Original Research Article

The Effects of Tax Morale on Tax Compliance in the Transport Sector In Rwanda a Case Study of Ritco (2017-2020)

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Abstract

The general objective of this study is to analyze the effects of tax morale on tax compliance in the transport sector in Rwanda. Specifically this study tends: To determine the effect of trust in government on tax compliance of RITCO Ltd, to evaluate the effect of democracy on tax compliance of RITCO Ltd, to examine the role and efficiency of tax officials on tax compliance of RITCO Ltd, to assess the effect of equity and fairness on tax compliance of RITCO Ltd. The research questions were the following: What is the effect of trust in government on tax compliance of RITCO Ltd.? What is the effect of democracy on tax compliance of RITCO Ltd.? What is the role and efficiency of tax officials on tax compliance of RITCO Ltd.? What is the effect of equity and fairness on tax compliance of RITCO Ltd.? The hypotheses were the following: There is no effect of trust in government on tax compliance of RITCO Ltd, there is no effect of democracy on tax compliance of RITCO Ltd, and there is no role and efficiency of tax officials on tax compliance of RITCO Ltd, there is no effect of equity and fairness on tax compliance of RITCO Ltd. The study used a descriptive research design where the purposive sampling was used to employees of RITCO Ltd headquarters and sample was comprised of 20 comprised of twenty (20) employees comprised of 4 representatives and 16 employees working in Finance Department in RITCO headquarters to whom the questionnaire were distributed and data was analyzed by use of SPSS. The findings indicated first objective was tested by the findings of table 4 indicate that respondents at 90.0% strongly agreed that trust in government improve tax compliance in RITCO Ltd. The respondents at 10.0% agreed that trust in government improve tax compliance in RITCO Ltd. The second objective was tested by the findings of table 5 indicate that respondents at 35.0% strongly agreed that democracy enhances tax compliance in RITCO Ltd. The respondents at 35.0% agreed that democracy enhances tax compliance in RITCO Ltd. The respondents at 20.0% were not sure that democracy enhances tax compliance in RITCO Ltd. The respondents at 10.0% disagreed that democracy enhances tax compliance in RITCO Ltd. The third objective was tested by the findings of table 6 indicate that respondents at 85.0% strongly agreed that role and efficiency of tax officials reinforce tax compliance in RITCO Ltd. The respondents at 15.0% agreed that role and efficiency of tax officials reinforce tax compliance in RITCO Ltd. The fourth objective was tested by the findings of table 7 indicate that respondents at 55.0% strongly agreed that equity and fairness increases tax compliance in RITCO Ltd. The respondents at 45.0% agreed that equity and fairness increases tax compliance in RITCO Ltd. In this study all objectives were tested and the null hypotheses were rejected. The study ending by recommending the government of Rwanda to improve the tax system by improving the morale and compliance of taxpayer mainly of transport sector, to transport sector to provide all tax payment facilities to all employed for complying with tax rules and regulation in direction to improve tax morale and tax compliance. The future researchers are recommended to complete the findings revealed by this study.

Keywords: tax morale, tax compliance

INTRODUCTION

Currently, worldwide countries are preoccupied by seeking the powerful sources of finance to cover their long term budgets; in this regard they encourage various public and private sectors to have a close partnership and participate as essential sources of finance that can raise public funds (Ditterich, 2012). In this way the government of Rwanda

established the programs that indicate the guidelines to support the delivery of public services through PPPs and this encourages transport sector self-confidence to produce more and comply with tax law to reports regularly tax contribution on time due (Unegbu & Kida, 2010). The concept of tax morale explains the high degree of tax compliance in many businesses, since tax morale is seen as a major factor in understanding the dynamics of tax compliance, tax morale measures an individual's willingness to pay taxes, that is 'the moral obligation to pay taxes' or the belief that paying taxes contributes to society. Tax compliance is enhanced when individuals view paying of taxes as a fair fiscal exchange. In such situations compliance is likely to increase, ceteris paribus (Ritsatos, 2014).

The idea of tax morale is promoted to have all taxpayers fully compliant at all times. The ideal is obviously not attainable and revenue authorities need to be able to identify tax practices and understand why taxpayers evade taxation. Pro-active measures can then be developed and applied to strengthen compliance (Fallan, 2009). A high level of tax morale may lead to a tax system operating effectively toward tax compliance. Most countries have procedures and processes in place to encourage a higher degree of tax compliance, ensure effective and efficient manner of revenue collection through tax morale. Most countries use common tax compliance measures, such as the implementation of monetary penalties and/or imprisonment, to penalize taxpayers who do not comply with tax rules and regulations (Martins & Gomes, 2015).

The African countries design effective policies for reducing tax evasion requires by boosting tax morale through providing incentives and making understanding the behavioral aspects of the tax compliance decision. If they find that individual morale toward tax compliance are both a function of social and cultural norms, enhancing these norms is a desirable policy instrument to complement the usual enforcement options. It was found that a high degree of tax compliance is important, especially for transport sector that fund a large portion of government spending with income from tax revenue (Gupta, 2013). Tax compliance is a complex behavioral issue and investigation requires the use of a variety of methods and data sources as each instrument has strength and weaknesses. Since evasion is an illegal activity, field data are often incomplete. Tax morale clearly depends on enforcement effort such as trust in government, democracy, role and efficiency of tax officials and equity and fairness but also on the inhibitors that are inherent in the individual-government relationships. Policymakers must understand the behavioral aspects of tax compliance decision-making to ensure that they formulate effective policies for reducing tax evasion by increasing tax morale (Smart, 2012).

In Nigeria, Morocco and South Africa tax revenue collection is a key to the financial independence, stability and sustainability of a nation. The willingness of the taxpayer to comply is affected by tax morale through the specific individual's perception of the effectiveness of the government when it comes to low employment and inflation rates and the upholding of the law etc. usually, there is perhaps three different groups of taxpayers: taxpayers who will often try to evade taxes, those who never evade taxes and those who will try to evade taxes every now and then (not regularly) (Haughton, 2014).In Namibia, policymakers are particularly concerned about how tax moral can be increased to encourage a high degree of voluntary compliance. Also, it is argued that the taxpayers' willingness to pay taxes is based on tax morale as a result of how the governments treat them (Pacaldo, 2020).

In the east African countries, the transport sector tax compliance is empowered by self-tax morale to collect revenues as taxpayers. Although most transport agencies disclose their revenues and pay their tax liabilities accordingly, there are few who do not (Ho & Wong, 2011). Taxpayers' behavior is mostly determined by the tax morale, which serves as a guiding principle for the transport sector to act truthfully and honestly. Furthermore, the tax morale is a moral cost of illegal behavior reduces tax evasion. It can develop to a strong sense of duty in paying taxes irrespective of any imposed legal rule (Lillemets, 2010).

Although, tax morale is not directly observable, it is represented by a multidimensional concept and has been linked to intrinsic motivation, taxpayer ethics, social norms, perceptions of power and trust, different forms of compliance, and deterrence motives (Alm & McClellan, 2012). Scholars argued that tax morale in transport sector could be influenced by factors such as perceptions of fairness, trust in the government institutions, fiscal exchange between taxpayers, and government and individual characteristics, democracy and so on (Torgler & Alm, 2013). Despite efforts, many countries are finding hard to raise enough funds to support the state budget and other national development projects. This encourages the private sector to participate in the development process where tax morale is focused to incite tax compliance even in the transport sector (Forest & Sheffrin, 2014).

In Rwanda, government spends a large portion of tax revenue on social welfare, healthcare, education services and infrastructures; therefore it is very important to implement measures to ensure effective and efficient revenue collection. Tax compliance is a multifaceted decision that is motivated by tax morale and other assortment of factors. These factors include the threat of detection and the punishment, increased enforcement, quality of government and improvements by government (Richard, 2016). As tax compliance can be explained by tax morale by means of improving tax behavior that can be done by understanding tax morale. To improve tax compliance in Rwanda, the modern computerized tax collections and new administration monitoring system were introduced since 1997, which is hoped to improve tax morale

too through integrity in tax repayment, reduce human intervention, and increase effectiveness and productivity (Tusabe, 2016).

Rwanda's tax system is evolving clearly to improve tax morale and tax compliance. Tax morale and tax compliance by the transport sector towards the state have immensely supported the country development. Throughout the fiscal year, transport companies pay taxes such as corporate tax, VAT, etc, this have positively impacted on the development of the country (Smith, 2017). Since the citizens perceive the country development their behaviors are affected to improve tax morale which also incites the integrity to become tax complaints certainly. The inconsistency and adverse impact of the economic indicator to predict tax compliance lead to the discovery that taxpayers were motivated by some other reasons. Aside from considering deterrence and tax rates, factors such as moral rules and sentiments, perception of fairness, and the relationship between taxpayer and government could be included (Choudhry, 2012).

In transport sector, the tax morale uses a behavioral approach to explain tax compliance and later on, this appraisal is termed as taxpayers' morale or attitude and attributed as the significant drive in voluntary paying taxes. The report stated that the tax morale in transport sector contributes considerably towards tax compliance and country's economy grows accordingly, by this, the transport sector serves as supportive subsector to other economic sectors. The tax morale plays a fundamental role in the tax compliance and improves the economy of Rwanda as it contributes about 7% to the GDP, and represents about 15% of total service delivery. The important relationship between tax morale and tax compliance has pointed out the importance of transport leading to the introduction of transport activity in economic policy debates. In strengthening tax morale and tax compliance, the individual fear of detection and its high penalty magnitudes further strive to increases tax compliance and when tax administrators allocate more resources in audit and inspection, enforcement this becomes a priority, as it is felt by the transport sector. These frequent visits will cause subjects to be on guard on their tax compliance decisions. A fair tax system motivates tax morale as result this influence positively the tax morale in transport sector (Ndagijimana, 2020). Moreover, as the government acts trustworthily, a transport sector's willingness to pay taxes will increase.

The transport sector becomes among vital sources of government funds when they are willing to pay appropriate income tax in due time tax and comply with tax law (Alm &McClellan, 2012). However, the irregular tax compliance in transport sector is due to the lack of tax morale as evidenced by hoodwinking the business operations that could be appear when there is no bills provided to some clients which reduced tax payables (Graham, 2015).

In some transport agencies weak tax morale is indicated by an intentional is calculation of tax amount payable to the state on right time also a loss of firm's income also leads to a reduction of tax morale (Lillemets, 2010). In other agencies weak tax moral is indicated by no trust in government and overlooking the role and efficiency of tax officials which obstruct regular tax compliance. Since the relationship between government and taxpayers is likened to cops and robbers, tax compliance is related to the chances of being caught evading and the severity of fines. Thus, the latter primarily opt to declare a portion of income to reduce the amount of taxes to pay unless discovered by tax authorities and suffer penalties. Poor tax morale in some transport sector is indicated by manipulation of some transactions and thinking that the machines can indict the taxpayers for tax evasion which may handicap tax compliance indeed. Some transport agencies do not like the use of electronic billing machine with intention to hoodwink taxes which awaken the biased taxable amount from operations and this obstruct tax compliance indeed. Tax collection strategies through coercion and pressure reduce tax morale instead increase the unwillingness to pay taxes (Pacaldo, 2020).Up to now, no specific study has conducted on the effect of tax morale to the tax compliance; this is why this study was oriented in transport sector in Rwanda where RITCO Ltd headquarters was taken as a case study.

RESEARCH METHODOLOGY

Research design
The research design is the outline of procedure involved in conducting research. It is a general set of operating guidelines within which the research is carried out in consistency with the specific methods. The research design refers to the strategic plan for a research project or research program, setting out the broad outline and key features of the work to be undertaken, including the methods of data collection and analysis to be employed, and showing how the research strategy addresses the specific aims and objectives of the study, and whether the research issues are theoretical or policy-oriented (Deana, 2014). This study was focused on descriptive research design including research instruments, target population, sample population, qualitative and quantitative approaches was the focal points too.

Research instruments
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. The data collection instruments are the means used to obtain the desired information to achieve useful results of the research (Tony, 2014). For the purpose of this study, questionnaire was used to gather pertinent information.

Questionnaire

A questionnaire is a technique which consists of a written set of questions; investigator asks the selected number of respondents in a view of attaining information related to the research topic (Lebart, 2011). For this study, the questionnaire technique enabled to compose different questions addressed to all respondents of RITCO at headquarters.

Research population

The research population is the total number of units from which data can be collected, such as individuals, artifacts, events or organizations, etc. The population is all the elements that meet the criteria for inclusion in a study (Minion, 2016). The targeted population in this work was sixty two (62) employees of RITCO headquarters.

Sample size

The sample size is defined also as a collection of observation representing only a portion of the population. Data is collected from selected respondents from the study population due to the reasons of necessary and convenience. When a number of the study population is too big the researcher can systematical minimize the number into sample to provide in accurate information and to represent the whole (Minion, 2016). In this study, the number of the research population was twenty (20) comprised of 16 employees working in finance department and 4 representatives selected with purposive sampling.

Purposive sampling technique

The purposive sampling technique is the most important kind of non-probability sampling where researchers rely on their experience, ingenuity and previous research findings to deliberately obtain units of analysis in a manner that the sample obtained may be regarded as being representative of the relevant population. In purposive or judgmental sampling technique, the researcher used her own judgment about which respondents to choose, and picks only those who best meet the purpose of the study (Trebert, 2013). The purposive sampling technique was valuable since the pollster uses his research skills prior and judgment to select purposively20 suitable respondents of RITCO Headquarters to participate in providing useful information of the study.

Results and discussion

Bio data of respondents

The information of this study was collected from twenty (20) employees comprised of 4 representatives and 16 employees working in Finance Department in RITCO headquarters. The respondents provided various data to give readers an idea about a clear picture of effects of tax morale on tax compliance in the transport sector mainly in Inter-Link Transport Company (RITCO) certainly. Data presented in this chapter started by respondents' bio data including gender, qualification and working experience in Inter-Link Transport Company.

Table 1: Distribution of respondents by gender

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Male	12	60.0	60.0	60.0
	Female	08	40.0	40.0	100.0
	Total	20	100.0	100.0	

The findings of table 1 indicate that 60.0% of the respondents were male and 40.0% were female. These findings are completed by theory stated that the part of gender consideration cannot to be ignored apart from both gender form one people, 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 participation in promoting tax morale and tax compliance in the transport sector thereof.

Table 2: Distribution of respondents by qualification

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Bachelor's Degree	15	75.0	75.0	75.0
	Master's Degree	4	20.0	20.0	95.0
	PhD	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

The findings of table 2 indicate at 75.0% of respondents were holders of Bachelors' degree. The respondents at 20.0% proved that they were holders of Masters' degree while the respondents at 5.0% proved that they were holders of PhD. Pitcher (2015) argued that the qualified respondents are trustable thanks to the qualitative information provided, as they are aware of the phenomena and its effect on different aspects of the organization. This indicated that as employees of RITCO Ltd were from diverse qualifications and all are well qualified, to enhance tax morale for improving tax compliance in direction to improve the success of their transport agency thereof. This proves also that since they were qualified, they guilelessly provided trustable information in line with this study.

Table 3: Distribution of respondents by working experience in RITCO Ltd

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 3 years	1	5.0	5.0	5.0
	Between 3-5 years	6	30.0	30.0	35.0
	Above 5-years	13	65.0	65.0	100.0
	Total	20	100.0	100.0	

The findings of table 3 indicate that the respondents at 65.0% proved that they have above 5 years of experience working for RITCO Ltd. The respondents at 30.0% proved that they work for RITCO Ltd for the period between 3 and 8 years. The respondents at 5.0% proved that they have 3 and 5 years working experience in RITCO Ltd. Tuhler (2010) argued that the experience of respondents next to the phenomena is considered during the investigation to help in the trustworthiness of research findings. These findings show that the respondents recognize clearly many about functioning of RITCO Ltd and the information they provided is undoubted indeed.

Presentation of data
To determine the effect of trust in government on tax compliance of Ritco Ltd
Capacity of a government to finance its expenditure depends on the ability of effects of tax morale on tax compliance in the transport sector. In particular, when the services provided by the government are viewed as widely desired and the decisions determining the services provided are transparent and fair, this leads the compliance likely to be higher. This latter factor can be captured in the conventional portfolio model of tax compliance. Nevertheless, it is clear that the interactive of trust in government effects may affect tax compliance decisions as individuals who express trust in their national government display higher tax morale than those who do not.

Table-4: Trust in government improve the compliance in Ritco Ltd

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly agree	18	90.0	90.0	90.0
	Agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

The findings of table 4 indicate that respondents at 90.0% strongly agreed that trust in government improve tax compliance in Ritco Ltd. The respondents at 10.0% agreed that trust in government improve tax compliance in Ritco Ltd. Eriksen and Fallan (2012) stated that an iinstitutional factors deal more directly with aspects of government in general, which can explain how citizens perceive how taxes are being spent and thus affect their trust and willingness to pay them. These findings proved that through trust in institutions of government, taxpayers' morale improves tax compliance in Ritco Ltd.

To evaluate the effect of democracy on tax compliance of RITCO Ltd
A democratic political system offers citizens the possibility to express their preferences towards tax compliance. Also, a more active role of the citizens helps them to better monitor and control politicians, and thus to reduce the asymmetry of information, which reduces the discretionary power of government.

Table 5: Democracy enhances tax compliance in Ritco Ltd

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	35.0	35.0	35.0
	Agree	7	35.0	35.0	70.0
	Disagree	2	10.0	10.0	80.0
	Not sure	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

The findings of table 5 indicate that respondents at 35.0% strongly agreed that democracy enhances tax compliance in Ritco Ltd. At 35.0% they agreed that democracy enhances tax compliance in Ritco Ltd. The respondents at 20.0% were not sure that democracy enhances tax compliance in Ritco Ltd. The respondents at 10.0% disagreed that democracy enhances tax compliance in Ritco Ltd. Cummings (2014) completed that it is important to acknowledge that personal freedom and taxpayers' democracy are also important in shaping the individual's tax morale and thus, tax compliance behavior. These findings proved that tax compliance is improved by tax morale through democratic practices.

To examine the role and efficiency of tax officials on tax compliance of Ritco Ltd

The role and efficiency of tax officials in encouraging taxpayers in tax compliance is essential because higher tax compliance in transport sector may also allow efficiency of tax officials in relying less on tariffs, which are often thought to be especially in distortion and detrimental to growth. These considerations lead to the empirical question of what kinds of motivations generate tax compliance, and how they can best be promoted. As showed by respondents in the following tables.

Table 6: Role and efficiency of tax officials reinforce tax compliance in Ritco Ltd

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	17	85.0	85.0	85.0
	Agree	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

The findings of table 6 indicate that respondents at 85.0% strongly agreed that role and efficiency of tax officials reinforce tax compliance in Ritco Ltd. The respondents at 15.0% agreed that role and efficiency of tax officials reinforce tax compliance in Ritco Ltd. These findings are completed by Milliron & Jackson (2008) where they stipulated that the term tax morale has often come to denote basically as a residual category motivation for complying with taxes that go beyond the expected costs of detection and punishment in models of "rational crime". Research has unearthed considerable variation in tax compliance between individuals, regions and countries, and has generated useful theory and tools for understanding it through the role of tax officials. These findings proved that tax morale reinforces tax compliance through the role of tax officials and efficiency in motivating taxpayers to pay tax on time.

Equity and fairness increases tax compliance in Ritco Ltd

The equity of a tax system speaks to whether the tax burden is distributed fairly among the population while fairness is a judgment arising from actual or imagined comparisons involving oneself or oneself and others. Fairness is a perception in a personal tax context that involves comparisons across different areas or 'dimensions' of tax, since tax fairness is a multidimensional construct. In addition, there appear to be different associations between tax fairness and tax compliance across different national contexts.

Table 7: Equity and fairness increases tax compliance in Ritco Ltd

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	11	55.0	55.0	55.0
	Agree	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

The findings of table 7 indicate that respondents at 55.0% strongly agreed that equity and fairness increases tax compliance in Ritco Ltd. The respondents at 45.0% agreed that equity and fairness increases tax compliance in Ritco Ltd. Milliron & Jackson (2008) where they stipulated that the term tax morale has often come to denote basically as a residual category motivation for complying with taxes that go beyond the expected costs of detection and punishment in models of "rational crime". Research has unearthed considerable variation in tax compliance between individuals, regions and countries, and has generated useful theory and tools for understanding it through the role of tax officials. These findings proved that tax compliance in Ritco Ltd is improved as equity and fairness increased too.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934a	.873	.839	.67082

a. Predictors: (Constant), Tax morale

In table 8 the output of from the SPSS indicated that the coefficient of correlation known as (R2) equals to 0.873, 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 tax morale and tax compliance of RITCO Ltd. These two variables have a correlation of R2= 0.934 and so, the value of R2 comes from (0.934a)2=0.873. This value means how much of the change in tax compliance can be explained by the change in application of tax morale. Forest and Sheffrin (2014) argued that the application of independents variable components possibly will speed up or slow down the progression of predictable outcome. Therefore, this output confirmed that the tax morale has a positive relationship with the tax compliance of RITCO Ltd.

Table 9: Analysis of variance for ordinary least regression

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.200	4	11.550	25.667	.000a
	Residual	6.750	15	.450		
	Total	52.950	19			

a. **Predictors: (Constant), Tax morale**
b. **Dependent Variable: Tax compliance**

The output in table 9 indicates that the summary of the model shows the various sums of squares and the degree of freedom associated with each output. The average 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 associated value of 25.667. The significant is 0.000^a at p-value is less than 0.05. This outcome means that the tax compliance of RITCO Ltd is the outcome of the tax morale. However, the regression made in applicability of tax morale can make significant result on tax compliance of RITCO Ltd. Bryman and Cramer (2015) suggested that the effectiveness of dependent variable depends on practicability of the determinants of independent variable. These findings indicated that the tax morale in of RITCO Ltd is enhanced categorically by tax compliance.

Table 10: Regression coefficients of the tax morale on tax compliance of RITCO Ltd

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.667	.775		.861	.003
	Trust in government	.250	.538	.046	.465	.049
	Democracy	.667	.264	.483	2.526	.023
	Role and efficiency of tax officials	.083	.581	.018	.143	.008
	Equity and fairness	1.583	.548	.484	2.891	.011

b. **Dependent Variable: tax compliance**

Y represents the tax compliance
X represents the components (variables) of tax morale

The equations become $Y = 0.667+0.250X_1+0.667X_2+0.083X_3+1.583X_4$ as equation (1)

The table 10 indicates the output from SPSS, indicated that β_0 as the Y-intercept, and this value β is the constant. Therefore, the output said that β_0 is 0.667; when X=0 then tax compliance or the model predicts the value of 0.667. The value of β_1 from table and this value represent the slope of the regression line of $0.250x_1$. Then, this means that the change in practicability of the components of tax morale which cause a significant change on rate of tax compliance effectiveness of RITCO Ltd. Abbott (2011) stipulated that the stronger tendency, the larger is the absolute value of the correlation coefficient. The key respondents proved that they there is a positive relationship between elements of tax morale and tax compliance of RITCO Ltd.

Table 11: Correlations between tax morale and tax compliance in RITCO Ltd

		Tax rules and regulation	Tax payment process	Tax enforcement	Fear of fines and penalties
Trust in government	Pearson Correlation	1	.071	.327	.034
	Sig. (2-tailed)		.007	.005	.008

			N=20	N=20	N=20
	N		20	20	20
Democracy	Pearson Correlation		1	.624**	.832**
	Sig. (2-tailed)			.003	.000
	N			20	20
Role and efficiency of tax officials	Pearson Correlation			1	.464*
	Sig. (2-tailed)				.039
	N				20
Equity and fairness	Pearson Correlation				1
	Sig. (2-tailed)				
	N				

*. Correlation is significant at the 0.05 level (2-tailed).

The findings of table 11 indicate the Pearson correlation drawn from SPSS on twenty (20) cases as the number of complete observations as pair wise no missing values (n=20). The variables with correlation of height and weight (r= 0.007; 0.005; 0.008; 0.003; 0.000; 0.039), its p-value, and the numbers of complete pair wise observations that the calculation was based on. The results show that between tax morale and tax compliance the high value for 2-tailed test is ($p< 0.039$) for a two-tailed test) while the highest significance level indicated by 0.039as 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 stronger 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 tax morale and tax compliance of Rwanda Inter-Link Transport Company.

CONCLUSION

The concept of tax morale explains the high degree of tax compliance in many businesses, since tax morale is seen as a major factor in understanding the dynamics of tax compliance, tax morale measures an individual's willingness to pay taxes, that is 'the moral obligation to pay taxes' or the belief that paying taxes contributes to society. Tax compliance is enhanced when individuals view paying of taxes as a fair fiscal exchange. Most countries have procedures and processes in place to encourage a higher degree of tax compliance, ensure effective and efficient manner of revenue collection through tax morale.

Most countries use common tax compliance measures, such as the implementation of monetary penalties and/or imprisonment, to penalize taxpayers who do not comply with tax rules and regulations. This study focused on effect of tax morale on tax compliance in transport sector especially in RITCO Ltd and the findings indicated that the determinants of tax morale like trust in government, democracy, role and efficiency of tax officials, equity and fairness work together to improve tax rules and regulation, tax payment process, tax enforcement, fear of fines and penalties as determinants of tax compliance in Rwanda Inter-Link Transport Company (RITCO Ltd).

The objectives of the study were tested and null hypotheses were rejected. The study ending by recommending the government of Rwanda to improve the tax system to improve the morale and compliance of taxpayer mainly of transport sector, to transport sector to provide all tax payment facilities to all employed for complying with tax rules and regulation in direction to improve tax morale and tax compliance. The future researchers are recommended to complete the findings revealed by this study.

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