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THE RELATIONSHIP BETWEEN EFFORTS FOR TAX LEARNING, AWARENESS OF TAX LAWS, UNDERSTANDING OF TAX LAWS AND TAX COMPLIANCE BEHAVIOUR AMONG SALARIED TAXPAYERS IN MOGADISHU-SOMALIA.

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UNIVERSITI UTARA MALAYSIA
May 2017
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By: ZAKARIE AHMEDNOR ALI

Thesis Submitted to Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia, in Partial Fulfilment of the Requirement for the Award of Master of Science (International Accounting)

iii
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ABSTRACT

This study investigates the relationship between tax education dimensions and tax compliance behaviour among salaried taxpayers in Mogadishu, Somalia. This study is motivated by low tax compliance and low tax education in Somalia. Specifically, the objectives of this study were to examine the relationships between efforts for tax learning, awareness of tax laws and understanding of tax laws; and tax compliance behaviour among salaried taxpayers in Mogadishu, Somalia. To achieve the research objectives, primary data were collected through administrating survey questionnaires to salaried taxpayers in Mogadishu, Somalia. The data were analysed using multiple regression analysis. The findings of the study indicate that efforts for tax learning had a negative and significant relationship with tax compliance behaviour. On the other hand, the awareness of tax laws and understanding of tax laws had a positive and insignificant relationship with tax compliance behaviour. Efforts for tax learning contributes the most towards tax compliance behaviour; therefore, the policy makers in Somalia should focus more on the most important contributing factor, i.e. efforts for tax learning, to enhance tax compliance and ultimately mitigate the problem of noncompliance in Somalia.

Keywords: Tax Compliance Behaviour, Education, Efforts for Learning, Awareness of Tax Laws and Understanding of Tax Laws, Somalia.
ABSTRAK


Kata kunci: Cukai Gelagat Kepatuhan Cukai, Pendidikan Cukai, Usaha untuk Pembelajaran, Kesedaran terhadap Peraturan dan Kefahaman Undang-Undang, Somalia.
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<td>MOPIC</td>
<td>Ministry of Planning and International Cooperation- Somalia</td>
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<td>NAT</td>
<td>National Tax Authority- Japan</td>
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<td>OECD</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Tax education is considered as one of the variables that can influence on tax compliance behaviour (Murphy, 2004). Tax education has been seen as a way to increase a citizen’s capability to grasp taxation laws and to increase their readiness to follow those laws (Kasipillai et al., 2003). Different researchers have studied the impact of tax education on tax compliance behaviour globally. For instance, Berhane (2011), observed that tax education enhances the tax compliance behaviour of the citizens, as they would be aware of their obligations and punishments for not following tax laws in Ethiopia. In Somalia, however, no studies have been conducted about tax education and tax compliance behaviour.

For many countries, taxes are the major source of income to finance the countries expenses such as providing the basic services for the country like building roads, railways, airports, and seaports and promoting the general welfare (Wonders, 2014). In the case of Somalia, the government is highly dependent on external grants as a source of income in additional to tax revenue because international grants represent 43% of the revenue of Somalia, which makes the government of Somalia highly vulnerable to foreign intervention (MOF, 2015).

The main sources of tax revenue are derived from the Mogadishu port and airport and the Bakara market, which is the biggest market in Somalia (Uluso, 2015). Taxes are
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