</sup> <https://www.econjournals.com/index.php/ijefi/article/view/10554>

required in the usage of online payment platforms. The opportunity here is that uptake of virtual platforms is very high and efforts by the tax agencies should yield very good results. Instead of virtual/online systems, tax entities resort to visiting GRA offices. This practice is a huge disincentive and has the potential to increase corruption and cause frustration among tax entities. The survey results show that 22.1% last visited GRA office six months ago, 34.3% said last month, 9.3% of the respondents said last week and 34.3% said over months ago.

Customer satisfaction is very keen in the success of every organisation since it ensures the retention of customers and customer loyalty. When tax entities are satisfied because they receive premium customer service especially with complaints and feedback redress system, they are more likely to be tax compliant. In the survey, most of the respondents (57.6%) are either very satisfied or satisfied with their interaction with GRA. Incidentally, 12.3% of the respondents are either dissatisfied or very dissatisfied. Double digit dissatisfaction level should be a matter of concern for the tax agencies. Perhaps, the dissatisfaction level may be due to the mode of interaction because majority of respondents (65.5%) reiterated that they interact with GRA in person, 21.6% said through telephone, 5.8% of the respondents said by letter, 4.7% said GRA website, and 2.3% indicated that they interact with GRA through GRA's social media account. From a previous survey on the impact of corruption on businesses in Ghana, it was found that personal contact with agency officials breeds corruption. It is also surprising the tax agencies did not take advantage of the COVID-19 -induced digitalization drive to reduce their personal contact and shift to more digital means of interaction. Tax entities interacted with tax agencies more often by face-face than other media and this does not potent well for great customer service especially when such interactions are laden with corruption and frustration for tax entities.

A key aspect of customer satisfaction is the availability of timely information and prompt customer care and one critical means to delivering this is the use of call centres. Due to this, many service organisations invest heavily in person-manned and automated customer care call centres. From the findings of the study, 34.1% of the respondents indicated that they have ever contacted GRA through their call centre. Waiting time for customer care centre attendees also has implications for whether or not the service will be used, and the survey results shows that the time respondents waited was up to five minutes with 68.1% of them preferring to wait for less than three minutes. However, 41.2% of the respondents indicated that they prefer less than a minute, 19.3% said two minutes or less, 14.3% said three minutes or less, 10.9% said four minutes or less, and 14.3% said five minutes or less. Of course, time is of essence and clients require excellent service. Some tax entities (32.8%) who did not contact the customer service centre of GRA did not have a reason. However, the other responses are quite instructive because 27.7% said they feel it will not work, 14.6% said they tried once it did not go through, 13.1% said they tried once and no one answered the call whereas 11.7% of the respondents indicated that they prefer to do business face to face. The category of taxpayers who physically visits GRA offices spend between less than thirty minutes and more than two hours. From the findings of the survey, 21% of the respondents indicated that they spend less than 30 minutes at the GRA office when filing their tax returns, 43.1% said more than 30 minutes, 28.7% said between one to two hours while 7.2% said more than two hours.

The respondents were asked to indicate the acceptable waiting time they prefer in terms of GRA answering their calls. From the findings of the study, 41.2% of the respondents indicated that they prefer less than a minute, 19.3% said two minutes or less, 14.3% said minutes or less, 10.9% said four minutes or less, and 14.3% said five minutes or less. On the other hand, 64.7% prefer to spend less than thirty minutes to file their tax returns. Longer queues in offices can demotivate customers from patronizing services and also reduce productivity in the long run. Put together, 47.3% are satisfied with the quality of services by GRA.

#### ***What Should Tax Administrators Do?***

- i. Deploy both automatic voice service call centres and person-manned call centres with timed responses to address customer complaints and queries
- ii. Develop frequently asked questions and circulate on all social media and traditional media outlets
- iii. Institute customer complaints booths where tax entities can seek support and help for tax filing purposes
- iv. Institute online automated customer pop-up chats assistants to address concerns of customers who visit GRA websites.
- v. GRA should institute annual taxpayer surveys to get feedback on challenges tax payers are confronted with and to develop strategies for addressing them in a proactive manner.

#### **Perceived Benefits of Taxation**

Globally, the responsiveness of the government to the needs of society creates a tighter social contract between the government and the citizens. Tax compliance is enhanced when taxpayers feel and can see the direct relations between their tax payment and social and economic development. Respondents repeatedly indicated that there is no benefits for paying taxes. This is rather unfortunate but a loud message to Ghana if it must increase tax revenue to at par with her neighbours in terms of tax-GDP and other indicators. Of course, others had divergent views and indicated that infrastructure was the key benefits of tax payment. Almost half of the respondents said they do not find the payment of taxes to be beneficial to the to the citizens. Taxpayers will be willing to pay more taxes when they know that these taxes will become beneficial to them in the long-run and 34.3% of the respondents agree that taxes are beneficial. An overwhelming majority of the respondents (60.3%) said government does not use taxes for the intended purposes and only 12.1% concur that government uses taxes for what they are meant to be used for. Consistent with the disapproval of government of its uses of tax revenue, 66.9% of the respondents rated government either poor or very poor, and 60% think uses of taxes for development projects do not benefit the general public. As a consequent of the foregoing, 52% of the respondents have said their decision to pay taxes is affected by how government uses tax revenue. This perhaps accounts for the low tax base in Ghana and which forces government to resort to external borrowing to finance development.

#### ***What Should Tax Administrators Do:***

- i. Link tax education messages to specific government interventions and projects to show the link between tax payment and national development.

- ii. Disseminate annual tax reports and which sectors of the economy the country invested its resources.
- iii. Institute voluntary tax payment disclosures and encourage all important personalities including politicians to declare their tax payment obligations to encourage others to do same.

### **Perceived Corruption in Tax Collection Accounting**

In Ghana, Customs Division of the GRA has consistently been cited as one of the most corrupt institution. This appears to have affected the survey respondents since the level of trust people have in tax officials can motivate them in paying their taxes. From the findings of the study, 20.6% of the respondent indicated that GRA officials account for taxes collected, 43.4% of the respondents said officers do not account for taxes and 36% of the respondents were not sure. Majority of the respondents (80.7%) indicated that they are not aware of any system put in place to monitor tax revenue collected. From the findings of the study, 57.5% of the respondents indicated that they believe some tax officials take bribe in order to help some taxpayers under declare their tax liability, 14.4% said no to this assertion while 28.2% said they were not sure. In a previous survey, it was clear that corruption is the bane of the Ghanaian tax system. It was also clear that no credible system existed for reporting corruption.

### ***What Should Tax Administrators Do?***

- v) Provide opportunities for reporting corruption at all tax payment points.
- vi) Institute reporting mechanisms for reporting corruption including hotlines and whistleblowing systems to help tax entities to report corruption when they encounter same.
- vii) Deploy a national digital and web monitoring and complaints system for reporting service ineptitude and corruption.
- viii) There is the need for a digital mechanism for reporting corruption, managed by an independent non-governmental organization

### **Conclusion**

In conclusion, Ghana has over the years, adopted robust tax systems for the improvement of revenue mobilization to address longstanding fiscal challenges, budget deficit problems, and the central government debt. Nonetheless, the apparent gradual increase in the tax-to-GDP ratio over the past years is still lower compared to the government's medium-term objective to increase the tax-to-GDP ratio to 20% by 2023. To achieve government's objective of improving domestic revenue mobilization under the Ghana CARES 'Obaatanpa' programme, an efficient, equitable and sustainable tax administrative reform is required. These reforms must be informed by the concrete and reliable feedback from taxpayers. The OECD makes an important statement about taxpayer education as ranging:

*“from student essay writing contests to workshops on complying with new technical regulations; from efforts to inspire the taxpayers of the future while still at school, to assistance in filing this year's returns. Taxpayer education is not only about learning in a formal setting; it is also about*

*communication between citizens and tax administrations, including reminding taxpayers of important deadlines, and being transparent and explaining how revenues are used in a way citizens can understand. Taxpayer education also encompasses reaching out to groups of citizens who have limited contact with the tax administration – for example because they are vulnerable, are far from major cities, or lack access to technology. Taxpayer education initiatives use the full range of communication media, physical and virtual. It is clear that there is no one-size-fits-all approach to taxpayer education<sup>10</sup>*

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<sup>10</sup> <https://www.oecd-ilibrary.org/sites/18585eb1-en/index.html?itemId=/content/publication/18585eb1-en>