A DESCRIPTIVE, CROSS-SECTIONAL STUDY ABOUT THE RELATIONSHIP BETWEEN LOCAL TAX COLLECTION AND SERVICE DELIVERY IN KASESE MUNICIPALITY.

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Abstract
Background
This study aims to determine the relationship between local tax collection and service delivery in Kasese Municipality.
Methodology
A sample size of 130 respondents was selected using the Krejcie & Morgan sample size table from the study population. Descriptive statistics were used to analyze single variables and inferential statistics were used to establish the relationships of two variables in line with study objectives. Multivariate analysis was also carried out using regressions
Results
The findings revealed local tax collected in Kasese Municipality is not sufficient to provide the required services, business license is insufficient to sustain service delivery in Kasese Municipality. Also, the findings showed that local tax was usually diverted by municipal officials for private gains in Kasese Municipality, and believed the cost of local tax collection was very high, thus encroaching a big percentage of the revenue in Kasese Municipality. There was a lack of transparency in local tax collection for service delivery in Kasese Municipality and local tax collection has an impact on service delivery in Kasese district.
The correlation between local tax collection and service delivery was 0.712 with a significance value of 0.000. There was a positive significant relationship between local tax collection and service delivery in Kasese Municipality.
Conclusion
Results showed that service delivery was 43% predicted by local tax collection (Adjusted R Square =.43). Therefore, local tax collection affects service delivery in Kasese Municipality.
Recommendation
The Municipal Council should revise some of the local taxes levied, methods of tax collection, and payment methods for full maximization of local revenue for service delivery. The Municipal council should also embrace electronic methods of local revenue collection, and training of the business community in the assessment of local tax.

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Background of the study

Taxes constitute a big portion of local revenue in all Local Governments Prosper (2015). Taxes assigned to local governments include; Trading licenses, local service tax, hotel tax, property tax, and other operational and occupation permits payable to local authorities. Levying/valuation/assessment and adjustment of rates may be done by particular local governments in their respective areas of jurisdiction as directed by the Minister (Local Government Act, 2005)

According to Nene (2019), most decentralized societies prove their worthiness and capacity through local revenue. This in most cases is dependent on local taxes. (Prosper 2015) It is also argued that resource mobilization capacity makes Local Governments better equipped to collect more taxes. The efficiency of revenue collection may also be greater when stakeholders are involved in decisions taken by Local Governments through a participatory approach. This would be reflected in the willingness to pay taxes with the hope of attaining social services (Robinson, 2018).

Studies on fiscal decentralization have confirmed that there is a need to emphasize the actual degree of autonomy that local governments have over their revenues (Nuwahereza, 2018). One way to model the interaction between Local and Central Governments where both have real fiscal authority to tax and spend is as a game played by two levels of governments (Rosette, 2018). As is always the case, the results may depend on the order of the moves and other details that have no clear real-world parallels. Thus it is difficult to know how useful those metaphors are. (Prosper 2015)

Sanogo (2019), adds that one problem with overlapping tax bases is that the tax rate set by each level of government creates vertical externalities by reducing the tax base of the other level. This competition may lead to tax rates that are too high. In fact, there is such a vertical externality in the US, and state taxes rise in response to federal tax increases on cigarettes and gasoline (Mwiathi et al, 2018). As a practical matter, in most poor countries, usually, the only sub-national jurisdictions with a significant tax base are the major municipalities (Joseph & Williams, 2022). Thus the governance outcomes of decentralization depend on the design of fiscal transfers to regions' or constituencies' grants,

conditional or otherwise. Tax administration should ideally be based on fiscal and administrative transparency. Government budgets and expenditure programs need to be disclosed to the public (taxpayers) to know how tax revenues will be spent (John, Selaelo John, & Khutso, 2022).

A good sub-national tax system is critical to an effective and sustainable system of inter-Governmental fiscal relations a need that has become increasingly important around the world as more and more public services are being delivered through sub-national Governments. In most developing countries, potentially sound and productive taxes exist and are suitable for regional and local Governments. They include property taxes, motor vehicle taxes, income taxes, VAT, business taxes, and others.

This study aims to determine the relationship between local tax collection and service delivery in Kasese Municipality.

Methodology

Research Design

A descriptive, cross-sectional research design will be used for this study. The study adopted both qualitative and quantitative approaches. A case study design was adopted because it would enable the researcher to carry out an in-depth investigation into the concepts under study. Both qualitative and quantitative approaches were employed to come up with the necessary and relevant research findings.

Study Population

The entire population of Kasese Municipality is targeted in this research. However given the big numbers, an access population consisting of 159; 51 civil servants/technical staff, 59 political leaders (councilors) at municipal and Division levels, 10 opinion leaders, 20 taxpayers, 4 service providers, and 25 community projects' beneficiaries will be considered. This is based on different stakeholders' information relevance in their respective positions.

Sample size selection

A sample of 130 respondents was selected using Krejcie & Morgan's (1970) sample size table, the following sample sizes of various categories of respondents in Kasese Municipality were used as seen below.

Table 1: Sample size

Respondents	Population size	Sample size	Sampling technique
Technical	51	45	Simple random sampling
Political leaders	59	40	Simple random sampling
Opinion leaders	10	10	Purposive sampling
Tax payers	20	15	
Service providers	4	4	Purposive sampling
Project beneficiaries	25	16	Purposive sampling
Total	159	130	

Sampling Techniques and Procedure

Random and non-random techniques will be used to select respondents for the study. This is because of the fact that both qualitative and quantitative approaches will be applied. Under random sampling techniques, all individuals have equal chances of being selected hence simple random sampling will be used to select Civil servants and Political leaders. Under the non-random sampling technique, purposive sampling will be utilized, the major reason being that the individuals to be studied have special/ important information for the research. The method will be used to select project beneficiaries, opinion leaders, the Chief administrative officer, Opinion leaders, and civil servants.

Data Collection Methods

Both quantitative and qualitative techniques will be used for this study. A documentation review will also be done and general observation.

Questionnaire Survey

This will involve written items requiring the opinions of the respondents in writing. The aim was to collect a range of information in a short period of time.

Interviews

Face-to-face verbal communication will be organized to acquire the opinions of individuals.

Documentary Review.

This will involve a critical examination of both public and private documentary information. This method was known for its convenience as documents can be carried by the researcher conveniently. The study will involve the review of both internal and external documents so as to obtain information related to the research area. The documents will be studied and reviewed in relation to the set objectives of the study and the documents include; journals, articles, internal and external audit reports, budgets, and work-plans.

Data Collection Instruments

A range of instruments will be employed to the effect that they were as many as the methods of data collection themselves.

Questionnaires

A questionnaire survey is a pre-formulated written set of questions to which respondents record their answers usually with closely defined attitudes. They will be distributed to individuals and answered in writing. This was convenient on the part of the respondents as answers would be given in free time and collected later. This is convenient on the part of the respondents as answers will be given in free time and collected later.

Interview Guide

Questions to be asked by the researcher were pre-set and were interpreted or re-phrased by the researcher depending on the ability to acquire the information required. These were used on key informants. This tool was preferred for these categories of respondents because the researcher needed to carry out an in-depth investigation for detailed probing.

Documentary Review Guide

This involves a list of items to be sourced from each document. Information will be gathered by reviewing the records of the municipal council which included the budgets, development plans, work plans, and employee retention plans and this was done with the use of a documentary review guide formulated according to the study objectives. This eliminates the chances of time wastage in irrelevant sections.

Data analysis

This involves organizing and interpreting the data generated. The data was organized, and edited to ensure completeness, uniformity, and accuracy. The answers to the different questions will be also coded and classified into mutually exclusive, exhaustive, and representative categories. Descriptive statistics will be used to analyze single variables and the results of their means, frequencies, percentages, and standard deviations.

Inferential statistics will be used to establish the relationships between two variables such as correlation. Multivariate analysis will also be carried out using regressions to establish the effects of fiscal decentralization on service delivery in local governments. A statistical package for social sciences will be used to analyze collected data for the study.

Validity

The researcher will use the expert judgment method to ascertain the validity of research instruments by issuing questionnaires to the experts for guidance. After constructing the questionnaire, the researcher will contact the supervisor and 3 other experts in this area of study to ensure that the instruments will be clear, relevant, specific, and logically arranged. The expert will be requested to rate the validity of each question item. After the judgment by the experts, the researcher will calculate the Content validity Index by dividing the number of relevant questions by the total number of questions in the questionnaire ($CVI = n/N$).

Where n number of relevant items

N= total number of question items

If the Content Validity Index is greater than 0.7, then the questionnaires will be used to collect data for the study since they will be a good measure of validity (Mugenda, 2003)

Reliability

A test-retest method will be used to test the reliability of the questionnaire. The researcher will pre-test the questionnaire on a few respondents before administering it to the sample size. He will give the questionnaires to a few respondents (5) to answer them again. Responses from the first time (test) will be compared to the responses of the second test (retest).

Ethical Consideration

The researcher will seek permission from the School of Graduate and Research Studies and will obtain an introductory letter which he will go with in the field. The researcher will also ensure that the provided information will only be used for academic purposes only and will ensure that provided data will be treated with maximum confidentiality.

Further, the researcher will cite and give credit to all the previous researchers whose literature will have contributed to this study. The researcher will also follow all the University guidelines in carrying out this research in terms of structure, format, and referencing.

Results

The response rate for the study

According to findings, 120 complete research instruments were received by the researcher out of 130 questionnaires that were issued to the study participants. This brought the response rate to 92.3%. However, this was too small to alter the study findings hence the researcher progressed with analysis of study findings.

Demographic characteristics of the respondents

Gender of the respondents

According to the findings, 71.7% of the respondents were males and 28.3% of the respondents were females. This shows that there is gender in equality in employment and administration in Kasese District.

Marital status of the respondents

According to table 4, 81.7% (98) of the respondents were married, 15% (18) were single and 3.3% (4) of the

respondents were separated. This shows that majority of the respondents had families and responsibilities.

Age of the respondents

According to the findings in table 5, 38% (46) of the respondents were below 39 years, 28% (34) of the respondents were aged between 40-49 years, 14.2% (17) of the respondents were aged 50-59 years and 19.2% (23) of the respondents were aged above 60 years. Therefore, the majority of the respondents (66.6%) of the respondents were between 20-49 years of age hence energetic and efficient in performing tasks regarding service delivery in Kasese Municipality.

According to findings in Figure 1, 35% of the respondents had secondary level of education, 29% had tertiary level of education, 12% of the respondents had primary level of education and Diploma level of education, 8% of the respondents had no education, 4% of the respondents had bachelors level of education and 1% of the respondents had masters level of education. Therefore, 92% of the respondents had formal education and 8% of the respondents had no education.

Table 2: Study response rate

Respondents	Questionnaires issued	Questionnaires issued that were answered	Response rate
Technical	45	40	30.8
Political leaders	40	38	29.2
Opinion leaders	10	9	6.9
Tax payers	15	15	11.5
Service providers	4	4	3.1
Project beneficiaries	16	14	10.8
Total	130	120	92.3

Table 3: Gender

Gender	Frequency	Percent
Male	86	71.7
Female	34	28.3
Total	120	100

Table 4: Marital status

Marital status	Frequency	Percentage
Married	98	81.7
Separated	4	3.3
Single	18	15

| Total | 120 | 100 |

Table 5: Age groups

Age (years)	Frequency	Percentage
Below 39 years	46	38.3%
40-49 years	34	28.3%
50-59 years	17	14.2%
60+ years	23	19.2%
Total	120	100

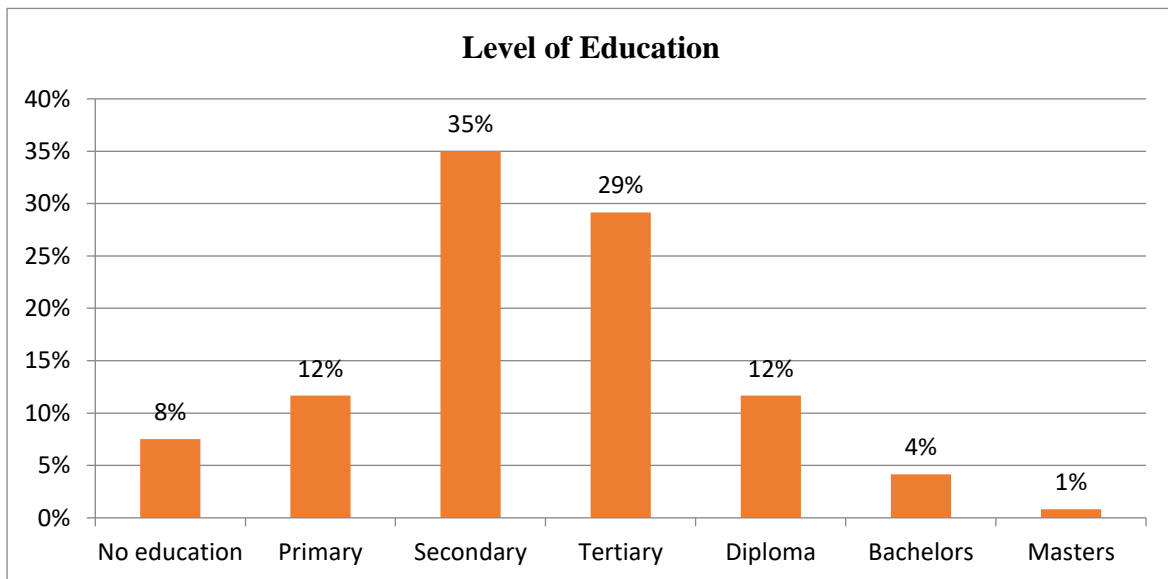**Figure 1: Level of Education**
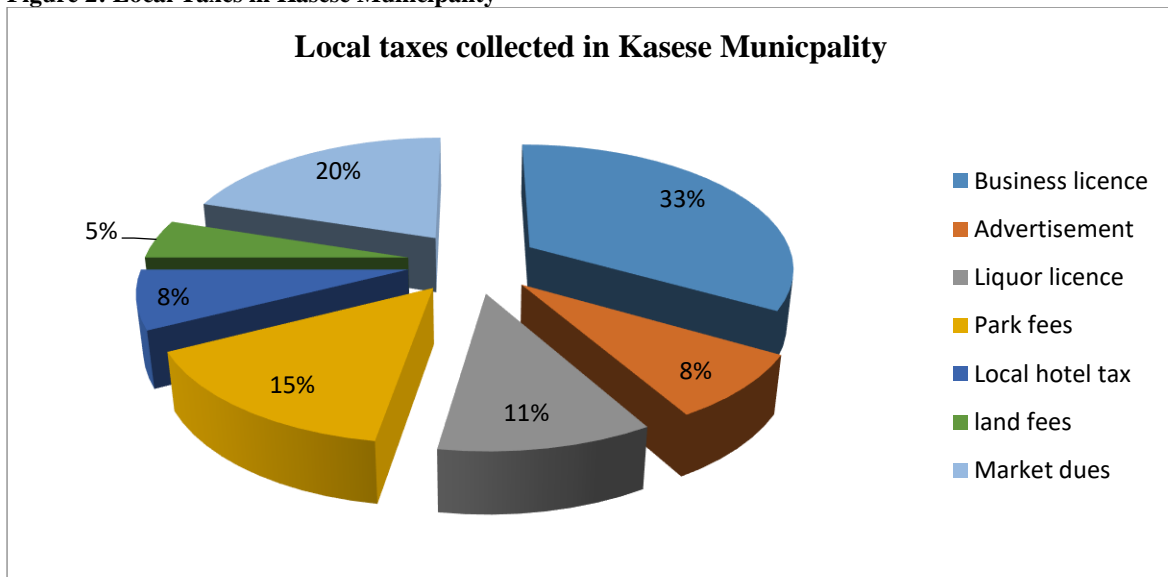

Figure 2: Local Taxes in Kasese Municipality

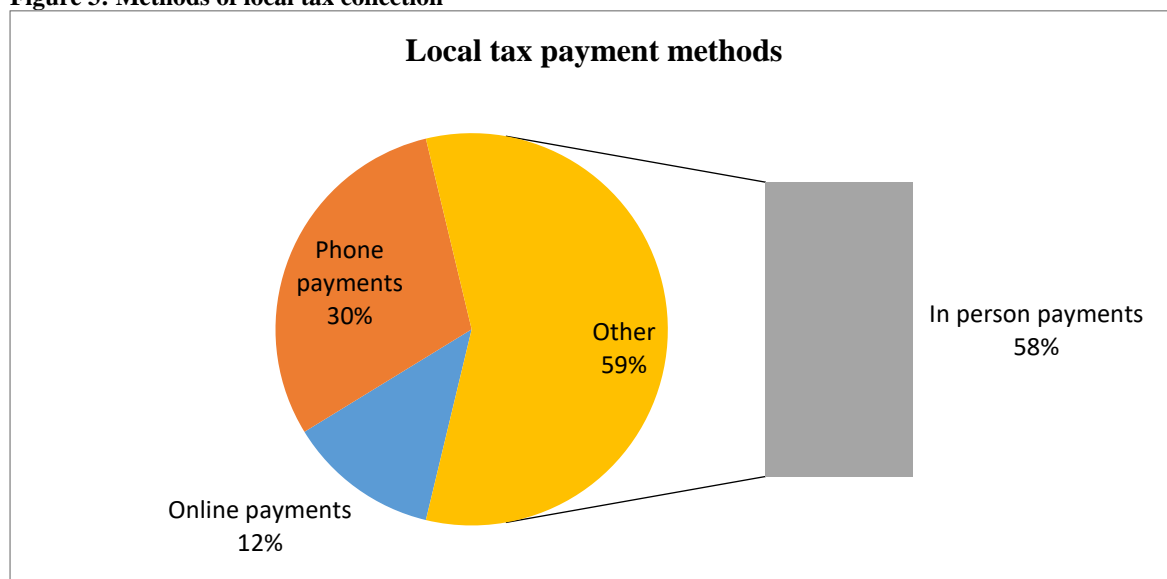**Figure 3: Methods of local tax collection**

Table 6: Local tax collection and service delivry in Kasese Municipality

Statement	SD	D	NS	A	SA	Mean	std
Local tax collected in Kasese Municipality is not sufficient to provide the required of services				43	67	4.2	0.37
Kasese Municipal Council collects substantial revenue from business license that is sufficient for service delivery.	13	64	23			1.8	0.37
Local tax is usually diverted by municipal officials for private gains in Kasese Municipality.		16	10	32	42	3.3	1.4
The cost of local tax collection is very high and thus encroaches a big percentage of the revenue in Kasese Municipality	23	65	12			1.6	0.4
There is lack of transparency in local tax collection for service delivery in Kasese Municipality		2	6	42	50	4.4	0.3
Local tax collection has an impact on service delivery in Kasese district			15	60	25	4.1	0.6

Local taxes collection and service delivery in Kasese Municipality

Local taxes collected in Kasese Municipality

According to figure 2 the most local taxes levied by Kasese Municipal council were business license, advertisements, liquor license, park fees, local hotel tax land fees and market dues. Further, the findings showed that business licensee was the most collected local tax (33%) and land fees was the least collected tax (5%).

Methods of local tax collection in Kasese Municipality

The findings in figure 3, local revenue in Kasese district was collected through in person payments, phone payments and online payments. Further, the findings revealed that the most revenue was collected through in person payments.

Descriptive findings on local tax collection and service delivery in Kasese Municipality

To examine the relationship between local tax collection and service delivery in Kasese Municipality, the researcher used descriptive statistics of of the respondenses that were on Five Point Likert Scale; where 1= Strongly Agree (SA), 2= Agree (AG), 3= Not Sure (NS), 4= Disagree (D), 5= Strongly Disagree (SD) as follows. The responses were recorde in percentages as follows.

The findings in Table 6 revealed an average response of 4.2 with a standard deviation of 0.37 on the statement " Local tax collected in Kasese Municipality is not sufficient to provide the required services". Further, the findings showed that all the respondents agreed with the statement that local tax collected in Kasese Municipality is not sufficient to provide the required services.

On the statement "Kasese Municipal Council collects substantial revenue from the business license that is sufficient for service delivery", the findings revealed an average response of 1.8 with a standard deviation of 0.37. Also, the findings showed that 77% of the respondents disagreed Kasese Municipal Council collects substantial revenue from business licenses that are sufficient for service delivery. Therefore, the revenue collected from business licenses is insufficient to sustain service delivery in Kasese Municipality.

On the statement "Local tax is usually diverted by municipal officials for private gains in Kasese Municipality", the average response was 3.3 with a standard deviation of 1.4. This shows that the responses of one respondent widely differed from the responses of other respondents. therefore the statistics do not give a conclusive statement of the response (Not sure). However, 74% of the respondents agreed with the statement that local tax is usually diverted by municipal officials for private gains in Kasese Municipality.

On the statement "The cost of local tax collection is very high and thus encroaches a big percentage of the revenue in Kasese Municipality ", the findings revealed an average response of 1.6 with a standard deviation of 0.4.

Also, the findings showed that 88% of the respondents disagreed and believed the cost of local tax collection was very high and thus encroached on a big percentage of the revenue in Kasese Municipality.

On the statement " There is a lack of transparency in local tax collection for service delivery in Kasese Municipality", the average response was 4.4 with a standard deviation of 0.3. Further, the findings revealed that 92% of the respondents agreed with the statement that there was a lack of transparency in local tax collection for service delivery in Kasese Municipality

On the statement "Local tax collection has an impact on service delivery in Kasese Municipality ", the average response was 4.1 with a standard deviation of 0.6. Further, the findings revealed that 85% of the respondents agreed with the statement that local tax collection has an impact on service delivery in the Kasese district.

Generally, the findings revealed that local tax collected in Kasese Municipality is not sufficient to provide the required services, and business license is insufficient to sustain service delivery in Kasese Municipality. Also, the findings showed that local tax was usually diverted by municipal officials for private gains in Kasese Municipality, and believed the cost of local tax collection was very high and thus encroached a big percentage of the revenue in Kasese Municipality. There was a lack of transparency in local tax collection for service delivery in Kasese Municipality and local tax collection has an impact on service delivery in Kasese district.

Table 7: Correlation between local tax collection and service delivery in Kasese Municipality

Correlations

Pearson		local tax collection	Service delivery
local tax collection	Correlation Coefficient	1.000	0.712*
	Sig. (2-tailed)	.	.000
	N	120	120
Service delivery	Correlation Coefficient	0.712*	1.000
	Sig. (2-tailed)	.000	.
	N	120	120

*. Correlation is significant at the 0.05 level (2-tailed).
Source: Primary (2023)
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Table 8: Regression analysis of the relationship between fiscal decentralization and service delivery in Kasese Municipality

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.318	1.030		0.211	.230
	Local tax collection	.44	.205	.545	2.430	.000
Dependent variable: Service delivery						
	R square	0.47a			F-statistics	8.740
	Adjusted R Square	0.43			Sig.	0.02

Correlation between local tax collection and service delivery in Kasese Municipality

From table 7, the correlation between local tax collection and service delivery was 0.712 with significance value of 0.000. Therefore, there was a good positive significant relationship between local tax collection and service delivery in Kasese Municipality. This means that proper collection of local tax significantly contributes to service delivery in Kasese Municipality

Results from Table 8 showed that service delivery was 43% predicted by local tax collection (Adjusted R Square =.43). The remaining 57% was predicted by other variables that affect service delivery in Kasese Municipality that were outside the study. The regression model showed a significance value of 0.02. Therefore, local tax collection affects service delivery in Kasese Municipality.

Discussion

The findings revealed that local tax collected in Kasese Municipality is not sufficient to provide the required services, and business license is insufficient to sustain service delivery in Kasese Municipality. Also, the findings showed that local tax was usually diverted by municipal officials for private gains in Kasese Municipality, and believed the cost of local tax collection was very high and thus encroached a big percentage of the revenue in Kasese Municipality.

It is also argued that resource mobilization capacity makes Local Governments better equipped to collect more taxes. The efficiency of revenue collection may also be greater when stakeholders are involved in decisions taken by Local Governments through a participatory approach. This would be reflected in the willingness to pay taxes with the hope of attaining social services (Robinson, 2018). Despite explaining the approaches of revenue collection in local government, the study lacked views of respondents on revenue and how it affects their businesses. Further, this study ignored service delivery and only concentrated on revenue collection performance.

There was a lack of transparency in local tax collection for service delivery in Kasese Municipality and local tax collection has an impact on service delivery in Kasese district.

The correlation between local tax collection and service delivery was 0.712 with a significance value of 0.000. Therefore, there was a good positive significant relationship between local tax collection and service delivery in Kasese Municipality. This means that proper collection of local tax significantly contributes to service delivery in Kasese Municipality.

Conclusion

Results showed that service delivery was 43% predicted by local tax collection (Adjusted R Square =.43). Therefore, local tax collection affects service delivery in Kasese Municipality.

Recommendation

The Municipal Council should revise some of the local taxes levied, methods of tax collection, and payment methods for full maximization of local revenue for service delivery.

The Municipal council should also embrace electronic methods of local revenue collection, and training of the business community in assessment of local tax. This will improve efficiency and ensure timely service delivery.

Acknowledgment

List of Abbreviations

CVI: Content Validity Index

DRC: Democratic Republic of Congo

LGFAR: Local Government Financial & Accounting Regulations

MOFPED: Ministry of Finance, Planning and Economic Development

NGOs: Non- Governmental Organisations

NPM: New Public Management

PAF: Poverty Action Fund

RC: Resistance Council

SPSS: Special Package for Social Sciences

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Conflict of interest

The author had no conflict of interest.

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