

STUDIES ON TAX STAMP ADMINISTRATION BY THE GHANA REVENUE

AUTHORITY: A CASE STUDY IN WA MUNICIPALITY

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ABSTRACT

The informal sector is reported to be hard to tax which presupposes that there is compliance problem amongst small business operators within the sector. The main purpose of the research was to study Tax Stamp administration by the Ghana Revenue Authority (GRA) in the Wa Municipality of the Upper West Region of Ghana. Specifically, the study intended to ascertain the awareness level of knowledge of business operators concerning the Tax Stamp, measure the level of compliance and identify major challenges small businesses face in the payment of the Tax Stamp. The researchers employed a convenient sampling procedure which is a non-probability sampling technique to ensure a fair and broad representation of the sample. A sample size of 200 respondents was therefore drawn from the population of small-scale business operators. Both qualitative and quantitative research methods were used to conduct the research. There was generally a high awareness of the presence of the Tax Stamp and what it was meant for. Majority of the small-scale business operators representing 82.5% of the sample affirm their awareness of the Tax Stamp. Tax officials were the major source of information on the Tax Stamp. The majority of respondents (67.39%) reported that their main source of information on the Tax Stamp has been the frequent visit of tax officials. The majority of respondents (59%) buy the Tax Stamp regularly. The survey revealed that 54.9% of the informal business operators cited expensiveness of the Tax Stamp as their main challenge in complying with the levy. The GRA should provide adequate logistics to tax administrators. The rates of the Tax Stamp should be revised downwards to make it affordable. The government should maintain a sustained tax awareness campaign throughout the country. It is anticipated that the research work will help find out the level of knowledge of small business owners concerning the Tax Stamp, the extent to which small business owners are complying with revenue collecting agencies toward the purchase of Tax Stamps, the effectiveness of measures adopted to enhance compliance for the Tax Stamp, the major difficulties encountered during the purchase of the Tax Stamps, as well as ways of improving compliance and collection of revenue through the Tax Stamp System.

KEYWORDS: Tax Stamp, Ghana Revenue Authority, Small Scale Business & Informal Sector