EFFECT OF TAX AUDIT AND INVESTIGATION ON TAX EVASION CONTROL IN UGANDA CASE STUDY OF UGANDA REVENUE AUTHORITY (URA)

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[1] **Egau, B., &** [2] **Mpakaniye, J. P.**

[1] Master of Science in Taxation, Department of Enterprise Management, Ines-Ruhengeri, Musanze District, Rwanda

[2] Lecturer, Department of Enterprise Management, Ines-Ruhengeri, Musanze District, Rwanda

ABSTRACT

Tax evasion has always been a challenge in many tax systems across the world and there are various reasoning on tax audit and investigation as a controller to this problem. Build on this, the study examined the effect of tax audit and investigation on tax evasion control in Uganda using case study of Uganda Revenuer Authority (URA). The population of the study was 3000 workers of URA and the targeted population was 239 workers where a sample size of 150 respondents was drone from. The study was guided by three objectives namely; to examine the influence of desk audit on Tax evasion control, to investigate the influence of field audit on Tax evasion control and to determine the effect of tax investigation on tax evasion control. A survey and correlation research design was used in this study and structured questionnaires were used in data collection. The analysis was done using STATA and presentation was done using tables. The results showed that the influence of desk audit on tax evasion control, it was revealed that there is positive correlation between desk audits and tax evasion control with $\beta_1=0.323$ and P-Value 0.000 which clearly showed that there is a strong association between desk audits and tax evasion control. On investigating the influence of field audit on tax evasion control, it was found that a positive and significant relationship with p-value 0.000 < 0.05, $\beta_2=0.185$ existed between field audit and tax evasion control. On determining the effect of tax investigation and tax evasion control, it was found that a positive and significant relationship with p-value 0.000 < 0.000, ($\beta_3=0.490$) existed between tax investigation and tax evasion control. The study recommended that there is need for the URA to look for additional/extra hands-on and effectual means of intensifying the impact of tax audits and investigation on compliance to control tax evasion in Uganda in order to consolidate on government's revenue.

***Key Words:** Tax Audit, Tax Investigation, Tax Evasion Control*

INTRODUCTION

Historically tax evasion is not a new practice. Around 3000 B.C., Egypt recorded the first instance of organized taxation. The leader would appoint commissioners to tax one-fifth of all grain harvests. Taxation evolved as Greek civilization engulfed much of Europe, North Africa, and Middle East in the centuries preceding the Common Era, however although taxation has a long history as seen a above, It had a relatively minor role in the ancient world, due to the practice of some of the traders and farmers not giving the actual figures of their output to pay less grains (Wallace, 2015).

Taxation allows the government to re-apportion wealth in order to relieve poverty and also provide social services for example like pension and other public services (Dube & Casale, 2016). However many wealthiest taxpayers and also transnational corporation with the ability have decided effectively to opt out of tax system; this has harmed tax revenue in developed and developing countries. They accomplish this through a clever (and legal) combination of tax haven transactions and massive tax breaks granted by governments, allowing them to avoid paying the majority of the taxes (Keen, 2012)

According to Casagrande *et al*. (2015) the most significant argument used in fight against tax evasion is tax auditing. According to European Commission (2013), in order to fight better against tax evasion or corporate tax evasion in Europe, Tax auditing and investigation are taken into consideration along-side with penalty and other control variables in the fight against tax evasion. However, experience has also shown that tax audit through its forms like desk audit, field audit and back duty audit operation in most cases also leaves disagreement between the taxpayers and the authorities which can span stretch over a period of twelve months before such discrepancy is reconciled and associated assessment paid thereof (Nwaiwu & MacGregor, 2018; Oyedokun, 2016).

Looking at tax evasion in Uganda, the government has been dealing with a growing fiscal shortfall not forgetting a mounting burden in debts. The growing revenue shortfall in Uganda continues to increase for example in 2018/2019, the budgetary shortfall increased to 8 percent of the GDP compared to 6 percent in 2017/2018, this also affected net present worth from 30 percent to 32 percent of the GDP in 2018/2019. In 2017/2018 URA achieved a tax deficit of 602 billion shillings, 2016/2017, tax deficit was 458 while 2015/2016, tax deficit was 404 billion shillings and all these are attributed to tax evasion. According to Kabajwara (2018) comprehensive audits which comprises of field audit in most cases is the one that leads to increase in tax evasion at Uganda revenue authority instead of controlling it because it consumes a lot of time normally 2 years at least as they involve extensive field work since their objective is to determine the correct tax liability for the entire business.

On an attempt to solve the problem of tax evasion and reduce revenue shortfall, URA implemented many tax enriching mechanism, likes tax law reforms, enticing tax breaks, e-payment, e-registration, educational programs and also in 2016 more audit and investigation programs were also established by URA in audit and investigation department to ensure that the role of these forms that is desk audit, field audit and investigation are realized for example, EOI which is exchange of information with its unit within tax investigation department was adopted in tax audit and investigation to create awareness and control tax evasion, TIWB tax inspectors without borders was also adopted on transfer pricing audit which is done both at the premises of the tax official and taxpayer and criminal investigation and this was mainly to address aggressive transfer pricing (OECD/UNDP, 2020). However you find that revenue shortfall still persisted as evidenced by tax deficit achieved by Uganda Revenue Authority from 2015/2016, which was 404 billion and increased to 602 in 2017/2018.

Several studies were carried out to find out whether tax audit inform of desk audit, field audit and investigation has an effect on tax evasion control for example in Nigeria by Enofe *et al*. (2019) and

they found out that the these forms that is desk audit, field audit, and tax investigation are able to curb tax evasion, and they concluded that they are all essential conformity tools that can lower the rate of tax evasion and rise state income, however, there are limited studies done on this in Uganda for example by Kabajwara (2018) whose findings shows that field audit cannot easily control tax evasion and other studies mostly focuses on the effect of tax audit and investigation on administrative efficiency only yet there is a need for Uganda revenue authority to look for better mechanism of controlling tax evasion and put in more effort of improving them to ensure that they perform their role effectively since URA is ever witnessing increasing revenue shortfall. These challenges confronting URA necessitate an examination of the effects of tax audit and investigation on tax evasion curbing in the country, with the case study of URA.

LITERATURE REVIEW

Conceptual Issues

Tax audit

Tax audit means collecting of information in order to discover the level of obedience with appropriate laws (Adediran *et al*., 2013). Tax audits are carried out by tax officials of a relevant tax authority, as opposed to statutory audits performed by licensed audit firm. Examples of tax audit are desk audit which is executed within the office of the tax officials, field audit which takes place at the premises of the taxpayer, or a back duty audit, which is also carried out where there is suspicion that the taxpayer has engaged in tax evasion (Oyedokun, 2016).

Looking at the tax official premises, according to Kabajwara, (2018) tax audit due take place in the premises of the tax official, an example is issue audits that is many times performed as desk audits and involve minimal or no field work. Desk audits are limited to an item (s) of potential non-compliance that may be evident from inspection of a taxpayer's return. According to Kabajwara, (2018) these audits that takes place within the tax official

premises always take less time to perform because of their limited scope and also used to review huge numbers of taxpayers with similar cases of non-compliance and are also less costly.

According to Olaoye *et al*. (2019), literature affirmed that office/desk audit is cost effective however, affords auditors to independently determine the accurate tax liability of the tax payers, although some authors like Kabajwara (2018) from URA point out that desk audit is not cost effective since it always take less time to conduct because of their limited scope and are used to review huge numbers of taxpayers with similar cases of non-compliance and no need to travel to the field as taxpayers document can be wired electronically through the email as compared to field audit.

Looking at field audit, this is where the tax auditors take the exercise to the taxpayer's premises. The researchers actually point out that the field audit makes use of the limitations of desk audit which means that desk audit often leads to field audit when additional documents are needed from the taxpayers. They support the discussion that the presence of the auditors at the taxpayers premises improve the level of compliance and reduce tax evasion (Ladi and Henry, 2015)

Explaining further, it is clear that field audit needs the taxpayers to be well-informed before the beginning of the audit. This type of audit allows physical verification of tax payers claims so as to authenticate the truth and figure of the returns. Literature declares that field audit would better the level of compliance by the tax payers hence controlling tax evasion (Olaoye *et al*., 2019)

Tax investigation

Tax investigation is a précised fact-discovery and tells of procedure used to agree or disagree on reality or non-reality of a material truth. It is not carried out as a substitute to an audit but as an addition to audit (Wuyah *et al*., 2018). The results of audit mainly lead to investigation to prove whether tax evasion occurred (Modugu & Anyaduba, 2014).

Tax investigation is completely deferent from tax audit because it is conducted when there is suspicion that a taxpayer is engaged in tax fraud which could be due to: failure to file tax returns, filing of incomplete or inaccurate returns, failure to register for tax purposes or connivance between tax official and tax payer to defraud revenue authority (Onuoha & Dada, 2016).

The theoretical assumptions of Allingham & Sandmo (1972) also point out that, investigations as well as penalties probability have an impact on tax compliance. This goes to shows that the higher the investigation and penalty probability, the greater the discouragement for potential tax evasion and avoidance. The tax investigation unit is responsible not to only investigate, but to penalize and recommend prosecution in cases of tax evasion. However in most cases connivance between tax official and tax payers jeopardizes the all process of tax investigation making the smooth running of investigation difficult which definitely promotes tax evasion (Akinnola, 20011).

Tax evasion

Tax evasion, according to Modugu and Omoye (2014), is the failure to reveal the accurate earnings that should be appraised, either through exaggeration of facts; forgery of figures, recording of incorrect returns, or misstating of tax liabilities through the use of criminal or fraudulent means, which causes the taxpayer to pay lesser amount of tax than he should pay. According to Modugu and Omoye (2014), these acts of default comprises failing to pay tax, failing to present returns, omitting or misstating items from returns, demanding unlawful reliefs, understating earnings, recording false sales, exaggerating expenditures, failing to respond to queries, and others.

According to Adediran *et al*. (2013); Ladi and Henry (2015); Soyemi (2014); Okonkwo (2014)Olaoye *et al*. (2019), tax evasion can be controlled by desk audit which incite the tax payers to completely comply with the existing tax laws and regulations, field audit which can promote the reporting compliance and tax investigation that creates

awareness of offenses and their consequences among the tax payers.

Theoretical Review

The Theory of Planned Behaviour

Ajzen developed the theory of planned behavior in 1988 as an addition of the ideology of seasoned action in 1985 (Mathieson, 1991). The theory holds that people are more likely to get invlove in a behavior if they consider the proposed behavior to have potential outcome (attitude). Furthermore, the central claim of the ideology of planned behavior is that there is only one immediate determinant of behavior, which is typically the person's intention to carry out or not to carryout it. According to the theory, intention is detected by factors such as: subjective norms, attitude, and subjective control over the specific behavior. More particularly, the ideology of planned behavior attempt to explain how attitude manifests itself. Subjective norms, subjective control, and subjective intentions all work together to predict taxpayer behavior.

Itashiki (2011), for example, stated that many studies justified a high correlation of attitude and subjective norms to behavior. He believes there is a preposition of a recognized behavioral control to help elucidate behaviors that arises when a person's command over the behavior is insufficient. He also asserts that the ideology of planned behavior displays the function of non- volition in foretelling behavior.

Looking at it in opposite, the ideology of planned behavior was criticized by Wondwassen (2015), he argued that, given the strong association between attitude, subjective norms, and behavior, the postulation of Ajzen's ideology of planned behavior cannot be applied in all cases. His criticism was built on the assumption that, due to detailed constraint, attitude and subjective norms don't always bring about behavior, but instead the willingness of the person. The theory is useful in explaining which potential tax payers tend to evade the payment of tax. Because the reason for tax evasion cannot be

farfetched from the attitude of government, cultural norm and individual differences

The theory clearly shows that tax evasion control or avoiding tax evasion is associated with the taxpayer's behavioral management and uncompromising attitude and behavioral management as well as attitude can be done through tax audit and investigation using determinants like awareness of the offenses and their consequences through tax investigation, promoting reporting compliance of tax payer and inciting tax payers to comply with the tax laws through desk audit and field audit (Alleyne & Harris, 2017; Rantelangi & Majid, 2018).

Economic Rationalization Theory

Economic rationalization theory was developed by (Weber, 1958) as cited by Ladi and Henry (2015). The theory point out that individual would judge the cost benefit of any chosen activity. The idea here is that the taxpayer is constantly searching for the welfare from government out of taxes paid. Specifically the ideology here is that, the tax payer will be ready to pay more tax as long as there are reasons to believe that the government is performing her role or duties of providing infrastructure/ services and security. The conflicting side of the ideology here is that noncompliance or tax evasion would rise where the viewpoint of the tax payer is that the government is failing in her role/duties of providing public goods. This is where this theory turns to be of importance to this research given that there are claims of failed government in Uganda where the tax payers appear cheated and are of opinion that the state is giving them less than they deserve resulting to non-compliance.

Empirical Review

Multiple researches have been carried out on the effect desk audit, field audit, back duty audit and investigation on tax evasion in relation to revenue generation and tax compliance. Enofe *et al*. (2019) conducted research to discover the influence of desk audit, field audit and investigation on tax evasion control. Using survey research, with responses got from staff of revenue-authority in Bayelsa Nigeria, via a well-structured questionnaire. The hypotheses tested using O. logistic regression, the results shows that tax auditing through its forms has a serious negative influence on tax evasion. However they discovered that tax investigation has got a significant and negative influence on tax evasion. As a result, the study recommended, among other things, that tax auditing be performed on a regular ground to act as check and control instrument to tax evasion, and that in order to avoid inefficiencies and delay in auditing, the taxpayers be adequately outlined and chosen for audit.

Another research was als Adediran *et al* (2013) on the impact of desk audit, field audit, back duty audit, registration audit and investigations on Nigerian revenue generation from the sample of 500 answerers comprising of employees of State Board of Edo Internal Revenue using a well-structured questionnaires. The analysis was done using (SPSS) and hypotheses were tested using (PPMC). The outcome shows that, these forms of tax audit and investigation increases revenue generation and control tax evasion.

A study was also conducted on the effect of tax audit on revenue generation in FIRS by Onoja and Iwarere 2015 from the sample size of 162 Staff of the FIRS using Questionnaires. Descriptive statistics was adapted to present data and hypotheses tested using ANOVA. Results reveal there exist a positive effect of tax audit on revenue generation in Nigeria. The outcomes of the research were also confirmed using secondary data. The results show tremendous improvement in revenue generation since the setting up of audit and investigation department in 2006.

A study was also undertaken by (Wuyah *et al*., 2018) to determine the impact of desk audit and investigation on VAT generation in Kaduna, Nigeria. Structured questionnaires administered to 90 staff using stratified random sampling, descriptive statistics was adopted and hypothesis tested using PPMC. The outcome shows that tax audit and

investigation accelerate VAT rise in Kaduna Nigeria which means VAT evasion is controlled.

In 2018 Amah and Nwaiwu conducted research on desk audit practice and down south tax revenue generation in Nigeria, a sample size of 242 using Yamane sample formula was got from a population of 613 at Port Harcourt Rivers state. Data was collected using questionnaires and descriptive statistic used to analyze. Secondary data tested using regression techniques. The outcome resulted to rejection of the null hypothesis which means that desk Audit does not have a significant influence on Personal Income Tax and the study recommended that other researchers should look in to the impact of other forms on revenue generation.

In 2018 also Olaoye and Ogundipe conducted research on the practice of desk audit, field audit, back duty audit and investigation on tax evasion control. Questionnaires were administered to a sample size of 194 respondents from state inland revenue south western Nigeria. Measuring association and testing hypotheses was done using spearman's rank correlation and O logistic regression. The outcome of the study shows that desk audit and back duty audit has a serious influence when it comes to tax evasion control while field audit with insignificant effect on tax evasion control. More results of the research shows that tax investigation has no significant influence on the level of tax evasion control. The study, therefore, suggested that, revenue agencies should oftentimes absorb desk and back duty audit since both largely contribute to tax evasion control.

Olaoye and Ekundayo (2019) also carried out a research to examine the effect of desk audit, field audit, back duty audit and registration audit on tax compliance. In their research descriptive survey research designed was used and questionnaires presented to 60 respondents selected randomly from Ekiti state revenue, analysis was done using Ordered Logistic Regression techniques. Findings of the study showed that these forms of audit had a positive effect on tax compliance and remittance. The outcome of the discovery shows that tax audit

increases obedience and brings about high revenue and curbing tax evasion in Ekiti state.

Also a study carried out by Ladi and Henry (2015) on effects of tax audit on revenue generation using structured questionnaire and found out that desk audit, field audit, and back duty audit can improve revenue generation. It was also the researchers' view that the presence of the tax auditors in the premises of the tax payer will permit for paying special attention to items of high tax potentials. The expectation is that the field audit will enable the auditor to be more favorably disposed to have more records and files examined with a view to producing a more accurate tax liability of the tax payer.

Research Gap

From the theory of planned behavior, it only attempt to explain how attitude that leads to tax evasion manifests itself but did not point out how these attitudes can be controlled, According to the theory the intention to engage in tax evasion is associated with factors like attitudes towards the behavior, subjective norms and perceived behavioral control and did not point out that the intention to get involve in tax evasion can be controlled through tax audit and investigation since tax audit and investigation is capable of managing the taxpayers behavior as the theory point out that tax evasion is associated with tax payers behavioral management and uncompromising attitude. The theory also did not point out that the benefit from the government through taxes paid can contribute to compliance because in most case the taxpayers also look at what they have got from the government as a result of the taxes paid in order to comply

On the other side economic rationalization theory did not talk of the factors like attitudes towards behaviour, subjective norms, and perceived behavioural control as major cause of tax evasion and when well managed can control tax evasion but instead the benefit they get from the government out of the taxes paid as the only way that can control tax evasion leaving desk audit, field audit

and tax investigation as some of the ways of controlling tax evasion.

Looking at empirical evidence from the above empirical studies carried out especially in Nigerian and some few outside, there appears to be a positive influence of tax audit on tax conformity rate, which has a weak impact on tax evasion, but there appears also to be a limited substantiation on the effect of the classes of tax audit and tax investigation identified especially by Adediran *et al.* (2013) on the degree of tax evasion curbing..

In addition to the above, there are limited studies conducted in Uganda on this which clearly exhibit that, these forms of tax audit, and tax investigation has received less focus and it's on this ground that this research attempt to provide the influence of tax audit and tax inspection on control of tax evasion in Uganda.

Also methodology adopted by empirical studies above created vacuum that needed to be addressed since most of these studies employed Ordered Logistic Regression technique for example Olaoye and Ogundipe (2018), Onoja and Iwarere (2015) used Analysis of Variance (ANOVA), Pearson Product Moment Correlation (PPMC) for example Wuyah, *et al*. (2018) among other authors to estimate the coalition between variables and to test the hypotheses leaving out correlation and multiple regression techniques that this study addressed.

On the basis of the above inconclusive discussion and mixed results of previous studies, this study suggested the following research objectives and hypothesis as follows:

- To examine the influence of desk audit on tax evasion control.
- To investigate the influence of field audit on tax evasion control.
- To determine the effect of tax investigation on tax evasion control.

Research Hypotheses

This study aimed at answering the following hypotheses

- H_1: There is no significant relationship between desk audit and tax evasion control.
- H_2: Field audit has no significant influence on Tax evasion control.
- H_3: There exists a relationship between tax investigations and tax evasion control.

Model Specification

TEC= f (DA FA TIV) where: f = functional relationship; TEC = Tax evasion control; DA = desk audit; FA = field audit; TIV=Tax investigation

The regression equation of the model therefor will be stated as follows:

$$TEC = \beta0 + \beta1DA + \beta2FA + \beta3TIV + \mu t$$

Where: $\beta0$ = intercept; $\beta1$ up to $\beta3$ = coefficient of the Independent variables; μt is referred to as error term, residual or stochastic term.

Expectation of the model is that all the explanatory variables are expected to have positive sign with respect to tax evasion control $\frac{\Delta TEC}{\Delta DA} = \frac{\Delta TEC}{\Delta FA} = \frac{\Delta TEC}{\Delta TIV} > 0$

METHODOLOGY

Survey research design as well as correlation research design was used in this study. This survey research designed was required to obtain information on the opinion of respondents saddled with the responsibility of tax appraisal or auditing, investigating, collection, and accounting and also collect quantitative, numbered data using questionnaire and statistically analyze the data to describe trends about responses to questions and to test research questions or hypotheses (Menon, 2019).

Correlational research design explores connection between variables free from the researcher being in control of or manipulating any of them and the importance are that it is used to test strength of association between variables (Bhandari, 2022). Structured questionnaires were used which covered items on the predictor variables and outcome variables. The population of the study was 3000 employees of URA out of which 150 respondents were purposively and randomly selected as sample

size. , Cronbach Alpha was used to test the reliability coefficient and the reliability coefficient was 0.84 and considered high was good. The data gathered was analyzed through correlation and multiple regressions.

RESULTS AND DISCUSSION

Table 1: Reliability of the Data

```
. alpha da fa tiv tec

Test scale = mean(unstandardized items)

Average interitem covariance:        .5632654
Number of items in the scale:              4
Scale reliability coefficient:        0.8418
```

Several methodologists suggested a minimum coefficient between 0.65 and 0.8 (or higher in many cases); and a coefficients smaller than 0.5 are commonly unacceptable, particularly for scales claiming to be un dimensional (Goforth, 2015). Therefore this data is reliable since the scale reliability coefficient is 0.84 which falls but 0.65 and 0.8

Table 2: Correlation Outcome

```
. correlate da fa tiv tec
(obs=140)
```

	da	fa	tiv	tec
da	1.0000			
fa	0.5148	1.0000		
tiv	0.6277	0.6217	1.0000	
tec	0.6662	0.8285	0.7182	1.0000

The results that are presented in the table 2 above reveal that there is a positive significant correlation between the tax audit variables that is desk audit, field audit including tax investigation (DA, FA, TIV) and tax evasion control that is, there is a positive correlation between desk audit (DA) and field audit (FA) and it is strong through 0.515

Between desk audit and tax investigation also there is a positive correlation and it is strong through 0.628 and the same apply to tax investigation (TIV) and field audit (FA) strongly correlated through 0.622.

Table 3: Multiple Regressions

```
. regress tec da  fa tiv
```

Source	SS	df	MS		Number of obs =	140
					F(3, 136) =	166.85
Model	104.107556	3	34.7025187		Prob > F =	0.0000
Residual	28.2858437	136	.207984145		R-squared =	0.7864
					Adj R-squared =	0.7816
Total	132.3934	139	.952470503		Root MSE =	.45605

tec	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
da	.3231442	.0708075	4.56	0.000	.1831181	.4631703
fa	.4898446	.0440809	11.11	0.000	.4026721	.5770172
tiv	.185331	.0497565	3.72	0.000	.0869345	.2837275
_cons	-.0292198	.2466336	-0.12	0.906	-.5169528	.4585131

Source: researcher's computation that is underlying data from survey research where predictors such as DA=Desk audit, FA=Field audit, TIV=Tax investigation were considered as independent variable and TEC= Tax evasion control which is the dependent variable

From the table 3 above the P-value is 0.000 that is F-Statistic, which clearly shows that the model fits the data. The R square is also 0.786 which means that around 79% of the variation in tax evasion control could be explained by desk audit, field audit, and tax investigation

From the model stated earlier in chapter three which is $TEC = \beta0 + \beta1DA + \beta2FA + \beta3TIV + \mu t$, the result from the finding $TEC = \beta0 + \beta1DA0.323 + \beta2FA0.490 + \beta3TIV0.185 + \mu t$, shows that each of the coefficient of the Independent variables above that is desk audit, field audit, and tax investigation are positively assigned and are consistent with the study expectation that is β1=0.323 , β2=0.185, β3=0.490 which are all greater than zero. This means that a unit change in desk audit, field audit, and finally tax investigation will bring about an increase of 0.323, 0.185, and 0.490 respectively on tax evasion control in Uganda

The major finding of the study is that tax audit and investigation has positive significant effect on tax evasion control.

From the table 3 above desk audit indicated the effect of 0.323 on the tax evasion control. The coefficient of desk audit (DA) is positive and also significant at 0.05 levels of significance β1=0.323 and P-Value 0.000 which clearly shows that there is a positive and statistically significant relationship between desk audit and tax evasion control hence rejecting the null hypothesis that there is no significant relationship between desk audit and tax evasion control at Uganda revenue authority (URA). This also means that for every increase in unites of desk audit there is 0.490 unit increase in tax evasion control. This finding agrees with Onoja & Iwarere (2015) that tax auditing through its forms like desk audit has a significant effect on revenue generation that means it is capable of controlling tax evasion.

The coefficient of field audit is also positive and significant at 0.05 level of significance β2=0.490, P-value=0.000 from table 3 which also shows that field audit indicated the effect of 0.490 on the tax evasion control. This means clearly that field audit (FA) has a positive and a statistically significant influence on tax evasion control hence rejecting the null hypothesis that Field audit has no significant

influence on Tax evasion control in Uganda. This also means that for every increase in unite of field audit there is 0.490 unit increase in tax evasion control in Uganda. The study agrees with Olaoye & Ekundayo (2019) findings that field audit has a positive effect on tax compliance and remittance hence tax evasion control and disagreeing with (Enofe et al.,2019) findings that tax auditing through its forms has a serious negative impact on tax evasion.

The coefficient of tax investigation is also positive and significant at 0.05 level of significance β2=0., P-value=0.000 from table 3 which clearly shows that tax investigation has effect on tax evasion control which means that there is a positive and a statistically significant relationship between tax investigation and tax evasion control hence accepting the null hypothesis that there exists association between tax investigations and tax evasion control. The results in table three shows that tax investigation indicated the effect of 0.185 on the tax evasion control. This also means that for every unit increase in tax investigation, there is 0.185 unit increase in tax evasion control in Uganda. In determining the effect of tax investigation on tax evasion control, the study revealed that there is a positive and significant relationship p-value 0.000 < 0.05, (β3=0.490 between tax investigation and tax evasion control. This is supported by Oyedokun (2016) who revealed that tax investigation is basically conducted to establish if truly fraud took place and to tell the level of harm brought about by a claimed tax fraud or evasion and finally it agrees with Adediran *et al*., (2013) findings that tax investigation can stamp out the incidences of tax evasion in the country

CONCLUSION AND RECOMMENDATIONS

In conclusion on effect of tax audit and investigation, the study revealed that there is a strong association between variables that is DA&TEC, FA&TEC, and TIV&TEC. This showed that desk audit (DA), field audit(FA) and tax investigation(TIV) all move in the same direction to combat tax evasion disagreeing with some empirical studies that field audit and tax investigation does not often leads to tax evasion control.

In respect of the research findings, the study recommended that Uganda Revenue Authority should frequently engage in desk audit, field audit and tax investigation as they all contribute largely to the control of tax evasion in Uganda and also seek more practical means to ensure that these forms of tax audit and investigation perform their role effectively.

It is also important that the relevant authority employees in charge of recruitment carry out the process of recruitment without interference of the fellow staff in the process indoor to employ more staff with experience to carry out audit and investigations in order to curb the ever increasing tax evasion in Uganda.

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