



**ASSESSING THE CAUSES OF TAX EVASION AT KCCA**  
**A CASE STUDY OF KAMPALA CAPITAL CITY AUTHORITY - KCCA**

**By**

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## ABSTRACT

Coercion, fiscal exchange and social factors have received considerable attention over the past decades due to their outstanding contribution and influential department towards tax evasion. Several researchers have analyzed the relationship of these factors. However, little has been done in developing countries particularly in Uganda using factor model analysis.

This research set out to assess the causes of tax evasion in KCCA with three main objectives that included; establishing a relationship between coercion factors and tax evasion; assessing the relationship between fiscal exchange factors and tax evasion; and to examine the relationship between social factors and tax evasion KCCA.

The study used factor model analysis and multiple regression analysis to investigate the variables under study.

Coercion factors were found to be the major contributors to tax evasion ( $R=.971^{**}$ ; Sig .000), while fiscal exchange had a good positive correlation coefficient of  $.684^{**}$  (Sig; .000). The two factors were found to contribute 60.5% variation of the tax evasion. Social determinants had a limited but statistically momentous relationship with tax evasion ( $R=0.390^{**}$ , sig 0.000).

From the findings, it can be seen that employing instruments to deter tax evasion by coercion alone seems no longer adequate since it might decrease voluntary tax compliance. KCCA should consider mixing coercion with fiscal exchange through provision of services in return for taxes paid and also balance between enforcement and respectful treatment while handling tax payers.

**Key words:** Coercion, Fiscal exchange, Tax evasion