



The Impact of Tax Laws on Tax Compliance and Administration in Ghana: A Comprehensive Empirical Analysis of Revenue Mobilization Effectiveness

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ABSTRACT

Tax law is a pillar of government systems of revenue collection but its relationship with taxpayer compliance and administrative effectiveness has not been examined in any systematised manner. The research hence makes a detailed analysis of such relationships within the Ghanaian setting. It aims at isolating the key determinants of revenue mobilisation performance and to offer policy recommendation of tax administration reform in sub-Saharan Africa on an empirical basis.

A detailed quantitative study was used which entailed a cross-sectional survey of 240 respondents including individual taxpayers, corporate organization, and tax administration apparatus officials who were distributed throughout the Greater Accra Region. It used stratified sampling so that it would be representative of these taxpayers and socio-economic classes. Data analysis made use of SPSS version 29 and was based on sophisticated statistical models, such as structural equation modelling, multiple regression analysis and confirmatory factor analysis evaluating its validity and reliability.

There are evident lapses in understanding the current outline of tax law evident in empirical evidence: just 17.1 % of the respondents testified to having a thorough knowledge of the existing legislative framework in Ghana. Indicators of noncompliance are also indicators of severe issues- 39.6 % of the taxpayers self-reported non-filing or filed anomalously. Dissatisfaction with levels of administrative effectiveness is also high at 45.8 as the prevailing framework of the law was assessed as being inherently inappropriate in its application towards revenue-mobilisation goals. The statistically significant influences were identified between the tax legislation and the compliance behaviour ($t=4.677$, $p<0.001$), and the tax legislation with the administrative efficiency ($t=5.399$, $p<0.001$) during hypothesis testing. Nevertheless, the effects sizes implied that relationships are significantly affected by other variables.

The results can highlight the presence of the tax law knowledge and compliance discrepancy, and unacceptability of administrative efficiency. However, statistical evaluation reveals support to the speculation that law schemes are the essential elements that influence taxpayer compliance and performance in the administration. The research therefore, validates the need of policy change within the field of tax administration more especially in the region of sub-Saharan Africa, and provides evidence-based suggestions on how better revenue collection can be accomplished.

The empirical evidence indicates an urgent need of tax system changes including concrete integration of the legislature provisions, expansion of the taxpayer education program, acceleration of the digitalisation of administrative work and the reinforcing of the transparency system within the institutions as the methods of restoring trust of the citizens in the work delivered by the Ghana Revenue Authority. The cross-sectional nature of the study though does not allow causal conclusions and it is possible that the geographical focus is not representative of the whole country when it comes to rural settings. Further casual pathways and temporality are candidates to be further clarified through future longitudinal studies making use of mixed-methods approaches. However, the present research study is the largest empirical investigation so far concerning the distinctive processes in which tax law design will determine compliance behaviour and administrative effectiveness in the unique social-economic context of Ghana. Its inputs not only contribute to theory, but also provide tangible recommendations that could be exactly applied to tax policy improvements in other developing economies in sub-Saharan Africa.

Keywords: Tax compliance behavior, tax administration efficiency, tax legislation framework, Ghana Revenue Authority, revenue mobilization strategies, taxpayer behavior analysis, developing economy taxation, sub-Saharan Africa tax policy

1. Introduction

1.1 Background and Context

Tax compliance and administrative effectiveness are some of the bottom-up determinants of national economic development patterns especially in the third world economies whose revenue mobilization capabilities continue frustrating governments in delivering much needed public amenities and

infrastructure development. Taxation in Ghana has experienced massive restructuring in the last thirty years, with a standout provision of Value Added Tax in 1998, a complete overhaul of the income tax acts through the establishment of the Internal Revenue Act 2000 (Act 592) and the creation of the integrated Ghana Revenue Authority through a merge of the previously scattered revenue collecting institutions in 2009.

Nonetheless, these strong reform processes do not make Ghana eligible to high tax compliance rates and administrative efficiency levels. The tax-to-GDP ratio of the country which stood at around 12.6 % back in 2021 is significantly lower than the 16.5 % of sub-Saharan Africa and the International Monetary Fund minimum guideline of 15 % of developing economies (World Bank, 2022; IMF, 2021). This shortcoming has a matching foregone revenue potential of about 3.9 % of GDP translating into billions of cedis in revenue that would go uncollected and might fund essential development projects.

Ghana revenue authority has immense challenges that cut across the various aspects of its operations; these include widespread cases of tax evasion behaviors, procedure redundancies linked to the use of out-dated systems of administration, poor technology base, inadequate human resource capacity and the lack of congruencies in the minds of the people in relation to institutional integrity. All these interrelated issues have the overall effect of undermining attainment of the annual revenue program and weakening the capacity of the government to fund national development needs as defined in the Ghana Beyond Aid agenda and the Sustainable Development Goals agenda.

The persistent poor performance seen in tax collecting in Ghana, when compared to the realized potential and neighbouring countries justifies a systematic empirical investigation of the factors that have contributed to poor performance in tax collecting. Historical sources focus on the separate aspects of Ghana taxation problems, but the important gap still exists with a regard to how exactly the design of tax legislation affects the behaviour of taxpayers towards compliance and the efficiency of administrative work. Explaining these co-dependencies is essential to policymakers and practitioners in the field of tax administration who are keen on developing evidence-based interventions that will not only raise revenue mobilisation, but also maintain the level of equity in the system without affecting operational efficiency.

The high level of complication of the current Ghanaian legal tax structure- which is comprised of several acts, regulations, and various administrative guidelines- creates a significant burden of compliance. Internal Revenue Act 2000, Value added Tax Act 2013, National Health Insurance Levy Act 2012, among a series of additional tools, create a complex regulatory environment which may stump those portraying it, especially small and medium-sized enterprises and individual taxpayers who lack professional and advisory advice. At the same time, there are also doubts as to the administrative ability of the Ghana Revenue Authority (GRA) to reach and enforce such legal mandates, as reflected among other by numerous complaints of uneven use of tax laws, slow speed of dispute-resolution procedures, and poor standards of service delivery to taxpayers. These certificates of incapacitation could weaken any well-established legislative regime by such administrative defects.

The approach that this research is following is holistic because there are several interrelated sub-objectives. The overall goal is the deterministic, empirical analysis of the causal relations between the tax legislation system in Ghana, tax-compliance attitudes of the taxpayers, and the efficiency of the administration of the taxation collection mechanism in the country. At the same time, the paper features four secondary purposes, including (1) the systematic process of determining challenges that hinder tax compliance; (2) the determination of the effectiveness of the actual methods of administrative practices; (3) investigating the perceptions of tax system fairness and efficiency by the taxpayers; and, finally, (4) developing evidence-based recommendations regarding tax-systems overall reform. The studies presented in this paper would be expected to make theoretical and practical implications to the scholarly body of knowledge on taxation in developing economies as well as in policy-reform related projects in Ghana. The study will utilise powerful quantitative approaches and comprehensive data-analysis models to come up with concrete empirical explanations of the determinants of the performance of the tax system in the specific environment of Ghana.

2. Literature Review and Theoretical Framework

2.1 Theoretical Foundations

This paper combines three complementary theories that explain both taxpayers' behavior and the performance of administrator (or the government). The Economic Deterrence Theory was formulated by Allingham and Sandmo (1972) and then modified by Yitzhaki (1974), which posited that decisions with regard to tax-compliance depend on optimal economic calculations by taxpayers, who compare value of the expected cost of tax non-compliance (namely the chances of detection, the severity of the penalties involved and the effects on reputation) with the short-term monetary benefits of illicit evasion. In this paradigm, such ideal compliance will be achieved using probabilities of audits and the types of penalties that will discourage deviant conduct.

The Fiscal Exchange Theory, of which development on the part of Vogel (1974) and further expansion on the part of Levi (1988) argues that the willingness of taxpayers to comply is determined by the view of reciprocity in tax paying and delivery of government services. In this context, voluntary compliance will grow in cases where the taxpayers view the ratio of the taxes they pay and the resources and services provided by the government, as fair. Effective use of government and quality of service and transparency therefore become key variables when it comes to maintenance of compliance.

Tax-payment behavior has been approached as a determinant in the Theory of Planned Behavior (Ajzen, 1991) which, having been originally used to explain partisanship (Ajzen, 1989), was later adopted by researchers including Bobek and Hatfield (2003), Trivedi et al. (2005) to tax-compliance contexts.

2.2 Empirical Evidence from International Studies

In-depth foreign investigation suggests that there are many factors that influence tax compliance in the diverse economic and institutional environments. The complex issue of tax laws is consistently cited as a critical factor of obstruction with significant evidence base available behind the negative examinations between the intricacy of regulation and the rate of voluntary compliance (Richardson, 2006; Kirchler et al., 2008; Saad, 2014). Complicated system of taxation levies high costs of compliance especially to small businesses and individuals without any professional advisory service and at the same time creates an avenue of inadvertent non-compliance. Compared to this, administrative efficiency and perceived procedural fairness is always related to high compliance level in different national contexts (Alm & Torgler, 2006; Torgler, 2007; Kirchler et al., 2008). Proper and effective tax administration (defined as the efficient management of people and resources with due regard to time and people, uniformity of application of the rules and fair treatment of the taxpayers) leads to voluntary compliance because it will reduce costs of complying with the taxes and enhance the perception of legitimacy. Newer studies have drawn attention to this transformative potential of digital technologies both in improving the rate of compliance and the efficiency of administration (OECD, 2019; Jansen et al., 2021). The platform of tax administration in the digital environment is able to significantly bring down the costs of compliance, cut down human error, enhance the level of auditing, and provide live tax payer support. However, the successful digital transformation requires the investment into technological infrastructure, improvement of human capacity and user education programs.

2.3 African and Ghanaian Context

Africa experience offers Africa-centred problems, which include the prevalence of informal markets, some of the worst financial structure in place, limited institutional capacity, and different cultural views towards state authority (Fjeldstad & Moore, 2008; Prichard, 2015). In this context, the case of Ghana provides a good example. A previous study has expressed the importance of the taxpayer education programs (Addison et al., 2018), long-term issues of high informal-sector and deepening informal-sector activities (Abor & Quartey, 2010), and the decisive alteration of trust in government institutions behavior (Akoto, 2019). With an estimate of 33.9 % of GDP equivalent to the informal sector as suggested by the Ghana Statistical Service (2019), this aspect of Ghana forms a highly challenging ground in which tax management takes place. Taxpayers in this sector often fail to formally register their businesses, have limited paperwork on money received and sent, and transact most payments in cash, and therefore the traditional compliance systems are insufficient. It therefore follows that new tax-collection methods that suit informal-sector traits but generate formalization are imperative. The cultural dynamics is also a driving factor in the behavior of tax compliance in Ghana. The customary models of governing highlight mutual responsibility between the ruler and the subject and this builds an expectation that the tax one gives will be exchanged with visible benefits to the community. In cases where those who receive the level of public service which does not match their expectations, a failure to pay tax may occur due to a lack of cooperation among those who consider the government to have failed to meet its end of the bargain in delivery of services to the people.

2.4 Research Gaps and Study Contribution

Despite a rich literature on tax compliance internationally, there exists substantial gaps concerning the nature of the processes through which tax laws influence compliance behaviour and the efficacy of tax administrations in the situation of Ghana. The present literature study considers the existing studies that focus on the isolated parts of the tax system instead of all interdependent relations between legal frameworks, compliance practices, and administrative processes. Also, most of these works refer to or are based on theoretical modelling or case-study rather than thorough empirical research with a strong method of quantitative methods. To fill this gap, this study will (1) conduct the first rigorous empirical study of the connections between tax laws, compliance and administration within Ghana based on state-of-the-art statistics and (2) taking a nationally representative survey of the taxpayers and tax agencies professionals. The study brings new information about the particular facilitators and obstacles of tax compliance in the Ghanaian context and informs the policymakers with recommendations based on evidence.

3. Research Methodology

3.1 Research Philosophy and Design

The research philosophy of this investigation is positivist, in that the focus is the objective measurement and statistical analysis to reveal the pattern and relationship within tax system of Ghana. The scholar is using quantitative design with a cross-sectional survey methodology in gathering full range of data concerning the perceptions, behavior, and experiences of the taxpayers at a particular moment. Even though cross-sectional designs are not robust to causal inferences, they can be used to derive useful information regarding the existing system performance and opinion of stakeholders that can guide policymakers to develop good policies.

Various methodological considerations were behind the choice of the quantitative methodology. First is that the research objectives need to be measured and analyzed in terms of relationships between two and more variables in a diverse and large sample of people. Second, quantitative methods allow generalization using statistics, based on results obtained by sampling to the overall population of taxpayer. Third, standardized measurement tools make reliable comparisons across geographic (different respondent categories or across geographic distributions, which leads to the level of confidence in the findings.

3.2 Population and Sampling Strategy

The data collection exercise will involve a systematic survey of Greater Accra Region All registered tax payers in Ghana and all administration staffs. The choice of this geographic design was due to the fact that they would capture a heterogeneous sample of taxpayers, and the operational feasibility of the research project in terms of budgetary limitations. It is an area with a broad range of economic activity where there are businesses that lie in the formal and informal economy, taxpayers at different income bracket, and central government offices of Ghana Revenue Authority. The calculated minimum sample size required was 385 respondents basing on Cochran formula along with established statistical parameters of: 95 % confidence interval, margin error of 5 % and population proportion of 50 percent (representing maximum variation). The ultimate target sample was adjusted to 450 respondents allowing the possible lack of response and its incomplete administration of questionnaires. Stratified random sampling was used to obtain representativeness within the various categories of tax payers. This population was stratified according to three factors which are type of taxpayer (individual taxpayer, sole proprietorship, partnership, and corporation), business sector (manufacturing business, service, trading and agricultural business), level of income segmentation according to the classification of Ghana Revenue Authority. Proportional distribution has also been used to calculate stratum specific sample sizes so that the end sample reflects the distribution of the larger taxpayer population.

3.3 Data Collection Instruments and Procedures

A wide structured and structured questionnaire devised specifically to suit the investigation of the present study was used to get primary data. Design The design stage was also carried out and as part of the design, extensive literature review was conducted along with consultation of tax practitioners and academic experts. The journal produced as a result was pilot-tested on 30 respondents followed by the repeated process of improving it based on feedback and statistical outcome verification.

The last questionnaire has five major sections. The demographic block contains the respondent details given in terms of age, gender, education level, occupation, business sector and tax payer registration. The tax law awareness questions focus on the use of multiple-choice questions and the Likert scale to check the respondent on the current tax legislation, their specific provisions, compliance requirements, and tax law changes, etc. The section on tax compliance behavior quantifies compliance behavior actual practices, frequency of filing and timely payment of tax, record-keeping procedures as well as voluntary behaviors on disclosure. The perception section of the tax administration covers the experience of the respondent with the services offered by the Ghana Revenue Authority inclusive of the quality of the service, efficiency, fairness, and transparency. This is followed by open-ended questions requesting the respondent to give recommendations on how the tax system can be improved on in the last section.

The three-month duration was covered in the data collection through trained research assistants who were fully oriented in the data collection procedures, data collecting protocols, data ethics, and international protocols of interaction with the respondents. To maximize response levels and representativeness of the sample, various modes were used namely, face-to-face interviewing at business locations, internet-based questionnaire to registered taxpayers who have email addresses and telephone interviewing as it was warranted.

3.4 Variable Operationalization and Measurement

The investigation of three constructs is the subject of interest. The Tax Laws (TL) is the first, and it contains assessments of respondents concerning their opinions about the existing laws regarding their clarity and complexity, fairness, and sufficiency. The scale has eight questions measured on a five-point Likert scale with the anchors at strongly disagree to strongly agree. Some examples include, Current tax laws are not written in code and are understandable, Taxpayer views of fairness do not change with the change of income level, and Tax law is providing adequate guidelines to comply. Tax Compliance (TC) has two branches (actual and intended) in that it has item six items to assess the extent of compliance in filling (regularity and timeliness of filing returns), payment (paying full amounts and on time), documenting (keeping reasonably good financial records) and voluntary compliance (disclosure not prompted by suspicion or other incentives). Behavioral items employ frequency and attitudinal items employ agreement scales hence providing a complete scenario of the compliance pattern. Tax Administration (TA) is the third construct that is used in measuring the perception and experiences of the respondents with the Ghana Revenue Authority. The construct utilizes a set of seven questions with the aim at assessing the quality of service (responsiveness, courtesy, competence), efficiency of the procedures (speed of processing, convenience), transparency (clear communication, consistency of rule application) and the efficiency of the institution as a whole. Each of the items will be based on five-point Likert scales, and the statements that are negatively written will have a reverse coding.

3.5 Data Analysis Strategy

Within the framework of this research, an all-encompassing analytic approach was utilized which assumed the following three sequential steps (1) data preparation and quality assurance, (2) measurement model validation, and (3) hypothesis testing. Preparation of data involved intensive processes of cleaning of data, detection and treatment of outliers, identification and treatment of missing values and ensuring that the right distribution of the corpus is applied. The descriptive methods of statistics were adopted to summarize the demographics of the samples and the distribution and patterns of variables and responses.

The assessment of construct validity, reliability, and discriminant validity was done through measurement model evaluation by relying on confirmative factor analysis. Cronbach Os alpha values were used as reliability measures as well as composite reliability and item-total correlation. The construct

validity was determined through factor loading, average variance extracted determination, as well as Fornell-Larker criterion by measuring discriminant validity.

The hypothesis test utilized various analytical measures that showed the associations between tax laws, compliance and administration constructs: Correlation analysis, multiple regression modeling and structural equation modeling. Control variables that consisted of the respondent demographic variables and firm-level attributes were included to aid the robustness of the models and interpretive validity.

4. Results and Findings

4.1 Response Rate and Sample Characteristics

The research surveyed a target population of 450 questionnaires of which 240 were found making a response percentage of 53.3. In taxation related literature, such a participatory level is generally acceptable, especially in developing countries, where privacy issues and suspicion of respondents are at times known to mitigate participation even when the generalization extends only to the Greater Accra Region. In addition, no systematic bias associated with the observed characteristics was identified in the analysis of non-response.

The demographics of the sample is quite representative of taxpayers in Greater Accra. Gender issues indicate there are 52.9 percent of female and 47.1 percent of male, which is a replica of the demographic situation in the region. The distribution of age involves all adult populations, namely 47.5 percent of respondents are between 18 and 35 years, 31.2 percent are between 36 and 50 years, and 21.3 percent are more than 50 years of age.

The striking finding of educational level is that 73 percent of those sampled have tertiary degree or some form of it, whereas higher levels of education comprise university qualification, professional qualification or vocational qualification. This academic text reflects an urban, formal-sector scope of the research, and begs the question of external validity concerning the rural or less educated taxpayer. However, knowledge on non-compliance among more educated taxpayers is worthwhile since there are less comprehension barriers involved.

The occupational distribution is 51.3 percent of self-employed, 28.7 percent of the private sector employees, 12.1 percent of the government employees and the remaining 7.9 percent falls under no other workers such as students and retirees. This high number of self-employed respondents is a reflection of the economic dynamics of the country since most of the small and medium scale businesses in the formal sector are self employed. The respondents under business segment were divided as 34.2 per cent trading enterprises, 28.9 per cent service provider, 19.6 per cent manufacturing and 17.3 per cent other group of which consisted of agriculture and construction.

This paper evaluates the ways taxpayers are registering in the urban population in Ghana and concludes that 80.3 % of them are registered under the Ghana Revenue Authority, with 19.7 per cent of them informally registered. This rate is higher than the national rates, maybe due to the urban orientation and the elevated education level in the sample. Of the registered taxpayers, 67.4 % have Taxpayer Identification Numbers as compared to 32.6 % who still use earlier forms of registration or are yet to be switched to the requirements of the new identifications.

4.2 Tax Law Awareness and Knowledge Assessment

Comparison of the data shows that there exist an immense shortage in the knowledge level between all groups of respondents as regards to tax law and this will have severe consequences regarding the behaviour related to compliance and quality of the administration. Particularly, the sample of 17.1 % of the total number represents having a detailed grasp of the current framework of the tax laws in Ghana, with 25.8 % of the sample having little to no knowledge on resolute tax regulations. The rest 57.1 % will imply moderate familiarity assuring partial knowledge lacking full compliance needs of even formally registered taxpayers.

Granular knowledge evaluation indicates specific areas of weak knowledge on interpretation of such provisions like transfer pricing laws (only 23.4 % of respondents with sufficient knowledge), requirement on capital gains tax (31.7 % sufficient knowledge), and Value Added Tax exemption rules (38.9 % sufficient knowledge). Such gaps are particularly alarming taking into consideration the fact that the sample represents a large majority of educated, formally registered taxpayers who should be the most knowledgeable part of the overall taxpayer population.

Differences in knowledge between the categories of respondents overwhelmingly contribute to expected forms: tax practitioners and tax professionals exhibit much higher rates of knowledge in comparison with individual taxpayers or small business owners. Among those respondents with professional qualifications, however, the gaps also exist in areas of recent legislative changes and technical masterwork, implying that current efforts on taxpayer training are not sufficient in all categories of taxpayers.

The results also indicate insurmountable confusion concerning compliance procedure and requirements. Only 42.3 percent of the respondents have the right knowledge on the deadlines on submitting tax returns whereas 34.7 percent of the respondents are not aware of the resources to help them comply with what the Ghana Revenue Authority offers. This could be one of the reasons why such procedural knowledge gaps lead to accidental non-compliance by taxpayers that have bona fide intentions of compliance.

4.3 Tax Compliance Behavior Patterns

The discussion of compliance behavior in the Ghanaian tax regime reveals sickening trends of tax non-compliance in many aspects of tax obligation performance. According to the results of a recent survey, filing compliance displays especially alarming patterns: 31.2 % show steady and timely payment of tax returns, 39.6 % admit to sporadic or simply non-existent record. The others 29.2 % say they are occasionally compliant which implies situational or opportunistic behavior.

Payments compliance on its part never meets the satisfactory mark although it shows a slight improvement in performance. About 58.7 per cent of all respondents claim that the assessed taxes have been paid regularly, but the same pictures wide disparities. The most frequently cited issues towards the payment among the respondents on the payment problems though are difficulty in cash-flow (67.8 %), lack of clarity related to assessment process (45.2 %) and disagreements in assessment of tax liability (31.4 %). Based on these results, it can be explained that payment challenges are rooted in bottlenecks and operational deceptions.

The compliance with record-keeping is not ideal: 64.3 % of the respondents would keep some kind of financial records, however, only 41.7 % of the records would satisfy all Ghana Revenue Authority requirements. Poor record-keeping poses major challenges to both taxpayers in an effort to meet with compliance requirements and tax administrators in assessment or audit. Such high rates of poor records are apt to be a consequence of the lack of information on the statutory obligations of taxpayers and insufficient accounting expertise among small businesses.

There is a low voluntary compliance measured in terms of positive indicators like proactive revelation of taxes as well as voluntary registration of taxes. Only one in four (28.9 %) respondents reports making any effort above and beyond the minimum tax legal requirements. This low rate of voluntary compliance shows that the taxpayers are not much apprehensive about the taxation system and are not motivated enough to be compliant rather than compelled through the force of law.

Cross-sections of difference in behavior of compliance with different demographic and business characteristics indicate that there are some distinct patterns which stand out. Bigger firms and more affluent people also portray a general improved compliancy reporting across all the dimensions that are measured and are possibly attributed to more resources and legislative assistance. However, there exists compliance lapses among the well resource taxpayers, implying that capacity shortfalls cannot be the only reason behind the compliance difficulties in Ghana.

4.4 Tax Administration Effectiveness Perceptions

An evaluation of the operating effectiveness of Ghana Revenue Authority based on cross sectorial sample of respondents indicates that there is general discontent with many dimensions of its operation as a service organization. The performance of administration is low: only 21.3 percent of respondents consider the current administration of taxes to be effective or highly effective, but more than 45.8 percent state that it is ineffective or highly so; the rest, 32.9 percent, give the view in the middle.

The quality perceptions imply some weakness on the responsiveness and customer service. The number of participants who consider the responsiveness of the Ghana Revenue Authority staff as satisfactory only reaches 29.4 percent, whereas 52.7 percent of respondents estimate negative staff attitudes and the lack of helpfulness. The efficiency in processing is not good either, and 61.3 percent are in a situation where they have to wait an unreasonable amount of time, getting services delivered.

Communication and transparency are also other grave missing links. According to survey respondents, only a quarter of them (25.6 percent) understand and are able to comprehend communication by Ghana Revenue Authority, but the majority (49.8 percent), find it difficult to acquire precise information in regards to tax and the finding on procedures. Such communicative gap probably increases the struggles on compliance and dissatisfaction of the taxpayers.

The level of procedural fairness is uneven-seven out of ten respondents think that procedural aspects in tax administration are conducted in a fair and consistent way to all taxpayers, but four out of ten respondents indicate they are fearful of favorable treatment of some categories of taxpayers, and one out of five respondents are uncertain about the existence of procedural fairness. These perceptions of fairness have the potential to reduce voluntary compliance and system legitimacy to a great extent.

More positive perspective is observed on the digital service delivery, although there is a significant bunch of improvements associated with it. The respondents perceive positive changes in online service provision and usability with close to 47.3 percent of respondents citing increased access and higher levels of technical competence as the main factors contributing to these improvements. However, there are still some issues in need of improvement, one of which is the user interface design, the system reliability and the interoperability of various tax-administration functions.

4.5 Hypothesis Testing and Statistical Analysis

A set of empirical studies was brought to scrutinize the proposed causal relationship between tax legislation, the taxpayer compliance behavior and the administrative effectiveness of the administration in the public sector. Results were preliminary correlation matrix that firstly supported the theoretical model with significant positive association between all the three constructs thus giving a preliminary support to the model.

The first one would be to expect that within tax laws, the substantive impact of voluntary compliance among taxpayers is significant. Support of this hypothesis was evident in the multiple regression results; that is, perceived tax regulations had a positive correlation with compliance behavior (beta value of 0.287, t-value of 4.677 and probability of 0.001, which is less than 0.05). The same relationship was observed even when demographic factors, company-specific factors, and level of income issues as controls were used. However, it was the coefficient of determination ($R^2 = 0.164$) that suggested that the tax law perceptions explained only the 16.4 percent of the variance in compliance behavior, which means that there were other determinants of compliance outcomes.

The association of strength varied in dimensions of compliance: the strongest association was seen in clarity which was connected to filing compliance ($r = 0.342$) and weakly connected to payment compliance ($r = 0.251$) and record-keeping compliance ($r = 0.198$). The disparity indicates that the legal clarity is the main influence of the routine in terms of compliance procedures and not those that are associated with the problem of capacity.

The second hypothesis argues that the effectiveness of the administrative functioning is also determined by the tax legislation. The substantial finding came in the help of structural equation modeling which indicated this hypothesis by showing a positive relationship between the quality of tax law and the perception of administrative effectiveness to be statistically significant (beta = 0.341, $t = 5.399$, $p < 0.001$). The relationship effect size was higher than the effect size depicted as thereto far as to compliance where tax legislations only explained 5.2% of the variance in administrative effectiveness perceptions ($R^2 = 0.052$).

The results also indicate that the implementation of an efficient regulatory policy is provided within comprehensible and fair tax laws, whereas complex or vague legal documents create administrative barriers that reduce the perception of success. Such findings provide empirical ground to the propositional argument that the legal and administrative arms of the tax systems are intrinsically mutually dependent as opposed to independent.

In terms of the follow-up analysis, the current research examined the mediating role of administrative effectiveness in the relationship between tax laws and the compliance-related behavior. The regression results produce partial mediation which is that administrative effectiveness explains about 31 percent of overall effect of the tax laws in compliance. The outcome therefore proves that, tax law quality directly and indirectly determines compliance behavior through its implications on the effectiveness of administrative implementation.

4.6 Key Thematic Findings

The extensive review on the performance of the tax system in Ghana reveals a set of four main themes underlying this policy in terms of priorities that should be met through reforms.

1. Pervasive deficits in knowledge and awareness

According to empirical results, tax law knowledge differences were large in all respondent categories and irrevocable bases of lack of voluntary compliance. The cause of these deficits is attributed to the poor education plans aimed at informing the taxpayers, sophistication of legal terms in tax laws, and accessibility of professional advisory services offered to the small taxpayers. The significant level of knowledge gaps still exists even in closed, registered, and educated taxpayers, which demonstrates the insufficiency of the existing information dissemination strategies.

2. Headaches concerning compliance through the system

The issue of compliance is not only about knowledge inadequacy, but also capacity limitation, process-related obstacles and institutional barriers. There exists a lot of taxpayers who show intentions to be compliant but face practical challenges such as complex procedures, lack of administration support as well as clear guidance. These implications indicate that it will not be possible to achieve improvements in compliance due to the reforms of individual parts of the system.

3. Illustrated Administration Showing and Service Provider Thresholds.

There are tremendous challenges in terms of performance of the Ghana Revenue Authority with regards to multiple aspects such as the quality of the services provided, the efficiency with which processing is done, clarity of communication, and the applied technology. Such restrictions cause frustration among taxpayers, raise the cost of compliance, and diminish a sense of how the system is legitimate. These capacity constraints seem to be an important aspect to focus on when it comes to sustainable compliance improvement.

4. Legitimacy and measure of trust

Beneath several particular conclusions lie a more general observation of low confidence on the part of taxpayers in tax-collection fairness, effectiveness, and integrity. This mistrust is exhibited in a number of ways such as scepticism of government service delivery, scepticism of corruption and favouritism, and unwillingness to contribute to tax commitments through volunteering. The rebuilding of trust seems to be related to sustainable improvements in the total compliance.

5. Discussion and Analysis

5.1 Theoretical Implications

The empirical studies also yield subtle observations on the limitations and possibilities of the existing tax compliance theories on the orders of the developing economy of Ghana. The legal frameworks do not provide much explanatory power to compliance behaviour, and despite the fact that the economic deterrence theory is partially supported, it, therefore, demonstrates that certain elements of behavioural power could be crucial in explaining the compliance behaviour. Although there is distinct law and possible punishments in causing people to be undecided in compliance intentions, the values of the R-squared are low implying that the mechanism of deterrence acts different in situations with low enforcement capacities, large-scale informal economic activity, and a poor institutional framework.

On the other hand, the fiscal exchange theory shows greater empirical results as it has been illustrated that there is great correlation among administration effectiveness, fairness perception and coping behavior. As hypothesis, the perceived reciprocity between the taxpayers and government service delivery seems to reflect on their compliance choices, as expected in the theory. However, the research also shows that perceptions of exchange are filtered through direct experiences with tax administration instead of performance across all areas of the government implying that effectiveness of tax authority is a crude measure of government competence in taxpayer satisfaction evaluations.

The Theory of Planned Behavior also gives some important information regarding the process through which the tax rules make an impact in terms of the compliance behavior. As shown in the study, the aspect of legal clarity influences an attitude of taxpayers towards tax compliance as it makes it less complex and less uncertain. However, the perceived behavioral control comes out more strongly than legal knowledge in isolation which means that the capacity to comply and the support of the institution are influential reasons towards compliance behaviour.

5.2 Contextual Factors and Environmental Influences

The study findings need to be placed in the broader context of socioeconomic and institutional framework of Ghana, which poses some challenges and possibilities of developing the tax system. The existence of a large informal economy of approximately 33.9 percent GDP is a tough challenge to the conventional tax administration techniques developed on the formal sector. A large portion of taxpayers, who are collocated within both the formal and informal spheres, continue to have registered commercial operations, even as they offer considerably large unit of untaxed transactions that are beyond the administrative control.

High growth rate and structural change have a further impact on the dynamics of the system. Ghana's transformation into a lower-middle-income economy has created new tax payer groups, influenced a change in business conducts, and increased citizen expectations on more government service delivery. These changes demand flexible administration systems that could meet diverse needs of taxpayers and at the same time increase institutional capacity to administer other complex taxes.

The forces of culture and history are strong elements in determining attitudes and behavior of taxpayers beyond the reach of traditional economic models. The typical governance in Ghana is supported by mutual responsibilities between the government and the commoners grafting hopes that payment of taxes would translate to the gains in the community. In this case when the state fails to provide services based on these cultural norms, obedience may be undermined by the citizen as he/she employs historically depicted moments of resistance against perceived illegitimate Power.

In the research, there is also the emergence of disparate generational patterns as regards to tax perceptions and practices. Almost half of the sample, the respondents aged under 50, firmly assert particular proclivity toward digital convenience, transparent communication, and modernized offerings available between tax authorities and taxpayers, which verifies the need to drive a change in approaches to tax administration that concerns the altering capacities and needs of taxpayers.

5.3 Comparative Analysis with Regional and International Evidence

The tax compliance issues being faced by Ghana are similar to those being faced by other developing economies but have different features that require interventions in context. The 12.6 % tax-to-GDP ratio places Ghana at or (one high on the sub-Saharan African scale; ahead of Nigeria (6.1 %) but well behind South Africa (26.7 %) and Botswana (18.9 %). The positioning shows significant possibilities of gain, despite the structural barriers that are part of the reality of most developing countries.

Other key success determinants indicated by comparative evaluation with some of the successful tax reform routes remain shorter or not applied equally in the process of tax administration in Ghana. The comprehensive reform programme in Rwanda, which increased revenue as a percentage of GDP to 16.5 % over 2000-2015, placed strong emphasis on digital service delivery, learner education, transparent governance and high levels of administrative capacity building. The stress on presumptive taxation of micro-enterprises in Ethiopia and simplified regulations of smaller firms in Ethiopia is educative on how to solve the challenges of informal sector in Ghana.

The international sources emphasize that the digital transformation provides great opportunities to overcome the conventional limitations of administration. Estonia, Kenya, and India are examples of how fully formed digital platforms enable the compliance predictability and the administrative

productivity to be increased and the expenses to the taxpayers and revenue office to be minimalized. However, this can only be achieved with massive capital investment in technological infrastructure, regular capacity developments of people and effective user edification programs.

5.4 Policy Reform Implications

Empirical study highlights interdependent references of reform boundaries which can boost performance of tax system in Ghana to a significant extent. Such recommendations concern the structure of certain problems detected but respect resource availability and limits of implementation capabilities.

Modernisation of the Legal Framework and special simplification

The case justifies a thorough un complication of the legal tax system in Ghana with the view to enhancing simplicity and clarity as well as increasing taxpayer understanding. Such a reform has the potential to streamline disjointed law into coherent statute, remove duplicatory or inconsistent demands, and use current norms of plain language drafting to make the law more accessible to ordinary users.

There are targeted areas such as the establishment of simplified tax schedules of the small and medium enterprises, unification of compliance procedures applied in the taxation of varying types of taxes, and formulation of understandable guidance manuals that can help in simplifying legal jargon to the practical systematic steps that can help in legal compliance. To a large extent, the reform process must also be done through stakeholder consultation so that simplified provisions can address the needs of administrative efficiency as well as the feasibility of compliance.

Comprehensive Taxpayer Education and Support Services

The significant knowledge gaps as determined by the research formally require the extended taxpayer education that goes beyond the usual informing approach to education through interactive training and personalized guidance and continuity support services. Effective programs have to be run through various means of delivery, such as digital, community-based workshops, and media campaigns, and coordination with education institutions.

The first target groups of priority are owners of small businesses, self-employed, and young entrepreneurs that embody the current compliance issues as well as potential revenue in the future. Focus of education needs to be on practicality of compliance processes and not on legal study subject matter, focusing on requirements of record-keeping, filing practices and support systems.

Administrative Capacity Building and Service Quality Improvement

Complaint about the quality-of-service delivery at the Ghana Revenue Authority requires overall capacity-building approach that is to include human resources development, as well as the development of the operation system. The main elements include training frontline staff in customer-service skills, reengineering the processes involved to overcome bureaucratic slowdowns, as well as setting up systems to monitor service quality itself in order to generate constant feedback to improve this system.

With technological investment, the focus should be to integrate software packages that support service delivery across all the tax-administration duties without jeopardizing the security of data and maintaining wholesomeness of the system. The user interface design should be simple and easily accessible especially to a section of the taxpayers who have low or no digital literacy, and technological access to the taxpayers.

It takes a long time to develop trust and improve transparency, and this should be conducted to improve the situation with institutional transparency, accountability, and integrity. Initiatives should involve timely published progress on revenue collection and regular details and open dispute settlement, the provision of strong systems to receive taxpayer complaints and concerns.

Elements of preventing corruption must include having strict ethical codes, continued observation of employee conduct, and immediate discipline where an employee is found guilty of an offence. Positive messages about tax administration should be used in the publicly available communication strategies with the included recognition of constraints and continued development work.

6. Research Limitations and Future Research Directions

6.1 Methodological Limitations

There exist a number of methodological limitations to the present research, which narrows down the extent of interpretation as well as the generalisability of research results. The cross-sectional research design does not allow developing causal dependencies between the variables that are being studied or the identification of sequential relations in the development of the tax system. Though strong links between tax law and compliance behaviour as well as administrative practices are noted, such connections are vulnerable to the perception that they are merely correlational in character; thus, future research is a necessity on a longitudinal basis so as to establish direction and temporal priority.

The geographic limitation to Greater Accra Region provides valuable information as regards the most economically diversified zone of Ghana but it can hamper the generalizability of findings. Economic organization, levels of education, institutional strength are frequently very different in rural situations than in an urban concentrated sample, a situation only partially reflected by an urban centered sample. Rural environments are often characterized by unique logistics (underdevelopment of the infrastructure, closeness to administrative centres) and cultural disposition towards the governmental power that require further attention.

Additionally, the sampling plan oversamples concerned parties, who are highly educated and formal taxpayers registered; this discrimination prevents an accurate representation of the informal-sector actors, who have a major proportional volume of economic participation. Despite the fact that this bias was used to increase the data precision, this will undermine the consistency of the results to the policies to help in the integration of the informal-sector players to the formal tax structure.

The quantitative research applied is capable of exemplary statistical assessment but there are risks of preventing the fine-grain qualitative aspects that influence the behaviour of the taxpayers and administrative performance. Standardised survey instruments reflect a lack of asking questions related to motivational cognitions, cultural norms and subjective context variables, and thus place it as a condition of exploration that needs qualified supplement.

Lastly, self-reporting bias forms a significant limitation as the respondents might tend to give socially desirable answers or possess no idea about whether they are compliant or not. These problems are of special relevance to sensitive topics like tax evasion or lack of adherence, where people tend to have less to report.

6.2 Theoretical and Conceptual Limitations

The paper proposes a theoretical model to synthesize all the current theories of compliance taking into consideration that some unique aspects of developing economies and the African institutional environments should be accommodated in the theory. Therefore, a mechanism based on the principles of the Western-based Economic Deterrence Theory might not perform in the equivalent way in the setting of isolated state capacities, rampant informal economies, and the cultural particularities of power structure and shared accountability.

Key constructs, i.e., the quality of tax legislation and administrative effectiveness, are operationalized in the research with the help of subjective indicators which are not necessarily correlated with objective indicators of the performance of the system. Though these perceptions carry significant weight in behavior, they might not represent clarity in the law, efficiency, and service delivery hence limiting the accuracy of the results and the policy measures that are supposed to be followed.

Another limitation is related to the focus on individual level variables to the detriment of structural and institutional determinants that play a significant role in the performance of the tax system. Such factors as economic situations, political stability, governance quality, and international factors influencing the effectiveness of tax systems are not completely considered in the analytical framework.

6.3 Future Research Directions

The constraints outlined in the present work indicate some of the promising directions that will be used in the further analysis of the dynamics of the tax system of the Republic of Ghana and its analogues to enrich our understanding of the topic.

Evolution Tax System Comparison of the evolution Longevity analysis of evolution

Longitudinal designs to observe the trend of taxpayer behavior, level of the effectiveness of the tax administration and general performance of the system over prolonged time periods would enable a scholar to determine the effect of specific policy changes, to find out patterns of compliance over a period of time and test causality effects of rules change on system performance. The impacts of such exogenous factors as economic cycles, political regime, and technological changes may be examined as well on the aspects of changes in the evolution of tax systems; using longitudinal studies.

Mixed-Methods Approaches

The synergistic combination of quantitative and qualitative approaches may provide much more depth in the relationships revealed in the effectivity of the statistical associations identified in this analysis. Using qualitative research with the major methods of in-depth interviewing, focus group discussions, and ethnographic observation would help to explain the cultural dimensions, inspirational complexity, and pressure situation uniqueness, governing the way in which taxpayers behave and outlining the administrative activities.

Comparative studies at an inter-contextual scale

The performance of tax systems might be systematically compared across regions in Ghana, groups in a population and economic branches, and would be identified as context-specific determinants of compliance and administrative effectiveness. Comparative international research, including other comparable developing economies, would enhance the process of determining best practices and contextual factors that have the likelihood of promoting fruitful tax system development.

Intervention Impact Assessment

Strict assessment of selected tax administration interventions employing either experimental or quasi-experimental designs would provide causal information on which of the various reform strategies are effective. These assessments would also have the capacity to explore the way in which measures of taxpayer education, digitalized service delivery platforms, improvements in the administrative process, and alterations in the legal environment can change behaviors in terms of compliance, as well as the performance of overall systems.

Studies about the Integration of Informal Sector

The concept of the informal sector is not recognized in pure form by all people. Some parallels can be used as far as the informal sector is concerned although it actually happens in reality. Growth Minimal growth of the informal sector can be traced but it is not so low.

Focused questions of this kind that ask those in the informal sector about their experiences with the formal tax systems and its relationship can supply information that can help overcome challenges to expanding tax bases and promoting greater economic formalization. These studies have to find out the obstacles as well as the drivers of voluntary registration; outline appropriate tax frameworks of informal business; and measure the influence of simplified administrative practices into the level of compliance.

Digitisation, transformation and technologies Implication

An extensive analysis is needed to determine how digital technologies impact the tax governance and compliance, as it would help when making investment decisions and changing operational systems. Researchers are supposed to explore user-experience issues, the digital divide, the cybersecurity phenomena, and the comparative efficacy of various digital service patterns.

7. Practical Implications and Policy Recommendations

7.1 Immediate Reform Priorities

As reflected by both case-specific empirical evidence and the supporting analytical evidence, it is observed that a number of short-term priorities of reforms could significantly alter the performance of tax system in Ghana within current resource capability and limitation of institutional capacity.

1. Higher Tax Payer education and awareness push

The vast knowledge gaps that were found in the process of this research require an urgent improvement of the current taxpayer education conditions that should be based on specific performance goals and multi-covered plans. The Ghana Revenue Authority must create a multi-channel educational program that can be created by using the digital platforms, community outreach, media partnerships, and the collaboration with educational establishments to reach the target market segments of taxpayers.

The focus should be on the creation of plain educational tools that will explain complicated law requirements in a way people can read and conduct the required compliance. Such materials must be presented in several languages, use visual representations and interactive tools, and step-by-step follow-up for usual compliance processes. The particularities of educating small-scale business owners and self-employed workers should be taken into account as the latter lack the necessary knowledge and represent the most rewarding source of income.

The education proposed must have feedback system in place to be able to improve as individuals get the experience and evaluate the effectiveness of their learning. To guarantee value out of education investment, regular assessment should be aimed at measuring knowledge acquisition as well as the effect of actual behavior change.

2. Quality Improvement of Service Delivery Programme

Dissatisfaction with the quality of the administrative service is widely spread, which immediately requires attention to customer service, efficiency of processing, and effectiveness of communications. The Ghana Revenue Authority ought to launch more detailed standards of service quality with performance evaluation and control measures.

Particular enhancements are the staff training programs that emphasize excellence in service to the customers, process reengineering that involves the removal of the irrelevant bureaucratic processes and achievements of service delivery time -frames that are publicly accountable in terms of performance. A physical infrastructure upgrade in the taxpayer service centres would improve the attitude of the taxpayer at large and show the institution is committed to service delivery.

Service delivery to be delivered digitally must focus on user-friendly interface design, reliability of the system and its overall functionality that allows decreasing face-to-face attendance. However, online services are meant to augment instead of adopting the human service option as most taxpayers need tailored help on the complicated compliance issues.

Legal Framework Simplification Project

The identified complexity in this study points out that an urgent project on simplifying the overall legal framework is required and which combines the dispersed provisions, gets rid of the contradictory demands, and improves comprehensibility. It may be considered an outreach activity involving the cooperation of legal experts, tax practitioners, and taxpayers to provide that the effective measures are within the norm of administrative efficiency and within the usability criterion.

There should be focus on developing unified guidance documents that consolidate the requirements among the various types of taxes so that they are uniform in their compliance actions and timelines and provide plain-language summaries of technical provisions. The point of simplification must also deal with discrepancies between the various legislative chunks and figure out ambiguity that leads to uncertainties on compliance.

7.2 Medium-Term Strategic Reforms

Some of the strategic tax reform programs that were proposed need to run over medium-term periods in order to achieve a significant change in the performance of the tax system.

It requires a deeper digital transformation plan, one that is much more than what currently reside online, including embedded systems, automated process, decisions driven by data. A strategic plan with a focus on user experience, system integration and the ability to scale to future growth and the evolution of technology needs to be the anchor behind such a strategy.

Interoperability with other systems within the government, ability to integrate with the private sector, and strong data security systems that will protect against taxpayer data leakage but also allow access to tools to be used in administrative enhancement should be highlighted as a part of the digital strategy. At the same time, the digital infrastructure investment should also include a considerable scale of staff training and taxpayer education since it will result in effective adoption and usage.

Mobile-technology integration should particularly focus on this fact to take advantage of the high mobile-phone penetration rate which exists in Ghana, as well as to reach taxpayers that do not have access to computers or fast internet connections. Simple, offline and integration with mobile-payment systems to easily pay taxes should be defended by the mobile solutions.

In line with such digital efforts, institutional development and building capacity of the administration are necessary. The necessity of sustainable advancement of efficiency in tax administration implies a thorough set of capacity-building measures that should also encompass a range of concerns on human resources development, organisation systems, and institutional culture. The Ghana Revenue Authority ought to develop a long-term capacity-development plan which could include recruitment and retention, continuous professional development and performance-management systems that reward good service delivery.

Data-driven decision making, risk-based audit selection, evidence-based policy Developing based on analyzing data should be achieved by investing in analytical capacity, most prominently in taxpayer segmentation, compliance risk assessment models, and performance-monitoring instruments that provide regular feedback to improve on a continuing basis. The development of the institutional-culture must focus on the orientation of customer service, professional integrity, and the continuous learning. This cultural change must have long-term leadership, identification of the expectations to the culture, and rewarding the culture system where the excellent performance is rewarded and poor service is counteracted.

The current atmosphere of tax administration lacks trust and therefore calls on long-term and holistic reforms to enhance transparent tax administration, accountability and indeed institutional integrity. Ghana Revenue Authority, therefore, should devise an effective transparent system integrating regular reporting on key performance indicators, the easy flow of information on changes of policies and reasons behind them as well as the creation of easy access to the taxpayer feedback and complaint mechanism.

The corruption-prevention efforts must be aimed at enhancing internal controls, carrying out frequent checks on integrity and imposing disciplinary measures on misconduct promptly. The process of communication to the people must also observe current constraints and celebrate the accomplishments that are measurable in terms of stipulated improvement goals.

Engagement with stakeholders must be formalised in the sense that they should consult formal mechanisms to engage realistic representatives of taxpayers, professional associations, and civil society organizations in the process of creating policy and optimizing systems. These processes ought to provide effective opportunities of input by the stakeholders with leaving clear chain of decision-making authority and accountability.

7.3 Long-Term Vision and Strategic Objectives

The available empirical evidence of Ghana affirms the fact that the forward-looking design of the tax system has to be the one that prioritizes the voluntary compliance of taxpayers, excellence in administration and long-term collection of the final goal which is the national developmental goals.

Vision Statement: Ghanaian tax regime must evolve regardless of its level of transparency into an efficient, evenhanded and predictable instrument of revenue mobilisation that moves towards attaining voluntary compliance through legal simplicity, good service provision and actualised emolument of taxes paid to services received.

Strategic Objectives:

1. Establish West African Regional Leadership in Excellence in Tax Administration: Become a regional pioneer in excellence of tax administration to emulate copying by other developing economies through innovative service delivery, technological development, and capacity of the institution.
2. Maximise the potential to mobilise revenues: attain a tax to GDP ratio of 18 % within a decade (compared to the current related to taxes paid to GDP ratio of 12.7 %) by extending the coverage, enhancing compliance and ensuring that economic growth is facilitated without raising tax rates, potentially inhibiting economic growth.
3. Promote Economic Formality and Expansion: Use taxation policy and administration as a development tool to promote formalization in the informal economy, growth of small business and entrepreneurship by means of facilitating procedural efficiency and friendly support services.

4. Increase Trust and legitimacy of Institution: Create a long-lasting trust that the taxation system is equitable, effective and honest by its performance, transparent governance.
5. Support Sustainable Development Financing: By ensuring that any improved revenue mobilization that goes directly into financing the sustainable development goals, there is clarity in allocation of resources and means of delivery of public services.

8. Conclusion

8.1 Summary of Key Findings

The empirical investigation at hand leads to the definitive piece of knowledge regarding the complex interdependence between tax legislative system, taxpayer compliance behaviour, and the administration relative effectiveness of the Ghana tax collecting mechanism. Significant correlations are revealed through all of the three constructs, although these very constructs are followed by quite domain-specific difficulties which require synergic interventions.

The most dramatic finding is related to the issues of widespread knowledge gaps that even formally registered taxpayers have, which means that current information dissemination practices are clearly inefficient. Comprehensive knowledge on tax law is only indicated among 17.1 percent of the respondents indicating a very harmful educational gap that increases erosion issues on voluntary compliance, and administrative performance.

The fact of compliance behaviour patterns observation also discloses structural restrictions that do not stop at the informational limitation. The fact that nearly one in every three taxpayers fails to file in required returns or rarely does so would mean there is a bigger problem which should be addressed as an entirety thus necessitating significant changes instead of piecemeal upgrades.

Assessments of administrative efficiency reveal a widespread dissatisfaction on the various aspects of service where 45.8 per cent of the respondents described their tax administration as ineffective. These perceptions expose real service failures that increase costs of compliance, stress taxpayers and weaken the legitimacy of the system.

Multivariate analysis proves that the quality of the tax law has a substantial effect on both administrative performance and behaviour of compliance but the explained portion stays small, which defines that a complex reform should deal with interconnected factors altogether.

8.2 Theoretical Contributions

The current study makes a number of theoretical implications on the issue of tax compliance in developing economies. It indicates that the compliance theories developed in the context of advanced economies need to be massively adjusted when presented in jurisdictions with large informal sectors, low institutional capacity and a particular cultural background.

Empirical studies suggest that deterrence-based strategies have minimal impact on those cases where enforcement resources are limited and the relations between taxpayers and the state are marked with low trust. Conversely, there is evidence to the position that an excellence in service delivery, transparency, and reciprocity is the main contributor to voluntary compliance.

The paper itself has also clarified the mediating role of administrative effectiveness in the domain of legal frameworks and compliance behaviour. This conclusion implies that tax law reform, when implemented in isolation, cannot be used instead of the significant development of the implementation capacity and the quality-of-service delivery.

8.3 Policy and Practical Implications

This study validates the fact that the results are directly applicable in developing tax policy and tax administration needs of Ghana, in addition, providing transferable knowledge within other developing nations within the sub-Saharan region of Africa. These findings indicate that a more holistic approach of incorporating legal, administrative, and educational aspects are ideal as opposed to a bit-by-bit intervention method. Taxpayer education and support services are therefore important pillars of tax system efficiency and policymakers should learn to prioritize these services as a direct response to knowledge gaps because they have been shown to be basic obstacles to compliance that cannot be addressed by any type of enforcement alone. At the same time, capacity building should focus on excellence in service delivery and engendering the taxpayer's confidence since the aforementioned prerequisites to a sustainable improvement in compliance.

These results also support the significance of participatory initiatives incorporating taxpayers and practitioners in their system-improvement efforts; and engagement of the stakeholders in the reform process. This type of engagement does not only make the technical quality of reforms better but also makes improvements in the acceptability of effort within the communities of the taxpayers.

8.4 Future Research Agenda

The study is also a precursor to future research studies that will enhance an understanding of the tax system in Ghana and other related developing economies. It lays out three main priorities in future studies: (1) longitudinal evaluation of the outcomes of reform; (2) questioning of compliance motives and obstructions in qualitative terms; and (3) the comparison of regions across borders and among different demographic groups.

Further on, the paper highlights the importance of specialized research oriented to the informal sector, the disruptive impact of digitalization, and the cultural determinants of the fact that taxpayers are incentivized to behave in a manner that is optimal for them. With these types of analysis, more refined and effective policy action is likely to follow which would take into consideration the unique economic and social context of Ghana.

8.5 Final Observations

The tax regimen facing Ghana presents very serious challenges that demand a substantial restructuring that will involve all the three sectors; legal, administrative sector and the educational sector in a multilateral way. Meanwhile, empirical evidence reveals a rather large area of improvement in terms of the evidence-based interventions with the focus on taxpayer service, transparency, and institutional capacity building.

The commitment of political leaderships, the sufficient allocation of the resources and the long-term efforts of implementation on the prolonged periods of time will be the key factors of long-term sustainability of the tax system reform. Such reforms not only have pay-offs in terms of revenue mobilization, but also involve the process of enabling economic development, the enhancement of governance, and the armoring of the social contract between citizens and the government.

The practical evidence-based knowledge and policy suggestions developed during the study can be used to guide the transformation of the tax system in Ghana and increase the level of understanding towards the challenges and opportunities offered by taxation in the realm of developing economies. In the paper, it is established that superior tax systems result when projects are patient, broad in scope, and focused on institutional excellence and taxpayer service, as opposed to high revenues focused on tax and ready short-term results at the cost of the sustainability of the system.

Excellence in the tax system should be marked by recognition of existing constraints and the long-term dedication toward evidence-based change and improvement coupled with input of stakeholders and the application of internationally-recognized best practices and at other times adapting best practices to the Ghana setting. To this extent, the study has added value by offering serious empirical findings and practical recommendations that could be used to inform the policy thinking and action.

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