

LEVEL ON TAX COMPLIANCE OF SMALL BUSINESS OWNERS IN MATARA DISTRICT



THEMIS PIERISGE HAREEN VIDUSHIKA



FCM1499



Project Report
Library - EUSL

ABSTRACT

Small and Medium size Enterprises are the key components of the economy. In the Sri Lankan context over 90% of the entities are the Small and medium Businesses. Small business owners are more innovative and have entrepreneurial skills. Small businesses generate a significant profit from their business activities. It helps to carry out their business in a smoothly manner.

This study is about "The level on tax compliance of small business owners in Matara District". The main income generation source of the Government is tax. Tax income can be divided into two main categories; direct tax income and indirect tax income. The Government tries to increase their income by imposing various taxes and tax regulations to the public. As a result, all the Small and Medium size enterprises are bound by the Government tax laws and regulations. The main purpose of this research is to evaluate the level on tax compliance of small business owners. In order to carry out this research, three independent variables were mainly recognized; Registering as a tax payer, Filling return and Enjoying benefits. This study was conducted as a quantitative research and the data and information were collected through questionnaire. The sample was selected based on random basis in Matara district, from 100 Small business owners. Conceptualization framework was used to develop the questionnaire for the research and each element from conceptualization was included in the questionnaire. According to the Conceptualization model, the main objective of the study is to show the level on tax compliance of small business owners such as Registering as tax payer, Filed return and Enjoying benefits.

The results are illustrated by tables, pie charts, and bar charts. Based on the value indicated in the questionnaire, mean value is lying in the range between 1 to 5, which is strongly disagree to strongly agree with 5 scale measures. From the estimation it may be able to conclude that, tax compliance level about the Registering as tax payer, Filed return and Enjoying benefits, all are at a moderate level. Finally, the research can conclude that the overall tax compliance level of the most of small business owners in Matara district is at a moderate level.

Table of Contents

	Page No.
Acknowledgement	I
Abstract	II
Abbreviations	III
Table of Contents	IV
List of Tables	VII
List of Figures	VII
Chapter -1: Introduction (page I to 5)	
1.1 Background of Study	1
1.2 Problem Statement	4
1.3 Research Questions	4
1.4 Research Objectives	4
1.5 Significance of the Study	4
1.6 scope of the Study	5
1.7 Summary	5
Chapter -2: Literature Review (Page 6 to 18)	
2.1 Introduction	6
2.1 The Tax System in Sri Lanka	6
2.3 Tax History in Sri Lanka	10
2.4 The Current Tax System	11
2.5 Taxes that are Influenced to the Small Business Owners	12
2.6 Small Business	13
2.7 Small Business Tax Compliance	14
2.8 Level on Tax Compliance of Small Business Owners	15
2.9 Summary	18

Chapter – 3: Conceptualization and Operationalization (Page 19 to 24)

3.1 Introduction	19
3.2 Conceptualization	19
3.2.1 Registering as Tax Payer	20
3.2.2 File Return	20
3.2.3 Enjoying Benefits	21
3.3 Operationalization	22
3.4 Summary	24

Chapter- 4: Methodology (Page 25 to 39)

4.1 Introduction	25
4.2 Study Setting and Design	25
4.3 Population and Sample	25
4.3.1 Questionnaire	26
4.3.1.1 Personal Questions	26
4.3.1.2 Research Questions	26
4.4 Methods of Measurements	27
4.5 Method of data presentation	27
4.6 Method of Data Analysis	27
4.7 Methods of Data Evaluations	28
4.8 Summary	29

Chapter -5: Data Presentation and Analysis (Page 29 to 45)

5.1 Introduction	30
5.2 Data Presentation	30
5.3 Personal Characteristics and Business Characteristics	30
5.3.1 Gender of Small Business Owners	30
5.3.2 Civil State of Small Business Owners	32
5.3.3 Age Group of Tax Payers	33

5.3.4 Monthly Income Level of Each Business Category	34
5.3.5 Operating Years of Small Business	35
5.3.6 Tax Obligation of Small Business Owners	37
5.4 Analysis of Research Variables	38
5.4.1 Registering as Tax Payer	39
5.4.2 Filed Return	31
5.4.3 Enjoying Benefit	43
5.5 Summary	45

Chapter- 06: Discussion (Page 46 to 51)

6.1 Introduction to the Chapter	46
6.2 Discussion on General Information	46
6.3 Discussion on Research Information	47
6.3.1. Registering as Tax Payer	47
6.3.2. Filed Return	48
6.3.3. Enjoying Benefits	49
6.3.4. Level on Tax Compliance of Small Business Owners in Sri Lanka	50
6.4 Summary	51

Chapter -07: Conclusion and Recommendation (Page 52 to 54)

7.1 Introduction	52
7.2 Conclusions	52
7.3 Recommendations	53
7.4 Summary	54

Appendices

Appendix - 1: The Questionnaires Used for the Study

Appendix - 2: The Output of the Analyses

References