

Tax Knowledge among University Professors: A case of Makawanpur Multiple Campus

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Citation: Bidari, D., Sigdel, N., Shrestha, S., Paudel, R. S., & Bidari, S. (2023). Tax knowledge among university Professors: A case of Makawanpur Multiple Campus. *International Research Journal of MMC*, 4(1), 57–63. <https://doi.org/10.3126/irjmmc.v4i1.51862>



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Abstract

Tax knowledge plays vital role in tax compliance. The objective of this study is to assess overall and faculty wise level of tax knowledge among lecturers of Makawanpur Multiple Campus. Descriptive research design is applied by adopting survey method to collect data. Out of 83 total lecturers, 69 are selected for the study as respondent through stratified sampling method with proportionate sampling technique by making four clusters Management, Science, Humanities and Education. Questionnaire has been administered with five points likert scale ranging from not at all aware(1) to extremely aware(5). The results shows that overall tax knowledge of lecturers are less than average (i.e. slightly aware). However, lecturers of management faculty who have studied tax education have higher than average i.e. very aware. Result indicates that tax education is important for understanding taxpayer's right responsibility, allowable deduction and other technical tax knowledge. It is concluded that Curriculum Development Center of Tribhuvan University and Inland Revenue Department should coordinate to develop curriculum and technical tax knowledge program among taxpayer for minimizing non-compliance problems by enhancing tax knowledge.

Keywords: Tax knowledge, faculties, teachers, tax compliance, tax education

1. Introduction

Tax is defined as compulsory payment to government without getting any corresponding benefit for the payment (Andy Lymer, 2017). Even in self-assessment taxpayers are required to assess their tax obligations and to file tax returns correctly (Hutauruk, et al., 2019).

Furthermore, Tax knowledge is the level of awareness or sensitivity of the taxpayers to tax legislation (Oladipupo & Obazee, 2016). So, strengthening of the tax education is very important in shaping the tax knowledge, so that it can increase tax compliance (Mukhlis, Utomo, & Soesetio, 2015; Mukhlis, Utomo, & Soesetio, 2015). In line with the social learning theory, tax education can increase tax knowledge and influence taxpayer's compliance behaviour (Kurniawan, 2020).

Tax knowledge is important factor for tax compliance. Since Tax knowledge among taxpayers shape tax compliance attitude and positively relate to voluntary tax compliance whereas negatively related to tax evasion activities (Cechovsky, 2018).

Though tax knowledge has been an academic research topic in many developed countries in the world, tax knowledge and tax compliance behaviour has not been comprehensive attention in Nepal (Poudel, 2018). Even in the field of university teacher only one research article has been found to be carried out in Pokhara metropolitan city (Poudel, 2017). Thus this paper will fill the research gap.

Government of Nepal has been introducing taxation course in college level but not in the school level education. And university teachers are compelled to take PAN, however tax knowledge and compliance is a major issue to be addressed. The level of tax knowledge among University teachers would encourage them to report their tax obligation properly and fulfill their citizen’s responsibility as well (Poudel, 2017).

The main aim of this research paper is to describe the tax knowledge among teaching faculties, viz. Management, Humanities, Education and Science in Makawanpur Multiple Campus. This paper reveals tax payers right, responsibilities, allowable deduction and general tax knowledge. This paper would contribute a lot to Tribhuvan University curriculum development department and to Inland Revenue Department (IRD) to understand the level of tax knowledge and organize different tax awareness program for solving compliance issues. It will be helpful for further researcher to assess Nepalese taxpayers’ tax knowledge and to analyze its impact on tax compliance.

Tax education enhances taxpayers’ tax knowledge and improves government revenue generation (Fauziati, Minovia, Muslim, & Nasrah, 2019). Nonetheless, Tribhuvan University has not introduced formal tax course in other disciplines except in management.

1.1 Hypothesis

This research study consist the following null hypothesis:

Ho: There is no significance difference at the level of tax knowledge among teaching staffs in the faculties of Management, Education, Humanities and Science.

The study further tests significant difference at the level of tax knowledge between management and other faculties.

2. Materials and Method used

The research paper provides level of tax knowledge among teaching staff in Makawanpur Multiple Campus. Thus descriptive research design is applied. Survey research method is adopted to obtain information from respondents. 69 respondents were selected out of 83 through stratified sampling method by making four clusters with 95 percent confidence level using simplified formula $n = N/(1+N(e)^2)$ (Yamane, 1967). There were 23 lecturers in Science, 20 lecturers in Management, 33 lecturers in Humanities and 7 lecturers in Education faculties. The proportionate sample technique was employed to select the teachers from each stratum.

Table 1 Number of Respondents

Faculty	Calculation	No of Respondents
Management	20x69/83	17
Sciencea	23x69/83	19
Humanities	33x69/83	27
Education	7x69*83	6
Total		69

Source: MMC Annual Report, 2078/2079

Respondents are requested to rate them self their knowledge in five-point Likert scale from strongly agree to strongly disagree. Points are given as follows: Extremely aware 5, Very aware 4, Moderately 3, slightly aware 2 and Not at all aware 1. Data were analyzed using independent sample test Kruskal-Wallis H test and Mann-Whitney U test through SPSS software to test null hypothesis. Median values are taken to describe and compare level of tax knowledge among teaching staffs.

3. Analysis and Interpretation of data

Analysis and interpretation of data have been performed by using median which indicates the midpoint of the data and mode which signifies the repetition of data.

Table 2 Level of Tax Knowledge among teaching faculties in Makawanpur Muliple Campus

S.N.	Tax knowledge Questionnaire	Median	Mode
Q1.	The right to get respectful behavior from tax office	2	2
Q2.	The right to receive information on tax related matters according to the laws in force	2	2
Q3.	The right to have an opportunity to furnish proofs in defense on tax related matters	2	1
Q4.	To register and get Permanent Account Number(PAN)	3	5
Q5.	To maintain books of account and other documents properly	2	2
Q6.	To file returns within three months of year end	2	2
Q7.	Contribution to Approved Retirement Fund, one third of assessable income or maximum Rs. 300000 or actual contributed whichever is less can be claimed for allowable deduction.	2	2
Q8.	If a resident individual has investment (life) insurance, annual premium paid or Rs. 40000 (whichever is lowest) is subject to a reduction from assessable income.	2	2
Q9.	Health insurance premium paid by a resident individual to a resident insurance company for his/her health policy is allowed for reduction up to Rs. 20000 p.a. or actual premium (whichever is lowest).	2	1
Q10.	A disabled resident single or couple is entitled to an additional reduction of 50% of basic exemption from taxable income.	2	2
Q11.	If a resident individual is a woman having remuneration income only, she is entitled to a rebate of 10% on tax liability.	2	1
Q12.	A resident natural person who has insured a private building in his/her ownership with a resident insurer/insurance company shall be entitled to a deduction of the actual annual premium paid for such insurance or Rs 5,000 whichever is lower.	2	2
Q13.	Personal PAN can be applied in IRD website through online service.	2	2
Q14.	We can create User ID and password ourselves through online service.	2	2
Q15.	Tax withholding agent and withholdee are equally and separately responsible for TDS.	2	2
Q16.	IRD charges progressive tax for individual taxpayers.	2	2
Q17.	E-TDS can be done through internet and can be checked in taxpayer's portal.	2	1

Q18.	Individual person can apply for tax clearance certificated through online in IRD site.	2	2
Q19.	Employment income having more than one employer at the same time should return file in tax office.	2	2
Q20.	Tax amount can be paid through connect IPS.	2	2
Q21.	Accounting year is begin from 1st Shrawan and ends on last of Ashad in Nepal.	3	2
Q22.	Self-assessment (04) is used to submit income from employment.	2	2
Q23.	1% Social Security Tax is applied only on employment income.	2	1
Concluding median and mode		2	2

Table 2 depicts that the median and mode values had the same that was less than moderate tax knowledge. It suggests that the teachers should be provided with the basic tax knowledge programs.

Table 3 Faculty wise median on tax knowledge

Faculties	Median
Management	4
Science	2
Humanities	2
Education	2
Overall	2

Table 3 shows that the teachers in the faculty of management had a greater level of tax knowledge than those of science, humanities and education, whereas teachers in the faculty of science, humanities and education had the similar lower than moderate level of tax knowledge.

2.2 Hypothesis Testing

Independent samples Kruskal-Wallis Test was employed to test the hypothesis regarding the tax knowledge among teaching staffs in the faculties of Management, Education, Humanities and Science

Table 4 Hypothesis Test among four faculties

Null Hypothesis	Test	Sig.	Decision
There is no significance difference at the level of tax knowledge among teaching staffs in the faculties of Management, Education, Humanities and Science	Independent Sample Kruskal-Wallis Test	.000	Reject the null hypothesis

Independent Samples Kruskal-Wallis Test shown in table 4 depicts that Sig. (p) was less than .05. It indicates that tax knowledge among the teachers in the four faculties was significantly different. It rejects the null hypothesis “Ho: There is no significance difference at the level of tax knowledge among teaching staffs in four faculties”.

2.3 Tax Knowledge level between Management and Science faculties

Independent samples Mann-Whitney U Test was used to test the hypothesis regarding the tax knowledge between teaching staffs in the faculties of Management and Science.

Table 5 Hypothesis Test between Management and Science faculties

Null Hypothesis	Test	Sig.	Decision
There is no significance difference at the level of tax knowledge among teaching staffs in the faculties of Management, and Science	Independent Sample Mann-Whitney U Test	.000	Reject the null hypothesis

Independent Samples Mann-Whitney U Test depicted in table 5 shows that sig. (P) was less than .05 which indicated that tax knowledge between management teachers and Science teacher was significantly different. It was also supported that table no 2 showed overall management teachers tax knowledge was median 4 whereas overall science teachers' tax knowledge was only median 2.

2.4 Tax Knowledge level between Management and Humanities faculties

Table 6 Hypothesis Test between Management and Humanities faculties

Null Hypothesis	Test	Sig.	Decision
There is no significance difference at the level of tax knowledge among teaching staffs in the faculties of Management, and Science	Independent Sample Mann-Whitney U Test	.000	Reject the null hypothesis

Independent Samples Mann-Whitney U Test described in table 5 shows that sig. (P) was less than .05 which indicated that tax knowledge between management teachers and Humanities teacher was significantly different. It was also supported that table 2 showed overall management teachers' tax knowledge was median 4 whereas overall Humanities teachers' tax knowledge was only median 2.

2.5 Tax Knowledge level between Management and Education faculties

Table 7 Hypothesis Test between Management and Education faculties

Null Hypothesis	Test	Sig.	Decision
There is no significance difference at the level of tax knowledge among teaching staffs in the faculties of Management, and Education faculties	Independent Sample Mann-Whitney U Test	.010	Reject the null hypothesis

Independent Samples Mann-Whitney U Test depicted in table 7 indicates that sig. (P) was less than .05 which indicated that tax knowledge between management teachers and Education teacher was significantly different. It was also supported that table no 2 showed overall management teachers tax knowledge was median 4 whereas overall Education teachers' tax knowledge was only median 2.

3. Result and Discussion

In the study four aspects of tax knowledge related information were asked to rate the respondents about their level of knowledge on the 21 items. Cronbach's alpha test was applied to test reliability of gathered data. 21 items has .969 Cronbach alpha coefficients which was higher than suggested level by Hair et al (2006). Study revealed that average tax knowledge of teaching staffs in Makawanapur Multiple Campus was lower than moderately aware having 2 median. While teacher in management faculties have higher than moderately aware have 4 median.

Several studies have been carried out to assess the tax knowledge level of taxpayers. The research study carried out by Mohd Yusof among academicians within the Universiti Teknologi MARA and Baykan and Cek also conformed that there was less than moderate tax knowledge among academicians (Mohd Yusof, Safeei, & Lee, 2022) and (Baykan & Cek, 2019). Belchova and Sobotovicova also supports that taxpayers completed tax-focused subjects had better understanding than those who had not completed (Belchova & Sobotovicova, 2016). Mohd Yusof et al furthermore conformed that formal tax education should be implemented at the university level for uplifting tax knowledge level of taxpayers by incorporating Malaysian and Indonesian colleges and universities in the study (Mohd Yusof N. A., Safeei, Chuen, & Novita, 2022). An empirical research by Said reported that there was an increase number in tax knowledge before and after the delivery of the material in the classroom (Said, 2018).

However the research finding was contrary with the finding of Poudel (2017) that there was no association of tax knowledge among college teachers in Pokhara (Poudel, 2017). Likewise, result shown in Hastuti study also backings Poudel's finding that there was no significant difference in contextual tax knowledge between business students and no-business students groups (Hastuti, 2014).

4. Conclusion

It is concluded that teachers in management and other faculties have no similar level of tax knowledge. So, as recommended by Morgan and Castelyenit is suggested that curriculum development center in Tribhuvan University in collaboration with the Inland Revenue Department devise a long term strategy for introducing a compulsory taxation education program within all faculties (Morgan & Castelyn, 2018). It is also advised that a combined relationship between the bodies of the tax administration and university faculties so that tax culture in Nepalese citizens will be generated (Pirela Espina, 2022). Wong study also supports that general and technical tax course expose tax non-compliance problem to be solved to some extent (Wong & Agnes LO, 2015)

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