

Determinants of Effective Tax Administration A Case Study of Namibia

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Abstract

Tax administration is an essential component of financial resource mobilization in developing countries. However, Namibia as a developing country has struggled to efficiently utilize tax administration as a mechanism for generating revenue and fostering economic development. This study thus investigates the determinants of effective tax administration, from a Namibian perspective. This study is premised on three variables; 1) organisational processes; 2) organisational resources; and 3) employee skills. Based on multiple regression analysis, the results of the study demonstrated a positive correlation between efficient tax administration and three variables namely organisational processes, organisational resources, and employee skills development. The variables were established as being central to enhancing effective tax administration. However, the Namibia Revenue Agency (NamRA), Namibia's tax administration authority, was found wanting concerning all the variables. This has dire consequences for effective tax administration in the country a development which should be a cause for concern for policy makers and the tax authorities. The study is confined only to Namibia and to statistical methodologies pertinent to the discussion.

Key words: determinants; effectiveness; resource mobilization; tax administration.

INTRODUCTION

Effective tax administration is an essential component of ensuring that tax revenues are expeditiously and appropriately collected, in order to curtail tax evasion and increase compliance (Salawu, 2023). Tax administration refers to the process of administering tax laws and regulations in addition to collecting as well as enforcing taxes (Thuronyi, 1996). As such, an effective tax administration system must be premised on gathering, processing and utilizing data gathered from taxpayers in the most proficient and efficient manner. This should be done in order to increase the revenue base of a country, promote transparency, and ensure compliance with extant tax laws and regulations. Whilst tax administration can be complex, it positively influences the economy, promotes financial stability, ensures sustainable economic growth, and subsequently enhances the quality of life of citizens (Shihepo, 2019). It is thus not debatable to conclude that tax revenue is a key aspect of ensuring a well governed economy characterized by effective revenue generation and economic development.

To realize effective tax administration, enforcement of and compliance with tax legislation and the associated regulations is paramount. At the core of effective tax administration is ensuring and promoting timely payment of taxes by citizens as well as the timely collection of taxes by the relevant

government authorities (Youde & Lim, 2019). In Africa, three factors namely; governance, economic, and political risks have been identified as the major threats to effective tax administration (Akande, Wealth and Kuhepa, 2023). Shikongo, Kakujaha-Matundu & Kaulihowa (2019) add that efforts to effectively administer tax have been curtailed by sloppy law enforcement and high levels of corruption within African tax institutions, as well as the deficiency of tax administration relevant skills by human resources.

Namibia has not been spared from this. It has been reported to be facing organisational process challenges such as a cumbersome tax return process, and unaccountability for registered businesses and individual taxpayers. There is also no recovery plan on how outstanding returns and taxes will be recovered (Price Waterhouse Coopers, 2017). The challenges also include the fact that assessments of tax returns are not done within the prescribed period of eight months as per taxpayer charter; lack of training, pitiable IRD structure, slow recruitment process, and lack of human resources. The Auditor-General of Namibia (2020) highlights that there is a poor governance, lack of transparency, shortage of staff for IRD, lack of capable human resources within the IRD structure, lack of equipment for border controls, and cumbersome levy systems. These challenges continue to hamper the State revenue collection process, and therefore, deprive the national budget system.

Ineffective tax administration approaches and systemic deficiencies, such as lack of reliable processes, lack of staffing, lack of tax awareness issues, lack of reliable technology to administer taxes etc., have been regarded as the general perceptions that tax administrators do not remit tax collections, and these are greatly affecting tax revenue generation (Ganyam, Ivungu & Anongo, 2019). The study of Shikongo, Kakujaha-Matundu and Kaulihowa (2019) has attributed these anomalies to lack of efficient information technology and competent tax administrators. Tax agents and officers are the ones that have the authority to carry out tax control in a bid to ensure that compliance is ensured and guaranteed and it is within the norms of tax and other legislations as per the Namibian Income Tax Act 24 of 1981 (Gysler, 2019).

Despite the Namibian Government's effort to enhance tax administration, the tax administration system in the country remains frail due to shortage of skilled staff (Shihopo, 2019). There has been some concern that the possible tax evasion in Namibia could cost the treasury N\$1,67 billion (Erastus & Amukeshe, 2020). This spurred interest in examining the Namibian tax administration in a bid to improve it. The study, therefore, examines a confluence of three factors; organisational resources, organizational processes and employee skills and their influence on the effectiveness of tax administration in Namibia.

Conceptualization of Tax Administration

Tax administration is characterized by implementing and enforcing tax laws as per the mandates set in the extant law. At the core of tax administration is the duty of tax administrators to levy and collect legally imposed taxes. To measure the efficiency of a tax administration system, it must be defined from the onset what the key functions of tax administration entail. It is important, for the purposes of this paper, to concisely set the scope of functions of a tax administration system so that the shortcomings of the Namibia IRD will be evaluated within a specific context. The main functions of a tax administration include the following: a) registering, detecting non-registration and false registration by taxpayers; b) tax returns, withholdings and third-party information processing; c) verifying the accuracy, veracity and completeness of information tendered by taxpayers; d) detecting tax fraud and ensuring prosecution of offenders; e) assessing taxes due; f) managing the enforced debt collection process; g) providing services and assistance to taxpayers; h) administrative appeals and complaints handling; and penalties and interest payments imposition (Thuronyi, 1996).

Whereas many countries in the world have a solitary tax administration system covering both direct and indirect taxes, Namibia initially appeared to have separate organisations for collecting direct and indirect taxes. These organisations are the IRD and Customs and Excise Department. The IRD is mainly tasked with the responsibility of advising the public of their rights and responsibilities with respect to tax returns (Section 83B(2) of the Namibia Income Tax Act 24 of 1981 (ITA); See also Section 39(8)-(11) of the Namibia Revenue Agency Act 12 of 2017 (NamRA Act)). It also determines the levels of compliance and causes of non-compliance by taxpayers (Section 3(f) of NamRA Act). The IRD also has the duty to properly administer and enforce tax laws in Namibia (Section 3(c) of NamRA Act). It must also search for and implement novel mechanisms for ensuring efficient and effective methods and approaches of accomplishing its statutorily imposed duties. On the other hand, the Customs and Excise Department in Namibia has the duty to control movement of goods in and out of the country (See the Customs and Excise Act 20 of 1998 (CEA)). It also has the obligation to monitor imports (Sections 76-82 of CEA) and ensure compliance with extant national laws to protect society and the environment (Section 58A & 58B). It also has the duty to collect customs duties (Sections 38 and 75 of CEA). All these obligations have been placed on the Customs and Excise Department with the aim of facilitating trade and trade growth (Section 83 of CEA) added to generating trade statistics (Section 127).

The IRD and Customs and Excise Department therefore were separate departments operating under the Ministry of Finance. IRD focused on tax collection and Customs and Excise Department on administering excise duties. However, with the Ministry of Finance through the NamRA Act has merged the two departments into a semi-autonomous revenue agency called NamRA (Section 2 and 3(c) of the NamRA Act). It is therefore evident that the merged tax and customs administration agency, NamRA has distinct divisions with a common pool of services departments having shared administration functions, investigations and service provision (Section 3 of NamRA). However, it is important to note that whilst NamRA has merged departments, processes of tax and customs operations significantly differ from both the administration and customer sides. It is therefore pertinent to note that this paper focuses on the tax division side of the NamRA (the IRD).

Having clarified the structure of the tax administration system in Namibia, it is important to emphasize that aside from the structural complexities in tax administration, tax administration laws can also be multifaceted, perplexing and subjective (Thuronyi, 1996). Namibia is not an exception when it comes to the reality of the inevitable complex nature of tax administration laws. This is informed by the fact that tax administration does not have a basic principle, unlike substantive tax laws in the country. Laws governing property tax, income tax, and value added tax, amongst others can operate under specific integrated themes. However, it is not easy to adopt combined guiding themes for tax administration law, moreover in any specific jurisdiction. This therefore implies that the study of tax administration in Namibia must be understood within the bureaucratic context of the discourse in the country. Tax administration in Namibia must be framed in the constitutional paradigm set in Article 18 of the 1990 Constitution on just administrative action.

What is critical to note about the constitutional paradigm is that the formal and substantive aspects about the constitutional paradigm of tax administration must be embraced (Blaau, 1990; Kunig, 1986). This implies that tax administration that gives due regard to constitutional imperatives, from a formalistic perspective, must give due regard to five key elements as follows: a) supremacy of the constitution and the applicable constitutional norms vis-à-vis the legislation on tax administration; b) tax administration laws and processes must comply with constitutional fundamentals and should not infringe on the rights and freedoms of taxpayers; c) the need to ensure that taxpayers have access to

legal remedies in instances where the tax authority unduly encroaches upon such legal subjects; d) tax administration laws ought to be generally applicable with a warranty against the prejudicial enforcement of such laws being in place; and e) there must be a standardized tax administration legal regime. As will be outlined in part 3 of this paper, Namibia has a formal tax administration system which is characterized by extant laws and recognizing the *audi alteram partem* (hear the other side) rule in instances where there are tax administration disputes. However, the extant laws do not seem to translate to the eradication of weaknesses in the tax administration system of Namibia.

From a substantive law perspective, it is imperative to note that Namibia's tax administration legal regime must seek to realize the fundamental principles of law and justice. However, where the key variables of tax administration as alluded to in part 1 of this paper are not achievable in a tax administration system, questions have to be raised with regards to realising law and justice. If NamRA's processes do not give effect to substantive constitutionalism fundamentals, Namibia's tax administration system may be in part infringing upon taxpayers' rights within the normative structure of the Namibian Constitution. The premise of this argument is that a tax administration system that leads to the loss of revenue also impacts on social and economic development in Namibia. Not only does such a system affect taxpayers directly (in the process of tax administration) but it also affects them indirectly (when revenue meant for the State's developmental programmes is lost through tax evasion and non-compliance). It is therefore imperative to note that the Constitution of Namibia places emphasis on principles of the rule of law and justice for everyone (article 1(1) of the Constitution), constitutional supremacy (Article 1(5) of the Constitution), binds all state organs to uphold freedoms enshrined in the Bill of Rights (Article 5 of the Constitution), sets limits for the exercise of state power (Article 22 of the Constitution) and makes provision for aggrieved parties to access courts to seek legal redress or enforce the applicable limits of state power (Article 12 of the Constitution). It is therefore pertinent to note that effective tax administration has to be premised on sound tax laws and just and fair processes that ensure that taxes are effectively administered in Namibia. The next section of this paper thus provides a contextual background of the status quo as regards tax administration in Namibia. It situates the study within the context of the extant tax administration laws and the effectiveness of the current tax administration system as presently administered by NamRA.

Tax Administration in Namibia – A contextual background

An effective tax administration system should be centered on the efficient implementation and enforcement of tax legislation and regulations. However, Namibia has been riddled with non-compliance and tax evasion a development which has adversely impacted on revenue generation in the country. So crucial is the issue of tax administration challenges in Namibia that the IRD and the Customs and Excise Department had to be merged into the NamRA (Sections 2 and 3 of the NamRA Act). The IRD and Customs and Excise Department have often been characterized with inadequate resources, ineffective organizational processes, and a lack of focus on skills development. This led to ineffective tax administration prompting the Ministry of Finance to merge the IRD and Customs and Excise Department into the NamRA. The advent of NamRA, whilst being welcome and beginning to show some positive signs in tax administration, has seen tax evasion and fraudulent tax refunds continuing in Namibia (Endjala, 2024). In 2021, Namibia's national debt increased to N\$130 billion a development which could have been avoided if citizens and businesses were paying their taxes (The Namibian, 2021). In October 2024, it was observed by the NamRA that the Northern and Southern regions of Namibia had paid the least tax compared to other regions in the country. Whereas the central region of the country returned

N\$1.5 billion in tax and the western region contributed N\$ 487.3 million, the northern, southern, north-eastern, and north-central regions collectively contributed N\$387 million (Endjala, 2024). The NamRA commissioner Mr. Sam Shivute attributed the low threshold in tax returns to tax evasion by individuals and businesses (Endjala, 2024). This implies that there is a problem in tax administration in Namibia centering on non-compliance, tax evasion, and tax fraud, amongst other issues.

Before delving into the causes of a fragile tax administration system in Namibia, it is pertinent to explore the extant legal framework on the subject in Namibia. Tax legislation and the applicable regulations regulate activities that include identifying and registering taxpayers, tax returns processing, and assessment as well as processing of tax returns, tax obligations assessment, examining the accuracy and completeness of tax-returns, enforced collection of taxes and the rendering of services to taxpayers. The ITA, as amended sets the basis for tax administration in Namibia. Section 3(1) of the Act makes provision for the collection of the correct amounts of revenue from taxpayers and specifies the timelines within which such collection must be done. The ITA was initially administered by the IRD and the Customs Department of Namibia. Section 3 of the ITA sets out the main functions of the revenue authority which include assessing, collecting taxes and duties, receiving and recording state revenue, as well as levying penalties and interests on all overdue accounts.

Section 5A(3)(b) of the ITA emphasizes that Namibian economic development and social life are mainly dependent on the legal control and regulation of taxes as per the terms set out in this section. The ITA and Value Added Tax Act 10 of 2000 place the responsibility of tax control into the hands of the Ministry of Finance. The Ministry of Finance has the duty to fulfill outstanding taxes, implement forced collection of tax liability by tax payers, and delivering tax services to taxpayers (Fuest and Reidel, 2009). In principle, the 1990 Constitution of Namibia and the financial laws such the Namibia Financial Institutions Supervisory Authority Act 3 of 2021, the State Finance Act 31 of 1991, amongst others, place a responsibility on the Ministry of Finance to: a) manage Public Finances and the State Revenue, b) exercise oversight function over financial regulations, public financial institutions and the financial sector, and c) oversee the Namibian Government's assets and liabilities. Two crucial functions of the Ministry of Finance are thus emphasised in the context of tax administration and these are revenue management and fiscal strategy management and oversight of the financial sector. As such, the Ministry of Finance in terms of the State Finance Act 31 of 1991, Public Service Act 13 of 1995, ITA, must provide for the regulation of the receipt, custody and banking of the accounting for, and the control and disposal of state moneys including tax revenues.

In 2017, Namibia added another piece of legislation to the existing tax legislation framework. This piece of legislation is the Namibia Revenue Agency Act 12 of 2017 which was enacted in order to establish the NamRA (Section 2 of the NamRA Act 12 of 2017) which is the merged IRD and Customs and Excise Department. The advent of NamRA could be justified on the basis that aside from the prevalent cases of tax evasion and evident tax maladministration at some point in Namibia, Namibia is a rapidly changing society which has increasing demands and growing expectations from stakeholders and taxpayers. This implies that an effective tax administration system must be built on the basis effective organizational structures which provide adequate powers to effectively and efficiently implement and operate the country's tax systems.

However, in spite of the raft of pieces of legislation aimed at ensuring an effective tax administration system in Namibia, the country still struggles in reaching satisfactory thresholds with respect to the three key variables of tax administration namely organisational processes, organisational resources, and employee skills. Namibia's tax administration is still hampered by the lack of equity, simplicity

and efficiency. More specifically, Namibia's tax administration system is undermined by the lack of transparency in the tax administration system, unmotivated employees, weak governance system and culture, the lack of skilled workers, and a critical shortage of physical resources (Shikongo, Kakujaha-Matundu and Kaulihowa, 2019). Shihepo (2019) points to the fact that whilst the Government of Namibia has put notable effort to improve tax administration in Namibia through the introduction of NamRA, the country's tax administration system still remains significantly weak due to amongst other factors, the shortage of skilled personnel.

Hypotheses Development

The majority of developing and emerging economies are still characterised by low tax revenue collection (Basri, Felix, Hanna, and Olken (2020). Apart from weak tax legislation, this has also been attributed to tax administration issues. Tax administration include, inter alia: registration of taxpayers, detection of non-registration, processing of tax returns, verification, tax audits, debt collection, handling of administrative appeals and complaints, provision of service and assistance to taxpayers and detection and prosecution of tax fraud (Alink & Van Kommer, 2011; Moosa, 2018). The inefficiency in tax administration is manifested by dismal tax collection despite the existence of many bases for tax collection.

According to the governance theory, accountability and transparency are likely to have a more significant impact on tax administration efficiency (Sebele-Mpofu, 2020). Good governance includes the ability to skillfully manage and direct resources according to specific laid down procedures. Wealth and Mpofu (2024) affirm that effective tax administration capacity is hampered by the shortage of resources. Organisational resources are broadly categorised as human, financial, physical, and informational (Naicker & Rajaram, 2019). These are the organisation's inputs that have to undergo processing in order to have the final product or service that can be offered to the clients or customers. Inadequate resources constrain the ability of the administrator to improve its operations in order to enhance performance (Cockfield, 2018). These can range from obsolete information technology, poor infrastructure and skills deficiency to lack of finances resulting in institutional underperformance in critical areas of revenue collection (Usman & Murtala, 2019). Today, there is high adoption of IT in tax administration, in line with technological advancements to leverage the efficient delivery offered by ICT (Cenamor, Sjödin & Parida, 2017). Mansor (2018) contends that improvement in the performance of tax administrators depends on the presence of organisational resources and direct efforts. While inference from literature leans towards the notion that revenue collection improves when resources are in adequate supply, Gysler (2019) points out that not all tax authorities can leverage technology fully even when they invest in up-to-date infrastructure, as they do not have the capacity to optimise such resources. In Namibia, according to the Auditor-General of Namibia (2019), the IRD does not have all the necessary equipment at all the ports of entry and regional offices to carry out tax administration functions as required. This study aligns with most literature and hypothesizes that:

H₁ There is a positive relationship between organisational resources and tax administration effectiveness in NamRA.

As taxpayers become more sophisticated and employ novel methods to evade taxes, the agencies must respond by retraining or reskilling their staff (Gituma, 2017). However, many tax administrations in developing countries continue to be staffed by poorly trained and low-remunerated officials; have structures which do not encourage an integrated approach to different taxes; and are marked by

imbalanced service and enforcement functions (Chikozho, 2018). Due to these challenges, majority of the tax officials are disoriented as they face untold pressure, given the ever-increasing capacity constraints. The negative attitude exhibited towards taxpayers by tax collectors can be attributed to poor working conditions, including low remuneration and staff morale (Heryanto, Mursalim & Lannai, 2020). It becomes difficult to formulate the right policies and oversee the full and effective implementation of tax policies, which are critical in effective tax collection and administration (Arnold, Ault & Cooper, 2019). Mashiri et al (2021) assert that these personnel issues together with information asymmetry between tax agents and taxpayers amplify revenue leakages. This was buttressed by Ely and Calabrese (2017) who revealed that increasing employees' training by 10% increases productivity by 5.9% and 4.9% in public sector organisations and private organisations, respectively. This study therefore sought to establish whether skills development is necessary for effective tax administration in Namibia. Hence the hypothesis:
H₂ Employee skills development positively influences tax administration effectiveness in NamRA.

Tax administration is meant to ensure that non-compliance is identified and penalised since this would encourage voluntary compliances. Hence, the effectiveness of the tax administration is not only to determine the voluntary compliances but also to detect non-compliance in Namibia. Strong tax administration is characterised by the efficiency of processes, leading to the effectiveness of tax administration by coordinating all the resources under its disposal to earn a meaningful and fruitful outcome (Shikongo et al., 2019). Organisational processes entail the gathering of various tasks and activities that are interrelated which, if bunched together, can lead to the transformation of inputs into outputs (Dom, 2019). The governance theory opines that when a tax system is equitable it is possible to encourage more citizens to contribute taxes, thus making it possible to widen the tax bracket (Ade, Rossouw, & Gwatidzo, 2018). At the same time, if the tax agency is accountable and transparent, it encourages consistent contribution. However, most tax authorities are battling with the resource scourge and endemic corruption, especially in Africa (Kostiainen, 2018). Animasaun (2016) shows that dishonest tax administration personnel negatively affect tax administration efficiency. Dabla-Norris et al. (2019) avow that reluctance to deal with unskilled and unethical tax administration staff is a conundrum in developing countries. This is why leaders are a vital piece of the puzzle as they are the drivers in the development of the organisational vision, which is followed by motivating the staff to attain the set vision (Olaoye & Kehinde, 2017). The success of any given organisational process hinges on adequate resource allocation coupled with sound decision-making (Mansor, 2018). Good governance is an ideal, which is hard to accomplish in its totality and very few tax administrations in the world have come close to achieving good governance in its totality (Ikeanyibe, Ori & Okoye, 2017). To fully realise the national tax potential, tax bodies such as NamRA must enforce compliance with tax legislation and effectively execute administrative functions. Naicker & Rajaram (2019) found that organizational processes provide a powerful and effective lens which leads to an intense understanding of the operations of tax authorities. Hence the hypothesis that:

H₃ There is a positive relationship between tax administration processes and tax administration effectiveness in NamRA.

Aziz and Al-Harethi (2018) articulate that an ineffective tax administration cannot guarantee adequate resource mobilisation to provide quality services to taxpayers. The reviewed literature revealed that several factors determine effective tax administration. These include inter alia tax system leadership style, staff training and motivation, ICT and institutional autonomy. However, none of these assessed

the confluence of organisational resources, organisational processes and employee skills in the Namibian context given that these factors vary from one jurisdiction to another, hence the three hypotheses above.

The findings of this study are envisaged to strengthen revenue collection authorities' capabilities that will subsequently boost the much-needed revenue that drives national economic development. Next are the materials and methods.

METHOD, DATA, AND ANALYSIS

A quantitative inquiry was employed. Every fourth respondent of the employees registered was picked to respond to a survey questionnaire within NamRA. A questionnaire survey was administered to a total of 120 respondents from directorates and divisions of NamRA. Data gathered was analysed using descriptive statistics and multiple regression analysis with the aid of SPSS.

Test for model adequacy

Table 1: Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 ^a	.515	.694	.663
Predictors: (Constant) ESD, TAP, TOR				
b. Dependent Variable: TAE				

Source: Primary Data

In this case, in the model summary shown in Table 1, the value of the adjusted R square 0.694 indicates that 69.4% of the variation (change) in effectiveness of tax administration is attributed to the total effect of independent variables/Tax Administration process, organisational resources, and employee skill development. The remaining 30.6% of the variation in effectiveness of tax administration is due to factors which are not included in the model.

This result indicates that if taxpayers are treated fairly and equitably; educated about the right and duty bounds of taxpayers; provided with quality service and enforced compliance, these together increase the tax compliance and hence tax administration effectiveness by 54.5%.

Test of ANOVA

The inferential analysis below tests the stated hypothesis which includes model adequacy and ANOVA (analysis of variance), to see the proportion of variation independent variable (Y) that is explained by the explanatory variables. Meanwhile, regression and Pearson's correlation are used to find out the relationship between dependent and independent variables in order to provide evidence in hypothesis testing. ANOVA was used to see the share of regression in the total sum of squares by splitting the model into regression and residual.

ANOVA, in this study also explains the regression by splitting the total sum of squares into regression (explained) sum of squares and error (unexplained) sum of squares. If a regression model is adequate, the explained variance should be considerably higher than the unexplained variation. The

ANOVA Table 4.4 of the SPSS output illustrates the total sum of squares (65.105) is split into regression (33.503) and residuals (31.603) which ascertain the condition $F(11,168) = 25.443, p(.000) < \alpha(.05)$.

Table 2: Test of ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.503	3	11.168	25.443	.000 ^b
	Residual	31.603	72	.439		
	Total	65.105	75			
a. Dependent Variable: Tax Administration Effectiveness						
b. Predictors: (Constant), Employee Skills Development, Tax Administration Processes Organisational Resources						

Source: Primary Data

RESULTS AND DISCUSSION

As a developing country, Namibia has had difficulty effectively using tax administration as a means of raising revenue and promoting economic growth. Thus, from a Namibian viewpoint, this paper explored the factors that contribute to efficient tax administration. To achieve this objective, 120 questionnaires were administered within the directorate and divisions of NamRA. After collecting the populated 120 questionnaires administered to respondents, data cleaning was done to ensure that high quality data is retained. The focus was on eliminating mistakes and extraneous information, giving the data obtained structure, and making sure the data was complete. Of the 120 questionnaires given to respondents, 81 were considered complete for data analysis purposes at the conclusion of the data cleaning process.

Concurrent with the data cleaning process, an exploratory analysis was conducted to establish preliminary patterns and characteristics in the gathered data. This was done in order to ascertain whether or not any trends would emerge that would necessitate adjusting the problem statement and the study's underlying hypotheses. No patterns or data characteristics surfaced in the exploratory analysis, to justify a revision of the study's problem statement and hypotheses. With the establishment of NamRA as Namibia's reorganized tax administration authority, it had been anticipated by the authors that there would be emerging indications of improvements in the tax administration system in Namibia. However, from the exploratory analysis, no such conclusive indications surfaced. This suggested that the study's problem statement and hypotheses were still relevant. The cleaned data was then evaluated utilizing descriptive statistics and multiple regression analysis with the aid of SPSS. The results of the data analysis are revealed in the following sections.

Organisational Resources

Staffing

According to figure 1 below 65% of the respondents indicated that NamRA was not well-equipped to effectively administer taxation in the country, while 35% of the respondents felt that the department was well-equipped. The majority of the participants believed that the lack of adequate staff was one of the major reasons why NamRA was failing to collect all the tax due. Kostianen (2018) echoed that addressing

staffing arrangements would help mitigate tax-related issues. The issue of staff shortages has caused delays in the tax collection process, which also creates a negative impact on the entire tax administration.

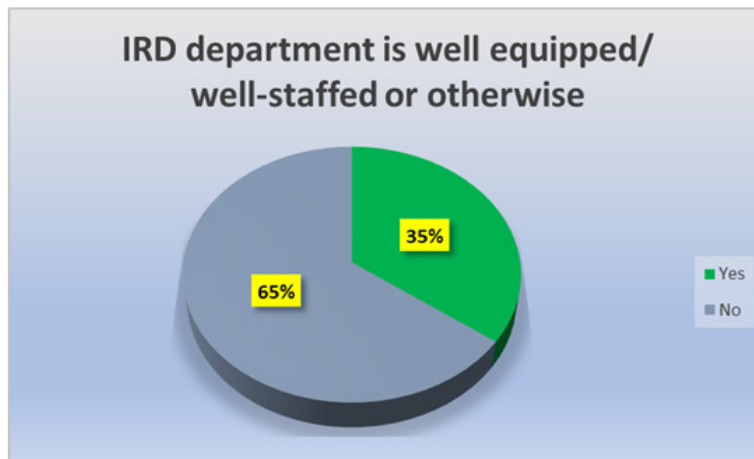


Figure 1: Is NamRA well-equipped and well-staffed to effectively administer taxation?

Working Tools and Other Resources

40% of the respondents indicated that NamRA was not equipped with the right tools required for effective tax administration. A further 30% of the respondents were neutral while the rest felt that tools for basic operations were available. The unavailability of adequate resources means that NamRA cannot implement all the strategies that are required to administer and collect tax effectively. This is emphasized by Cockfield (2018) who believes that inadequate resources constrain the ability of the tax agency to improve its operations and enhance performance.

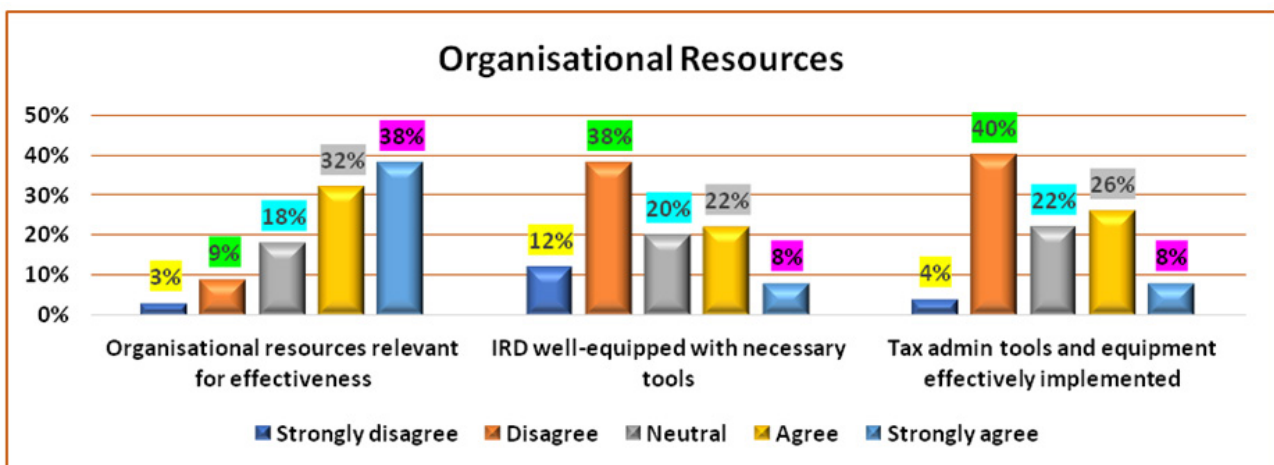


Figure 2: Organisational Resources

Availability of Tax Administrative Skills

51% of respondents felt that NamRA staff did not have sufficient tax administration skills. It is logical to say that without adequate skills required for tax administration, employees cannot perform their duties effectively, which leads to poor performance in tax administration.

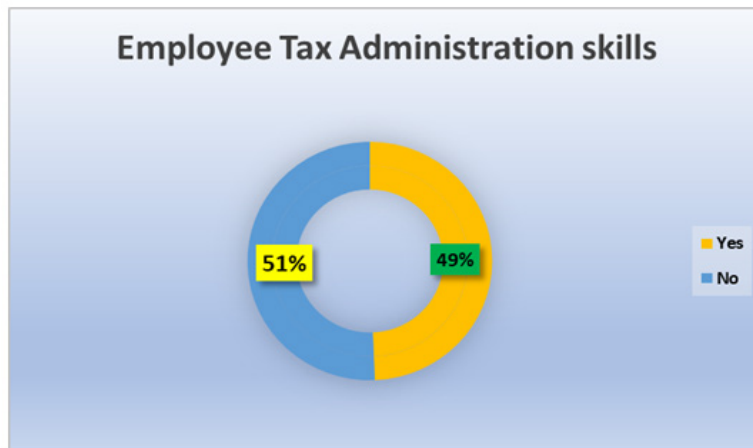


Figure 3: NamRA employee administration skills

Employee Skill Development

The focus here was in three strands; (i) the relationship between skills development and tax administration, (ii) whether NamRA focuses on employee skills development (iii) whether skills development support is adequate. 70% of respondents agreed and strongly agreed that there was a relationship between skills development and the effectiveness of tax administration. The results reinforce the importance of skills development in enhancing the effectiveness of tax administration. This view is aligned with that of Ade and Rossouw (2018) who regard skills development as a tool that plays a major role in ensuring the effectiveness of operations of any organization.

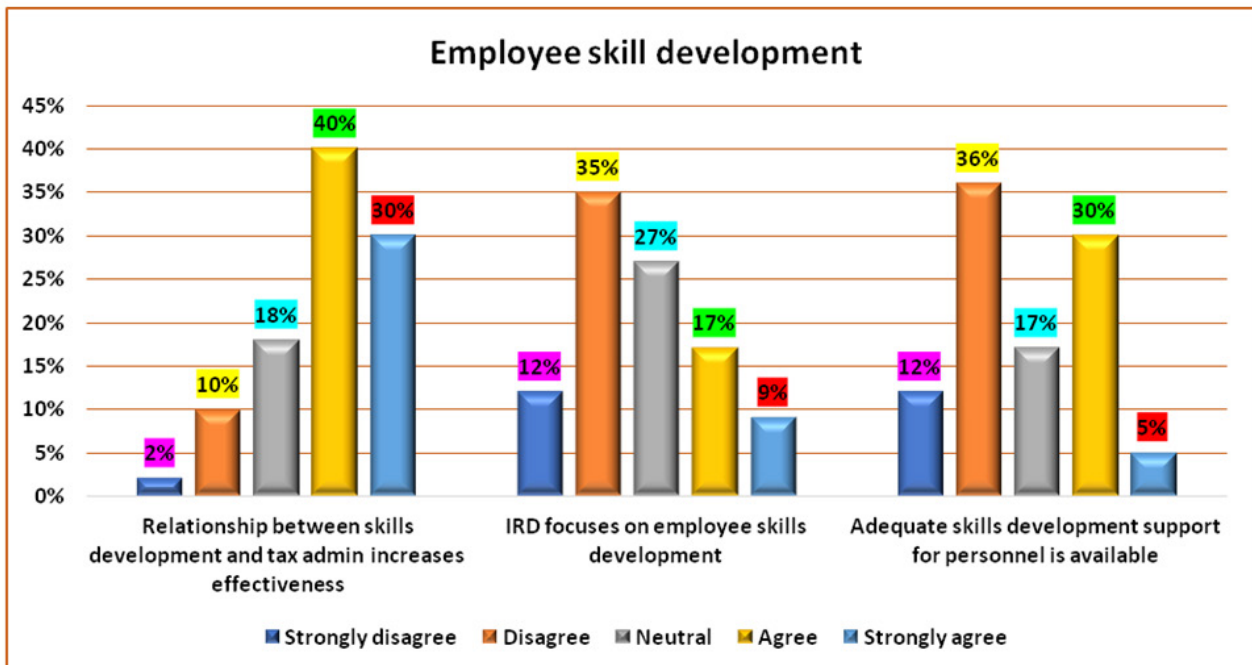


Figure 4: NamRA employee skill development

47% disagreed and strongly disagreed with the statement that the NamRA focuses on employee skills development. This means that NamRA is lacking in enhancing the skills of employees through

training and development. These findings are contrary to the recommendations of authors such as Nieuwenhuizen (2019) who points out that a tax system is ever changing and the skills required by the employees of the revenue department need to be upgraded frequently.

48% of the respondents who strongly disagreed and disagreed with the statement that there is adequate skills development support for personnel. Top management support for skills development is a crucial requirement for ensuring the successful development of employees' skills in an organization.

Organizational Processes

84% of participants agreed and strongly agreed with the statement that policies and procedures are important for enhancing effective tax administration and that they were available. 69% of the respondents agreed and strongly agreed that the department had standardised policies and procedures in place. This is a positive development for the tax administration since it ensures that employees and taxpayers are guided by standards that can easily be followed. 53% of respondents strongly disagreed and disagreed with the statement that there is awareness of procedures, policies, and rules of the IRD among taxpayers.

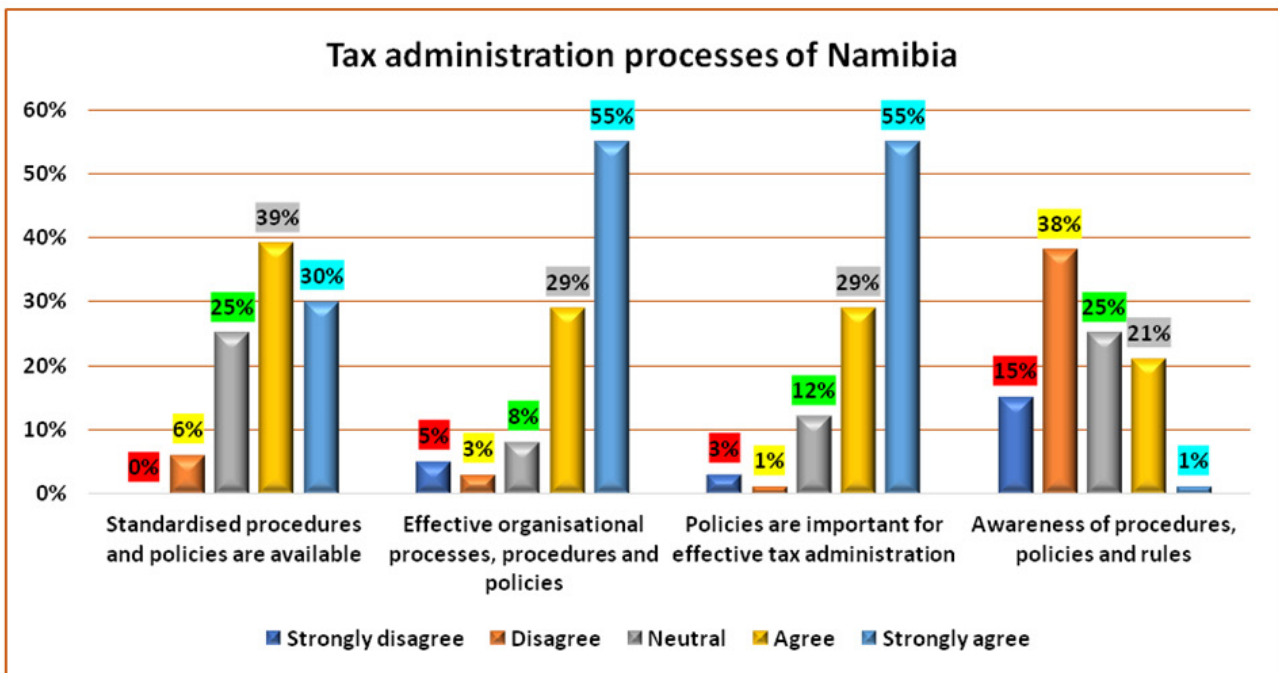


Figure 5: Tax administration processes of Namibia

Multiple Regression Analysis

In the regression model the coefficients of multiple regressions explain the contribution of an individual explanatory variable on the dependent variable. Table 3 summarises and tests the hypothesis.

(TAE) stands for tax administration effectiveness, (TAP) stands for tax administration processes, (TOR) for organisational resources, and (TAE) for tax law enforcement. Table 3 illustrates the effects of the predictors (tax administration processes, organisational resources and employee skill development). As the result of the regression coefficients depicts, the relation there is a significant relation between tax administration and all the other explanatory variables: $TAE_i = 1.775 + 0.633TAP_i + 0.030TOR_i - 0.069ESD_i + \epsilon_i$.

Table 3: Summaries of the hypotheses test results

Model		Coefficients				
		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.775	.379		4.679	.000
	Tax Administration Processes (TAP)	.633	.073	.728	8.680	.000
	Organisational Resources (TOR)	.530	.077	.637	3.391	.007
	Employee Skills Development [ESD]	.569	.081	.581	2.849	.008

a. Dependent Variable: Tax Administration Effectiveness

Source: Primary Data

There Is a Positive Relationship Between Organisational Resources and Tax Administration Effectiveness in NamRA.

As table 3 illustrates $t = 8.680$, ρ - value is 0.000 which is $< \alpha$ -value (0.05), $\beta_1 = .633$ which show the variation /change/ in tax administration effectiveness due to a unit change in Tax Administration Processes. The coefficient of TAP ($\hat{\alpha}_1$) in Table 3 indicates that, if revenue authority brings one more unit change in administration processes than it is now, this will increase the compliance level of taxpayers and hence tax administration effectiveness by 63.3 %.

Due to the above evidences the hypothesis 1 is accepted. It can therefore be concluded that there is a significant relationship between organisational processes and the effectiveness of tax administration.

Employee Skills Development Positively Influences Tax Administration Effectiveness in NamRA.

The same Table 3 shows that $t=3.391$, ρ - value is 0.007 Which is $< \alpha$ -value (0.05), $\beta_2 = .030$ which show the variation in tax administration effectiveness due to a unit change in organisational resources. This result also leads us to accept hypothesis 2 and therefore conclude that tax organisational resources have a significant relationship with tax administration effectiveness.

There Is a Positive Relationship Between Tax Administration Processes and Tax Administration Effectiveness in NamRA.

The SPSS output in Table 3 also shows that $t = -0.069$, ρ - value is 0.008 which is $< \alpha$ -value (0.05), $\beta_3 = -0.569$ which shows the variation /change/ in tax administration effectiveness due to a unit change in employee skills development. Thus, hypothesis 3 is accepted and the conclusion is that there is a significant relationship between employee skills development and the effectiveness of tax administration.

CONCLUSION AND SUGGESTIONS

Effective tax administration processes build a trust bridge between tax, the tax authority and taxpayers. In this study, the effects of fairness/and equity on dependent variable were sorted out by

multiple regression and correlation tables. The output of this analysis portrayed that tax administration processes have a significant relation to tax administration effectiveness. The variation and change in tax administration effectiveness due to a unit change in tax administration processes. The study concluded that the three factors are significant determinants of effective tax administration in Namibia. To the extent that the three variables discussed in this study are significant determinates to effective tax administration in Namibia, NamRA needs to come up with mechanisms of improving in these areas as they adversely impact on the substantive and formal aspects of constitutionalism. A tax administration system that weakens the State's ability to just, fairly and equitably collect tax revenue undermines the country's developmental agenda. As such, whilst the introduction of NamRA through the NamRA Act is a welcome development, there is need to strengthen the institution's capacity in the three factors determining effective tax administration. Such an approach will ensure that NamRA in the process of exercising power as conferred to it in terms of sections 2 and 3 of the NamRA Act will give effect to constitutional imperatives on a just and fair Namibian society. It will also affirm that Namibia's tax administration system is sensitive to principles of constitutionalism and the rule of law. Not all hope is lost in this regard as the current NamRA commissioner and the NamRA administration are working to ensure that they improve on the three variables of tax administration. More physical and financial resources as well as skills training would be critical to achieve an affective tax administration system in Namibia.

Due to its exclusive focus on statistical methodologies, the study is mostly quantitative and restricted to Namibia. As a result, future studies should use qualitative methodologies to gain a better understanding of the factors influencing tax administration. The qualitative method is a comprehensive process of inquiry that focuses on comprehending an issue rather than testing a theory formed of variables and analyzed using statistical methods only, as was the case in this predominantly quantitative investigation. Further, to guarantee effective tax administration in Namibia, such proposed future studies should look into, evaluate, and interpret contingent interactions among factors like technological advancement and adaptive skilling. In this sense, it is important to analyse these contingency correlations as well as demonstrate a cause-and-effect relationship between variables and drivers of effective tax administration.

Furthermore, future studies' sample sizes could be expanded beyond NamRA's directorate and divisions to include the tax administration authority's clients, which comprise ordinary persons as well as public and private companies that receive tax authority services. It is also proposed that future studies should include data collected from policymakers regarding NamRA's performance as a tax administration authority. In principle, perceptions of NamRA officials' skill level and the tax administration authority's competence in tax administration could be better quantified by broadening the scope to include parties outside of the tax authority's area.

Finally, it would be beneficial to determine the influence of digital transformation on tax administration in Namibia, the role of tax compliance and enforcement technology, and the role of developing technologies and their prospective impact on tax administration in Namibia. It is undeniable that Namibia's tax administration system is still weak due to a lack of qualified personnel, and it will remain so if there is a growing disparity between technological advancement in tax administration systems and tax officials' ability to work with new technologies. With a rise in cases of tax evasion through money laundering, corruption, and illicit financial flows, serious concerns subsist that the Namibian government may lose even more revenue. As a result, it is critical that robust studies continue to be undertaken on different dimensions of effective tax administration in order to ensure effective tax administration in Namibia.

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