
Customer's Awareness on Genuine Versus Counterfeit Electronic Fiscal Device Receipts in Tanzania; A Case of Moshi Municipal

Ansgar J. Sakaya^{*}

Mzumbe University, P.O BOX 6559, Mbeya +255, Tanzania

Email: ansgar.sakaya@gmail.com

Abstract

Insufficient tax revenue collection is considered to be an expense in public expenditure that has been accelerated by poor transaction records realized from electronic device stemming from false transactions recorded and produced by EFD machine and reported to tax authority. The main intention of the paper is to assess customers' awareness on genuine versus counterfeit EFD (electronic fiscal device) receipts. A survey design was employed to 140 respondents; Purposive, stratified and simple random strategies were used to draw the sample size from the population. Data were collected via structured questionnaire and analyzed descriptively in hand with inferential statistics. The study found that, customers are not aware of genuine and counterfeit receipts. There is a huge laxity of behavior tendency among Tanzanians' of not asking and reading receipts. The problem of underestimating sales figure by traders is still practiced silently in this case. The following recommendations can be undertaken; TRA should take time to classify Item Tax Rates properly, TRA should list down the features of original receipts, TRA needs to work hard to change Tanzanians' attitude towards revenue collections via encouraging behavior changes, cognition, affects and change what was believed to be normal on tax collections. Sensitizing customers on keep hold of fiscal receipt and present them to authority in case they see any false facts on their receipts. Having Tax officers exchange program or use customers from other regains on regular base to do ghost shopping. The government can invest by fixing CCTV Cameras to monitor trader's sales point and Sending a regular reminding SMS to every citizen possessing a mobile phone about asking for and reading receipt as well as reporting any misconduct.

Keywords: Customer's awareness; Genuine EFD Receipt; Counterfeit EFD Receipt; VAT Evasion; Tanzania.

^{*} Corresponding author.

1. Introduction

Tax avoidance and evasion are potential problems in Tanzania especially in the area of revenue collection. It is domestic revenue that assists countries to avoid external dependence [1] which on the other side has brought a lot of problems like assistance with conditions which sometimes goes against our customs and other unusual human misbehaviors. The estimated revenue from tax collection that need to be collected in most of Sub-Saharan Africa countries is getting lower [2] despite the fact that, Tax revenue authorities have been working hard in order to enhance tax revenue collection by ensuring loopholes for tax evasion are minimized or completely eliminated. In smoothing tax collection in Tanzania, the Government decided to put in place the application of EFDs machine to all traders and business oriented organizations but this was solving problem in one side and creating problem on the other side which is issuing of counterfeit EFDs receipts [3] as well as underestimating sales figures. Example, there was a business man from Kariakoo who was caught with an EFD machine showing the sales of goods to be Tsh 500,000/ while in fact the transactions were of 9 million, in the same instance the EFD machine had a record of Tsh 161.7 trillion and paid a tax of Tsh 500,000/ only [4], this is the trending tax evasion up to now to almost all regions of Tanzania. Yes the government is real realizing a good revenue collection [5] but, there is still a substantial amount of government revenue that is left to traders with this practice that needs to be collected. Customers from everywhere in Tanzania are called to be keen with the EFDs receipt by making sure that, the receipt provided to there has a true value of money traded for [5]. All Tanzanians needs to raise their voices and change the laxity behavior in the area of tax collection as of now there are huge projects under constructions, reviving of dead industries and railways that has been only possible due to revenue that was realized from tax collection otherwise the government would have borrowed a lot of money with rate that would have posed burdens to the present and coming Government. Receipt plays an important role for success or failure of revenue collection, efficient management of receipt is one of the preconditions for success of the government since taxes are the major source of funds for the government activities [6] Taxpayer's records being the essential data required for enforcing evaluations; watchful endeavors must be taken to address the issue of dependability of the data delivered by Taxpayers [7]. EFDs are used for ascertaining, record keeping and transmit deals exchanges. The utilization of EFDs began for the first time in Japan in 1980s [8] Prior to the presentation of EFDs receipts, Tanzania utilized manual receipts book framework which postured numerous difficulties. In Tanzania EFDs were presented in 2010 and for the first time TRA started recording an expansion in VAT under the utilization of EFDs [8] Regardless of the way that, the income accumulation from revenue collection has expanded and enhanced well after the presentation of the EFDs, the framework is still deficient as of now, the big challenge takes place in the area of underestimating figures reported to TRA by providing a “walking receipt” which helps customers in case they are asked by tax officers for inspection issues. So, there is a kind of collusion between the trader and the customer in terms of promise that, they will receive a price cut in case they accept an EFD receipt with false amount traded for. Among change made by TRA is in information security that has been expanded by guaranteeing accessibility of data on the off chance that the EFDs are harmed or lost. Few citizens procured unapproved Devices taking after EFDs from TRA to evade imposed tax through issuing fake receipts and jamming sales process [9]. Any person supplying goods, providing services or receiving payments has to issue fiscal receipt or invoice using EFD. The EFD must be placed in an open position easily sported by clients [10]. Tanzania Revenue Authority distributes

EFDs to every trader in order to enhance tax revenue collection. Customers have been emphasized to have the habit of asking receipts after any transaction made in order to strengthen tax administration, though, this behavior has not yet got into the mind of many people in Tanzania as it was not well practiced before. Ineffectual use of EFD machines in tax collection should not be undermined if we real want to experience progressive development of our country. If one could visit and observe how customers behaves in the transit hotels regarding taking EFD receipts would realize that, most of them do not take their receipt and those who take do not read them. Receipt is verification for a chargeable business deal, not issuing receipt or issuing fake receipt is translated into reduction of revenue [7]. Receipts contain facts on the total tax payable. After the trader produces the proof of purchase or receipt, it is not easy to veil the facts of the VAT due. Many tax authorities around the world are seeing particular types of tax evasion including the issuing of fake receipts [11]. To date there are electronic devices which can be used to produce counterfeit and some of them were found by the government authorities of which they can even produce Tanzania Revenue Authority receipts [12]. Currently, companies use EFDs machine which are not registered silently to produce counterfeit receipts which bar the government from substantial tax revenue collection [13]. Four big firms in Dar-es-Salaam were caught using unregistered EFDs to issue fake receipt [4]. They issue fake receipt to customers and use those receipt to claim Value Added Tax (VAT) return [13]. In order to defeat this crisis, all supervisory institutions, commissioner and regulatory bodies have to cross check all the necessary documentation before the service is rendered [14]. The Bureau of Internal Revenue has been receiving complaints about fake receipts which have made the government loose about 450 billion potential revenues a year due tax evasion [15,16]. Hence, there is a potential to research on the proportional of customer who knows the counterfeit and original EFDs receipts.

1.1 The study specifically aims at achieving the following objectives

- i. To find out if people knows the features of original EFDs receipts.
- ii. To find out if people ask for and read receipt after transactions.
- iii. To examine whether the type of product bought correspond with unit price displayed on the EFD receipt.

Hypothesis 1

- **H₀:** There is no difference of behaviour of asking for receipt after every transaction made between male and female customers.
- **H₁:** There is a difference of behaviour of asking for receipt after every transaction made between male and female customers.

Hypothesis 2

- **H₀:** There is no difference of behaviour of reading receipt after every transaction made between male and female customers.
- **H₁:** There is a difference of behaviour of reading receipt after every transaction made between male and female customers.

Hypothesis 3

- **H₀:** There is no difference of behaviour of asking for receipt after every transaction made between those attended high school and those with primary education customers.
- **H₁:** There is difference of behaviour of asking for receipt after every transaction made between those attended high school and those with primary education customers.

Hypothesis 4

- **H₀:** There is no difference of behaviour of reading receipt after every transaction made between those attended high school and those with primary education customers.
- **H₁:** There is difference of behaviour of reading receipt after every transaction made between those attended high school and those with primary education customers.

1.2 Significance of the study

This study is expected to give an insight to TRA on the customers' awareness about genuine and counterfeit EFD receipts but also it will help traders to understand the value of the revenue collected via the paid tax that, it's for the national benefit at large, so they should stop understating their sales figures and instead they should behave themselves sincerely in supporting the government to raise its national Income through revenue collections.

2. Literature review

The tendency of tax evasions has become more widespread since our economy depends on a small number of enterprises, less well-off people with low tax spirits which provide a room for tax avoidance [17]. Genuine fiscal receipt is the written document given to a customer after any transaction or after buying goods or services. This written document is printed by Electronic Fiscal Device [10]. According to [10], genuine printed electronic receipt from EFDs must have the following substances:

- a) The words: "START OF LEGAL RECEIPT" at the top and "END OF LEGAL RECEIPT" at the bottom;
- b) The name and address of the user of the registered Electronic Fiscal Device;
- c) The VAT registration number of the user of Electronic Fiscal Device;
- d) Taxpayer identification Number and TIN of the purchaser;
- e) Name and address of the purchaser;
- f) The VAT registration number and TIN of the purchaser;

- g) The identification number of the device.
- h) The name, quantity, unit price, item description, tax rate chargeable on and the value of recorded sale of goods or services;
- i) The tax amount payable
- j) Discounts, mark-ups, changes and correction;
- k) The date and time of issue of the receipt;
- l) The total amount payable, tax inclusive;
- m) Daily ascending serial number of legal Electronic Fiscal Device Receipt; and
- n) Fiscal logo.

2.1 Importance of asking for a receipt

Many Tanzanians buy stuffs from shops and market but after transaction they do not ask for receipts this is because the behavior is not grounded in their daily lives. They also lack education about the benefits of having receipts after any purchases made [11]. Importance of asking receipt after any purchase is to enable TRA collect full amount of Tax since EFDs machines transfer information electronically to TRA. Revenues from Taxation are most important base of funds for government activities. Tax helps in building roads, schools, hospitals, buy medicines, pay civil servants etc. When customers do not ask for receipt is mistakenly supporting traders in committing Tax evasion, because with no receipt means there is no transaction taking place, and TRA can't collect the tax and hence low amount of Tax revenue that makes the government fail to meet the goal of development projects. It the time to see every individual consider the importance of paying tax, because by doing so he or she would be accomplishing the country's mission of increasing tax collection base that would have assisted in rendering basic services to its citizens [19]. So, Tanzanians are reminded to ask for receipt every time they make purchase of any sort of an item.

2.2 Why is it important to keep receipts?

All businesses need to keep records in order to have successful business; below are the reasons of why keeping receipts is important. Many people do not take their receipt when they have purchased stuffs. As a business owner, it is important to make sure you are keeping one for your records as they help during inspection time and allows you to keep track of all transactions information. Receipts are important as they help you keep a log of how much you are spending in order to stay within your budget and monitoring improvement [20,21].

2.3 Counterfeit receipt

One of the indicators showing the receipt given is genuine or counterfeit is information given in the receipt.

Issuing of fake receipt by traders to customers is one of the methods of tax evasion for firms using EFDs. Whereas traders seek to over-report purchase and under-report sales by issuing fake receipt to customers. Firms are issuing receipts to other firms and overstate purchase other traders issue copy of receipt to customers so as to understate sales. Issuing of fake receipt discourage revenue collections [10], clearly shows the contents of original receipt.

2.4 Solutions to address false invoicing

The issue of false invoice needs electronic invoicing as a solution. Organizations must keep records of exchanges with clients and give a receipt to a client, either in electronic or paper frame. Electronic receipts record the exchange in electronic configuration. The electronic invoicing framework ought to have extra highlights to guarantee the trustworthiness of the information and the character of the maker. This should be possible by utilizing an advanced mark to guarantee validness of the receipt and that it has not been modified after its creation. Electronic invoicing will be best where the solicitations must be enrolled or generally given to the assessment expert. The discovery of false finished and revealing of deductible costs can be accomplished via programmed coordinating of the information for the buyer and merchant, this is attempted through occasional or constant information exchanges, the assessment expert has generously upgraded perceiver ability of its citizens, and can perform reviews, investigative and expense form works in an effective way [22].

2.5 Effect of counterfeit receipt as method of tax evasion for firms with EFDs

Issuing counterfeit receipt is unlawful practice since it is used as a method of Tax avoidance. Issuing counterfeit receipts automatically lowers government income which is compensated through high tax rates which affect honest taxpayers as well as borrowing more money or print money to finance daily expenses [23]. A loss of revenue from tax avoidance threatens government capacity from financing its basic expenses and discourages social services provision [23]. Tax evasions cause a very serious corruption trouble by supporting underground economic activities which ultimately undermine the authenticity of the government [24].

2.6 Methods of VAT Evasion for Firms using EFDs

Taxpayers are the controller of EFDs who sometimes use EFDs to provide false information to Tax authority to reduce taxable rates. Ways which Taxpayers play around with EFDs no to give precise sale records to revenue authorities are; offering fake EFDs receipts by over-reporting their purchases in their VAT declarations such deceptive acts can extensively undercut VAT collection as the case of Rwanda where 25 firms were selling goods to other firms and gave them fake receipt that over-report their purchases and claim tax deductions similarly, trader can issue receipt to the customer and the same receipt make a copy of it and issue to the other firm or customers [25]. Not issuing Receipts is a major challenge that faces Tanzania today and traders do not issue receipt in order to under report sales or understating of Prices and even misclassifying item tax rate to get low income which results to low Tax.

2.7 Benefits of electronic Fiscal Device

2.7.1 Benefits to Trader

-Since EFDs store information in a fiscal memory; the trader can easily keep the track of all business transaction. The trader cannot record all transaction occurred because they are many but EFDs can store all information in fiscal memory and become easy for trader to track. The device helps in Reducing objection or deposes since all information are transmitted to TRA automatically these provide fairness in Tax assessment and this is the modern way of keeping records. Before EFDs, traders used manual receipts whereby they wrote themselves receipt and issue to customers; EFDs provide permanent storage of data and can store data to not less than 5 years. Before EFDs, traders used manual receipt whereby it was easy being destroyed or lost [26,27].

2.7.2 Benefits to Buyers

-EFD receipts provide customers with legal ownership of commodity and it tells that, the duty has been paid to the government. Thus, asking for genuine receipts helps customers avoid unnecessary penalties from tax authorities although some studies have shown that, imposition of punishments by charging customers for not asking for receipt would lead to a serious tax evasions [28].

2.7.3 For authorities

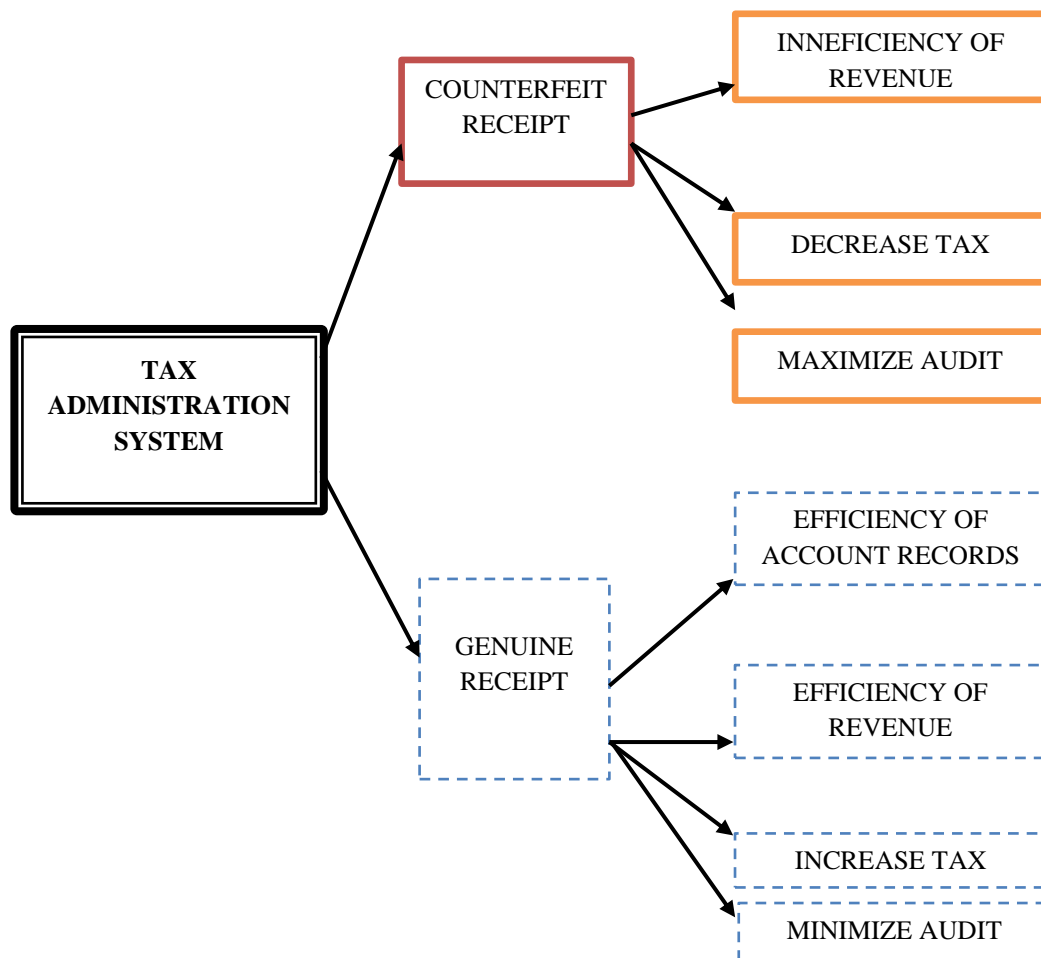


Figure 2.0: Conceptual Framework

Duties collected make possible for the Government to provide service to the society. Offers reasonable evaluation since transmitted information is directed to Tax authority and reduce objection. Before EFDs government got hard situations in monitoring taxes, sometimes taxpayers didn't records information of transaction or records false information so that they can reduce amount of tax needed to pay. Now, there is easy monitoring of taxes since information are recorded in fiscal memory and transmitted electronically to tax authority [8].

3. Methodology

3.1 Research Design

Survey design was used to gather original data that explains a population that was big to study direct as well as obtaining information from a sample of people who answered a series of questions posed by a researcher; also the design gives an insight about the characteristics like aptitude, values, knowledge, view and behavior of an individual, as well as situation or group [29].

3.2 Description of the study area

Moshi Municipal is one of the seven district of Kilimanjaro region found in the northern part of Tanzania. Moshi Urban is a regional capital of Kilimanjaro Region. Moshi Urban has a population of 184,292 with 12 wards [30]. The main economic activities are agriculture, tourism, trade, and manufacturing, provision of services in areas of education, medical care and transportations. Climatically Moshi enjoys monsoonal flow together with tropical wet and dry climate. Its altitude helps to maintain lower temperature with consistently night time temperatures as compared to the neighbouring regions.

3.3 Population of the study

Reference [31] define population as a set in which a sample is drawn from. The targeted population included Customers who buy various staffs from traders in Moshi town who use EFDs machines.

3.4 Sample size and sampling methods

The sample size for the present study was determined using the formula given by Cochran in 1977 [32]. This formula is good as it gives a representative sample for proportion from the infinite population.

$$n = \frac{Z^2 p(1-p)}{e^2}$$

Where,

n = number of sample,

z = Confidence level (1.96),

p = expected proportional of respondents, and

e = precision level desired $q=1-p$.

$$n = \frac{(1.96)^2 0.3(0.3)}{(0.05)^2} = 138.29 \approx 140$$

Purposive, stratified and random sampling methods were used in this case. Purposive sampling method was used to accomodate only customers who were buying staffs from traders and were grouped into two stratum of equal number of gender (male and female) with the intention of comparing their differences in desicions regarding asking for receipt after transactions and reading of receipt after transaction which was followed by random selection of respondents from the given stratum to make a sample size.

3.4 Methods of data collection

Primary data were obtained by the use of questionnaires which were distributed to 140 respondents who were customers in various businesses with the intention of assessing the proportional of people who know the counterfeit and original EFDs receipts as well as knowing whether they ask for and read receipts given. Questionnaires are chain of pre-printed questions which are sent to respondent and returned once solved [33]. For the case of this study, structured questionnaires were conveniently administered in English and Kiswahili language to easy data collection process by taking into consideration of individual difference in terms of education level. Secondary data were obtained from books, journals and research papers.

3.5 Data analysis

Data were analyzed descriptively and presented in tables form in hand with inferential statistics.

3.6 Reliability

Cronbach's Alpha technique was used to test the questionnaires' reliability and it showed a good internal consistence of the data as given in table 3.1 below.

Table 3.1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.800	.805	27

Table 3.2: Demographic Characteristics of Respondents.

Gender		Frequency	Percentage
	Male	70	50.0
	Female	70	50.0
Age	18-28	19	13.5
	29-39	56	40.0
	40-49	43	30.7
	50 and above	22	15.7
Level of Education	Primary	22	15.7
	Secondary	43	30.7
	Degree	50	35.7
	Others	25	17.8
Occupation	Businessman	68	48.5
	Employed	72	51.4

Table 3.3: Proportional of people who know counterfeit and original EFD receipt.

Features of original receipts	TRUE	FALSE	Total
The words “START OF LEGAL RECEIPT” at the top and “THE END OF LEGAL RECEIPT” at the bottom.	51	89	140
The name and address of the user of the registered Electronic Fiscal Devices.	40	100	140
Taxpayer identification Number and TIN of the purchaser.	25	115	140
Name and address of the purchaser	33	107	140
The VAT registration number of the user of Electronic Fiscal Device.	88	52	140
The VAT registration number and TIN of the purchaser;	29	111	140
The name, quantity, unit price, item description, tax rate chargeable on and the value of recorded sale of goods or services.	121	19	140
The Tax amount payable	89	51	140
Discounts, mark-ups, changes and correction	40	100	140
The date and time of issue of the receipt	91	49	140
The total amount payable, tax inclusive	109	31	140
Daily ascending serial number of legal Electronic Fiscal Device Receipt	40	100	140
Fiscal logo	84	56	140
The identification number of the device.	33	107	140
Total	873	1,087	1,960

The features of original receipts were listed and distributed to the respondents as a questionnaire and respondents were required to indicate their knowledge towards counterfeit and original receipt by requesting customers to mark false for features they believes are not true and to mark true for features they believes are true in a receipt. Table 3.3 indicate that, majority of people marked False “F” the score for “F” were 1087 (55.4%) and the scores for true were 873(44.5%). This is an indicator that, many people do not know the features of original and counterfeit EFD receipt as all features found in the table and presented to customers were true but majority of them marked false this shows that, customers are not aware of genuine and counterfeit EFD receipts and it can be referred in section 12 of the FIJI Government Tax Administration Act 2009 and The income tax Act (CAP 332) 2012) of Tanzania and The Finance (Public Revenue Management) Act 2019 of Zanzibar [34,20,35].

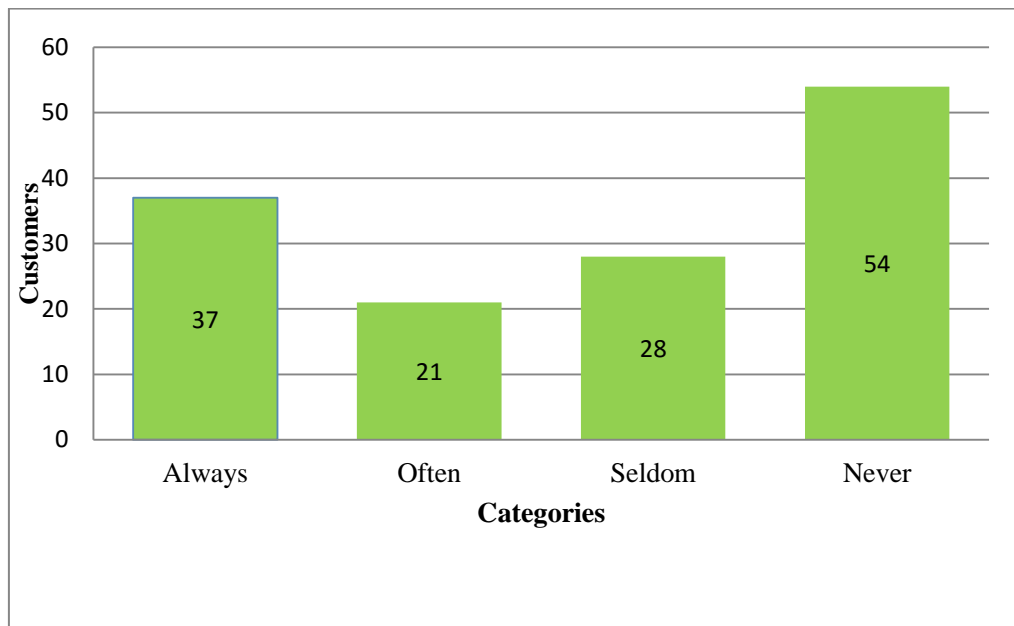


Figure 3.0: Proportional of customers who ask for receipt after transaction.

Figure 3.0 shows the proportion of customers who ask for receipts after transaction made. From 140% of the respondents, 37% of them always ask for receipt and 21% of them often ask for receipt, 28% ask seldom for receipt and 54% of them never ask for receipt after transaction. These shows customers do not know yet the importance of asking for receipt after transaction and this is termed as not adhering to the rules and regulations set which may amount to punishments for not asking for receipts [5,36,37]. Even the Tax administration Act Cap 438 demands any person who makes purchases from traders to place a demand for receipt as failure to do so is unlawful. On the other side, customers may demand for receipt but denied the right by traders just because they do not want to give out genuine receipt for the purpose of falsifying to the tax authority although it is clearly known that, not giving receipt is unlawful [38]. The laws also have outlined the conducts of the traders and customers towards giving and demanding EFD receipts after every transaction made and it has completely restricted traders not to provide EFD receipt that do not meet the terms of the customer’s regulation section 12 of Tax Administration act 2009 of FIJI Government.

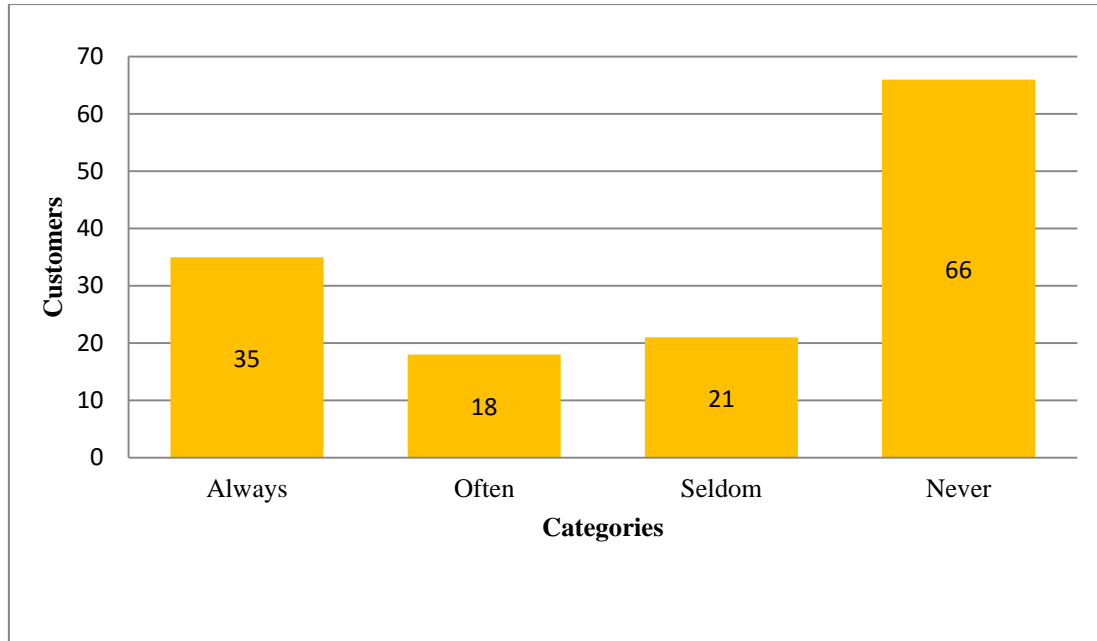


Figure 3.1: Proportional of customers who were asked if they read receipt after being given by the seller (Trader)

Figure 3.1 shows that, out of 140% of customers 66% never read receipts, 21% of customers seldom read receipts, 18% of them often read receipts while 35% of them always read the given receipts. So it can be concluded that, there is still a big problem in reading receipts which tell that, most of customers are not aware if the amount traded for is properly presented in the receipt. This kind of behavior laxity offers a chance to traders to falsify transaction information because traders have the knowledge of customers not reading their receipt and so customers can not report to higher authorities if there is such a falsifying behavior by traders. It is very important to read receipt as failure to do so may provide opportunity to unethical traders not to feel up customer details and reuse it to claim for expenses incurred to the government [36]. Currently, if it happens you visited the transit hotels around the country you might have noticed that, the EFD receipts given to customers are almost printed with flat price rate something that is not correct and they have printed a lot of them assuming that, all customers will trade on the same items falling under the same price level. The question that needs attention is, what about those customers who trade on more items with more price values than those printed in EFD receipts provided? It can be seen clearly that there is still a room to play with revenue collections. Therefore, it is expected that, the EFD receipts be printed after transaction and seen by customer's naked eyes. The FIJI Government Tax administration act has also clearly indicated from section 18 and its sub part to section 19 and its sub parts the roles that have to be played by both traders and customers towards EFD receipts.

Table 3.4: Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
I ask for receipt after every transaction	Male	70	2.23	1.169	.135
	Female	70	2.29	1.169	.145
I read receipt after every transaction	Male	70	2.32	1.372	.169
	Female	70	2.14	.981	.129

Table 3.5: Independent Samples Test

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
I ask for receipt after every transaction	Equal variances assumed	.006	.938	-.331	138	.741	-.066	.198	-.457	.326
	Equal variances not assumed			-.331	135.193	.741	-.066	.198	-.457	.326
I read receipt after every transaction	Equal variances assumed	9.551	.002	.831	122	.408	.180	.217	-.249	.610
	Equal variances not assumed			.849	117.363	.398	.180	.212	-.240	.601

3.7.1 Hypotheses testing

Table 3.5 shows the independent samples t-test which was run for the purpose of comparing gender in response of asking for and reading receipt after every transactions made. A significant difference of score between the two groups of gender does not exist, $t(138) = -.331$, $p > .05$, two-tailed with Male ($M = 2.23$, $SD = 1.169$) having almost similar score with Female ($M = 2.29$, $SD = 1.169$). The level of variances in the means (mean difference = $-.066$, 95% CI: $-.457$ to $.326$) was lesser (eta squared = $.05$) Hence the null hypothesis one (There is no difference of behavior of asking for receipt after every transaction made between male and female customers) cannot be rejected. The significance of Levene's Test for Equality of Variances related to reading receipt after every transaction made has a score of 0.002 , the relevant value of significance. (2-tailed) under t-test for equality of means is (0.398) greater than 0.05 , meaning that, the null hypothesis two (There is no difference of behavior of reading receipt after every transaction made between male and female customers) cannot be rejected. It has been found that, there exists a difference regarding the reading interest between males and females as males reads more compared to males [38,39].

Table 3.6: Group Statistics

	Education	N	Mean	Std. Deviation	Std. Error
I ask for receipt after every transaction	Attended High school	118	2.35	1.218	.122
	Attended Primary School	22	2.20	.961	.176
I read receipt after every transaction	Attended High school	118	2.18	1.173	.121
	Attended Primary School	22	2.30	1.185	.247

Table 3.7: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
I ask for receipt after every transaction	Equal variances assumed	6.694	.011	.619	128	.537	.150	.242	-.330	.630
	Equal variances not assumed			.702	59.583	.485	.150	.214	-.277	.577
I read receipt after every transaction	Equal variances assumed	.335	.564	-.452	115	.652	-.123	.273	-.665	.418
	Equal variances not assumed			-.449	33.366	.656	-.123	.275	-.683	.436

3.7.2 Hypothesis testing

The significance of Levene's Test for Equality of Variances related to asking for receipt after every transaction made has a score of 0.011, the relevant value of significance. (2-tailed) under t-test for equality of means is (0.485) greater than 0.05 meaning that, the null hypothesis three (There is no difference of behavior of asking for receipt after every transaction made between those customers attended high schools and those who attended primary schools) cannot be rejected. Results from table 3.6 above shows that, the significance of Levene's Test for Equality of Variations related to reading receipt after every transaction made has a score of 0.564, the relevant value of significance. (2-tailed) under t-test for equality of means is (0.652) greater than 0.05, meaning that, the null hypothesis four (There is no difference of behavior of reading receipt after every transaction made between those customers attended high schools and those who attended primary schools) cannot be rejected. Results from the hypotheses tested have shown that, neither gender no education level difference existed in all four hypotheses. The laws has provided a guide concerning matters related to EFD receipt, everyone is treated the same regardless of their demographic information or behavior [34,35,36,37,42]. People have not developed the behavior of reading because most of our individual's characteristics including our personality were not

developed into a reading behavior the factor which has really affected our growth in this area. Thus, whether you have been to school or not we tend to have very little difference of sensitivity with regard to reading [40,41].

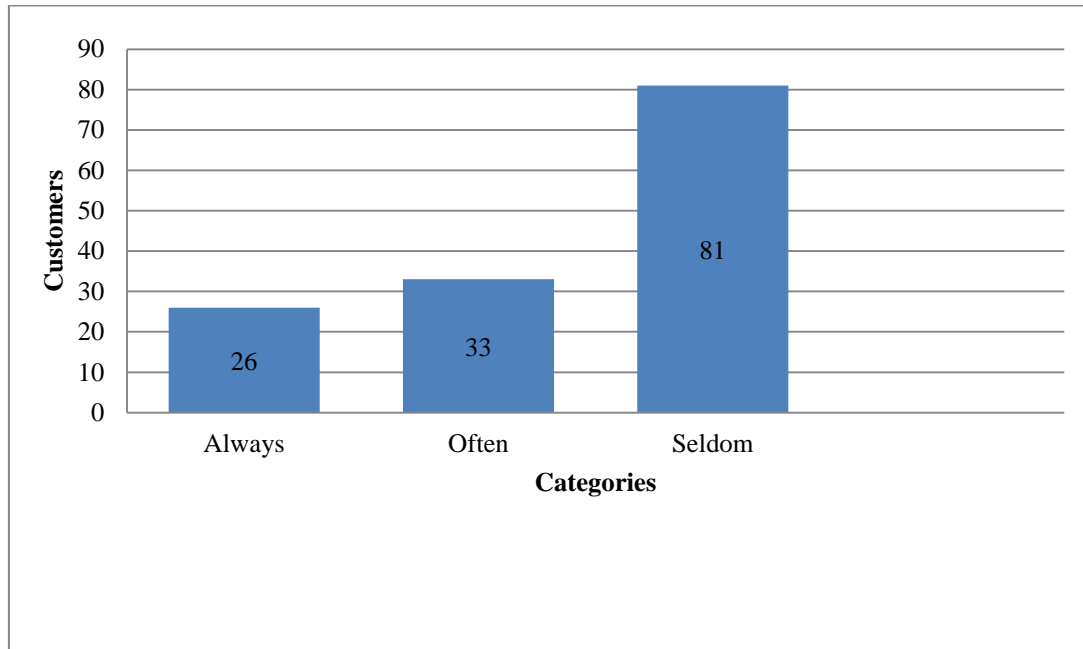


Figure 3.4: shows how frequently customers confirm whether the type of product bought corresponds with the unit price displayed on EFD receipts

Figure 3.4 shows that, out of 140 customers who confirm the type of product bought corresponds with the unit price displayed on the EFD receipt, 26% of customers confirm always the type of product bought corresponds with the unit price displayed on the EFD receipt, while 33% of the customers confirm often and 81% of the customers confirmed seldom. Not displaying the right amount of price traded for by traders can be a result of mistrust to the government and possibly attributed by the tendency of misusing public funds collected from tax [43]. So, traders sees that, not recording the right amount is quit fine because even if they record the right amount traded for the money collected as a public fund to finance social economic activities will still be misused or a large portion of it will go into the hand of few people who enrich themselves [44,5]. For a quite long time, the culture that would foster involuntary tendency to pay tax by traders has not been built on a strong base that would have assisted in developing mutual relations between the tax authority and traders, but also, the policies and laws on tax issues fever one side of the government and leaves a huge load to traders that is why they find difficult to adhere to commitment [45,46,47,8]. It is true that, if the loopholes for tax evasion and avoidance are worked for, the tax authority act fairly to every trader and the money collected is used for public interest and it is noticed by people and improves traders' well fair, surely, the ethical sense towards paying tax will rise up [46,26,5].

4. Findings

Customers do not ask for receipts and they do not know if the receipt given is genuine or counterfeit since they

don't read and they do not know the features of a genuine EFD receipt. Those who ask for receipts few of them read the whole receipts, this means that, majority of customers just care about their benefits only while they are supposed also to be very much concerned with government earnings realized through the amount of VAT paid which is then used for financing social services like now our kids are enjoying free education. Nevertheless, it has been found that, most of time the unit price traded for does not much with the unit price displayed on the EFD receipts.

5. Conclusion

From the research data, many customers are not aware of genuine and counterfeit receipts. There is a laxity of behavior tendency among Tanzanians' of ignoring important aspects by not adhering and committing themselves. It has been argued that, the application of EFD machines in Tanzania was not received well by traders and there were no good strategic measures and legal framework that would have guided in combating the problem, that is why the problem of ineffective application of EFDs machines in Tanzania is still experienced and it needs a serious attention as the behavior of understating sales figure is a huge problem to traders [8,3]. Moreover, care has to be taken for not entertaining more charges to traders who do not give customers receipt as well as to customers who will be found with no receipts after the purchases made as this may lead to more tax evasions behaviors [28].

6. Recommendations

TRA should list down the features of original receipts display them and give them to customers so that they can be aware of original receipts. Working hard to change Tanzanians' attitude towards revenue collections via encouraging behavior changes example, continue insisting customers to have the habit of asking receipt after any transaction made and read them always to confirm if the printed price is correct. Cognition like instilling new belief to citizens' minds on collected tax usage, affect by building positive feelings that if people pay tax well the more social services will be improved much and more projects that will provide employments and changing situations that were believed to be normal like miss use of government funds. To sensitizing customers on Keep hold of fiscal receipt and present them to authority in case they see any false facts on their receipts. Or A TRA toll free number that is electronically generated or printed in an EFD receipts for easy report of any misconduct by traders. Having Tax officers exchange program or use customers from other regions on regular base to do ghost shopping for the purpose of identifying fraudulent traders. TRA should take time to classify Item Tax Rates properly so that when traders feed in the information in EFD machine can be easily traced if the price traded and the tax paid is right or not. The government can invest by fixing CCTV Cameras to monitor trader's sales point as they are well known all over the country by number. It's a heavy investment but this may help to reduce the problem. CCTV Cameras should be provided freely so that the government can have power over the control. This can be a good and a worse decision ever to traders hence, a gentle care has to be taken in its execution. Sending a regular reminding SMS to every citizen possessing a mobile phone about asking for and reading receipt as well as reporting any misconduct or fraudulent acts by traders could help improve the aspect of behavior change as [48] suggested that, sending a reminder for due tax requirements to traders lead to good outcome. So, similar approach can be applied by TRA in our country. The tendency of asking for receipt is a

behaviour practice which has not been instilled in most of us Tanzanians. So it is recommended that, our schools curriculums should have a part that teaches students on the importance of asking for receipt rather than waiting until when they grow up and start instigating the behaviour.

References

- [1] Taylor, N. 'Understanding taxpayer attitudes through understanding taxpayer identities', The Australian National University, Canberra, Working Paper No 14, Centre for Tax System Integrity, 2001.
- [2] Mascagni, G., Moore, M., & McCluskey, R. Tax revenue mobilization in developing countries: Issues and challenges. Brussels: Policy Department, Directorate-General for External Policies of the Union, European Parliament. <https://www.ids.ac.uk/files/dmfile/TaxRevenueMobilisationinDevelopingCountries.pdf>, 2014.
- [3] Naibei, K. I., & Siringi, E. M., & Musonera, E. Impact of electronic tax registers on VAT compliance: A study of private business firms. *International Journal of Arts and Commerce*. 2012. 6(1), 174–185. <https://doi.org/10.4314/afrev.v5i1.64511>
- [4] Kamala, J. TRA arrests Five Traders for issuing fake Receipts. Daily news. <https://www.dailynews.co.tz/news/2018-10-295bd6dc08ea3ad.aspx>. 2018, October 29.
- [5] Siraji, Y., K. Challenges faced by taxpayers in using electronic fiscal Devices in Tanzania, a case study of selected taxpayers in Nyamagana district, Mwanza city. http://scholar.mzumbe.ac.tz/bitstream/handle/11192/1088/MBACM_YUNUSI%20%20K.SIRAJI_2015.pdf?sequence=1, 2015.
- [6] Slemrod, Joel & Kopczuk, Wojciech. 'The optimal elasticity of taxable income,' *Journal of Public Economics, Elsevier*, Vol. 84(1), pages 91-112, April. 2002.
- [7] John, B. Collecting Taxes during an Economic Crisis: Challenges and Policy Options. <https://www.imf.org/external/pubs/ft/spn/2009/spn0917.pdf>. 2009.
- [8] Casey, P., & Castro, P. Electronic fiscal devices (EFDs): An empirical study of their impact on taxpayer compliance and administrative efficiency. IMF Working Paper. Washington DC: International Monetary Fund (IMF). <https://doi.org/10.5089/9781475521023.001>, 2015.
- [9] Hamdu, K.M. and Zinash, D.G. Challenges of electronics tax register machine (ETRS) to businesses and its impact in improving tax revenue. *International Journal of Scientific Knowledge*, 5(3), pp. 17-22. Handbook of public Economics, Volume 3 by A.J. Aucirbach and M.Feldstein 2002. Elsevier Science B.V. 2014.
- [10] Tax management act. (2015).

<https://www.tra.go.tz/tax%20laws/Tax%20Administration%20Act%202015%20English%20Version.pdf>

- [11] Robert, W., M. Views toward Tax Evasion: A Comparative Study of Moldova and Romania Florida International University Chapman Graduate School of Business Working Paper. The IUP Journal of Public Finance, Vol. VII, Nos. 3 & 4, pp. 7-24, August & November . 2009.
- [12] Nachilongo, H. Machines seized in fake documents scam. <https://www.thecitizen.co.tz/news/Machines-seized-in-fake-documents-scam-/1840340-3295594-3oeikk/index.html>. 2016.
- [13] IPPMedia. <https://www.ippmedia.com/en/news/big-firms-caught-using-fake-receipts-massive-tax-scam>. 2016.
- [14] Chibogoyo, K. Machines seized in fake documents scam. <https://www.thecitizen.co.tz/news/Machines-seized-in-fake-documents-scam-/1840340-3295594-3oeikk/index.html> . 2016.
- [15] Ben, O., de Vera. BIR files tax evasion case vs. Mozcom. <https://business.inquirer.net/261358/bir-files-tax-evasion-case-vs-mozcomtax/tanzaniaas-first-half-2016-17-Tax-revenue-up-12-7-pct-idusl5NIF821J> 2015.
- [16] World Bank. Tax Evasion and Development Finance: Strengthening Global Action <https://live.worldbank.org/tax-evasion-development-finance>. 2015.
- [17] Charles, K. Agnes, M, and Dorothy, N. “Tax Avoidance and Tax Evasion as a Factors Influencing Creative Accounting Practice” Among Companies in Kenya. 2012.
- [18] Mascagni, G., and Santoro, F. What is the role of taxpayer education in Africa?, 2018.
- [19] Ali, M., Fjeldstad, O. H., & Sjursen, I. H. Factors Affecting Tax Compliant Attitude in Africa: Evidence from Kenya, Tanzania, Uganda and South Africa. Chr. Michelsen Institute Bergen, Norway. 2013.
- [20] The income tax (Electronic Fiscal Devices). Regulations, <https://www.tra.go.tz/tax%20laws/EFD%20Regulation.pdf> www.reuters.com/article/Tanzania- 2012.
- [21] FRCS, VAT monitoring system (VMS) Electronic fiscal devices (EFD) <https://fhta.com.fj/wp-content/uploads/2017/08/Electronic-Fiscal-Device-Legislation-Tax-Administration-Regulations-2017.pdf> . 2019.
- [22] OECD. Tax and crime: Publications and reports <https://www.oecd.org/ctp/crime/publications-and-reports-on-tax-crime.htm>. 2017.
- [23] Franzoni, L. Tax Evasion and Tax Compliance. VL-4 DO - 10.2139/ssrn.137430 JO - Encyclopedia of Law and Economics. 1999.

- [24] Tanzi, Vito. Corruption, governmental activities, and markets. Washington D.C.: IMF Working Paper 1994:99 August. 1994.
- [25] Steenbergen, V. Reaping the benefits of Electronic Billing Machines: using data-driven tools to improve VAT compliance. The New Times (2016) '25 Companies Named in RWF 6.8 billion Tax Fraud related to fake EFD receipt', 8/09/16 Kigali. <https://www.theigc.org/wp-content/uploads/2017/09/Steenbergen-working-paper.pdf>, 2017.
- [26] Ikasu, E. J. Assessment of Challenges Facing the Implementation of Electronic Fiscal Devices (EFDs) in Revenue Collection in Tanzania, 5(3), 1–8. 2014.
- [27] Karongo, J. EFD success, Challenges and the way forward. 2014.
- [28] Kirchler, E. The economic psychology of tax behavior. Cambridge: Cambridge University Press. 2007.
- [29] Polit, D. & Hungler, B. Essentials of nursing research: methods, appraisal, and utilization (4th ed). J .B. Lippincott Company: Philadelphia, Pennsylvania, USA. 1997.
- [30] Tanzania National Census, (2012)
- [31] Creswell, J.W. Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, 4th ed. SAGE Publications, Inc., California – USA European Commission combating tax fraud and evasion commission contribution to the European council of 22 May. 2013. 2014.
- [32] Cochran, W., G. *Sampling Techniques*, 3rd ed. Wiley. New York. 1977.
- [33] Kothari, C.R. *Research Methods and Techniques* 2nd ed, New Age International Limited Publishers, New Delhi. 2004.
- [34] Tax Administration Act (2009). Tax Administration (Electronic Fiscal Device) Regulations 2017. No. 19 Government of FIJI Gazette Supplement Thursday, 1st June 2017 <https://www.frcs.org.fj/wp-content/uploads/2018/04/LN-37-Tax-Administration-Electronic-Fiscal-Device-Regulations-2017.pdf>
- [35] Tax News Alert –Zanzibar Finance Act 2019 Update July 2019 <https://www.pwc.co.tz/pdf/tax-news-alert-zanzibar-finance-act-2019-update.pdf>
- [36] Mouris, S.(2017). Your Business is our Business: Why should you demand a receipt? <https://www.thecitizen.co.tz/magazine/Why-should-you-demand-a-receipt-/1840564-4165626-12pdhb4z/index.html>
- [37] Thursday November 1 2018 <https://www.thecitizen.co.tz/magazine/Why-should-you-demand-a-receipt-/1840564-4832556-xxq2i6z/index.html> Thursday November 2 2017

- [38] Sturm, Brian W.(2003). The information and reading preferences of North Carolina children. School Library Media Research 6. www.ala.org/ala/aasl/aaslpubsandjournals/slmrb/slmrcontents/volume62003/
- [39] Hill Strategies Research, 2008. Factors in Canadians' Cultural Activities. Statistical Insights on the Arts, Vol. 6 No. 3: Retrieved from: <http://www.hillstrategies.com>
- [40] Bray, K and Hasan, A. 2000. Reading habits and attitude in the digital age: Analysis of gender and academic program differences in Malaysia. The Electronic Library.25 (3), 285 –298. <http://www.emeraldinsight.com/10.1108/02640470710754805>
- [41] Lone, F. and A. 2011. Reading Habits of rural and Urban College Students in [9].the 21st century". Library Philosophy and Practice (e-journal) Paper 586. <http://digitalcommons..edu/libphilprac/586>
- [42] Daily News, (2018). <https://www.dailynews.co.tz/news/2018-06-045b14ea08730aa.aspx#>
- [43] Richardson, G. (2006). The impact of tax fairness dimensions on tax compliance behaviour in an Asian jurisdiction: The case of *Hong Kong*. *International Tax Journal*, 8 (4), 29–42.
- [44] Ongwamhana, (2011) Tax Compliance in Tanzania Analysis of Law and Policy Affecting Voluntary Taxpayer Compliance. Mkuki na Nyota Publishers Ltd.
- [45] Cummings, R. G., Martinez-Vazquez, J., McKee, M., and Benno Torgler, B. (2005). Effects of Tax Morale on Tax Compliance: Experimental and Survey Evidence. https://www.researchgate.net/publication/4983773_Effects_of_Tax_Morale_on_Tax_Compliance_Experimental_and_Survey_Evidence
- [46] FELD, L. P. and FREY, B. S. (2010).Tax Compliance as the Result of a Psychological Tax Contract: The Role of Incentives and Responsive Regulation
- [47] SARS Preliminary Results Tax season 2011. <https://www.gov.za/sars-preliminary-results-tax-season-2011>
- [48] Harelimana, B., J. and Gayawira, P. Impact of Electronic Billing Machine (EBM) on Vat Compliance among Small and Medium Sized -Enterprises in Rwanda. *Global Journal of Management and Business Research: G Interdisciplinary Volume 19 Issue 2 Version 1.0 Year 2019 Online ISSN: 2249-4588 & Print ISSN: 0975-5853*. 2019.