

The Impact of Personal Tax Reliefs on Income Tax Liabilities of Employees in Ghana: A Study of University of Cape Coast Employees

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Abstract.

This study was undertaken purposefully to establish whether personal tax reliefs are attractive in Ghana in terms of its ability to significantly reduce taxpayers' income tax liabilities and also to identify challenges associated with the administration of the tax reliefs in Ghana. The study adopted the descriptive quantitative approach to research and employed questionnaires as the main data collection instrument. 132 questionnaires were administered online to employees of University of Cape Coast through their institutional email addresses. 119 responses were obtained representing 90.15% response rate. The study employed stratified sampling method followed by a simple random technique in selecting respondents into the various strata. The findings revealed that tax reliefs are not attractive; most taxpayers' tax liabilities are reduced between 2 to 4% as a result of the reliefs. The study further showed that though there is high level of tax reliefs awareness among taxpayers, Ghana Revenue Authority (GRA) did not contribute much to the awareness creation: employers did the magic. Delays in getting the reliefs approved and too much paper works were also established as the main challenges associated with tax reliefs administration. The study recommends GRA to ensure publicity on tax reliefs through provision of seminars and workshops to educate employees and employers concerning filing procedures, how to appropriately fill the relevant forms as well as appropriate documentations required to support tax reliefs applications. It is also recommended to GRA to consider online application system to ease the challenges associated with manual application. Lastly, the government is encouraged to increase the amounts associated with various tax reliefs in order to make them attractive for utilization.

Keywords: Tax Reliefs, Taxpayers, Income Tax Liabilities, Ghana Revenue Authority, University of Cape Coast.

1.0 INTRODUCTION

1.1 Background of the Study

The role of taxation in the fiscal policies of every nation cannot be overemphasized. Governments all over the world derive considerable amount of revenues from taxation to finance public expenditures on education, security, health and other social amenities for the general well-being of the citizenry. Dalton (1920) defined tax as “ a compulsory contribution by public authority, irrespective of the exact amount of service rendered for the taxpayer in return, and not imposed as penalty for any legal offence.” Tax is also defined as an authoritative command of cash flows from economic entities (individuals, businesses or societies) to support government expenditures (Ali-Nakyea, 2006).

Whilst the developed nations tend to have higher tax-to-GDP ratios, the reverse is the case in most African countries. According to the Organization for Economic Co-operation and Development ([OECD], 2019, p. 28) “The average of tax-to-GDP ratio in the 26 African countries in this publication (referred to as the “ Africa (26) average”) was 17.2% in 2017”. Generally people do not like to pay taxes as it leaks out income to the state and deprives them of purchasing power. Unfortunately, weaknesses in tax systems have aggravated the situation and administration of taxation in most developing countries are engulfed with issues of non-compliance and tax evasion.

The situation is not different in Ghana. OECD (2019) reports that Ghana’s tax-to-GDP ratio stood at 14.1% in 2017. The administration of tax policies and laws is not without challenges. Ghana Revenue Authority’s (GRA) main challenge in discharge of its constitutional mandate of collecting tax revenues on behalf of the government has been the issues of tax evasion and avoidance. The GRA continuously complains of evasion and avoidance of tax by taxpayers (Agbemava et. al., 2016). This challenge is more prevailing in the informal sector than the formal sector of the Ghanaian economy. As pointed out by Joshi and Ayea (2002) it is not impossible to tax the informal sector but such attempts are often faced with organizational and political complexities.

1.2 Research Problem

Ghana has little or no problem when it comes to taxation of the formal sector especially with taxation of incomes from business and employment. However employment taxes are seen as disincentives by many employees. Many low income earners suffer from the hands of direct taxation of emolument. Tax reliefs have always been powerful tools employed by government to enhance the purchasing power of employees without increasing their spending on personal cost. It is against this backdrop, and also following the recent upward review of personal tax reliefs in Ghana that the researcher seeks to discover the challenges surrounding tax reliefs as well as the impact of tax reliefs on the income tax liabilities of employees in Ghana.

1.3 Objectives of the Study

The specific objectives of the study were:

1. To ascertain the level of tax relief awareness among employees in Ghana.
2. To outline the challenges associated with personal tax reliefs administration in Ghana.
3. To establish whether tax reliefs significantly reduce employees’ tax liabilities.
4. To ascertain whether tax reliefs are motivating enough in Ghana.

1.4 Research hypothesis

Four hypothesis are set for this study:

Null Hypothesis (H₀) : Taxpayers are aware of tax reliefs in Ghana.

Hypothesis 1: Taxpayers have challenges with tax reliefs administration.

Hypothesis 2 :Tax reliefs significantly impact on employees’ tax liabilities.

Hypothesis 3 : Tax Reliefs are motivating in Ghana.

1.5 Significant of the Study

The study seeks to outline the impact of tax reliefs on the tax liabilities of employees. The study will enable employees appreciate how tax reliefs work out in the determination of their tax liabilities and how these reliefs indirectly put extra money in their pockets. Tax experts and researchers will also find the findings of this study stimulating and would encourage further research on the topic which would add up to store of knowledge. The findings of this research is also expected to serve as guide to the management of GRA in planning tax sensitization programs for the public. Lastly but not the least, the findings are also expected to serve as a source of information to Government of Ghana in her periodic review of tax reliefs.

1.6 Scope of the Study

The study was confined to Cape Coast Metropolitan Assembly in the Central Region of Ghana which was selected on the basis of proximity and convenience. The research covered employees of the University of Cape Coast (UCC) to assess the impact of personal tax reliefs on the tax liabilities of employees in Ghana. UCC is one of the leading public universities in Ghana uniquely located by the coast of Gulf of Guinea. She is known to be one of growing institution of higher learning in Africa; with a student population of more than 74,000. According to UCC Salaries Summary Report (July, 2020) the University’s staff strength stood at 4,965 employees in July, 2020.

1.7 Limitation of the Study.

The major challenges to this research have been time and financial constraint. Time and costs could not permit the researcher to expand the research scope to cover other regions in the country as well as employees in the private and informal sectors. A bigger sample size could have been more representative; however the research was designed such that it provided influential conclusions drawn on the basis of data gathered which could be replicated to the entire nation.

2.0 LITERATURE REVIEW

2.1 Income Tax Administration in Ghana

GRA is the body mandated to collect tax revenues to the government. It was established in 2009 by an Act of Parliament with the enactment of the GRA Act 2009, (Act 791) as a merger of the erstwhile Internal Revenue Service, Value Added Tax Service, Custom, Excise and Preventive Service and the Revenue Agencies Governing Board Secretariat. The Income Tax Act (ITA) 2015, (Act 896) as amended makes it mandatory for all income earners in the country to pay tax to the state. The Act makes it obligatory for all employers in the country to withhold taxes from employment incomes of their employees (Pay As You Earn – P.A.Y.E) in accordance with the First Schedule of the ITA 2015, (Act 896) as amended and remit same to the GRA within 15 days following the end of calendar month in which the tax was withheld. The current income tax bands are presented by Table 1 as follows:

Table 1: Monthly Income Tax Rate Applicable to Resident Individual

Chargeable Income	Tax Rate (%)	Tax Ghc	Cumulative Income	Chargeable	Cumulative Tax Ghc
First 319	Free	Nil	319		Nil
Next 100	5	5	419		5
Next 120	10	12	539		17
Next 3000	17.5	525	3539		542
Next 16461	25	4,115.25	20,000		4,657.25
Exceeding 20000 @	30				

Source: First Schedule of ITA 2015 (Act 896) as amended.

The incomes of non-resident individuals are taxed at 25%. Corporate entities pay income tax ranging from 25% to 35% depending on the nature of business, industry and location. The progressive nature of Ghanaian income tax policy puts burden on tax payers and makes certain individuals within certain tax brackets hard pressed.

2.2 Concept of Income

Income is one of the difficult concepts to define. The ITA 2015, (Act 896) provides distinction between chargeable income and assessable income. Section 2(1) of the Act states that “ The chargeable income of a person for a year of assessment is the total of the assessable income that person for the year from each employment, business or investment less deduction allowed under this Act.”Section 39(1) further provides that “ The assessable income of a person for each year of assessment is the income of that person from any employment, business or investment.” This implies that in computing the income tax liability of persons in Ghana, all income sources of that person are assessed separately under employment income, business income and investment incomes and appropriate tax rates are applied. Ghana’s income tax is a source based. Section 3(3) states that an income has a source in Ghana if it accrues in or derived from Ghana. Again in assessing income from employment, all allowances and other benefit-in-kind are included unless they are specifically exempt from tax. The conceptual framework of income under Ghana’s tax law is illustrated below by Figure 1:

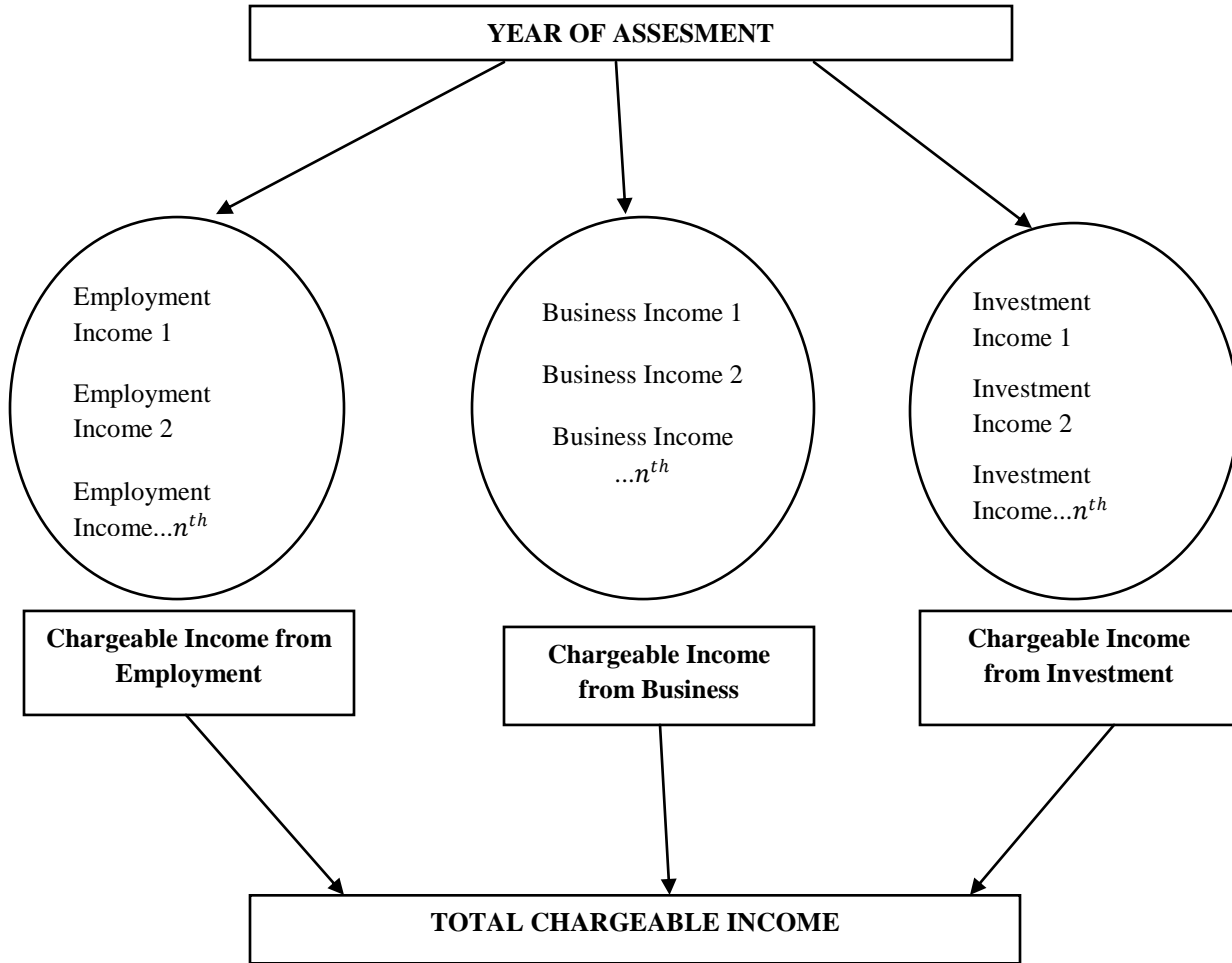


Figure 1: The Conceptual Framework of Income

Source: Researcher's Own Construct, 2020.

2.3 Tax Reliefs

Agyei and Gyamerah (2014) defined tax relief as any allowance approved by law with the aim of reducing taxpayers taxable income with ultimate goal of lessening their tax burdens. According to Cosmin et. al., (2013) personal deduction offsets higher tax rates leading to smaller taxable income. "Hence, in a progressive tax administration, a person's position in relation to his commitment is considered by granting him/her the reliefs to ease the tax burden on him/her" (Adams, 1998 as cited in Arhin, 2019). In realizing this, the Government of Ghana reviewed upward the personal tax reliefs available to resident individuals following the passage of the Income Tax (Amendment) Act 2019, (Act 1007). The reliefs are available in the categories of marriage, child education, aged dependent, disability relief, professional training etc. The current available reliefs per annum are provided below per Table 2:

Table 2: Changes to Personal Tax Relief in Ghana

Description	Old Personal Reliefs Ghc	New Personal Reliefs Ghc
Dependent Spouse or at least two dependent children	200	1,200
Individual with disability	25% of assessable income from business or employment	25% of assessable income from business or employment
Individual who is 60years and above	200	1,500
Individual sponsoring education of a child or ward (limited to three children)	200	600
Dependent relative who is 60years and above	100	1,000
Training to update the professional, technical or vocational skills or knowledge	400	2,000

Source: Deloitte, Tax Update, January 2020, Page 2.

2.4 Empirical Review

Allingham and Sandmo (1972) concluded that government review of the tax rates, penalty rates and level of expenditure on tax investigations are tools required to counter tax evasion. Their theory assumes that tax authorities are not aware of all the incomes accruing to tax payers and therefore tax payers have tendencies of not declaring all their incomes. Their study looked at some static and dynamic aspects of decision to evade income taxes. They opined that taxpayers are confronted with two alternatives: 1. To declare their full incomes (W) which is known to them only and pay tax at $W\theta$, where θ is the tax rate or 2. To under declare their income (X) and pay tax at $X\theta$. They further stressed that such decisions are taken under conditions of uncertainties. If alternative 2 is chosen and there is no tax investigation, the taxpayer is better off to the extent of forgone tax on the undeclared income $\theta(W-X)$. However, if the taxpayer is investigated and caught, then he is worse off to the extent by which the penalty tax rate (\bar{n}) exceeds the normal tax rate tax (θ). In that case the taxpayer pays higher tax on undeclared income at $\bar{n}(W-X)$. They concluded among others that tax investigation activities (tax audits) help in ascertaining true incomes of taxpayers and application of punitive tax penalties becomes powerful tool for government to counter tax payers decisions to evade tax.

Agyei and Gyamera (2014) conducted research on the awareness of tax relief scheme in Ghana and concluded that majority of employees were aware of tax reliefs in Ghana except that only 19.2% of them have applied for the reliefs before. They further assigned some reasons to this low filing rate including but not limited to failure of employers to file for tax reliefs on behalf of their employees, tax reliefs amounts not motivating enough and the filing processes or procedures being cumbersome.

Again, Pobbi et al. (2018) in their research on utilization of personal tax reliefs schemes in the context of tax evasion in Ghana, the researchers concluded that the public objective of government making incomes available to taxpayers through tax reliefs in order to promote tax compliance has not been met. They asserted that there was low awareness and utilization rates. They further posited that lengthy administrative procedures, paltry amount of tax reliefs and ignorance of the existence of tax reliefs were the contributory factors which accounted for the low utilization. Their study further identified that utilization of tax reliefs leads to prevention of tax evasion.

Again, a research conducted by Agbemava et. al. (2016) on the effectiveness and usefulness of personal tax relief administration in Ghana revealed that though tax administration is helpful to taxpayers, it is ineffective. Factors underlining this ineffectiveness were identified as inadequate tax education, incorrect form filing and low staff motivation on the part of Ghana Revenue Authority staff.

Omane and Affum (2020) conducted a research on the utilization of tax reliefs among workers in Ghana: A case study of University of Hospital, Legon. Their study concluded that 76% of taxpayers in Ghana are unaware of the existence of tax reliefs. They further attributed the situation mainly to the failure of GRA to embark on vigorous seminars or sensitizations on the availability of these tax reliefs to the Ghanaian workers. Complex filing procedures were also identified as a contributory factor underlining the low utilization rate.

3.0 METHODOLOGY

3.1 Introduction

The crucial part of any study is the methodology which provides systematic framework upon which the research process is carried out. This section discusses the research framework upon which the research objectives were achieved.

3.2 Research Design

The study employed the quantitative research approach and the descriptive research design in obtaining realistic data for achieving the research objectives. Creswell (2003) defines descriptive survey as a data collection strategy which aims at testing hypothesis or providing answers to research questions pertaining to current status of a subject matter under investigation. Structured questionnaires were used as a data collection tool and the main research instrument. The questionnaires were designed with close ended questions and were self-administered. Close ended questionnaires have known advantages over open ended questionnaires and are highly recommended in social science research (Sekaran & Bougie, 2016).

3.3 Target Population

Burns and Grove (1997) defined target population as “ the entire aggregation of respondents that meet the designated set of criteria.” The target population of this study is the entire employees of UCC. This was chosen as a result of convenience. The composition of employees as of July 2020 per Salary Summary Report is given by Table 3 as follows:

Table 3: Composition of Employees

Employee Category	Number of Employees	Percentage (%)
Junior Staff	2543	51.2
Senior Staff	1444	29.1
Senior Members	978	19.7
Total	4965	100

Source: UCC Salary Summary Report, July, 2020.

3.4 Sample and Sampling Technique

The study employed stratified random sampling technique in selecting the respondents due to the unique characteristics of various staff categorizations (strata) within the population. This is to give fair representation of each staff category in the population. Kothari (2000) posited that an optimal sample is characterized by efficiency, reliability, flexibility and representativeness. 132 questionnaires were administered online through institutional e-mail address of the respondents based on the staff composition as follows: Junior Staff 68 (0.512*132), Senior Staff 38 (0.291*132) and Senior Members 26 (0.197*132). A simple random sampling was then used to select respondents into each strata (employee category).

3.5 Sources of Data.

In order to describe appropriately the impact tax reliefs have on employees' tax liabilities, first-hand information were needed. The study therefore, used primary data that were sourced for the first-time from respondents through self-administered questionnaires.

3.6 Data Collection Method

The main research tool used in collecting data was questionnaires. The questionnaires were closed ended and organized into five main broad sections. Section A was on “Demographic Characteristics” of respondents, Section B was on “Tax Relief Awareness”, Section C was on “Tax Relief Application Challenges”, Section D was on “Impact of Tax Reliefs” and Section E was organized on “ Tax Relief Attractiveness and Motivation”. A total of 132 questionnaires were administered online and 119 of them were responded to representing 90.15% response rate. Details are given as by Table 4 below:

Table 4: Response Rate

Employee Category	Questionnaires Administered	Responses Received	Response Rate %
Junior Staff	68	67	98.5
Senior Staff	38	32	84.2
Senior Members	26	20	76.9
Total	132	119	90.2

Source: Field Data, 2020.

3.7 Data Processing Methods

Data obtained were organized and summarized using tables, figures, charts, frequencies and percentages as the main statistical instruments.

3.8 Validity and Reliability

To measure exactly what is planned or targeted to be measured is validity (Field, 2005). The questionnaires administered were subjected to critical pre-testing through initial administration to 15 respondents. All issues bordering on errors and omissions were detected and corrected before embarking on the actual field work. This was done to ensure that the self-administered questionnaires were easy to comprehend by the respondents and also to ensure that they produce the required data needed for the study.

4.0 FINDINGS AND DISCUSSION

4.1 Demographic Characteristics of Respondents

The bio-data of respondents were: Age, Gender, Marital Status, Educational Background, Number of Children, Number of Children Attending School, Aged Dependent Status and Number of Aged Dependent. This was necessary to determine the number of tax reliefs respondents qualify to apply for. The results of the demographic characteristics of the respondents are presented by Table 5 below:

Table 5: Demographic Characteristics of Respondents.

Demographic Factor	Responses	Percentage
1. Age		
10-20	3	2.52%
21-30	24	20.17%
31-40	46	38.65%
41-50	31	26.05%

51-60	15	12.61%
Total	119	100.00%

2. Gender

Male	85	71.43%
Female	34	28.57%
Total	119	100.00%

3. Marital Status

Married	91	76.47%
Single	28	23.53%
Total	119	100.00%

4. Educational Background

B.E.C.E	47	39.49%
WASSCE	22	18.49%
HND/1 ST Degree	21	17.65%
Masters/Professional Certificate	18	15.13%
Ph.D.	11	9.24%
Total	119	100.00%

5. Number of Children

None	15	12.61%
One	33	27.73%
Two	30	25.21%
Three	28	23.53%
More than Three	13	10.92%
Total	119	100.00%

6. Number of Children Attending

School

None	22	18.49%
One	34	28.57%
Two	30	25.21%
Three	23	19.33%
More than Three	10	8.40%
Total	119	100.00%

7. Aged Dependent Status

With Aged Dependents	88	73.95%
Without Aged Dependents	31	26.05%
Total	119	100.00%

8. Number of Aged Dependent

One	47	53.41%
Two	36	40.91%
Three	5	5.68%
Total	88	100.00%

Source: Field Data, 2020

85 out of 119 respondents are males representing 71.43% representing 34 respondents are females representing 28.57%. The findings therefore represent views of males than females. 3 out of the 119 respondents representing 2.52% have ages between 10-20years, 24 out of 119 respondents fall within the age bracket of 21-30years; representing 20.17%, 38.65% of the respondents (46 out of 119) have ages within 31-40 years; those falling between the age bracket of 41-50years constitute 26.05% (31 out of 119) and 12.61% of the respondents (15 out of 119) have ages between 51-60years. This implies that majority of the respondents are matured people who are highly likely to qualify for more tax reliefs such as marriage relief, child education, aged dependent reliefs. This is supported by the fact that 91 out of 119 respondents representing 76.47% are married and are eligible for Marriage Relief. Only 23.53% (28 out of 119) of the respondents do not qualify for Marriage Relief. Again, only 15 out of 119 respondents representing 12.61% have no children. 27.73% (33 out of 199) have a child, 25.21% (30 out of 119) have two children, 23.53% (28 out of 119) have three children and 10.92% representing 13 out of 119 respondents have more than three children. Only 18.49% (22 out of 119) do not have children attending schools. 28.57%, 25.21%, 19.33% and 8.4% (constituting 34, 30, 23 and 10 out of 119 respectively) have one, two, three and more than three children attending schools respectively. This guarantees that majority of the respondents qualify for the Child Education Relief. 88 respondents out of 119 respondents representing 73.95% have aged dependents. Out of the 88 respondents who have aged dependents, 47 of them representing 53.41% have one dependent, 36 representing 40.91% have two dependents 5 of them representing 5.68% have three dependents. This suggests that most of the respondents qualify for Aged Dependent Relief. However, 31 out of 119 respondents representing 26.05% do not have aged dependents.

4.2 Testing the Null Hypothesis (H_0): Taxpayers are aware of tax reliefs in Ghana.

The responses obtained indicated that 115 out of 119 respondents representing 96.60% are aware of available tax reliefs in Ghana. Only 4 respondents representing 3.40% responded that they are not aware of the tax reliefs. The result is in agreement with the findings of Agyei and Gyamera (2014) who concluded a high tax reliefs awareness rate of 78.1%. Figure 2 provides pictorial view of the responses. This implies that most of the respondents have appreciable knowledge of the existence of available tax reliefs in Ghana. The null hypothesis is supported.

Again, probing further, 116 out of 119 respondents representing 97.48% indicated the source of their awareness. 24 out of 116 respondents constituting 20.70% got aware from their colleagues, 81 respondents representing 69.8% were informed by their employer, 5 out of 116 respondents became aware through GRA sensitizations, whilst 6 out of 116 respondents representing 5.2% were informed by their trade unions. This implies that most of the education was done by the employer but not GRA which is the statutory body mandated for public sensitization on tax relief awareness as illustrated by Figure 3.

Similarly, on the question of whether GRA is vigorously pursuing public sensitization, 29 out of the 119 respondents representing 24.4% strongly disagree, 48 out of 119 respondents representing 40.3% disagree, 9 respondents representing 7.6% were neutral, 28 out of 199 respondents representing 23.5% agree and 5 out of 119 respondents representing 4.2% strongly agree. This finding suggests that GRA is not pursuing public sensitization on personal tax reliefs. This is depicted by Figure 4 below:

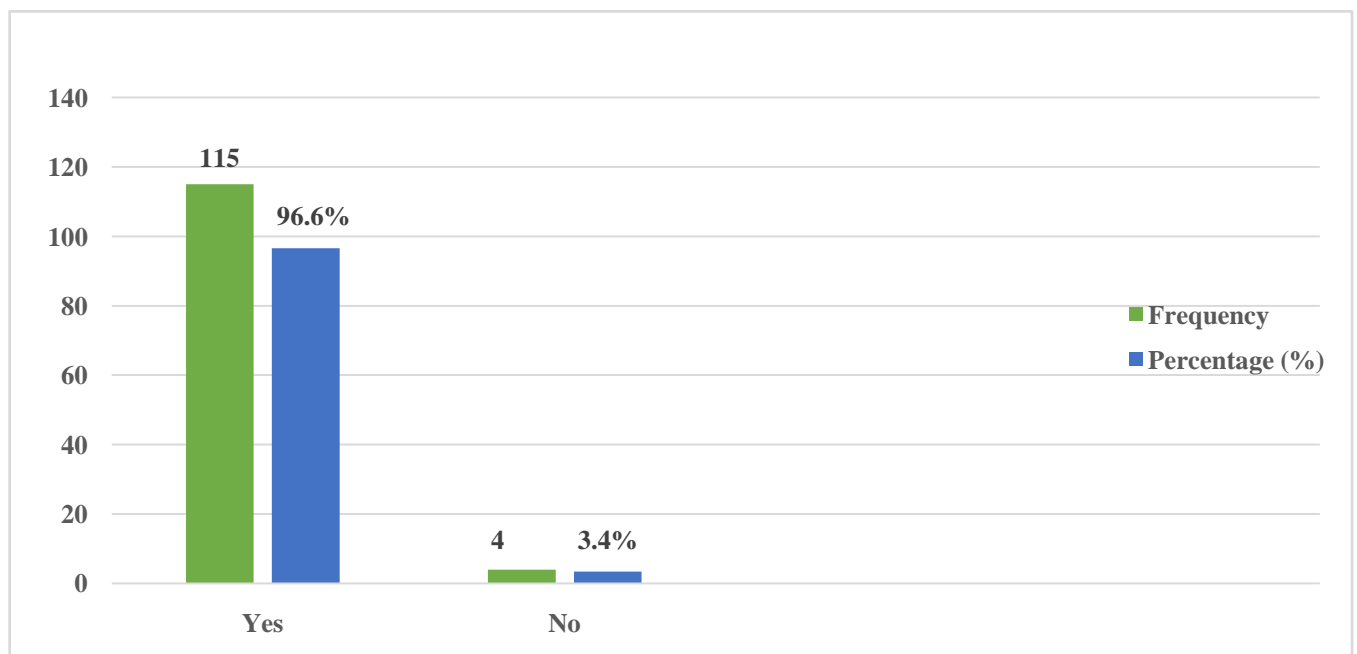


Figure 2: Tax Relief Awareness Level of Respondents.
Source: Field Data, 2020.

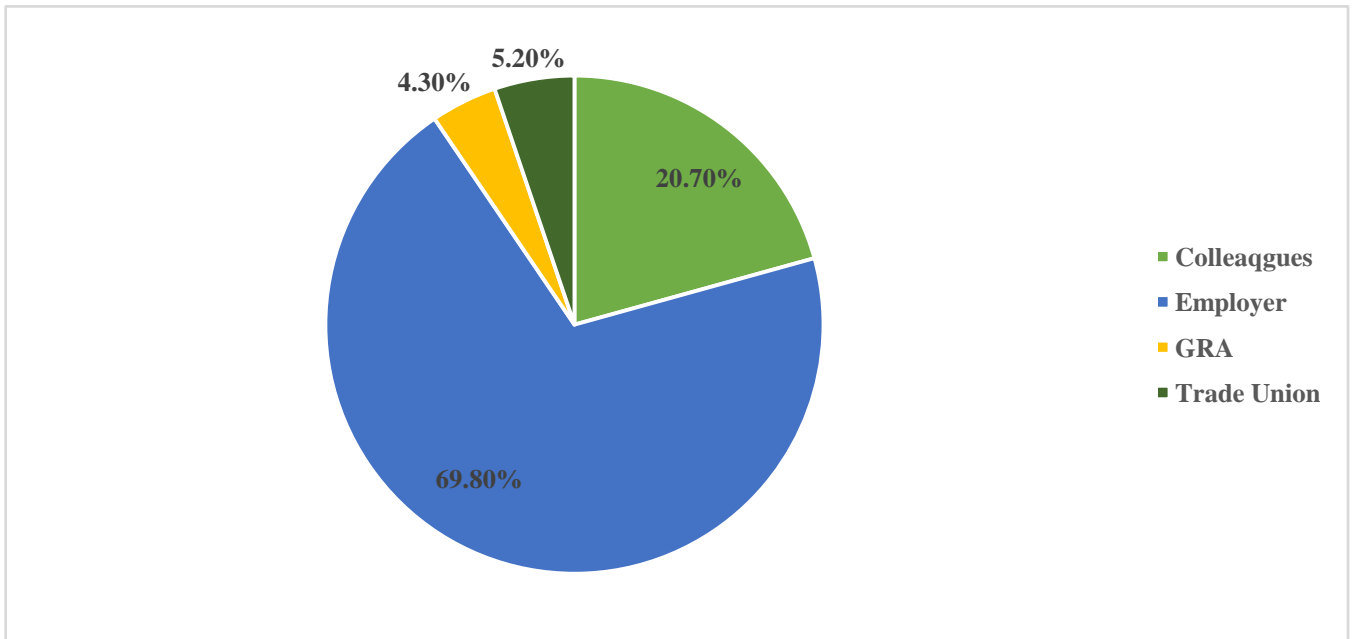


Figure 3: Respondents' Source of Tax Relief Awareness.
Source: Field Data, 2020.

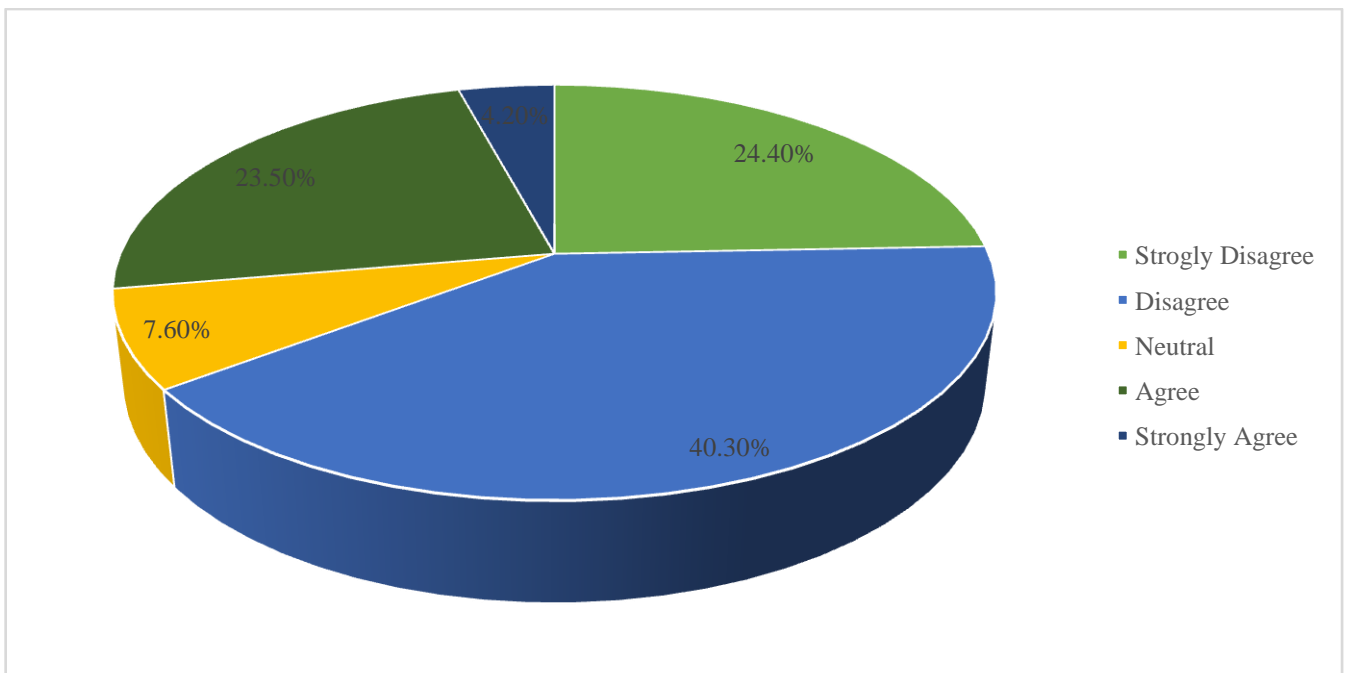


Figure 4: Extent of Respondents' Agreement on Public Sensitizations on Tax Reliefs by GRA.
Source: Field Data, 2020.

4.3 Testing Hypothesis 1: Taxpayers have challenges with tax reliefs administration in Ghana.

To test whether there are challenges with the filing process, taxpayers were asked a number of questions ranging from whether they have ever applied for tax reliefs before, to respond to the question on the nature of filing process as well as to indicate the time it took to get the reliefs approved. The results are presented by Table 6 below:

Table 6: Responses on Nature of Filing Process

Applied for tax relief before?	Frequency	(%)	Nature of Filing Process	Frequency	(%)	Tax Relief Approval Period	Frequency	%
Yes	99	83.19	Involves Paper Works	69	70.41	Up to a Month	9	9.18
No	20	16.81	Bureaucratic	8	8.16	2 to 4 months	47	47.96
			Simple and Straight Forward	21	21.43	5 to 8 months	25	25.51
						More than 8 months	1	1.02
						Not Yet Approved	16	16.33
Total	119	100.00	Total	98	100.00		98	100.00

Source: Field Data, 2020.

The findings show that 99 out of 119 respondents representing 83.19% have filed for tax reliefs before. 20 respondents representing 16.81% have never applied for tax reliefs before. This implies that majority of the taxpayers have gone through the filing process before and capable of expressing their opinions on the challenges that face tax relief administration in the country. 98 out of 99 respondents who have applied for tax reliefs before representing 98.99%, 69 of them representing 70.41% responded that the nature of tax relief application process involves a lot of paper works. 21.43% think the filing process is simple and straight forward while 8.16% think the process is bureaucratic in nature. This implies that the application process is not simple.

98 out of 99 respondents who have applied for tax reliefs before, representing 98.99% responded to the question on the time it took them to get the tax reliefs approved. 47 out of the 98 respondents representing 47.96% responded that it took them between 2 to 4 months to get their applications approved. 25.51% of them had their tax relief application approved between 5 to 8 months whilst 9.18% had theirs approved within a month. 16.33% indicated that their applications are yet to be approved. This implies that it takes longer period to get the tax reliefs approved. Hypothesis 1 is therefore supported.

4.4 Testing Hypothesis 2: Tax reliefs significantly reduce employees' tax liabilities.

Respondents were asked to indicate the extent to which tax reliefs reduce their tax liabilities (tax savings). Out of 94 responses received, 57 respondents representing 60.64% have their tax liabilities reduced between 2% to 4%. 24.47% have their tax liabilities reduced up to 1%, 9 of the respondents representing 9.7% have theirs reduced between 8 to 10% while 1.06% have their tax liabilities reduced by more than 10%. The findings clearly suggest that tax reliefs do not significantly reduce taxpayers' tax liabilities and therefore the hypothesis is not supported. Figure 5 presents the findings below:

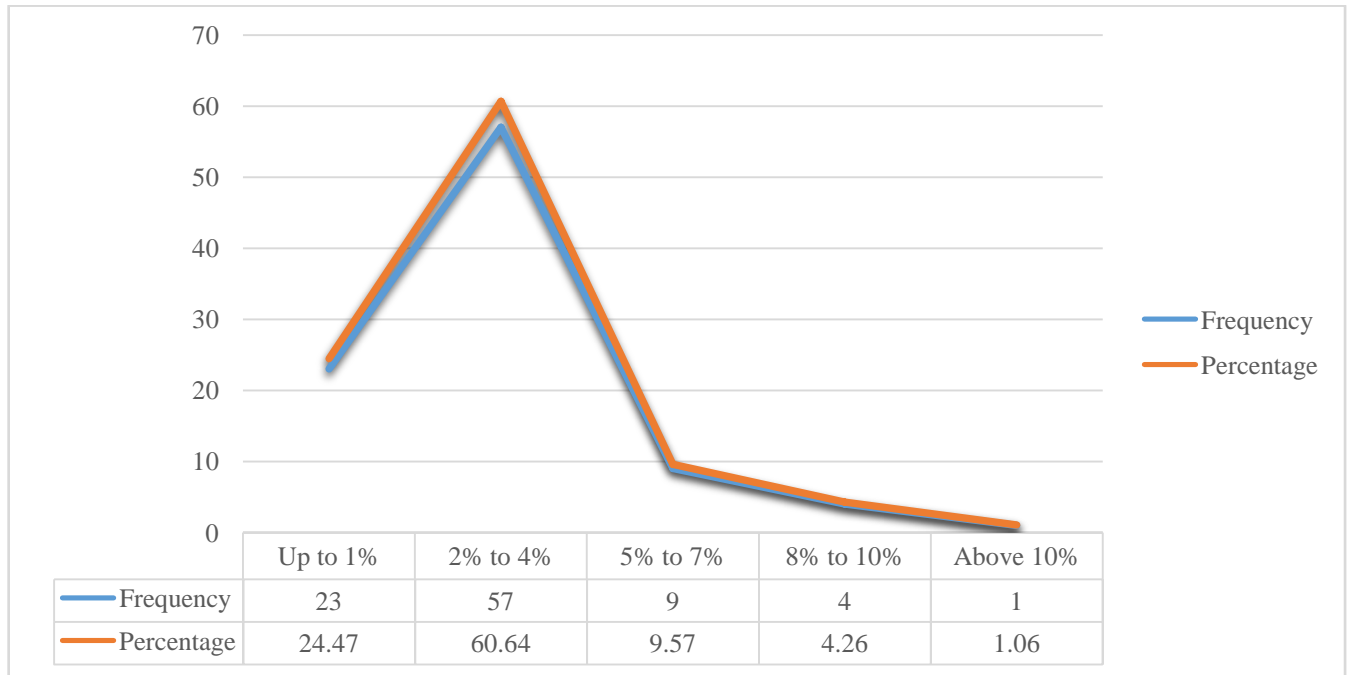


Figure 4.3: Extents to which Tax Reliefs Reduce Respondents' Tax Liabilities.

Source: Field Data, 2020.

4.5 Testing Hypothesis 3: Tax Reliefs are motivating in Ghana.

94 respondents responded to the question on whether their tax savings motivate them to utilize the reliefs again. The results are displayed by Table 7 below:

Table 7: Responses on Tax Reliefs Motivation and Attractiveness.

1. Will Your Tax Saving Encourage You To Re-Apply for Tax Reliefs?	Frequency	Percentage	2. Are Tax Reliefs Motivating and Attractive?	Frequency	Percentage
Yes	49	52.13%	Yes	29	25.44%
No	45	47.87%	No	85	74.56%
Total	94	100.00%	Total	114	100.00%

Source: Field Data, 2020.

49 out of the 94 respondents representing 52.13% responded Yes while 45 respondents representing 47.87% responded No. Respondents were further asked whether tax reliefs in Ghana are motivating and attractive. 114 responses were obtained. The findings indicate that 85 of them representing 74.56% responded No while 29 respondents representing 25.44% responded Yes. This implies that though taxpayers (who are already utilizing the reliefs) would file for tax reliefs annually, the reliefs are not motivating and attractive enough.

5.0 CONCLUSIONS AND RECOMMENDATIONS

The study reveals that though the awareness level of tax reliefs among taxpayers is very high; most of the publicity were done by employers rather than the GRA. Taxpayers are also of the view that the filing procedures are

bureaucratic and involves a lot of paper works and documentations. Other challenge associated with the tax reliefs identified by the study relates to the fact that it takes longer period before the reliefs are approved by the GRA. Again the study revealed that the paltry tax reliefs do not enhance taxpayers' tax savings and therefore not attractive enough to warrant their utilization.

On the basis of the above, the following recommendations are suggested:

- GRA needs to vigorously pursue public sensitization on the tax reliefs for both employees and employers concerning the availability of the reliefs, filing processes, how to fill the relevant forms as well as the documentary evidences needed to support the applications.
- Introduction of online filing procedure to lessen the lengthy paper works whilst ensuring that the filing process is kept simple and devoid of bureaucracy. This would also ensure that taxpayers would get their tax reliefs approved earlier as online processing would short cut the application procedures.
- Government of Ghana should further increase the tax relief amounts to make the reliefs more attractive. This would encourage taxpayers to fully utilize them and hence achieve the government aim of preventing tax avoidance and evasion through introduction of tax incentives such as the tax reliefs.

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