



Terms of Reference: A Nationwide Survey on Taxpayer Perception

1. Introduction

The National Taxpayers Association (NTA) is an independent, nonpartisan organization that promotes good governance in Kenya. Since 2006, it has implemented programs to enhance public accountability by monitoring the quality of public service delivery and the management of both national and devolved funds. This has been achieved through developing social accountability tools, Citizen Report Cards (CRCs), civic awareness initiatives, citizen capacity-building, and partnerships with government agencies, service providers, the private sector, civil society, and community action groups.

2. Background of the Assignment

While Kenya has experienced significant economic development, symbolized by creation of employment opportunities and wealth accumulation through the expansion of the manufacturing and the SME sectors, the lack of tax compliance has posed a major challenge to revenue raising efforts as the government strives to address the increasing development and expenditure needs. Tax compliance is largely connected with the fulfillment of tax obligations by the taxpayers in their different categories such as Small and Medium Enterprises (SMEs), manufacturers, and the informal sector. This dictates that a tax system needs to be oriented to effectively facilitate taxpayer tax compliance. However, the taxpayers are faced with unique challenges in meeting their tax obligations due to factors such as high costs of compliance, and physiological related aspects which include moral values and taxpayer perception to fairness and equity of taxation. The negative taxpayer/public perception on taxation is often influenced by concerns over revenue leakages, mismanagement of public funds, and the burden placed on taxpayers. Many taxpayers believe that inefficiencies in tax collection and administration undermine public service delivery, exacerbate inequalities, and limit the country's ability to finance key development programs.

For SMEs, compliance burdens often stem from complex tax procedures, high costs of compliance, and limited awareness of tax regulations. Many entrepreneurs struggle with navigating tax requirements, leading to unintentional non-compliance or tax avoidance. Manufacturers, on the other hand, frequently cite concerns about high tax rates, multiple levies, and policy unpredictability, which ultimately negatively affect business sustainability and growth. Meanwhile, the informal sector comprising a significant portion of Kenya's economy faces structural challenges in integrating into the formal tax system, with many operators perceiving taxation as unfair or burdensome given their low and irregular incomes.

Public trust in tax collection mechanisms is often eroded due to perceived corruption, lack of transparency, and inadequate accountability in revenue management. These factors contribute to tax evasion and reduced voluntary compliance, further affecting Domestic Resource Mobilization (DRM). Many taxpayers feel that without proper safeguards and accountability measures, the burden of taxation disproportionately falls on compliant businesses, while others exploit loopholes to avoid taxation.

Despite various policy efforts to enhance tax compliance among different taxpayer segments, Kenya continues to struggle with addressing administrative inefficiencies and policy gaps that hinder effective revenue collection. There is a growing need to capture taxpayer perspectives on taxation policies and financial governance to provide a more holistic understanding of the issue. This study aims to bridge this gap by evaluating public perceptions on tax compliance, tax collection, and accountability, with a particular focus on SMEs, manufacturers, and the informal sector, while providing recommendations for enhancing financial governance and DRM.

3. General Scope of the Task:

To fulfill the mandate of this task, the consultant will be responsible for the following:

- a) Engage with key stakeholders in taxation, such as tax administrators/revenue administrators, government agencies, civil society organizations, the private sector, including the SME, manufacturers, and the informal sector, on strengthening DRM, fiscal justice, transparency, and compliance to feed into the national survey;
- b) Conduct in-depth research, gather insights from the stakeholders, analyze data and validate the findings; and
- c) Develop a detailed report on taxpayer perceptions and recommendations for strengthening DRM and taxpayer accountability monitoring frameworks.

4. Deliverables:

- a) An inception report outlining the methodology and work plan for the study;
- b) Conducting literature reviews;
- c) Stakeholder engagement meetings, including taxpayer-focused surveys and consultations, to collect input and insights;
- d) Identify Key Findings, Analyze Data, and Provide a detailed analysis of findings;
- e) Facilitation of a validation meeting with key stakeholders to discuss findings and recommendations; and
- f) Development and submission of the first draft, second draft, and final report and policy brief to NTA.

5. Duration of the Assignment:

This consultancy shall be expected to take a maximum duration of 40 days from the date of commencement.

6. Required Experience and Qualifications:

NTA would like to invite interested and suitably qualified individuals/consultancy firms to participate in the following opportunity by submitting an application that entails:

- a) Postgraduate university degree in Economics, Taxation, Law, Political Economy/Public Policy, International Trade/Relations, or related areas;
- b) Strong qualitative and quantitative research and analytical skills;
- c) Proven experience of research and work experience in public finance management, taxation, public policy, international trade, or related area;
- d) Demonstrated knowledge and expertise in tax related matters in Kenya;
- e) Experience in drafting policy papers, reports, in taxation, public finance, and/or related themes;

- f) Proof/Evidence of research and publications in public policy and taxation. Attach links to previous reports/publications of a similar nature; and
- g) Proven ability to engage with and facilitate discussions among high-level stakeholders

7. Application Requirements:

- a) Expression of Interest which shall include a cover letter, technical proposal showing your understanding of the assignment, proposed methodology and the workplan;
- b) Updated Curriculum Vitae and/or Company Profile
- c) Detailed financial proposal showing a breakdown of all costs.

8. How to Apply:

If interested, please email your application with the subject: **Expression of Interest: A Nationwide Survey on Taxpayer Perception**. The application should include a cover letter and technical proposal, which should include your understanding of the consultancy and the proposed methodology, and a detailed financial proposal. Also attach an updated Curriculum Vitae, and references all as one document in pdf to: jobs@nta.or.ke on or before Monday, 10th March, 2025 at 5:00 pm EAT.