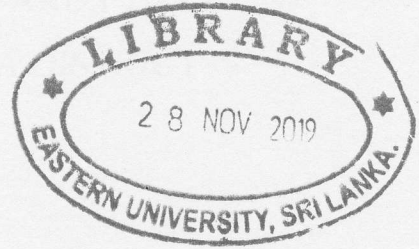


**TAXPAYERS' PERCEPTION TOWARDS TAX NON-
COMPLIANCE IN KALUTARA DISTRICT**

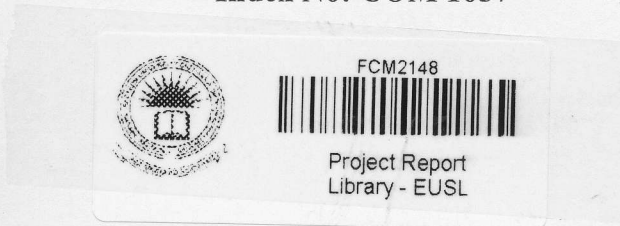


By

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A Project Report

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ABSTRACT

This study is aimed to find out the taxpayers' perception towards tax non-compliance in Kalutara District. The study is conducted in Kalutara District and to evaluate and identify the most influential factors that reduce taxpayers' non-compliance and to establish relationship between perception and compliance behavior. This research is the survey involving individual taxpayers in Kalutara District. There are eight determinants included in this study to be researched are gender, age, education level, income level, tax rate, tax education, tax morale and public governance quality.

Convenience sampling procedure is used in this research based on the availability of respondents, studying only on the perception of tax non-compliance among taxpayers in Kalutara District. A questionnaire is designed using Five-Point Likert Scales and distributed individual income taxpayers in Kalutara District in order to learn their opinions. Data are collected from hundred (100) taxpayers and analyze it using Descriptive statistics, Correlation analysis, Regression analysis and ANOVA and T-test. Overall, the findings in this study are supported by other studies in literatures.

Income tax non-compliance is a huge problem in Sri Lanka and the contribution of tax to GDP is very low. Sri Lanka it has been below 16.5% which is the average of lower middle income countries. Over fifty years of research on non-compliance is yet to produce a formula that can solve non-compliance problems applicable to all jurisdictions hence the need to develop country-specific models.

The results showed that there is positive significant relationship between taxpayers' perception and tax non-compliance and there are no differences in age and gender towards tax non-compliance. There are significant impact of tax rate and public governance quality towards tax non-compliance among individual income taxpayers; whilst tax education and tax morale affect tax non-compliance but the results are insignificant. The study provides insights both policy makers and tax administrators to gain better understanding of the key variables that are significantly associated with tax non-compliance and enable them to implement suitable strategies to minimize potential damaging factors and allow them to improve government revenue.

Key words: Taxpayers' Perception, Tax Non-Compliance

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