THE IMPACT OF TAXATION ON GOVERNMENT REVENUE: A CASE STUDY OF THE GHANA REVENUE AUTHORITY (GRA), BOLGATANGA MUNICIPALITY

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Abstract ---- The revenue generated from taxation in the country is meant to help the government meet its expenditure and to develop the many sectors of the economy. Even though the government has many sources of revenue, the impact of the revenue generated from taxation has a less impact on government revenue. This research focused on the impact of taxation on government revenue in the Bolgatanga Municipality. The study was carried out to identify the causes of the fluctuation of government tax revenue in Bolgatanga Municipality. Simple random sampling technique and purposive sampling technique were used to select a sample size of forty (40) from the accessible population of sixty-five (65). This was made up of twenty-five (25) respondents from the Domestic Tax Service and fifteen (15) respondents from taxpayers within the study area. Data was collected using questionnaire, with the Domestic Tax Service and taxpayers serving as the data source in the study area. The data was presented and analyzed using tables and charts for easy understanding. The study found that taxation has gone a long way to help both past and present government of Ghana to undertake many developmental projects. Parameters identified to influence the trend of taxation on government revenue were: tax rate, rate of importation, education on tax laws and procedures, inflation rates, tax net and petroleum prices. The study also showed the possible ways of improving taxation in the country which included: provision of adequate logistics, motivation of tax officials, effective education on the tax laws and procedures, computerization of all tax matters and expanding the base of tax net.

Index Terms --- Taxation, government Revenue, Direct Taxes and Indirect Taxes

I. INTRODUCTION

Taxation involves the imposition charges and levies on the incomes of persons and companies by the government for a specific period usually one year or any other period as the law may define for the purpose of maintaining state machinery. A tax is a compulsory payment levied on the incomes of persons and companies by the government as required by law. Tax was first introduced in Ghana in the year 1850, which was in the form of poll tax.

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Later, income tax was implemented by the income tax ordinance [1]. Due to the problems associated with its administration, the ordinance was amended several times. In 1975, the Supreme Military Council made a decree termed as SMCD 5 [2]. This decree consolidated most of the tax laws used in Ghana.

In 2009, the entire three tax revenue agencies, that is, Customs Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS) and the Value Added Tax Service (VAT) were merged in accordance with the Ghana Revenue Authority Act, 2009 (Act 791).   As a matter of fact, taxation plays a major role in every country. It helps government to raise revenue to finance developmental projects. Apart from serving as a fiscal policy to further certain economic aims of the government such as creating employment, it can also be used to manipulate balance of payment, fighting inflation and improving economic growth. The types of taxes have been grouped into two by many writers. Aryee [3] identified the types of taxes as Direct and Indirect taxes.

Direct Taxes: Pritchard and Murphy [4] defined direct tax as a tax levied on the personal income of a person and corporate bodies. It may be in the form of pay as you earn (PAYE) paid by employees. Examples of direct taxes include corporate tax, property tax, personal income tax, gift tax and dividend tax etc. in this case, the tax payer is aware of the amount to be paid as tax.

Indirect Taxes: Indirect taxes are taxes on which the taxpayer's liability varies in proportion to the volume or value of particular goods and services sold or purchased. Terkpe [4], defined indirect tax as a tax levied on goods or services consumed. This means each time someone buys goods, that person pays tax in the form of sales tax, customs and excise duties which are all indirect taxes. In most cases, the taxpayer does not know what proportion he/she spends on an item purchased or services rendered. According to [5], sales tax is defined as a levy on sales. Customs and excise duties Excise duties are imposed on locally made goods such as cigarettes, beer and others. This tax is administratively convenient since payers hardly realises how much tax they actually pay. Taxation has the greater contribution of revenue to the government of Ghana compared to other sources of revenue to the government.

A survey data 2008 shows that out of a total revenue of GH¢4,342.13 billion collected in 2006, GH¢3,032.63 billion representing 70% of the total revenue for the year was generated from taxation and the remaining GH¢1,309.5 billion representing 30% generated from non-tax revenue. Beside the above survey, total tax revenue of GH1204.55 billion representing 70% out of the total revenue GH1720.79 billion generated by government in 2015 and the remaining GH516.25 which also represent 30% as non-tax revenue in that year. It can therefore be concluded that tax revenue contributes the greatest part of total revenue of Ghana. Hence, government should be committed to improving revenue collection from taxation. Some of these could include providing adequate logistics to the revenue collecting agencies, educating the citizens on need to honor their tax obligation and punishing citizens who evade and avoid tax. If all these are implemented, the revenue of the nation could be improved thereby minimizing our reliance on foreign aids and grants to finance our budgets. Government revenue is the income the government receives regularly to help run the affairs of the country. The problem is, year on year, successive governments do not have adequate revenue to carry out developmental projects even though there is adequate tax laws to be enforced to ensure assessment and collection of revenue due to the government. The purpose of this study is to highlight the influence of taxation on the revenue of government and the percentage representing tax contribution of the total revenue of the country. The study proffered lasting remedies to the challenges that the Ghana Revenue authority (GRA) faces with tax administration, in order to strengthen taxation through the GRA in the Bolgatanga Municipality.

II. RELATED WORKS

According to Hugh [6], tax is a compulsory contribution imposed by a public authority, irrespective of the exact amount of service rendered to the taxpayer in return, and not imposed as a penalty for any legal offence. Tax can also be defined as a compulsory payment levied by the government on individuals and companies to meet the expenditure which is required for public welfare [6]. Similarly, Boakye and Yirenkyi, [7], expounded on the importance of educating the general public on the need to pay tax. They established that the municipals and districts assemblies should be asked to make people understand that, by paying taxes, the municipal and district assemblies can provide essential amenities like good road network, hospitals, schools and electricity which cost a lot of money. The writers said that one person cannot provide those things, but the tax that the individual pays represents just a small amount in the common pool from which the total cost is paid and that there is the need for all taxpayers to fully honor their tax liabilities. The authors further advised that the tax administration must be equipped with varieties of effective tax penalties on evaders and also to ensure proper accountability. According to Abagre [8], taxation constitutes a major source of government revenue. Therefore, the urgent need for a very reliable, effective and efficient revenue mobilization mechanism to mobilize enough funds for government to speed up its pace of development. It is therefore disheartening to note that the tax system that was in existence before the introduction of the Value Added Tax could not provide the government the needed revenue to meet its ever increasing expenditure. This was due to the fact that direct tax and sales and service taxes were characterized by certain weaknesses among which are; they were collected under different tax regimes which made the tax collection and administration difficult. The tax rates were also the problems of the previous tax system.

The tax burden on the poor especially the poorly paid workers was unfairly weighted. This is because although personal income tax rate ranges from zero percent to thirty-five percentages, tax thresholds were so low that with an income of US$200 a month, a worker paid close to the minimum rate (A first call on resources, Ghana's financial commitment to children's right through the 1990s). The indirect tax and the sales and services tax did not cover a wide spectrum. Ghana's tax structure moved from a progressive system in the 1970s and the 1980s to an essential regressive one in the 1990s in which the tax burden rest on consumers who paid various indirect taxes on goods and services commonly consumed by majority of the citizens. In this shift, corporations and foreign investors have been the major beneficiaries and the middle class workers and the poor (such as consumers and agricultural producers) are the major losers. Direct tax has the effect of reducing the amount of money in the hands of the taxpayer but this is still reduced by indirect tax in the form of higher prices of goods and services. Ghana's direct taxes have a limited base and therefore a limited revenue generation potential. For example, personal income revenue is generally low due to the high level of unemployment, generally low incomes, failure of the many self-employed persons to file tax return and pay the appropriate taxes. Due to the low coverage of the tax system, it did not only result in the evasion of tax but also encourage smuggling. In the light of these weaknesses, the government of Ghana in March, 1995 made a courageous move to introduce Value Added Tax (VAT), which can be applied on a single rate bases to address the weaknesses and bring these taxes under one umbrella to make their administration single and more reliable and efficient in revenue mobilization. [8].

III. METHODOLOGY

This section describes the procedures adopted in conducting the research. The issues discussed are the research design, population and sampling of the study, instruments used for data collection and data collection techniques and its analysis.

Research Design: A research design is a systematic plan to study a scientific problem. Research design of a study defines the study type (descriptive, correlation, semi-experimental, experimental). Descriptive survey was used as the design for the study in order to ascertain respondents' perspectives or experiences on the specified subject in a predetermined structure. It also involves the collection of data through the use of questionnaire to solicit the views of respondents in order to draw meaningful conclusion [9]. Descriptive surveys are associated with some difficulties such as: getting respondents to answer the questions honestly, also difficulty in getting sufficient number of questionnaires completed and returned. Aside all the difficulties, descriptive survey has the ability to provide information from quite a large sample [10]. The study area was limited to the Bolgatanga Municipality. Data collection during the study was a representation of the issues of the impact of taxation on government revenue in the country as considered to other sources of revenue of the government.

Population of the Study: The target population of the study comprised Internal Revenue Service in Bolgatanga Municipality. The accessible population size was limited to Domestic Tax Service in Bolgatanga Municipal Assembly and some selected Taxpayers within the study area.

Sample and Sampling Technique: Two sampling techniques were adopted, simple random sampling technique and purposive sampling technique. The simple random sampling was used because it gives the subjects in the population equal chance of being chosen. The cluster sampling technique was used. That is members of the whole universe are fairly identical in the features being studied, hence, it does not matter which cluster being selected for the study. Also the population was very wide and spread out in a geographical area. Purposive sampling was used as a result of the peculiar nature of the study. Domestic Tax Service in the Bolgatanga Municipal Assembly has a total number of sixty-five staff. A sample size of forty (40) respondents were drawn from the accessible population of sixty-five respondents through simple random sampling technique

Research Instrument: The main instrument used for the study was questionnaire. The questionnaire was used because of its simplicity, ability to save time and quick nature of gathering information from a fairly large population. The questionnaire was both closed ended questions and open ended questions items. Two different set of questionnaires were provided: one for the Domestic Tax Service and the other for taxpayers within Bolgatanga Municipality. In all twenty-five (25) items were designed for the staff of Domestic Tax Service and fifteen (15) items meant for Taxpayers within the study area, in total forty (40) questionnaires were designed. The questionnaire was structured in two sections; the first section (A), contains background information of the respondents and the next section (B), comprised questions relating to the objectives of the study in solving the problem statement. The questionnaire contains both open ended and closed ended questions, with the closed ended questions, optional answers were provided for respondents to select answers that deemed appropriate to the questions. The open ended questions demanded some detailed explanations from the respondents.

Pre-testing of Research Instrument: The questionnaire was pre-tested in the Domestic Tax Service of the Bawku Municipal Assembly, in the Upper East Region of Ghana. The pre-test was carried out using the test and retest method. On 2nd March, 2017, the first administration of the instrument was carried out, after two weeks, that is 16th March, 2017; the second administration of the instrument was carried out on the same respondents.

A purposive sample of five (5) employees and four (4) officials, out of a total number of twenty-three (23) workers in Domestic Tax Service of the Bawku Municipal Assembly were engaged for the test, to determine the validity and the reliability of the instrument. After computing the validity and reliability test, a co-efficient of 0.8 was established which proved that the research instrument was valid and reliable. The researchers used the test and the retest method because it maintains stability of traits or characteristics of the respondents over a period of time.

Data Collection Technique: To ensure effective administering of questionnaires and gathering of required data, five (5) trained assistants were selected from the study area. The researchers trained those selected workers of Domestic Tax Service to help in the distribution and explanation of the questionnaire to the respondents. The assistants were also asked to assure respondents of confidentiality in their responses. The questionnaires were distributed directly to the respondents in the various departments and offices of the Domestic Tax Service in the Bolga Municipality. The questionnaires were numbered one (1) to forty (40) for easy identification and retrieval. All the questionnaires were sent out and later collected by the researchers and their assistants. The entire process of retrieving the questionnaires took five (5) days (starting from Monday 24th April to 28th April, 2017) because of respondents' work schedule, it delayed the retrieving process.

Data Analysis: In analyzing data, a spreadsheet package (Microsoft excel) and Statistical Package for Social Science (SPSS) were used. A spreadsheet package (Microsoft Excel) is an electronic equivalent of an accounting worksheet. SPSS is a powerful tool that is capable of conducting just about any type of data analysis used in the social sciences. This software's were used because of their computational and analytical power. That is, it can perform mathematical, statistical and financial calculations quickly and accurately. They can also create charts, tables, and graphs to analyse data collected. The data was analysed to enable recommendations and conclusions to be drawn for the study.

IV. PRESENTATION OF DATA AND ANALYSIS

This section deals with the presentation and analysis of data collected from the field with regards to the Impact of Taxation on government revenue. The data was analyzed based on the research questionnaire administered. In all, forty questionnaires were distributed. Twenty-five (25) questionnaires were administered to Tax Officials (Domestic Tax Service) whiles fifteen (15) questionnaires were also administered to taxpayers in the Bolgatanga Municipality. Section A of the questionnaire presents responses from the selected sample size on demographic data such as age, sex, gender, marital status and educational background. Also, information on work status and experience were elicited. Section B of the questionnaire makes available the information gathered from Tax Officials (Domestic Tax Service) and taxpayers in the Bolgatanga Municipality. These include taxpayer's obligation, benefits of taxation and problems.

Data Analysis on information collected from Tax Agencies

Information collected from Tax Officials on the impact of taxation on government revenues are presented in the following tables. Table 1 revealed that sixteen (16) respondents making sixty-four percent (64%) are male whereas nine (9) respondents representing thirty-six percent (36%) are female. It therefore implies that, the number of male respondents outnumbered their female counterparts by 5 (28%) respectively. This does not actually represent strong gender equality among the tax officials which implies that Ghana has greater number of educated men than women rendering gender inequality in the work field.

Table 1: Gender of Respondents

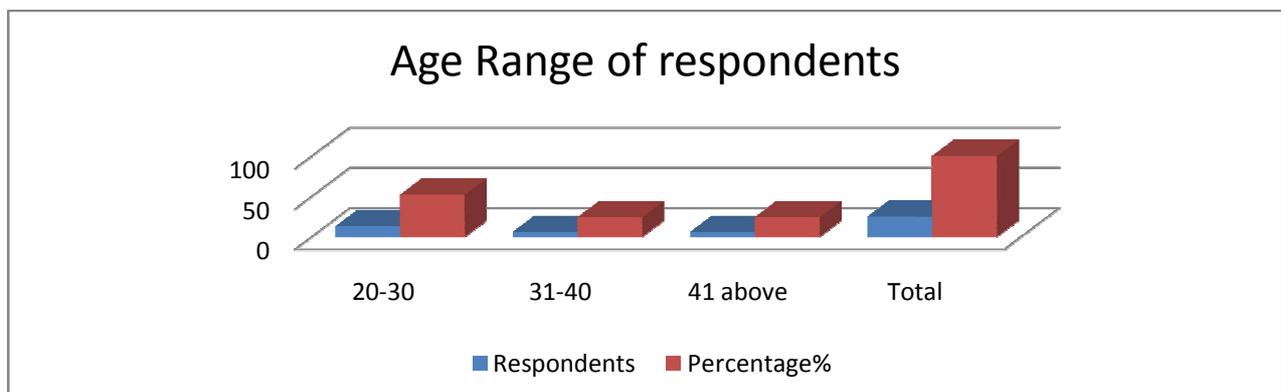| Gender of respondents	Respondents	Percentage (%)
Male	16	64
Female	9	36
Total	**25**	**100**

Figure 1: Age Range of respondents

Figure 1 revealed that thirteen (13) respondents making fifty-two percent (52%) fall within the age range of 20–30 years, six (6) respondents representing twenty-four percent (24%) are within 31–40 years and six (6) respondents making twenty-four percent (24%) also fall within the age range of 41 years and above. The results therefore indicate that half of the respondents still have many years to work before retiring, hence, they can contribute greatly to the agency if they are well equipped with the required skills in the system.

Marital Status of Respondents

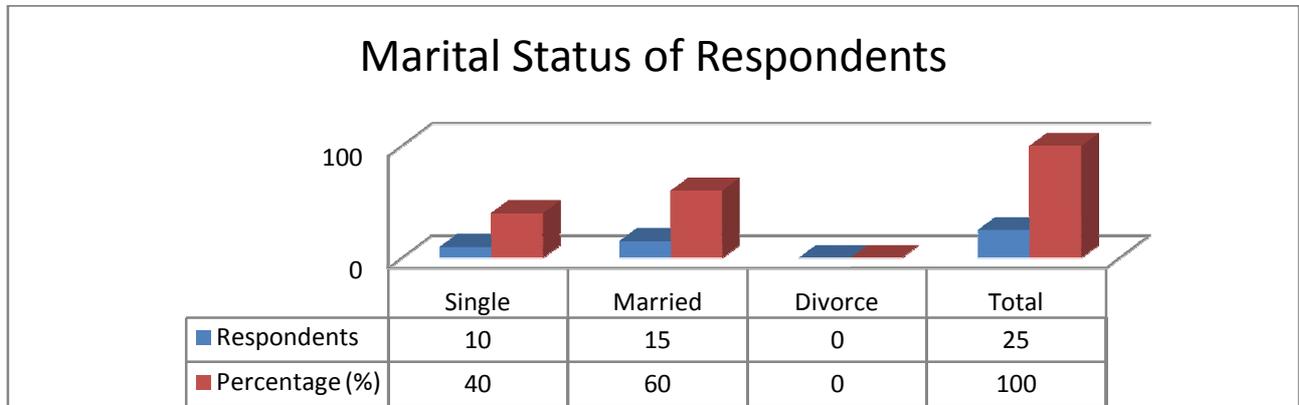|	Single	Married	Divorce	Total
■ Respondents	10	15	0	25
■ Percentage (%)	40	60	0	100

Figure 2: Marital Status of Respondents

It can be seen from figure 2 that, out of the twenty-five (25) respondents, ten (10) respondents making forty percent (40%) are single whereas fifteen percent (15) respondents representing sixty percent (60%) are married couples. No respondent is divorce. This shows that many of the respondents have marital responsibilities in addition to their work and still deemed it fit as a constitutional mandate in executing plans and task for effective growth of the agency.

Table 2: Educational Qualification of Respondents

Educational Qualification	Respondents	Percentage (%)
Secondary	4	16
Tertiary	21	84
Total	**25**	**100**

Table 2, shows that four (4) respondents representing sixteen percent (16%) have secondary school qualification whilst twenty-one (21) respondents obtained tertiary level of education (such as Diploma, Degree and Masters) and represents the majority with eighty-four (84%). It is however important to note that all tax officials are educated and with the majority having tertiary awards, might have the requisite knowledge on tax issues which can be utilize to promote the trend of the agency.

Table 3: Duration of Respondents with the agency

Duration of respondents	Respondents	Percentage (%)
1-5 years	3	12%
6-10 years	4	16%
11-15 years	0	0%
16 years and above	18	72%
Total	**25**	**100**

Table 3 above shows that, three (3) respondents making twelve percent (12%) have worked with the organization for 1-5 years, four (4) respondents making sixteen percent (16%) also worked as tax officers for 6-10 years whilst eighteen (18) respondents worked for sixteen (16) years and above. No respondent is within 11-15 years. This therefore implies that majority of the workers have been in the office for many years and have been well equipped with the required skills and capabilities to mobilize tax revenue for the Municipality as shown in table 3 above. Table 4: Taxation as a major source of government revenue, its contribution, impact, targets set and challenges encountered by tax Agencies**.** Table 4 item 1 revealed that twenty (21) respondents representing eighty-four percent (84%) strongly agreed and agreed that the contribution of tax in Ghana as revenue to government is very high. However, four (4) respondents making sixteen percent (16%) of the respondents disagreed and strongly disagreed to this notion.

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This implies that the contribution of taxation to government revenue cannot be competed with any other source of revenue in Ghana and need to be provided with close substitute in case of any future problems that taxation will encounter.

Item	Taxation as a major source of government revenue	SA		A		SD			Total		No.	%
		No	%	No	%	No.	%	No.	%			
1	The contribution of taxation is very high in Ghana	11	44	10	40	3	12	1	4		25	100
2	Taxation is the major source of government revenue	15	60	10	40	-	-	-	-		25	100
3	Targets set by GRA are achievable and stated targets are always maintainable	13	52	12	48	-	-	-	-		25	100
4	Tax agencies faces challenges in the collection of tax revenue	14	56	7	28	2	8	2	8		25	100
5	There is massive and positive impact of taxation in Ghana	15	60	10	40	-	-	-	-		25	100

Item 2, Table 6, revealed that twenty-five (25) respondents representing hundred percent (100%) strongly agreed and agreed that taxation alone has over 60% contribution to the government revenue in Ghana. It therefore implies that government of Ghana relies mostly on taxation in carrying out its activities. Item 3, Table 6, revealed that twenty-five 25 respondents hundred percent (100%) strongly agreed and agreed to the fact that the target set by the tax Authority over the years had increase proportionately with achievement of target sets. This indicates the effectiveness and capabilities of the respondents in carrying out their responsibilities for the success of the tax agency.

Table 6, item 4 indicate that twenty-one (21) respondents making eighty-four (84%) strongly agreed and agreed that they face many problems such as inability of assessing sole proprietorship business records, single data entry method of some companies, whiles other businesses uses different transaction books and receipts as a method of avoiding tax, however four (4) respondents representing sixteen percent (16%) disagreed and strongly disagreed that they encounter problems in carrying out their task. Base on the analysis above, it indicates that tax agencies need to develop other strategies to overcome these challenges in order to maintain its level of operations.

Table 6, item 5, revealed that all the respondents making hundred percent (100%) strongly agreed and agreed that there are massive and positive impacts of taxation on the government of Ghana budget or activities. This is because taxation helps government to raise revenue for its expenditure. No respondent disagreed to this notion. It therefore implies that effective tax system if implemented can generate adequate revenue for the government.

Table 5: Annual analysis of the trend of Taxation on government revenue in the Bolgatanga Municipality

YEAR	TARGET (GH¢)M	ACTUAL (GH¢)M	NARRATION
2010	1430.30	1311.49	Decrease
2011	1690.73	1740.31	Increase
2012	2126.50	2193.72	Increase
2013	3032.63	3036.63	Increase
2014	3745.33	3799.40	Increase

Table 5 reveals that, in 2010 the achievement of tax targets dwindles a little due to high level of tax non-compliance by taxpayers. Subsequent years after 2010 (2011-2014) indicate increasing trends and achievement of the various stated targets. This suggests that the increasing trends of tax revenue mobilization can be maintained if improved measures are put in place by the tax authorities.

Data analysis on information collected from taxpayers

This section presents data on age distribution, sex, educational background and marital status of respondents.

Table 6: Gender of Respondents

Gender	Respondents	Percentage (%)
Male	9	60
Female	6	40
Total	**15**	**100**

The sex of respondents was sought to determine the role gender plays in the tax business. Data gathered on table 6 shows that the taxpayers are dominated by men with nine (9) representing sixty percent (60%) whiles six (6) taxpayers making forty percent (40%) were females. This implies that an effort to ensure gender equality in all categories of work is not an exception to the Ghana Revenue Authority.

Table 7: Age Range of Respondents

Age Range	Respondents	Percentage (%)
20-30	3	20
31-40	10	67
41 above	2	13
Total	**15**	**100**

The information on age distribution of taxpayers were sought to determine the age group of persons involved in the payment of taxes in the Bolgatanga Municipality. The data on table 7 shows ten (10) taxpayers representing sixty-seven percent (67%) of the respondents fall within the ages of 31 – 40 years, three (3) taxpayers representing twenty percent (20%) of the respondents fall within 20-30 years, while two (2) taxpayers representing thirteen percent (13%) of respondents were 41 years and above. The interpretation of data in table 2 suggests that, most of the tax payers who contribute greatly are within the working class.

Table 8: Marital Status of Respondents

Marital Status	Respondents	Percentage%
Single	7	47
Married	8	53
Devoice	0	0
Total	**15**	**100**

Information on marital status of respondents were sought to determine the respondents' marital status, and to find out if there is any impact on their contributions as far as taxpaying is concern in the Bolgatanga Municipality. As indicated in table 8, seven (7) taxpayers representing forty-seven percent (47%) were single whiles eight (8) taxpayers representing (53%) are married. This analysis suggests that, nearly half of the taxpayers that answered the questionnaire are married and have additional responsibilities to cater for but still deemed it as the constitutional mandate to carrying on their task effectively by paying taxes for the development of the municipality as indicated in the Table 3.

Table 9: Educational Qualification of Respondents

Educational Qualification	Respondents	Percentage (%)
Secondary	5	33
Tertiary	10	67
Total	**15**	**100**

Table 9 gives the analysis of respondents understanding; capabilities and their quality level with regards the implication of taxation and tax principles governing the economy of Ghana.

Table 10: Work Status

Work Status	Respondents	Percentage (%)
Employed	7	47
Self-Employed	3	20
Unemployed	5	33
Total	**15**	**100**

In Table 4, ten (10) respondents sixty-seven percent (67%) had tertiary qualifications whereas five (5) respondents representing thirty-three percent (33%) obtained secondary level education. It again indicates that at least many of the respondents are educated and could understand the implications of tax laws which make them fulfill their tax obligations on timely basis. In Table 10, seven (7) respondents representing forty-seven percent (47%) indicated that they are employed and in active services, three (3) respondents representing twenty percent (20%) are self-employed whiles five (5) respondents representing thirty-three percent (33%) are unemployed. This indicates that majority of the respondents are with either private sector or the public sector. Again from the table, it indicated that almost everybody in Ghana pay tax either directly or indirectly which helps in boosting the morale of tax revenue contribution in Ghanaian economy.

Table 11: Taxation in Ghana, benefits and uses

Item	Impact of taxation	SA		A		D		SD		Total	
		No	%	No	%	No.	%	No.	%	No.	%
1	Taxpayers do offer their tax obligation on monthly basis	7	47.0	8	53.0	-	-	-	-	15	100
2	Gov't can do away with taxes	-	-	1	7.0	6	40.0	8	53.0	15	100
3	Taxpayers drive benefits from the payment of taxes	4	27.0	8	53.0	2	13.0	1	7.0	15	100
4	Taxes collected from taxpayers are used for it intended purpose	4	27.0	6	40.0	2	13.0	3	20.0	15	100

Table 11 item 1 shows that fifteen (15) respondents representing hundred percent (100%) strongly agreed and agreed that, they have been filing their tax returns monthly and pays their tax liabilities as well. This signifies how often taxpayers fulfill their tax obligations in the Municipality and also reduces the problem of tax evasion or tax avoidance. In Item 2, it was revealed that fifteen (15) respondents making hundred percent (100%) strongly agreed and greed that government of Ghana can never do away with taxation in the mobilization of its revenue for effective growth and efficient development of the country. The result obtained implies that taxation is very prominent and cannot be made away with, since it is the major contributing factor to the development of the country. Table 11: item 3 above, it was revealed that twelve (12) respondents making eighty percent (80%) strongly agreed and agreed that they do enjoy so many things from their tax contribution to the government as the government uses such revenues in controlling inflation, protecting infant industries, provision of basic social amenities and others. Whereas 3 respondents making twenty percent 20% disagreed and strongly disagreed. It therefore implies that everything provided by any government in Ghana is mainly from taxation and everybody in Ghana is benefiting from it. Item 3, indicate that ten (10) respondents representing sixty-seven percent (67%) strongly agreed and agreed that, the generation of tax revenue in the country is normally used for its intended purposes whereas five (5) respondents making thirty-three percent (33%) disagreed and strongly disagreed to the notion. It is therefore obvious that the mobilization of government revenue is actually used for the intended purposes such as: construction of roads, building of infrastructures, regulating the economy of the country and other social amenities.

Table 12: Work of the Tax Agencies and challenges encountered in their work

Item	Tax agencies work and its challenges	SA		A		D		SD		Total	
		N	%	No	%	No	%	No	%	No.	%
1	Discovering of more tax payers in the country	5	33.0	9	60.0	1	7.0	-	-	15	100
2	The tax agencies do educate taxpayers on the importance of tax revenue	5	33.0	5	33.0	2	14.0	3	20	15	100
3	Taxpayers encounter many challenges in paying taxes	5	33.0	7	47.0	2	13.0	1	7.0	15	100
4	The tax rate on personal income is affordable to taxpayers	2	13.0	1	7.0	6	40.0	6	40.0	15	100

Source: Field Survey, May 2017

Table 12, item 1 revealed that, fourteen (14) making ninety-three percent (93%) strongly agreed and agreed that tax agencies should identify more people who are capable of paying taxes and operates or earn income by way of employment to widen the tax net within the Bolgatanga Municipality. However, one (1) respondent representing seven percent (7%) disagreed to the motion. The result gathered implies that, if many taxpayers are discovered in the system, it will motivate the few who are currently paying their taxes to continue to pay. It will also reduce the tax rate on income as many citizens will be paying as compared to the past, this can help the government in its revenue mobilization for the development of the country and can also increase the revenue of the government.

Item 2, indicate that ten (10) respondents representing sixty-seven percent (67%) strongly agreed and agreed that there is education about taxation and its implications on taxpayers. Whereas five (5) respondents representing thirty-three percent (33%) disagreed and strongly disagreed to this. It therefore implies that tax agencies within the Bolgatanga Municipality have to put in more efforts in restructuring their strategies to educate the general public about tax obligations and its impact on defaulters as this can reduce tax avoidance and tax evasions in the municipality.

Item 3, shows that twelve (12) respondents representing eighty percent (80%) strongly agreed and agreed that they encounter a lot of challenges in settling their tax obligations to the tax agencies which include among others the following; higher tax rating, going to the agency office for tax clearance and the penalties involve in not paying early. However, three (3) respondents representing twenty percent (20%) stated that they only have minor problems in their tax payment and therefore disagreed and strongly disagreed with the notion. It therefore means that, almost all taxpayers do encounter challenges in fulfilling their tax obligations when due. It therefore implies that the tax agencies within Bolgatanga Municipal need to redevelop strong communication medium of channeling their information to the public in order to minimise the many limitations of taxpayers in the Municipality. Item 4, indicates that three (3) respondents representing twenty percent (20%) strongly agreed and agreed with the notion that there is affordable rate of tax on personal income of taxpayers. Whereas twelve (12) respondent representing eighty percent (80%) disagreed that the rate of tax on personal income is affordable, but the fact can be seen from table 7 that there is higher tax burden on personal income that put more burden on tax payers. This can cause tax payers to connive with tax officials to evade tax.

IV. DISCUSSIONS

The study analysed the influence and percentage of tax on total government revenue. Literature has depicted extensive work done on administrative challenges of taxation. One of these challenges is the educational background of tax officials (Salami, 2011). Unarguably, tax officials at the Bolgatanga Municipality are formally educated enough at the tertiary level to enable them perform their roles as tax officials. Highly educated workforce is a force to reckon with for other learning on the job to take place for effective and efficient human resource capacity building. It is widely accepted that education plays a major part in the performance of employees at work, but logistics and resource constraint can hinder their performance (Armstrong and Taylor, 2014). In line with that, the tax officials admitted that they could do better than the status quo if they were provided with sufficient resource. Experiences of tax officials also play an important role in tax administration. This was shown in the study as more than half of the tax officials served in several capacities beyond 16 years. Everything being equal, this translates to effective workforce. A significant number of tax official's affirmation to the five statements on "Taxation as a major source for government revenue" gives more meaning to the assertion that, taxation is the major source of government funding [11]. Hence the major source of government revenue in Ghana is taxation. The increase in tax revenue year on year bases from 2011 to 2014 could be as results of highly educated and motivated tax officials who work indefatigably and diligently to ensure that enough revenue is accrued to the state. Or it could also relate to a change in one or more of staff performance indicators as a result of effective performance management [12].

The tax payers also proclaimed that taxes are used by government to prosecute the state development agenda, as a result, they file their tax returns regularly seeing that taxes are being used for the intended purposes, but bemoaned that the difficulty of filing their tax returns coupled with improper record keeping by tax officials has created a dilemma on their minds on the destination of the tax they pay to the government. They prefer that taxes should be used to provide services and infrastructure. This is in consonance with the statement that, the primary source of government revenue should be used to benefit the citizenry [13]. The tax payers also see the widening of the tax net as beneficial to the state since this will lead to the sufficient provision of public goods and services delivery such as, hospitals, schools, roads, water, light and other social services [14]. Quintessentially, the findings of the study underscored the importance of educating of tax payers on their rights and responsibilities, communication, and the downward revision of personal income tax rate to enable them (tax payers) meet their tax obligations as advocated by [15], when he outlined some of the steps in combating corruption in tax administration such as educating tax payers on their rights and responsibilities and providing tax officers with ethics training to curb corruption.

V. CONCLUSIONS

The study assessed the impact of taxation on government revenue. The study adopted the survey method for the data collection. The target population of the study was the internal revenue service in the Bolgatanga Municipality whereas the accessible population was the Domestic Tax Service and taxpayers within the study area, with a total of sixty-five (65) workers. Sample sizes of forty (40) respondents from the accessible population were selected using simple random sampling technique and purposive sampling technique.

Based on the findings from the study the following conclusions were drawn:

➢ The study showed that logistics provided by government to the service to embark on operations were not enough. This hindered revenue mobilization in the municipality since they could not reach out to the taxpayers either by means of transport or telephone calls. Data handling equipment like cash registers and computers were also insufficient.

➢ Base on the information gathered, the only means by which taxpayers in the municipality were reminded of their tax obligation was the use of vehicle campaigns. This means was not effective as most of the communities could not be reached.

➢ Closely linked to the low level of education, is the absence of records by taxpayers. The study showed that the absence of reliable records of most taxpayers' activities made impossible to correctly assess an individual's tax liability. This resulted into purely guess work and invariably to understate or overstate one's tax liability.

➢ The study also revealed that a good number of income earners do not file their tax returns to the commissioner of the Domestic Tax Revenue Division of the Ghana Revenue Authority (GRA) due to the fact that the process of filing tax returns was tedious.

VI. RECOMMENDATIONS

Based on the findings from the data collected, the following recommendations were made; it is recommended that revenue collection agencies should be provided with adequate logistics to enable them work effectively to collect enough revenue for the government. The public should be educated intensively on the importance of paying tax. They should also be made familiar with the tax laws and the procedures of tax payment. If all these are properly implemented, it will lead to an increase in tax revenue. Also, Citizens who evade and avoid tax should be severely punished to deter others from doing same. Also the government should tighten security at the country's harbors and security check points to reduce the smuggling of goods in and out of the country. In order to increase tax revenue, more tax offices should be built at vantage points across the country.

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