OPEN ACCESS
Global Journal of Research in Business Management
Volume 01| Issue 02 | Nov-Dec | 2021
Journal homepage: https://gjrpublication.com/journals/
Original Research Article

The role of internal audit on tax administration at Rwanda Revenue Authority

*Ngabonzima King Geoffrey[1], Dr. Twesigye Daniel[1] & Dr. Bizimana Benjamin[1]

[1]Department of Enterprises Management, Faculty of Economics, Social Sciences and Management, INES-Ruhengeri, Rwanda

Submission Date: 30 Nov 2021 | Published Date: 31 Dec 2021

***Corresponding author:** Ngabonzima King Geoffrey

Abstract

The internal audit has evolved in many developed countries to take a more comprehensive view of the tax administration and implication of government operations often in improving the performance of the government sector. The internal audit helps the taxpayers to better understand the rules and processes of tax management. Despite many efforts spent day to day in internal audits, the country remains unable to mobilize adequate revenues to cater to government needs and to sustain the development demands. Mostly, not being able to mobilize all due revenues might be related to inefficient systems of tax administration portrayed by the inexistence of mechanisms to follow-up all taxpayers in the registry, inefficiencies in the existing taxpayer database, inability to register potential taxpayers yet they are known, failure to counter check most of the declarations and to pursue taxpayers who failed to file their tax returns or remained inactive since their registration as taxpayers; weak internal audit leads to low tax declaration and delays payment coverage and prevents tax protection strategies but worsens complex in the tax system and thereby discouraging compliance as well. From these problems arose the study with the general objective to examine the role of internal audit on tax administration of Rwanda Revenue Authority. The study used a descriptive research design where the purposive sampling was used to employees of RRA headquarters and the sample was comprised of 135 senior and middle managers to whom the questionnaires were distributed and data were analyzed by use of SPSS. The findings indicated that 65.9% proved that independence and objective assurance improve the tax administration of RRA. Research further indicates that respondents at 97.0% strongly agreed that consult effectiveness of internal control improves tax administration. Research also indicates that respondents at 93.3% strongly agreed that the improvement of an entity's operations improves tax administration. Research revealed that respondents at 77.8% strongly agreed that tax administration supervises the application and execution of tax laws. All research objectives were achieved but null hypotheses were rejected. The study ends by recommending the government of Rwanda to improve the standards of internal audit employed for ensuring the effectiveness and efficiency in tax administration. Rwanda Revenue Authority should ensure regular internal audits for maintaining the tax administration and complying with what is recommended by internal audit reports.

Keywords: Internal Audit, tax administration, Revenue, Rwanda, Taxpayer

Introduction

Internal auditing is perceived as a weapon for the achievement of organizational visionary objectives through a systematic and disciplined approach to assessment and thereby enhancing the effectiveness of internal control, risk management, and good governance. Internal audit is a mechanism of tax administration for assuring how effective public funds are received and spent in compliance with appropriations and other relevant laws, the internal audit intends to assess the fair collection and use of tax revenue and how it is reported accurately and presented in an appropriate financial format(Alzeban & Sawan, 2016).

A study of tax administration in economically developing countries from an economic point of view is permitted because tax administrations in developing countries functionally make tax policies by determining how to apply tax laws (Abdulaziz & Gwilliam, 2014). The internal audit helps tax administration to link tax laws and statutes and informs how they are implemented which in turn influences public institutions in compliance concerning balance, productivity, and fair play goals. In many economically developing countries, taxation is interlinked with the growth of the economy and taxes are the predominant source of governments funds needed to deliver requisite services, infrastructure and to make long-term investments in goods essential to the public (Paepe & Dickinson, 2011). This is why the African countries establish stronger internal control as a suitable instrument to support tax administration as enhancing mechanism of public fund management, conduct, direction, and supervision of the execution and application of the internal laws and statutes (or equivalent laws and statutes of a state) and respect of tax conventions that improve the effectiveness and efficiency of public institutions. Internal audit is important because it assists the government to establish favorable and impregnable mechanisms in collecting applicable tax revenues requisite for budget, perpetuating economic and financial stability, to guarantee that adequate returns are submitted by the taxpayers, to organize the extent of tax avoidance and evasion, to establish stringent compliance with tax laws by taxpayers, recommend the improvement of the degree of discretional compliance by taxpayers and to ensure that the tax due is collected and properly and timely remitted to government (Dickinson, 2014).

In the broad context of east African countries, the importance of tax administration has been linked to the internal audit function and interrogates its efficacy in performing its responsibilities. Various corporate impropriety, conjoin with the recent regional financial plight have fuelled arguments on whether internal auditing is being appropriately performed, not only in terms of ensuring compliance with a wide range of controls to which public organizations are subject but also in respect to its role in tax management, much more recently assumed by the function. The internal audit is the consultant framework that requires the great revelation of appropriate information of suspected points that can raise challenges for adopting an enhanced focus on process effective tax management generally (Gurama & Muzainah, 2018).

Paepe and Dickinson (2011) argued that without doubt, tax administration is inseparably linked to an internal audit, in respect of its role within the organization, and should, therefore, be able to respond to all regulatory requirements for effective and efficient tax management. The study established that where the internal audit function is in corroboration, its nature substantially differs, appearing in its conventional role in public organizations, while undertaking effective tax management and consultancy functions in tax regulatory organizations, and taking a middle road in taxpayers elsewhere. Besides, there is corroboration that regional countries do principally want internal audits to be involved in tax administration to develop organizational systems. This ascendancy of executive and top management in determining effective tax rules and regulations of how tax revenue must be controlled from its efficient collection process, how it is properly received and effectively spent by the government budget (Tom, 2016).

The internal audit supports tax administration to check on how tax laws are established and how they are executed by taxpayers and regulatory authorities and it enhances the tax authorities to mobilize and collect all due tax revenues fairly and efficiently with modest costs for taxpayers and the tax administration itself. The administration of a tax system should cover an extensive and diverse number of rules (Arturo, 2013). This is why internal control is needed to assess the effectiveness of tax law and its compliance in both taxpayers and regulatory authority for making improvements in respecting rules and adoption of established guiding tax principles. Kircher (2018) observed that an internal audit is the inspection of an individual or organization’s tax report by the relevant tax administrations to confirm compliance with relevant tax laws and regulations of the state. He further argued that internal audit is a process where the internal revenue service tries to ascertain the numbers that regulatory authorities have indicated on the tax return. Ola (2004) stated that the process of internal audit entails tax returns that are chosen for audit using given selection criteria. Thus, the fundamental books and records of the taxpayers are critically reviewed to match them with the tax returns filed.

In Rwanda, regular internal audits are done to assess the effectiveness of tax administration, improve the standards of making the laws which can easily be understood by Taxpayers as well as for administration to underline the functioning in an organized way so that they may follow operations in logical and secular sequence (Abbott, 2011). Thus, internal audit focuses on how secular organization for the law of tax procedure makes sense since it inescapably follows a time flame, as long as each tax obligation is based on a tax period, with a subsequent likelihood of redetermination of tax, the appeal of the redetermination, and eventual determination of tax liability for the tax period. That independent examination checks on taxpayers’ participation in each feature of the tax system can mainly be important in interaction with different processes of establishing tax rules and effective implementation (Rwangombwa, 2009). So, the internal audit brings an important contribution in organizing suitable tax administration in RRA and helps the taxpayers to better understand the rules and the tax management process. It is in this regard that the Government of Rwanda established an internal audit in RRA, in particular, to evaluate risk exposures due to the tax administration for maintaining the reliability and integrity of financial and operational information, effectiveness and efficiency of tax operations and programs, safeguarding of assets and compliance with tax laws, regulations, policies, procedures and contracts (Rwangombwa, 2009).

According to the report by Rwanda’s Office of the auditor general, the failure to collect all due revenue might be associated with a penurious tax administration system characterized by lack of proper mechanisms to track registered taxpayers for domestic taxes and loopholes in existing databases of taxpayers; non-registration of some taxpayers and yet RRA new their existence; failure to crosscheck most of the declarations and to pursue those who had not filed their returns or remained inactive since their tax registration; weak internal audit that leads to low tax declaration and payment coverage and preventive tax protection strategies complicated tax system and thereby discouraging compliance as well (Biraro, 2015; Mansor and Gurama, 2015). Thus, this study aims at assessing why the daunting issue of failure to collect all potential revenue by assessing the role of internal audit on tax administration in the Rwanda Revenue Authority.

RESEARCH METHODOLOGY

Research design

This study used a descriptive research design as a blueprint showing the structure of the research process. (Orodho, 2014). This study used a descriptive research design that covers the research population, sample population and sampling technique the sources of data, data collection tools, data processing and analysis, pilot and pre-testing research instrument, validity and reliability of the instrument, ethical consideration, and statistical analysis was valuable too. The descriptive research design was fit for this study as after ethical consideration, it was used as an important procedure to collect useful information on the role of internal audit on tax administration effectiveness at Rwanda Revenue Authority and analyze for a better conclusion from the research findings.

Study population

The population is all the elements that meet the criteria for inclusion in a study. In this study, the researcher's population used 204 staff of Rwanda Revenue Authority Headquarters comprised of 19 senior managers and 185 middle managers as presented in the table thereafter.

Table-1: Distribution of study population

Department	Study population
Finance Department	21
Strategy and Risk Analysis Department	6
Customs Services Department	60
Domestic Taxes Department	72
Internal Audit and Integrity management	8
Information Technology Department	12
Administration and Logistics Department	25
Total	**204**

Sampling technique and sample size

Purposive sampling is one of the popular kinds of non-probabilistic sampling techniques where researchers mostly rely on their experiment, cleverness, and previous research findings to intentionally get units of analysis in a way that the sample obtained may be considered representative of the relevant population (Wiersma, 1995). In purposive or judgmental sampling, the researcher will use his/her judgment about which respondents to choose and pick only those who best meet the purpose of the study. The purposive sampling is favorable as the researcher uses his/her research capabilities to choose respondents (Cooper & Schinder, 2010). It is in this regard that the researcher used a purposive sampling technique deemed relevant and applicable in selecting respondents who meet the purpose of the study. The most informed employees about the role of internal audits on the effectiveness of tax administration were selected to participate in the achievement of the study.

Sample size and sampling technique

The sample refers to representative elements selected from a population on which investigation is to be done. The sample size is a portion of the population selected from the target population as it represents and this collection of observation participate actively toward the completion of the scientific research (Wallen, 2015). With the sample, a kind of data is collected from this population due to the reasons of necessity and convenience. When the number of the study population is too big, the investigator can systematically minimize the number into a certain sizable sample to provide useful information and to represent the whole (Donald & Pamela, 1998). The appropriate sample size was statistically determined with help of the Slovin formula which is the most appropriate for this study Sample size calculation by Slovin's formula was formulated as below:

$n = \frac{N}{1+N\,(e)^2}$ Where;

n = the desired sample size
N = Total population
e = Margin of error

Using the above formula, the sample size is calculated as follows;
N = 204
e = 5%

$$n = \frac{204}{1+204\,(0.05)^2} = \frac{204}{1+204\,(0.0025)} = \frac{204}{1+0.51} = \frac{204}{1.51} = 135.09 \approx \mathbf{135} \text{ respondents}$$

For this study, the sample was one hundred and thirty-five (135) senior and middle managers of RRA headquarters.

Data collection techniques

The data collection instruments are the means used to obtain the desired information to achieve useful results of the research. The instruments of data collection also known as research techniques are the entire process used to collect data for the subject where the suitable techniques can be selected according to the field of research (Flick, 2016). This study used the following research instruments: the questionnaire and documentary were used to gather pertinent information.

Documentation technique

It is a technique that focuses on systematic searching from any written documents. Those documents include books, brochures, monographs, published and unpublished documents, reports, archives, etc (Williams, 2012). In collecting secondary data, the researcher used the document review method. This is the data collection process that is based on reading textbooks and documents. Documents used include; published books, reports, journals, papers, and dissertations with information relating to the research topic were consulted to add substance to the research.

Questionnaire technique

In the research, a questionnaire is a technique that consists of a written set of questions; the investigator asks the selected number of respondents in a view of attaining information related to the research topic (Gillham, 2010). The present study used the questionnaires with four sections, addressing the specific objectives and respondents of RRA answered with a mode of strongly agree, agree, not sure, strongly disagree, and disagree as the best way to provide useful written information about the role of internal audit on the effectiveness of tax administration of Rwanda Revenue Authority.

RESULTS AND DISCUSSION

The data of this study were collected from 135 respondents comprised of senior and middle managers of Rwanda Revenue Authority at headquarters. The respondents provided various data to show a clear picture of internal audit and its role on tax administration of Rwanda Revenue Authority certainly. Data presented in this chapter started by respondents' biodata including gender, educational level, and working experience in Rwanda Revenue Authority.

Table-2: Distribution of respondents by gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	77	57.0	57.0	57.0
	Female	58	43.0	43.0	100.0
	Total	135	100.0	100.0	

The findings of table 2 indicate that 57.0% of the respondents were male and 43.0% were female. These findings are completed by theory stating that the part of gender consideration cannot be ignored apart from both gender form one folk, also they work jointly to provide the constructive information where it is needed. This indicates that the institution considers both men and women appropriate to participate in delivering tax services on its behalf to make Rwanda Revenue Authority more successful and facilitate internal audits to improve tax administration in the institution thereof.

Table-3: Distribution of respondents by qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor's Degree	94	69.7	69.7	69.7
	Master's Degree	37	27.4	27.4	97.1
	PhD	4	2.9	2.9	100.0
	Total	135	100.0	100.0	

The findings of table 3 indicate at 69.7% of respondents were holders of bachelor's degrees. The respondents at 27.4% proved that they were holders of Masters' degree while the respondents at 2.9% proved that they were holders of Ph.D. Kothari (2014) argued that the qualified respondents are trustable thanks to the qualitative information provided, as they are aware of the phenomena and their effect on different aspects of the organization. This indicated that as employees of Rwanda Revenue Authority were from diverse qualifications and all are well qualified, they facilitate internal audit to improve tax administration in Rwanda Revenue Authority in direction to improve the success of their institution thereof. This proves also that since they were qualified, they guilelessly provided trustable information in line with this study.

Table-4: Distribution of respondents by working experience in RRA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 3 years	8	5.9	5.9	5.9
	3–5 years	17	12.6	12.6	18.5
	6–8 years	46	34.1	34.1	52.6
	Over 8 years	64	47.4	47.4	100
	Total	135	100	100	

The findings of table 4 indicate that the respondents at 47.4% proved that they have above 8 years of working experience working for the Rwanda Revenue Authority. The respondents at 34.1% proved that they work for Rwanda Revenue Authority for the period between 6 and 8 years. The respondents at 12.6% proved that they have 3- and 5-years working experience in Rwanda Revenue Authority while the respondents at 5.9% proved that they have below 3 years of working experience in Rwanda Revenue Authority. These findings are supported by one of Weber (2010) which argued that the experience of respondents next to the phenomena is considered during the investigation to help in the credibility of research findings. These findings show that the respondents recognize many about the functioning of the Rwanda Revenue Authority and the information they provided is undoubted indeed.

Data presentation and analysis

This section covers the presentation of information from the field, and its analysis was done statistically to draw up appropriate findings for a productive conclusion about the role of internal audit on the tax administration of RRA. As data were carefully drawn by use of a questionnaire and it is presented in the following tables based on the objectives of the study. The capacity of a government to finance its expenditure depends on the ability of tax administration to generate adequate revenue, and the ability of tax administration to generate significant revenue depends on the tax administration. Even if tax administration is complex internal revenue laws or related statutes, internal audit is a valuable mechanism to examine its effectiveness.

Table-4: Respondents' view on determinants of internal audit of Rwanda Revenue Authority

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Independence and objective assurance	32	23.7	23.7	23.7
	Consult effectiveness of internal controls	35	25.9	25.9	49.6
	Improvement of entity's operations	32	23.7	23.7	73.3
	Compliance with laws and regulations	36	26.7	26.7	100.0
	Total	135	100.0	100.0	

The findings of table 5 indicate that respondents at 26.7% proved that verifying compliance with laws is among the determinants of internal audit. The respondents at 25.9% proved that consulting the effectiveness of accounting processes is among the determinants of internal audit. The respondents at 23.7% proved that reviewing independence and objective assurance and improvement of entity's operations are among the determinants of internal audit. Petrascu (2010) proved that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to achieve its mandate by bringing a structured, disciplined approach to assess and ameliorate the effectiveness of risk management, control, and governance processes. It is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. These findings confirm that internal audit is determined by various indicators that can have the greatest effect on tax administration in Rwanda Revenue Authority.

Table-6: Respondents' view on determinants of the tax administration of RRA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Effective assessment of risks	31	23.0	23.0	23.0
	Tax collection and voluntary compliance	36	26.7	26.7	49.7
	Timely filing, declaration, and payment	35	25.9	25.9	75.6
	Audit of a set of tax laws	33	24.4	24.4	100.0
	Total	135	100.0	100.0	

The findings in table 6 indicate that respondents at 26.7% proved that tax collection and voluntary compliance is among the determinants of the tax administration of RRA, at 25.9% of respondents proved that timely filing, declaration, and payment is among the determinants of the tax administration of RRA. The respondents at 24.4% proved that audit of a set of tax laws is among the determinants of the tax administration of RRA. The respondents at 23.0% proved that effective assessment of risks is among the determinants of the tax administration of RRA. Arturo (2013) concluded that arranging tax administration law in a functional firm also assists taxpayers to better understand the laws, rules, the processes and enhances their voluntary compliance with tax rules and regulations. It contains a lot of the general rules of procedure, and a law on the tax services, which governs the accountability and transparency of the organization, but on the other hand deals with some of its powers as against the taxpayer. These findings confirm that tax administration is a complexity of determinants that are supported by internal audits to facilitate taxpayers and Rwanda Revenue Authority to be on good terms with tax systems.3.2.2. Role of consulting effectiveness of internal control on tax administration of RRA

The operations of internal audit may include examining the effectiveness of internal controls around corporate governance, accounting, financial reporting, and general controls. Internal audits may also entail evaluating the effectiveness/efficiency of critical tax operations such as fine and penalties management. The following tables show the respondents' points of view about how internal audit consults the effectiveness of internal control to improve tax administration.

Role of independence and objective assurance on tax administration of RRA

Table-7: Respondents' view on how independence and objective assurance improve tax administration of RRA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	89	65.9	65.9	65.9
	Agree	46	34.1	34.1	100.0
	Total	135	100.0	100.0	

The findings in table 7 indicate that 65.9% proved that independence and objective assurance improve tax administration of RRA while 34.1% of respondents proved that independence and objective assurance improve tax administration of RRA. Bostan and Grosu (2010) stated that internal audit is a profession that is constantly and periodically applied to address the continuous changing needs of tax administration, the objectives of the internal audit shifted to the identification of the company's main risks, to the assessment of the internal control of these accounts and increase of their efficiency. These findings confirm that independence and objective assurance improve tax administration of RRA of Rwanda Revenue Authority.

Role of consulting effectiveness of internal control on tax administration of RRA

Table-8: Respondents' view on how consulting effectiveness of internal control improve tax administration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	131	97.0	97.0	97.0
	Agree	4	3.0	3.0	100.0
	Total	135	100.0	100.0	

The findings in table 8 indicate that respondents at 97.0% strongly agreed that consult effectiveness of internal control improves tax administration while at 3.0% respondents agreed that consult effectiveness of internal control improves tax administration. The study of Thuronyi and Gordon (1996) revealed that effective tax administration stimulates taxpayers to comply with tax law and increase the coverage in tax declaration and tax payment at a suitable time. These findings confirm that with consulting effectiveness of internal control Rwanda Revenue Authority is on good terms and this improves tax administration indeed.

Role of improving the entity's operations on tax administration of RRA

Table-9: Respondents' view on how the improvement of entity's operations improves tax administration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	126	93.3	93.3	93.3
	Agree	9	6.7	6.7	100.0
	Total	135	100.0	100.0	

The findings in table 9 indicate that respondents at 93.3% strongly agreed that improvement of entity's operations improves tax administration while 6.7% of respondents agreed that improvement of entity's operations improves tax administration of Rwanda Revenue Authority. Christopher *et al.* (2009) completed that the improvement of entity's operations improves tax administration internal audit as an independent assuring and counseling activity relates that is intended to improve the operations of a company and increase values and its reports, opinions, and any recommended management actions need to be communicated in a clear, concise, reliable and constructive way to improve business operations. These findings confirm that the improvement of the entity's operations improves tax administration as prescribed in the tax administration of Rwanda Revenue Authority.

Role of compliance with laws and regulations on tax administration of RRA

Table-10: Respondents' view on how compliance with laws and regulations improves tax administration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	105	77.8	77.8	77.8
	Agree	30	22.2	22.2	100.0
	Total	135	100.0	100.0	

The findings in table 11 indicate that respondents at 77.8% strongly agreed that tax administration effectiveness supervises the application and execution of tax laws while at 22.2% respondents agreed that tax administration supervises the application and execution of tax laws. The study of Abiola and Asiweh (2012) completed that as tax administration contains a variety of tax rules and regulations, a tax audit is an examination of an individual or organization's tax report by the suitable tax authorities to establish compliance with relevant tax laws and regulations of the state. Tax administration must contain rationality aspects. These findings confirm that tax administration supervises the application and execution of tax laws within the Rwanda Revenue Authority.

Table-11: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.328a	.107	.101	2.18245

a. Predictors: (Constant), Internal audit

In table 12 the output from the SPSS indicated that the coefficient of correlation known as (R2) equals 0.107, and it expresses that the amount of unpredictability of one variable that can be explained by another, the analysis can then use R2 to mean how much the changeability can be accounted for both the internal audit and tax administration of Rwanda Revenue Authority. These two variables correlate R2= 0.107 and so, the value of R2 comes from (0.328)2=0.107. This value means how much of the change in tax administration can be explained by the change in the application of the internal audit function. Wolcott (2009) argued that the application of independent variable components possibly will speed up or slow down the progression of predictable outcomes. Therefore, this output confirmed that the internal audit has a positive relationship with the tax administration of the Rwanda Revenue Authority.

Table-12: Analysis of variance for ordinary least regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.241	1	76.241	16.007	.000[a]
	Residual	633.492	133	4.763		
	Total	709.733	134			

a. Predictors: (Constant), Internal audit
b. Dependent Variable: Tax administration

The output in table 13 indicates that the summary of the model shows the various sums of squares and the degree of freedom associated with each output. The averages of sums squares can by calculation divide the sums of squares with the associated degree of freedom. The most important part of the table is the F-ratio and the corresponding value of 16.007. The significance is 0.000aat the p-value is less than 0.05. This outcome means that the tax administration of the Rwanda Revenue Authority is the outcome of the internal audit. However, the regression made in the applicability of internal audit can make a significant result on the tax administration of Rwanda Revenue Authority. Ryman and Cramer (2015) suggested that the effectiveness of the dependent variable depends on the practicability of the determinants of the independent variable. These findings indicated that the internal audit pressures unquestionably the tax administration of Rwanda Revenue Authority.

Table-5: Regression coefficients of the internal audit on tax administration of RRA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.276	.242		5.270	.000
	Effectiveness of risk management	.533	.476	.339	1.121	.025
	Effectiveness of internal controls	1.000	.505	.653	1.981	.050
	Independent reviews of systems	1.146	.369	.000	.000	.007
	Effectiveness of accounting processes	4.123	.386	.000	.000	.002
	Improvement of entity's operations	.657	.180	.552	3.653	.013

a. Dependent Variable: tax administration

Y represents the tax administration
X represents the components (variables) of internal audit
The equations become Y = 1.276+ 0.533x 1+1.000x 2+1.146x 3+4.123x 4 +0.657as equation
Table 14 indicates the output from SPSS, indicating that β0 is the Y-intercept and this value β is the constant. Therefore, the output said that β0 is 1.276; when X=0 the tax administration or the model predicts the value of 1.276. The value of β1 from the table and this value represent the slope of the regression line of0.533x. Then, this means that the change in the practicability of the components of internal audit causes a significant change in the rate of tax administration effectiveness of Rwanda Revenue Authority. Abbott (2011) stipulated that the stronger tendency, the larger is the absolute value of the correlation coefficient. The key respondents proved that there is a positive relationship between elements of internal audit and tax administration of Rwanda Revenue Authority.

Table-6: Regression coefficients of the internal audit tax administration of RRA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.959	.483		14.401	.000
	Internal audit	.549	.137	.328	4.001	.000

a. Dependent Variable: Tax administration

Y represents the tax administration of Rwanda Revenue Authority while X represents the components (variables) of internal audit. The equations become Y = 6.959 +0.549 x (as equation). Table 13 indicates the output from SPSS, indicating that β0 is the Y-intercept and this value β is the constant. Therefore, the output said that β0 is 6.959; when X=0 the tax administration or the model predicts the value of 6.959. The value of β1 from the table and this value represent the slope of the regression line is 0.549x this value expresses the slope of the regression line; then, this means that the change in the practicability of the components of loan repayment causes a significant change in the rate of the tax administration of Rwanda Revenue Authority. Hartley (2014) argued that the stronger tendency, the larger is the absolute value of the correlation coefficient. The key respondents proved that there is a positive relationship between elements of loan repayment and tax administration of the Rwanda Revenue Authority.

Table-15: Correlations between internal audit and effective tax administration

		Internal audit	Effective tax administration
Internal audit	Pearson Correlation	1	.328**
	Sig. (2-tailed)		.000
	N	135	135
Tax administration	Pearson Correlation	.328**	1
	Sig. (2-tailed)	.000	
	N	135	135

**. Correlation is significant at the 0.01 level (2-tailed).

The findings of table 16 indicate the Pearson correlation drawn from SPSS on one hundred and thirty-five (135) cases observed as the number of complete observations as pairwise no missing values (n=135). The results show that since the value is closer to +1 or -1, it indicates that there is a stronger linear relationship between the two variables (independent and dependent) with a correlation of height and weight (r= 0.000), its p-value, and the numbers of complete pairwise observations that the calculation was based on. The results show that between internal audit and tax administration the value for a 2-tailed test is (p< 0.328) for a two-tailed test) while the significance level indicated by 0.000 as values less than 0.05. Yamane (2015) argued that the Pearson correlation coefficient often referred to as the Pearson R test, is a statistical formula that measures the strength between variables and relationships. To determine how strong the relationship is between two variables, it is needed to find the coefficient value, which can range between -1.00 and 1.00. These findings confirmed that there is a strong positive relationship between internal audit and tax administration of Rwanda Revenue Authority.

Discussion

The study used a sample comprised of 135 senior and middle managers to whom the questionnaire was distributed to collect useful data. The findings indicated that the first objective was tested by the findings in table 7 indicated that 65.9% proved that independence and objective assurance improve tax administration of RRA while at 34.1% respondents proved that independence and objective assurance improve tax administration of RRA. The second objective was tested by the findings in table 8 indicating that respondents at 97.0% strongly agreed that consult effectiveness of internal control improves tax administration. The third objective was tested by the findings in table 9 indicate that respondents at 93.3% strongly agreed that improvement of entity's operations improves tax administration. The fourth objective was tested by the findings in table 10 indicate that respondents at 77.8% strongly agreed that tax administration supervises the application and execution of tax laws.

Conclusion

Tax administration became a subjective matter that requires control management in worldwide public institutions. The internal audit has always been viewed as an integral part of ensuring tax administration and tax management of tax revenue authority. This motivated me to conduct research aimed at examining the role of internal audit on tax administration at Rwanda Revenue Authority, and mainly the internal audit increasingly is considered as an instrument for improving the performance of the government sector. The study showed that internal audit assesses the compliance of tax law and revealed that its compliance in both taxpayers and regulatory authority for improvement in respecting rules and adoption of established guiding tax principles is imperative in Rwanda Revenue Authority. An internal audit is an important tool used to enhance tax compliance and tax efficiency by some complexity of tax rules and regulations confuse taxpayers when some of them make them complain that they are irrational and too burdened. Internal audit and highlight the need for publicly available tax reports of the organization to determine its functions and guarantees provided effectiveness of the internal control system. The internal audit supports tax administration to check on how tax law is established and how it is executed by taxpayers and regulatory authorities and it enhances the tax authorities to collect all tax revenues due fairly and efficiently with limited costs for taxpayers and the tax administration itself. The study indicated that all adjectives were tested and the study ended by recommending the government of Rwanda to improve the standards of internal audit employed for ensuring the effectiveness and efficiency in tax administration and tax management, Rwanda Revenue Authority should ensure regular internal audit for maintaining tax administration and complying with what is recommended by internal audit reports. Future researchers should complete the findings highlighted by this study.

Acknowledgment: The author thanks INES Ruhengeri for support.

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