RELATIONSHIP BETWEEN TAX KNOWLEDGE AND TAX COMPLIANCE: EVIDENCE FROM UNIVERSITIES TEACHERS IN POKHARA

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1. Background of the Study

Tax compliance can be defined as the degree to which a taxpayer complies or fails to comply with the tax rules of their country (Marziana, Ahmad, & Deris, 2010). Tax knowledge on the other hand explains about how much people are acquainted with tax. The goal of an efficient tax administration is to foster voluntary tax compliance using all possible methods including penalties. The perception of the taxpayers about the fairness of the tax system is recognized as an important factor that can have significant influence on tax compliance behavior. The tax system is perceived as unfair by the citizens may likely to be less successful and this will encourage the taxpayers to engage in noncompliant behavior and would also increase tax evasion. Perceptions of taxpayers closely related with knowledge and experience, thus awareness on tax matters and tax knowledge did influence the level of tax compliance. Chan, Troutman and O'Bryan (2000) carried a survey to compare compliance behavior between Hong Kong and US taxpayers. They concluded that US taxpayers of compliance depends on age and education. On the contrary, Hong Kong taxpayers have negative relationship between education, moral development, attitude and compliance.

Taxpayers are less compliant when they perceive the tax system to be unfair (Spicer & Becker, 1980 & Mustafa, 1997). As such, it provides a great challenge to the tax authority to identify and plan an effective form of taxation system so that taxpayers understand it properly and comply with tax laws. Various aspects should be examined and analyzed to ensure that the tax system is fair. Research conducted by Jackson and Milliron (1986) relates to compliance with behavior, gender, occupation and risk attitude. They found that attitudes seem to be more important than opportunities in determining taxpayers behavior. They revealed that older people are less willing to take risks. Meanwhile, female more conforming, conservative and bound by moral constraints.

IRD (Indland Revenue Department) of Nepal also rely in self assessment system in achieving acceptable level of tax compliance. One of the main barriers in implementing self assessment system is achieving acceptable levels of voluntary compliance (and thus tax collection efficiency), which typically involves many factors used in combination with each other such as fines, audit probability, tax rates, knowledge, attitude, norms and fairness (Kirchler, Hoelzl & Wahl, 2008). In Nepal, self assessment system was implemented starting from year of assessment 2004, for individual taxpayers replacing a direct assessment system known as the 'Formal System'. Nepalese taxpayers are classified as employment, business and investment taxpayer. The study will focus on employment category of taxpayers.

Compliance and enforcement strategies are based fully on risk management. All compliance risks are identified, assessed, ranked and treated according to taxpayer segments and sectors. Compliance activities cover a wide range of service and enforcement tools. Enforcement of filing has been identified as an area of operational improvement. Return filing compliance is improving, but income tax filing rates can be improved.

2. Problem Statement

It is debatable on what has been done towards the study of taxpayers" tax knowledge in developing countries as they concentrate more in studies which would increase their budgets "bottom-line" in terms of huge revenue collection and enforcement efforts. At the expense of studies on taxpayers" behavior which would make increase in this tax revenue to be realized and enforcement efforts work, feasibly the less developed countries are not to blame as they run on "budget deficits" hence, scarce resources to see through such studies which are perceived as adding no direct value to revenue collection. In developing countries, tax noncompliance is a serious challenge facing income tax administration and hindering tax revenue performance. Alabede (2011) even though the various tax reforms undertaken by governments to increase tax revenue over the years, prior statistical evidence has proven that the contribution of income taxes to the government total revenue to GDP share is low and is relatively shrinking. Nepalese business income taxpayers have shown different levels of tax knowledge. Therefore, Based on the above research gap to the knowledge of the researcher not even a hand full of researchers have worked on tax payers" knowledge and tax compliance behavior areas in the country. Puri (2011) has conducted a study on tax system and structure in Nepal and highlighted some compliance behaviour of taxpayers. There are number of research on tax reform in income tax and VAT, however none has focused on compliance behaviour. Tax knowledge and tax compliance behaviour is a very new topic in Nepalese context.

The specific research questions for this dissertation will be as follows

- What is the level of tax knowledge among university teachers?
- How university teachers perceive on general fairness and implementation fairness ?
- Do university teachers comply with tax system ?
- Is there any association between tax knowledge and tax compliance?
- Are university teachers satisfied with the services provided by tax office ?

3 Objectives of the Study

It is reasonable to study individual taxpayers' compliance as the main subject of this research because of the greater likelihood that tax knowledge differences between taxpayers will influence their level of compliance. Therefore, the main objective of this study is to study the association between tax payer knowledge and tax compliance.

In order to accomplish the above objectives, the specific research objectives of this study are therefore as follows in the context of the Nepalese self assessment system

- To determine the characteristics and the level of tax knowledge of individual taxpayers
- To identify the general fairness and implementation fairness among taxpayers
- To identify the tax compliance behaviour of individual taxpayer in terms of individual's tax compliance
- To examine the association between tax knowledge and tax compliance behaviour
- To explore the overall satisfaction level of taxpayer towards the service provided by tax office.

4. Hypothesis

Based on the research questions, the following null hypotheses will be used to validate the test.

H_1: There is no significant difference with reference tax knowledge according to the demographic condition of respondents

H_2 : There is no significant difference with reference to tax compliance factors according to the demographic condition of respondents.

H_3: There is no significant relationship between tax knowledge and tax compliance

H_4: There is no significant relationship between tax compliance and tax payers satisfaction

5. Rationale of the Study

Nepalese tax system is a particularly interesting case as the government mostly depends on tax for revenue generation. Inland Revenue Department (IRD) has introduced self assessment system in order to increase awareness, transparency and improve compliance matter. Tax compliance and tax knowledge is the basic of revenue generation for economic

development.

Academically, the study will contribute to understanding individual tax payer characteristics, compliance and tax knowledge. Clearly, taxpayers, IRD and policymaker will benefit from a better understanding of those factors. The specific rationale of this study are mentioned below

- To provide suggestion to IRD about the type of training to be provided to taxpayers.
- To encourage public confidence in the fairness and integrity of the tax system; and encourage voluntary compliance.
- To help statutory bodies for making policy with regards to tax compliance
- To suggest regulatory bodies namely IRD to develop policy level changes for taxpayers satisfaction.
- To provide suggestions to the upcoming researchers to conduct research on the area of tax knowledge, compliance and taxpayers satisfaction.

6. Review of the Literature

6.1 Theoretical Review

This section focuses on different aspects of tax knowledge, general fairness, implementation fairness, compliance and other taxation theories.

6.1.1 Tax Knowledge

Tax knowledge is also a part of knowledge management. Education on tax related matters enhances tax knowledge. Tax knowledge mainly focus on how much taxpayers are aware about tax system, rate, policy. The influence of tax knowledge on compliance behaviour has been described in various researches. The level of education received by taxpayers is an important factor that contributes to the understanding about taxation especially regarding the laws and regulations of taxation (Eriksen & Fallan, 1996). Previous studies have evidenced that tax knowledge has a very close relationship with taxpayers' ability to understand the laws and regulations of taxation, and their ability to comply (Singh & Bhupalan, 2001).

6.1.2.Equity Theory

The first theory addressing fairness perceptions that is relevant for this research is Equity Theory. Equity Theory emerged in the 1960s through the work of Adams (1965) who was particularly interested to test the concept of justice in organizations (Greenberg, 1987). Since

then, Equity Theory has been extended and applied in various fields of studies, such as payment and job-related rewards, taxation and information systems.

Adams (1965) suggests that Equity Theory comprises two dimensions namely reciprocation and allocation. Reciprocal equity, or exchange fairness, is based on the premise that one would only respond fairly if the other party acts fairly to them. Within this exchange framework, equity or fairness is achieved when there is an equivalence of the outcome/input ratios for all parties involved in the exchange (Cook & Hegtvedt, 1983). Inequity, on the other hand, is said to exist when these ratios are not equal. In other words, a person will perceive a system as fair if the benefit he/she receives equals their contribution, and vice versa.

In contrast to reciprocal fairness, which deals with mutual exchange, Eckhoff (1974) contends that allocation fairness merely involves a one-way distribution of resources across a group or circle of recipients. This fairness dimension is also known as indirect exchange.

6.1.3 Distributive Justice Theory

In order to extend the idea of allocation as suggested in Adam's (1965) Equity Theory, DJT was introduced. DJT, which represents one part of Social Comparison Theory (Lamm & Schwinger, 1980), postulates that individuals not only judge equity in terms of assessing their benefits they receive from their tax dollars (exchange fairness), but also by comparing themselves with others. In other words, individuals compare their benefits-received-to-contributions-ratio with that of others in their reference group, and if individuals find a disparity, they find their dealings inequitable (Walster, Walster, & Berscheid, 1978). Based on this premise, DJT assumes that distribution outcomes should be equal among those with similar contributions.

However, in the process of allocating an incentive or reward, the principle of exchange fairness is not always maintained. There are circumstances in which the allocation of rewards violates exchange fairness as indicated in previous studies (Greenberg, 1987; Schwinger, 1980). Having this in mind, Leventhal (1976) contends that distributive fairness can be achieved by applying allocation rules, namely the equity rule, equality rule or needs rule, depending on the situation. In achieving fairness, the equity rule suggests that there must be relative equality between an individual's contribution and benefits. Simply stated, the equity rule requires individuals to be compensated with the same ratio to their effort, as stated in exchange fairness. In contrast, the equality rule calls for equal distribution of rewards regardless of individual contribution. The equality rule suggests that everyone deserves to be

treated equally irrespective of his or her contribution. With the needs rule, Leventhal (1976) proposes that the allocation decision should be made after taking into account the recipients" needs. Based on this rule, individuals with a low or a zero contribution may be allocated more benefits (to fulfill their needs), as compared to those with a higher contribution.

6.1.4 Procedural Justice Theory

PJT, an extension of Equity Theory, was originally inspired by the contention in the legal context that a community's acceptance of judicial decisions is highly influenced by the procedures employed to formulate them (Fuller, 1961). Applying that foundation, Thibaut and Walker (1975) embark on a study of dispute resolution procedures and report two interesting findings. First, the disputants with process control perceive verdicts fairer than those without process control. Second, disputants that are involved in the decision-making process are more likely to accept the decisions even in the case of adverse outcomes. These findings conclude that procedural fairness is important as it enhances the acceptance level of the outcomes received. Based on the pioneering effort of Thibaut and Walker (1975), Leventhal (1980) extends the notion of procedural justice into organisational settings contexts. Leventhal (1980) identifies six principles against which fairness of procedures may be evaluated, namely: consistency, bias suppression, accuracy, correct ability, representativeness and ethicality.

A consistency criterion requires the allocative procedures be applied consistently among different individuals at all times. No one should be given privileges over another. In addition the consistency criterion also demands the allocative procedures remain constant without frequent change. Regular alterations made to the procedures may lead to a violation of the consistency rule. When the consistency rule is violated perceptions of procedural fairness will decline.

6.1.5. Theory of Reasoned Action

Ajzen and Fishbein (1980) developed the TRA to understand behaviours that are engaged in voluntarily by the individual. The theory assumes performance of such behaviours is dependent only on the individual's motivation to perform (or not to perform). In other words, the TRA suggests that individuals have complete volitional control over their behaviour, and their choice is simply according to the individual's will or intention. In turn, that behavioural intention is determined by attitude towards behaviour and subjective norms.

Attitude towards behaviour is defined as an individual's evaluation of performing the behaviour (Manstead, 2004), which often contains two independent components, namely affective and instrumental attitudes (Ajzen, 2006). Affective attitude deals with emotions such as feeling happy, sad or guilty, if performing certain behaviour while instrumental attitude refers to a more cognitive consideration to which performing certain behaviour would be advantageous (Ajzen, 2006; Breckler & Wiggins, 1989). In addition, the TRA suggests that attitudes towards behaviour are formed with reference to the behavioural beliefs about the consequences of performing the behaviour and the outcome evaluations (Manstead, 2004).

Subjective norms refer to a person's perceptions of the expectations of the people who are important to him or her, whether he or she should or should not perform certain behaviour (Ajzen, 2006; Fishbein & Ajzen, 1975; Manstead, 2004). To assess such perceptions both injunctive and descriptive qualities are equally important. An injunctive quality, as described under the concept of subjective norms, deals with an individual's perceptions on what the important referents think if he or she performs (or does not perform) certain behaviour. The descriptive quality component relates to an individual's perceptions of whether others important to them would perform (or not perform) such behaviour (Ajzen, 2006). Similar to attitude towards behaviour, subjective norms are also determined by beliefs, known as normative beliefs. Normative beliefs comprise the person's beliefs that important others would expect him or her to act in certain way, and his/her inclination to conform to their expectations (Manstead, 2004).

6.1.6. Theory of Planned Behaviour

The call to use behavioural models, such as TRA and TPB in tax compliance behaviour, was made by Jackson and Milliron (1986) more than two decades ago, when they claimed the importance of such models in explaining taxpayers‟ compliance behaviour. In their discussion, the authors assert that studies examining the link between attitudes, intentions and behaviour, either through experiment or survey, would provide significant contribution both to the body of knowledge and policy making. Notwithstanding their emphasis, to the researcher‟s knowledge, few studies have adopted these behavioural models in their study (as opposed to the economic models), except for few major studies undertaken in the United States (US) and Canada (Blanthorne & Kaplan, 2008; Bobek, 1997; Efebera, Hayes, Hunton, & O'Neil, 2004; Hanno & Violette, 1996). Undeniably, there are studies which investigate the impact of non-economic or fiscal psychology variables (such as demographic background,

attitude, fairness, culture, and ethics), on the intention to comply separately, without integrating those factors in a complete TRA or TPB behavioural model.

6.1.7. Tax Compliance

Tax compliance is defined in various ways. Andreoni, Erard, and Feinstein (1998) claimed that tax compliance should be defined as taxpayers' willingness to obey tax laws in order to obtain the economy equilibrium of a country. Kirchler (2007) perceived a simpler definition in which tax compliance is defined as the most neutral term to describe taxpayers' willingness to pay their taxes. A wider definition of tax compliance, defined by Song and Yarbrough (1978) suggested that due to the remarkable aspect of the operation of the tax system in the United States and that it is largely based on self assessment and voluntary compliance, tax compliance should be defined as taxpayers' ability and willingness to comply with tax laws which are determined by ethics, legal environment and other situational factors at a particular time and place. Similarly, tax compliance is also defined by several tax authorities as the ability and willingness of taxpayers to comply with tax laws, declare the correct income in each year and pays the right amount of taxes on time.

Alm (1991) and Jackson and Milliron (1986) defined tax compliance as the reporting of all incomes and payment of all taxes by fulfilling the provisions of laws, regulations and court judgments. Another definition of tax compliance is a person's act of filing their tax returns, declaring all taxable income accurately, and disbursing all payable taxes within the stipulated period without having to wait for follow-up actions from the authority (Singh, 2003). Furthermore, tax compliance has also been segregated into two perspectives, namely compliance in terms of administration and compliance in terms of completing (accuracy) the tax returns (Chow, 2004; Harris, 1989).

Compliance in pure administrational terms therefore includes registering or informing tax authorities of status as a taxpayer, submitting a tax return every year (if required) and following the required payment time frames (Ming Ling, Normala & Meera, 2005). In contrast, the wider perspective of tax compliance requires a degree of honesty, adequate tax knowledge and capability to use this knowledge, timeliness, accuracy, and adequate records in order to complete the tax returns and associated tax documentation (Singh & Bhupalan, 2001).

Some authors have viewed tax compliance from a different perspective. For example, Allingham and Sandmo (1972) described tax compliance as an issue of 'reporting an actual income' and also claimed that tax compliance behaviour was influenced by a situation

whereby taxpayers have to make a decision under uncertainty (see also Clotfelter, 1983) i.e either taxpayers would enjoy tax savings due to under-reporting income or have to pay tax on the undeclared amount at a penalty rate which is higher than they would have paid had the income been fully declared at the correct time.

McBarnet (2001) suggested tax compliance should be perceived in three ways, namely; a) committed compliance - taxpayers' willingness to pay taxes without complaint; b) capitulative compliance - reluctantly giving in and paying taxes and c) creative compliance – engagement to reduce taxes by taking advantage of possibilities to redefine income and deduct expenditures within the bracket of tax laws.

6.2 Review of Past Studies

White, Curatola, and Samson, (1990) in their experimental study on tax students examined that, a formal class in taxation would enhance their knowledge about the law and appreciation of fiscal policy goals, thus increasing perceived fairness and also tax compliance. Researchers should have investigated possible ways to improve tax knowledge among taxpayers, and so their fairness perceptions. Robert, Hite, and Bradley, (1994) on their article, examine how tax payers compliance behavior affected by tax knowledge and perception. Result has indicated that, principle of attitudes being affected by better tax knowledge and demonstrates that it holds other attitude dimensions as well as the fairness of enlightened tax compliance behavior of tax payer. The research found that tax knowledge has a positive relationship with perception of fairness. In contradictory to this report was indicated by Collins, Milliron and Toy (1992) that, study revealed that the tax knowledge and tax education were negatively correlated with compliance behaviour. McKerchar (1995) in her article examined small business income taxpayers in Australia. Result discovered that small business taxpayers being unaware of tax compliance which in turn leads to non-compliant behaviour. In line with this, research conducted by Loo, McKerchar, and Hansford (2008) evaluated among individual taxpayers in Malaysia on the title of' Malaysian individuals tax payers" tax knowledge" those who unintentionally committed mistakes in their tax return of tax liabilities in the country on the period November 2005 and July 2005 with a mixed method research design. A.A. Mohamad, Mustafa, and Asri (2007) examine the influence of tax knowledge on compliance behaviour by divided the tax knowledge in to groups those are, knowledge explicitly focused at possible opportunities to evade tax and knowledge gained through formal education. Study result indicated that, regarding the rules and regulation of the taxation, the level of education received by taxpayers" is an important factor that contributes to the general understanding.

According Loo et al. (2008) in their study, in a Malaysian environment, disclose a divergent research finding indicated that, the overall argument, where they reported that increases in taxpayers knowledge had have a negative impact on their perceptions on conversation fairness. In addition to this, individual taxpayers those who have good knowledge of tax felt that they are not receiving their fair share of benefits funded by tax revenue. Although the benefits have been provided in terms of public facilities such as free education and subsidized wellbeing system, the fact that the detailed information on the source of expenditure are not publicly available may have created this negative perceptions on the fairness of the income tax system in the country. In Nepaleses context Dahal (2009) conducted a study on tax system in Nepal and highlighted the non compliance behaviour of taxpayers in Nepal. According A. R. Mohammad, Mohammad and Mohdnoor (2011) endeavored to regulate whether there is a associating between exact tax knowledge and compliance attitudes during completing the tax return. His research primary objective regarding the association of tax attitude on tax knowledge and which might impact tax compliance. The study further said that there is insufficient knowledge about tax regulations and this situation leads to an increase the tax gap. A survey conducted in Nepal on VAT revealed that there is high compliance cost and poor compliance mechanism (Sharesanshar, 2012)

Rini (2014) in his article, inspect background and ethical tax awareness between business and non -business students and evaluate their perception if tax is significant therefore they need to learn since it is unavoidable obligation. Data was collected from a total of 341 respondents contains two groups business and non -business students. Study result indicated that, there is no significant difference contextual tax awareness between the two groups those are business and non- business students. Finally researcher suggested that, there is importance of tax training and the essential to have tax as a subject between the groups. The business students mostly believe that the knowledge will be useful for their future than the other groups. Nurlis (2015) in his article, examines the outcome of taxpayer awareness, knowledge, tax penalties and service tax authorities on tax compliance a survey held on the individual taxpayer at Jabodetabek and Bandung in Indonesia. Study data was collected using the accidental sampling method that is questionnaires were distributed to those who visited tax offices of Jabodetabek and Bandung individual tax payers. Result of the study indicated that, awareness of the taxpayer has a positive and significant effect on individual taxpayer compliance. In addition to, tax knowledge of tax payers also has a negative and significant relationship of taxpayer compliance. This indicates that the level of knowledge of good tax really looking for gaps to avoid tax liabilities, tax penalties has a positive and significant relationship to the

individual taxpayer compliance which performs at the tax office in the area. Further the study displays that the more effective application of tax penalties, the tax compliance rate will be higher. Service tax authorities have a positive and significant relationship of compliance individual taxpayers" that performs at the tax office in the country. Finally the study proposes that the better the service tax authorities, the tax compliance rate will be higher.

6.3 Research Gap

Most of the prior studies focused mostly on either on one aspect namely tax knowledge, tax compliance and taxpayer's satisfaction. Limited studies have been carried out on the impact of tax knowledge on tax compliance. The relationship between tax compliance and taxpayers has not been explored in Nepalese context. Furthermore, this will be the first research to explore the university teacher's tax knowledge and tax compliance particularly in Nepal. The dissertation tries to fulfill the research gap mentioned above.

7. Research Methodology

This part presents the overall methodology and design of the current study. It discusses on the research design, population, sample, research framework and method of analysis.

7.1 Research Design

The study will focus on tax compliance and tax knowledge of tax payers specifically faculty working in different universities in Pokhara. A survey will be undertaken to determine the effect of tax knowledge on tax compliance. Hence, the study followed descriptive and casual research design. Different items drawn under tax knowledge, general fairness, implementation fairness, tax compliance and taxpayers satisfaction will be included in the study. Those items will be presented as it is according to taxpayers response. The taxpayers responses presented will follow descriptive research design. On the other hand, the relationship between and among the variables namely tax knowledge, tax compliance and taxpayers satisfaction will be examined. Therefore the relationship thus examined will follow casual research design.

7.2 Population and Sample, and Sampling Design

The study has been based on primary data. The population of the study comprises of all university teachers in Pokhara. There are approximately 730 (UGC Nepal, 2019) university teachers involved in different campus in Pokhara as per the University Grant Commission of Nepal Report.   The University Teachers are mainly classified as management, humanities and social sciences, law, education and science and technology. Among the faculty members, using finite population sample size determination formula developed by Yamane (1973), a sample of 260 has been determined with 5 % random error term.

Sample Size(n)= N/1+N(e)^2

N=Population   n=sample size e=random error term

Multistage sampling technique will be employed to draw the sample. The first stage focuses on stratified sampling selecting Tribhuvan University, Pokhara University and Purbanchal University. Similarly, cluster will be developed to select campus as constituent, community and private campus. Lastly, purposive sampling will be employed to select university teachers representing humanities, science, education, law and management.

7.3 Nature and Sources of Data, and the Instrument of Data Collection

The qualitative information will be converted into measurement scale through quantitative research design. The study basically focus on primary source of data collection. A structured questionnaire has been used to collect primary data regarding taxpayer view on tax compliance and tax knowledge. Specially five factors namely tax knowledge, general fairness, implementation fairness, tax compliance and taxpayer satisfaction will be considered in the questionnaire.

7.4 Method of Analysis

Descriptive statistics was employed for studying the demographic variables of the respondents. Inferential statistics for measuring the relationship was also conducted through correlation analysis, multiple regression analysis and independent sample t-test for testing the hypotheses. Simple table and figures are used for clear presentation of output. The data collected were analyzed through different software's like SPSS, Eviews etc.

The descriptive and inferential analysis will be employed for analyzing the data collected through questionnaire. Similarly, bivariate and multivariate analyses will also be used for analyzing data. The bivariate analysis will be utilized for cross tabulation and Chi-Square test to assess the association between the different sets of independent and dependent variables. Similarly, multivariate analysis accommodates regression analysis of different independent variables and dependent variable. Collected data will be presented and analyzed with the help of table and graph. Mean value of Likert scale and standard deviation will be a part of the descriptive analysis. One way ANOVA was assessed to find the perceptual difference among respondents will also be a part of descriptive analysis. The relationship and association will be tested through correlation and regression analysis which will be a part of multivariate analysis. Those descriptive and inferential analyses will be conducted with the software's like Microsoft Excel (Ms-Excel) and Statistical Package for the Social Sciences (SPSS), version 20.

7.4 Research Framework and Definition of Variables

On the basis of conceptual research review and research gap, the following framework seems to be suitable for conducting the main theme of the research. It shows the relationship among the different variables. In the first phase, tax knowledge is taken as an independent variable affecting general fairness and implementation fairness. In the second step, implementation fairness and general fairness are taken as independent factors affecting tax compliance. However tax compliance works as a dependent factor. In the third part, it is assumed that tax compliance is an independent factor affecting taxpayer's satisfaction as a dependent factor. The framework also tries to show the relationship between tax knowledge and tax compliance. Gender, marital status, age group, types of college, and post of the respondents will also be taken as a moderating variables. The pictorial representation of the theoretical framework has been shown in Figure 1
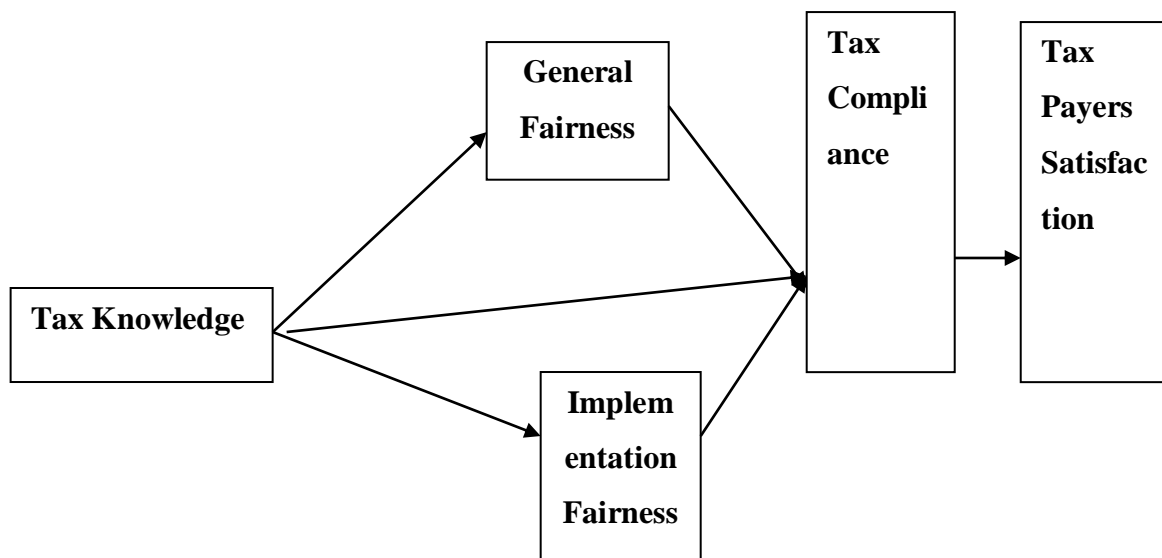

Figure 1. Theoretical framework.

Tax Knowledge

Tax knowledge has been operationalized as the knowledge of university teachers towards tax rules, regulation, tax rate, interpretation of tax laws and obligation of taxpayers

Tax Compliance

As stated earlier tax compliance reflects the adherence of taxpayers towards taxation. However, in this study tax compliance will be measured and operationalized as general fairness and implementation fairness perception of taxpayers. General fairness is operationalized as fairness of tax system, exchange fairness and treatment fairness and preference towards tax rate. Implementation fairness has been operationalized as fairness of punishment imposed by tax authority, self interest of taxpayers and content of tax law. It

further includes the attitude of taxpayers towards declaring extra amount of earned from employment source.

8. Limitations and Delimitations of the Study

This study will not be unable to determine all levels of tax knowledge as stipulated in the act as it would have been time consuming and it would have made the questionnaire lengthy, hence low response rates would potentially occurred. Secondly, the use of a self-report survey might be less reliable, especially when the information sought on tax is sensitive, potentially incriminating or embarrassing. This study will not be able to include those variables at the same time. Thirdly, the types of approach to be used in measuring tax knowledge and tax compliance (i.e. by using a survey instrument) might provide limited results, and different research designs (such as interviews or an experiment) could produce different results. Similarly it will be carried out on taxpayer involved in academic sector only. It only covers taxation relating to employment but not business and investment which are also the part of taxable income. The study employs limited sample, specific statistical tools and limited study area. The findings and conclusion derived from the study could not be generalized.

9. Organization of the Study

The chapter of the proposed dissertation will be organized as follows.

Chapter one will provide general introduction of the study by presenting the background of the study, problem statement, objectives, hypothesis, rationale and limitation of the study.

Chapter two will present review of the literature. A theoretical and empirical research review of the existing literature regarding tax knowledge, tax compliance, taxpayers satisfaction will be provided first. Finally, research gap will be identified and spelled out.

Chapter three will deal with research methodology. It will provide a description of the research design and methodology. It will focus on issues related to research design, population, and a sample of the study, research framework and method of analysis.

Chapter four will focus on results and discussion. Analysis of the findings of quantitative data gathered through a questionnaire will be presented here. It will cover aspects related to demographic factor influencing tax knowledge, tax compliance and taxpayers satisfaction. The chapter will end by establishing the relationship between and among tax knowledge, tax compliance and tax payers' satisfaction through regression analysis.

Chapter five will present summary and conclusions. It will summarize the findings, draw conclusion and make recommendation to concerned authority and researchers.

10. Work Plan

The major activities plan for the proposed study is given in the form of Gantt chart in Table 1.

Table 1

Tentative Work Plan for the Study

SN	Task	Time in month					
		1	2	3	4	5	6
1.	Literature review and questionnaire preparation	■	■				
2	Data collection, coding and entering data		■	■			
3.	Data analysis and model development			■			
6.	Report writing				■		
7.	Finalization, report printing					■	
8.	Report submission and presentation						■

11. Budget

The estimated expenditure for the research project is given below:

Table 2
Estimated Expenditure for the Research Project

S.N	Particulars	Amount (Rs)
1.	Literature review(collection of journal articles, publications, reports, bibliographic cards, record keeping, visit to central library of TU and other libraries	1,000
2.	Questionnaire preparation and translation	500
3.	Data collection (questionnaire distribution and collection and allowance to enumerator)	1,000
4.	Stationery support	1,500
6.	Printing , binding cost	2,000
7.	Report presentation and official work	1,000
8.	Registration fee	8,000
	Total estimated expenditure	15,000

In words, rupees fifteen thousand only.

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