

# Assessing Rent Income Tax Compliance in Ghana. A Case Study of Weija Gbawe Municipal Assembly

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**Abstract:** Rent income tax is an essential revenue source for governments worldwide, whether in a developing or established nation. However, the amount of revenue a government can obtain from this depends on the compliance behaviour of individuals with the country's tax rules. In light of this, the purpose of this study was to assess the rent income tax compliance of property owners in the Weija-Gbawe Municipal Assembly (WGMA). To attain this purpose, a mixed-methods strategy was utilized for data gathering and analysis. Data was collected from 231 individuals, and descriptive statistics and regression analysis were used to determine correlations between tax behaviour impacting factors and property owners' tax compliance. The findings indicate a low degree of knowledge and compliance about the nation's rent income. The study found that perceptions of the tax burden and the government's utilization of tax revenue have a significant negative effect on the rent income tax compliance behaviour of property owners. On the other hand, rent income tax knowledge was found to have a considerable favourable effect on the income tax compliance behaviour of property owners. The absence of a complete database on property owners, the inadequacy of field officers, the insufficiency of staff capacity, and the corruption of some tax officials were identified as obstacles facing tax administrators. It was suggested that citizens receive frequent tax education and awareness, with input on government tax money utilization.

**Keywords:** Rent, Revenue, Governments, Weija-Gbawe, Compliance.

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## 1. Introduction

Tax aversion is a long-standing issue in many countries around the world, and it stems from the fact that no one enjoys paying taxes (Ali-Nakyee, 2014). According to IRS (2013), referenced in Lamberton, De Neve, and Norton (2018), big economies like the United States of America have yearly tax non-compliance of around \$385 billion, and many other countries have a "tax gap" in their national accounts. The goal for many of these countries is to create an effective tax system with experienced tax administrators to earn more money to meet government fiscal policy objectives. However, according to Bird and Zolt (2005), accomplishing this goal has been challenging for many tax administrators in poor nations, though some governments have made significant progress.

Therefore, the effectiveness of tax policies is directly proportional to how well they are implemented. According to the findings of several studies, the degree to which citizens of a nation participate in the decision-making processes of their government, particularly regarding the formulation of public policy, can have a significant bearing on the amount of tax revenue collected by that nation's central government. Therefore, a comprehension of the actions taken by residents is essential for the efficient administration of taxes throughout the nation. Although paying taxes is a legal requirement for residents, the efficiency of tax-collecting organizations is largely determined by the level of compliance shown by taxpayers (Chandarasorn, 2012). According to the research that has been done so far, the incidence of tax evasion can be attributed to a variety of factors, including but not limited to the likelihood of a tax audit, the severity of penalties, the perception of tax fairness, the socio-demographics of taxpayers, their faith in their respective governments, and cultural and normative concerns (Lamberton, De Neve & Norton, 2018).

Rent income tax is an essential revenue source for governments worldwide, whether in a developing or established nation. However, the amount of revenue a government can raise from this depends, among other things, on the compliance of individuals with the country's tax regulations (Kirchler, 2007). It is argued that rent income tax, like other forms of taxes, has problems such as differences in attitudes and understanding, a lack of awareness, the dishonesty of rent taxpayers, an unfair tax rate, and the complexity of tax rules, among others. It is also observed that several developing nations have tax administrations with limited power to ensure rental income tax compliance (Kuria, 2013). In Ghana, the real estate subsector has been identified as a significant contributor to economic growth and development. Real estate in Ghana generated around 1.6 billion Ghanaian cedis (GHS) in 2020 and 19.9 percent of the country's gross domestic product in 2019. (Ministry of Finance, 2021).

It is hypothesized that the widespread non-compliance with tax laws in Ghana is caused by a combination of factors, including the country's large informal sector, poor procedures and institutions, and lax enforcement (Okpeyo, Musah&Gakpetor, 2019). Because of this, there is a pressing requirement to streamline the procedures associated with property ownership and to provide methods to combat general tax noncompliance. In light of the foregoing, the purpose of this study is to investigate the extent to which homeowners in the Weija-Gbawe Municipal Assembly comply with their obligations to pay income tax (WGMA).

### **Profile of the Organization**

The Weija-Gbawe Municipal Assembly (WGMA) is one of the seven (7) Metropolitan, Municipal, and District Assemblies (MMDAs) in the Greater Accra Region. It is one of a total of 254 Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana. In November 2007, the assembly was formed from what was formerly known as the Ga West Municipal Assembly. In 1867, the Legislative Instrument L.I. served to form the Assembly, and Weija was chosen to serve as the capital. The previous L.I was abolished on March 15, 2013, and it was succeeded by a new L.I called L.I 2134, which has Weija as its capital. It was again dissolved, and L.I. 2315, also known as the Weija-Gbawe Municipal Assembly, was enacted in its place. The goal of the assembly is to create a United Municipality that is characterized by both social fairness and equality in addition to the economic vitality and prosperity that it currently enjoys. Its purpose is to improve the quality of life in Weija/Gbawe through the mobilization of resources for service delivery within the context of good governance and accountability in the community (WGMA, 2021).

To fulfil its responsibility to ensure the successful execution of its Medium-Term Development Plan, the Assembly has included the following fundamental principles into its mandate (2018-2021). To begin, the assembly welcomes new ideas and adapts readily to change by persistently pondering ways in which its operations could be improved or restructured. It fosters inventiveness and places importance on ideas. It takes pride in its accomplishments and grows as a result of its failures. Second, the group places a high emphasis on diversity by recognizing the importance of various points of view, appreciating individuals, and ensuring that everyone is treated with respect. In addition to this, it works hard to ensure that the organization values the uniqueness of the community it serves. Thirdly, the practice of working together to achieve the best outcomes with citizens, businesses, and work colleagues is one of the assembly's basic values. This value emphasizes the importance of actively listening to, responding to, cooperating with, and sharing ideas. Because it is open, honest, behaves with integrity, and provides reasons to be perceived as dependable, trust is the fourth fundamental principle that it upholds. Additionally, the assembly demonstrates concern for the people and enterprises of Weija/Gbawe as well as those with whom it collaborates (WGMA, 2021).

### **Business Issue Statement**

Compliance with tax laws is still a problem in a significant number of countries all over the world. The predicament is considerably more dire in the nations that are located in the sub-Saharan African region. According to research conducted by the World Bank (2019), a significant number of countries in this region, including Ghana, have a tax-to-GDP ratio that is lower than the minimum desired rate of 15 percent. For instance, according to The World Bank (2020), the overall Corporate Income Tax Gap in Ghana is equivalent to 12.7% of the country's GDP. It has been stated that compliance with rent income tax in particular has not been encouraging, notwithstanding the enormous rise observed in the real estate sub-sector (Swanzy, 2018).

In Ghana, citizens paying rent on residential or commercial property are subject to final withholding tax rates of 8% and 15%, respectively; however, non-residents must pay a tax rate of 15% on any rental income they receive (Malik et al., 2021). According to the Ghana Revenue Authority, the tax on income from rent falls under the category of other direct taxes. This subgroup includes the National Fiscal Stabilization Levy in addition to other smaller tax items, such as the airport tax and the rental tax. Malik et al. (2021) used data from the Ghana Revenue Authority for 2019, which stated that of the overall tax revenue collections reported for the year, just 2.7 percent was related to other direct taxes. These findings were based on information from the Ghana Revenue Authority for 2019. Thus, it appears rent tax collections/compliance is fairly insignificant. The relatively low amounts of tax income collected in nations like Ghana are a reflection of shortcomings in revenue management. These inadequacies include a limited tax net, numerous tax exclusions, corruption, and inadequate tax administration capabilities (World Bank, 2020). Therefore, additional revenues from the rent income tax need to be produced to address the tax deficit that currently exists in the country.

Several studies on taxes have been conducted in Ghana, with a variety of conclusions drawn from them. For example, Okpeyo et al. (2019) and Kuug (2016) looked at the problems that the tax administration is facing and found that inadequate systems and structures are a factor in tax compliance behaviours. Others, such as Richardson and Sawyer (2001) and Armah-Attoh and Awal (2013), evaluated tax administration as well as anticipated institutional difficulties, including corruption. Atuguba (2006) also investigated the tax culture of Ghanaians in his research. However, there is very little amount of

literature focused on the tax compliance behaviour of renters among Ghanaians in the country's capital city, even though the real estate market there has experienced significant expansion. Therefore, a significant amount of additional study is required to determine the renter's income tax compliance behaviour in particular geographic locations throughout the country. As a result, the Weija-Gbawe Municipality is the focus of this project, which examines the rent income tax compliance behaviour of property owners in that municipality. In addition to this, their opinions on Ghana's income tax system and the subject of tax compliance will be taken into consideration.

## Research Objectives

The primary objective of the study is to investigate the degree to which landlords in the Weija-Gbawe Municipal Assembly comply with their legal obligations to pay rent income tax (WGMA). For the research, the following particular goals have been conceived:

- i. To determine the level of awareness and perspective that property owners have regarding the rent income tax structure in the country.
- ii. To find out whether or not the perceived financial burden of taxes affects how property owners behave about tax compliance
- iii. To establish whether or not the property owner's beliefs about the utilization of tax money influence the owner's level of compliance with tax laws.
- iv. To highlight the difficulties that tax administrators face, as well as the solutions that have been used to improve tax compliance in Municipalities.

## Research Questions

- i. What are the attitudes and levels of comprehension of property owners, and how does this affect the extent to which they comply with income tax requirements?
- ii. To what extent may the opinions of property owners regarding the cost of tax anticipate the amount to which they would comply with tax laws?
- iii. To what extent do the perceptions of the property owner on the use of tax revenue influence how the property owner complies with tax laws?
- iv. What kinds of difficulties do tax administrators face, and what kinds of solutions have been put into place to improve taxpayers' willingness to comply with tax regulations in the Weija-Gbawe Municipality?

## Significance of the Study

The findings of the study have implications not only for practitioners and policymakers but also for the academic community. The influence that research has on the development of societal problems is one reason why this study is so important to the various actors in the industry and the policymakers. The conclusions of the study will be useful for the stakeholders, who are confronted with the crucial task of obtaining appropriate tax income to aid in accomplishing the goals that the government has set for itself. It is expected that a decrease in tax evasion and noncompliance will result in an increase in overall national tax revenue without the need for an increase in tax rates. This can help to defuse political tensions. The recommendations, which will be based on the findings of the study, will also help in designing policies toward an effective tax system with minimal issues of tax compliance. These recommendations will be based on the findings of the study. In addition, the findings of the study will contribute to the existing body of information on the topic of tax compliance behaviour. In the future,

academic academics will be able to use it as a reference source for research on other topics that pique their interest.

## **Literature Review**

The purpose of this chapter is to set the stage for the research that will follow by conducting a review of previous research that is pertinent to the topic under investigation here. As a result, a literature review is conducted on the concepts and theories that form the basis of the study. Additionally, a survey of the empirical literature on the subject of the study is conducted. As a result, the chapter examined the two theories that form the basis of the study. Additionally, the chapter examined the notion of taxes, tax compliance, factors that influence tax compliance, and a review of empirical investigations.

## **Theoretical literature**

### **Planned behaviour theory**

The theory was initially proposed by Ajzen (1985), and since then, it has grown to become one of the most widely used and important models for the prediction of human social behaviour. According to the planned behaviour hypothesis, the acts taken by individuals in a society can be attributed to the effect of certain characteristics that are the result of specific variables and which take place on purpose. The Theory of Reasoned Action morphed into the Theory of Planned Action (TPB) in the year 1980. TPB is used to forecast an individual's intention to engage in a certain behaviour at a particular time and location (Yousafzai, Foxall& Pallister, 2010). The theory was developed to explain all actions that people can exercise self-control over. Behavioural intention is the most important part of this model. A person's perspective on the likelihood that a certain behaviour will lead to the desired outcome, as well as their subjective evaluation of the potential risks and benefits of that outcome, both have an impact on the behavioural intention. It has been demonstrated that the TPB may accurately predict and explain a wide variety of health-related behaviours and intentions. Some of these behaviours and intents include breastfeeding, smoking, drinking, utilizing health care, and using substances, to mention a few. According to the TPB, one's level of behavioural performance is reliant not only on talent but also on motivation (intention) (behavioural control). It distinguishes between three main kinds of beliefs, namely behavioural, normative, and control beliefs.

The theory of planned behaviour is a notion that is utilized to forecast and comprehend behaviour patterns. It posits that behaviours are immediately determined by behavioural intentions, which in turn are determined by a combination of three factors: attitude toward the behaviour, subjective norms, and perceived behavioural control. In other words, it states that behaviours are immediately determined by behavioural intentions. It implies that a person's capability of demonstrating an activity is directly proportional to the degree to which they are responsible for that activity (Behavior intention). Attitude toward behaviour, subjective norms, and perceived behavioural control are defined as the three sequential components that are identified as being crucial to behavioural intention, respectively. Beliefs in behaviour, norms and control are also known to have an impact on the three elements. Although the TPB has proven to be more beneficial in public health than the Health Belief Model, it is still limited in its application because it cannot take into consideration the effects of factors like the environment and the economy. Throughout the past few years, researchers have utilized some TPB elements and added other components drawn from behavioural theory to make it a more integrated model. This is a

response to some of the restrictions that the TPB has when it comes to addressing public concerns. This approach to the study of human behaviour is an attempt to forecast people's actions by focusing on an emotional process that integrates perceptions and actions. This study is concerned with the behaviour and ethics of taxpayers, which suggests that even people will be ethical even when the chances of tax officials discovering non-tax compliance drop drastically low. This is the basis for the inclusion of planned behaviour theory in this study. This study is concerned with the behaviour of taxpayers and their ethics.

### **Institutional theory**

One of the most important ideas that have been utilized in recent times to provide comprehensive theoretical perspectives in the social sciences is known as Institutional Theory (Ritzer, 2004). Institutional theory is a theory that may be found in sociology as well as in organizational studies. It concentrates on the more fundamental and enduring aspects of social structure. It investigates the processes by which social institutions, such as systems, rules, norms, and routines, become acknowledged as providing authoritative guidance for appropriate behaviour in social settings. Various features of institutional theory describe the process through which these aspects are created, disseminated, adopted, and changed across time and location, as well as how they decay and become obsolete. Institutions are social systems that have reached a high level of resilience, according to Scott (2001), who offers this definition of institutions. [They] are composed of cultural-cognitive, normative, and regulatory components, which, when combined with activities and resources that are related to one another, give social life stability and a purpose.

Carriers of institutions include, but are not limited to, symbolic systems, relational systems, routines, and facts. Institutions operate at multiple levels of authority, ranging from the global system to more localized individual interactions. This range of levels begins with the global system. Institutions, by their very nature, indicate stability, even though they are susceptible to change processes that can be either gradual or abrupt. According to Scott (2008), the institutional theory is defined as "a theoretical position that is generally accepted and places an emphasis on production, ethics, and legitimacy. Instead of trying to maximize their decisions, procedures, and structures, organizations look to their competitors for cues to ethical behaviour, which is a key notion of institutional theory, according to researchers working on this viewpoint. Institutional Theory is stated in Kraft's Public Policy (2007), which claims that "Formulation of policy with a primary emphasis on the constitutional and statutory aspects of governmental institutions.

The phrase "the process through which components of formal structure become generally accepted, as both acceptable and necessary, and contribute to legitimize organizations" is what is meant when referring to this idea (Tolbert and Zucker, 1983, p.25). It is used to explain how such systems come into existence, how they spread, and what role they play in supplying stability and meaning to social behaviour. Additionally, it is used to explain how such systems deteriorate and collapse, as well as how successor structures are shaped by the remnants of the previous structures (Ritzer, 2004). The institutional contexts are shown to influence the internal structures and operations of organizations, as emphasized by the theory. It is hypothesized that businesses would like to increase their legitimacy, resources, success, and likelihood of survival if they aligned their organizational structures with the codified practices and procedures of their surroundings (Shadman, 2008). For many decades, the neoclassical method presented by Allingham and Sandmo (1972) served as the economic model of tax

evasion that was held to the highest standard. The model postulates that taxpayers are rational agents who attempt to maximize the utility of their taxable income by balancing the benefits and costs of compliance with the utility of tax evasion. This is done to maximize the utility of the taxpayer's taxable income. As a consequence of this, people will engage in non-compliance if the anticipated punishment and likelihood of being discovered are minimal about the value that can be received by engaging in non-compliance.

As a consequence of this, governments strive to ensure that the cost of non-compliance, rising fines, and the perceived possibility of identifying non-compliant taxpayers are sufficient to ensure that the apparent benefits of noncompliance are outweighed by the costs of non-compliance (Williams, 2014; Williams and Horodnic, 2015, 2017) This can only be accomplished if the institution is powerful and self-sufficient enough to ensure that the appropriate punishments are carried out. This theory is therefore chosen to serve as the basis for this investigation since it argues in favour of having suitable institutional structures within an organization to accommodate the functions of the tax administrators' unit. In conclusion, the Planned Behaviour Theory will assist the researchers in determining the reaction of taxpayers action on the rate of tax imposed on the rent owners in the Weija Gbawe Municipality Assembly, as well as predicting the behaviour and attitude of taxpayers when it comes to assessing the rent income tax compliance of Rent Owners. On the other hand, the Institution Theory assists the researchers in comprehending the policy formulation of rent tax and the legal characteristics of the Ghana Revenue Authority (GRA).

## **Empirical Literature**

This section examines the related literature of current research that has been done on tax compliance by researchers, along with their findings and the conclusions they have taken from those findings. The empirical research conducted by Swanzy (2018) investigated the level of compliance with rent income tax in Ghana. Specifically, the research sought to identify the factors that influence rent income tax compliance in the municipalities of Tarkwa Nsueam and SefwiWiawso. The information for the study came from a total of 278 property owners, and it was gathered by using a straightforward random selection method and a standardized questionnaire. The Pearson correlation coefficient and multilinear regression analysis were utilized to make sense of the collected data. According to the findings of the study, both the perceived chance for rent income tax evasion and the cost of complying with rent income tax hurt the level of compliance that property owners maintain.

On the other hand, it was discovered that education and information regarding rent income tax, in addition to fines and penalties, had a favourable effect on the degree of compliance achieved by property owners. It was also discovered that the majority of property owners lacked awareness of rent income tax rules, as well as the processes for filing and paying rent income tax. This was another finding that emerged from the research. According to Mbilla, Gatsi, Arhin, and Ayimpoya (2018), social drivers have a significant impact on the tax compliance behaviour of individuals. This finding makes a case for the government to employ religious leaders, social groups, as well as opinion leaders in its compliance campaigns. This is because these leaders have the potential to shape or influence people's behaviour towards tax compliance through the use of social education. In their study, they investigated how much institutional, economic, individual, and social factors all have a role in determining tax compliance. Data were collected from 361 individuals who took part in the study in the Northern region of Ghana

using a quantitative survey approach. Structural Equation Modeling was utilized to perform an analysis of the collected data.

Agyeiwaa et al. (2019) investigated the impact of taxpayers' tax knowledge and socioeconomic characteristics on their compliance behaviour with the self-assessed system in Ghana's Sunyani Municipality. Data were collected from a total of 399 individuals using a semi-structured questionnaire as the primary study tool. The data were analyzed using descriptive statistics, T-tests, ANOVA, and regression analytical approaches to determine people's tax knowledge and compliance behaviour. Apart from the fact that tax knowledge levels varied across the respondents, the data suggested that "tax knowledge" has a substantial impact on tax compliance. The study also discovered a link between tax compliance and taxpayers' gross monthly income, as well as their socioeconomic profiles. However, no link was observed between tax compliance and the respondents' demographic traits of age, education, or religion.

According to Abdul-Razak and Adafula's (2013)'s study on tax burden perception, taxpayers are especially concerned about the amount of money they part with in taxes since they believe the tax rates are very high. They claim that people's opinions are influenced by the tax burden they bear and that this, in turn, influences their compliance decisions. The data also revealed that respondents were unconcerned about how much other people or companies paid in taxes in comparison to their own. The extra conclusion, which revealed that the level of government accountability and transparency to taxpayers did not affect taxpayer opinions, was quite intriguing. Instead, the respondents showed a high degree of trust in the government in terms of how it spends tax dollars to produce public goods and services. The study used a survey approach to analyze taxpayers' attitudes and their influence on tax compliance decisions, including respondents from the Tamale area (Northern Ghana).

### **The Concept of taxation**

Yin, Wemah, and Abugre (2016) define taxation as "compulsory levies levied on inhabitants of a country by the government for the goal of delivering public goods." As a result, taxes might be defined as "a mandatory payment to a government based on tax base holdings" (Mikesell, 2003, p. 638). As a result, taxation is regarded as a crucial political and economic problem, as governments all over the world rely on it to fund public spending. According to Otchere-Ankrah et al. (2014), taxes are the lifeblood of an economy. The primary goal of taxation in any country is to raise money from its people and economically active residents to ensure that sufficient funds are available for government spending. Taxes are not intended to be paid in exchange for special rights or services provided to an individual. As a result, taxes can be distinguished from a variety of other charges imposed by the government for specific purposes (Murphy & Higgins, 2001).

In general, the taxpaying individual does not always reap the benefits of paying taxes directly. Regardless, the person is required by law to act responsibly by contributing to the state regularly in proportion to his or her earnings. Governments, according to Venter et al. (2004), can use a direct or indirect tax technique to collect revenue, which can be progressive, proportional, or regressive. The present taxation dilemma in most rich and emerging countries is an over-concentration on the formal sectors of the economy. These industries often employ just about 20% of their workforce, making them easier to identify and tax (Agyei, 2004). According to Naporow (2015), there are a large number of people who have been let off the hook but are self-employed. As a result, several countries lose a

significant amount of tax revenue by failing to take steps to engage all active economic agents, including the self-employed, who make up the majority of the economy's informal sector (Schneider & Enste, 2003). Taxes are levied for a variety of social and economic reasons.

The imposition of mandatory taxes by governments on individuals or corporations is known as taxation. Taxes are levied in almost every country in the world, mostly to fund government spending, but they also serve other purposes. In modern economies, taxation is the most important source of government revenue. Taxes differ from other forms of income in that they are usually paid in exchange for nothing specific, such as a specific public service, the sale of public property, or the issuance of public debt. While taxes are ostensibly collected for the benefit of all taxpayers, a particular taxpayer's obligation is unrelated to any specific benefit obtained. Nonetheless, the payments are usually required, and the connection to benefits might be shaky. The use of car fuel taxes to pay for the construction and maintenance of roads and highways, the services of which can only be gained by consuming charged motor fuels, is another example of a tax that is poorly linked to benefits received. For example, the highest tax rates are frequently set to reduce extremely high wages. Taxation has also been increased or reduced to encourage demand in a few instances to reduce purchasing power. The restriction found in this research is that taxes are concentrated on the official sector, leaving the informal sector, which is the engine of Ghana's economic growth, unaffected.

### **Importance of Taxation**

Although taxation is not the primary source of revenue for the Ghanaian government, it accounts for a major amount of revenue and is frequently used to meet the government's budgetary objectives. The common assumption in the nineteenth century was that taxes should be used largely to pay the government. Governments have utilized taxes in the past to achieve goals other than budgetary ones, and they continue to do so now. Differentiating between resource allocation, income redistribution, and economic stability is a helpful way to think about the objective of taxes. While economic growth and development, as well as international competitiveness, are sometimes listed as separate goals, they are frequently included along with the other three. The first goal, resource allocation, is advanced if tax policy does not interfere with market-determined allocations in the absence of a sufficient cause for intervention, such as the need to reduce pollution. The second goal, income redistribution, aims to decrease gaps in income and wealth distribution. Stabilization aims to maintain high employment and price stability through taxation, government spending, monetary policy, and debt management. There will undoubtedly be conflicts between these three objectives. Changes in the level or composition (or both) of taxes, for example, may be required for resource allocation, but these modifications may disproportionately harm low-income families, undercutting redistributive aims. Excessively redistributive taxes, for example, may be incompatible with the efficient resource allocation required to achieve economic neutrality. The individual paying the tax, among other criteria, should be able to pay; otherwise, the tax becomes a disincentive to output.

The following are some examples of taxation's value in economic development:

- Raising tax money is, in many ways, a state's most important function. Fundamentally, tax money is what keeps the state afloat, paying everything from social services to infrastructure improvements (Prichard 2009).

- As a means of economic stabilization. In times of unemployment, for example, corporate taxes may be decreased to raise businesses' retained earnings, allowing them to expand and create jobs. As a result, the country's unemployment rate will drop.
- For redistribution of wealth and income, as well as the reduction of economic inequality. With a progressive tax system, those with a high income pay more taxes than those with a low income, bridging the income gap to some extent. Furthermore, tax revenue is utilized to provide goods and services that low-income people consume, resulting in wealth redistribution.
- For resource reallocation. Tax incentives are utilized to ensure the establishment of enterprises across the country, particularly where these incentives have been offered, resulting in resource reallocation.
- To influence the balance of payments by discouraging or encouraging imports and promoting long-term growth. Import tariffs are raised in areas where imports are to be discouraged, making imports more expensive and causing imports to be reduced. As a result, there is less demand for foreign money to settle import bills, resulting in an improvement in the balance of payments position. (Ali-Nakyea and Kumbour 2013, Ali-Nakyea and Kumbour 2013)

### **Attributes of a Good Tax System**

Taxpayers usually regard all taxes as undesirable, even though most understand that taxation is necessary to fund the government's useful goods and services. Adam Smith provides a starting point for examining and evaluating the "goodness and badness" of a tax. The traits are referred to as canons of taxation by Adam Smith, who highlighted four (4) key attributes in his day that are still applicable today. According to him, there are four canons of taxation: equity, certainty, convenience, and economy. Simplicity, elasticity or flexibility, and productivity are further characteristics of a good tax system.

### **Classification of Tax**

There are two types of tax classifications. There are two sorts of taxes in Ghana's tax system. That is the difference between direct and indirect taxes.

#### **Direct Tax**

This tax is meant to be paid by the person or organization against whom/which it is levied, with the same person or organization bearing the impact and incidence. Rent income tax, capital gains tax, gift tax, and corporate tax are all examples of income taxes.

#### **Indirect Tax**

This is a tax that is imposed on one individual to be moved or passed on to another. The impact and incidence are varied for various people. Excise duty, customs duty, and value-added tax are all examples of taxes. The administering authorities, Customs, Excise and Preventive Service, and VAT service, which assess taxes on products and services, are known as indirect taxes because they are collected indirectly through importers, manufacturers, and other middlemen. The tax element is loaded on the selling price of the commodities supplied to the next person in the commercial chain to transfer or pass on the burden. To put it another way, it is ultimately borne by the consumer.

## Tax compliance

Tax compliance has long been a key topic of study in both economics and psychology. The problem has been examined from several perspectives, with a focus on the individual taxpayer's conduct. As a result, attitudes were examined, contemporary social norms were collected, and lay ideas were investigated. These were the things that people were thinking about when it came time to file their annual tax returns and make payments (Kirchler, 2007). Tax compliance refers to all of the tasks that must be completed to meet statutory obligations. This comprises the preparation and filing of tax returns regularly by both individuals and businesses (Bruce-Twum, 2014). Ghana's Internal Revenue Act, 2000 Act 592, defines tax compliance as taxpayers' ability and willingness to comply with all applicable tax rules, declare a yearly proper income statement, and make timely tax payments.

Tax compliance, according to Kirchler (2007), is defined as taxpayers' desire to pay their tax liabilities. Tax compliance is defined as the preparedness of a business to be registered for tax purposes, as well as the timely notification of tax authorities of the entity's taxpayer status (Ming et al., 2005). This also applies to filing and paying annual and periodic tax returns regularly. When these bodies purposefully fail to notify the collection authorities of their taxable assets or income activities, they are committing tax evasion. It can also happen when tax liabilities are fraudulently hidden. Tax avoidance, on the other hand, occurs when a person or a company positions itself in such a way as to decrease its tax liabilities by exploiting flaws or ambiguities in the tax code. Tax evasion is regarded legal and non-fraudulent action, even though it is unethical.

Various hypotheses or study paradigms have been proposed to explain the unwillingness to pay tax, according to Alm et al. (2012). These theories have been divided into four categories: those that highlight individual self-interest; alternative theories of individual motivation; those that focus on social interactions; and those that focus on doubts about governments' and tax authorities' responsible expenditure. Regardless, the theories are classified as either classic or alternative paradigms. Kirchler, Hoelzl, and Wahl (2008) suggested a framework that appears to bring all of the paradigms together into a unified framework. Their concept, dubbed the "slippery slope framework," recognizes the interconnectedness of all actors (taxpayers, tax accountants, tax authorities, and the government). The approach also takes into account the numerous ways in which taxpayers can interact as a factor in influencing their compliance behaviour. They claim that all actors and their relationships should be taken into account and that all relationships should be organized to facilitate collaboration. As a result, the government and tax authorities are no longer seen as superior enforcement bodies for tax compliance and tax honesty in general. Rather, they are viewed as citizens' servants who operate in the best interests of the community. As a result, rather than focusing on compliance enforcement, the focus is on creating relationships to improve mutual trust and teamwork.

This is in keeping with Alm and Torgler's "trust paradigm," an alternative tax administration paradigm (2011). It understands the value of mutual trust and the notion that their activities will be constructive rather than harmful. Taxpayers, on the other hand, are considered possible criminals under the traditional "enforcement paradigm." The "service paradigm," as another alternative paradigm, understands the need to make tax compliance easier through service offers. Tax authorities are expected to provide taxpayers with services that make it easier for them to comply with the law. The slippery slope paradigm distinguishes between two types of tax honesty: voluntary and enforced compliance, both of which are dependent on governmental power confidence (Alm et al., 2012).

According to Singh & Bhupalan (2001), several requirements must be met for business entities to be effective in complying with a country's tax rules. They claim that the qualifications include some level of honesty, a thorough understanding of current tax conditions, and the ability to apply tax expertise to conform to tax duties in the country where they operate in a timely, accurate, and complete manner. According to Awang and Amran (2014), tax compliance entails agreeing to tax rates and laws. They say that tax evasion and avoidance, for example, is exploitative conduct that leads to wealth imbalance in a given society. Tax compliance entails keeping track of and submitting accounts, as well as making time and needed payments to the proper tax authorities. As a result, it is how much a tax-payer agrees to or refuses to adhere to a country's assessment standards. It's also known as the eagerness with which a taxpayer fulfils his or her assessment obligations by applicable standards and guidelines without resorting to audits. In practice, a taxpayer is compliant when he or she satisfies all of his or her tax obligations by fully and transparently fulfilling all tax obligations as required by applicable laws (Awang & Amran, 2014). As a result, tax-compliant firms and individuals must refrain from engaging in resistance behaviours, such as tax evasion.

The existing literature reveals that a variety of factors contribute to taxpayer compliance. According to several studies, economic, social, and psychological factors have a significant impact on taxpayer compliance decisions (Richardson & Sawyer, 2001; Devos, 2008). Political issues, according to Batrancea, Nichita, and Batrancea (2013), also influence tax compliance behaviour. Other elements that influence people's tax compliance behaviour, according to their research, include the complexity of tax laws and tax systems, as well as a country's fiscal strategy. Gitaru (2017) investigated the economic and behavioural factors that influence taxpayer compliance in the context of a tax forgiveness scheme. The respondents who were beneficiaries of the tax waiver were asked to identify the circumstances that prohibited them from being tax compliant using a questionnaire as the primary data collection tool.

The results revealed a widespread lack of knowledge and education among the respondents, resulting in their inability to complete correct tax returns within the authorized timeframe. Tax law complexity, the perception of a large and burdensome tax, solvency, and inefficiencies in tax administration were all identified as factors affecting compliance. According to Ross (2007), using dynamic methods, such as technology to make compliance processes electronic, can result in significant gains in tax compliance. As a result, there will be ramifications for taxpayer profit, improved ratings, and policy research and project management expertise. Tax audits have also been linked to a change in taxpayer compliance behaviour, according to certain studies. Tax audits, which are defined as a review of an entity's books and accounting records by an impartial person who has been duly constituted, are said to have a significant impact on taxpayer compliance (Awe, 2008; Dubin, 2004). As a result, these findings imply that tax audits can transform a negative attitude toward tax compliance into a favourable one. However, Bedi's (2016)'s findings, which were based on a Ghanaian setting, revealed that there is a weak link between tax audit and compliance behaviour.

According to other studies, people's judgments of how fair or unfair a tax system is affect their compliance behaviour. For example, Gillingham and Richardson (2005) argue that citizens' perceptions of unfairness in a country's tax system encourage noncompliance. According to Saad (2010), taxpayer attitudes, such as tax awareness and tax simplicity or complexity, influence perceptions of justice in a tax system. Tan and Chin-Fatt (2000) support this claim, claiming that improved awareness of tax laws has had a major impact on tax compliance behaviour and justice in a tax system. According to Lignier

(2009), tax benefits can be classified into three categories: tax compliance, cash flow, and tax deductibility. According to Rametse (2010), entities that collect certain taxes are entitled to postpone payment to the authorities. Such monies may provide buffer liquidity, improving the entity's cash flow situation for the time it is held until tax authorities are paid. The VAT returns in Ghana, for example, are allowed to be held until the 15th of the month by the tax authorities. On managerial benefits, Rametse (2010) claims that good record-keeping methods, which are essential for tax filing purposes, provide certain benefits to an entity's management. This, as well as other managerial benefits such as the advantage of adopting technology, contribute to overall advances in record keeping, accounting, and reporting in a business. Furthermore, because accurate records are kept, the organization benefits from management quality inputs for managerial decision-making. Taxpayers also profit from permits that allow for the consideration of some incidental costs associated with compliance as legal deductions for tax computations.

There have been several empirical studies that point to the complexity of tax systems having a substantial influence on the degree of tax compliance that is achieved. It has been hypothesized that the intricacies of the tax system are both responsible for and the origin of tax evasion (Sapiei&Kasipillai, 2012). Doran (2009), who believes that there is a positive association that exists between tax complexity and taxpayer compliance behaviour, lends credence to this assertion. According to Loo, McKerchar, and Hansford (2010), complicated and time-consuming tax rules make it difficult for a taxpayer to understand them, which in turn leads to tax behaviours that do not comply with the law. Therefore, the simplification of tax rules and procedures is a guarantee that tax non-compliance behaviour on the part of taxpayers will decrease. The intricacies of taxes need the utilization of tax specialists and professionals, which has repercussions for taxpayers who are unable to afford the services of tax specialists (Sapiei, 2012).

Massarrat-Mashhadi and Sielaff (2012) claim that taxpayers do not have a sufficient awareness of the complexity of tax law, which is an addition to this line of argument. According to the findings of a study conducted by Atuguba (2006), the majority of Ghanaians (78 percent) do not believe that the tax system in Ghana is open and honest. Researchers Ameyaw et al. (2016) investigated the factors that influence tax compliance in the informal sector, including both individuals and businesses. The findings indicated that attitudes, subjective norms, and perceived behavioural control were the most relevant elements in determining the level of tax compliance within that industry. The limitation that was discovered via the review of the relevant literature suggests that individuals only turn to tax compliance when there are certain benefits to be obtained. In addition, the government, which is responsible for improving the database of taxpayers, is the same party that complains about there being insufficient information about taxpayers.

## **Rent Income Tax**

The term "rent income" refers to the financial gain that a person experiences as a result of renting out or leasing a property to another individual. The term "Rent Tax" refers to the tax that must be paid on income from rentals. Tax on rent must be paid no later than thirty days after the rent income has been received (GRA). Self-assessment is required to pay taxes on rental income under the current system. Since the government believes that individuals will independently ascertain their tax obligations and willingly pay whatever is required, it expects individuals to pay taxes voluntarily. The government can avoid the expensive alternative of establishing each taxpayer's obligation and pursuing alternative ways

of the collection since it can avoid this by delegating responsibility to individual citizens. However, one of the costs of leaning so heavily on the voluntary compliance of individual taxpayers is that not all persons voluntarily pay their taxes when they are due. This is one of the costs of counting so heavily on the voluntary cooperation of individual taxpayers.

According to an estimate provided by Bird (2012), the global individual income tax gap corresponds to the difference between the actual tax that was paid voluntarily and on time and the amount of tax that people should be paying. Any revenue that is earned in the country through the collection of rent must, by law, be subject to taxation. You can make your payment for the rent tax at the office of the Domestic Tax Revenue Division that is located closest to you. When one fails to pay the rent tax by the due date, they will be subject to a penalty in the form of an interest rate that is equivalent to 125 percent of the statutory rate and is compounded monthly. This is a form of compliance measure. Revenue collected through rent-related income taxes is an essential source of funding for governments in both developing and wealthy nations. The amount of money that can be created to satisfy public expenditure depends, among other things, on the willingness of property owners to comply with the rent income tax law.

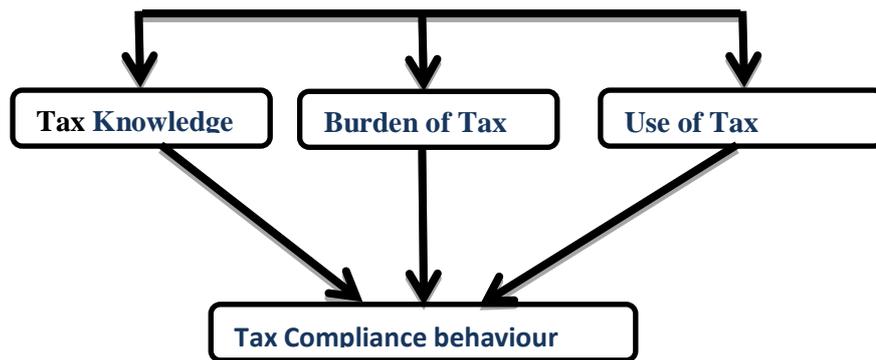
This is one of the factors that determines the amount of revenue that can be generated. A landlord or landlady who commits an act of noncompliance by failing to obey the provisions of the rent income tax is considered to violate the law (Gangl, Hofmann & Kirchler, 2015). The failure of property owners to accurately report the actual rent income received, make improper claims for deductions or rebates, and fail to declare the actual amount of rent income tax payable to the tax authority by the due date is considered to be a form of non-compliance about rent income tax.

Compliance with rent income tax can be broken down into two categories: administrative, which refers to the compliance of property owners with the administrative requirements of paying rent income tax on time, and financial, which refers to the financial aspects of rent income tax compliance. This involves according to the established protocol and regulations on the reporting of incidents. The second aspect is known as "technical compliance," and it refers to the process of computing the amount of rent income tax that must be paid by the provisions or requirements of the laws governing rent income tax, as well as paying the appropriate amount of rent income tax by the due date (Vadde & Gundarapu, 2016). The efficiency of the administration of the rent income tax can be gauged by looking at the level of compliance with the tax on rental income. Improving services to property owners is part of the process of improving compliance. This includes giving property owners clear instructions, offering forms that are easy to fill out, and educating property owners on their rights and obligations as taxpayers. For monitoring compliance, it is necessary to keep an up-to-date record of the rent income tax that has been paid, as well as a management information system that encompasses both residential and commercial properties. Additionally, appropriate and prompt procedures must be designed to identify and pursue non-filers and those with overdue payments. Establishing a fair risk of detection while also effectively imposing sanctions is required to deter those who do not comply with the rules. To transform a nation from a "low compliance to a high compliance environment," the optimal strategy is to combine these measures in such a way as to maximize the beneficial influence that those measures have on the level of compliance (Masinde & Makau, 2016).

## Conceptual Framework

The conceptual framework for the study has been organized in such a way as to make it possible to investigate the relationship between the tax compliance behaviour of property owners and the factors that impact the behaviour of property owners. Therefore, the purpose of this study was to investigate the relationship between tax compliance, which served as the dependent variable, and the influencing factors of knowledge and perception of the personal income tax system, perception of the burden of tax, and perception of the use of tax proceeds (independent variables).

Figure 1 provides a graphical view of the conceptual framework.



## 2. Method

### Research Design

A research design, according to Chandan, Singh, and Khanna (2010), is a general technique for obtaining the information needed to solve a research problem. This investigation is mostly exploratory. Because there is little empirical research on the effects of Rent Income Tax Compliance in Ghana, this is the case. As a result, among the three classic research methodologies outlined by Robson (1993), namely experimental, survey, and case study, this study will employ the survey method as one of the approaches to examine the rent income tax compliance in Ghana, specifically in the Weija Gbawe Municipal Assembly. The expressive survey research style was appropriate for this study because descriptive research designs provide statistics about the population being examined. Descriptive research **is a sort of study that is used to describe** a population's characteristics. It gathers information that is used to answer a variety of what, when, and how inquiries about a certain population or group.

Descriptive research provides a systematic, factual, and accurate depiction of a situation, which fits nicely with our research problem (cooper and Schindler 2011). A survey is a method of gathering information from members of a population on one or more factors (Szecsy, Gay & Airasian). A survey's principal purpose is to gather precise information about a representative sample of a certain group. Surveys are useful for gathering information about people's perceptions, views, and ideas (Berinsky, 2011). They are, however, less accurate in gauging behaviour because what people claim they do or think may or may not represent what they do or think (IPDET, 2007). According to Saunders, Lewis, and Thornhill (2012), a survey provides for the collecting of a huge amount of standardized data from a wide population in a cost-effective manner, allowing for easy comparison. We consider the survey method's key flaws identified by Saunders, Lewis, and Thornhill (2012), such as deliberate falsification

or unconscious misrepresentation of answers by respondents, non-response by respondents, and time-consuming nature of data analysis even with the aid of a computer package, and a limit on the number of questions that a questionnaire can contain.

## Research Population

A study's population is made up of all conceivable individuals' objects or measurements of interest (Mason et al., 1999). The population of the study in this case consisted of some rent owners in the Weija Gbawe Municipal Assembly. A population is either a group of variables being investigated or the total collection of elements about which extrapolations are made (Cooper and Schindler 2011). (Chandan, Singh and Khanna 2010). Due to time and resource constraints, the research focuses on a small sample, as it may be practically impossible to collect and analyze data on all of the issue's stakeholders.

## Sample and Sampling Technique

Given the size of the population and the time available to the researchers, collecting data on the entire population will be impracticable, necessitating the selection of a sample that will reflect the entire population. "A major component of a survey is the sample," according to IPDET (2007, P.370). "Ideally, the sample is representative of the population as a whole." A total of 80 landlords were chosen for this investigation. The researchers took into account people who were close by and easy to locate, as well as the expense (both monetary and time) of obtaining and accumulating sufficient information. This is to ensure that, as much as feasible, the researchers have sufficient time and financial resources to conduct a meaningful study. Each member was given a questionnaire to fill out.

## Sample Size

According to Saunders, Lewis, and Thornhill (2012), the larger the sample size, the smaller the chance of making an error while taking a comprehensive picture of the population for inquiry (Chandan, Singh and Khanna, 2010).

## Sample Size Determination

The final sample size was determined with (DeVaus, 2002) formula below.

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

Where: n = sample size;

N = population universe

a = the confidence level.

$$N = 76,536$$

$$n = \frac{76,536}{1 + 76,536(0.10)^2}$$

$$n = \frac{76,536}{766.36}$$

$$n = 231$$

## **Materials/Data**

The major instrument utilized to obtain data from the 231 property owners or renters at the Weija Gbawe Municipal Assembly was questionnaires. Despite the limits of questionnaires, the constraints and limitations of this study in comparison to survey methods were considered in deciding to employ questionnaires as a data-gathering instrument. The researchers came up with the questionnaire. Questions were structured (closed) and open-ended in the questionnaires. The questionnaire was divided into five sections: the first section contained demographic data such as socioeconomic information such as age, gender, education level, income range, and employment; the second section related to property owners' knowledge of the rent income tax system; the third section related to how tax burden influences tax compliance behaviour; the fourth section addressed substantive issues related to the research objectives, and the fifth section relates to how tax burden influences tax compliance behaviour, and the last section relates to how tax burden influences tax compliance behaviour. The challenges surrounding the study question were addressed in this section. Respondents were given a list of various objectives to choose from that were relevant to them.

These were employed to gather pertinent information from landlords or rental owners in a way that prevented them from having a 'frolic of their own.' In general, the questionnaire was useful in eliciting landlord opinions on the subject. The supervisor was given the first draft to review and provide feedback on. The supervisor's ideas were incorporated into the first draft. As a result, the questionnaire's items were somewhat altered. The researchers had only "Yes" or "No" type questions at first, but they were later changed to incorporate Likert-style questions.

## **Analytical Tools**

To conduct an accurate analysis of the data, quantitative methods were utilized. Quantitative data are those that represent the magnitude of something, such as its quantity or amount (Quang and Hong, 2009). SPSS was used to perform analyses on the primary data that was acquired from the questionnaires that were given to property owners in the chosen Municipal Assembly. The raw data that was acquired from the field was simplified into a more understandable quantitative and tabular form with the help of the SPSS program so that it could be more easily assimilated and understood. In addition to SPSS, Microsoft Excel was utilized to construct diagrams based on the tables that were gathered. To accomplish this, pie charts, bar charts, and tables were utilized in the analysis.

## **3. Findings and Discussions**

The purpose of this section of the study, as outlined in the project design, is to give the analysis of the study, the primary objective of which was to assess the level of compliance with rent income tax behaviour exhibited by property owners in the Weija-Gbawe Municipal Assembly. The demographic profile of the respondents and the particular purpose are what make up this chapter. When presenting the findings of the analysis of the data that was acquired from the respondents, several statistical tools such as tables, charts, and graphs are utilized.

### **Demographic information of Respondents.**

The researchers reached out to a total of 231 landlords to collect the necessary data for the study's demographic component, which consists of the landlords. This section asks the respondents about their gender, age, the highest level of education attained, occupation, income, the number of apartments they own, and whether or not they rent out any of their apartments.

Table 1: Demographic Characteristics of Respondent

Respondents	Frequency	Percentage (%)
Gender Distribution:		
Male	71	31
Female	160	69
Total	231	100
Age Distribution		
20 - 30	2	1
31 - 40	32	14
41 - 50	42	18
51 - 60	74	32
60 and above	81	35
Total	231	100
Highest level of education		
No formal education	60	26
Primary	23	10
Secondary	45	19
Technical	28	12
Tertiary	75	32
Total	231	100
Category of occupation		
Unemployed	3	1
Self-owned business	78	34
Employee	50	22
Retired	100	43
Total	231	100
Income		
Less than GHC1,000	11	5
GHC1,000 - GHC2,000	30	13
GHC2,001 - GHC3,000	62	27
GHC3,001 and above	128	55
Total	231	100
Do you do rentals		
Yes	201	87
No	30	13
Total	231	100

Number of apartments

1 – 3	121	52
4 – 5	84	36
6 – 8	18	8
9 and above	8	3
Total	231	100

(Source: Field data, 2022)

The demographic features of the 231 landlords who answered the questionnaire are outlined in greater detail in table 1 which can be found above. It can be seen that females represented the majority of the category with a total of 160 (69 percent), while men made up only 71 of the total (31 per cent). The results of this study supported the findings of Donkor, Naab, and Kussiwaah (2017), who concluded that the majority of the homes in the area under study are owned by women. The majority of which was passed down to them by their deceased husbands. The findings also show that the majority of the respondents are grown up, as 81 of them (35 percent) are 60 and above, 74 of them (32 percent) are between the ages of 51-60 years, age group 41-50 constitute 42 (18 percent), age group 31- 40 account for 32 (14 percent), and the least age group is 20-30, which makes up only 2 (one percent) of the respondents. The educational histories of the participants in the study were investigated in this study.

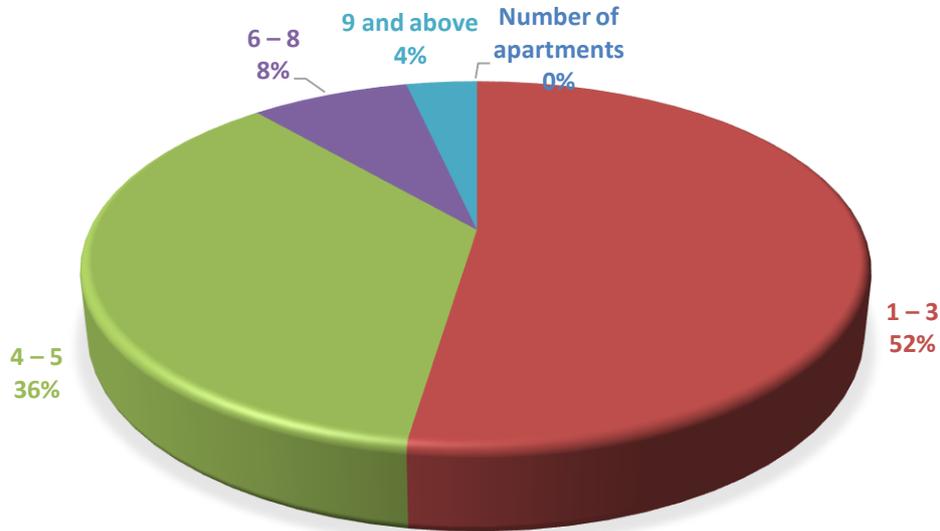
The study indicated that 10 percent of them had primary qualification as their greatest degree of education, which happens to be the qualification with the least number of responses. This is followed by individuals with technical qualifications as their highest degree of schooling compose 12 percent of the respondents. Those with secondary education constitute 19 percent of the landlords who answered the inquiry. Those who had no formal education constituted 26 percent of the response. The category with the bulk of the respondents are those with university education as their highest level of education is 32 per cent. The survey, therefore, demonstrates that most of the respondents are educated as they compose the majority of the response compared to those with no formal education. Concerning occupation, 44 percent (103) of the respondents are presently jobless or retired making them the majority category, self-employed followed by 34 percent (78) respondents, the landlords who are currently employees form 22 percent (50) of the overall sample.

The study also found that the majority of workers, according to this study, earn more than GHc3,001 in a month, as its data show that 55 percent (128) of them do. Those workers are followed by those who earn between GHc2,001 and GHc3,000, who make up 27 percent of the workforce (62). Those with annual incomes of less than GHc1,000 make up only 5 percent (11) of the population, and they are the least numerous group. The question of whether or not the respondents are renting out an apartment within their home was posed to them. The remaining 13 percent (30) of the landlords gave a negative response, whereas 87 percent (201) of the landlords gave a positive response.

### **The level of education held by property owners regarding the rental income tax system.**

This portion is the initial object of the study, and its purpose is to determine the level of familiarity that property owners have with the rent income tax system in the country as well as their perceptions of it. This section is designed to determine the number of rooms that are available for rent, the amount of money received as rent for residential and commercial properties, the number of the year(s) in which

the respondent has earned rental income, and whether or not the respondent is aware of the existence of rent tax law, whether or not they have attended a rent tax course, and how to declare rent income that has been received.



**Figure 4.1** Number of rooms/apartments available for rental

(Source: Field data, 2022)

According to the figure that was just presented, 52 percent (121) of landlords have between one and three rooms or apartments, 36 percent (84) of landlords have between four and five rooms or apartments, 8 percent (18) of landlords have between six and eight rooms or apartments, and the remaining 3 percent of landlords have more than nine rooms or apartments (8). This indicates that more than half of the people who participated in the survey are renting out fewer than four rooms across their numerous homes.

**Table 2: Respondent's Knowledge of rent income tax law**

Respondents	Frequency	Percentage (%)
Residential rent per month		
Below GHc50.00	0	0
GHc50.00 - GHc100.00	28	14
Above GHc100.00	173	86
<b>Total</b>	<b>201</b>	<b>100</b>
Commercial rent per month		
Below GHc50.00	0	0
GHc50.00 - GHc100.00	0	0
Above GHc100.00	21	100

Total	21	100
Years of rent income were earned		
Less than 3 years	3	2
3 - 5 years	8	3
6 - 8 years	35	15
9 years and over	185	80
Total	231	100
Do you know rent tax		
Yes	103	45
No	128	55
Total	231	100
Have you attended any training on rent tax		
Yes	5	2
No	226	98
Total	231	100
Do you know how to declare rent income		
Yes	48	21
No	183	78
Total	231	100

(Source: Field data, 2022)

In Ghana, the amount of money that an individual is required to pay for rent is mostly determined by the location of the apartment as well as the characteristics of the room, namely whether it is a self-contained room, a single room with a punch, or a simple single room without punch. None of the rooms is rented for less than GHc50.00 per month, as shown in Table 4.2 above; fourteen percent (28) of the respondents indicated that they rent their rooms between GHc50.00 and GHc100.00, and eighty-six percent (173) of the respondents charge more than GHc100.00; this indicates that the majority of the rooms in the research area are rented for more than GHc100.00. According to the findings of Table 4.2, which can be found above, all of the monthly rent for business space is greater than GHc100.00, as all twenty-one of the respondents determined. This is consistent with the findings of Darteh (2019), who found that the typical monthly rent for a self-contained flat with one room is one thousand Ghana cedis (GH1,000.00). The most affordable option that one is likely to find is one that costs GHc 100 per month, even though some may cost more than GHc1,000.00 per month.

According to Table 4.2, which can be found above, only 2% (3) of the respondents have earned rent income for less than 3 years as of the time of the study, and 3% (8) of the respondents have earned rent income between 3-6 years, 15% (35) of the respondents earned rent income, and 80% (185) of the respondents who have owned have earned rent income for 9 years or more. This indicates that the majority of the respondents have been earning revenue from renting their homes over the past nine years. When asked whether they are aware of the renter's income tax, just 45 percent (103) of the landlords who responded claimed that they are, while the remaining 55 percent (128) said that they are not. This indicates that the majority of those who responded are unaware of the law regarding the taxation of rental income. According to the data presented in the table that follows, only a small minority of the respondents, 2%, have indicated that they have attended a workshop or training session

on renter's income tax, whereas the vast majority of respondents, 98.2% (226), have stated that they have never attended any workshop or training session on renter's income tax. Eighty-eight percent (183) of those who responded to the survey claimed that they do not know how to submit the rent income tax because landlords do not train their tenants. This indicates that the majority of the people who responded do not have the necessary understanding of how to disclose their rent incomes for tax purposes, and as a consequence, they do not pay rent income tax even though they receive rent from tenants.

A series of questions were posed to property owners in Ghana to gain a deeper understanding of their perspectives and knowledge regarding Ghana's rent income tax. Table 4.3 provides a summary of the mean of the responses, as well as the standard deviation (SD), which can be found below the mean. The statistical mean, which is estimated to be the nearest Likert figure, is the indicator that is used to represent the average of the replies obtained for each Likert item (question statement). On the other hand, the standard deviation shows how wide out the replies are. Therefore, standard deviation values that are lower suggest that the responses are closer to the mean, whereas standard deviation values that are larger indicate that the responses are further away from the mean.

**Table 3: Property owners' knowledge and perception of rent income tax system**

#	Statements	Mean	Std. Deviation
1	The payment of rent income tax is a moral and civic obligation of citizens	4.00	0.636
2	Tax obligations including rent income tax, are appropriate demands of government for services of public good	4.20	0.760
3	Tax payments are influenced by fear and threat of being penalised for non-compliance	3.13	1.177
4	Ghana's tax laws are simple to understand	1.98	0.766
5	There is constant education on Ghana's tax laws, reforms, and tax administration	1.77	0.570
6	There is equity and fairness in Ghana's tax system	2.32	0.943
7	Ghana's tax system allows for electronic filling and payment of taxes	2.57	1.081
8	Ghana's tax system is fair and equitable therefore there is the will to file tax returns	2.24	1.042
9	The filing of tax returns assists taxpaying individuals and business	2.35	1.280
10	The administrative system for tax compliance is simple for individuals to file tax returns	1.42	0.544
	Overall scale values	<b>2.60</b>	<b>0.88</b>
	Valid N (listwise)	N = 231	

Source: Field data (2022)

The overall scores for both the mean and standard deviation of each of the Likert items are also displayed in the table. These values may be found by looking at the overall scores column. According to the data presented in Table 4.3, the total mean score for the different statements indicates that the property owners do not generally have a clear opinion regarding their responses (Mean = 2.60; SD = 0.88). In addition, the standard deviation provides additional evidence that their replies are relatively similar to the typical response. On the other hand, about the specific statements, the owners of the property concur with statements 1 and 2. As a consequence, they agree that the payment of rental income tax is a civic and moral obligation of all residents (Mean = 4.00, 4.20; SD = 0.636, 0.766). As seen by the mean of the responses the property owners provided for items 3 and 7 (Mean = 3.13, 2.57; SD = 1.177, 1.081), the property owners had a degree of uncertainty. As a result, they were uncertain as to whether or not tax payments were made out of a fear of incurring penalties and as to whether or not there was a way to electronically file and pay rent income tax. In addition, assertions 4, 5, 6, 8, 9, and 10 in Table 4.3 have received a negative response from respondents. This suggests that they do not agree that the law governing the country's rent income tax is easy to comprehend; that there is appropriate tax education available; that there is equality; and that payment of the tax generates certain benefits to individuals and enterprises.

The table also includes the overall scores, including the mean as well as the standard deviation for each of the Likert items. Based on the results shown in Table 4.3, the total mean score for the different statements indicates that the property owners do not generally have a clear opinion regarding their responses (Mean = 2.60; SD = 0.88). The standard deviation also lends credence to the idea that their responses are very similar to the average response. On the other hand, when it comes to the specific statements, the property owners agree with statements 1 and 2. As a result, they agree that the payment of rental income tax is a civic and moral obligation of all people (Mean = 4.00, 4.20; SD = 0.636, 0.766). The mean of the property owners' responses to statements 3 and 7 reveals that they had a degree of uncertainty about the matter (Mean = 3.13, 2.57; SD = 1.177, 1.081). As a result, they were uncertain as to whether or not tax payments were made due to a fear of incurring penalties and whether or not there was a path for electronic reporting and payment of rental income tax. In addition, Table 4.3 shows that the respondents do not agree with propositions 4, 5, 6, 8, 9, and 10. This suggests that they do not agree that the country's rent income tax law is easy to comprehend; that there is appropriate tax education available; that there is equality; and that payment of the tax generates certain benefits to both individuals and enterprises.

### **Property owners' tax compliance behaviour**

The purpose of the questionnaire's Section C was to investigate the extent to which the property owners complied with their tax obligations. Table 4.4 contains a summary of what they said in response to our questions. According to the data presented in the table, all of the property owners have indicated that they are willing to comply with the essential requirements of the rent income tax (Mean = 4.19; SD = 0.809). However, they were unsure in their responses on whether or not the process of filling out and making payment for rent tax was time-consuming (Mean = 3.20; SD = 0.872); and whether or not the possibility of prosecution is sufficient to dissuade people from dodging rent tax (2.72; SD = 1.442). They did not know whether the procedure additionally entailed charges for travel and other expenses (mean = 3.35, standard deviation = 0.546). The table also shows that property owners disagree with the following statements: that they always file their rent tax returns (Mean = 2.21; SD = 0.809); that they have Tax Identification Numbers (TINs) (Mean = 2.4; SD = 1.264); that they or their representatives

filed their rent income tax returns in the previous year (mean = 2.45; SD = 1.257); that the filing and payment process is simple, and therefore they always file (Mean = 1.58; 0.770); that In general, the responses indicate that the owners of the rental property are uncertain as to whether or not they comply with the rent income tax (mean = 2.58; standard deviation = 1.018).

**Table 4: Tax compliance behaviour of taxpayers**

Statements	Mean	Std. Deviation
I always file my rent tax return	2.21	0.809
I have the willingness to meet the terms of rent income tax laws	4.19	1.195
Me/ my commercial property has a Tax Identification Number (TIN) for tax purposes	2.40	1.264
/my representative submitted a tax return on rental income in the last year	2.45	1.257
My rent tax returns are always filed because it is simple for me to file	1.58	0.770
I complete and file my rent tax return regularly because tax auditors visit me to check my tax returns	1.93	1.049
I issue receipts for all payments to ensure accurate records for rent tax purposes	1.73	0.973
The chances of being prosecuted by appropriate authorities are sufficient to deter people from evading rent tax	2.72	1.442
The filing and payment for rent tax is time-consuming	3.20	0.872
The filing and payment for rent tax comes with travel and other costs	3.35	0.546
Overall scale values	2.58	1.018
Valid N (listwise)	N = 231	

Source: Field data (2022)

### How perception of tax burden influences the property owners’ tax compliance behaviour

The descriptive data for the tax burden perception are included in Table 4.5, along with its implications for the level of compliance exhibited by property owners. According to the total mean, which was about 4, and the standard deviation, which was 0.983, it appears that the majority of property owners concur with the opinion that they are burdened with taxes. This assumption has repercussions on how property owners behave regarding tax compliance. According to the data presented in the table, the participants agree that there are too many different kinds of taxes to pay as an individual in the country and as a property owner (Mean = 3.95; SD = 0.667).

**Table 5: Perception of tax burden and tax compliance behaviour**

Statements	Mean	Std. Deviation
There are too many types of taxes to be paid as an individual and property owner	3.95	0.667
Taxes are so heavy that tax evasion is an economic necessity for survival.	3.92	0.922
The present tax system benefits the rich and is unfair to the ordinary working man or woman.	3.67	0.912
Other people who have not legally registered their properties are left off the hook and only the few who have done so are burdened with taxes	3.05	1.215
Individuals/Commercial entities in certain economic areas are exempted from some taxes	3.68	1.377
Rent income tax rates are too high for property owners	3.48	1.063
Rent income tax affects rent charges paid by tenants/businesses who pay other taxes. The tax is typically passed on to the tenant.	4.07	0.728
Overall scale values	<b>3.69</b>	<b>0.983</b>
Valid N (listwise)	N = 231	

**Source: Field data (2022)**

According to Table 5, property owners agree that the taxes are high; as a result, tax evasion is regarded as an economic necessity for the survival of individuals and businesses (mean = 3.92, standard deviation = 0.922). The majority of property owners agree with the statement that "the current tax system favours the wealthy while being unjust to the average working man or woman" (Mean = 3.67; SD = 0.912). (Mean = 3.68; Standard Deviation = 1.377) The property owners agree with the notion that certain persons or company entities operating in specific sections of the economy are given tax exemptions in comparison to those getting rental income. They are also in agreement that tenants are the ones who are ultimately affected when property owners are taxed rent income tax since the owners ultimately pass it on to the tenants (Mean = 4.07; SD = 0.728). The findings support the findings of Abdul-Razak and Adafula (2013), who hypothesized that individuals believe that the tax rates are extremely high and that their attitudes are influenced by the burden of tax placed upon them, which in turn influences their decision regarding compliance with the law.

### **Property owners' perceptions of the use of tax revenue and compliance behaviour**

Table 6 provides a summary of the comments received from property owners regarding their perceptions of how the government spends the money it receives from taxes. According to the data presented in the table, the respondents have a very strong perception that the income tax on rent is not being applied correctly for national development (Mean = 4.57, roughly 5; SD = 0.825). The property owners, who gave the statement a mean score of 4.48 and a standard deviation of 0.645, agree with the statement that "the government wastes a lot of tax cash on non-transparent operations." As a result, they

get the impression that the money collected from rent income taxes is not being put to good use. They believe that a significant part of overall tax income is spent on government administration rather than on social welfare concerns like education and health (Mean = 4.10; SD = 0.984), which is consistent with the findings of the survey. (Mean = 3.70; Standard Deviation = 1.069) According to the opinions of the property owners, a sizeable amount of the income tax revenue collected through rent ends up in the pockets of unscrupulous tax officials and politicians.

In addition, they agree with the assertion that "A considerable percentage of the rent income tax revenue received is spent on initiatives that do not benefit many citizens" (Mean = 3.84; SD = 0.869). The property owners agreed with the statement that people are provided very little feedback on the use of the tax monies collected (Mean = 4.14; SD = 0.581). This was shown by a mean score of 4.14 and a standard deviation of 0.581. There is also the opinion that the tax system is unjust since certain parts of society are given enormous tax reliefs and exemptions (mean = 4.46; SD = 0.940). This leads to the perception that the tax system is unfair. In addition, the property owners think that a sizeable amount of the funds collected from taxes are not utilized effectively. The results suggest that property owners have the perception that the government does not put the rent income revenue, as well as tax revenues in general (Mean = 4.14; SD = 0.832), to good use (Mean = 4.14; SD = 0.832). This lends credence to the assertions made in previous research by Armah-Atttoh and Awal (2013) that there is a widespread perception of a lack of openness regarding the expenditure of public funds.

**Table 6: Perceptions of the use of tax revenue and tax compliance behaviour**

Statements	Mean	Std. Deviation
Government wastes a lot of tax revenue on non-transparent activities	4.48	0.645
A significant portion of the money collected is used for government administration (rather than education, health, etc.)	4.10	0.984
Rent income tax revenues are used properly for national development	4.57	0.825
A significant portion of rent income tax revenue collected winds up in the pockets of corrupt tax authorities, politicians or their families and friends	3.70	1.069
A large portion of the rent income tax revenue collected is spent on projects that do not benefit many citizens	3.84	0.869
There is very little feedback/communication on the use of tax revenues, including rent income tax, by the government	4.14	0.581
Some segments of society and businesses are provided huge reliefs and exemptions with other tax types, hence creating unfairness	4.46	0.940
A large portion of tax revenue collected is not used efficiently by the government	3.82	0.739
Overall scale values	<b>4.14</b>	<b>0.832</b>
Valid N (listwise)	N = 231	

Source: Field data (2022)

### Effect of influencing factors on rent income tax compliance

A linear regression analysis was utilized to critically debate the extent to which selected influencing factors of knowledge and perception of rent income tax (Knowledge); perception of the burden of the tax (Burden); as well as perceptions of the use of tax revenue by the government (Tax-use), impact on rent income tax compliance behaviour of property owners. This was done to critically discuss the extent to which selected influencing factors impact on rent income tax compliance behaviour of property owners. According to what is described in the procedures, the tax compliance behaviour (referred to as Compliance) is the dependent variable, while tax knowledge (referred to as Knowledge), tax burden (referred to as Burden), and use of tax (referred to as Tax-use) are the independent factors. The purpose of the regression analysis was therefore to assist in illustrating how the independent variables (Knowledge, Burden, and Tax-use) have an impact on the dependent variable (compliance), as well as to illustrate the most important element that determines rent income tax compliance. The summary of the regression model described in Table 2 can be seen in Table 7.

**Table 7: Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945 <sup>a</sup>	.893	.892	.16254

a. Predictors: (Constant), Use of tax revenue, Burden of tax, Tax Knowledge

**Source:** Source: Field data (2022).

The percentage of variance in the dependent variable (tax compliance) that can be attributed to differences in the independent variables is presented in Table 7. (Tax Knowledge, Burden of tax, Use of tax revenue). According to the results of the regression model, an R Square value of 0.945 suggests that the independent variables explain 94.5 percent of renter's compliance with income tax. Because the independent variables explain more than half (94.5 percent) of the dependent variable, this model is judged to be of very high quality.

**Table 8 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.306	3	16.769	634.706	<.001 <sup>b</sup>
	Residual	5.997	227	.026		
	Total	56.303	230			

a. Dependent Variable: Compliance behavior

b. Predictors: (Constant), Use of tax revenue, Burden of tax, Tax Knowledge

**Source:** Field data (2022).

Because the level of significance of 0.001 is greater than the alpha value of 0.05, Table 8 (The ANOVA) demonstrates that the regression result is statistically significant. Therefore, the dependent variable can be well explained by the independent factors (Tax Knowledge, Burden of tax, and Use of tax revenue) (Tax compliance). This suggests that the knowledge and perception of the property owners on the rent income tax, the perceived hardship of the tax, and the use of tax proceeds are all separate variables that have a major impact on the degree of compliance with the rent income tax.

**Table9 Regression coefficients**

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	4.822	.166		28.990	<.001
	Tax Knowledge	.277	.030	.250	9.239	<.001
	Burden of tax	-.294	.026	-.300	-11.272	<.001
	Use of tax revenue	-.454	.021	-.581	-21.716	<.001

a. Dependent Variable: Compliance behavior

**Source: Source: Field data (2022).**

The significance of each of the independent variables is broken down and presented in the table of coefficients (Table 4.9). It can be seen from the table that all of the independent variables have p values of 0.001 or lower, which indicates significance. This indicates that the components (tax awareness, burden of tax, and use of revenue) are statistically significant, as their respective p-values are lower than the compared alpha level of 0.05. This can be shown by the fact that this comparison was performed. Accordingly, the independent variables have a considerable impact on the behaviour of rent tax compliance. However, both "burden of tax" and "use of revenue" have negative Beta values, with a value of -0.300 for "burden of tax" and -0.581 for "use of revenue." Therefore, "burden of tax" and "use of revenue" have a detrimental effect on howto rent income tax compliance is exhibited.

On the other side, "Tax knowledge," which has a Beta value of 0.250, has a beneficial impact on individuals' behaviours regarding income tax compliance. The findings also suggest that "use of revenue," which has a Beta value of -0.581, has a greater influence on compliance behaviour when compared to "tax knowledge" and "burden of tax," which have Beta values of 0.250 and -0.300 respectively. This is because "use of revenue" has a negative Beta value. According to the findings, an increase in "Tax awareness" components by one unit will result in a large rise in rent income tax compliance behaviour by 25 percent. This is the implication of the findings. On the other hand, a drop in compliance with rent income tax will result from an increase in "burden of tax" and "use of revenue" elements by 30 percent and 58 percent, respectively. As a result, the perceptions of the burden of tax, as well as the inefficient use of tax revenue by the government, are both issues that need to be addressed to guarantee compliance for property owners regarding rental income.

## Challenges in tax administration and compliance behaviour

The research was conducted, among other things, to determine the difficulties that tax administrators have in terms of rent income tax compliance. To get a more in-depth comment on the issues, an interview with a representative of the Ghana Revenue Authority (GRA) was carried out. The officer disclosed that numerous tax laws are used as the foundation for Ghana's tax administration while he was providing a comprehensive overview of the country's system for the administration of taxes. In addition, he emphasized that the tax rules of the country apply equally to all individuals and entities as prescribed by the laws, regardless of the social, political, or socio-economic backgrounds of the individuals or businesses in question. According to the representative of the GRA, the tax rate for rent revenue is 8 percent for residential properties and 15 percent for non-residential buildings. This difference in the tax rate is because residential properties are not subject to the tax. However, he added that the authorities in charge of collecting taxes now only have a limited database on individuals or businesses that get rent income and who are required to pay tax on such income. He explained this by saying that there were not enough field employees for tracking and monitoring and that there was not enough data on all of the properties in the municipality.

The representative of the GRA responded as follows when asked how the tax authorities identify property owners to collect rent income tax:

"For some of the landlords, we were able to obtain the information when we were processing their building permit, as they stated whether or not the property was going to be used for rental reasons. Therefore, to determine whether or not these people owe taxes, the field officers conduct follow-up investigations on them. However, I feel the need to emphasize that the majority of people supply information that first suggests that the property is for personal use, but later rents them out without providing such information to the tax authorities.

The GRA representative was also requested to discuss their experiences with the research team regarding property owners, including whether or not the property owners believe their rent income tax rates to be onerous, as well as how this affects the property owners' compliance behaviour. In his statement, he indicated that the few persons who submit such tax returns regard the tax to be onerous. Those individuals are small in number. They perceive the tax on rent income received from their renters to be an additional burden because they believe that they are already paying other taxes, such as ground rent and property charges. Their level of compliance is consequently influenced as a result of this.

When asked if, in his opinion, rent income tax compliance is influenced by how the government chooses to spend the cash, the GRA official responded by stating that it does affect the behaviour of taxpayers. However, he was quick to add that there have been a lot of projects that have been accomplished by the government throughout the years that have been funded by taxes. Therefore, there is sufficient documentation of the use of the tax funds, and the purpose of this is to urge people in the country to behave in a manner that is more tax compliant. It was also asked of the GRA representative what he believes to be the reasons why some property owners do not file their rent income taxes or provide false information when they do file such taxes. His answer to the question included the following statements, which he made:

"I believe that everything is on the verge of compliance. We are faced with a situation in which several property owners believe that it is acceptable to cheat on their rental income taxes. This presents a challenge for us. Some people have trouble paying their taxes due to financial difficulties, but the majority of people have trouble paying their taxes due to a general lack of tax education. Some individuals believe that when the government introduces new tax handles, it is an indicator that the ones that are already in place are no longer necessary. This is especially true when relatively little "noise" is made by tax officials on those tax

handles. As a result of having such perceptions, the individuals in question will invariably engage in behaviour that is non-compliant. I believe that one of the reasons for this is that we do not generally enforce our policies. If we were to prosecute persons for non-compliance with relation to the rent income tax, it would have served as a deterrent for all those others who are not honouring their tax obligations or disclosing erroneous information on their rent revenue receipts.

About the difficulties that tax administrators face in ensuring that property owners in the country comply with rent income tax regulations, a tax official stated that the key challenges include a lack of a comprehensive database on property owners, proper zoning and address systems, staff capacity inadequacies, a lack of free hands to undertake enforcement initiatives, and corrupt activities carried out by some miscreants in the tax administration authority. According to the comments, there does not appear to be a significant amount of public education on the side of the tax authorities regarding the rent income tax. In addition, there is a widespread lack of enforcement to ensure compliance, and it appears that policymakers are not providing the necessary push to tax officials. The results also imply that limitations in staff capability, a limited number of field officers, and corruption among some tax authorities are issues confronting tax administrators regarding rent income tax compliance in the country. [citation needed] The findings are consistent with the existing research, which suggests that the low tax compliance rate in the county is due to obstacles such as corruption and limitations in the capacity of tax administration, among other problems (World Bank, 2020).

### **Strategies adopted by tax administrators to ensure tax compliance**

During the interview with the representative of the Weija-Gbawe Municipality, we also wanted to learn about the methods that are being implemented by the tax administrators to raise the percentage of property owners in the Weija-Gbawe municipality who comply with the rent income tax. The tax office's response to the inquiry stated that raising awareness and educating the general public is one of the most significant strategies that is being utilized. For example, he mentioned that more information for taxpayers, including taxpayers on rental income, is presently being posted on the Municipal website. These taxpayers are being referred to the office of the Domestic Tax Revenue Division that is closest to them to make payments. He further disclosed that information on the page about the implications for non-compliance is also supplied to serve as a deterrent to those who might be tempted to default on their obligations.

For instance, property owners who fail to redeem their rent income tax duties by the due date (30 days after receiving rent revenue) are subject to interest that is equal to 125 percent of the statutory rate compounded monthly. This makes them liable for additional fees. The letter also disclosed that the tax administration authority aims to deploy additional field officers into the areas to carry out tax audits of properties that are either rented out or leased out. In addition, the tax authority plans to begin special tracking operations to monitor all advertisements regarding properties that are available for rent or lease. It will then be allowed to conduct rent income tax audits of such property owners as a result of this action. In addition to this, it plans to use undercover investigators known as "mystery shoppers" to find and punish dishonest tax officials.

## **4. Conclusion**

The major purpose of the research was to analyze the degree to which property owners in the Weija-Gbawe Municipal Assembly complied with their tax obligations. The research attempted to accomplish this aim by focusing on four distinct aims. As a result, an investigation was carried out to determine the level of awareness and understanding of the rent income tax system among the country's property

owners. It was determined that the perception of the burden of tax and how it affects the behaviour of property owners regarding tax compliance were both established. In addition to this, the property owners' perceptions of how tax revenue is used and how this plays a role in the compliance behaviour of the property owners were uncovered. Additionally, the difficulties in tax administration and the solutions that are now being used to assure increased tax compliance were noted. According to the study of the data acquired from the participants and a representative of the Ghana Revenue Authority, there is a very low level of compliance among property owners and a generally low level of knowledge of the income tax system of the country.

According to the data, the vast majority of taxpayers feel that the amount of money they have to pay in taxes is too high. In addition to this, it indicates a poor degree of enforcement on the part of tax administrators, as well as a high perception of inefficient use of tax funds by the government. [citation needed] [Citation needed] The administrators of the rent income tax have identified several challenges, some of which include the absence of a comprehensive database of property owners who are liable for the tax, inadequate staff capacity as well as officers, and issues of corruption among some tax officers. Other challenges include the fact that the rent income tax is not uniformly applied. According to these findings, the study concludes that property owners in the Weija-Gbawe Municipal Assembly (WGMA) have a very low compliance behaviour and that the generally weak enforcement by tax authorities, in addition to the perceptions of taxpayers, are contributory factors to the current state of affairs.

## **Recommendation**

1. The study suggests that the Government of Ghana should initiate tax reforms through the GRA by constructing an exhaustive database of all property owners in various districts, municipalities, and metropolitan regions. This recommendation was made in light of the findings of the study. This database, which must include the number of rooms that are available for rent at any one time, must be updated on a monthly as well as an annual basis to guarantee that no taxpayer is overlooked.
2. It is also advised that the tax authority should do more on raising taxpayer awareness and educating taxpayers to improve the tax compliance behaviour of property owners. This awareness and sensitization push has to place a strong emphasis on the need of paying taxes, as well as the consequences of failing to comply with tax laws.
3. It is advised that the government demonstrate transparency about the use of funds obtained via taxation. This is because several people have negative perceptions that influence their compliance behaviour. The government needs to adopt a policy that provides continuous feedback to taxpayers on tax revenues collected, as well as specific areas and developmental activities used. This is necessary to address the perceptions that paying taxes is a burden, as well as the inefficient use of tax revenue. In light of this, concerted efforts need to be undertaken in the Weija-Gbawe Municipal Assembly as well as in all of the other assemblies across the country to construct more obviously visible infrastructure and to provide more social amenities.
4. It is recommended that the GRA, in collaboration with the Weija-Gbawe Municipal Assembly, should initiate a special rent income tax enforcement drive in the municipality to ensnare all property owners who have let or leased their properties but who are not paying rent income tax. The goal of this drive is to collect rent income tax from those property owners. These "newcomers" should be eligible for some form of tax amnesty for all of the years in which they have failed to pay their taxes. When those

individuals who did not take advantage of this moratorium after the allotted time have been found, they should be subject to the full range of applicable sanctions.

5. It is suggested that the government, in conjunction with the GRA, should implement the use of "mystery shoppers" among tax officers to conduct investigations and identify corrupt tax officials to instil confidence in the authority that is responsible for the country's tax administration.

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