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Influence of General Tax Knowledge on Tax Compliance among Large Taxpayers in Coastal Region, Kenya

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Abstract
For large taxpayers, tax compliance is essential because it helps them avoid fines, penalties, and legal ramifications that could arise from breaking tax laws. Large taxpayers who pay their taxes on time keep good relations with tax authorities, which facilitate operations and lessen the possibility of audits or enquiries. This study examined the influence of tax knowledge on tax compliance among large taxpayers in coastal region in Kenya. Specifically, the study examined the influence of general tax knowledge on tax compliance among large taxpayers in coastal region in Kenya. Planned Behaviour Theory (TPB), Economic Deterrence Theory, and Social Learning Theory served as the foundation for this investigation. The research philosophy used in this study was positivist. In this study, the researcher employed a correlational research strategy, which involved a single correction of the respondents' data. The correlation research design was used in this study. Large taxpayers in Kenya's six coastal counties—Lamu, Kilifi, Kwale, Mombasa, Tana River, and Taita Taveta—were the focus of this study. The responders were KRA account managers and the heads of the tax departments of each manufacturing company. This study employed simple random sampling to select participants from the 53 respondents (47 large taxpayers and 6 KRA County's Account managers). This study utilized questionnaires comprising both open-ended and closed-ended questions as the main data collection instrument. Respondents were assured of the strict confidentiality of the information collected. For pre- testing purposes, 10% of the respondents were selected from among large taxpayers, and the research questionnaires were pre-tested to identify and eliminate any ambiguities. The findings revealed that tax knowledge significantly influence tax compliance among large taxpayers in coast region in Kenya. General tax knowledge emerged as strong predictor of tax compliance. The study concludes that focusing on general tax knowledge dimension is fundamental for ensuring that tax compliance level is enhanced to the highest level possible among large taxpayers in coast region in Kenya.

Key Words: *General Tax Knowledge; Tax Compliance*

CHAPTER ONE
INTRODUCTION

1.1Background of the study

Complying with the regulations of tax is a complex matter besides being dynamic phenomenon. This is a legitimate attempt by people, businesses, corporations, funds, and other organisations to consciously pay taxes. It is a major offence to disregard tax laws. Liable parties may face jail time, fines, or both (Generis Global Legal Services, 2024). The factors of tax compliance that are most frequently discussed in the literature include paying taxes on time, filing proper tax returns, providing accurate financial statements, claiming exemptions with the appropriate documentation, reporting income, abstaining from bribery, and not keeping money abroad (Mohammed, 2022). Analysing the variables influencing tax compliance receives a lot of attention..

Global perspective

The economic perspective was the main focus of many research on tax compliance conducted worldwide; later, the social, psychological, and legal perspectives were also somewhat integrated (Tumoro & Pandya, 2025). Understanding the basic tenets of a country's tax system is generally referred to as tax knowledge (Buthelezi & Phesa, 2025). Understanding the tax laws determines how compliant taxpayers are with the tax system. Tax knowledge is probably essential in a voluntary compliance tax regime, particularly for precisely calculating tax liabilities (Appiah et al., 2024).

In contrast, Falsetta and Spilker's (2026) experimental study examined the noncompliance behaviour of taxpayers in the United States, Australia, and Singapore using a fictitious tax scenario. According to the results, Singaporean taxpayers had the lowest noncompliance rate at about 26 percent, while Australian taxpayers had the highest at 45 percent. According to the results, complete compliance was lowest in Australia (30%) and greatest in Singapore (54%). In terms of both compliance and noncompliance rates, the US was in the center. Additionally, he used an index ranging from 0 to 6 to gauge the degree of tax compliance in his research of thirty nations; higher numbers denote greater compliance.

After Singapore, New Zealand was found to be the second most compliant country in this survey. Australia, the UK, and Hong Kong came next. Italy was thought to be the least compliant, and Malaysia came in at number eight, behind the United States. The researcher can learn a lot about the degree of compliance behaviour in various nations by reviewing the aforementioned studies. However, without examining the possible causes of such activity, research on compliance behaviour would be less significant. In their previous analysis of 43 tax compliance studies, Paleka and Vitezic (2023) found fourteen important factors that influence compliance behaviour: age, gender, education, income level, income source, occupation, peer pressure, ethics, fairness, complexity, and contact with tax authorities, sanctions, likelihood of detection, and tax rates.

Regional perspective

Tax evasion causes states in African nations to have significant financial gaps. According to a High Level Panel on Illicit Financial Flows from Africa, tax abuse contributes significantly to the estimated Ksh. 3,900 billion to Ksh. 7,800 billion that African governments lose annually to illicit financial flows, impeding growth through state investment, bettering health and education services, and reducing debt commitments overseas (United Nations Economic Commission for Africa, 2024). The extent of the burden that tax evasion places on the continent was further highlighted by the 2025 "Panama Papers" disclosures, which revealed tax evasion and fraud among numerous African and international elites and their families (Copley, 2023).

Additionally, the state's capacity to invest and grow is weakened by inadequate tax compliance. Taxes accounted for only 15% of GDP in emerging nations in 2020, compared to 35% in developed nations (Fuest & Riedel, 2023). This percentage was 12% in some of the world's poorest nations. According to Cobham (2023), poor tax compliance in developing nations costs about Ksh. 285,000 billion annually. However, for many Africans, avoiding paying taxes may be more a result of inadequate effectiveness than personal preference. According to Aiko and Logan (2014), the majority of Africans believe that tax authorities are dishonest and that it is hard to find out what taxes they are required to pay and how their government uses tax income.

According to Ali, Fjeldstad, and Sjursen (2013), there is a negative correlation between tax compliance and not knowing how taxes are used. They also note that a large number of Africans pay private or non-state providers for services that the state would typically supply, which may also have an adverse effect on tax compliance.

The majority of Africans think that taxes are essential and that it is bad to not pay them, according to a survey by Isbel (2021). Approximately two-thirds (63%) of respondents felt that taxes are necessary for the state to grow; this percentage has slightly decreased since the 2011/2013 poll round (66%). Nearly nine out of ten Africans in 36 nations believe that failing to pay taxes is bad, yet only a small majority (54%) consider non-compliance to be wrong and punitive, while 34% consider it to be wrong but comprehensible. The percentage of respondents who believe that not paying taxes is wrong has significantly dropped (from 11% to 8%) compared to the 2011/2013 survey round, but more respondents believe that it is both wrong and criminal (from 49% to 54%).

Local perspective

As evidenced by the low tax collections, tax compliance in Kenya is at its lowest point since independence. According to KRA figures, the organization collected Kshs 1.07 trillion between July and December 2024, which is less than the Kshs 1.23 trillion required to be on course to fulfill the Kshs 2.47 trillion throughout the entire year. This shortfall continued even after the goal was reduced (KRA, 2024). The Kenya Revenue Authority (KRA) missed its revenue target by Sh90 billion in the first quarter of the 2025–2026 fiscal year, prompting the National Treasury to warn that the sharp decline in regular tax collection is already straining fiscal operations and raising the deficit. In order to adequately finance government-planned development initiatives, the tax revenue base should have grown at a significantly faster rate than what has been observed, with deficits to date.

According to Otindo's (2021) analysis of data from a statewide tax compliance survey conducted in Kenya, every government wants to encourage voluntary tax compliance, therefore it's important to know what people believe about paying taxes other than those that are required by law. The association between civic pride and tax compliance in Kenya was investigated using an ordered probit regression model. The results showed that the relationship between people and the state is related to tax compliance. Higher levels of compliance were shown by people who are pleased to be Kenyan and have faith in the government and the Kenya Revenue Authority (KRA) than by those who are not.

Age, gender, happiness with democracy, government corruption, and a fair tax system were among factors that were found to have a substantial impact on voluntary tax compliance in Kenya. Therefore, the government and tax administration should implement measures to boost taxpayers' trust in the system in order to increase voluntary tax compliance. This entails providing citizens with better services, particularly in the areas of health and education, distributing resources fairly, treating everyone equally, eliminating corruption, and establishing a just tax system.

Tax Knowledge

Numerous strategies to raise taxpayer understanding and compliance have been developed as a result of the growing focus on tax compliance in many nations, both domestic and foreign. However, there is still a large discrepancy between the actual observed levels of compliance and the efforts made to educate taxpayers about the obligations and advantages of tax compliance (Brockmeyer et al., 2024).This discrepancy highlights the need for a more thorough comprehension of the tax knowledge components that influence taxpayer behaviour, particularly in large businesses. Tax knowledge (general knowledge, tax comprehension, tax technique, and lawful tax), ethical and ideological grounds, incorrect economic policy, inadequate financial legislation, high tax rates, linear taxation, and behavioural factors are the most frequent elements influencing tax compliance. Tax awareness is a crucial component of tax compliance, according to a survey of 387 Albanian taxpayers (Salé et al., 2021). The authors also note that taxpayer conduct with relation to tax compliance is favourably correlated with government policies. Using a sample of nine EU nations (Malta, Cyprus, Italy, Spain, Austria, Belgium, Denmark, Finland, and Sweden), Appiah et al. (2024) found that while large taxpayers were generally better educated, they were also subject to higher state taxes. As a result, people frequently see tax dodging as a constructive behaviour that leads to non-compliance.

The tax knowledge factor still has an impact on how we live, work, and socialise. It is not surprising that tax expertise still influences the creation and management of tax systems, particularly in emerging nations like Kenya. In both developed and emerging nations, the emphasis on tax knowledge to boost tax administration efficacy, increase taxpayer services, and improve tax compliance is still gaining traction (Nose, 2023). Globally, governments are calling for more efficient use of tax knowledge education programs in order to provide residents with services. All governments still want to get citizens to pay their taxes without any opposition. But until tax knowledge clinics and programs were introduced, the process has never been easy. The world started to see tremendous progress in tax education as early as the 1980s. The management of fiscal systems as well as the administration and management of taxes are still significantly impacted by these advances (Nose, 2023).

When the majority of taxpayers willingly file their tax returns and pay the resulting tax obligations as specified by the tax rules, without being enforced by tax officials, tax compliance is mostly attained. However, it goes without saying that enforcement actions like auditing and collection are required when voluntary compliance is minimalThis was the norm in Kenya until 2003, when KRA adopted online tax services through tax clinics, training, and sensitisation as part of a major automation and taxpayer empowerment initiative.

Large tax payers

To make monitoring easier, the taxpayers are divided into three main groups. According to KRA (2024), there are three types of taxpayers: small, medium, and large. Annual turnover is the basis for segmentation. The majority of small taxpayers are in the unorganised sector and have an annual revenue of one to five million Kenyan shillings. Large taxpayers have a turnover of more than 750 million Kenyan shillings, whilst medium taxpayers have a turnover of five million to 750 million Kenyan shillings. A research published in 2024 by KRA's Research and Corporate Affairs Department states that although millions of small taxpayers make up the majority, large taxpayers generate 80% of total tax revenue. The target population of this study being Southern Region which comprises of Mombasa (Customs House, Forodha House), Malindi, Voi, Lamu, Ukunda, Taveta OSBP, Lunga Lunga OSBP. The Kenya Revenue Authority (KRA) has established a, regional structure to decentralize its operations, enhance tax compliance, and bring services closer to taxpayers. The authority operates through seven major regions such as Nairobi Region, Southern Region, Western Region, North Rift Region, South Rift Region, Northern Region and Central Region each headed by a Regional Coordinator (KRA, 2026).

Medium taxpayers fall between the earlier mentioned groups in terms of operations, administration and use of technology. Large Taxpayers constituting of major companies appreciate the significance of tax knowledge experts for both compliance and efficient management.

In Kenya, the number of cases filed, tax assessments made by authorities, and, to some extent, registered complaints and compliments from taxpayers are used to gauge tax compliance. For instance, the Large Tax Payers Office (LTO) is regarded as largely compliant since the majority of taxpayers file their taxes online, pay their taxes on time, and have few audit modifications. The increased utilisation of the department's tax expertise experts is directly responsible for a large portion of the compliance level. In a similar vein, LTO taxpayers like Safaricom Limited have made significant investments in and profited from tax experts. Remarkably, less than 20% of the registered taxpayers are LTO.

1.2 Statement of the problem

Tax compliance concerns are significant and have grown to an extremely concerning level in Kenya (KRA, 2025). The amount of non-tax compliance is on the rise and continues to be a major concern because it poses a significant financial challenge to the government, despite the implementation of digital reforms like Etims and itax, among others, to address flaws in the tax compliance system by large taxpayers (KRA, 2025; GOK, 2025). This non-compliance by large taxpayers contributes to the shortfall in KRA targets. The agency has not met its target, partly due to cases of tax evasion involving large taxpayers. KRA statistics show that between July and December 2024, the agency collected Kshs 1.07 trillion, which was less than the Kshs 1.23 trillion needed to remain on track to meet the Kshs 2.47 trillion full year objective. Even after the aim was lowered, this deficit persisted (KRA, 2024). In the first quarter of the 2025–2026 fiscal year, the Kenya income Authority (KRA) fell short of its income target by Sh90 billion. The National Treasury warned that the drastic drop in ordinary revenue collection is already taxing fiscal operations and increasing the deficit. According to National Treasury (2025), the nation's poor tax collection has resulted in a severe financial crisis. Other nations, such Morocco, Tunisia, and Lebanon, collect more than 20% of their GDP in taxes, in contrast to Kenya (World Bank, 2024). Overall, low tax compliance among Kenyan taxpayers may be a major factor in the low GDP contribution of tax revenues. Tax authorities' inadequate investigation of the factors influencing taxpayers' non-compliance behaviours is the cause of the poor compliance (Bussiness Daily, 2025). When taxpayers and revenue collection agencies perform their duties effectively, a country can cultivate a favourable tax culture. Because tax revenues are so important, tax administrators usually put a lot of work into understanding and resolving noncompliance.

Ignorance of their tax obligations frequently leads to taxpayers' obstinacy, annoyance, and disengagement.
Tax evasion is one of the major challenges a nation faces which slows down its progress (Al-Ttaffi, Bin-Nashwan & Amrah, 2020). Many large taxpayers are aware of their tax obligations and have adequate knowledge of tax matters. They are even aware of specific taxes they are required to pay, the deadlines for filing, or the necessary paperwork for compliance and even follow the to the later. However,they are charged high taxes on their high incomes and are tempted to evade taxes. In the recent years, the government has cracked down on Large taxpayers who attempted to evade tax, such as Keroche Breweries and Africa Spirits and Wines.
The directors of these two companies were arraigned to face charges related to tax evasion amounting to more than Kshs 14 billion. On the other hand, African spirits and Wines faced charges of evading payment of sh41 billion in taxes, (Al-Ttaffi, Bin- Nashwan & Amrah, 2020). Large taxpayers do not experience difficulties in maintaining accurate and thorough accounting records, which are essential for tax compliance. They are better positioned to monitor their earnings, expenditures, and tax responsibilities effectively due to proper accounting practices, access to accounting professionals and suitable accounting tools. Chelangat (2022) examined the barriers to tax compliance among small and middle agri- business businesses Kericho County, Kenya. This research study seeks to determine the influence of tax knowledge on taxpayer's compliance among large taxpayers in Kenya.

1.3 Purpose of the Study

The aim of the study was to determine the influence of tax knowledge on tax compliance among large taxpayers in Coastal region, Kenya.

1.4. Specific Objectives.

i. To establish the influence of general tax knowledge on tax compliance among large taxpayers in Coastal region, Kenya.

1.4 Significant of the study

The significance of thisstudy is that management of KRA will be able to understand how tax knowledge influences tax compliance. This will enable them to know how to deal with the taxpayers' knowledge to foster their compliance and improve their tax compliance level.

Large taxpayers will be helped by the outcome of this study in matters of compliance, meeting the legal obligation that requires income any citizen driving any in the country to pay tax.

Government being the custodian of fiscial and monetary polices through other will Agencies use this information to formulate, improve and implement them. Because they can be used as a point of reference when reviewing literature, the findings will be very helpful to other researchers and academics in the academic and corporate sectors.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

A summary of the reviewed literature is given in this section. It comprises the empirical and theoretical review, determinants of tax compliance, and the conceptual structure. The empirical review comprises both global and local studies conducted on tax compliance and tax knowledge.

2.1 Theoretical Review

This section explores the concepts which anchor the connection between dependent elements and independent factors. In this study, tax compliance is the dependent variable and tax knowledge is the independent variable. Each theory is examinded in terms of its originator, the meaning and its relevance to the research.

2.1.2 Theoryof Planned Behaviour(TPB)

The Theory of Planned Behaviour (TPB) was created by Ajzen (2021). The TPB is a well-known psychological framework that uses behavioural control, personal norms, and attitudes to describe human behaviour. According to the theory, people's social behaviours are influenced by particular situations, have clear origins, and evolve in a methodical way. However, a person's drive to engage in a certain behaviour determines their ability to do so. This TPB is relevant because a taxpayer is more likely to abide by tax regulations if they have a favorabale attitude toward them; alternatively, if they intend to reduce the tax liability, they would seek ways to reduce or circumvent paying tax if their perception is negative. This attitude can be influenced by various factors, such as how fair they perceive the tax structure to be (Taing, & Chang, 2021). Further, TPB is relevant to the study in that if taxpayers believe they are more inclined to think negatively of the tax system because they receive public advantages in exchange for paying taxes. as legitimate, which fosters a positive outlook toward compliance. Afterall, this suggests an upbeat view on tax compliance. On the other hand, the suspicion of unfair treatment by the tax system may reduce the willingness to comply fully and this confirms the relevancy of the theory.

The motivation to compy is explained by subjective norms. As a result, a positive association can be expected between perceived social expectations and behavior, where individuals are more likely to act in accordance with what they believe others expect of them. Taxpayers who perceive a high level of behavioral control and have the necessary knowledge, skills or capacity to comply are more likely to fulfill their tax obligations (Nurwanah et al., 2023). For individuals who feel confident in their ability to manage finances and remit accurate tax are less likely to engage in non-compliant behavior.

This theory of planned behaviour appropriately supports tax knowledge variables impacting tax compliance, which is the primary goal of this study, since it asserts that human qualities are triggered by normative beliefs, behavioural beliefs, and control beliefs (Nurwanah et al., 2023). The relevance of TPB in this study stems from the fact that a taxpayer's knowledge of tax understanding, tax technique, lawful tax, and general tax knowledge, encompassing all behavioural aspects, will result in either a positive or negative orientation towards the corresponding characteristic.

2.1.2 Social Learning Theory

Bandura (2022) created the social learning hypothesis. The theory asserts that people learn through emulating the conduct, attitudes and morals of others. Individuals can acquire knowledge from other's experiences without going through those experiences themselves by engaging in social interactions and observations. The relevancy of this social learning theory is that if someone witnesses the negative consequences faced by others who lack tax knowledge, like fines or financial challenges, then they will be likely be inclined to understand the importance of tax literacy and take necessary steps to improve their tax knowledge. A case in point is Delmonte Kenya Limited Vs KRA of February 2026 where the appeal dismissed on the ground tax implication on transfer pricing. Further, the relevancy of social learning theory in this study is that human behavior is as a result of continuous mutual relationships among behavioral, cognitive, and environmental variables (Rumjaun & Narod, 2020). The theory is relevant because environment plays a significant role in shaping tax payers behavior by
imposing consequences on actions. On the other hand, in regard to its relevance, cognition serves as a reference point in behaviour formation, helping taxpayers understand the consequences of their actions. Afterall theory asserts that people learn through emulating the conduct, attitudes and morals of others.

2.1.3 Economic Deterrence Theory

The deterrence hypothesis evolved from the ideas of two philosophers: (Oyebode and Orji, 2023) The hypothesis states that people are unlikely to participate in unlawful activities when they believe that consequences will be severe or costly. It is possible to implement the principle through persuasive and punitive strategies. Unlike the punitive approach which emphasizes on
increasing the likelihood of discovery, increasing taxation rate and imposing stricter penalties for non-compliance, the persuasive approach takes a different approach. The relence EDT in this study is that tax payers will not take an intiative that will end him in dere consequences econically.According to this theory the

persuasive strategy seeks to encourage compliance by taxpayer providing information, fostering communication and collaborative and mutual relationship between taxpayers and tax authorities rather than relying solely on fear and punishment hence the relevanc of EDT..

Afterall in Economic Deterece theory it follows that in the bid to identify a regulatory tool that completes or replaces coercive measures with appeals to tax, the theory of deterrence is predicated on addressing the challenges of tax compliance. According to deterrence theorists, compliance behaviors rely on the ability to make payment strategies as often predicted. By highlighting therisks andconsequences of actions of non-compliancesuch as incidents where individuals and companies have been penalized for tax evasion or non-compliance, serves as a detterent measure (Omondi & Theuri, 2020). People's opinions about the costs and benefits of tax compliance can be influenced by their level of tax expertise. When individuals are knowledgeable about tax law, their obligations and consequently consequences, they are more aware of the potential costs of tax evasion such as fines, audits and santions (Alm, 2020).

2.3 Empirical literature review

2.3.1: General tax knowledge

A study by Nguyen,(2022) found that tax payers that are well-informed about their tax obligations and entitlements tend to exhibit higher levels of compliance. This awareness enables them to navigate the tax system more effectively, reducing the likelihood of inadvertent non- compliance. Thus, promoting knowledge of tax in addition to helping enterprises and government revenue collection, rights and duties can play a major role in promoting a culture of tax compliance.

Carsamer & Abbam,(2023) conducted a study and asserted that knowledge of tax rights and responsibilities can lead to voluntary compliance among enterprises. The researchers further argued that when business owners are informed about their duties and entitlements, Without the necessity for enforcement proceedings, they are more likely to meet their tax duties.

Khozen and Setyowati (2023) findings averred that knowledge of general tax rights and responsibilities enables bussiness to make informed decisions related to their operations. This, in turn enables them to structure their activities in ways that align with tax regulations while optimising their financial outcomes. It has been observed that taxpayers who are educated about their tax rights and responsibilities contribute to a stronger and more effective tax system overall.

Nwokoye, Igbanugo, Ekesiobi and Dimnwobi (2023) found that one important tactic used in developing nations to encourage voluntary tax compliance is self-assessment. Business taxpayers emphasised the capacity to calculate business income in order to prepare appropriate tax filings as a critical factor influencing tax compliance.

A study done by Vincent (2021) held the view that knowledge of business income sources, deductions, allowable deductions and expenses helps enterprises to avoid unintentional errors on their tax returns. This therefore reduces the likelihood of discrepancies that could trigger audits or penalties.

2.3.2 Tax compliance

According to Nyamwanza et al. (2014), compliance with tax is the observance of tax regulations and laws by taxpayers, which includes meeting reporting requirements, providing accurate information, and paying taxes on time. It includes following the instructions and recommendations provided by tax authorities, properly preparing and submitting tax returns, and keeping all required paperwork and records up to date (Slemrod, 2025) Tax compliance ensures that individuals and organizations are fulfilling their legal obligations to the tax authorities (Musimenta, 2020).

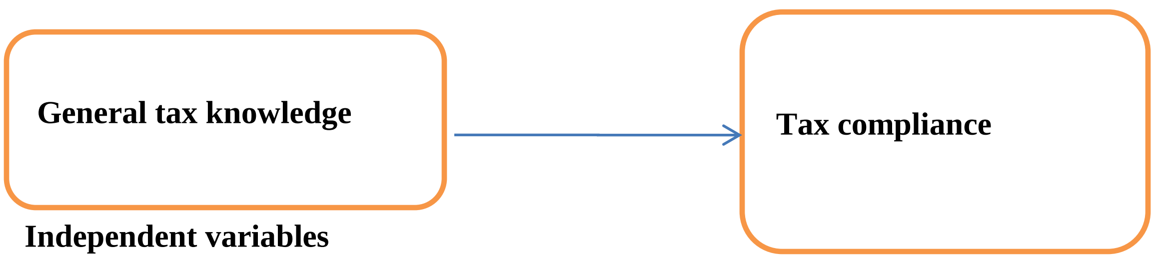
Tax compliance is a key trait for large taxpayers because it helps them avoid the penalties, fines, and legal repercussions that can result from failure to adhere to tax rules. By paying tax on time, large tax payers maintain good relations with tax authorities, which can facilitate operations and reduce the likelihood of audits or investigations (Manyanga et al., 2025). Furthermore, large tax payers‟ reputations and trustworthiness are improved by tax compliance. It exhibits professionalism and ethical behavior, which might be essential for attracting clients, suppliers, and investors (Musimenta, 2020). Additionally, tax compliance allows the large tax payers to benefit from a variety of tax breaks and deductions that can lower their tax liability. Large tax payers can optimize their tax obligations, enhance cash flow, and allocate resources more effectively by being aware of and adhering to tax legislation.

Tax compliance can be measured or assessed in various ways to ensure individuals and businesses are meeting their tax obligations. Some measures commonly used to evaluate tax compliance include: filing compliance, payment compliance, reporting compliance, and voluntary compliance. Filing compliance focuses on whether taxpayers are filing their tax returns accurately and on time. It assesses the percentage of taxpayers who submit their required tax returns within the specified deadlines (Adhikari et al., 2021).

2.4 Theoretical framework

This study's framework explains the underlying structure regarding both the dependent variable (Tax compliance) and the independent variable (General tax knowledge). Rationally, the theoretical framework is constructed to explain the connections between the associated variables by means of a detailed literature review survey. The research questions were then developed to address the study's primary research issues. The theoretical framework outlined in Figure 4.1 shows the relationship between general tax knowledge and Tax compliance.

Figure 4.1*Conceptual framework*



CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section describes the entire approach utilized to conduct the investigation, including the research architecture, study population, sampling procedure and technique, and research tools for data collection.

3.2 Research Design

This study adopted the correlation research design, which entails gathering information from respondents all at once. Since there is no manipulation of the variables being studied, the design is categorized as no-experimental The design's goal was to ascertain the presence, type, and power of the relationship between this study‟s variables namely tax knowledge (independent variable) and tax compliance (dependent variable).

3.3 Target Population and Sample size

The target population was 47 large taxpayers registered with the Kenya Revenue Authority (KRA,2024). Large taxpayers served as the unit of analysis, while each tax department head served as the unit of observation of the large taxpayers of the manufacturing firms and KRA Account Managers giving a total of 53 respondents (47 manufacuting firms and 6 County KRA Account managers). KRA County will all be surveyed as the number is few and manageable (Author 2025). This study employed simple random sampling to select participants from the 53 respondents (47 large taxpayers and 6 KRA County‟s Account managers). Each company had an equal chance of being chosen through the use of simple random sampling, guaranteeing an objective sample that could be extrapolated to the larger population of major taxpayers. Slovin's formula, a statistical technique that determines a suitable sample size based on population size and margin of error, was used to establish the sample size. Slovin's formulais definedas: $n = \frac{N}{1+N(e^2)} = \frac{53}{1+53(0.05^2)} = 46.799 \approx 47$

Where:n = sample sizeN = population size (53) e = margin of error (0.05)
UsingSlovin‟s formula, the calculated sample size was approximately 47 respondents in Coastal region, Kenya.

3.4 Research Instrument

This study utilized primary data collected through a semi-structured questionnaire consisting of both closed-ended and open-ended items. The instrument was designed to capture respondents' perceptions and experiences regarding tax knowledge dimensions and tax compliance. Data collection was conducted both physical and online through email. The questionnaire was shared with respondents through a drop and pick later in addition to their official email addresses. This approach ensured that the questionnaire reached the appropriate managerial staff within the selected hospitals and facilitated convenient participation. Closed-ended questions, including Likert-scale items ranging from strongly disagree to strongly agree, were used to measure respondents' attitudes and perceptions, while open-ended questions allowed participants to provide additional explanations on institutional practices and challenges.

3.5 Data Analysis and Presentation

This study generated both quantitative and qualitative data derived from responses to closed-ended and open-ended items in the questionnaire. After collection, the data underwent a systematic process of cleaning, coding, and categorization according to the main constructs of the study. The data were then analyzed using the Statistical Package for Social Sciences (SPSS), Version 25.0, which provided a reliable platform for organizing and analyzing structured datasets. The analysis was conducted using descriptive statistics (frequencies, percentages, means, and standard deviations) to summarize and describe the characteristics of the data. This provided an overview of the distribution and central tendencies of responses across the measured constructs.

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the empirical findings of the study and provides statistical analysis of the data collected from the respondents. It begins by outlining the response rate and demographic characteristics of the participants to provide an overview of the sample involved in the study, followed by descriptive statistics of the study constructs. Subsequently, a correlation analysis was performed to examine the relationships among the study constructs and effect of tax knowledge influence on these relationships is analyzed, with the findings discussed in relation to existing literature.

4.2 Response Rate

A total of 47 questionnaires were distributed to head of tax department in each of the large tax payer firm and KRA Accounts Manager from Coastal region, Kenya. Out of these, 44 questionnaires were completed and returned, representing a response rate of 93.62%. All the returned questionnaires were properly filled and met the requirements for analysis; therefore, the entire set of 44 questionnaires was considered usable for the study.

4.3 General tax knowledge and Tax compliance

The assessment of the extent of the influence of general tax knowledge on tax compliance among large taxpayers in coastal region Kenya was done using descriptive statistics presented in Table 4.1.

4.3.1 General tax knowledge and Tax compliance

The descriptive results presented in Table 4.1 indicate that respondents generally expressed more than average agreement regarding the influences of general tax knowledge among large taxpayers in coastal region Kenya. For instance, respondents more than average agreed that large taxpayers in coastal region have general tax knowledge such as the aspect of "understands tax evasion penalties", recording a mean score of 3.9545 (SD = 0.93894). Similarly, the statement that large taxpayers in coastal region "is aware of the roles of tax paid to the authorities" recorded a mean score of 4.0682 (SD = 0.87332), suggesting that being aware of the roles of tax paid to the authorities improves the mechanism or systems put in place to a achieve tax compliance by large taxpayers in coastal region in manufacturing firms. These results highlight the continued reliance of tax authorities on large taxpayer's general tax knowledge so as to achieve revenue collection target through tax compliance.

These findings are in line with the previous findings of Nguyen,(2022) who found that tax payers that are well-informed about their tax obligations and entitlements tend to exhibit higher levels of compliance.

Table 4.1: General tax knowledge and Tax compliance

General tax knowledge	N	Mean	Std. Dev.
The organization is aware of the procedure of paying tax.	44	3.4091	1.04143
Tax evasion penalties are well understood by these manufacturing firms	44	3.9545	.93894
These manufacturing firms understand whom to pay tax to.	44	3.5227	.92733
The organization is aware of the roles of tax paid to the authorities.	44	4.0682	.87332
The organization has the ability to comply with the tax laws.	44	3.8636	1.04750
Average	44	3.7636	0.96570

4.3.2. Tax compliance

The descriptive results presented in Table 4.2 indicate varied perceptions among respondents regarding the influence of tax knowledge on tax compliance among large taxpayers in coastal region of Kenya. Respondents highly agreed that the organization reported tax return is always accurate recording the highest value scores (Mean = 3.7826, SD = 0.96119), suggesting that large taxpayers within manufacturing sector generally maintain always maintain accurate tax returns report so as to remain within the bracket of large taxpayers manufacturing firms who are tax compliance. Similarly, respondents agreed that tax compliance audits are regularly done in the organization recording the second highest value score (Mean = 3.7273, SD = 0.04244), indicating that large taxpayers in coastal region attempt to ensure that tax compliance audits are regularly done in the organization is enhancing level of tax compliance.

The aggregate mean score for tax compliance was 3.6500 with a standard deviation of 0.12698. Based on the interpretation scale adopted in this study, this mean value falls within the range of 3.5–4.4 which indicates a high agreement among the respondents This suggests that there is influence of tax knowledge on tax compliance among large taxpayer in the Coastal region Kenya. From a theoretical perspective, these findings align with Social Learning Theory (SLT) which explains the interaction of environmental and cognitive elements that influence how people learn (Cherry, 2022). Learning occurs because people observe the consequences of the behavior of others. Bandura's theory moves beyond the theory of behavior, which suggests that all behaviors are learned through conditioning, and cognitive theory, which considers psychological influences such as attention and memory.

Table 4.2: Tax compliance

Tax compliance	N	Mean	Std. Dev.
The organization files tax returns on or before due date.	44	3.6591	1.19967
The organization ensures computed tax liability is paid in full in time.	44	3.5682	1.12885
The organization reported tax return is always accurate.	44	3.7826	.96119

The organization is registered as taxpayer.	44	3.5227	1.30275
Tax compliance audits are regularly done in the organization.	44	3.7273	1.04244
Average	**44**	**3.6500**	**1.12698**

4.4 Bivariate Correlation analysis

Bivariate Correlation analysis using Pearson's Product Moment Correlation coefficient (r) was conducted to determine the strength and direction of relationships between the study variables as shown in Table 4.3. The coefficient ranges from −1 to +1, where values closer to either extreme indicate stronger relationships, while values near zero indicate weaker associations. Statistical significance was tested at the 0.05 level using a two-tailed test.

The results indicate statistically significant positive correlations between the variables examined. The coefficients show strong positive associations, with values ranging from 0.383 to 0.723 ($p < 0.05$), suggesting that improvements in the examined general tax knowledge is associated with better tax compliance outcomes. Overall, the findings demonstrate that effective taxpayer's knowledge is positively linked to improved tax compliance among large tax payers in coastal region in Kenya.

Table 4.3: Bivariate Correlation analysis results

Variables		**Tax compliance**	**General tax knowledge**
	Pearson Correlation	1	.723**
Tax compliance	Sig. (2-tailed)		.000
	N	44	44
General tax knowledge	Pearson Correlation	.723**	1
	Sig. (2-tailed)	.000	
	N	44	44

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the key findings of the study, conclusions drawn from the findings, and recommendations based on the research results. The chapter also proposes areas for further research.

5.2 Summary

The summary of key findings concisely highlights the most significant evidence-based results that directly respond to the study objectives. This section summarizes the findings presented in Chapter Four in line with the specific objectives of the study on the influence of tax knowledge and tax compliance among large taxpayer in the coastal region in Kenya.

5.2.1 General Tax Knowledge and Tax Compliance

The study sought to establish the influence of General Tax Knowledge on tax compliance among large taxpayer in the coastal region in Kenya. The findings indicate that general tax knowledge play a significant role in improving tax compliance level by ensuring that staffs of large taxpayer in the coastal region in Kenya have adequate general tax knowledge to sustain essential tax compliance requirements to the highest level possible. Descriptive analysis confirmed that a significant number of respondents indicated that knowledge of tax laws helps businesses identify allowable deductions and exemptions; facilitating tax planning that is legal, while reducing the risk of unintentional tax avoidance or evasion. Further respondents reported that Organizations with well-trained employees on tax issues have a higher likelihood of complying voluntarily with tax laws and regulations rather than out of fear of penalty. Additionally, they indicated that Lack of tax knowledge leads to errors, such as misinterpreting laws or missing deadlines. Improved knowledge reduces unintentional errors in tax calculation, reporting, and filing. And that awareness of the repercussions of non-compliance (penalties, interest, and legal action) incentivizes personnel to adhere to regulations, protecting the organization from fines and reputational damage.

The bivariate regression analysis indicated that General Tax Knowledge has a significant and positive influence on tax compliance among large taxpayer in the coastal region in Kenya implying that General Tax Knowledge should be prioritized as strategic tax compliance management procedures among large taxpayer in the coastal region in Kenya.

The regression analysis further confirmed a positive and statistically significant relationship between General Tax Knowledge and tax compliance among large taxpayer in the coastal region in Kenya. This indicates that indicates that improvements in general tax knowledge significantly increase the level of tax compliance among large taxpayer in the coastal region in Kenya. Consequently, the null hypothesis stating that general tax knowledge does not significantly influence tax compliance was rejected. The findings therefore demonstrate that strengthening general tax knowledge is essential for improving the tax compliance level among large taxpayer in the coastal region in Kenya.

5.3 Conclusion of the study

This study examined the influence of tax knowledge and tax compliance level among large taxpayer in the coastal region in Kenya while also assessing the moderating role of alternative dispute resolution in this relationship. The findings indicate that proper tax knowledge factors play a significant role in enhancing tax compliance level by improving compliance efficiency, strengthening tax knowledge training plan, and ensuring the availability of training resources required for effective tax knowledge acquisition.

Among the tax knowledge factors examined, general tax knowledge emerged as the most influential factor affecting tax compliance. Efficient knowledge of tax laws helps businesses identify allowable deductions and exemptions; facilitating tax planning that is legal, while reducing the risk of unintentional tax avoidance or evasion. Organizations with well-trained employees on tax issues have a higher likelihood of complying voluntarily with tax laws and regulations rather than out of fear of penalty. Improved knowledge reduces unintentional errors in tax calculation, reporting, and filing. Awareness of the repercussions of non-compliance (penalties, interest, and legal action) incentivizes personnel to adhere to regulations, protecting the organization from fines and reputational damage.

5.4 Recommendations of the study

The tax authority body in conjunction with other law enforcement agencies like Directorate of Criminal Investigation, Anti counterfeit Agency, Kenya Bureau of Standards (KEBS) to have a concerted effort in having and making sure business owners comply with the law and are involved in legal business transactions. There is also need to encourage a culture of record keeping and observing time when it comes to making payment and rendering services.

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