



The Effects of Tax System Change on SME's in Swaziland

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By

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DECLARATION

I, Mbongeni Mhlonishwa Justice Dlamini , hereby declare that this research thesis '**The Effects of Tax System Change on SME's in Swaziland**' which I hereby submit to the School of Business Leadership, University of South Africa, is my own original work, and that all reference sources have been accurately reported and acknowledged. This document has not previously, in its entirety or in part, been submitted to this or any other University in order to obtain an academic qualification.

M.M .Dlamini

14 May 2012

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Abstract

The topic of taxes has drawn interest from scholars for many years. This is largely because it affects almost every person and their income. In recent years researchers have been interested in business taxation, how business are affected by the amounts they pay in taxes and whether or not they are always willing to comply. This study was a research on the effects of the change in the tax system on small medium sized enterprises. Its focus was in Swaziland. It concludes by giving recommendations on how the tax system can be improved in view of what have succeeded in other countries with an almost similar economy. It also recommends more research in this field.

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Chapter 1: DEFINITION OF THE RESEARCH PROBLEM	

1.0 Introduction:

It is almost common to hear people everywhere whining about taxes, their stories are varied, while others complain that they are too high others are complaining about other aspects of the subject. Clearly everyone has an opinion on this very important matter. Wikipedia .org describe taxing as 'imposing a financial charge or other levy upon a taxpayer (an individual or legal entity) by a state or the functional equivalent of a state such that failure to pay is punishable by law' (Wikipedia.org). Taxes are the backbone for most country's economies, they often provide the biggest and major source of revenue and their usage mainly is in the funding of capital projects as well as in the day to day running of a country. Taxes are paid by eligible citizens and are charged as percentages called tax rates, and these vary according to tax brackets as well as laws of each country. (Wikipedia.org).The different kinds of taxes charged are many and varied but the most common ones are described below and they include;

Income tax – which is a form of tax charged on income of individuals and business entities including corporations;

Corporate tax- this is a form of tax charged on businesses, tax rates for corporations are usually very different to those of individuals;

Sales tax-are levied when a commodity is sold to its final consumer, it is common that food and other utilities are exempted from sales tax such that it's only paid on goods that are viewed as a luxury;

Value Added Tax (VAT) - also known as goods and services tax, it is a form of consumption tax that is placed on a product whenever value is added at a stage of production and at final sale. The amount of value-added tax that the user pays is the cost of the product, less any of the costs of materials used in the product that have already been taxed;

Customs and Exercise – also known as Customs duty and Exercise duty, this is money levied on goods bought outside one's country. The revenue collected from those duties is pooled and shared under an agreed mechanism by those countries involved.

Whether citizens pay the taxes willingly or not is dependent on many factors and this paper intends to unearth some of them. How public funds are handled is a subject of interest in almost every country and usually determines the attitude people have towards their governments as well as towards paying taxes in general. The tendency is that if public funds are used to people's satisfaction by the government of the day, its citizens and business entities will be more flexible towards paying taxes and even open to tax increases. This paper intends to investigate the impact changing the tax system is having in the business community, small and medium enterprises will be the target of this study. It thus aims to determine the causes of tax burden felt by these enterprises and the attitude they now have towards the payment of taxes. It will also investigate if the different types of taxes have the same effect on these enterprises. However we will begin our discussion by looking at the background information on taxes in the Swazi context:

1.1 History of Taxes in Swaziland

The Kingdom of Swaziland is a small land locked country in Southern Africa, comprising of just over 17,000 square kilometers and it is the smallest country in the Southern Hemisphere. Swaziland is classified as a lower middle income state (World Bank, 2000). Three major classes of tax are levied on the Swazi citizen, the income tax, sales tax/ vat as well as the customs and exercise. It is worth mentioning that before the introduction of the Swaziland Revenue Authority, taxes in Swaziland were under three separate government departments; the Sales Tax department, Income Tax department and the Customs department. These were guided by the Sales Act, Income Tax Act and the Customs Act respectively. A common characteristic of these government departments was their inability to bite, just like a toothless dog. This had deteriorated the tax system of the country for example; most businesses had never paid taxes and had no regard and knowledge of the tax laws whatsoever.

The Swaziland Revenue Authority was established to change that, and ensure that the tax laws are followed and tax evaders are brought to book. This was seen as the only way to revive the country's economy which was on both its knees. It is also important to note that, apart from changing the Sales tax to Value Added tax, the Swaziland Revenue Authority was introduced to

ensure that both the Income Tax Act and the Customs Act are adhered to. It is therefore important to look at the contents of these laws if we are to understand the tax system of the country focusing on the business aspects. Next therefore we look at the business extracts of the Income and Customs Act:

1.1.1 Income Tax

Income Tax was first introduced in Swaziland in 1921 by the Income Tax Proclamation of 1921. This Proclamation was administered under the Treasury Department until 1962 when a separate unit was established to be administered by the Assistant Collector of Taxes as a small section of the Treasury Department. Later it became a government department, the department of taxes under the Ministry of Finance. The Income Tax Legislation between 1962 and 1975 went through 12 amendments, the major consideration was in 1975 (The current Income Tax Order of 1975) as amended, which also re-designated the post of the collector of taxes to commissioner of taxes. Since 1975, the Income Tax Order 1975 has had many amendments aimed at simplifying the administration of taxes in Swaziland (sra.org). Some extracts from the Income Tax Order of 1975 is given below, however for our interest we will mainly focus on the sections that relate to businesses;

1.1.1.1 Normal tax and their rates

- Income tax also called "normal tax", is charged in respect of the taxable income, received by or accrued to or in favor of any person/company during the year of assessment. It commenced on the first day of July 1975, and continued year after year thereafter.
- The taxable income of any person, who is in continuous employment with the same employer for any year of assessment, is derived solely from his/ her salary.
- The rates to be charged are fixed annually by the Minister after having regard to all factors affecting the raising of revenue, but the rates so fixed for any year shall be deemed to continue in force until the next such annual determination.

1.1.1.2 Gross Income.

- "*Gross income*" means the total amount whether in cash or otherwise received by any person, excluding receipts of a capital nature.

- any amount so received by way of annuity;
- the full value of any debt (other than debt of a capital nature) which accrues in the year of assessment but becomes payable after the end of that year ;
- any amount, including any voluntary award, received in respect of services rendered or to be rendered;
- Any amount, including any voluntary award, received :
 - (i) in commutation of amounts due under any contract of employment or service;
 - (ii) in respect of the loss, or cancellation of any office (or right or claim to be appointed) to any office or employment;
- Any amount received from another person as premium for :
 - (i) the use of land or buildings; or
 - (ii) the use or right of use of plant, machinery, equipment or vehicles; or
 - (iii) the use or right of use of any motion picture film or any film or video tape or disc for use in connection with television or any sound recording or advertising matter connected with such motion picture film, film or video tape or disc; or
 - (iv) the use or right of use of any patent, design, trade mark, copyright, or any model, pattern, plan, formula, or process or any property or right of a similar nature; or
 - (v) the imparting of or the undertaking to impart any scientific, technical, industrial, or commercial knowledge or information for use in Swaziland, or the rendering of or the undertaking to render any assistance or service in connection with the application or utilization of such knowledge or information;
- if in the case of any person to whom, in terms of any agreement relating to the grant to any other person of the right of use or occupation of land or buildings, or by the cession of any rights under such agreement, there has accrued in any such year or period the right to have improvements effected on the land or to the buildings by any other person:

(i) the amount stipulated in the agreement as the value of the improvements or as the amount to be expended on the improvements, or

(ii) if no amount is so stipulated, an amount representing in the opinion of the Commissioner, the fair and reasonable value of the improvements;

- The annual value of any benefit or advantage accruing by way of employment, including that of any quarters, board or residence;

Provided that in calculating the gross income of any person:

(i) the value of any Free medical attention or cash allowances for medical expenses provided for or paid to any employee or the holder of an office or appointment shall not be included;

(ii) any free passage by rail, road, steamer or air provided for an employee or the holder of an office or appointment at the commencement of such employment, office or appointment shall not be included if the duration of such employment, office or appointment is two years or more or where it is less than two years. if such employment, office or appointment is not subject to renewal;

(iii) any free passage by rail, road, steamer or air provided for an employee or the holder of an office or appointment shall, on termination of such employment, office or appointment, not be included if the employee or holder of such an office or appointment permanently returns to his place of recruitment;

(iv) fifty per cent of the total amount paid by an employer during any year of assessment directly or indirectly, by way of contribution to any approved bursary scheme for the benefit or educational assistance of the children of any employee or dependants of such employee shall not be included;

- A taxable benefit shall be deemed to have been granted by an employer to his employee in respect of the employment contract between the employer and the employee, if ;
 - (a) a loan has been granted to the employee, whether by the employer or by any other person by arrangement with the employer, and either no interest is payable

by the employee on such loan or interest is payable by him thereon at a rate lower than official rate of interest; or

(b) the employer has paid any subsidy in respect of the amount of interest or capital repayments payable by the employee in terms of the loan; or

(c) the employer has in respect of any loan granted to the employee by any lender, paid to such lender any subsidy, being an amount which, together with any interest payable by the employee on such loan, exceeds the amount of the interest which, if calculated at the official rate of interest, would have been payable on such loan;

- any amount by which recoupment of capital expenditure which has been deducted or the corresponding provisions of any previous income tax law exceeds the residual value of such capital expenditure ;

(ii) For the purpose of this subsection -"residual value" means the difference between the cost of capital expenditure incurred in mining operations less the total of the allowances granted in respect of such capital expenditure;

- Provided that all amounts which in terms of this section are required to be included in the taxpayer's income shall be deemed to have been received by the taxpayer from a source within Swaziland notwithstanding that such amounts may have been recovered outside Swaziland;
- any amount received by way of allowance under any written agreement of separation ;
- any amount received as dividends on debentures ;
- any amount received by any person as compensation for any restraint of trade imposed on such person;
- fifty percent of the amount by which the value of shares issued to an employee under an employee share acquisition scheme at the date of issue exceeds the consideration, if any,

given by the employee for the shares, including any amount given as consideration for the grant of a right or option to acquire the shares;

- an amount of any gain derived by an employee on disposal of a right or option to acquire shares under an employee share acquisition scheme;
- any amount which in terms of the Act is specifically required to be included in the taxpayer's income.

1.1.1.3 Returns and how to furnish them

- The Act states that the commissioner shall annually give the public notice that all persons liable to taxation, whether personally or in any representative capacity, are required to furnish within thirty days after the date of such notice or within such further time as the commissioner may for good cause allow, returns for the assessment of the tax.
- Such notice shall state the places at which the approved forms may be obtained and it shall be the duty of all such persons required by the Act to furnish such returns, to apply for the approved forms of returns, and any such person failing to furnish such return shall not be relieved from any penalty by reason of his having received no notice to furnish such return or of the approved form not having been, delivered to him:, but the commissioner may, if he deems it so advisable, cause forms to be delivered or sent by post to any person.
- For the purposes of returns , any person liable to taxation shall be deemed to include ;
 - (i) any person, other than a company whose gross income for the year of assessment undercharge consisted of or included remuneration exceeding in total an amount to be stated by the commissioner :
 - (ii) any person other than a company, whose gross income, for the year of assessment under charge, consisted of gross income other than remuneration , if such gross income exceeds an amount to be stated by the commissioner in the said notice;
 - (iii) any company;

(iv) any person required by the commissioner in writing to render a return of income in respect of the year of assessment under charge.

- The Act also state that in any case the commissioner has reason to believe that any tax payable may not be recovered, he may prior to the issue of any such annual notice, require any person by notice in writing to render interim accounts for any period he may designate in such notice and may proceed to make an assessment in respect of that period.
- Every person shall, on publication of the annual notice or on receipt of such written notice, prepare and deliver in an approved manner within the period mentioned in such notice to the person appointed to receive it, a return in the approved form signed by the taxpayer or by his duly authorized agent in that behalf, giving the particulars required and all other details in relation to that which may be required.
- Every person shall, on receipt of such written notice, prepare and deliver in the approved manner within the period mentioned in such notice to the person appointed to receive it, a return in the approved form signed by the taxpayer or by his duly authorized agent in that behalf giving the particulars required and such other details in relation to as may be required.
- Any return furnished as contemplated in this section shall be signed by the taxpayer or by his agent duly authorized in that behalf, and any person signing any such return shall be deemed for all purposes in connection with the Act to be cognizant of all statements made therein.
- Any return made on behalf of any person for the purposes of the Act shall be deemed to be duly made and signed by the person affected unless such person proves that such return was not made or signed by him or on his behalf.

- If any person fails to make a return, the commissioner may appoint a person to make a return on behalf of such person, and the return made by the person so appointed shall for all the purposes of the Act be deemed to be the return of the person liable to make it.
- The returns furnished by or on behalf of every person required to furnish returns under the Act shall contain such particulars, be in such form and be furnished to the commissioner at such time as may be required by the commissioner.
- The commissioner may, when and as often as he thinks necessary require any person to make further returns respecting any matter of which a return is required or prescribed by the Act.
- Notwithstanding any other law any return required to be furnished under the Act shall be delivered by post to the prescribed address.
- The return of income to be made by any person shall be based on the amount of gross income which was received in respect of any year of assessment chargeable under the Act, and shall be a full and true return for the whole period of twelve months ending upon the last day of the year of assessment under charge:
 - Provided that if it is established to the satisfaction of the commissioner that the income of a person cannot be conveniently returned for such period, he may accept returns made up to a date agreed by him, but any such return shall be deemed to be a return for the period covered by the year of assessment under charge.
- If any person when called upon to furnish a return of income under the Act is unable to furnish such return, the commissioner may accept a return of estimated income for assessment and such assessment shall be adjusted by the commissioner when an actual return of income is furnished.

- Persons carrying on any business in partnership shall be liable to make a joint return as partners in respect of such business together with such particulars as may from time to time be required and each such partner shall be separately and individually liable for the rendering of the joint return but they shall be liable in tax only in their separate individual capacities.

1.1.1.4 Keeping of business records

- For the purposes of this section, the term "*records*" includes books of account (whether contained in a manual, mechanical, or electronic format) recording receipts or payments or income or expenditure, and also includes vouchers, ledgers, journals, bank statements, cash books, cheque books, deposit slips, paid cheques, invoices, receipts, deeds, plans, instruments, trade lists, stock lists, and such other documents as are necessary to verify the entries in any such books of account.
- The Act also states that records required to be kept and retained in respect of any trade carried on during any year of assessment by any person, need to contain:
 - (a) A record of the assets and liabilities of the person (in relation to that trade);
and
 - (b) A record of all entries from day to day of all sums of money received and expended by the person (in relation to that trade) and the matters in respect of which the receipt and expenditure takes place; and
 - (c) Where that trade involves dealing in goods;
 - (i) A record of goods purchased and of all goods sold in the carrying on of that trade showing the goods, and the sellers and buyers or, as the case may be, the agents of the sellers and buyers in sufficient detail to enable the goods and the sellers and buyers, and the said agents to be readily identified by the commissioner; and all invoices relating to that: and

(ii) Statements (including quantities and values) of trading stock held by the person at the end of each year of assessment, and all records of stock takings from which any such statement of trading stock has been, or is to be, prepared: and

(d) Where that trade involves the provision of services, records of the services provided and all invoices relating to that;

(e) The charts and codes of accounts, the accounting instruction manuals, and the system and programme documentation which describes the accounting system used in each year of assessment in the carrying on of that trade: and

(f) A fixed asset register recording all the tangible assets (excluding stock) of the business, showing the respective dates of acquisition and the cost thereof, amounts of any revaluation and the dates thereof, depreciation and tax allowances if any, the respective dates of any disposals and the consideration thereof.

➤ Every person who;

(a) carries on trade in Swaziland;

(b) carries on any other activity (not being the carrying on of employment as an employee) in Swaziland in the production of income;

(c) makes, holds, or disposes of, for the purpose of producing income, any investment;

shall keep in Swaziland at the place where the trade is carried on original records in the English or Siswati language to enable the ascertainment readily by the commissioner, or any other officer authorized by him in that behalf, of

(d) the taxable income derived by that person from, as the case may be, the carrying on of that trade, or the carrying on of that activity, or the making or holding or disposing of that investment; and

(e) the deductions allowable in the calculating of that taxable income, and shall retain in Swaziland all such records for a period at least five years after the end of the year of assessment to which they relate or as long as it remains material to the administration of the Act.

- Where a person who is required to retain records lodges an objection or appeal against an assessment, that person shall retain all records relevant to that objection or appeal until that assessment becomes final.
- The commissioner may disallow a claim for deduction if the taxpayer is unable without reasonable excuse to produce a receipt or other record of the transaction, or to produce evidence relating to the circumstances giving rise to the claim for deduction.

1.1.1.5 Inspection.

- The Act also states that any officer engaged in the carrying out of the provisions of the Act relative to the affairs of a particular taxpayer, may enter any place at which a business or trade is carried on (whether such place be the principal place of the said business or trade or not) and require the taxpayer or public officer or any person carrying out business or trade to afford him:
 - (a) the necessary facility to inspect such books of account or other documents as he may require and which may be available at the place;
 - (b) the necessary facility to verify cash, stock or other valuable article or thing which may be found there;
 - (c) any information as he may require on any matter which may be relevant to any proceeding under the Act.
- This officer may enter any place of business or trade referred only during the hours at which such place is open for conduct of business or trade, and in the case of any other place, during normal business hours.

- The officer acting under this section may -
 - (a) if he so deems necessary, place marks of identification on the books of account or other documents inspected by him or make or cause to be made extracts or copies from;
 - (b) make an inventory of any cash, stock or other valuable article or thing checked and verified by him;
 - (c) record statement of any person which may be relevant to any proceeding under the Act.
- Any officer exercising any power under inspection shall not remove or cause to be removed from such place any books of account or other documents or any cash, stock or other valuable article or thing found there.
- Any person obstructing or hindering an inspection officer in the discharge of his duties, shall be guilty of an offence.

1.1.1.6 Furnishing information or returns.

- The Act states that every person shall, if required by the commissioner, furnish to him, in such form and within such time as the commissioner may require, returns showing
 - (a) the names and addresses of all or any particular class of persons employed by him, and the earnings, salary, wages, allowances or benefits or pensions, whether in money or otherwise, received by each such person in respect of such employment;
 - (b) all amounts received by any person in respect of any share or interest in any business carried on by the person furnishing the return;
 - (c) all moneys received by the person furnishing the return from any person for investment or on loan or on deposit with or without interest;
 - (d) all interest or rent received by any person from the person furnishing the return or from any business carried on by the last-mentioned person in Swaziland;

(e) all interest, rent or dividends collected for or on behalf of any person by the person furnishing the return;

(f) all such other information in his possession with regard to the income received by any person as may be required by the commissioner.

➤ In addition every person shall, if required by the commissioner -

(a) Furnish the Commissioner with information reflecting

(i) the full name and address; and

(ii) in the case of

- any natural person, the identification number of such person; or

- any person other than a natural person, the tax number in relation to the amounts received by such a person as contemplated in this section; and

(b) supply such information and furnish such returns or other returns as the commissioner may require.

➤ Every person to whom a return or a written request for information is sent by the commissioner shall complete the return or comply with the written request for information in accordance with the requirements of the commissioner and shall return the completed form or furnish the information to the commissioner at such time and place as the commissioner may direct.

1.1.1.7 Furnishing information on request.

- Any person, whether liable for taxation under the Act or not, to whom any notice or request for information is sent by the Commissioner or by any officer acting under the authority of the Commissioner, shall comply with the terms of such notice or furnish the information so requested.

1.1.1.8 Estimated assessments.

- The Act also states that in every case in which any taxpayer makes default in furnishing any return or information, or if the commissioner is not satisfied with the return or information furnished by any taxpayer, the commissioner may make an assessment in such sum as in the commissioner's judgment ought to be charged in accordance with the Act, and thereupon shall give notice thereof to the taxpayer to be charged, and such taxpayer shall be liable to pay the tax upon such sum.
- Any such assessment shall be subject to objection and appeal.
- If it appears to the commissioner that any person is unable from any cause to furnish an accurate return of his income, the commissioner may agree with such person as to what shall be the taxable income of such person and any taxable income so agreed shall not be subject to any objection or appeal.
- If the commissioner is subsequently of the opinion that a person withheld vital information at the time an estimate of the taxable income was agreed, the commissioner may increase the agreed estimate.

1.1.1.9 Additional tax due to default or omission.

- The Act also states that the Commissioner shall require a taxpayer to pay in addition to the tax chargeable in respect of his taxable income :
 - (a) if he makes default in rendering a return in respect of any year of assessment, an amount equal to twice the tax chargeable in respect of his taxable income for such year of assessment;
 - (b) if he omits from his return any amount which ought to have been included therein, an amount equal to twice the difference between the tax as calculated in respect of the taxable income returned by him and the tax properly chargeable in

respect of his taxable income as finally determined after including the amount omitted: or

(c) if he makes any incorrect statement in any return rendered by him which results or would, result in the assessment of the normal tax at an amount which is less than the tax properly chargeable, an amount equal to twice the difference between the tax as assessed in accordance with the return made by him and the tax properly chargeable if the incorrect statement had not been made.

- The additional amounts of tax payable may be chargeable whether the taxable income or any part thereof is estimated by the commissioner, or agreed with the taxpayer thereof, or such taxable income or any part thereof as is determined from accounts rendered by the taxpayer.

(a) If the commissioner is satisfied that the default in rendering the return was not due to any intent either to defraud the revenue or to postpone the payment by the taxpayer of the tax chargeable or that any such omission or incorrect statement was not due to any intent to evade taxation on the part of the taxpayer, he may remit part or all of such additional charge as he may think fit;

(b) In the event the commissioner deciding not to remit the whole of the additional charge imposed, his decision shall be subject to objection and appeal:

(c) The commissioner may either before or after an assessment is issued agree with the taxpayer on the amount of the additional charge to be paid, and the amount so agreed upon shall not be subject to objection and appeal.

- The powers conferred upon the commissioner shall be to take proceedings for the recovery of any penalties for evading or avoiding assessment of the payment of tax or attempting to do so.
- Any taxpayer, who in determining his taxable income as disclosed by his return, deducts or sets off any amount the deduction or set off whereof is not permissible under the Act or shows as an expenditure or loss any amount which he has in fact not expended or lost,

shall be deemed for the purpose of this section to have omitted such amount from his return.

- Any taxpayer who willfully fails to disclose in any return made by him any facts which should be disclosed and disclosure of which would result in the taxation of the taxpayer's income on an amount which is higher than the amount upon which such income would be taxable on such return, shall be deemed, to have omitted from his return the amount by which the former amount exceeds the latter.
- If in any year of assessment in which the determination of the taxable income of the taxpayer does not result in an assessed loss, he is entitled to the set off of a balance of assessed loss from the previous year of assessment and such balance is less than it would have been had it been calculated on the basis of the returns rendered by him, he shall be deemed, to have omitted from his return for the first mentioned year of assessment an amount equal to the difference between the amount at which such balance is finally determined and the amount at which it would have been determined on such basis.
- A taxpayer who makes default in rendering a return in respect of any year of assessment in which the determination of the taxable income of the taxpayer results in an assessed loss shall, while such defaults continues, be liable to a penalty not exceeding twenty emalangeni for each day during which the default continues.

1.1.1.10 Additional tax due to withholding taxes

- The Act states that every person liable to withhold tax but does not is liable for additional tax of twenty per cent of the amount of tax not withheld.
- Every person who fails to remit any tax withheld to the commissioner shall be liable for additional tax of:
 - (a) if the tax which that person has failed to pay to the commissioner is paid within less than thirty days from the date on which the tax should have been paid, ten per cent of the tax;

(b) if the tax which that person has failed to pay to the commissioner is paid thirty or more days after the date on which the tax should have been have paid, but less than ninety days after the due date, fifteen per cent of the tax:

(c) if the tax which that person has failed to pay to the commissioner is paid ninety or more days after the date on which the tax should have been paid, but less than 180 days after the due date, twenty per cent of the tax; and

(d) if the tax which that person has failed to pay to the commissioner is paid one hundred and eighty or more days after the date on which the tax should have been paid, twenty five per cent of the tax.

- Additional tax recoverable is borne personally by the person on whom it is levied, and no part thereof is recoverable from the person who received the payment from which tax should have been withheld.

1.1.1.11Additional assessments.

- The Act states that if at any time the commissioner is satisfied that any amounts which should have been subject to tax have not been assessed to tax under the Act or any previous income tax law, or other than any amount of tax which was chargeable and should have been assessed under the Act has not been assessed, he may raise assessments in respect of such amounts notwithstanding that assessments may have been made upon the person concerned in respect of the year or years of assessment in respect of which the amounts in question are assessable:

Provided that the commissioner shall not raise any assessment under this subsection

(a) after the expiry of six years from the date of assessment in terms of which any amount which should have been assessed to tax under such assessment was not so assessed unless he is satisfied that the amount was not so assessed because of fraud or misrepresentation or non-disclosure of material facts, or any amount of

tax which was chargeable and should have been assessed under the Act has not been assessed.

(b) if the amount which should have been subject to tax was not assessed to tax, in accordance with the practice generally prevailing at the time when the assessment was made; or

(c) in respect of any amount, if any previous assessment made on the person concerned for the year of assessment in question has in respect of such amount been amended or reduced pursuant to any order of court unless such order was obtained by fraud or misrepresentation or non-disclosure of material facts.

1.1.2 Customs and Exercise

1.1.2.1 Goods imported or exported overland.

- The Act states that the person in charge of any vehicle (other than an aircraft or a railway train) whether or not conveying goods, which arrives by land at any place in Swaziland, shall come to the office of the controller nearest to the point at which he crossed the border or the office of the controller which is most conveniently situated in relation to that point before unloading any goods or in any manner disposing of such vehicle or goods, and make a full written report to such controller concerning such vehicle or goods, the journey and the destination of the goods, and shall make and subscribe to a declaration as to the truth of such report.
- Such person shall fully and truthfully answer all questions put to him and produce any way-bills or other documents demanded of him by such controller.
- No person shall remove this vehicle from the office the controller until due entry has been made of the vehicle and the goods carried thereon or until permission for removal has been granted by the controller.

- Every person arriving in Swaziland overland in any manner whatsoever shall, whether or not he has any goods in his possession, come to the office of the controller nearest to the point at which he crossed the border or the office of the controller which is most conveniently situated in relation to such point, and there report to the controller the circumstances in which he entered Swaziland.
- If such person has any goods in his possession he shall furnish such controller with full particulars thereof, and fully and truthfully answer all questions put to him by such controller.
- Such person shall not dispose of any goods in his possession in any manner until they have been released by the controller.
- Except with the permission of the controller and subject to such conditions as the Commissioner may specify, no person in charge of any vehicle (other than an aircraft) used to export goods overland shall remove such vehicle or goods beyond the borders of Swaziland.
- The Commissioner may grant such person a general permission.

1.1.2.2 Goods and time of entry.

- The Act also state that every importer of goods shall within seven days of the date on which such goods are, deemed to have been imported or within such further time as the Commissioner may allow, make due entry of those goods, in the form prescribed, and declare to the truth of such entry:
Provided that, with the permission of the controller the following goods need not be so entered, namely:
 - (i) containers temporarily imported;
 - (ii) human remains;
 - (iii) goods which, in the opinion of the secretary, are of no commercial value;
 - (iv) goods imported under international carnet; and

(v) goods of a value for duty purposes not exceeding two hundred emalangeni and on which no duty is payable.

- The controller at any place appointed under the Act for the entry of goods shall accept entries for goods in respect of which it is proved to his satisfaction that such goods have been loaded on a vehicle for discharge at that place, notwithstanding the fact that such vehicle has not yet arrived at that place.
- Every such importer shall within seven days of the granting of a delivery order by the controller in respect of any goods entered or, where such goods arrive after the granting of the order, within seven days of the arrival of the goods, present such delivery order to the authority in possession of such goods for delivery thereof.
- (a) An exporter of any goods shall, before such goods are exported from Swaziland, deliver to the controller a bill of entry in the prescribed form:

But the commissioner may;

- (i) if no export duty is payable on and no obligation or condition is to be fulfilled or complied with under any law in respect of those goods; or
- (ii) in the case of goods to be exported overland by means of a vehicle (excluding an aircraft and a railway train) which are loaded for export at a place where goods may be entered for customs and excise purposes, allow such a bill of entry to be delivered at such time as he deems reasonable.

(b) In respect to the delivery of a bill of entry, the goods referred to here shall be deemed to have been exported from Swaziland;

- (i) in the case of goods to be exported by container, at the time when such goods are delivered to the depot operator or container operator, as the case may be;
- (ii) in the case of goods to be exported in an aircraft, at the time when such goods are delivered to the pilot of the aircraft or are brought within the control area of the airport authority concerned, as the case may be;

(iii) in the case of goods to be exported in a railway train, at the time when such goods are delivered to the railway operator; or

(iv) in the case of goods to be exported overland in a vehicle other than an aircraft or a railway train , at the time when such goods are loaded on the vehicle.

- The minister may by regulation permit any excisable goods, sales duty goods and any class or kind of imported goods which he may specify in such regulation to be removed from a duty warehouse on the owner of such goods issuing a prescribed certificate or an in-voice or other document prescribed or approved by the commissioner, and the payment of duty on such goods at a time and in a manner specified by regulation, and such certificate, invoice or other document shall be deemed to be a due entry from the time of removal of those goods from such warehouse.
- No such goods may be removed from a duty warehouse or appropriated for use by the owner prior to or without the issuing of such certificate, invoice or other document.

1.1.2.3 Importer/exporter to produce documents and pay duties.

- The person entering any imported goods for any purpose in terms of the Act shall deliver to the controller a bill of entry in the prescribed form, setting forth the full particulars as indicated on the form and as required by the controller, and according to the purpose (to be specified on such bill of entry) for which the goods are being entered, and shall make and subscribe to a declaration in the prescribed form, as to the correctness of the particulars and purposes shown on such a bill of entry.
- At the same time, such a person shall deliver such duplicates of the bill of entry as may be prescribed or as may be required by the controller and shall pay all duties due on such goods:

Provided that the commissioner may, on such conditions, including conditions relating to security, allow the deferment of payment of duties due in respect of such bills of entry and for such periods as he may say.

- The said person shall further produce the transport document or such other document in as may be approved by the commissioner, invoices as prescribed, shipper's statement of expenses incurred by him, copy of the confirmation of sale or other contract of purchase and sale, importer's written clearing instructions and any other documents relating to such goods as the controller may require in each case and answer all such questions relating to the goods as may be asked by the controller, and furnish in the manner as the commissioner may require the information regarding the tariff classification of those goods as the commissioner may want.
- The commissioner may, subject to such conditions as he may say, allow the said person to produce in any document required to be produced, a document purporting to be a copy of any such document and obtained by means of microfilming or any other process, and which shall, subject to compliance with such conditions, for all purposes have all the effects of the original document concerned.
- The person shall also in respect of the class or kind of goods as could be specified by the commissioner by rule or any goods to which circumstances so specified apply, produce to the controller for retention by him the sample as requested and a true copy of any invoice or other document relating to such goods or of any blueprint, illustration, drawing, plan or illustrated and descriptive literature so specified in respect of or relating to such goods.
- If goods intended for export are liable to any export duty under this Act, the amount thereof shall be stated in the bill of entry relating to those goods and shall be payable upon presentation of such entry to the controller.
- No such bill of entry shall be valid, nor shall any person export such goods, until duty has been paid to the controller

1.1.2.4 Minor offences and their punishment.

- The Act states that any person who;

(a) supplies the means or materials for or assists in establishing, repairing, maintaining or working any still being made or made, imported, used, set up or in the possession or custody of any person without lawful authority;

(b) is found without lawful excuse in any place where distillation is illegally carried on;

(c) refuses or fails to comply with the lawful requirements of an officer or refuses or fails to answer to the best of his power any question which an officer in the exercise of his functions has put to him;

(d) falsely holds himself out to be an officer;

(e) resists or hinders an officer in the performance of his functions under the Act; or

f) rescues any person apprehended for any offence under the Act, or prevents the apprehension of any person who has committed any such offence;

shall be guilty of an offence and liable on conviction to a fine not exceeding one thousand emalangeneni or imprisonment not exceeding six months, or both.

- A person who is convicted of any of the above offence within a period of three years after he was convicted of a similar offence shall be liable to a fine not exceeding one thousand five hundred emalangeneni or imprisonment not exceeding nine months, or both.

1.1.2.5 Serious offences and their punishment.

- The Act states that a person who;
 - (a) has upon his premises or in his custody or under his control, or purchases, sells or otherwise disposes of any illicit goods, knowing them to be illicit goods;

- (b) not being a licensed manufacturer or dealer, without lawful authority has in his possession or custody or under his control any partly manufactured, excisable goods or sales duty goods or any such goods upon which duty has not been paid;
- (c) removes or assists in or permits the removal of goods in contravention of the Act;
- (d) deodorizes, clarifies or, prior to sale, reduces the strength of methylated spirits to a strength below a strength of 91.4 per cent absolute alcohol by volume, or prepares or sells or offers for sale or consumption as a beverage any preparation containing methylated spirits or spirits recovered from methylated spirits;
- (e) removes or breaks or interferes with any lock, meter, gauge, rod, seal, mark or fastening placed or fitted to any warehouse, vessel, package, container or other article, place or plant by an officer under the Act;
- (f) damages, destroys or disposes of any goods to prevent the securing thereof under this Act by any officer or other person authorized to secure or seize them or takes back any goods which are being detained or have been seized;
- (g) without lawful excuse (the proof of which shall lie upon him), brings into Swaziland or has in his possession any blank or incomplete invoice or any bill head or other similar document capable of being filled up and used as an invoice for goods from outside Swaziland;
- (h) claims or receives any rebate, drawback, refund or payment to which he knows he is not entitled under the Act;
- (i) claims any rebate, drawback, refund or payment to which he knows he is not entitled under the Act or fails forthwith to repay to the controller any duty which has been refunded or rebated under the Act and in respect of which he has been compensated by any other person;

(j) not being authorized so to do, gives or promises to give, directly or indirectly, any reward to an officer or any person employed by the government, in respect of the performance or non-performance by any such officer or person of his duty or employment under this Act or agrees with or proposes to any such officer or person to do or permit anything in contravention or evasion of the Act;

(k) being an officer or a person employed by the government, demands or receives except from or through the government any reward in respect of the performance or non-performance of his duty or employment under the Act, or by any willful act, neglect or default does or permits or agrees to do or permit anything in contravention or evasion of the Act;

(l) attempts to commit or assists in committing any offence ;

(m) from any goods made from or containing excisable goods extracts or recovers such excisable goods in evasion of the Act;

- If any person is charged with disposing illicit goods he shall, until the contrary is proved, be presumed to have known that the goods in question were illicit goods.
- When any person is charged with claiming a rebate not entitled to him, he shall, until the contrary is proved, be presumed to have known that he was not entitled to the rebate, drawback, refund or payment concerned.

1.1.2.6 Non-declaration of goods.

- The Act state that any person who fails to declare any dutiable goods or goods the importation or exportation of which is prohibited or restricted under any law and which he has upon his person or in his possession, or makes any statement for customs or excise purposes as to any dutiable goods or prohibited or restricted goods upon his person or in

his possession from which any dutiable goods are omitted, shall, if any such goods are discovered to be or to have been upon his person or in his possession at the time of the failure, or of the statement, be guilty of an offence and liable on conviction to a fine of five thousand emalangeni or treble the value of the goods in question, whichever is the greater, or imprisonment for two years, or to both, and the goods in question and any other goods contained in the same package as well as the package itself shall be liable to forfeiture.

1.1.2.7 Irregular dealing in goods.

- The Act also states that any person who;
 - (a) deals or assists in dealing with any goods contrary to the Act;
 - (b) knowingly has in his possession any goods liable to forfeiture under the Act; or
 - (c) makes or attempts to make any arrangement with a supplier of goods imported or to be imported into or manufactured or to be manufactured in Swaziland or with any agent of any such supplier, regarding a matter to which the Act relates, with the object of defeating or evading the Act, shall be guilty of an offence and liable on conviction to a fine not exceeding five thousand emalangeni or treble the value of the goods in respect of which such offence was committed, whichever is the greater, or imprisonment not exceeding two years, or both, and the goods in respect of which such offence was committed shall be liable to forfeiture.

1.1.2.8 False document and declaration.

- The Act states that any person who makes a false statement in connection with any matter dealt with in the Act, or who makes use for the purposes of the Act of a declaration or document containing any such statement shall, unless he proves that he was ignorant of the falsity thereof and that such ignorance was not due to negligence on his part, be guilty of an offence and liable on conviction to a fine not exceeding five thousand emalangeni or treble the value of the goods to which such statement, declaration or document relates, whichever is the greater, or imprisonment not exceeding two years, or both, and the

goods in respect of which such false statement was made or such false declaration or document was used shall be liable to forfeiture.

- Any invoice or other document relating to any denomination, description, class, grade, or quantity of goods shall be deemed to contain a false statement if the domestic value of the price charged by the exporter or any value, price, freight, duty, tax, drawback, refund, rebate, remission or other information whatsoever declared therein which has a bearing on value for the purpose of payment of any duty or on classification in terms of any Schedule or on anti-dumping duty or on extent of rebate, refund or drawback of duty ;

(a) is not, except insofar as may be otherwise specified, exclusively related to goods of the denomination, description, class, grade or quantity declared in such invoice or document;

(b) is influenced, adjusted or amended as a result of any separate transaction, - arrangement, agreement or other consideration of any nature whatsoever, particulars of which are not specified in such invoice or document;

(c) represents any average, adjustment or amendment, particulars of which are not disclosed in such invoice or document, of such values, prices, commissions, discounts, costs, charges, expenses, royalties, freight duties, taxes, drawbacks, refunds, rebates, remissions or other information in respect of goods of the same or of different denominations, descriptions, classes, grades or quantities supplied by the same suppliers.

1.1.2.9 Business accounts, documents to be available for inspection.

- The Act also state that any person carrying on any business in Swaziland shall keep within Swaziland in the English language such records relating to his transactions as the minister may prescribe and such records shall be kept in such form and manner and shall be retained for such period as the minister may prescribe.

- The commissioner may, subject to such conditions as he may determine, allow any person to retain any book, account or document required to be retained in terms of that subsection, a reproduction of any such book, account or document obtained by means of microfilming or any other process.
- Different provisions may be prescribed in respect of different classes or kinds of records and different classes of persons.
- Any person shall upon demand by the controller or the commissioner produce to him records as he may require and such person shall render such returns or submit such particulars in connection with his transactions to the commissioner as the latter may from time to time require.
- The secretary may, subject to such conditions as he may determine, allow any such person to produce any such book, account or document, a copy thereof obtained by means of a reproduction, and such copy shall, subject to compliance with such conditions, for all purposes have all the effects of the original book, account or document concerned.

1.1.2.10 Vendors to produce proof of duty payment.

- The Act states that any person selling, offering for sale or dealing in imported, excisable or sales duty goods or any person removing the same, or any person having such goods entered in his books shall, when requested by an officer, produce proof as to the person from whom the goods were obtained and, if he is the importer or manufacturer or owner, as to the place where the duty due there-on was paid, the date of payment, the particulars of the entry for home consumption and the marks and numbers of the cases, packages, bales and other articles concerned, which marks and numbers shall correspond to the documents produced in proof of the payment of the duty.

- In any prosecution or proceedings under the Act, any statement in any record dispatched by or on behalf of any person to the effect that any goods of a particular price, value, free on board price or domestic value quantity, quality, nature, strength or other characteristic have been manufactured, imported, ordered, supplied, purchased, sold, dealt with, or in, or held in stock at any time, shall be admissible in evidence against him as an admission that he has at that time manufactured, imported, ordered, supplied, purchased, sold, dealt with, or in, or held in stock goods of that price value, free on board price, domestic value, quantity, quality, nature, strength or other characteristic.
- If in any such prosecution or proceedings the question arises, whether any such goods have been sold or used or disposed of or are or were in the possession of any person in such manner as not to render them subject to duty, it shall be presumed that such goods have not been sold or used or disposed of or are not or were not in the possession of such person in such manner unless the contrary is proved.
- If in any prosecution under the Act or in any dispute in which the government, the minister or the commissioner or any officer is a party, the question arises whether the proper duty has been paid or whether any goods or plant have been lawfully used, imported, ex-exported, manufactured, removed, or otherwise dealt with or in, or that such books, accounts, documents, forms or invoices do not exist or have not been duly completed and kept or have not been so furnished as the case may be, unless the contrary is proved.
- If in any prosecution under the Act or in any dispute in which the government, the minister or the commissioner or any officer is a party, it is alleged by or on behalf of the government, the minister or the commissioner or such officer that any goods or plant have been or have not been imported, exported, manufactured in Swaziland, removed or otherwise dealt with or in, it shall be presumed that such goods or plant have been, or (as the case may be) have not been imported, exported, manufactured in Swaziland, removed or otherwise dealt with, or in, unless the contrary is proved.

1.1.2.11 Liability of company, partnership

- For the purposes of the Act any reference to a person shall be deemed to include a reference to a company, close corporation, co-operative society, firm, partnership, statutory body or club, and in the event of a contravention of non-compliance with the Act or the incurring of any liability under the Act by any company, close corporation, co-operative society, firm, partnership, statutory body or club any person having the management of any premises or business in or in connection with which the contravention or non-compliance took place or the liability was incurred may be charged with the relevant offence and shall be liable to any penalties provided therefore and shall be liable in respect of any liability so incurred.

1.1.2.1.2 Deferment on payment of duty.

- The commissioner may in his discretion and subject to such conditions (including the payment of interest at reasonable rates on the amount due) as he may consider necessary, permit any duty payable under the Act or any penalty imposed by him to be paid by installments of such amounts and at such times as he may determine.

1.2 Problem in Context

For several years the kingdom of Eswatini had observed with dismay its package from the South African Customs Union (SACU) dwindling, the scary part was that the package forms a major source of income for the country .Swaziland had not succeeded in its quest of obtaining alternative sources of income thus far and that presented a potential problem. The country's budget had ballooned over the years, thanks to what others termed the reckless usage of public funds, and an even bigger hole in the budget was dug by the wage bill which experts have often complained that it was rather too big for the country's resources.

About twelve months ago the government had awoken to the realization that its package from SACU had dwindled to a state where its budget for the year could not be met and the funds were too little they wouldn't be able to sustain the country even for a few months (Sibandze, 2012:25).It was not like they were not warned but for some reasons the government had turned a blind eye. For an example the previous year the government of Swaziland had been warned about the size of the wage bill which even then consisted of about a third of the country's gross domestic product, quite an alarming ratio.

International experts including the International monetary fund and the African bank had pointed out that given the then current trend the country faced financial disaster, but unfortunately the government turned a blind eye and decided to increase salaries for its civil servants by a massive 4.5%. This did not do the country any good but came back to haunt the country's legislators as it dragged the country further down towards financial turmoil. Not long after the year's SACU package was declared, it became clear to the country's authorities that they were facing an unprecedented tough year or shall we say years ahead of them and had to start looking for remedies. One such remedy was upgrading the tax system which though it was functional, had so many loopholes. Taxation thus provided a window of opportunity to rescue the country's ailing economy before it deteriorated to another Mozambique or Zimbabwe where economies were so poor even their currencies were not used for trade in their local trading markets.

The formation of the Swaziland Revenue Authority was seen as a vehicle that could be used to revive the tax system, and so the company was set up in 2009 through a Revenue Act of the previous year with the aim of reviving the country's ailing economy (www.sra.co.sz). The

company was launched in a glamorous event in early 2011 attended by the country's leaders including their majesties and cabinet, and by members of the business community who were also eager to play a significant part in rescuing the country's economy (Sibandze, 2012).

Hardly a few months of fully fledged functionality, a number of businesses across the country were reportedly closing down even worse; more were applying for liquidation (Sibandze, 2012). What was happening was shocking to everyone. In the midst of these shocking states of events fingers were pointing towards the Swaziland Revenue Authority. These closures and related job uncertainties' were not only rendering hundreds unemployed but was greatly affecting the morale of employees across a number of companies countrywide. A person feared for the security of their jobs, low morale became a common feature and was affecting productivity within these companies.

Indeed even men on the streets were beginning to question whether the Swaziland Revenue Authority with its tax policies was here to kill the country or improve it. It was not hard to see that with fewer companies job prospects were significantly reduced so was the number of taxpaying citizens and companies in the country thus the revenue the country would generate will be reduced significantly. There was also the issue of fewer customers for those goods regarded as a luxury as people's priorities may shift towards basic means of survival. Unfortunately this may include basic commodities in some sectors, an act that would further push otherwise stable companies out of business .Sustainable economic growth would also be affected especially as the country losses a good business image to prospective investors who would be reluctant to come and create job opportunities. Fewer companies also mean the reduction in exported goods and hence little foreign currency coming into the country and also a further reduction in the country's SACU revenues especially in the medium to long term.

It is clear that the future of the country looks bleak at present and one can't help but wonder if the Swaziland Revenue Authority is doing something wrong .How can such a good intended organization provide such a gloomy prospective future? Has the country really shot itself in the foot, or the organization needed a strategy in introducing change, or have they tried too hard and ended up spoiling everything, or there is simply a lack of knowledge of governing businesses in the country's investors? These are questions that are playing in some of the country's citizens

and until the answers are unearthed, these questions will remain while the problems will get worse. This paper intends to provide some of the answers and investigate the magnitude of the problem.

1.3 Problem Review

A number of themes have emerged from the problem in context and will be discussed in this section to unravel the second level of complexity. These themes include low morale/ motivation, shortage of entrepreneurs / investors, resistance to change by businesses and consumers, by reflecting critically on these themes greater clarity of the underlying issues will be unearthed.

1.3.1 Low Morale

Motivation is key if any task is to be performed successful, even the smallest of tasks require at least a certain degree of motivation if it is to be completed successfully (Open University 2005: 125). Low morale which is a result of the absence of courage or low motivation is brought about by a number of factors and the lack of rewards for hard labor being one of them (Open University, 2005: 140), the lack of motivation is also likely to emanate from observing other fellow businessmen running out of business or being in the process of applying for liquidation. When businessmen feel that they are no longer making tangible profits from their businesses they are likely to feel like throwing the towel, and more so if they feel robbed of their profits by a system that they feel offers them nothing in return, and they can't change.

If the business leaders are low on motivation even fewer profits will be made and there would be a lot of downsizing, employees will be in constant fear of losing their jobs and hence may also lose the sense of purpose and motivation. They are therefore likely to spend most of their time worrying about their job securities than being productive. Work production consequently will suffer and so will the quality of the work. Poor product or service quality may attract fewer customers and this may perpetuate the problems, with less support firms might be pushed to the brink of collapse. As a distant observer, one may find it hard to resist the question, 'who has done wrong in these circumstance, the businessman, or the new tax organization'? Whatever the answer maybe but one thing is most certain, something needs to be done to save the country's business environment if not its economy.

1.3.2 Lack of entrepreneurs

A majority of businesses in the kingdom are small to medium sized businesses which have largely been started by Swazis who are merely interested in making a living; some of these businessmen are without any business knowledge whatsoever. When well established businesses are seen to be forced to closure by events in the business environment, this tends to negatively affect the confidence of aspiring businessmen especially if those businesses are owned by people they have always looked up to as a source of inspiration. As a well known fact, people are always inspired by others before them and tend to be discouraged if they see them fail especially if they were hoping to learn a few things from their experiences in business. The closure of well established enterprises is also likely to eat into the staying power of those businesses who are already up and running, especially if faced with related challenges regardless of the difference in magnitude. Obviously this will dent the country's reputation to outside investors who are likely to be scared off by the high number of business closures and may thus view the country's industrial climate as hostile.

1.3.3 Resistance to change

Apart from succumbing to business failure, another likely outcome from the perceived harsh treatment from the Swaziland Revenue Authority on businesses is resistance to any move made by the tax collecting organization. Businesses and the entire public might view the Swaziland Revenue Authority as an enemy who is simply there to take their means of existence. Again demonstrations might be inevitable in the worst case scenario, a situation that could further dent the country's image as well as its aspirations to be an investor destination of choice.

1.4 Problem Statement

To establish if the tax system change has a negative or positive impact on small and medium sized enterprises in the country. To unearth the attitudes of these enterprises towards the change, and investigate their level of understanding of the tax system and thus determine if its costly for them to comply with the tax requirements.

1.5 Research Objectives

- To establish the effects of tax system transformation on small and medium enterprises and to establish if it's positive or negative.
- To establish the attitudes of businesses towards the new tax system.
- To also determine if the management of the tax system encourages voluntary compliance.
- To investigate the causes of tax compliance burden
- To also investigate if the different types of taxes have the same effect on the small and medium sized enterprise

1.6 Delineation of the Study

This study looked at how the tax system change has impacted attitudes and the tax burden of the business community, it mainly concentrated on small and medium sized enterprises. The researcher felt that by looking at small and medium enterprises, a good generalization can be drawn on the effects of the change on the business community. This research also excluded those enterprises that are owned or partially owned by the government due to the provision of financial subsidization by government to these institutions and other forms of revenue related assistance. The researcher felt that such contributions act as a windshield from the fully fledged effects of the tax system change. The findings and recommendations of this study are aimed at helping; the business community, the government and the Swaziland Revenue Authority to improve their relations and understanding of each other and cooperate in improving the country's economy.

1.7 Limitations of the Study

Several limitations constrained the interpretation and application of this study's findings. Firstly the failure of the researcher to secure a sponsor to finance the project only mean it was impossible to conduct it in a large scale thus the conclusions may only be suggestive. Secondly the researcher used self report questionnaires together with interviews and documentation reviews, questionnaires are prone to biases as respondents may want to paint a certain false picture about their activities in order to influence the researcher's findings. Time limitations also

prevented an in-depth or thorough investigation of the hypotheses therefore more work will be required on the subject in future.

1.8 Importance of the study

This study is aimed at assisting the Swaziland Revenue Authority understands the attitudes of businessmen towards the tax system change and taxes in generally. It also hoped that by unearthing the burden associated with tax compliance, and the impact of the different types of taxes on the SME, SRA will gain a deeper understanding of the business community and hence customize its services to better suit its clientele. The study is also important for the enterprises as well, as they stand to benefit from an improved service offering from a tax collector who knows how they feel.

CHAPTER 2: PROBLEM ANALYSIS

2.0 Introduction

Chapter one described some background to the study. It suggested that change in tax system and its impact to the business community should be investigated. The information from the investigation may help the Swaziland Revenue Authority to align its strategies to help induce economic growth through the provision of a welcoming environment and proper information for business growth and sustainability.

Identifying the attitudes of the business community towards the change in tax system is of importance to the implementation of an improved tax strategy that will not only ensure that compliance is voluntarily achieved but will also foster economic growth through providing an atmosphere where business flourish while at the same time attracting potential investors.

This chapter explores the underlying issues to the change in tax system in Swaziland. It explores such issues as motivation, leadership, and change management.

2.1 Motivation

Mullins (2005:129) defined motivation as a driving force through which people strive to achieve their goals and fulfill a need or uphold a value. Motivation plays an important part in a person's productivity and if employees are motivated, the whole company will be motivated; similarly when the people in leadership lack motivation, this will impact in the productivity of the whole firm. The issue of motivation plays a significant role in taxes, when taxes are charged fairly and not suffocating the business, and if the business people see the benefits of paying taxes, the tendency is that motivation to comply will be high. Business people who feel that the government of the day is transparent and is putting to good use their hard earned money, will have the right mentality and will be more than willing to cooperate. Once motivated business leaders will view taxation as a necessary challenge, one through which they could work hard to increase their profits. On the other hand a poor tax system demotivates businessmen and forces them to either quit or look for illegal means to survive like evading their taxes. A lack of motivation is usually followed by poor productivity as the motivation theories discussed below point out:

2.1.1 Maslow's Motivation Theory

Maslow (2005:130) argued that motivation at work is driven by more than one need and his hierarchy of needs consists of:

- ✓ Physiological needs that is need for food, drink and shelter
- ✓ Safety needs that is need for security and protection against danger and threat
- ✓ Social needs that is need for love ,affection and acceptance
- ✓ Esteem needs , for high esteem and respect from others
- ✓ Self actualization needs , to realize our potential and develop skills; also see figure below:

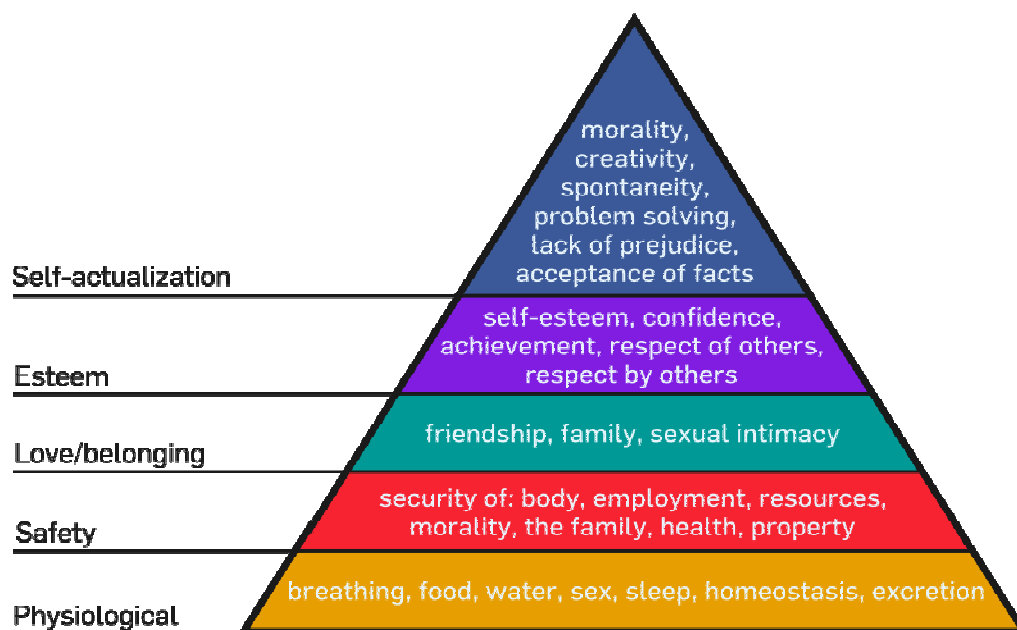


Figure:2.1 Maslow's hierarchy of needs, source:wikipedia.com

Maslow (2005:130) argues that it is only when a lower level need has been met that we turn our attention to the next level of need, for example , he says safety needs can only be met once the

physiological needs have been met. The impact of the tax system change on businesses can also be viewed from Maslow's motivation perspective. For an example, an unjust tax system may deprive business owners a chance to earn a good return from their investments, this in turn could diminish the salary the business pays them and hence some of their basic needs may not be met. This may hinder the attainment of more important needs for them and their businesses, like the self actualization needs which could enable them to reach their full potential.

It may also be applicable to the employees of these business enterprises, as poor returns in businesses affects employee's salaries which might as a result deprive them the ability to access the very basic level of needs in Maslow's hierarchy. Less motivated employees perform poorly and thus the quality and productivity of the work suffers consequently, the return on investments may diminish further thus aggravating the situation. It is therefore not hard to see that a poor tax system or if the issues behind a tax system are not addressed, it would be hard for a business to reach its potential leaving the owners with fewer options to survive. The need to understand the attitudes and hence the needs behind business owners is therefore important for the survival of businesses and for attracting investors.

2.1.2 Two- factor theory

Herzberg (2005:133) claimed that motivation could better be explained in terms of two sets of needs; motivational needs (causing satisfaction when met) and hygiene needs (causing dissatisfaction when not met). In his argument he states that there has to be hygienic needs first before the motivational needs could be achieved. His hygiene needs include supervision, working conditions, interpersonal relationships, pay and job security as well as company policies. On the other hand, he said satisfaction needs include; achievement, recognition, the work itself, responsibility as well as advancement and growth (Herzberg 2005: 133). Considering these hygienic needs, it is obvious that without a good tax system it is not possible for motivation to be existent as it touches on employees and business owner's salaries ,as well as their job securities, some other key factors such as good working conditions are also negatively affected and this results in job dissatisfaction.

The motivational factors may also be hindered, for example, people may be paid wages that are too low to enable them to survive and therefore they may not find their jobs satisfying, also,

without adequate returns business owners may never attain advancement and growth for their business. This may also be brought by the feeling of not being fully responsible for their misfortunes and a feeling that it's beyond their control and can only be made right by the taxing body.

2.1.3 Expectancy theory

On the other hand the expectancy theory suggest that motivation cannot be explained in terms of needs alone , it points out that people may be motivated by knowing that there is a clear linkage between hard work and rewards. It argues that people in a firm are motivated by the desire to increase the exchange with their organization, where continued hard work is directly proportional to the level of rewards. According to the expectancy theory rewards are not limited to material things for example it says recognition or even a compliment for hard work is motivating. I can be hard therefore to explain the effects of poor tax system on the basis of the expectancy theory beyond the fact that , for the business owners working hard may never get corresponding returns (rewards) ,this means that the magnitude of the effort invested may never match the benefits and this is hardly motivating.(Open University, 2005:140)

2.2 Change Management

According to the Open University (2008:10) organizations cannot survive if they are static, therefore they have to change to survive. This is even more so because of the rapid changes in the business environment, therefore organizations have to constantly change to adjust themselves to their surroundings. It is common knowledge that people are resistant to any form of change whether it's for their benefit or not. However if companies and country are to be successful, they need to be receptive to change. Whether people resist change or not, and the level of their resistance depends largely on how the change is implemented. The following table summarizes some of the models that can be employed for a successful change processes:

Lewin (1951)	Nadler (1998)	Beer et al (1990)	Kotter (1996)
Unfreeze	1. Recognise the change imperative	1. Commitment to change through joint diagnosis of business problems	1. Establishing a Sense of Urgency 2. Creating a Guiding Coalition
Move	2. Develop a shared direction	2. Develop shared vision	3. Developing a Vision and Strategy
		3. Consensus, competence to enact and cohesion around new vision	4. Communicating the Change Vision 5. Empowering Employees for broad-based action
	3. Implement change	4. Spread through all departments without push from the top	6. Generating Short-Term Wins 7. Consolidating Gains and Producing more Change
Refreeze	4. Consolidate change	5. Institutionalise through formal policies etc	8. Anchoring New Approaches in the Culture
	5. Sustain change	6. Monitor & adjust in response to problems	

Step-Models of Change

Source: wordpress.com

In the context of this study the management of change is important. In understanding the mistakes made by the Swaziland Revenue Authority, if any when changing the tax system; as well as in providing guidelines on how these organizations need to implement changes within themselves to adapt to their changed environment.

2.2.1 Lewin's theory

Lewin suggested a three step model which should be followed during change implementation, firstly organizations need to unfreeze which could be recognizing what needs to be changed and letting go; then move, which could be seen as the process of changing to a new way of doing things. Refreezing is the process of consolidating the change through for example the adoption of new habits and introduction of reward systems for encouraging application of new methods. In as much as Lewin's model could be applied by the Swaziland Revenue Authority in implementing the change in the tax system, it can also be applied by the organizations as they change their habits in order to adapt to the changed environment.

2.2.2 Kotter's eight step model

Kotter suggests that for change to be implemented successfully companies should employ the eight step model for change by;

- a) Establishing a sense of urgency,
- b) Creating a guiding coalition
- c) Developing a vision and strategy,
- d) Communicating the change vision
- e) Empowering employees for broad based action
- f) Generating short term wins
- g) Consolidating gains and producing more change
- h) Anchoring new approaches in the culture

In as much as this eight model of change seems to be specific for organizations especially in helping them adopt new ways of doing things in response to changes in the tax system, it is possible to customize it so that it is used for example by the Swaziland Revenue Authority to implement change in a large scale.

2.3 Leadership

The importance of leadership in an organization cannot be underestimated; good leadership is necessary during stable times and imperative during unstable times. When the environment is hostile sometimes good leadership becomes the difference between the survival and collapse of an organization. Good leadership is also pivotal to an organizations ability to cope with changes in the environment. The change of a tax system is one example of a change in an organization's environment, and how it is handled within the organization is key to its survival. While such changes may push some leaders to quit and intimidate others not to embark on a business adventure, good leaders find the courage and skill to handle such challenges. The capabilities of good leadership are described by Amos (2006:356-368) and are our subject of discussion next.

2.3.1 Capabilities of good leaders

2.3.1.1 Strategic thinking

This is the ability to engage in strategic reasoning which consists of identifying and diagnosing problems (mental activities), as well as solving problems. The strategic thinker is usually armed with a number of leadership tools that enable him to think and act in a strategic way (De Wit and Meyer, 2006).

2.3.1.2 Emotional intelligence and behavioral complex

Goleman (2006) states that effective leaders have some crucial similarity in that; they are intelligent emotionally, meaning they are in total control of their emotions as well as know how to manage relationships. He argues that such abilities come from having the following qualities;

- Self –awareness (awareness of one’s emotions, values, goals ,strengths and weaknesses ,and how these affect others)
- Self-regulation (to be in control of one’s impulses and ability to behave according to needs of a situation)
- Motivation
- Empathy
- Social skills (Amos, 2006:360)

2.3.1.3 Transformational

Dems (2011) defines a transformational leader as a leader who works as a model and motivator, who encourages his followers to work not because of an exchange of value but because they love their work. This is in contrast to a transactional leader who according to Gupta (2009) emphasizes on a series of transactions in form of contractual agreements between himself and his employees as a means to motivate them to outperform their job responsibilities. According to Dubinsky, Yammarino and Jolson (2006) states that transformational leadership has been found

to produce improved employee outcomes to many different types of organizations. Bass and Avolio (2006) argue that a transformational leader possesses the following qualities:

- ✓ Idealized influence –considers needs of others more than his own, high standards and moral conduct
- ✓ Inspirational motivation – challenge employees through persuasive communicating of clear and concise vision of the future.
- ✓ Individualized consideration –paying attention to individual needs and capabilities
- ✓ Intellectual capabilities- ability to stimulate employees to on their own and differently about situations

2.3.1.4 African leadership

This entails customizing the style of leadership to suit the values of the people and the community, embracing the unity of humankind and emphasizes the will of the people. This means that decisions are taken after consultation with the people and their interests are made to be more important than individual goals (Amos, 2006).

Chapter 3: Literature Review

3.0 Introduction

The idea of paying taxes is an old one it is almost as old as life itself, even during biblical times all citizens of a country were obliged to pay taxes as long as they were past a certain age (Mathew, 5:27). As the years have gone by almost everything had to have a certain amount of fee paid as tax for, and this include animals and property. Nowadays businesses are also considered as citizens, and have to be tax-paying to contribute to the strengthening of their respective countries. A number of authors and writers have published work in the subject because of its obvious importance to our everyday existence. In this section we will discuss work by some of these authors on this obviously very important subject on which our study is also based. It is hoped that as these works are explored, a need of researching the subject in our local context will be made obvious and somehow justify the need to undertake this study. Our literature will be reviewed in categories, for ease of understanding at the same time pointing to the burning issues that often need to be addressed in this subject.

3.1 Importance of Taxes

A substantial amount of literature have discussed the obvious importance of taxes for a country, now the question is, do they benefit the businesses, or businesses only exists to provide the substantial share of the tax revenue. As citizens of a country enterprises are in general likely to reap benefits from paying taxes as the public money may be used in improving infrastructure and in the funding of related projects. This is also of benefit to the normal state-employed citizen but of course the issue is on whether overall they stand to benefit or lose? According to Wallace (2010) taxes tend to be good for the other employees but bad for businesses. In his study of mine workers and the owners of the mines, taxes benefited mine workers more than they did the owners of the mines. Bartlet (2005) supports this idea and adds that businesses tend to be taxed a lot of money especially in the United States of America, leaving them struggling to survive . Increased taxes on business however is likely to hit back at consumers who are the normal tax payer as business owners might see increasing prices on goods as the only a means to continued making profits. Slemrod (2005) on the other hand state that taxation is about the relationship between individuals and the state, about honesty and trust, and about how a society designs

institutions to try to overcome the free-rider impulse that threatens to undermine beneficial collective action. Indeed if taxes are about individuals and their state how they are utilized and how they benefit them is determined by the people chosen to lead at that particular time and the laws governing how they spend the public funds.

3.2 Attitudes on Taxes

People's attitudes on the payment of taxes have always been mixed, while some don't see their need others value their role in their countries' economy and how it helps contribute to sustainable growth. According to Torgler and Schneider (2004) the aspect of tax morale (which is the attitude towards the payment of taxes) is important because the act of paying taxes cannot be fully explained by a standard economic expected approach. They argue that people pay their taxes despite that there is a low probability of getting caught or penalized. Sharing the same opinion are Alm, Vazquez and Torgler (2005) who suggest that tax morale is encouraged by good tax systems, good tax administrations as well as conducive government structures. Torgler and Schneider (2005), point out to the importance of such societal variables as trust, national pride or religiosity on tax morale. They argue that these values have been observed to positively influence tax morale on people in Russia. The study however fails to state if the same conclusions can be drawn in people living in other parts of the globe and having a different type of religion for an example.

Alm, Vazquez and Torgler (2005) also observed that if people had the idea that tax evasion is a common phenomenon, their intrinsic motivation to pay taxes decreased, an indication that even on taxes people are easily swayed by what others do. The study also indicated that morale decays over time, it is however difficult to explain such a complex behavior, whether people get tired or not, it remains a mystery. The study also showed that tax morale In Russia also depended on the regions people live in for example wealthier regions were observed to have a higher tax morale than poorer regions. Again such conclusions cannot be drawn for other countries unless a similar study indicates the same results. It would however be interesting if such a study could be undertaken in our local context, a third world country. Torgler and Schneider (2006) also support the view that trust in the legal system, government and parliament; and pre-democratic attitudes all have a positive effect on tax morale .In their study they also discovered that if citizens are

constantly involved in the making of the laws and their implementation, they are more likely to cooperate and comply.

Oberholzer (2008) observed that although most people don't feel it's unfair to pay taxes, they however certainly feel that waste and corruption in government was high. They therefore feel there was no justice in them being charged high taxes arguing that tax rates need not be high if there is no transparency in government spending and thus calling for more accountability in government spending. In view of the preceding arguments it seems only fair to deduce that people's tax morale is largely affected by a mix of internal and external norms which are themselves unique to individuals and their background or even their surroundings.

3.3 Compliance

Torgler and Schneider (2006) observed that people involvement in decision making enhances compliance, while religion and culture were also observed to play a significant part. Indeed involving people in decision making processes make them identify with or feel like they own those resolutions and this enhances compliance (Open University, 2005:170). The effects of religion can never be underestimated especially when considering that some can do anything as long as it is attached to them having a good life beyond the point of death, thus people who feel that it's a sin not to comply with the laws of the land will comply with all tax policies.

According to Pope and Abdul-Jabbar (2008) the burden for taxes falls heavily on small firms. While large enterprises usually have the financial strength and expertise to deal with taxation, small enterprises are usually struggling in those important aspects and can hardly grasp the issue of taxation in its completeness. Pope and Abdul-Jabbar also claim that tax related compliance is one of the major difficulties facing small and medium enterprises internationally. In fact they say that record –keeping and documentation, tax compliance costs, tax complexity and legal entities are amongst major tax difficulties faced by SME's in Malaysia.

This study hopes to determine if the same challenges are found in small and medium sized enterprises locally. In addition Pope and Abdul-Jabbar argue that the lack of proper records lead small businesses to fail to comply with business taxation requirements .Since SME's often find taxes complex as a means of dealing with the problem of tax complexity, SME's often turn to tax professionals who are often expensive, this increases their tax compliance costs. They suggest therefore that a minimum number of broader base taxes be used to lower compliance costs. They argue that taxes need to be simplified mainly because of three main reasons;

- to lower both compliance costs and administrative costs,
- to reduce uncertainties faced by tax payers,
- to increase the level of voluntary compliance.

Kindsfateriene and Lukasevicius (2008) also contributed to the tax literature; they stated that one of the most important factors determining the attractiveness of a business environment is the level of tax burden or more generally the tax policy of a country. They argue that friendly environments, ones in which the burden is perceived to be low, attract more investors while hostile business environments will chase investors away.

Kindsfateriene and Lukasevicius also argue against taxes as whole saying taxes contradict the economic principles of business and also deform the economic relationships In the market. They also make the point that, many countries in the world have achieved better results with respect to the growth of their economies by lowering their tax rates .In their arguments they cite the example of Lithuania as one country that lowered its tax rates and yet observed growth in its economy after creating a tax system by relying on experiences of countries with developed economies, although having a much different economy itself.

Perhaps such a philosophy worked because low tax rates meant more businesses could afford to pay taxes without straining their coffers, as Kindsfateriene and Lukasevicius also claim that scholars maintain that the tax burden must not force businessmen to hide their income. They say there is a need of an optimal balance between part of the income that remain with the business for development, and that which goes to the national and municipal budgets. This argument

perhaps point to the fact that it is important for countries to constantly review their tax policies so that they provide a suitable environment for tax payers. As the authors put it, countries should strive to create an optimally balanced tax system which will not have a negative impact on business development while it helping to create an investment friendly environment .It should at the same time motivate businessmen to develop honest businesses.

Smatrakalev (2007) also agrees with Pope and Abdul-Jabbar (2008) on that, dealing with tax compliance and planning is a great expense out of the abilities of the small and medium sized enterprise that do not have the financial muscle of large corporations. The financial muscle enable large corporations to either share part of their staff or hire people to deal with studying the legal requirements and comply with the regulations. Large corporations can even contract some personnel to deal with their tax planning, compliance etc. Garbarino (2011) adds by arguing that tax liability is a manageable cost for large corporations, and state that they can reduce it like any other operational cost. Since large corporations can manipulate the tax liability at will, Garbarino suggest that if such firms evade taxes or stretch beyond the limits of what is legal, the penalty should be paid by the tax manager instead of the whole company.

Smatrakalev (2007)also argues that SME's are the backbone of most countries economies and often provide a constant source of ideas, innovation and entrepreneurial skills as well as forming the main source of new employment, he says therefore they deserve a differential taxation just as is the case in almost all developed market economies. One might argue against this view and in defense of developing countries and say that their economies are still growing and probably require a combined effort from all involved, unlike it is in the developed countries. However the truth of the matter is, more research is needed to determine the suitability of such an approach for developing countries before it can be accepted or rejected.

Fjeldstand (2006) points to the fact that people's willingness to pay taxes is largely affected by what they benefit in return. People are more likely to comply if the government of the day uses the collections in a way that satisfies them and more likely to evade if they are not happy with the government spending. Slemrod (2005) noted that corporate tax collection as a percentage of Gross Domestic Product (GDP) has been in steady decline for four decades in the United States of America thus suggesting that corporations and businesses have often found means to dodge

the tax collector. Fjeldstand (2006) stresses the importance of the mechanisms used when collecting the taxes and how they are likely to affect people's willingness to comply he argues that oppressive, uncompromising and non transparent methods are more likely to provoke resistance towards tax payments .Citizens need to have access to information on taxes collected and how revenues are spent as way of being transparent ,they also need to be treated with respect and have their views considered if they are to comply voluntarily.

James , Svetalekth and Wright (2006) agrees with Fjeldstand (2006) and make the point that the administration of taxes is also largely affected by the attitudes and perceptions of tax officials .This means tax officials should have the right attitude and provide a suitable atmosphere for voluntary compliance. Hostile and difficult officials have a tendency to anger and harden tax payers and thus hinder free tax payment. James, Svetalekth and Wright stress the need of performance indicators in tax administration as this might help improve both process and individual employee efficiency within the tax collecting company.

3.4 Management of Change

It has often proved hard for organizations to cope with change (Open University, 2006). Unfortunately change forms part of an everyday life of a business, Kotter(2006) states that organizations cannot survive if they are static and thus have to undergo change to survive. Burnes (2004) states that organizations should not be viewed in isolation but rather as open entities that are open to interact with both their external environment and their internal environment that is the various subsystems interact with each other. External forces that affect the organization can be social, demographic , political , economic and technological in nature (Nahavadi and Malekzadeh, 1999).Therefore how the business manage change in its environment is a key determinant of whether that organization survives or not.

Changes in the tax system is an example of an external sourced change, because of their occurrence outside the domains of business leaders, it tends to have a huge impact on businesses. Umurzakova (2002) argues for an example that changes in import taxation policy could change the ground for doing business in China and make it more expensive for other companies. Kocieniewksi (2010) also suggest that an increase in taxes may lead individuals to seek self employment because it offers higher opportunities to evade taxes. He also points out that tax

increases may also batter numerous small businesses and prevent them from creating jobs that may indirectly lift the economy. Research into the subject indicates that if taxes were increased for the wealthy and owners of large corporations, they may be forced to create small businesses to avail themselves to the tax breaks that are offered to start-ups. This is just an indication of how uncomfortable change could be for businesses and especially if it entails taxes.

Eyal- Cohen (2009) observed that one of the causes of failure of small businesses was lack of investment capital which was a result of high tax rates. An increase in tax rates he argues ensured that even if firms were to be given the capital, they would struggle to repay and consequently succumb to failure. Eyal- Cohen therefore suggests that tax laws which will reduce the tax burden for small enterprises are necessary. Garbarino (2011) added that tax is a significant cost factor for companies and minimizing tax increase the profitability. Rakoczy (2012) agree by stating that the taxes you pay on your investments can reduce the amount of money you actually make from a given investment and yet failure to pay taxes can subject you or your companies to penalties including fines, interest and even possible jail time. Kearney (2007) suggest that there is no painless fix for businesses owing taxes .He therefore says that filing for bankruptcy does not always solve problems, instead once behind businesses should negotiate with tax authorities .

On the other hand Ifrim (2009) argues that economic growth is affected more from the type of taxation and not from the absolute value of taxation for example, he says higher growth was observed when income taxes were lower relative to consumption taxes and property taxes in the OECD countries. Ifrim's study however does not dispute the fact that and increase in taxes hinders businesses ability to develop .In as much as his study was based on the OECD countries , it remains interesting to wonder if the same conclusions can be drawn for developing economies like Swaziland. Unfortunately that aspect is beyond the scope of our study and might require large amounts of time which cannot be fully covered within the limited time of the course, but perhaps its an angle that needs to be investigated in future research.

Abbot (2011) also claims that the introduction of the carbon tax will hit hard on businesses in Sunderland as well as in many parts of the world. Smith (2001) agrees and noted that possible adverse effects of environmental taxes will be on industrial and national competitiveness. He argues that environmental regulations are likely to have a bigger impact on some firms than on others thus disrupting the balance in competitiveness. If major firms are affected for example and so will the economies of those countries as other competing firms in the region might not be subjected to the same stiff environmental rules .Whether prepared or not some of these changes are imminent and might leave many businesses down on their knees.

CHAPTER 4: RESEARCH METHODOLOGY

4.0 Introduction

In Chapter one, we provided a detailed background to this study, the main issues behind the problem were discussed as well as the research problem and why it had to be investigated. In chapter two the problem was analyzed through discussion of various theoretical and business models and this was done to establish the business case of the study. Chapter three provided a discussion of what other authors have already done in the subject; the main aim of the literature was to establish an academic case of the study by indicating what other authors have not covered in the subject or what still needs to be covered in the local context. This chapter, chapter four provides a roadmap of how the study was to be carried out by detailing the methods for data collection and analysis as well as how results were to be communicated. The study also explains why the methods used were preferred for the study while others were deemed unsuitable.

4.1 Research Design Concepts

Coldwell and Herbst (2004:36) define a research design as a strategy for the study and the plan by which that strategy is to be carried out. It thus specifies the methods as well as procedures for the collection, measurement and analysis of data and reporting it (Coldwell and Herbst, 2004:36). Cooper and Schindler in Coldwell and Herbst (2004) argue that while there are differing views on what a research design is, the following principles are common to all the definitions:

- Design is an activity, a time based plan.
- A design is based on a research question
- The design guides the selection of sources and types of information.
- The design is a framework for specifying the relationship among the study's variables
- The design provides a framework for evidence

- It also outlines procedures for every research activity which ensures that the research is reliable , replicable and valid

Clearly a research design is so important if one needs to carry out an authentic and valid investigation as precise methods are pivotal for different types of investigations.

4.2 Research Approach and Method

- The study will be qualitative in nature as it investigates a problem in the business environment and does not need to generalize its findings to a wider population. (Coldwell and Herbst,2004:16)
- It will employ qualitative principles through the use of survey questionnaires
- Purposeful sampling will be used to select respondents that could best answer the research question
- A sample of 80 participants / businesses were used, the researcher felt they were enough to enable him to draw valid conclusions. These participants were evenly spread from the four regions of Swaziland, some from urban areas while others were rural businesses.
- An inductive approach where the data was collected, analyzed with the aim of getting an understanding of the investigated problem was employed.
- Additional data was sourced from the Swaziland Revenue Authority.
- The study employed the cross sectional time period because it aimed at understanding a phenomenon at a particular period in time, on another time the same conclusions may not hold.
- An exploratory approach was used to aid a deeper understanding of the subject.

4.3 Data collection methods

Primary and secondary data was used, primary data being information directly from the source while secondary data is information not from the source.

The data was collected as follows:

- Questionnaires- were sent especially to primary sources of data and the questionnaires were of a closed type question for ease of analysis.
- Consultations were conducted with sources of secondary data as well as other sources of primary data where the researcher felt the need.
- Secondary data was sourced from the internet as well as from the Swaziland Revenue Authority

4.4 Population and Sample

Coldwell and Herbst (2004) define a sample as a section that provides a finite part to a statistical population; the properties of a sample are studied to gain information about the entire population. A population on the other hand refers to the complete group of people or items under investigation (Coldwell and Herbst, 2004)

According to Coldwell and Herbst (2004) there are several determinants to a sample size namely:

- ✓ Whether the population is finite or infinite
- ✓ The degree of accuracy one hopes to achieve
- ✓ The heterogeneity of the population
- ✓ The confidence levels of the accuracy of the results and
- ✓ The number of variables that need to be examined

For the purpose of this study a sample of 80 businesses were selected from across the four regions of the country, with 20 selected from each of the four regions .Since this was not a quantitative study , the researcher felt it was adequate for the purpose of the study.

4.5 Data Analysis

The questionnaires used in the survey were closed ended questions, this means the respondents were to choose between given alternatives for answers instead of constructing their own responses .This was mainly done to simplify the analysis process. After gathering of the data, it was then quantified according to predetermined categories. This was followed by a comprehensive analysis of the data.

4.6 Constraints of the Study

As the researcher is currently full time employed by the Teaching Service Commission he was often constrained in terms of time to do the study, and the study itself required more time than was available within the period allocated for it. The researcher failed to secure a sponsor for the study and hence had to rely on own funding which often proved to be a limiting factor since the study was a bit intensive and required adequate funding.

4.7 Ethical Considerations

Ethics are norms or standards of behavior guiding moral choices about our behavior and relationships with others, therefore in research; ethical considerations aim to ensure that no individual suffers adverse consequences or is harmed (Coldwell and Herbst, 2004).

Ethical issues in this study have been addressed by means of maintaining confidentiality of information and of respondents. While results of the study may be made available countrywide, respondents were guaranteed that neither the name of their enterprise nor any of its personnel will be identified in any report of the results of the study. Participation in the survey was voluntary, meaning any respondent could withdraw at any time when no longer feeling comfortable.

4.8 Validity and Reliability

Validity refers to the extent to which an empirical measure accurately reflects the concept it is intended to measure, on the other hand reliability means dependability and consistency. To test validity, face and content validity was tested, while to test reliability the researcher ensure that ambiguity in the wording of the questions is removed as this is one factor known to affect reliability.(Neuman, 2006)

CHAPTER 5: RESEARCH FINDINGS AND ANALYSIS

5.0 Introduction

The study was aimed at determining the effects of changing the tax system on small and medium sized business enterprises in the country of Swaziland. Since people are well known to be resistant to any form of change, therefore the study tried to find out if the same was true with the change in the tax system but mainly focusing in businesses .It specifically tried to establish the effects of tax system transformation on small and medium enterprises and to establish if its positive or negative. Small and medium sized enterprises were deemed suitable target for the study because unlike large enterprises, they are largely affected by changes in their environment. The study also tried establish the attitudes of businesses towards the new tax system, tried to determine if the management of the tax system encourages voluntary compliance and investigated the causes of tax compliance burden as well as investigate the impact different taxes have on small and medium enterprise. The questionnaires were thus drafted to investigate these aims and are attached in the appendix as appendix A.

5.1 Sample Characteristics

A total of 80 questionnaires were sent out to small and medium sized business enterprises and only 40 were returned to the researcher, meaning the total response rate was fifty percent which is an acceptable rate since non – response bias of 50% to 60% is the minimum accepted (Draugalis and Plaza, 2009).These enterprises were sampled from different parts of the country from both rural and urban areas to try and eliminate any bias that might be brought up by the different demands on the businesses by their locations.

5.2 The Results

The questionnaire was divided into sections;

Section A, was on general organizational information, it also tried to determine the type and size of the enterprise. The classification of the size of the enterprise used is summarized in the table below;

Table 5.1: Classification of Enterprise type by Headcount

Enterprise category	Headcount
medium-sized	< 250
small	< 50
micro	< 10

Section B, was on compliance while section C was on attitudes and section d was on the type of taxes. The findings are summarized in the tables below:

5.2.1 Organizational Information

5.2.1.1 Characteristics of the Enterprises

Table 5.2.1: Summary of Organizational Information

Type of business	Single owned	limited liability company	partnership	corporation
Response %	45%	42%	10 %	3%

Type of enterprise	Medium sized	small	micro
Response %	0%	19.4%	81.6%
Familiarity with a tax questionnaire	<div style="display: flex; justify-content: space-between;">Familiarunfamiliar</div>		
Response %	<div style="display: flex; justify-content: space-between;">25%75%</div>		

Opinion on tax questionnaires	important	not important	undecided
Response %	61%	6%	33%

The results indicate that a majority of the organizations that took part in this study are single owned (as indicated by the 45%) or have shareholders with limited liabilities (42%) with the least participants being corporations (a mere 3%). The results also indicate that most of the participants were small organizations which are in line with the aims of the study as small organizations are usually more unstable economically and thus more susceptible to changes in the environment. This section of the questionnaire also investigated participant's familiarity with tax questionnaires and their opinion of how important they thought they were. The results showed that an overwhelming majority (75% to be exact) was not familiar with tax questionnaires but non the less they were positive about their importance, as is indicated by the 61% who felt that they were important.

5.2.2 COMPLIANCE

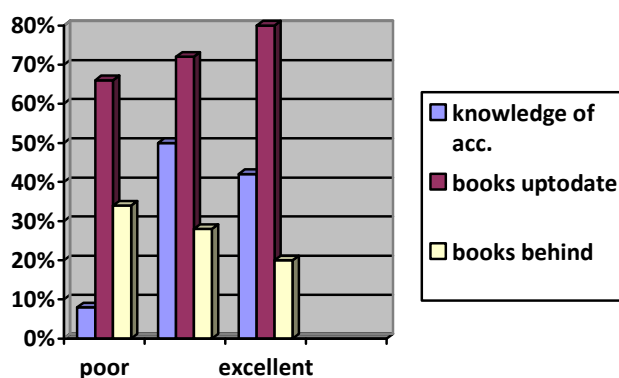
5.2.2.1 Financial Records

Table 5.2.2: Compliance Related Questions

Understanding of Books of accounts	Poor	average	excellent
Response %	8%	50%	42%
State of financial records	Non –existent	behind	up-to-date
Response %	3%	25%	72%

The data indicate that about 50% of respondents rank their understanding of the books of accounts as average and 42% rank theirs as excellent and only 8% ranked their understanding as poor. At least 3% of respondents confessed to not keeping any records at all, while 25% agreed that theirs were behind and 72% said their records were up-to-date. A startling observation with the above statistics is that 66% of those who classified their understanding of the books of accounts as poor actually had their records up-to-date .72% of those whose understanding was average had their records up-to-date and 28% confessed that theirs were behind, and about 20% of those who said they had an excellent understanding of the books of accounts were actually behind in their records and 80% of them were up-to-date, see figure below;

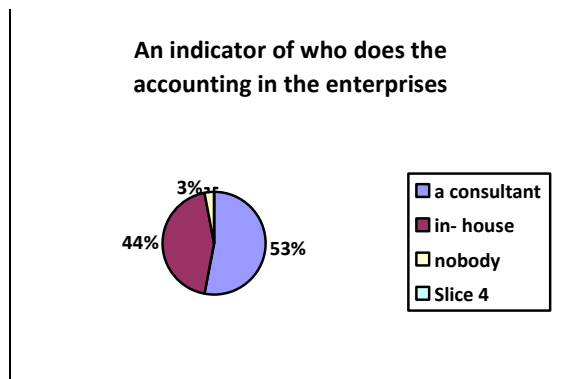
Figure 5.1: Sample of participants understanding of the books of accounts versus their habits of keeping them up-to date



5.2.2.2 Who does Accounts?

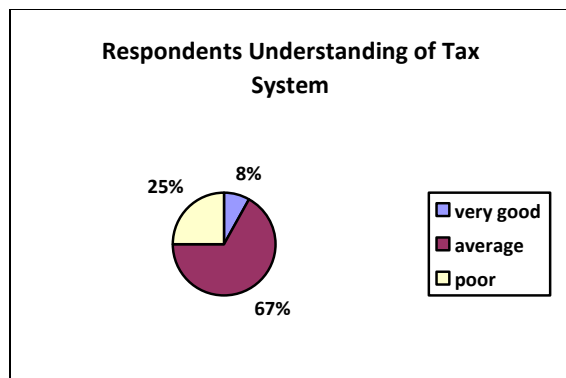
Who does the accounting	A consultant	accounts dept (in-house)	nobody
Response %	53%	44%	3%

The results also indicate that 53% of the businesses relied on consultants for their accounting while 44% had an accounts department which does the accounting in-house and only 3% had no one to do their accounting for them. It is important to note that the 3% correspond to those whose books of accounts were nonexistent. Please see figure below:



5.2.2.3 Understanding of Tax System

Understanding of current Tax system	Very good	average	poor
Response %	8%	67%	25%
Is Tax system simple to understand	Yes	no	don't know
Response %	33%	42%	25%



The results also indicate an average to poor understanding of the tax system, only 8% ranked their understanding as very good, 67% said they were average and 25% said theirs was poor. It was not surprising therefore that 33% responded positively to being asked if the tax system was easy to understand, 42% said it was not and 25% said they didn't know if it was simple or not.

5.2.2.4 Cost of Complying

Professional help With tax issues	Often		rarely		never		
Response %	42%		50%		8%		
The professional help is.....	Expensive		reasonable		cheap	I don't know	
Response %	69%		25%		0%	6%	
Expenditure in Compliance	None	<1%	< 5%	<10%	<20%	<50%	don't know
Response %	11%	8%	11%	8%	11%	6%	44%

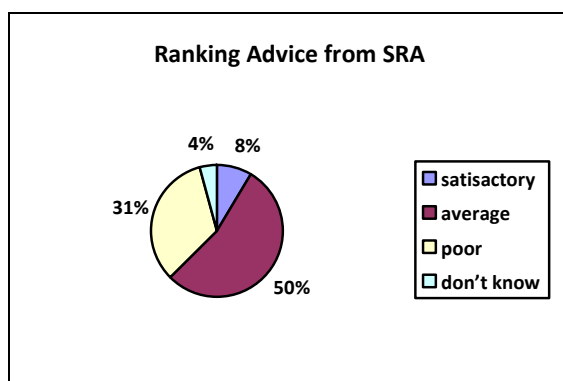
The data show that 42 % of the businesses seek help often with tax issues and 50% do so rarely while only 8% have never sought help with tax issues.

When asked if such professional help was costly 69% said yes it was and 25% said it was reasonable while 6% said they didn't know if it was cheap or expensive. 11% of the respondents said compliance to them comes at no cost at all, 8% said they spend less than one percent, 11% said they spend less than five percent, 8% said their expenditure was less than ten percent, while 11% said it was less than twenty and 6% said it was less than fifty percent and 44% said they were not sure of the percentages they spend in their quest to comply.

5.2.2.5 Quality of SRA Advice

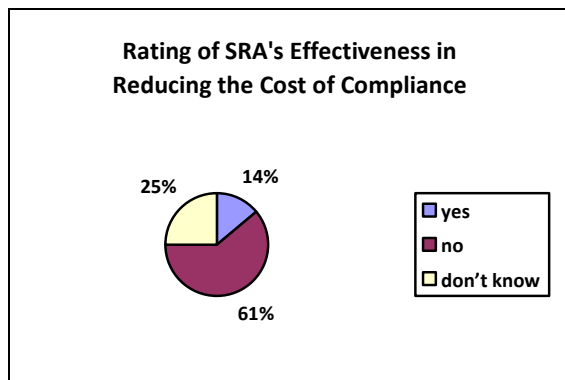
Rank advice from Swaziland revenue authority	Satisfactory	average	poor
Response %	8% 4%	50%	31%

The data from the survey tabulated above indicate that 50% of businesses rank advice from the Swaziland Revenue Authority as average, 31% thought its poor and 8% said it was satisfactory while 4% said they didn't know where they could rank it. Potential reasons for not knowing could be down to not utilizing the services from the Swaziland Revenue Authority.



5.2.2.6 SRA and Compliance

Does SRA help reduce the costs of compliance	yes	no	don't know
Response %	14%	61%	25%

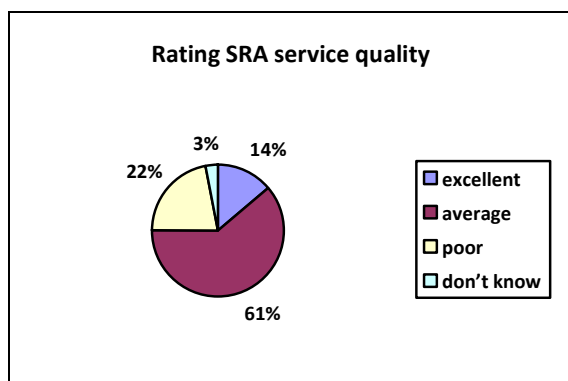


Part of the mandate of the Swaziland Revenue Authority is to promote compliance and hence the questionnaire had to ask businesses whether they feel the organization was living up-to its mandate by reducing the cost of compliance. Only 14% said they felt SRA was helping reduce the cost of compliance, 61 % said she was not and 25% said they didn't know.

5.2.2.7 Quality of SRA Services

Quality of SRA service	Excellent	average	poor	don't know
Response %	14%	61%	22%	3%

Also when respondents were asked to rate the quality of SRA services only 14% said it's excellent, 61% said its average and 22% said its poor while 3% said they didn't know. This information is also indicated in the figure below:

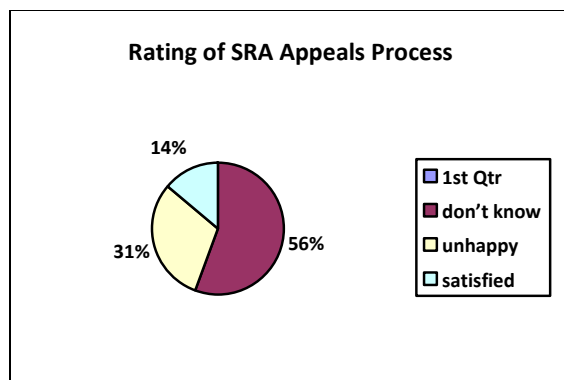


5.2.2.8 SRA Appeals Process

SRA appeals process satisfactory	Yes	no	don't know
Response %	14%	31%	56%
Level of convenience dealing With SRA	Very convenient	average	frustrating
Response %	3%	50%	47%

The results also indicate that business people may be less aware of the SRA appeals process as is indicated by the 56% of respondents who said they don't know when asked to rate the SRA appeals process, 31% said they were not happy with it and only 14% said they were satisfied.

On the other hand 47% of respondents indicated that it was frustrating to deal with the Swaziland Revenue Authority, with 50% indicating that they would rank the level of convenience as average and 3% saying SRA is very convenient to deal with. A further analysis revealed that 47% of the respondents who said it was actually frustrating to deal with the SRA didn't know of any appeals process and 41% of them said they were aware of it but it was not satisfactory and only 12% of them said they thought while it was frustrating to deal with the Swaziland Revenue Authority but it had a satisfactory appeals process. See figure below:



5.2.3 ATTITUDES

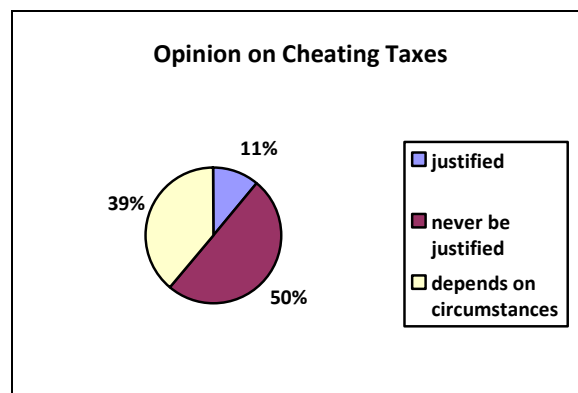
5.2.3.1 Rating of thoughts on tax benefits

Is it beneficial to			
Pay taxes	Yes	no	don't know
Response %	44%	47%	8%

When asked on the benefits of paying taxes, 44% indicated that its beneficial, 47% said they didn't think its beneficial with 8% saying they didn't know if its beneficial or not.

5.2.3.2 Opinions on Cheating Taxes

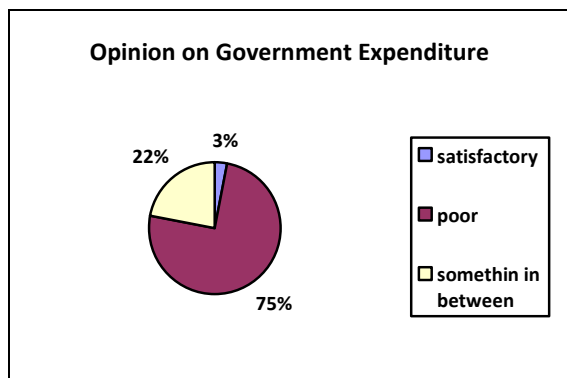
Opinion on cheating taxes	Justified	never be justified	something in between
Response %	11%	50%	39%



Respondents were also asked on how they felt about people who cheat on taxes and the results indicate that business people felt strongly about people who cheat their taxes as only 11% said it was justified, 50% said it would never be justified and 39% said it depends on the conditions.

5.2.3.3 Level of Satisfaction on Govt. Expenditure

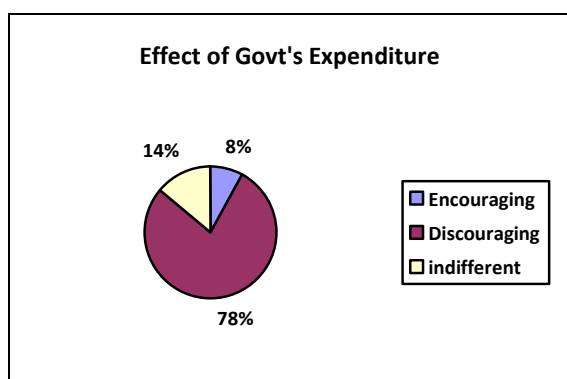
Government usage of Public funds	Satisfactory	poor	something in between
Response %	3%	75%	22%



When asked how they feel about government expenditure or usage of public funds the business people expressed a large degree of dissatisfaction, only 3% said government expenditure was satisfactory, 75% said it was poor and 22% said it was something in between.

5.2.3.4 Feelings on Govt. Expenditure

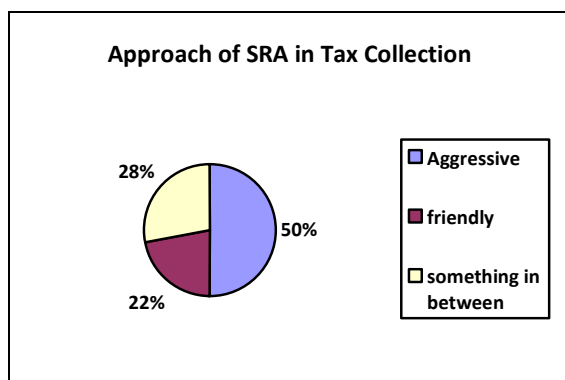
Government expenditure 's effect on taxpayer	Encouraging	discouraging	its indifferent
Response %	8%	78%	14%



The respondents also expressed a large degree of discouragement in as far as paying taxes is concerned due to governments poor management of public funds. Only 8% indicated being encouraged by the action of the government, 78% expressed being discouraged and 14% said they were indifferent.

5.2.3.5 Feelings on SRA's Approach to Taxation

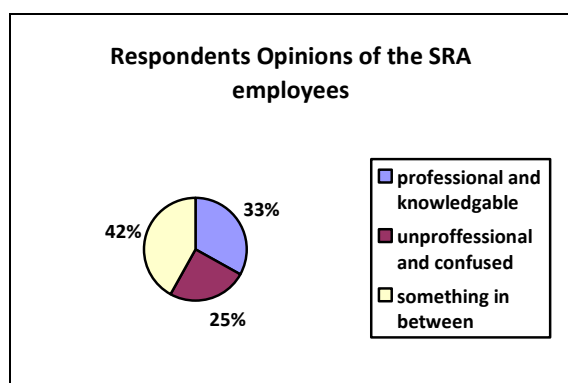
Approach of SRA in Tax collection	Aggressive	friendly	something in between
Response %	50%	22%	28%



When asked about what they thought of the approach chosen by the Swaziland Revenue Authority with tax system about 50% said it was aggressive, 22% said it was friendly and 28% said it was something in between. The data indicate that a good percentage of the business population was not comfortable with the approach used in ensuring compliance.

5.2.3.6 Feelings about SRA Employees

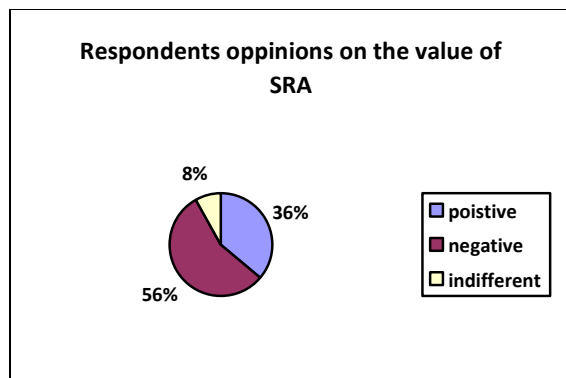
Opinion on SRA employees	Professional and knowledgeable	unprofessional and confused	something in between
Response %	33%	25%	42%



The data collected also indicate that 33% of the respondents regarded SRA employees as professional and knowledgeable, 25% opted to describe them as unprofessional and confused and 42% said they could say they are neither professional and knowledgeable nor unprofessional and confused but instead they were somewhere in between.

5.2.3.7 Attitudes on Establishment of SRA

Establishment of SRA has been.....	Positive	negative	indifferent
For business			
Response %	36%	56%	8%

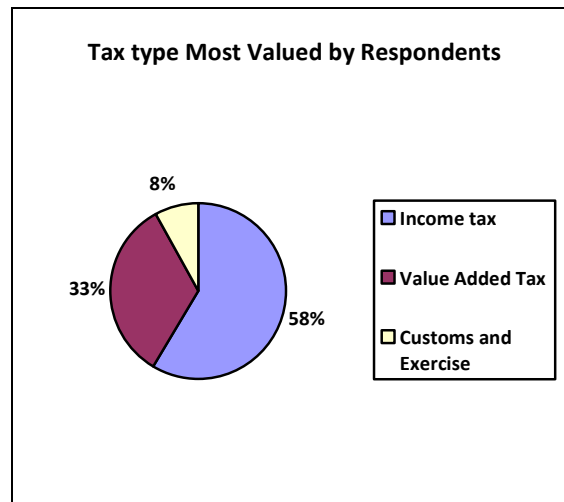


The business leaders were also asked on how they felt about the establishment of the Swaziland Revenue Authority, 36% said they felt it was positive for business , 56% said they felt it was negative for the business community and only 8% were indifferent. This data indicate that the business leaders had strong feelings against the establishment of the Swaziland Revenue Authority and mostly felt that it made the business environment less conducive.

5.2.4 Types of Taxes

5.2.4.1 Most valued type of tax

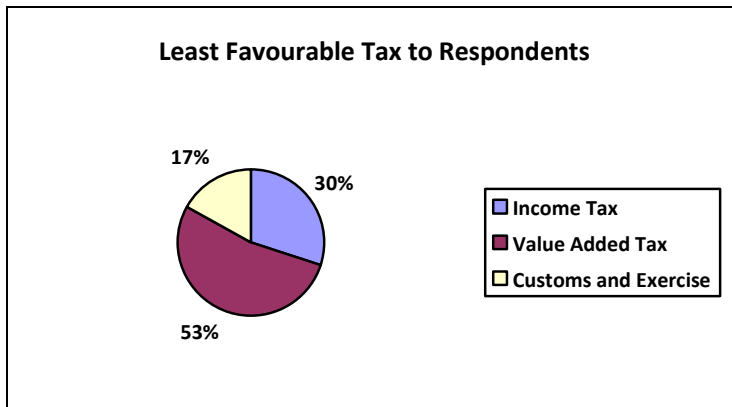
this tax add value to businesses	Income tax	value added tax	customs and exercise
Response %	58%	33%	8%



About 58% of the participants of the study indicated that they believe that the income tax was the tax that added value to their businesses , 33% said they believe that it was the value added tax and only 8% said they believed it was the customs and exercise. These questions aimed to establish participant's value of the different taxes as common knowledge dictates that people are likely to pay attention to things that benefit them.

5.2.4.2 Least Valued Type of Tax

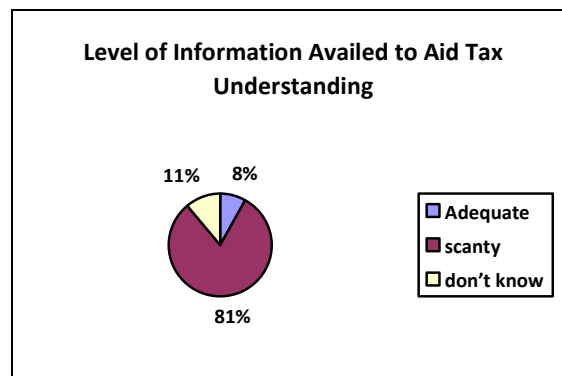
the worst tax	Income tax	value added tax	customs and exercise
Response %	30%	53%	17%



The Value added tax was the tax that was considered least favorable by participants with 53% followed by the income tax with 30% and lastly was the customs and exercise with 17%.

5.2.4.3 Availability of Information on Taxes

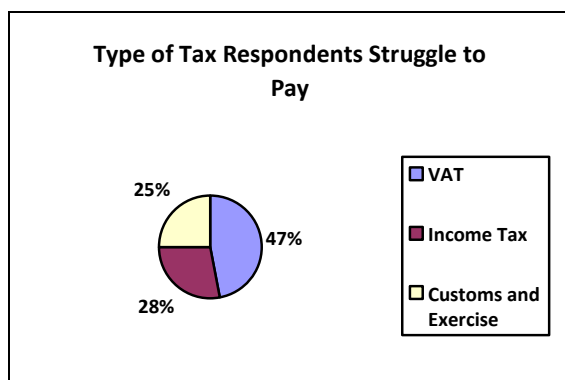
Information availed to help Understand taxes	Adequate	scanty	don't know
Response %	8%	81%	11%



The above results indicate that business people feel there was scanty information available to help them understand the taxes they pay with only 8% saying there is adequate information on taxes, 81% said it's scanty and 11% said they don't know. It could also be noted that even the respondents who said they didn't know may actually indicate the absence of adequate information on taxes, their response could easily imply being blank on the subject altogether.

5.2.4.4 Tax Most Struggled with

Is the hardest tax to pay	VAT	Income tax	customs
Response %	47%	28%	25%



Lastly respondents were asked what was the hardest tax to pay and 47% said it was the vat/sales tax, 28% said it was the income tax and 25% said it was customs and exercise.

It is important to note that respondents indicated to be less favorable with the vat and it was hard to determine if the absence or lack of understanding on this type of tax was a contributing factor

The above results indicate that people still feel strongly about taxes and easily feel the effects and adopt a certain attitude towards the agents of change and the change process itself. A clearer understanding of the results is summarized as we look at the initial objectives of the study:

Objective 1: To determine the effects of a change in tax system on SME's and finds out if it's positive or negative

The results indicate that business owners are not happy with the change in the tax system, and the way the change has been implemented. They particularly feel the approach was too strong and hard on them and thus the change could be viewed as having a negative impact on the business community since its not accepted and there is resistance on accepting it.

Objective 2: To establish the attitudes of business owners towards the change

The analysis show that although most business owners don't think it's okay to cheat on taxes, but they feel that their monies are poor utilized by the government and thus making them less eager to pay their taxes. The results show that they are not happy with the approach adopted by the Swaziland Revenue Authority in their tax collection and feel that it's having an adverse effect on their businesses.

Objective 3: To determine if the management of the tax system encourages voluntary compliance

The results indicate that most business owners feel that the tax system is hard to understand, and the Swaziland Revenue Authority is less convenient to deal with. The results also show that people also feel that the appeals process within the SRA is unsatisfactory.

Objective 4: To investigate the causes of the tax compliance burden

The results show that most business owners have an average knowledge of the books of accounts and mostly rely on consultants for their records. The results also show that these professionals are very expensive for the businesses and take a substantial amount from the business.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

In this final chapter, the research conclusion was discussed and recommendations were made. The research problem is also restated to determine if the study answered it successfully. The chapter ends with recommendations to improve the current tax system and hopefully the country's business environment as well

6.1 Conclusion

The general observation of the researcher was that most owners of small and medium sized enterprises have little or no knowledge of the laws that govern their operations for an example they have no knowledge income tax act order which govern their income and what consequences they could face if they evade the income tax. Even though the laws have not been modified, the change in the government of the laws seems to have had a negative impact on SME in general and this could be largely due to being used to breaching the laws without anyone policing or taking them to task whatsoever. In as much as organizations were expected to react to the governing bodies, what was observed was a bit disturbing with the companies closing almost everywhere. The results indicate that this was due to a lack of knowledge and understanding of the tax system and the laws governing it. They also indicated businessmen had scanty knowledge of the books of the accounts and for many years under the old governing body, that has never bothered them.

The introduction of the Swaziland Revenue Authority now needed to be taken seriously. the study also indicated that in general businessmen had a general negative attitude towards the Swaziland revenue Authority which could largely explain the way they feel about change, unfortunately the SRA change only a few things e.g. sales tax to vat except ensuring that the Income tax law and customs Act are fully observed. The same orders (Income tax, customs Act) authorize the Revenue Authority to take drastic measures in case people default in their taxes. It can thus be concluded that the tax system change has a negative impact on the small and medium sized enterprises, at least in the short term. This can however be expected to improve as we move from short to long term. The attitude of the businessmen towards the change in tax

system was largely negative, mainly owing to the magnitude of the transformation which had seen many businessmen throwing in the towel. The issue of compliance on the other hand proved to be a bit complex, while the results indicate that businessmen felt that the way the tax system is managed discourages voluntary compliance. This study cannot fully conclude that in view of the way people are so negative about the taxation body. The researcher feels that there is a chance of biasness against whatever the organization does hence a need for more research in as far as voluntary compliance is concerned. The study also indicated that SME's lack of bookkeeping knowledge was the main cause of tax burden and so was the lack of understanding of the tax system and tax laws.

6.2 Recommendations

Since the results indicate a lack of knowledge of the tax system with most SME's, it is recommended that the tax laws that govern taxation in Swaziland be taught to the nation at a large scale. This could help inform them of the dos and don'ts, as school aspiring businessmen on these laws. Businessmen also need to be sensitized on the importance of keeping records.

Also in view that the old tax system was almost non-existent, as people were doing as they please the researcher feels therefore that there was a need to amend the tax laws before the new body took over to ensure complete adherence to the laws, for example on the issue of backdating taxes to five years back on tax evaders. This seemed to be a huge change; perhaps modifying this would have made the change a bit smooth. The researcher therefore suggests that some of the clauses be reviewed to reduce resistance.

The researcher observed that in some countries like Lithuania for example, reducing tax rates had a positive impact on the country's economy. He would therefore suggest that tax rates be reduced in the country especially for small and medium sized enterprises as this would reduce their tax burden and encourage voluntary compliance.

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**THE IMPACT OF THE NEW TAX SYSTEM ON SMALL AND MEDIUM SIZED
ENTERPRISES**

A Questionnaire for the Small and Medium Enterprise

MARCH 2012

Introduction

This questionnaire asks for information from small and medium sized enterprises about the effects of the new tax system that is effected by the Swaziland Revenue Authority. It particularly investigates the compliance burden on SME's, the impact of the different taxes on these enterprises as well as investigates the attitudes of business leaders towards paying taxes. If you are the person completing this questionnaire, it is important that you are someone in management and familiar with the tax issues of the company.

We are especially asking for your cooperation with this questionnaire in order to determine the effects the tax system has on the small and medium sized enterprise. Please try to answer each question as accurately as possible.

Confidentiality

All information that is collected in this study will be treated confidentially. At no time will the name of any business enterprise or individual be identified. While results will be made available countrywide, you are guaranteed that neither the name of the enterprise nor any of its personnel will be identified in any report of the results of the study. Participation in this survey is voluntary and any individual may withdraw at any time.

About this Questionnaire

- This questionnaire asks for information from leaders of small and medium sized enterprises about tax related issues such as the tax burden, compliance and the effects of the different taxes.
- If you do not have the information to answer a particular question, please consult other persons in the enterprise.
- This questionnaire will take approximately 20 minutes to complete.
- Most questions can be answered by marking the one most appropriate answer, while a few will require short answers.
- Please use a writing pen or ballpoint to write your answers.

Thank you in advance for your cooperation

PART 1-ORGANIZATIONAL INFORMATION

1. Indicate the type of enterprise that best describes your company

- ☐ Sole proprietorship(single owned)
- ☐ Limited liability Company
- ☐ Partnership
- ☐ Corporation
- ☐ Cooperative

2. Which group best describes the number of employees of your enterprise

- ☐ Less than 10
- ☐ Less than 50
- ☐ Less than 250

3. Are you a public or private enterprise (please circle)

4. Does your organization has other branches

- ☐ Yes
- ☐ No

5. Have you ever filled a tax questionnaire?

- ☐ Yes
- ☐ NO

6. What is your opinion about the importance of such questionnaires?

- ☐ Important
- ☐ Not important
- ☐ Undecided

PART TWO –Compliance

7. Which word best describes your understanding of the book of accounts

- ☐ Excellent
- ☐ Average
- ☐ poor

8. How would you rate your company's financial records?

- ☐ Up-to-date
- ☐ Behind
- ☐ Non existent

9. Who does the accounting for the company?

- ☐ Accounts department(in-house)
- ☐ A consultant
- ☐ Nobody

10. How would you best describe your understanding of the current tax system?

- ☐ Very good
- ☐ Average
- ☐ Very poor

11. Would you say the tax system is simple and easy to understand?

- ☐ Yes
- ☐ No
- ☐ Don't know

12. How often does the firm seek professional help when dealing with tax related issues?

- ☐ Quite often
- ☐ Rarely
- ☐ Never

13. In your opinion tax related services by professionals are.....

- ☐ Expensive
- ☐ Reasonable
- ☐ Cheap
- ☐ Don't know

14. If any at all what percentage of the company's profits get spent in dealing with compliance costs

- ☐ None
- ☐ Less than 1%
- ☐ Less than 5%
- ☐ Less than 10%
- ☐ Less than 20%
- ☐ Don't know

15. How would you rank advice from the Swaziland Revenue Authority?

- ☐ Satisfactory
- ☐ Average
- ☐ Poor
- ☐ Don't know

16. Do you think SRA is helping organizations in reducing the cost of compliance?

- ☐ Yes
- ☐ No

- ☐ Don't know

17. How would you describe the convenience of dealing with the SRA?

- ☐ Very convenient
- ☐ Average
- ☐ frustrating

18. Does the SRA have satisfactory appeals process if you disagree with the decision taken?

- ☐ Yes
- ☐ No
- ☐ Don't know

19. Which of the following words would you use to best describe the quality of service offered by the Swaziland Revenue Authority?

- ☐ Excellent
- ☐ Average
- ☐ Poor

PART THREE –Attitudes

20. Is it beneficial to pay taxes for the Small and Medium Enterprise?

- ☐ Yes
- ☐ No
- ☐ Don't know

21. In your opinion cheating on taxes sometimes is

- ☐ Justified
- ☐ Never be justified
- ☐ Something in between

22. How would you describe the way the government utilizes public funds

- ☐ Satisfactory
- ☐ Poor
- ☐ Somewhere in between

23. Would you say there is a relationship between the way public funds are used and willingness to accept a tax increase let alone pay taxes?

- ☐ Yes
- ☐ No
- ☐ Don't know

24. If you were to describe the impact of government spending habits on the tax payer, you would say.....

- ☐ It's encouraging
- ☐ It's discouraging
- ☐ It's indifferent

25. Which of the following would you say best describes the approach adopted by the Swaziland Revenue Authority in tax collection?

- ☐ Aggressive
- ☐ Friendly
- ☐ Something in between

26. According to your experience in dealing with SRA employees, you would say.....

- ☐ Professional and knowledgeable
- ☐ Unprofessional and Confused
- ☐ Something in between

27. Would you say the establishment of the Swaziland Revenue Authority has been positive for the business community?

- ☐ Yes
- ☐ No
- ☐ Don't know

28. If there was one thing that you feel needed to be improved with the new tax system. It would be.....

PART FOUR – TYPES OF TAXES

29. What kind of taxes is your business paying? (You can tick more than once)

- ☐ Income taxes
- ☐ Sales tax / VAT
- ☐ Custom and excise
- ☐ Other

30. Which of these taxes do you feel are important for your business?

- ☐ Income taxes
- ☐ Sales tax / VAT
- ☐ Custom and excise
- ☐ Other

31. Which do you think is the worst tax?

- ☐ Income taxes
- ☐ Sales tax / VAT
- ☐ Custom and excise
- ☐ Other

32. Which do you think weigh heavily on the shoulders of the company?

- ☐ Income taxes
- ☐ Sales tax / VAT
- ☐ Custom and excise

- ☐ Other

33. Do you think businesses have been given enough information to help them understand the importance of the different types of taxes?

- ☐ Yes
- ☐ No
- ☐ Don't know

This is the end of the questionnaire. Thank you for your much valued cooperation.