

**UNIVERSITY OF EDUCATION, WINNEBA**

**AN INVESTIGATION OF THE IMPACT OF PERSONAL TAX RELIEFS ON  
TAX BURDEN: A CASE STUDY OF TAXPAYERS IN YENDI**



**DECEMBER, 2023**



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**A dissertation in the Department of Accounting,  
School of Business, submitted to the school of  
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of the requirements for the award of the degree of  
Master of Business Administration  
(Accounting)  
in the University of Education, Winneba**

**DECEMBER, 2023**

## DECLARATION

### Student's Declaration

I, Yussif Sulemana, declare that this dissertation, with the exception of quotations and references contained in published works which have all been identified and duly acknowledged, is entirely my own original work, and it has not been submitted, either in part or whole, for another degree elsewhere.

Signature: .....

Date: .....

### Supervisor's Declaration



I hereby declare that the preparation and presentation of this work was supervised in accordance with the guidelines for supervision of dissertation as laid down by the University of Education, Winneba.

Supervisor's Name: Mr. Sulemana Iddrisu

Signature: .....

Date: .....

## **DEDICATION**

To my parents, wife, and children for their unending motivation. It is also dedicated to my uncle.



## **ACKNOWLEDGEMENT**

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## ABSTRACT

This study assesses taxpayers' awareness, utilization and perceived impact of personal tax reliefs on tax burden, as well as the relationship between awareness and utilization of personal tax reliefs in Yendi. A quantitative research approach, employing a correlational research design, was executed. A population of 260 income taxpayers and a sample of 157 were drawn from three public sector institutions using the cluster sampling technique. An online questionnaire was used to collect primary data, which was analyzed with the help of the Statistical Package for Social Science software using descriptive and correlation analysis. The following conclusions emerged from the findings: The respondents demonstrated a fair level of awareness regarding personal tax relief, showcasing a profound understanding and knowledge of the different dimensions of personal tax relief. However, their engagement in utilizing personal tax reliefs was low, and they generally perceived these reliefs as having a restricted impact on reducing their tax burden. The study further revealed a positive but weak relationship between taxpayers' awareness of personal tax reliefs and their utilization of the reliefs. It is suggested that variables beyond taxpayers' awareness may play a significant role in influencing the utilization of personal tax reliefs. In light of these findings, this research highlights the complex dynamics surrounding personal tax reliefs, advocating for further exploration to discern the multifaceted factors that affect their utilization. Such insight is instrumental in the formulation of effective policies and strategies for enhancing the benefit of personal tax reliefs for both taxpayers and tax authorities.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Governments all over the world facilitate the development of their respective countries. They play a pivotal role in mobilizing resources to pay the salaries of civil workers, enforce law and order, provide public goods and services such as education, health, roads, dams, water, electricity, and protect lives and properties (Rashbrooke, 2018). Governments depend on different revenue sources such as taxes, loans, grants, and the sale of goods and services to finance its expenditure (Gideon & Alouis, 2013). Due to the economic difficulties that many countries are experiencing, donor funds and grants are not forthcoming, and so Ghana, like all developing countries, turn to depend hugely on taxation as a reliable source of revenue generation to fund its developmental programme and activities (Gbadago, 2017). Banjeak *et al.* (2019) define taxation as the infliction of charges on the income of an individual, and/or business by the government for a period of time as stipulated in the law for the purpose of maintaining state machinery. A tax is a mandatory payment charged on the income of a person, and/or a business by the government as required by the law (Arhin, 2019). In Ghana, the Income Tax Act, 2015 (Act 896), as amended, imposes taxes on individuals who earn income from employment, business, and/or investment during the year of assessment. Taxes charged on the income of individuals are called personal income tax (Krajnak, 2019).

To the taxpayer, tax is viewed as a huge burden as it takes monies legitimately away from them (Omane & Affum, 2020). It reduces their disposable income which affects their purchasing power (Kum, 2020). The payment of tax is such a herculean task to be

performed voluntarily by the taxpayer (Arhin, 2019). The taxpayer, as a rational human being will find legal means to avoid or minimize the payment of taxes and, in a worst-case scenario, evade them (Omane & Affum, 2020).

Governments across the globe use tax reliefs as a strategy to minimize taxpayers' tax liability in a bid to induce and motivate them to willingly pay their taxes in the correct amounts (Kalgutkar, 2018). Tax relief refers to any government initiative intended to assist taxpayers in lessening their tax burden (Arhin, 2019). Tax relief is granted in the form of double taxation relief, rollover relief, and personal tax relief (Pobbi, Gadzo, Anaman, Esse, & Kportorgbi, 2018). This study is focused on personal tax reliefs. Gbadago (2017) defines personal tax relief as an approved deduction given to an individual with the aim of reducing his or her chargeable income and thereby lessening his or her tax burden. Section 51 of the Income Tax Act, 2015 (896), as amended, provides for the following personal tax reliefs in the fifth schedule:

Marriage/Responsibility Relief, Disability Relief, Old Age Relief, Child Education Relief, Age Dependent Relative Relief, and Training and Development Relief (Pobbi *et al.*, 2018).

In Ghana, the main objective of the government in granting personal tax relief is to lower the tax burden of individual taxpayers (Omane & Affum, 2020). The multimillion-dollar question one may be tempted to ask is: does the government achieve the policy objective of using personal tax reliefs to lower the tax burden of individual taxpayers? It is against this background that the researcher endeavors to investigate taxpayers' perception regarding the impact of personal tax reliefs on tax burden in Yendi.

## 1.2 Statement of the Problem

The COVID-19 pandemic and the Russian-Ukraine war have had a significant impact on the economies and livelihoods of many people in Ghana and around the world (Abay, Yonzan, Kurdi, & Tafere, 2023; Guan *et al.*, 2023). These two global issues have caused hikes in the prices of goods and services (Agulonye, 2023). Marshal and Solomon (2017) state that inflation has increased astronomically, with its resultant effects on the cost of living. This has affected people's income levels. Employees have lamented that their salaries and wages can no longer take them home (Autor & Reynolds, 2020). The high rate of inflation and high cost of living have eroded their take-home pays. Their net income cannot meet the basic necessities of life anymore.

There have been rampant agitations in the labor front for upward adjustment of salaries and wages by employees in Ghana (Taylor, 2017) in recent times, largely due to the worsening economic conditions borne out of COVID-19 and the Russian-Ukraine war (Durizzo, Asiedu, Van der Merwe, Van Niekerk, & Gunther, 2021). The Government of Ghana put in place the personal tax relief scheme as a critical policy tool aimed at promoting some specific economic activities, mitigating the impact of a higher tax burden, and achieving equitable tax distribution (Pobbi *et al.*, 2018). However, despite the potential benefits of personal tax reliefs to the taxpayer, their effectiveness remained uncertain (Bergner, Brautigam, Evers, & Spengel, 2017), as there is a huge gap in our understanding of the extent to which taxpayers are aware of the personal tax reliefs available in Ghana (Pobbi *et al.*, 2018), the extent to which taxpayers utilize these personal tax reliefs (Gbadago, 2017), and whether such utilization actually leads to a reduction in the overall tax burden of taxpayers. In this regard, research efforts have been made in a quest to address

these concerns. However, research findings in this regard have been inconclusive, as the findings are varied. For instance, Gbadago (2017) conducted a study to ascertain the personal tax relief schemes awareness and usage level and the factors that influence personal tax relief usage among individual Ghanaian personal income taxpayers and found that there is a fair level of awareness of personal tax reliefs among personal income taxpayers, just that utilization is low. Arhin (2019) also conducted a study seeking to find out the level of tax relief awareness and its impact on non-filers. The results of the study showed that employees were aware of tax relief. The study further showed that tax reliefs have a positive impact on the payment of taxes due to the fact that they reduce the tax burden of taxpayers. In another study by Kum (2020) conducted on the employees of the University of Cape Coast, the purpose was to determine whether personal tax reliefs are attractive in terms of their ability to drastically reduce taxpayers' tax burdens and also to identify challenges associated with the tax relief administration in Ghana. It was revealed from the study that, though the level of awareness of tax relief among taxpayers is high, much of the publicity was done by employers instead of the Ghana Revenue Authority. The study also established that tax reliefs are not attractive because of the paltry amounts granted as tax relief, the tedious and bureaucratic filing procedure, and longer approval periods. In a similar study by Agbemaya, Bediako, and Nyarko (2016) conducted in the Volta Region of Ghana to examine the effectiveness and usefulness of personal tax relief administration in Ghana and the challenges that the Ghana Revenue Authority Domestic Tax Division is facing in a quest to meet their personal tax administration objectives. The study concluded that most taxpayers do not utilize tax reliefs because awareness is not encouraging, and even those who are aware refuse to apply because of the long delays,

cumbersome procedures, and other frustrations. Pobbi *et al.* (2018), in their study, sought to investigate the level of awareness and utilization of tax reliefs in relation to tax evasion, and the findings revealed that the awareness level of personal tax relief among taxpayers is low and utilization level too is low. The reasons they ascribed for the low utilization level of personal tax reliefs were inadequate taxpayer education, the paltry amount granted as tax relief, and undue difficulties and lengthy procedures that taxpayers would have to follow in order to access these tax reliefs, among others.

These mixed, fragmented, scanty, and inconclusive findings from prior studies pose a pressing problem that needs the attention of researchers. A further and broader examination of the subject matter of this study is very necessary; hence, the need to investigate taxpayers' perception regarding the impact of personal tax reliefs on tax burden. Thus, the study aims to assess taxpayers' awareness, utilization of personal tax reliefs by investigating the complex interactions between these variables, throwing more light on the perceived impact of personal tax reliefs, and providing insightful information for policymakers, taxpayers, researchers, and tax administrators alike.

### **1.3 Purpose of the Study**

The purpose of this study is to conduct a thorough investigation into taxpayers' perception regarding the impact of personal tax reliefs on tax burden in Yendi. Thus, whether personal tax reliefs considerably reduce taxpayers' overall tax burden.

### **1.4 Research Objectives**

The following specific objectives have been developed to help the researcher achieve the study's main goal:

1. To assess taxpayers' awareness level of available personal tax reliefs.



2. To assess taxpayers' utilization level of personal tax reliefs.
3. To assess taxpayers' perceptions regarding the impact of personal tax reliefs on reducing their tax burden.
4. To establish the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs.

### **Research Questions**

This study seeks to answer the following questions.

1. To what extent are taxpayers aware of personal tax reliefs?
2. To what extent are taxpayers utilizing personal tax reliefs?
3. What is the perception of taxpayers regarding the impact of personal tax reliefs?
4. Is there a relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs?

### **1.5 Research Hypothesis**

**H0:** There is a positive and significant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs.

**H1:** There is no positive and significant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs.

### **1.6 Significance of the Study**

This study seeks to investigate taxpayers' perception regarding the impact of personal tax reliefs on tax burden in Yendi. Thus, whether personal tax reliefs considerably reduce taxpayers' tax burden or not. The significance of this study is multifaceted and has implications for individual taxpayers, the government, tax policymakers, and the whole Ghanaian economy at large. For instance, this study will empower taxpayers with the

requisite knowledge about the available personal tax relief and the procedures to follow in order to claim them. This knowledge will help taxpayers plan their finances better and reduce their tax burden.

Also, this study will shed light on whether tax policy measures are effectively distributing the tax burden equitably among the different income groups by investigating the perceived impact of personal tax relief in reducing the tax burden. This information will be useful in ensuring the fairness and protection of vulnerable taxpayers.

Similarly, this study will provide valuable information regarding the effectiveness of the personal tax relief scheme in Ghana. The government of Ghana can use it to assess whether the policy objectives of the personal tax reliefs are being achieved or not.

Again, this study will help the Ghana Revenue Authority and the Ministry of Finance estimate the revenue impact of personal tax reliefs on the government's budgets as it investigates the level of these reliefs. This information will help the government in fiscal planning and ensuring that tax policy changes do not affect government revenues negatively. Lastly, this study will add to the body of knowledge in the subject area of tax reliefs and serve as a basis and source of information for other researchers who may want to conduct further research on the same topic.

### **1.7 Delimitation**

This study focuses exclusively on personal income taxpayers within the Yendi Municipality in the Northern Region of Ghana. This is intended to help the researcher ensure that the study is largely manageable and relevant to a specific local context. The study concentrates on investigating taxpayers' awareness, utilization, and perceived impact of personal tax reliefs of some selected personal income taxpayers as well as the relationship between

taxpayers' awareness of personal tax reliefs and their utilization of them. Tax reliefs are granted in the form for double taxation reliefs, rollover reliefs, and personal tax reliefs (Pobbi *et al.*, 2018). The study is focused on personal tax reliefs (responsibility/marriage; children education; disability; old age; aged dependent relative; education and training). The population of the study comprises all permanent staff of the Yendi Municipal Assembly, the National Health Insurance Authority, and the Ghana Prison Service. A survey questionnaire was employed as the main primary data collection tool for the study. Lastly, the study focuses on generating insights and recommendations to improve the local tax policy, but not necessarily to delve deep into the broader national tax policy of the country.

### **1.8 Organization of the Study**

The study is organized into five chapters. Chapter One is the introductory segment of the study and contains the background to the study, statement of the problem, purpose of the study, objectives of the study, research hypothesis, significance of the study, delimitation, and organization of the study. Chapter Two discusses the literature review of the study by reviewing theory related to the topic, key concepts of the topic, and further examining existing literature related to the topic. It also includes a conceptual review, an empirical review, a conceptual framework, and a summary of the chapter. Chapter Three describes the procedures adopted in conducting the study. The issues tackled in the chapter are the research approach, research design, population, sampling procedure and sample, data collection procedure, instrumentation, data analysis, and ethical consideration. Chapter Four deals with the presentation, discussion, and analysis of the data gathered from the field, and lastly, Chapter Five contains the conclusions drawn from the findings of the study

and recommendations that can help the management of the Ghana Revenue Authority and government make personal tax relief serve its purpose.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter is organized into several sections. It begins with a theoretical review that explores various theories that underpin the study of taxpayers' interactions with personal tax reliefs. The theories discussed are prospect theory, ability-to-pay theory, and tax expenditure theory. The chapter also discussed conceptual review by defining and conceptualizing key terms and concepts central to the study. Again, the chapter embarked on an empirical review to explore relevant previous research that investigated the awareness, utilization, and perceived impact of personal tax reliefs. The chapter also constructs a conceptual framework for the study and round up the chapter with a summary of the entire literature review.

#### 2.1 Theoretical Review

##### 2.1.1 *Prospect Theory*

According to Prospect Theory, people focus their decisions on apparent benefits rather than losses because they value losses and profits differently (Morrison & Clark, 2016). Thus, people in general are risk-averse when faced with gains but are risk-seeking when faced with losses. The general idea is that if an individual is faced with two choices, all equal, with one presented in terms of potential gains and the other in terms of possible losses, the individual will opt for the gains (Barberis, 2013). Individuals make decisions based on perceived gains and losses rather than absolute outcomes.

##### 2.1.2 *Ability-To-Pay Theory*

The ability-to-pay theory of taxation posits that taxes should be imposed on individuals or businesses in a way that reflects their ability to pay. This theory of taxation upholds the

view that taxes imposed on taxpayers should be on the basis of a progressive tax approach, which suggests that taxes should be levied according to a taxpayer's ability to pay (Popoola, Jimoh, & Oladipo, 2017). The theory stresses fairness in tax policy by ensuring that those with greater financial capacity are made to contribute a higher share of their income as tax. What this means is that taxpayers with higher incomes have to pay higher taxes than those with lower incomes. According to (Sifile, Kotsai, Chavunduka, & Mabvure, 2018) the basic assumption of the ability-to-pay theory is that the burden of taxation should be shared by the members of society on the principle of equity and justice, and that this principle necessitates that the tax burden be apportioned according to their relative ability to pay.

### ***2.1.3 Surrey's Tax Expenditure Theory***

The Tax Expenditure Theory, proposed by Stanley Surrey in 1967, identifies two aspects of the income tax system: structural provisions and special preference provisions (Faricy, 2016). Structural provisions are essential for a fair and effective tax system, while special preference provisions give tax preference to specific industries, individuals, or activities to achieve social and economic objectives (Burman & Phaup, 2012). Tax expenditures are revenue losses resulting from tax provisions that fall outside the benchmark tax system, which grants special tax reliefs to encourage certain taxpayer behavior or aid taxpayers in special circumstances (Oppong & James, 2016). To analyze tax expenditure, it is essential to distinguish between benchmark tax elements and tax expenditure elements (Sokolovska & Zatonatska, 2022). The benchmark tax system consists of the tax base, tax rate, taxable unit, and taxable period (Oppong & James, 2016). The tax expenditure model adjusts the Haig-Simons concept of income to reflect generally accepted taxation concepts, legislative

choices, and standard financial accounting practices (Brooks, 2017). Tax expenditure elements include exemptions, allowances, credits, rate relief, and tax deferral. The Revenue Loss Method, also known as the Revenue Forgone Method, is used to estimate tax expenditure, calculating the loss in tax revenue to the government due to tax concessions (Oppong & James, 2016). However, it is crucial to consider the impact of behavioral reactions and other aspects of the tax system when discussing tax expenditures. In the context of this study, Tax Expenditure Theory offers a lens through which to examine the impact of government-initiated personal tax reliefs on taxpayers' behavior. It helps to frame discussions around the effectiveness, equity, and overall design of these reliefs, which are central to the study's objective related to awareness, utilization, and taxpayers' perception.

#### ***2.1.4 Application of the Theories to the Study***

This study seeks to investigate taxpayers' awareness, utilization, and impact of personal tax reliefs. By the nature of this study, all three theorems discussed above are applicable. For instance, prospect theory opines that individuals make decisions based on the perceived potential outcome of a choice they may make and not the actual outcome (Morrison & Clark, 2016). This explains how individuals perceive gains and losses and how they make choices based on these perceived gains and losses under uncertainty. Considering how taxpayers perceive the potential gain or loss associated with knowing or not knowing about personal tax reliefs, they may become aware of available personal tax reliefs because of the perceived potential gain in the form of reducing tax burden or a loss in the form of a missed opportunity to make a saving. When taxpayers are aware of personal tax reliefs because they perceive the potential gain of reducing their tax burden, may motivate them to take action in order to utilize these reliefs (Hayashi, 2014). Taxpayers being risk-averse

when facing potential losses are more likely to utilize personal tax reliefs when they perceive them as a strategy to gain a benefit or avoid a loss in the form of a higher tax. The perceived potential opportunity to gain a benefit or avoid a loss can influence the utilization of personal tax reliefs by taxpayers (Hayashi, 2014). The utilization of personal tax reliefs can be viewed as an action aimed at lowering the tax burden of taxpayers by taking advantage of available personal tax reliefs (Liu & Mao, 2019). That is, when taxpayers perceive tax payments as a loss, they become more inclined to use personal tax reliefs. When taxpayers experience a reduction in their tax burden as a result of utilizing personal tax relief, they perceive this as a gain and feel a sense of satisfaction. However, if they perceive the higher tax burden as a loss and miss out on the opportunity to claim these reliefs, they may feel dissatisfied (Liu & Mao, 2019). Tax expenditures can serve as powerful tools to incentivize taxpayers to become more aware of and utilize personal tax relief. By offering tax relief to individuals who meet certain criteria, such as investing in child education or caring for an elderly relative, the government can motivate taxpayers to learn about these opportunities and take advantage of them.

## **2.2 Conceptual Review**

### ***2.2.1 The Concept of Personal Tax Relief***

According to Nutekpor (2019), personal tax reliefs are legally sanctioned deductible allowances designed to reduce a person's taxable income and thereby minimize his or her tax burden. The purpose for which the government grants tax relief is to soften the impact of taxation on individuals and make it bearable for them to pay the tax. Tax reliefs counterbalance higher tax rates, resulting in less taxable income and, hence, a reduced tax burden (Kum, 2020). Tax reliefs are designed to reimburse individuals for distributional reasons or to encourage particular behaviors or expenditures that benefit society



(Doerrenberg, Peichl, & Siegloch, 2017). Personal tax reliefs are deducted from the assessable income of a resident individual for a year of assessment before arriving at the chargeable income (Arhin, 2019). These reliefs are granted based on the personal circumstances of taxpayers, such as marital status, age, number of children, and education among others, as stated by the law (Twum S. , 2016). In Ghana, there are two types of personal tax reliefs: those granted upfront and those granted upon filing of returns (Nutekpor, 2019). Reliefs that are granted upfront are those you can claim before the end of the year (Omane & Affum, 2020). They are deducted from the taxpayer's monthly income by the employer or a withholding agent. One needs to apply for these reliefs by filling out a tax relief application form and submitting it to the Commissioner-General of the Ghana Revenue Authority through the employer or withholding agent (Mahama & Salifu, 2015). Reliefs that are granted upon filing of returns are those that you can claim after the end of the fiscal year (Pobbi *et al.*, 2018). They are deducted from your annual income when you file your returns with the Ghana Revenue Authority. One needs to provide evidence of eligibility for these reliefs, such as receipts, invoices, certificates, or letters.

Under the fifth schedule of the Income Tax (Amendment) Act, 2019, (Act 1007) provides for the following reliefs:

**Table 1: Personal Tax Reliefs**

<b>Reliefs Granted Upfront</b>	<b>Reliefs Granted Upon Filing of Returns</b>
Marriage/Responsibility Relief	Aged Dependent Relative Relief
Child Education Relief	Education Relief
Disability Relief	
Aged Relief	

**Source: Income Tax (Amendment) Act, 2019 (Act 1007)**

## ***2.2.2 Analysis of Personal Tax Reliefs***

### ***2.2.2.1 Marriage/Responsibility Relief***

This relief is made available to any resident individual who provides the necessities of life for a dependent spouse or at least two dependent children. An unmarried person who cares for two or more children is also eligible to claim the relief. Only one spouse is eligible for the relief, and it is granted only upon submission of a marriage certificate or certified copy of the marriage registration to substantiate the claim. The relief amount is GHC1,200 per year and GHC100 monthly (Income Tax (Amendment) Act, 2019 (Act 1007); Nutekpor, 2019).

### ***2.2.2.2 Child Education Relief***

This relief is granted to a person who has his or her children or wards in a registered educational institution recognized by the government. A child under this law includes an adopted child or ward. Where two or more persons qualify for this relief in respect of the same child or ward, only one person shall be granted it in respect of that child or ward. Relief will be provided only upon presentation of a document issued by the head of the educational institution in question showing that the child or ward is a student there. The

amount of the relief is GhC600 per child or ward up to a maximum of three (Income Tax (Amendment) Act, 2019 (Act 1007); Nutekpor, 2019).

#### ***2.2.2.3 Disability Relief***

The relief is granted to a person who is certified to be disabled by the Department of Social Welfare. The relief is 25% of the disabled person's assessable income from business and/or employment only (Income Tax (Amendment) Act, 2019 (Act 1007); Nutekpor, 2019).

#### ***2.2.2.4 Aged Relief***

This relief is granted to a person who is 60 years of age or older and derives an assessable income during the year from employment or business. The amount is GhC1,500 per annum (Income Tax (Amendment) Act, 2019 (Act 1007); Nutekpor, 2019).

#### ***2.2.2.5 Aged Dependent Relative Relief***

This relief is made available to an individual who provides the necessities of life for his or her aged relatives (60 years of age or older) other than a child or a spouse. One person shall be granted relief where two or more persons qualify in respect of the same relative. The relief amount is GhC1,000 per relative per year, up to a maximum of two relatives (Income Tax (Amendment) Act, 2019 (Act 1007); Nutekpor, 2019).

#### ***2.2.2.6 Education Relief***

This relief is granted to a person who is undergoing training to update his or her professional, technical, or vocational skills or knowledge. The amount is the actual cost of the training, up to a maximum of GHC2,000 per year (Income Tax (Amendment) Act, 2019 (Act 1007); Nutekpor, 2019).

### ***2.2.3 Procedure for Applying for Personal Tax Reliefs***

The application process for personal tax relief involves stages. First, the taxpayer must fill out the income tax return form (IT Form 21) and submit it to the Commissioner-General of the Ghana Revenue Authority. If the taxpayer is an employee, the accountant or related officer fills out and endorses a supplementary tax deduction schedule form (IT Form 51) that spells out the monthly tax withholdings. Officials of the Ghana Revenue Authority scrutinize the forms and other accompanying documents to ensure their completeness and accuracy. When a taxpayer decides to apply for personal tax relief for a specific year, they must submit tax returns for the preceding six years to confirm their consistent fulfilment of their tax obligations and to establish their income sources over those years. These return forms must be filled out and submitted no later than three months following the end of the assessment year. Upon the completion of these annual return forms, the tax officials facilitate the computation of the taxpayer's total income and the determination of the tax reliefs that can be claimed by the individual. Every annual return form must be properly signed and accompanied by the relevant financial accounts (Arhin, 2019).

### ***2.2.4 Assessable Income***

According to Section 3 of the Income Tax Act, 2015 (Act 896) a person's assessable income for each year of assessment is the income of that person from any employment, business, or investment for that year. For a resident individual, his or her assessable income for a year of assessment from employment, business, or investment is the income from each employment, business, or investment for the year, whether or not the source from which the income is derived has ceased. Section 4 of the Act stipulates that a person's income from employment for a year of assessment includes the gains and profits of that person

from employment for the year or a part of the year. The assessable income comprises the individual's basic salary, cash allowances, bonuses, and any other benefit directly related to employment received either in cash or in kind (Nutekpor, 2019). When all these entitlements are boxed together, it forms the person's assessable income.

### **2.2.5 Chargeable Income**

The chargeable income of a person for a year of assessment is the total assessable income of that person for the year from each employment, business, or investment less the total amount of deduction allowed that person (Nutekpor, 2019). The chargeable income of a person from employment, investment, and business is determined separately. The chargeable income forms the basis upon which the income tax is determined (Gbadago, 2017). It is the income that is subjected to taxation.

### **2.2.6 Tax Rate**

The first schedule of the Income Tax (Amendment) Act, 2023 (Act 1094) provides that the chargeable income of a resident individual for a year of assessment is taxed at the following rates:

**Table 2: Monthly Income Tax Bands and Rates**

Number	Chargeable Income (GH¢)	Tax Rate (%)
1	First 402.00	Nil
2	Next 110.00	5.0
3	Next 130.00	10.0
4	Next 3,000.00	17.5
5	Next 16,395.00	25.0
6	Next 29,963.00	30.0
7	Next 50,000.00	35.0

**Source: Income Tax (Amendment) Act, 2023 (Act 1094)**

### **2.2.7 Resident Individual**

For tax purposes, a resident individual in a year of assessment is an individual who is

1. a citizen of Ghana, other than a citizen who has a permanent home outside Ghana and lives in that home for the whole of that year;
2. present in Ghana during that year for a consecutive period of one hundred and eighty-three days or more for the whole of that year;
3. a citizen of Ghana who is temporarily absent from Ghana for a period not exceeding three hundred and sixty-five days continuously, where that citizen has a permanent home in Ghana;
4. an employee or an official of the Government of Ghana posted abroad during that year.

### **2.2.8 Personal Tax Relief Awareness**

Tax relief awareness refers to the extent to which individuals or businesses are informed and knowledgeable about the various tax incentives, deductions, credits, and exemptions that are available to them under the tax laws and regulations of the country (Cicchello, Battaglia, & Monferra, 2019). This is the knowledge and understanding of the various tax reliefs and allowances that are available to individuals and businesses. Tax relief awareness can help taxpayers plan their finances, comply with their tax obligations, and take advantage of the benefits offered by the government (Cicchello *et al.*, 2019). It can also help taxpayers avoid penalties, interest, and audits. Tax relief awareness means the extent to which individual taxpayers are aware of the existence of tax reliefs, the qualification criteria, the procedure for claiming them, and the various amounts involved (Appelt, Bajgar, Criscuolo, & Galindo-Rueda, 2016). Atawodi and Ojeka (2012) explained that tax

relief awareness is crucial because it directly impact taxpayers' ability to reduce their tax burden through legal means. To increase tax relief awareness, the government and its agencies launch information campaigns, provide online resources, offer education programme, and conduct outreach activities.

### **2.2.9 Personal Tax Reliefs Utilization**

Tax relief utilization is the process of applying for and claiming the various tax reliefs and allowances that are available to individuals and businesses under the tax laws and regulations of their respective jurisdictions (Goldin, 2018). Tax reliefs and allowances can help reduce the amount of tax that one has to pay or provide incentives for certain activities or investments. To utilize the tax reliefs and allowances, one has to follow the rules and procedures set out by the relevant tax laws (Goldin, 2018). Depending on the type of tax relief or allowance, one may have to attach additional forms or schedules to their tax returns. Tax relief utilization can help taxpayers save money on their taxes and achieve their financial goals. According to Arhin (2019), tax relief is granted based on the personal circumstances of the taxpayer. However, some taxpayers may face challenges or difficulties in utilizing the tax reliefs and allowances, such as lack of awareness, complexity of the tax system, cost of compliance, or risk of abuse (Agbemaya *et al.*, 2016).

### **2.2.10 Tax Burden**

Kakaulina (2021) defines tax burden as the total loss of real income suffered by an individual as the result of a tax. The amount of tax suffered by a person is termed a tax burden. Wijaya and Arumningtias (2021) also defined tax burden as the total amount of taxes that individuals, businesses, or entities are required to pay to the government or tax authorities for a period of time. It presents the financial obligation imposed on taxpayers

by the government to raise revenue through its expenditure. Tax burden is expressed as a monetary amount and is calculated based on the tax rate, taxable income, and tax regulations applicable to each individual taxpayer's situation (Akhmadeev *et al.*, 2016). When taxpayers utilized tax reliefs, they can legally reduce the tax they owe to the government. Tax reliefs are designed to reduce the tax liability of an individual (Wijaya & Arumningtias, 2021).

## **2.3 Empirical Review**

### **2.3.1 Awareness and Utilization of Personal Tax Reliefs**

Gbadago (2017) conducted a study to investigate taxpayers' level of awareness and utilization of personal tax relief schemes within the Kumasi Metropolis. The study adopted the survey research approach and used structured questionnaires to obtain primary data from 210 taxpayers in Kumasi. The data gathered was analyzed using descriptive statistics and binary logistic regression. Results of the study revealed that taxpayer in Kumasi are much aware of personal tax relief schemes available in Ghana only that the level of utilization is very low suggesting that personal income taxpayers in Kumasi are largely not taking advantage of the tax reliefs. The study further found respondents' knowledge of tax laws, awareness of personal tax reliefs usage in mitigating tax burden, challenges previously faced when applying for the reliefs, and perception as the reasons for the low utilization of personal tax reliefs in Kumasi. The study made the recommendation that the Ghana Revenue Authority, policymakers, social advocates and the National Commission for Civic Education should endeavor to address these issues to whip up interest in the tax reliefs.

Omane and Affum (2020) conducted a study to examine why taxpayers at the University Hospital, Legon are not taking advantage of personal tax reliefs in Ghana. Stratified



random and simply random sampling techniques were used to select 174 respondents from the University Hospital, Legon while purposive sampling was used to select 4 respondents from the Ghana Revenue Authority (GRA) office. Primary data was gathered through the use of questionnaires, which were analyzed using frequencies, percentages, and pie charts. The study adopted a mixed-method approach. The study found that majority of the respondents had little or no information regarding personal tax reliefs and its benefits in reducing the tax burden of taxpayers. A recommendation was made that the Ghana Revenue Authority should be more vigorous in public education on tax relief. In another study by Agbemava *et al.* (2016) to investigate the efficacy and usefulness of personal tax relief administration in Ghana as well as the obstacles that the Ghana Revenue Authority Domestic Tax Division faces in meeting its personal tax administration objectives. The results of the study revealed that most taxpayers do not make use of personal tax relief due to a lack of awareness. The study further revealed that even those who were aware of the reliefs refused to apply because of the long waiting times, complicated procedures, and other hassles. The study concluded that the administration of personal tax relief is very beneficial to taxpayers by reducing their tax burden, even though it is not as effective as it should be. Based on the findings, the study recommended that there should be an intensive public education on personal tax reliefs, tax refunds should be made readily available to deserving taxpayers, tax relief application and processing should be simplified, and lastly, the tax system should be computerized.

In addition, Pobbi *et al.*, (2018) investigated the factors contributing to the utilization of personal tax reliefs in Ghana and how they influence tax evasion from the perspective of the Allingham-Sandmo theory. The study used the stratified random sampling technique to

select 136,131 respondents across the services, industry, and agricultural formal sectors of the country from whom data was collected using a questionnaire survey. Primary data was collected using both opened-ended and closed-ended self-administered questionnaires. The data gathered was quantitatively analyzed using graphs and tables with percentages in the Microsoft Excel application. The study reported that there is a low level of awareness of personal tax reliefs among respondents and identified lack of knowledge of tax reliefs, frustration in filing tax returns, cost-benefit analysis, and avoidance of contradictory information as the factors accounting for the low level of awareness. Finally, the study recommended, among others, that there should be an upward adjustment of tax relief amounts to motivate taxpayers.

### **2.3.2 Impact of Personal Tax Reliefs on Tax Burden**

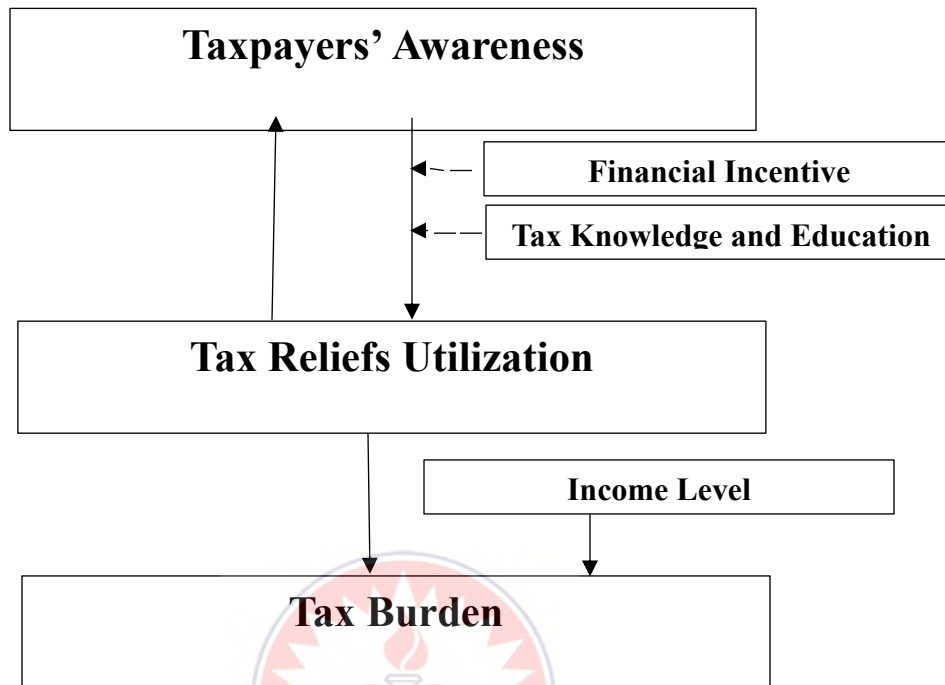
Kum (2020) conducted a study on the impact of personal tax reliefs on the income tax liabilities of employees in Ghana using employees at the University of Cape Coast. The population of the study was all employees of the university. Using stratified sampling and the simple random sampling method, 132 respondents were selected from the junior staff, senior staff, and senior members of the university. Out of this number, 119 responses were retrieved. The study adopted descriptive quantitative research, and data was analyzed using tables, figures, charts, frequencies, and percentages. The study found that tax reliefs are not attractive because the reduction in taxpayers' tax liability as a result of tax reliefs is very small. A corroborative finding was made in another study by Olabisi and Olabode (2011) that the measures put in place by the government to reduce the tax burden of taxpayers through tax reliefs have made little or no contribution to address the problem of huge taxes. Pobbi *et al.* (2018) also concluded in their study that the meagre amounts granted as tax reliefs are not motivating enough for the taxpayer to endure the stress of claiming the

reliefs. On the contrary, Arhin (2019) found in his study that tax reliefs motivate most taxpayers to pay their taxes because they reduce their tax burden.

### **2.3.3 Relationship Between Awareness and Utilization of Personal Tax Reliefs**

Palil and Mustapha (2011) conducted a study in Malaysia to investigate the factors affecting tax compliance behaviour and found that tax knowledge has a significant effect on tax compliance. He, therefore, alluded to the fact that there is a very close relationship between tax knowledge and taxpayers' ability to understand tax laws and comply with them. This corroborates the finding of Kurniawan (2020) that tax knowledge has a significant effect on tax compliance. It is concluded that the indirect effect of tax education through tax knowledge also influences tax compliance significantly. Similarly, Twum *et al.* (2020) conducted a study to examine the effect of dimensions of tax knowledge on tax compliance in the Ghanaian context using small and medium enterprises. The results of the study revealed that knowledge of tax rights and responsibilities, knowledge of employment income, and awareness of sanctions had a positive and significant relationship with tax compliance. The findings of the study proclaim that knowledge of tax rights and responsibilities and awareness of sanctions are the main determinants of tax compliance in the SME sector.

## 2.4 Conceptual Framework



Source: Author's Construct (2023)

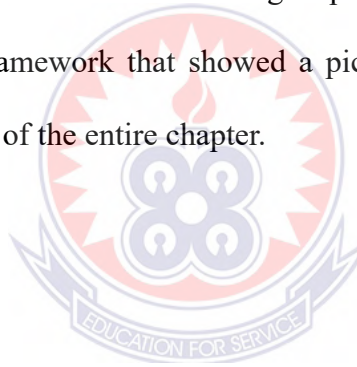
**Figure 1: Conceptual Framework for the Study**

This conceptual framework illustrates the relationships between the key variables identified in the research objectives. The awareness of personal tax reliefs and the utilization of these reliefs are considered independent variables that may influence taxpayers' perceptions of tax burden reduction. The framework suggests that there might be a direct positive relationship between taxpayers' awareness and their utilization. In other words, higher awareness could lead to increased utilization of tax reliefs. Also, increased utilization of tax reliefs may have a potential impact in reducing the perceived tax burden. Utilizing tax reliefs effectively could lead to a decreased subjective feeling of tax burden among taxpayers. Financial incentives and tax knowledge and education could act as motivators that influence both awareness and utilization of tax reliefs. Taxpayers might be

more inclined to use tax reliefs if they perceive significant financial benefits. Same way better-educated taxpayers might be more likely to be aware of available tax reliefs and use them effectively to reduce their tax burden.

## **2.5 Chapter Summary**

In summary, the chapter reviewed relevant literature on the research topic. In the first place, the chapter discussed the prospect theory, the ability-to-pay theory, and the Surrey's tax expenditure theory and how they are applicable to this study. Also, the chapter explained important concepts relating to personal tax relief. In addition, the chapter reviewed empirical evidence on the awareness and utilization level of personal income taxpayers as well as the perceived impact in terms of reducing taxpayers' tax burden. Lastly, the chapter presented a conceptual framework that showed a pictorial view of how the study was conducted and a summary of the entire chapter.



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

The most important component of any research study that offers a structured framework on which the research process is conducted is the methodology (Arhin, 2019). This chapter of the study looks at the research framework within which the research objectives were achieved. The methods, procedures, and techniques employed in conducting the study are presented in this chapter. The specific issues dealt with in this chapter include the research approach, research design, population, sample and sampling procedures, data collection procedures, research instruments, and data analysis. The chapter concludes with a description of the study's ethical considerations for handling anonymity, confidentiality, and other ethical difficulties in any systematic research endeavor.

#### 3.1 Research Approach

According to Creswell and Creswell (2017), research approach refers to the plans and procedures for conducting research, which cover everything from general hypotheses to specific techniques for gathering, analyzing, and interpreting data. Research approach refers to the strategy employed by a researcher to investigate a topic under study using either a structured or unstructured approach or a combination of both (Regab & Arisha, 2018). For the purpose of this study, the researcher employed a quantitative research approach. According to Mohajan (2017), quantitative research is concerned with numbers and anything measurable in a systematic way to investigate phenomena and their relationships. Quantitative research is the process of acquiring measurable data and applying statistical, mathematical, or computational methods (Asenahabi, 2019). The focus

of quantitative research is to obtain numerical data through statistics of the quantity of responses gathered from large sample sizes (Regab & Arisha, 2018). It basically concerns itself with the measurement of phenomena in terms of quantity (Patel & Patel, 2019). It is used to answer questions on relationships within measurable variables with the intention of explaining, predicting, and controlling a phenomenon (Eyisi, 2016). The quantitative approach works by creating theories and testable hypotheses that can be generalized. This approach was employed because it is the most logical method and has the ability to show relationships among variables (Creswell & Creswell, 2017, p. 40). Also, the use of statistical data as a strategy for saving time and resources, as well as the use of scientific methods for data gathering and analysis to make generalizations, influenced the researcher's choice of this approach (Eyisi, 2016).

### **3.2 Research Design**

Research design is the overall strategy for achieving the research objectives and resolving some of the challenges that may arise during the research process. It entails a detailed description of the procedure to be used to help the researcher collect, analyze, and interpret data. According to Creswell and Creswell (2017, p. 49), research design is a type of inquiry that provides specific direction for procedures in research. It is aimed at providing answers to specific research questions or testing specific research hypotheses, and also specifies the sampling process, the instrument development process, and the data collection procedure (Eyisi, 2016). Rahi (2017) defined research design as the “blueprint” or “detailed plan” of how a research study will be carried out. It directs the logical arrangements for the collection and analysis of data in order to allow for the drawing of conclusions (Dodoo, 2021).

There are a number of research designs available to be adopted for any research study. For this study, the researcher employed a correlational research design. A correlational research design is a nonexperimental research design that involves the observation of two variables in order to establish a statistically corresponding relationship between them (Apuke, 2017). According to Mohajan (2020), correlational research design is a type of nonexperimental, backward-looking, and dynamic research in which the researcher uses data derived from preexisting variables to provide an evaluation of the strength and direction of the relationship between those variables. Correlational research design investigates the relationship between two or more variables such that the researcher does not have control over or manipulate any of those variables (Khaldi, 2017).

The correlational design was employed for this study because it does not only establish the relationship between two variables; it also indicates the direction and strength of the relationship between the two variables. The correlational design was also employed for this study because it can explore a lot of data from different domains at one time and measure the degree of association between two or more variables (Queiros, Faria, & Almeida, 2017). Furthermore, the researcher employed this design because it is cost-effective, easy, and simple to conduct, as well as saving time (Dodoo, 2021). However, notwithstanding the numerous benefits of the correlational design, a drawback of it is that it does not determine the cause-and-effect relationship between the variables (Mohajan, 2017). The researcher designed a detailed questionnaire to collect primary data from respondents at a specific point in time. Closed-ended questionnaires were deployed online to collect data, which was self-administered.



### **3.3 Population**

Population is a collection of items or cases, like persons, objects, and occurrences, that meet specific characteristics and to which there is a requirement to apply a generalization of research findings (Nurchurifiani, 2018). The population of a research study includes all the elements that meet the research criteria. Therefore, a research population is the complete set of people, objects, or elements that a researcher would want to generalize based on the results of the research. The target population for this study consisted of the entire permanent employees of the Yendi Municipal Assembly, the National Health Insurance Authority, and the Ghana Prison Service, all within the Yendi Municipal Assembly in the Northern Region of Ghana. These institutions were randomly selected among the several public sector institutions in Yendi. The Yendi Municipal Assembly had one hundred and twenty-four (124) permanent employees (Yendi Municipal Assembly, May, 2023 salary validations), the National Health Insurance Authority had eleven (11) permanent employees (National Health Insurance Authority, June 2023 salary summary report), and the Ghana Prison Service had one hundred and twenty-five (125) permanent employees (Ghana Prison Service, May, 2023 salary validation). Therefore, the target population for this study was two hundred and sixty (260).

### **3.4 Sampling Procedure and Sample**

Mweshi and Sakyi (2020) define sampling as the process by which a researcher, through probabilistic or non-probabilistic methods, carefully select, a number of individual elements from a target population of interest for the purpose of conducting a study on them. Thus, it involves the process of choosing a subgroup out of a whole that bears the same characteristics as the whole for the purpose of conducting a study. The essence of sampling

is to obtain a group of subjects that is representative of the large population and that will provide the specific information needed (Nurchurifiani, 2018). For this study, the researcher adopted cluster sampling. Cluster sampling is a type of probability sampling where the researcher divides a specific population into geographically distinct groups called clusters or where the researcher identifies convenient naturally occurring groups such as neighborhoods, schools, districts, organizations, institutions and then creates a sample for a study (Mweshi & Sakyi, 2020). The researcher used two-stage cluster sampling. Under the two-stage cluster sampling, a simple random sampling is used to select cluster samples from amongst the various clusters and then a simple random sampling is used again to select respondents from each of the cluster samples (Rahman, Tabash, Salamzadeh, Abduli, & Rahaman, 2022). Thus, in the first stage, the researcher divides the population or identifies predetermined groups, and based on that, sample clusters are selected randomly. In the second stage, the researcher selects elements in each cluster randomly to form a sample for the study. The benefit of cluster sampling is that researchers are able to break down a larger and more dispersed population into a more representative sample, which then makes the findings generalizable (Rahman *et al.*, 2022). Cluster sampling works best when the groups are similar to each other but internally diverse in terms of interest and circumstances (Baltes & Ralph, 2022). The random sampling at each stage of the cluster sampling gave each element within the entire population an equal chance of being selected. Simple random sampling is a probability sampling method that ensures that each member of a population has an equal chance of being chosen as a respondent (Rahman *et al.*, 2022). This technique was used because of its low cost, speed, and representativeness.

In coming up with the sample size, the following steps were followed: First, the researcher identified six public sector institutions (Ghana Education Service, National Health Insurance Authority, Yendi Municipal Assembly, Ghana Health Service, Ghana Police Service, and Ghana Prison Service) in Yendi. Numbers ranging from one to six were then assigned to these institutions. A die was then cast for three consecutive times; any number that appeared, the institution that bears the number, is selected as part of the cluster sample. This process resulted in the selection of the Ghana Prison Service, the Yendi Municipal Assembly, and the National Health Insurance Authority. The total sample size was then determined based on the three institutions using Yamane's (1967) formula. This formula is given as:  $n = \frac{N}{1 + Ne^2}$ . Where  $n$  is the sample size to be determined,  $N$  is the actual population size,  $e$  is the margin of error required from the normal distribution table (assumed to be 5%). Based on the target population of 260, the sample size ( $n$ ) was determined as:  $n = \frac{260}{1 + (260)(0.05)^2}$ .  $n = 157$ . The sample size (157) determined above was then shared among the three institutions based on their staff strength in the entire population as follows: Yendi Municipal Assembly (YMA) =  $(124/260 * 157) = 75$ ; National Health Insurance Authority (NHIA) =  $(11/260 * 157) = 7$ ; Ghana Prison Service (GPS) =  $(125/260 * 157) = 75$ . Having determined the required sample from each institution, the researcher proceeded to select the respondents. A list of names was required from each institution and rearranged in a random manner. The first and third names were selected until the required sample was attained. This was done for all the institutions. The target population as well as the sample size for the Yendi Municipal Assembly, the National Health Insurance Authority, and the Ghana Prison Service are contained in the table below.

**Table 3: Target Population and Sample Size**

INSTITUTION	POPULATION	PERCENTAGE	SAMPLE	PERCENTAGE
YMA	124	47.7	75	48
NHIA	11	4.2	7	4
GPS	125	48.1	75	48
TOTAL	260	100	157	100

**Note:** YMA= Yendi Municipal Assembly, NHIA= National Health Insurance Scheme, GPS= Ghana Prison Service

**Source: Field Survey (2023)**

At the end, a total of one hundred and fifty-seven (157) respondents were selected for this study. This was to ensure that the researcher gets more reliable and accurate data in order to achieve the study's objectives (Creswell & Creswell, 2017, p. 212).

### 3.5 Questionnaire Instrument

An instrument is a tool for gathering data for a study (Yusup, 2018). A questionnaire is one of the instruments used to collect data in social science research. Domyei and Dewaele (2022) defined a questionnaire as any written instrument that presents respondents with a series of questions or statements to which they are expected to respond either by writing out their answer or selecting from existing answers or responses. A questionnaire is made up of a set of questions to ask respondents in a survey. Questionnaires are used to elicit ideas, opinions, interests, beliefs, attitudes, values, and traits from respondents (Domyei & Dewaele, 2022). Chyung *et al.* (2017) posit that a great advantage of a survey questionnaire is that it helps researchers cover a large volume of information spanning from demographic characteristics to behavioral habits to opinions or attitudes on a variety of issues across a large number of people in a limited period of time. The researcher used a questionnaire that he developed online using Google Forms because of its wider application, high response rate, shorter time span for administering, and lower cost (Arhin, 2019). Google Forms is an online data collection tool that researchers deploy to collect data within the shortest

possible time over a wide range of respondents (Alea, Fabrea, Roldan, & Farooqi, 2020). The questionnaire used for this study was self-administered online by the respondents. In all, twenty-three closed-ended multiple-choice questions and statements were designed to elicit information from the respondents. The statements were designed with five-point Likert scale response options (from strongly disagree to strongly agree). The questionnaire was structured into four sections. Sections A, B, C, and D Section A (9 questions) examined respondents' demographic characteristics such as age, gender, highest level of education, marital status, number of children, number of children in schools, disability status, and others. Section B consisted of four (4) close-ended multiple-choice statements with five-point Likert scale response options. Thus, strongly disagree (SD), disagree (D), neutral (N), agree (A), and strongly agree (SA). This was used to measure the views of respondents on the extent to which personal income taxpayers are aware of personal tax relief. Section C was also made up of four (4) close-ended multiple-choice statements with five-point Likert scale response options. Thus, strongly agree (SA), agree (A), neutral (N), disagree (D), and strongly disagree (SD). This was used to assess the extent to which personal income taxpayers utilize personal tax reliefs. Section D assessed respondents views on the impact of personal tax reliefs on reducing the tax burden of personal income taxpayers. It was composed of six (6) close-ended multiple-choice statements with five-point Likert scale response options. Thus, Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

### **3.6 Measurement Instrument**

#### **3.6.1 *Awareness of Personal Tax Reliefs***

Respondents' level of awareness of personal tax reliefs was assessed with a four-item scale, which was a modification of the survey items developed by Gbadago (2017); Arhin (2019),

which include “Taxpayers in Ghana are aware of tax reliefs”, “Aware of personal tax relief schemes as provided under Act 896”, “have knowledge about the existence of tax reliefs,” and others. This scale appeared relevant and appropriate for measuring taxpayers’ awareness of personal tax reliefs, and so the researcher adopted and modified it to suit the peculiar context of this study. A five-point Likert scale was used, where Strongly Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, and Agree (A) = 4; Strongly Agree (SA) = 5. The Likert scale was adopted because of its precision and dependability (Chyung *et al.*, 2017).

### **3.6.2 Utilization of Personal Tax Reliefs**

The extent to which personal tax reliefs are being utilized by personal income taxpayers was assessed with a four-item scale, which was a modification of the items developed by Agyei and Gyamerah (2014), such as “Ever applied for a personal tax relief scheme” and “Have you ever claimed personal tax relief?”. This scale appeared relevant and appropriate in measuring taxpayers’ utilization level of personal tax reliefs, and so the researcher adopted and modified it to suit the peculiar context of this study. Again, the researcher used a five-point Likert scale where Strongly Agree (SA) = 1, Agree (A) = 2, Neutral (N) = 3, Disagree (D) = 4, and Strongly Disagree (SD) = 5. The Likert scale was used because of its precision and dependability (Chyung *et al.*, 2017).

### **3.6.3 Perceived Impact of Personal Tax Reliefs**

The perceptions of respondents regarding the impact of personal tax reliefs on reducing tax burdens were assessed. The researcher used a six-item scale, some of which were modifications of similar items developed by Kum (2020). For example, “To what extent is your tax liability reduced by tax relief?”; “Will your tax savings encourage you to re-apply

for tax relief?"; "Tax reliefs are motivating in Ghana". This scale appeared relevant and appropriate in achieving research objective three, and so the researcher adopted and modified it to suit the peculiar context of this study. Again, the researcher used a six-point Likert scale where Strongly Agree (SA) = 1, Agree (A) = 2, Neutral (N) = 3, Disagree (D) = 4, and Strongly Disagree (SD) = 5. The Likert scale was used because of its precision and dependability (Chyung *et al.*, 2017).

### **3.7 Data Collection Procedure**

The researcher collected primary data through the use of an online questionnaire that was self-administered. Online data collection appears to have the potential to collect large amounts of data efficiently and within a relatively short time frame (Regmi *et al.*, 2016). It offers convenience to respondents. In all, one hundred and fifty-seven online questionnaires were shared with all the respondents in the various institutions. Before this was done, the researcher first piloted the questionnaire with fifteen of the respondents. Challenges with the questionnaire were duly identified and fixed. The researcher then sought permission from the various institutional heads, after which an invitation containing a link to the online questionnaire was sent to the personal contacts of respondents via text message and WhatsApp. The researcher ensured that the design and layout of the online questionnaire were user-friendly to ensure that respondents had an easy time navigating around the questionnaire (Regmi *et al.*, 2016).

### **3.8 Method of Data Analysis and Presentation**

Data analysis is the process of editing, cleaning, transforming, and modelling data with the aim of highlighting pertinent facts, providing suggestions, drawing conclusions, and assisting in decision-making (Awotwe, 2018). Data analysis involves examining, filtering,

adapting, and modelling data with the goal of solving a problem, identifying a pattern or trend, and establishing a relationship or causality (Aldowah, Al-Samarraie, & Fauzy, 2019). The main objective of this study is to investigate taxpayers' taxpayers' perception regarding the impact of personal tax reliefs on tax burden in Yendi. Thus, whether personal tax reliefs have an impact on reducing their tax burden. To achieve this objective, the researcher collected primary data on respondents' demographic characteristics, their views on the awareness and utilization of personal tax relief, as well as their perception of personal tax relief's ability to reduce taxpayers' tax burden. The data obtained from respondents was processed using the Statistical Package for Social Science (SPSS) software. The Statistical Package for Social Science is widely recommended for most studies in the social sciences, of which this study is no exception (Awotwe, 2018). Responses obtained based on respondents' demographic characteristics will be analyzed using descriptive statistics based on frequencies and percentages. To achieve the first objective, the researcher will analyze the data using descriptive statistics such as frequencies, percentages, means, and standard deviation. The second objective will also be analyzed using descriptive statistics by relying on frequencies, percentages, means, and standard deviation. The third objective will also be analyzed using descriptive statistics by relying on frequencies, percentages, means, and standard deviation. The fourth objective, which is in line with the research hypothesis, will be analyzed using Pearson's product moment correlation by transforming the responses in sections B and C of the questionnaire into "awareness" and "utilization," respectively, for the purpose of establishing the relationship between taxpayers' awareness of personal tax reliefs and their utilization of



personal tax reliefs. All the analysis will be done based on valid percentages to ensure that the true picture of the responses is presented (Twum, 2016).

### **3.9 Ethical Consideration**

In the conduct of any study, the researcher has certain ethical responsibilities to uphold regarding how to handle and administer survey questionnaires and protect the study's respondents and build trust with them (Bell & Waters, 2018, p.54). The researcher embarked on this study having in mind these ethical issues. In addressing the ethical issues in the study, the researcher first sought approval from the institutional heads before contacting the respondents. Again, the researcher ensured that prior consent of respondents was elicited before administering the questionnaire (Bell & Waters, 2018, p.54). This was to ensure that respondents felt satisfied and comfortable with their survey experience without feeling distress of having to complete the survey. The researcher was of the view that, if respondents were to feel distressed, then the survey would have posed potential psychological risk to the respondents. The researcher also sought the prior consent of respondents because it ensured respondents did not feel coerced into answering questions or completing the survey (Bell & Waters, 2018, p.54). The researcher also made it clear to respondents that they have the right to accept willingly or decline participation and that they can withdraw at any time of the survey process without any punishment (Taylor, 2017). The researcher further assured and ensured the confidentiality or anonymity of respondents as no information regarding the identity of respondents was asked (Dodoo, 2021). Additionally, the researcher ensured all sources of relevant literature (both published and unpublished) and documents used in this study were duly acknowledged and referenced (Dodoo, 2021). Finally, the respondents were informed in advance that the report of the research will be made public and that anyone could access it (Taylor, 2017).

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.0 Introduction**

This chapter of the study provides a comprehensive and structured analysis of the data generated from administering the survey questionnaire to respondents and presents the findings that emerged from the analysis. The chapter delves into the responses of the survey respondents, examines the patterns and trends in their responses regarding their awareness and utilization of personal tax reliefs, assesses the perceived impact of personal tax relief on tax burden, and then establishes the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs.

The results of the survey are presented under five main headings. The first focused on the demographic characteristics of the respondents using descriptive statistics (frequencies, percentages). The second, third, and fourth focused on taxpayers' awareness, utilization perceived impact of personal tax reliefs, respectively, employing descriptive statistics (frequencies, percentages, means, and standard deviation). The fifth focused on the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs, employing correlational analysis (Pearson's Product Moment Correlation).

#### **4.1 The Response Rate of Respondents**

Out of a total of 157 respondents selected to respond to the online questionnaire, a total of 144 responses were received by the researcher during the two-week period of data collection. This number represents a 92% response rate.

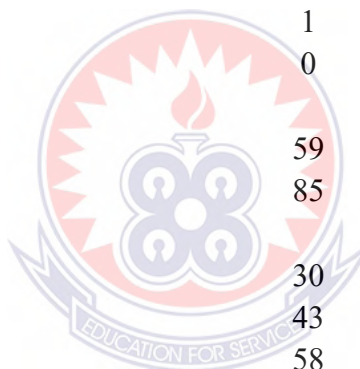
## 4.2 Demographic Characteristics of Respondents

This section presents information concerning the profile of the respondents used for this study. The demographic information assisted the researcher in determining the personal tax reliefs that respondents qualify for and presented the grounds for appreciating the insights provided by the respondents. The demographic information was collected on gender, age, educational background, marital status, number of children, number of children attending school, number of aged dependent relatives, disability status, and others. The findings about the demographic characteristics of respondents are presented in Table 4 below.

**Table 4: Summary of Frequencies and Percentages of Demographics**

<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender of Respondent</b>		
Male	88	61.1%
Female	56	38.9%
<b>Age of Respondent</b>		
18-25	11	7.6%
26-35	56	38.9%
36-45	54	37.5%
46-60	23	16.0%
Above 60	0	0.0%
<b>Level of education</b>		
BECE	0	0.0%
SSSCE/WASSCE	6	4.2%
Cert/Diploma/HND	21	14.6%
First Degree	77	53.5%
Masters	38	26.4%
PhD	2	1.4%
<b>Marital Status</b>		
Married	114	79.2%
Single	25	17.4%
Divorced	3	2.1%
Widowed	2	1.4%
<b>No. of Children</b>		

None	31	21.5%
One	20	13.9%
Two	23	16.0%
Three	30	20.8%
Above Three	40	27.8%
<b>No. of Children Attd. Sch.</b>		
None	40	27.8%
One	27	18.8%
Two	35	24.3%
Three	16	11.1%
Above Three	26	18.1%
<b>Disability Status</b>		
None	141	97.9%
Blind	0	0.0%
Deaf	1	0.7%
Dump	1	0.7%
Physical	1	0.7%
Mental	0	0.0%
<b>Undergoing Training</b>		
Yes	59	41.0%
No	85	59.0%
<b>No. of Dependents</b>		
None	30	20.8%
One	43	29.9%
Two	58	40.3%
Three	7	4.9%
Above Three	6	4.2%



**Note:** BECE= Basic Education Certificate Examination, SSSCE= Senior Secondary School Certificate Examination, WASSCE= West African Senior Secondary Certificate Examination, Cert= Certificate, HND= Higher National Diploma, PhD= Doctor of Philosophy, No.= Number, Attd.= Attending, Sch.= School

**Source: Field Survey (2023)**

Table 4 shows that, out of a total of 144 respondents (100%) of the sample size that participated in the study, 88 respondents, representing 61.1%, were male and 56 respondents, representing 38.9%, were female. This clearly shows that the majority of the

study's respondents were male. However, there was a fair representation of the female as well.

Regarding the age distribution of the respondents, 11 out of the 144 respondents (7.6%) had ages between 18 and 25 years, 56 out of the 144 respondents (38.9%) fell within the age bracket of 26–35 years, 54 out of the 144 respondents (37.5%) were within the age group of 36–45 years, and 23 of the respondents had ages between 46 and 60 years, which represents 16.0% of the total respondents. None of the respondents were over 60 years old, which indicates that all respondents were in the working class. Again, the data reveal that the majority of respondents were between the ages of 26 and 35, closely followed by those within the ages of 36 and 45 years, next by those between the ages of 46 and 60 years, and lastly by those between 18 and 25 years. This shows that the three institutions used for this study are dominated by youth.

Concerning the educational background of the respondents, 6 representing 4.2% of respondents had either SSSCE or WASSCE, 21 representing 14.6% of respondents had either a certificate, diploma, or HND, 77 respondents had their first degree, constituting 53.5% of respondents, 38 respondents had a master's degree, which represents 26.4% of respondents, and 2 respondents representing 1.4% had a PhD. However, no respondent had the highest education, BECE. These results clearly show that the majority of respondents have some form of tertiary education, with those with first degrees being the majority, followed by those with masters, certificates, diplomas, HNDs, SSSCEs, and WASSCEs in that order.

Also, data on the marital status of respondents revealed that those who were married were 114, representing 79.2% of the respondents, and they were the majority; those who were

single were 25 and representing 17.4% of respondents; respondents who were divorced were 3 and representing 2.1%; and respondents who were widowed were only 2 and representing 1.4%.

As shown in Table 4 above, data on the number of children respondents had reveals that 31 representing 21.5% of respondents had no child, 20 constituting 13.9% of respondents had only one child, 23 representing 16.0% of respondents had two children, 30 making up 20.8% of respondents had three children, and respondents who had more than three children were 40 representing 27.8% of total respondents. This shows that a substantial majority of respondents have at least one child.

Regarding the number of children respondents had who were attending school, 40 out of 144 respondents representing 27.8% had no child attending school, 27 constituting 18.8% of the 144 respondents had only one child attending school, 35 out of 144 representing 24.3% had two children attending school, 16 had three children attending school, which represents 11.1%, and 26 had more than three children attending school, which makes up 18.1% of the sample size. This implies that the majority of the respondents qualify for the children's education relief.

Concerning the disability status of respondents, out of the 144 respondents used for this study, 141 of them, representing 97.9%, had no disability; only 1 respondent representing 0.7% was deaf; only 1 respondent representing 0.7% was dumb; and again, only 1 respondent representing 0.7% was physically disabled. This implies that out of the 144 respondents, only three could claim disability relief.

With respect to whether respondents were undergoing training or not, 59 respondents, representing 41.0% of the respondents, were undergoing training to update their

professional and technical knowledge, while the remaining 85 respondents, constituting 59.0%, were not undergoing any training. This suggests that a fair number of the respondents qualify for education and training relief.

On the issue of the number of aged dependent relatives that each respondent had, 30 respondents representing 20.8% had no aged dependent relative, 43 representing 29.9% of respondents had one aged dependent relative that they provide their necessities of life, 58 constituting 40.3% of respondents had two age dependent relatives, 7 constituting 4.9% of respondents had three aged dependent relatives, and 6 representing 4.2% of respondents had more than three aged dependent relatives that they care for. The tax law provides for reliefs in respect of aged dependent relatives, and the data gathered indicate that the majority of the respondents (70.0%) qualify for this relief.

### **4.3 Reliability and Validity of Instrument**

#### **4.3.1 Reliability**

Reliability in the context of a research study refers to the consistency and stability of measurement (Taherdoost, 2016). Reliability assesses the extent to which a measurement or a set of measurement tools consistently and accurately produces the same results over time and across different conditions (Bell & Waters, 2018, p. 119). Thus, a measurement tool is said to be reliable if it yields similar or consistent results when used repeatedly (Taherdoost, 2016). Reliability of an instrument indicates its consistency and precision, and the lack of it also indicates inconsistency and imprecision (Amirrudin, Nasution, & Supahar, 2021). In order to ensure the appropriateness and accuracy of the scale items, the researcher tests the extent to which the items within the various dimensions correlate with each other (internal consistency) using the Cronbach's alpha coefficient. Cronbach's alpha is a statistic that measures the internal consistency or reliability of a set of items or

questionnaire (Taber, 2018). It quantifies the extent to which the items in a variable are correlated with each other (Amirrudin *et al.*, 2021). A higher Cronbach's alpha indicates greater reliability (Amirrudin *et al.*, 2021). Table 5 shows the reliability statistics of the scale items used to measure the variables.

**Table 5: Reliability Statistics**

Variable	Cronbach's Alpha	Number of Items
Taxpayers' Awareness of PTR	.957	4
Taxpayers' Utilization of PTR	.969	4
Perceived Impact of PTR	.946	6

**Note:** PTR= Personal Tax Reliefs

**Source:** Field Survey (2023)

From Table 5, the Cronbach's alpha coefficient results indicate that all the scales used to measure the variables in the study exceeded the conventionally accepted coefficient of 0.7 (Taber, 2018). The Cronbach's alpha of 0.957 for taxpayers' awareness of personal tax reliefs suggests a very high level of internal consistency among the items used to measure taxpayers' awareness of personal tax reliefs (Amirrudin *et al.*, 2021). That is, all four items used to assess taxpayers' awareness of personal tax reliefs are highly related and consistently measure the same construct. This indicates that the questionnaire items related to awareness are reliable. Also, the Cronbach's alpha of 0.969 for taxpayers' utilization of personal tax reliefs indicates a high degree of internal consistency among the four items that measure the utilization of personal tax reliefs (Amirrudin *et al.*, 2021). This shows that the questionnaire items related to utilization are highly consistent and reliable. Again, the Cronbach's alpha of 0.946 for perceived impact of personal tax reliefs suggests a high level of internal consistency among the six items used to measure the perceived impact of personal tax reliefs (Amirrudin *et al.*, 2021). This indicates that the items are also highly related, consistently measure the same construct, and are therefore reliable.



Overall, the reliability statistics indicate that the questionnaire items for all three dimensions, that is, taxpayers; awareness of personal tax reliefs, taxpayers' utilization of personal tax reliefs, and perceived impact of personal tax reliefs, are highly reliable. This means that the questions used to measure the variables produce consistent and dependable results. Researchers can have confidence that the questionnaire items effectively measure what they are intended to measure, and the data collected is reliable for analysis and for drawing conclusions in the study.

#### **4.3.2 Validity**

Validity in research refers to the extent to which an instrument such as a questionnaire measures the variable it is intended to measure (Mohajan, 2017). The researcher assesses the content validity of the items in the instrument. Content validity is a type of validity that measures the extent to which the items in the instrument adequately and comprehensively represent the content or domain of the variable. To ensure content validity, the items in the research instrument underwent a rigorous review process. The items were subjected to critical review by my supervisor, who evaluated the relevance and clarity of each item. His valuable feedback was incorporated into the final version of the instrument, which strengthened its validity.

#### **4.4 Descriptive Statistics of the Study's Variables**

This section of the study presents descriptive statistics on the study variables. The study sought to investigate taxpayers' level of awareness, utilization, and perceived impact of personal tax reliefs in reducing tax burden and establish the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. To this end, a couple of statements were made to respondents to indicate the extent to which they agreed or disagreed with those statements.

### Objective 1: To Assess Taxpayers' Level of Awareness of Personal Tax Reliefs

Research objective one sought to assess respondents' level of awareness regarding available personal tax reliefs in Ghana. In this regard, four (4) statements were made to respondents. The response options were rated as follows: **Strongly Disagree (SD) = 1, Disagree (D) = 2, Neutral (N) = 3, Agree (A) = 4, Strongly Agree (SA) = 5**. The interpretation of the results was assigned an artificial range of precision of response as follows (Awotwi, 2018). **1–1.8 =SD; 1.9–2.6 = D; 2.7–3.4 =N; 3.5–4.2 = A; and 4.3–5.0 = SA**. The findings from the data analysis are presented in Table 5 below using frequencies, percentages, means, and standard deviations.

**Table 6: Respondents Level of Awareness with Regards to PTR**

Statement	SD		D		N		A		SA		M	Std D
	F	%	F	%	F	%	F	%	F	%		
I Understand How My Tax is Calc.	9	6.3	13	9.0	9	6.3	66	45.8	47	32.6	3.90	1.145
I Have Knowledge of PTR Available	12	8.3	17	11.8	5	3.5	49	34.0	61	42.4	3.90	1.297
I am Aware of the PTR I am Eligible for	10	6.9	18	12.5	6	4.2	43	29.9	67	46.5	3.97	1.281
I Understand How to Apply for PTR	17	11.8	11	7.6	13	9.0	65	45.1	38	26.4	3.67	1.274

**Note:** PTR= Personal Tax Reliefs, Calc.= Calculate

**Source: Field Survey (2023)**

From Table 6, concerning the issue of whether respondents agree or disagree with the statement that they understand how their income tax is calculated, the data analysis indicates that 22 respondents, representing 15.3%, disagreed with the statement, 9 respondents (6.3%) somehow agreed with the statement, and 113 respondents (78.4%) agreed with the statement, indicating that a considerable majority of respondents understand how their income tax is calculated. Also, the mean mark and standard deviation

for this item were 3.90 and 1.145, suggesting that, on average, respondents understand how their income tax is calculated.

With regards to the extent to which respondents agree or disagree that they have knowledge of available personal tax reliefs, 29 respondents, representing 20.1% out of 144, disagreed with the statement, 5 respondents (3.5%) somehow agreed with the statement, and 110 respondents, representing 76.4% out of 144, agreed with the statement, signifying the majority of respondents have knowledge of the personal tax reliefs available. Again, the mean mark of 3.90 and standard deviation of 1.297 for this item indicate that, on average, respondents have knowledge of the personal tax reliefs available.

On the issue of whether respondents were aware of personal tax reliefs that they are eligible for, 28 of the 144 respondents, representing 19.4%, disagreed with the statement, 6 of the respondents, constituting 4.2% out of 144, somehow agreed, and 110 respondents, representing 76.4%, agreed with the statement. This means a clear majority of respondents agreed with the statement. Also, the mean score of 3.97 and standard deviation of 1.281 indicate that, on average, respondents are aware of the personal tax reliefs that they qualify for.

Finally, concerning whether respondents understand how to apply for personal tax reliefs, 28 respondents, representing 19.4%, disagreed with the statement, 13 respondents (9.0%) somehow agreed with the statement, and 103 respondents, constituting 71.5%, agreed with the statement. This implies that a considerable majority of respondents agreed with the statement. Again, the mean score and standard deviation for this item were 3.67 and 1.274, which means, on average, respondents understand how to apply for personal tax reliefs.

From the above findings, it can be concluded that the overall mean score and standard deviation of 3.86 and 1.249 suggest that respondents, on average, agree or strongly agree with the awareness-related statements. This shows a generally positive perception of their understanding and knowledge about personal tax relief. The fact that all four statements have mean scores and standard deviations around 3.86 and 1.249 suggests that respondents consistently perceive themselves as having a good understanding of how their taxes are calculated, being knowledgeable about personal tax reliefs available, being aware of their eligibility for personal tax relief, and knowing how to apply for personal tax relief. Based on these mean scores, it can be stated that the respondents have a fair level of awareness when it comes to personal tax relief. They appear to feel confident in their understanding and knowledge of personal tax relief.

### **Objective 2: To Assess Taxpayers' Level of Utilization of Personal Tax Reliefs**

Research objective two sought to assess respondents' level of utilization of personal tax reliefs. In this regard, four (4) statements were made to respondents. The response options were rated as follows: **Strongly Agree (SA) = 1, Agree (A) = 2, Neutral (N) = 3, Disagree (D) = 4, Strongly Disagree (SD) = 5**. The interpretation of the results was assigned an artificial range of precision of response as follows (Awotwi, 2018). **1–1.8 =SA; 1.9–2.6 =A; 2.7–3.4 =N; 3.5–4.2 = D; and 4.3–5.0 = SD**. The findings from the data analysis are presented in Table 6 below using frequencies, percentages, means, and standard deviations.

**Table 7: Respondents Level of Utilization of PTR**

Statement	SA		A		N		D		SD		M	Std D
	F	%	F	%	F	%	F	%	F	%		
I Have Never Applied for PTR	40	35.7	42	37.5	1	0.9	11	9.8	18	16.1	2.33	1.454
I Have Never Claimed PTR	59	52.7	24	21.4	3	2.7	15	13.4	11	9.8	2.08	1.428
I Have Never Benefitted From PTR	58	51.8	25	22.3	3	2.7	15	13.4	11	9.8	2.07	1.406
I Have Never Taken Advantage of PTR	58	51.8	26	23.2	1	0.9	15	13.4	12	10.7	2.06	1.410

**Note:** PTR= Personal Tax Reliefs

**Source:** Field Survey (2023)

From Table 7, it can be seen that the data analysis on whether respondents have never applied for personal tax relief or not established that 82 respondents out of 112 (73.2%) valid responses (that is, those who were aware of PTR) agreed with the statement, indicating that the majority of respondents have never applied for any personal tax relief, 1 respondent representing (0.9%) of the valid responses somewhat agreed with the statement, and 29 respondents representing 25.9% of valid responses disagreed with the statement. This clearly shows that a considerable majority of respondents aligned with the statement implying they have never applied for personal tax relief. The mean score and standard deviation for this item were 2.33 and 1.454, which shows that, on average, respondents have never applied for personal tax relief.

With regards to whether respondents have never claimed personal tax relief or not, 83 respondents out of 112 (73.9% of those who are aware of PTR) agreed with the statement, which indicates they have never claimed any personal tax relief, and 3 (2.7% of 112) respondents somewhat agreed with the statement. The number of respondents who

disagreed with the statement was 26, representing 23.2% of 112. This indicates that the majority of respondents agreed with the statement, implying they have never claimed any personal tax relief. The mean score for this item was 2.06, and the standard deviation was 1.410. This signifies that, on average, respondents have never claimed any personal tax relief.

On the issue of whether respondents have never benefitted from any personal tax reliefs, the data analysis reveals that 83 respondents, comprising 74.1% of 112, agree with the statement, while 26 respondents, representing 23.2% of respondents who were aware of personal tax reliefs (112), disagree with the statement. Only three, representing 2.7% of the 112 respondents, somewhat agreed with the statement. This indicates that the majority (74.1% of 112) of respondents aligned with the statement suggesting low engagement with personal tax reliefs. The mean mark of 2.07 and standard deviation of 1.406 imply that, on average, respondents never benefitted from any personal tax relief.

With regards to the issue of whether respondents have never taken advantage of any personal tax relief, 84 respondents out of 112 (75%%) who were aware of personal tax reliefs agreed with the statement, 1 respondent representing 0.9% of 112 somewhat agreed with the statement, and 27 respondents representing 24.1% of 112 disagreed with the statement. This means the majority of respondents aligned with the statement. The mean mark and standard deviation for this item were 2.08 and 1.428, respectively, which suggests that, on average, respondents admit they have never taken advantage of personal tax reliefs. Based on the findings above, it can be concluded that the average mean score and standard deviation of 2.135 and 1.424 suggest that respondents, on average, agree or strongly agree with the utilization-related statements. This shows that respondents see their utilization of

personal tax relief as very low. The fact that all four statements have mean scores and standard deviations around 2.135 and 1.424 suggests that respondents consistently perceive themselves as having low utilization of personal tax reliefs. Based on these mean scores, it can therefore be stated that there is a relatively low level of utilization of personal tax relief among the study's respondents.

**Objective 3: To Assess the Perception of Taxpayers Regarding the Effectiveness of Personal Tax Reliefs in Reducing Taxpayers' Overall Tax Burden**

Research objective three sought to assess respondents' perceptions regarding the effectiveness of personal tax reliefs in reducing taxpayers' overall tax burden. In this regard, six (6) statements were made to respondents. The response options were rated as follows: **Strongly Agree (SA) = 1, Agree (A) = 2, Neutral (N) = 3, Disagree (D) = 4, Strongly Disagree (SD) = 5**. The interpretation of the results was assigned an artificial range of precision of response as follows (Awotwi, 2018). **1–1.8 =SA; 1.9–2.6 =A; 2.7–3.4 =N; 3.5–4.2 = D; and 4.3–5.0 = SD**. The findings from the data analysis are presented in Table 7 below using frequencies, percentages, means, and standard deviations.

**Table 8: Respondents Perception Regarding the Impact of PTR**

Statement	SA		A		N		D		SD		M	Std D
	F	%	F	%	F	%	F	%	F	%		
PTR I Receive do not Significantly Reduce my Tax Burden Even With PTR, I Still Pay Higher Taxes	11	39.9	12	42.9	2	7.1	3	10.7	0	0.0	1.89	.956
Amount I Save Through PTR is not Substantial	8	28.6	15	53.6	1	3.6	4	14.3	0	0.0	2.04	.962
PTR do not Make Noticeable Diff. in Tax Burden.	11	39.3	10	35.7	2	7.1	4	14.3	1	3.6	2.07	1.184
PTR do not Have Positive Impact	9	32.1	14	50.0	2	7.1	3	10.7	0	0.0	1.96	.922
PTR are not Motivating Enough	14	50.0	10	35.7	1	3.6	3	10.7	0	0.0	1.75	.967

**Note:** PTR= Personal Tax Reliefs, Diff. = Difference, F = Frequency

**Source: Field Survey (2023)**

From Table 8, the data analysis regarding personal tax reliefs that do not significantly reduce tax burden indicates that 23 respondents out of 28 constituting 82.2% (that is, those who have utilized PTR) agree with the statement, 3 out of the 28 respondents (that is, those who have utilized PTR) disagree with the statement, and 2 out of the 28 respondents (that is, those who have utilized PTR) somewhat agree with the statement. The mean score and standard deviation of 1.89 and .956 for this item indicate that, on average, respondents



agreed with the statement indicating that they perceive personal tax reliefs as not substantial enough to lower their tax burden considerably.

With regards to the statement that with personal tax reliefs, taxpayers still pay a higher tax, 24 respondents (representing 85.7% of the valid responses) agreed with the statement, and 4 respondents (representing 14.2% of the 28 respondents who have utilized PTR) disagreed with the statement. The mean mark of 1.82 and the standard deviation of 1.219 for this statement mean that, on average, respondents agreed with the statement, indicating that they perceive personal tax reliefs as ineffective in reducing their tax burden.

For the statement to the effect that the amount of saving taxpayers make through personal tax reliefs is not substantial, 23 out of 28 respondents (representing 82.2% of those who utilized PTR) agreed with the statement, 1 respondent representing 3.6% somewhat agreed with the statement, and 4 respondents representing 14.3% disagreed with the statement. The mean mark of 2.04 and standard deviation of 0.962 for this item signifies that, on average, respondents perceive the savings they make through personal tax reliefs as not substantial.

Regarding the issue of personal tax reliefs not making a noticeable difference in respondents' tax burden, 21 out of 28 respondents, representing 75% of those who utilized personal tax reliefs, agreed with the statement, 2 out of 28 respondents, representing 7.1% of respondents (that is, those who utilized PTR), somewhat agreed with the statement, and 5 out of 28 respondents, representing 17.9% of those who utilized personal tax reliefs, disagreed with the statement. This indicates that the majority (75%) of respondents align with the statement. Also, the mean mark and standard deviation of 2.07 and 1.184 for this

item indicate that, on average, respondents agree with the statement suggesting respondents are of the perception that personal tax reliefs do not help reduce their tax burden.

Concerning the issue of personal tax reliefs not having an impact on reducing taxpayers' tax burden, the study revealed that 23 out of the 28 respondents, representing 82.1% of respondents who have utilized personal tax reliefs, agreed with the statement, 3 out of the 28 respondents, representing 10.7% of respondents who have utilized personal tax reliefs, disagreed with the statement, and 2 out of the 28 respondents, representing 7.1% of respondents who have utilized personal tax reliefs, somewhat agreed with the statement. From the data analysis, it is clear that 82.1% of respondents who have utilized PTR align with the statement. The mean score and standard deviation of 1.92 and .922 for this item indicate that, on average, respondents perceived personal tax reliefs as not having a positive impact on reducing their tax burden.

When it comes to the issue of personal tax reliefs not being motivating enough, the study revealed that 24 out of the 28 respondents, representing 85.7% of respondents who have utilized personal tax reliefs, agreed with the statement, 3 out of the 28 respondents, representing 10.7% of respondents who have utilized personal tax reliefs, disagreed with the statement, and 1 out of the 28 respondents, representing 3.6% of respondents who have utilized personal tax reliefs, somewhat agreed with the statement. This means the majority of respondents (85.7% of those who have utilized PTR) aligned with the statement. The mean score and standard deviation for this item were 1.75 and .967, indicating that, on average, respondents perceive personal tax reliefs as not motivating enough.

In all, the overall mean score of 1.92 and standard deviation of 1.035 indicate that respondents expressed a relatively high agreement with the ineffectiveness of personal tax

reliefs in reducing their tax burden. Based on these findings, it can therefore be concluded that respondents perceived personal tax reliefs as not effective in reducing their overall tax burden.

**Objective 4: To Establish the Relationship Between Taxpayers' Awareness of Personal Tax Reliefs and Their Utilization of Personal Tax Reliefs.**

**4.5 Correlational Analysis Among Study Variables**

The Pearson's product moment correlation analysis was used to establish the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs while testing for the hypothesis of the study as stated in Chapter 2 above. This was necessary because the correlation analysis looks at the positive and the negative relationship that exist between variables (Senthilnathan, 2019) as an indication of how the variables in the study were related (Gogtay & Thatte, 2017). Therefore, correlation was (Income Tax Amendment Act, 2023) used to determine whether statistically significant relationship existed between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs.

The results revealed positive but insignificant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs as shown in the Pearson's product moment correlation matrix in Table 9 below.

**Table 9: Correlation Statistics**

<b>Variable</b>	<b>Taxpayers' Utilization of PTR (r = Coefficient)</b>	<b>P-Value</b>	<b>Hypothesis</b>
Taxpayers' Awareness of PTR	.141	.137	Not Supported

**Note:** PTR = Personal Tax Reliefs

**Source:** Field Survey (2023)

From Table 9 it can be seen that there is a positive relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs but insignificant; thus ( $r = 0.141$ ,  $p = 0.137$ ). This indicates that as taxpayers' awareness of personal tax reliefs increases, their utilization of personal tax reliefs insignificantly increases as well. The Pearson's product moment correlational analysis as shown in Table 9 above shows ( $r = 0.141$ ,  $p = 0.137$ ) which indicates that there is a positive but insignificant relationship between taxpayers' awareness of personal tax reliefs and taxpayers' utilization of personal tax reliefs. By this, it means that as taxpayers' awareness of personal tax reliefs increases, their utilization of personal tax reliefs also increases insignificantly.

#### **4.6 Discussion of Results**

This study sought to investigate taxpayers' awareness, utilization, perceived impact of personal tax reliefs in reducing tax burden, as well as establish the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. The results from the analysis are discussed in detail in the following paragraphs.

Research objective one sought to assess the level of awareness of taxpayers with regards to personal tax reliefs in Yendi. Results from the data analysis indicate that the average mean score and standard deviation of 3.86 and 1.249 suggest that respondents, on average, agree with the awareness-related statements. This shows a generally positive perception of their understanding and knowledge about personal tax relief. The fact that all four statements have overall mean scores and standard deviations of 3.86 and 1.249 suggests that respondents consistently perceive themselves as having a good understanding of how their taxes are calculated, being knowledgeable about personal tax reliefs available, being aware of their eligibility for personal tax relief, and knowing how to apply for personal tax

relief. Based on these mean scores, it can be concluded that the respondents have a fair level of awareness when it comes to personal tax relief. They appear to feel confident in their understanding and knowledge of personal tax relief. This finding is consistent with Gbadago (2017, January 10), who also reported a fair level of awareness of the personal tax relief scheme among Ghanaian personal income taxpayers in Kumasi Metropolis.

Research objective two sought to assess the level of utilization of personal tax reliefs by taxpayers in Yendi. The data analysis indicates that the overall mean score and standard deviation of 2.135 and 1.424 suggest that respondents, on average, agree with the utilization-related statements. This shows that respondents see their utilization of personal tax relief as very low. The fact that all four statements have mean scores and standard deviations around 2.135 and 1.424 suggests that respondents consistently perceive themselves as having low utilization of personal tax reliefs. Based on these mean scores, it can therefore be concluded that there is a relatively low level of utilization of personal tax relief among the respondents used for this study. The result is in support of Twum (2016), who concluded in his study that most taxpayers in Ghana were not taking advantage of the reliefs to reduce their tax burden.

Research objective three sought to assess the perception of taxpayers regarding the impact of personal tax reliefs on reducing their tax burden. The data analysis revealed that the overall mean score and standard deviation of 1.92 and 1.035 suggest that respondents, on average, agree with the impact-related statements. The fact that all six statements related to the impact of personal tax reliefs had mean scores and standard deviations around 1.92 and 1.035 indicates that respondents expressed a relatively high level of agreement with the ineffectiveness of personal tax reliefs in reducing their tax burden. Based on these

findings, it can therefore be concluded that respondents perceived personal tax reliefs as not effective in reducing their overall tax burden. This finding, however, contradicts that of Arhin (2019), who concluded that tax relief motivates taxpayers to pay their taxes because it reduces their tax burden.

Research objective 4 sought to establish the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. This objective was in line with the research hypothesis that there is a positive and significant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. Hence, the Pearson correlation analysis was then carried out to establish if there is a positive or negative significant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. The results of the study revealed a positive relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs but insignificant; thus ( $r = 0.141$ ,  $p = 0.137$ ). The p-value of 0.137 indicates that the relationship is not statistically significant at the conventional alpha level of 0.05. This means that as taxpayers' awareness of personal tax reliefs increases, their utilization of personal tax reliefs increases insignificantly as well. Hence, the hypothesis that there is a positive and significant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs was not supported by the findings of the study.

## CHAPTER FIVE

### SUMMARY, CONCLUSION, AND RECOMMENDATION

#### 5.0 Introduction

This is the concluding chapter of the study, and it presents a summary of the study's objectives, methodology, and data analysis techniques. It also presents a summary of the key research findings pertaining to each objective and draws conclusions from them. Additionally, specific recommendations are made from the findings and conclusions and end with some suggestions for future research.

#### 5.1 Summary of Findings

The main purpose of this study was to investigate taxpayers' perception regarding the impact of personal tax reliefs on tax burden in Yendi. Thus, whether personal tax reliefs considerably reducing taxpayers' overall tax burden with the intention of achieving the following specific objectives: First, to assess taxpayers' awareness levels of personal tax reliefs. Second, to assess taxpayers' utilization levels of personal tax reliefs. Third, to assess taxpayers' perceptions regarding the impact of personal tax reliefs on reducing taxpayers' overall tax burden, and lastly, to establish if there is a significant positive relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. From a population of 260 income taxpayers, the two-stage cluster sampling technique was used to select 157 respondents drawn from three public sector institutions, namely the Yendi Municipal Assembly, the National Health Insurance Authority, and the Ghana Prison Service, all in Yendi. A questionnaire survey was used to collect primary data online from respondents and was subsequently analyzed with the help of the Statistical Package for Social Science (SPSS) software, making use of descriptive statistics (frequencies, percentages, means, and standard deviation) for the first three

objectives and a correlational analysis for the last objective to establish the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs. The summary of the key findings is as follows:

The results regarding the awareness of personal tax relief revealed that respondents have a fair level of awareness of personal tax relief. The findings show that a substantial majority of respondents have an appreciable level of understanding of how their taxes are calculated. Also, the findings disclosed that the majority of respondents possess a well-rounded knowledge of available personal tax reliefs. Moreover, it is established that the majority of respondents are well aware of their eligibility for personal tax relief. Finally, it became clear that a significant majority of respondents have a solid understanding of the procedure for applying for personal tax relief. These findings underscore a commendable level of awareness and comprehension of personal tax relief among the study's respondents.

The results pertaining to the utilization of personal tax reliefs highlighted a very low level of engagement among respondents. According to the findings, the vast majority of those who were aware of personal tax relief had never applied for it. Also, the study established that a considerable majority of respondents who were aware of personal tax relief had never taken steps to claim it. Again, a significant majority of respondents, as disclosed by the findings, had never benefited from any personal tax relief. It is further disclosed that the majority of respondents had never taken advantage of personal tax relief. These findings reveal a notable lack of interest and involvement in the utilization of personal tax reliefs among the respondents used for the study.

The analysis of the perceived impact of personal tax reliefs on reducing taxpayers' tax burden revealed that a significant majority of respondents do not think personal tax reliefs



considerably reduce their tax burden. They perceive it to be ineffective in reducing their tax burden. It also came out that the majority of respondents who have utilized personal tax relief do not think it contributes substantially to their financial savings. Again, the findings revealed that a substantial majority of respondents think personal tax relief is not motivating enough. These findings collectively reflect the prevailing perception among respondents that personal tax reliefs do not significantly influence their tax burden or financial well-being and are therefore not impactful.

On the analysis of the relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs, the results of the study revealed a positive relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs but insignificant; thus ( $r = 0.141$ ,  $p = 0.137$ ). The p-value of 0.137 indicates that the relationship is not statistically significant at the conventional alpha level of 0.05. This means that as taxpayers' awareness of personal tax reliefs increases, their utilization of personal tax reliefs increases insignificantly as well. Hence, the hypothesis that there is a positive and significant relationship between taxpayers' awareness of personal tax reliefs and their utilization of personal tax reliefs was not supported by the findings of the study.

## **5.2 Conclusions**

This study sought to investigate taxpayers' awareness, utilization, and perceived impact of personal tax relief in reducing tax burden, as well as the relationship between personal tax relief awareness and its utilization. Based on the findings of the study, the following conclusions are made:

The respondents used for the study have demonstrated a fair level of awareness of personal tax reliefs, even though they exhibited a very limited engagement in their utilization of

personal tax reliefs and perceived personal tax reliefs as having a limited impact on reducing their tax burden and improving their financial situation. It also came out clear that taxpayers' awareness of personal tax relief has a positive relationship with their utilization of personal tax relief but insignificant. It is the opinion of the researcher that there may be other factors or variables that may influence the utilization of personal tax reliefs other than taxpayers' awareness of personal tax reliefs.

### **5.3 Recommendations**

In line with the findings and conclusions made above, the following recommendations are hereby made to the relevant authorities:

1. **Enhance Communication Efforts:** Given the overall positive perception regarding personal tax reliefs by respondents, tax authorities and the government should continue and, if possible, enhance their efforts in communicating and educating taxpayers on personal tax relief-related matters. These efforts should be focused on maintaining and even increasing the current level of personal tax relief awareness.
2. **Targeted Information Campaigns:** Tax authorities should develop targeted information campaigns to address specific areas where awareness is relatively lower, such as awareness of eligibility and understanding how to apply for personal tax reliefs. These campaigns can provide clear and easily accessible information to improve awareness in these areas.
3. **Continuous Education:** A continuous taxpayer education programme should be in place to keep taxpayers informed about any changes in tax regulations and personal tax reliefs. This will ensure that taxpayers remain up-to-date and well-informed.
4. **Feedback Mechanisms:** Establish feedback mechanisms to gather input from taxpayers regarding the clarity and accessibility of information related to personal

tax reliefs. This will help in making improvements based on taxpayers' actual experiences and needs.

5. **Simplified Application Procedure:** Tax authorities should streamline and simplify the application process for personal tax reliefs to make it more accessible and user-friendly. This may involve creating online platforms and providing clear instructions to guide taxpayers through the application process.
6. **Tailored Guidance:** Relevant tax authorities should provide personalized guidance to taxpayers who are eligible for specific tax reliefs but have not claimed them. This can include offering assistance through tax advisors or creating user-friendly guides to guide taxpayers through the application process.
7. **Consider Incentives:** Tax authorities should explore the possibility of providing additional incentives to motivate taxpayers to take up personal tax relief more actively. These incentives could include rewards, bonuses, or simplified processes for regular claimants.
8. **Review and Enhance Tax Relief Programme:** The government and the relevant tax authorities should review existing tax relief programme to ensure they are effectively reducing the tax burden on taxpayers. They should consider expanding or modifying this programme to make them more impactful.
9. **Monitor and Evaluate Impact:** Tax authorities should continuously monitor and evaluate the impact of tax relief programme on reducing taxpayers' overall tax burden. This data can help in refining the programme and ensuring they are achieving their intended purpose.

#### **5.4 Implication for Practice and Future Studies**

The findings of this study have important implications for practice, particularly for tax authorities, policymakers, and practitioners in the field of taxation. For instance, despite the fact that there is a fair level of awareness of personal tax relief among respondents, an increased and sustained effort is needed to further improve the current status of personal tax relief awareness by the government and the Ghana Revenue Authority. The tax authorities should invest in clear and effective communication strategies to improve taxpayers' awareness of personal tax reliefs. This includes providing easily accessible information about the available tax reliefs and how to apply for them.

The findings also revealed that the utilization of personal tax relief has been very low. This raises a lot of concerns regarding personal tax relief that meets its policy objective. This calls for an immediate investigation by the relevant tax authorities to find out the reasons for the low utilization of personal tax reliefs. Again, respondents perceive personal tax relief as not having a significant impact on reducing their tax burden and improving their financial situation. This implies that the government and the tax authorities should review the current thresholds of personal tax reliefs to make them attractive.

However, this study is not different from any other social science research; hence, it is not without limitations. For instance, the study's sample was not fully representative of the broader taxpayer population. It was limited to income taxpayers within three public sector institutions in Yendi. It did not consider taxpayers in the private sector or self-employed income taxpayers. It is therefore possible that certain demographics or income groups were overrepresented or underrepresented, which could limit the generalizability of the findings. Hence, another study of this nature can be conducted on self-employed income taxpayers in Yendi or elsewhere.

Again, the findings in this study are based on a specific set of variables related to awareness, utilization, and perception of personal tax reliefs. Other potentially influential factors or variables, such as educational level, financial literacy, financial incentive, and prior tax history, were not considered for this study. This could limit the findings of this study and hinder its generalizability. Hence, a similar study can be conducted considering these other factors or variables.



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**APPENDIX**

**UNIVERSITY OF EDUCATION, WINNEBA  
SCHOOL OF BUSINESS  
DEPARTMENT OF ACCOUNTING SURVEY  
QUESTIONNAIRE**

**TOPIC: AN INVESTIGATION OF THE IMPACT OF PERSONAL TAX RELIEFS  
ON TAX BURDEN: A CASE STUDY OF TAXPAYERS IN YENDI**

Dear respondent,

My name is Yussif Sulemana, and I am an MBA (Accounting) student in the Department of Accounting at the University of Education, Winneba. I am currently conducting research on the above-mentioned topic and I am seeking your co-operation in making this research a success through your response to this questionnaire. This research is purely an academic exercise and any information you provide would be treated as confidential.

I would therefore appreciate it if you could kindly answer all the questions in this questionnaire by choosing the options that best describe you or your opinion. Each question is included for a reason and so for your response to be useful, it is important that you answer all question. Thank you in anticipation of your feedback

**SECTION A: DEMOGRAPHIC CHARACTERISTICS OF  
RESPONDENTS**

**INSTRUCTION: PLEASE TICK (✓) IN THE BOX WHICH MATCH WITH THE  
APPROPRATE RESPONSE**

1. Gender Male  Female

2. Age 18-25  26-35  36-45  46-60

3. Above 60

4. **Highest level of education.** BECE  SSSCE/WASSCE   
CERT/Diploma/HND  First Degree  Masters   
PhD

5. **Marital status.** Married  Single  Divorced   
Widowed

6. **Number of children.** None  One  Two  Three   
Above Three

7. **Number of children attending school.** None  One   
Two  Three  Above Three

8. **Which of the following disabilities are you associated with?** (Select as many as appropriate). None  Blind  Deaf  Dump   
Physical  Mental

9. **Are you currently undergoing any training to update your knowledge?**  
Yes  No

10. **Number of aged dependents.** (If with aged dependent).  
One  Two  Three  Above Three

**SECTION B: Awareness of Personal Tax Reliefs**

Indicate the Extent to which you Agree or Disagree with the Following Statements by Ticking (✓) on the Appropriate Response.

Key: Strongly Disagree (SD)=1; Disagree (D)=2; Neutral (N)=3; Agree (A)=4; Strongly Agree (SA)=5

S/N	Statements on Personal Tax Reliefs Awareness	SD	D	N	A	SA
10	I understand how my income tax is calculated.					
11	I have knowledge about the different type of personal tax reliefs available.					
12	I am aware of the personal tax reliefs that I am eligible for.					
13	I understand how to apply for personal tax reliefs.					

**SECTION C: Utilization of Personal Tax Reliefs**

Indicate the Extent to which you Agree or Disagree with the Following Statements by Ticking (✓) on the Appropriate Response.

Key: Strongly Agree (SA)=1; Agree (A)=2; Neutral (N)=3; Disagree (D)=4; Strongly Disagree (SD)=5

S/N	Statements on Personal Tax Reliefs Utilization	SA	A	N	D	SD
14	I have never applied for any personal tax relief.					
15	I have never taken advantage of any personal tax relief.					
16	I have never benefitted from any personal tax relief.					
17	I have never claimed any personal tax relief.					

**SECTION D: Perceived Impact of Personal Tax Reliefs on the Tax Burden****Note: Skip this section if you never benefitted from any personal tax relief.****Indicate the Extent to which you Agree or Disagree with the Following****Statements by Ticking (✓) on the Appropriate Response.****Key: Strongly Agree (SA)=1; Agree (A)=2; Neutral (N)=3; Disagree (D)=4;****Strongly Disagree (SD)=5**

S/N	Statements on Impact of Personal Tax Reliefs	SA	A	N	D	SD
18	The personal tax reliefs I receives do not significantly reduce my overall tax burden.					
19	Even with personal tax reliefs, I still pay a higher amount of tax.					
20	The amount I save through personal tax reliefs is not substantial.					
21	Personal tax reliefs do not make a noticeable difference in my tax burden.					
22	I belief that personal tax reliefs do not have a positive impact on my financial situation.					
23	Personal tax reliefs are not motivating enough.					