

TAXPAYERS' SATISFACTION REGARDING VAT IN RUPANDEHI

A Dissertation submitted to the Office of the Dean, Faculty of Management in
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by

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Taxpayers’ Satisfaction Regarding VAT in Rupandehi”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Abstract

The largest source of any state is tax revenue. To increase tax revenue and increase the satisfaction of VAT taxpayers, government should constantly analyze the factor that affects the satisfaction. The study aims to investigate the correlation between the service quality of tax offices/officers, tax rates, tax collection procedures, tax policy, and tax refund practices with the satisfaction of VAT taxpayers in Rupandehi district, Nepal. This study uses a quantitative approach. Primary data is collected from 370 respondents using administered questionnaire. Purposive sampling is used for sampling. Data are analyzed using correlation and regression analysis. The results of this study is tax collection procedures, tax rates, tax policy and tax refund practices significantly affects the satisfaction of VAT taxpayers' whereas service quality of tax office/ officers didn't considered to be significant factor by the respondents for maximizing satisfaction.

Keywords: *Taxpayers' satisfaction, service quality of tax offices, tax rates, tax policy, tax collection procedures, tax refund practices.*

CHAPTER I

INTRODUCTION

1.1 Background of Study

Nowadays the prime concern of every country is to make rapid economic development by uplifting the socio-economic conditions of its people. Besides this the government of a country has to perform other activities such as handling day to day function, carrying out development plans, maintain peace and security and launch public welfare activities. So for these purposes government needs sufficient funds which can be collected through tax sources, fees, grants, donations, domestic as well as foreign loans. Among these sources, taxes are the major source of revenue for government.

Tax is, in simple terminology, a liability to pay an amount to the government (Cummings et al., 2009). It is a compulsory contribution to the national revenue from the taxpayers according to law. The government relies heavily on tax revenue, which is a crucial source of funding for the country's development. The tax structure's design plays a significant role in shaping the country's economy. As highlighted by Khanal (2018), a tax system that promotes easy business operations and minimizes the possibility of tax evasion contributes to a nation's economic prosperity. Nepal has a well-established tax framework, with tax levying authority divided among the federal, provincial, and local levels of government as mandated by the constitution.

In Nepal, taxes are categorized as direct and indirect (Dangal, 2021). Direct taxes are paid directly by individuals and organizations to the imposing authority, encompassing income taxes, service taxes, royalties, and capital gain taxes. Conversely, indirect taxes, such as VAT, customs duty, and excise duty, are not paid directly to the imposing authority and apply to goods and services. Understanding these distinctions is crucial for navigating Nepal's tax system.

In Nepal, Tax Department and Value Added Tax Department were merged into one Inland Revenue Department (IRD) in the year 2002. Prior to the merger, income tax was under the jurisdiction of Tax Department, whereas the excise duty and value added tax were under the jurisdiction of Value Added Tax Department. Since the merger, IRD is responsible for formulation and implementation of tax policy and the administration of various taxes such as income tax, value added tax, house rent tax and interest tax and

excise duty. Under this department, a total of 84 operational level offices including 1 Large taxpayer's office, 1 Medium level taxpayer's office, 43 Inland Revenue offices and 39 Taxpayer service offices and organization structure of about 1700 manpower have been approved (Inland Revenue Department, 2022). These offices are responsible for day-to-day collection of tax. As per Inland Revenue Department (2022), the total number of taxpayers opting for permanent account number was 5,554,026. 116,675 taxpayers were registered on Excise duty and 308,477 taxpayers were registered on VAT. The tax amount collected on VAT was Rs 290.6 billion. This number shows the achievement of VAT collection of around 72.93% of the targeted amount of Rs 398.46 billion for the fiscal year 2079/80.

Value-Added Tax (VAT) is a tax imposed on the value added at each stage of the production and distribution process of goods and services, with the exception of those specifically designated as tax-exempt by law (Upadhaya, 2022). Considered an advanced form of sales tax, VAT has supplanted the previous Sales Tax, Contract Tax, Hotel Tax, and Entertainment Tax. Although it was initially introduced on November 16, 1997, political instability and strong opposition from the business community delayed its full implementation until the fiscal year 1998/99. This comprehensive tax system aims to enhance tax collection, improve efficiency, and reduce tax evasion, positioning it as the cornerstone of the income tax system in Nepal.

Value Added Tax (VAT) is a levy imposed on the value added to goods and services consumed domestically in Nepal or those exported abroad. This taxation principle is predicated on the notion that at each stage of the production and distribution process, every producer or distributor contributes value to the raw materials procured, and it is this augmented value that is subject to taxation. Consequently, VAT is ultimately apportioned to the end consumer. Within the VAT framework, entities engaged in production, distribution, and service provision levy VAT on their sale of products or services. The variance between the VAT accrued from sales and the VAT levied on purchases determines the amount necessary for remittance or refund. Consequentially, in instances where the tax liability on sales surpasses that of purchases, the dealer or business entity remits the surplus, whereas if the tax on sales is less than that on purchases, the dealer retains the option to carry forward the credited amount to subsequent accounting periods.

According to Upadhaya (2022), VAT divides all goods and services into two basic categories, taxable and tax-exempt. Goods and services are either taxed at the standard rate of 13 percent or they are taxed at 0%. Those taxed at the standard rate include all goods and services except those which are specified as taxed at 0% or tax-exempt.

Value Added Tax (VAT) will be collected exclusively by individuals or entities duly registered for VAT purposes. Upon exceeding specific turnover thresholds, compulsory registration is mandated. The turnover limits are as follows:

- Solely goods-oriented: Exceeding NRs 5 million within the previous 12-month period
- Solely services-oriented: Exceeding NRs 2 million within the previous 12-month period.
- Dealing in both goods and services: Exceeding NRs 2 million within the previous 12-month period.

Exemptions are applicable to salaried employment, banking and financial services, education and health services, agricultural produce, and certain non-profit ventures.

IRD focuses on revenue generation at optimum level and for the same purposes various measures have been taken by IRD to encourage taxpayers for voluntary compliance. Inland Revenue Department had introduced an E-system and has been encouraging taxpayers to use it in the past few years, focused on that the tax compliance rates, updated and favorable tax policies and has taken measures of punishment and reward for increasing tax collection. With such efforts being carried out, the concrete study on taxpayers' level of satisfaction has merely been measured in Nepal. So, this study focuses on the effects of these reform measures on tax collection, the tax compliance status due to these measures, the current satisfaction level of the VAT taxpayers and factors that affect the satisfaction of taxpayers regarding VAT.

1.2 Problem Statement

The need for faster and sustainable growth of the economy is the major concern for very developing nations around the world. For the same purpose, the countries need the tremendous public expenditures in the field of infrastructures, health, communications, and technology. The funds for making expenditures come from mainly tax and non tax

sources of government. Tax sources include direct and indirect taxes. Indirect taxes play a significant role in the tax structure of developing nations such as Nepal, with the Value Added Tax (VAT) having been operational for the past eighteen years. However, it confronts various challenges stemming from inadequate administration, ethical deficiencies, and pervasive corruption, and political instability, issues related to non-issuance of bills, limited scope, and instances of VAT evasion. Addressing these challenges and enhancing effective VAT implementation necessitate the implementation of several fundamental measures, including the establishment of a robust billing system, efficient tax administration, stringent billing enforcement, broadened scope, and the introduction of computerization.

The study conducted by Serim, Inam and Murat (2014) identified the need of service quality of tax officers as major factor for increment of tax payers satisfaction. Similarly, the study conducted by Sharma (2014) showed that VAT-registered entities express satisfaction with the administrative procedures, tax collection policies, and practices; however, there is a prevailing discontent with the process of receiving cash VAT refunds. Another study conducted by Prawati and Dewi (2018) highlighted the performance expectations and system quality as factors contributing for corporate taxpayers interest using e-filing system. Further, study conducted by Ahmed (2020) stressed on the ease of use, usefulness and credibility of system as major forces for taxpayers satisfaction. Sukei and Yunaidah (2020) concluded that there is a significant effect of tax socialization, high-quality service products, and excellent customer service on taxpayer satisfaction. According to Ahmed and Faisal (2021) tax rates, taxpaying system and behaviors of tax employees showed significant and positive relationship with taxpayer's satisfaction. The studies conducted by Kresnandita et al. (2023) identified that quality of information and system have a significant effects on the user of personal tax payers satisfaction whereas service quality didn't seem to have significant impact on satisfaction. However, very few studies has been conducted in Nepal regarding the matters of taxpayers satisfaction and does not provides a complete understanding of important factors affecting taxpayers satisfaction regarding VAT specifically. So, following research questions are proposed to identify the taxpayer's satisfaction regarding VAT in Rupandehi.

- Are VAT taxpayers satisfied regarding service quality of tax officers/ offices?
- Are VAT taxpayers satisfied on the tax collection procedures?

- Are taxpayers satisfied with the existing tax policy regarding VAT?
- What are the factors that impact the taxpayers' satisfaction regarding VAT?

1.3 Objectives of the Study

The main objective of the survey is to analyze the satisfaction level of taxpayers with regard VAT, the existing tax policy, quality of services and tax documents, tax procedures and administrative mechanism. The specific objectives of the study are:

- To assess the VAT taxpayers' satisfaction about the quality of services provided by the revenue/tax offices.
- To examine the level of VAT taxpayers' satisfaction on the tax collection procedures.
- To measure the level of VAT taxpayers' satisfaction with the existing tax policy.
- To identify the factors that is considered important by VAT taxpayers for satisfaction.

1.4 Hypotheses

The research mainly aims to understand what motivates VAT taxpayers to pay VAT and what factors are responsible for VAT evasion. After going through problem statement and review of literatures different factors have been identified and accordingly various hypotheses have been formulated. Thus based on analysis, following hypotheses are proposed for the study:

H1: There is no significant relationship between service quality provided by tax office/officers and VAT taxpayers' satisfaction.

H2: There is no significant relationship between tax collection procedures and VAT taxpayers' satisfaction.

H3: There is no significant relationship between tax policy and VAT taxpayers' satisfaction.

H4: There is no significant relationship between tax rates and VAT taxpayers' satisfaction.

H5: There is no significant relationship between tax refund practices and VAT taxpayers' satisfaction.

1.5 Rationale of Study

The Nepalese tax market is relatively small and is still in growing phases. There has been tremendous development in tax coverage area and tax collection amount since the past few decades. The number of tax payers have rose significantly contributing to the increment of government revenue from tax sectors.

The study primarily focuses on current status of taxpayers' satisfaction and factors that affects tax payers' dissatisfaction resulting tax evasions. The results and findings of the study can be useful to tax collection authorities for indentifying the factors leading to VAT tax payers' satisfaction and areas where the tax authorities can make improvements for better tax collections.

On the other hand, the result of the study also supports government for getting a glimpse into tax policies that are considered to uplift the motivation of taxpayers' for tax payment. The study also shows the current scenario of satisfaction level of implemented VAT related tax policy and states the measures required for growing the morale of taxpayers'.

1.6 Limitations of Study

There are several limitations in this study. Since, the study is being carried for academic purpose limitation of time is bound to occur. The sample size selected for the research purpose is relatively small and covers within Rupandehi districts. All the respondents are corporate tax payers of Rupandehi district. Though the result of the study will be useful and convincing, it will not be representative of the whole population of Nepal. The generalization of findings of this research may be inappropriate as it may not be applicable in other areas of the country.

CHAPTER II

LITERATURE REVIEW

The government of every country around the globe focuses on proper economic growth of their respective country. Economic growth is possible only through the investment in infrastructural, industrial, agricultural, hydro etc sectors of the economy. For this purpose the government requires the larger sum of money which is generally collected through Tax, foreign grants, foreign and domestic debts. Among these sources, tax sources are the major source of revenue for the government. Thus, this chapter deals with the conceptual review, theoretical review and empirical review of the tax.

2.1 Conceptual Review

This part focuses on the conceptual review of literature:

2.1.1 Tax

According to Kresnandita et al. (2023) taxes are the transfer of resources from the private to the public sectors and are evaluated according to their purpose and the ways in which they affect society, individual incomes, consumption trends, fundamental pricing, supply, and demand. Awaluddin and Tamburaka (2017) defined taxes as a taxpayer's contribution to a nation that is owed by an entity or person that is legally obligated to use coercion and are not repaid directly and are instead utilised by the government to further the welfare of the populace.

2.1.2 Tax Policy

According to Zheng et al. (2020) tax policy is the governments' valuable instrument to combat inequality and encourages the prospect of income redistribution through benefits and services offered by the government. Abuselidze (2020) stated that tax policies are fiscal policies which boost the nation's prosperity by increasing economic activity thereby lowering unemployment and improves living and working circumstances, creating and establishing human capital and a fundamental social security system.

2.1.3 Service Quality

As per Borishade et al. (2021), service quality is the experience that pertains to consumers' expectations and perceptions of the service provided. Ali et al. (2021) defined service quality as a combination of the terms "service" and "quality" where Service describes the fundamental elements of a specific service, and quality alludes to the

application of a user-based strategy primarily. Additionally, service quality collectively refers to the significance of the service to the client.

2.1.4 Satisfaction

Amin, et. al.(2021) defines satisfaction as the positive feelings towards task performed. As per Dewi and Prawati (2018) “customer satisfaction is the overall evaluation of user experience in using certain systems and also includes the advantages that it can get from the system.”

2.1.5 Tax Socialization

Lestary, et al. (2021) defines tax socialization as the Tax Directorate General's attempt to provide taxpayers with information or guidance that includes the understanding of tax laws and practices in order to comprehend and be conscious of their tax responsibilities.

2.1.6 Tax Rates

Tax rates are expressed as a percentage (%), so the higher the value of the tax object, the higher the tax rate that must be paid. Tax rates are one of the elements that determine the sense of justice in tax collection. Money value is the standard used in calculating the imposition of tax rates. (*Journal of Accounting and Finance Management*)

2.2 Theoretical Review

2.2.1 Theory of Service Quality

The concept of service quality encompasses several factors, including customer satisfaction, contentment, and loyalty. Gong and Yi (2017) found that customer happiness hinges on the quality of service, and their research indicated that customer satisfaction is closely linked to service quality. Therefore, proficient service quality leads to positive outcomes that benefit customers. In much of the literature, service quality is characterized by the variance between customer perception and expectation (Ntabathia, 2013), and due to its complexity, there is no single definitive definition of what service quality constitutes.

The evolution of various service quality models has introduced frameworks such as the SERVQUAL and SERVPERF scales. The SERVQUAL model, established by Parasuraman, Zeithaml, and Berry in 1988, serves to provide a quantitative assessment of

service quality. This model encompasses five essential dimensions of service quality: assurance, reliability, responsiveness, tangibles, and empathy. Tangibles encompass physical attributes such as equipment, facilities, and employee appearance. Reliability pertains to the firm's trustworthiness, accuracy, and ability to deliver on promised services. Additionally, responsiveness measures the enterprise's speed in offering services to its customers. Assurance focuses on instilling trust and confidence in customers and is gauged through employee courtesy and knowledge. The empathy dimension underscores the firm's demonstration of care and personalized attention to its clientele (Yarimoglu, 2014). An established method for measuring these dimensions is the application of a 7-point Likert scale.

The SERVQUAL model has found widespread use across various sectors due to its popularity. For example, a study conducted by Lau, Cheung, Lam, and Chu (2013) examined the level of service quality, customer satisfaction, and customer loyalty in the banking sector of Hong Kong using the SERVQUAL model. The results showed that all five dimensions are significantly related to customer satisfaction, with four of them - tangibility, responsiveness, reliability, and assurance - identified as strong predictors of customer satisfaction. Additionally, Ilyas, Nasir, Malik, Mirza, Munir, and Sajid (2013) used the SERVQUAL dimensions to assess the level of expectations and perceptions of bank customers. Their findings revealed that in terms of expectations, empathy, assurance, and responsiveness scored highly. As for customer perceptions, reliability, responsiveness, and assurance received the highest scores. Similarly, Çırpın and Sarıca (2014) measured the service quality of Turkish banks and found that approximately 77% of bank customers' expectations were met. They also identified responsiveness as the primary predictor of expectations, while assurance was the weakest predictor.

2.2.2 Theory of Customer Satisfaction

Customer satisfaction, as well as dissatisfaction, pertains to an individual's subjective experience of pleasure or displeasure resulting from comparing a product's performance against their expectations (Kotler, Burton, Deans, Brown, & Armstrong, 2015). Research indicates that the dimensions of service quality serve as key predictors of customer satisfaction in Islamic banks in Pakistan (Izogo & Ogba, 2015). The findings underscore the significant relationship between service quality and customer satisfaction. Similarly, a study conducted in Vietnam by Van Quyet, Vinh, and Chang (2015) revealed that all five

dimensions of service quality exert a positive influence on the satisfaction levels of bank clients. Furthermore, Rahman, Othman, and Amrin (2018) examined the impact of electronic service quality on taxpayers' satisfaction and identified responsiveness, ease of use, security/privacy, and website design as influential predictors of taxpayers' satisfaction.

In their 2013 study, Rahman et al. investigated the impact of demographic factors on customer satisfaction. Their findings indicated no significant differences in customer satisfaction across gender, age, civil status, income level, education level, and religion. Similarly, Seiler, Rudolf, and Krume (2013) conducted an analysis of customer satisfaction among bank clients based on demographic characteristics. The results revealed notable disparities in customer satisfaction based on variables such as employment status, the type of private banking service provider, and the size of liquid assets. Additionally, Ahmad Siddiqui and Khan (2017) explored the influence of demographic factors on customer satisfaction. Their research demonstrated significant variations in customer satisfaction across gender, age, education, and income, particularly in the areas of e-satisfaction, convenience, merchandising, financial transactions, and perceived value.

Furthermore, Baharon, Yap, Ashar, Hanafi, and Hazmi (2017) conducted a study to investigate the determinants of satisfaction among Malaysian citizens utilizing e-government portals. Their findings indicated that service quality, perceived ease of use, and content quality are pivotal factors in determining citizen satisfaction. Similarly, a parallel study in Vietnam by Nguyen (2019) scrutinized the satisfaction levels of Vietnamese citizens in relation to public services. The results suggested that satisfaction levels are contingent upon various factors including procedures, service fees, staff attitudes, empathy, staff capacity, and trust. Izogo and Ogba (2015) delved into the impact of service quality dimensions on customer satisfaction. Their research revealed that tangibility, assurance, reliability, empathy, and responsiveness significantly influence customer satisfaction and loyalty. Notably, there is a wealth of research from different countries exploring the link between service quality and customer satisfaction. For instance, Khuong and Dai's examination of factors affecting the satisfaction of local taxi customers in Ho Chi Minh, Vietnam, revealed that reliability and responsiveness are crucial determinants of customer satisfaction. Furthermore, Yilmaz, Ari, and Gürbüz (2018) evaluated the satisfaction level of bank clients in Turkey in light of the service

quality provided by these financial institutions. Their findings demonstrated that reliability, tangibility, assurance, and accessibility are predictive of customer satisfaction among Turkish bank clients. Additionally, Raza, Jawaid, and Hassan (2015) scrutinized the satisfaction levels of Pakistanis with Internet banking and found that reliability, assurance, tangibility, and responsiveness are directly linked to customer satisfaction. In Iran, Akbari and Darabi (2015) focused on the service quality dimensions in relation to customer satisfaction of bank clients, and concluded that all five dimensions contribute significantly to the satisfaction levels of bank customers.

2.3 Empirical Review

Previously, considerable amount of research has been carried out to understand the taxpayer's satisfactions regarding tax. This section deals with the major literatures reviewed for the study.

Fu et al. (2004) conducted the study regarding the use of the individual income tax filing as an example of online governmental services. This paper dives into what drives people to use electronic tax-filing services by looking at data from a big nationwide survey. It checked out how happy people were with these services and whether they planned to keep using them. The results showed that folks who filled in their tax forms by hand were the least satisfied. Using the internet to file taxes scored the highest satisfaction ratings and was seen as the most effective method compared to other ways. Also, how satisfied people were with the service strongly affected whether they planned to keep using it in the next year.

The study conducted by Chen (2010) highlights that online tax-filing system quality strongly influences taxpayer satisfaction, with information and system quality being more important than service quality. The research titled "Impact of quality antecedents on taxpayer satisfaction with online tax-filing systems - An empirical study" discussed the determinants impacting taxpayers' satisfaction with an online tax-filing mechanism, stating the benefits of information and system quality over service. The research aims to assess taxpayer satisfaction with an online system designed for filing individual income tax returns. The study employs a second-order measurement model to evaluate the quality of the online tax-filing system, incorporating information quality, system quality, and service quality as fundamental components influencing user satisfaction. The validity of

this measurement model is validated using higher-order confirmatory factor analysis. Additionally, hierarchical factor analysis provides further support for the measurement model pertaining to information system quality within the research context. Furthermore, path analysis conducted through structural equation modeling demonstrates that the quality factors significantly impact taxpayer satisfaction with the online tax-filing system.

In a study conducted by Islam (2012), the research investigated the impact of electronic service quality dimensions on user satisfaction with E-filing in the northern region of Malaysia. The study collected data from 175 respondents using a survey method. The electronic service quality dimensions examined in this study included information quality, system quality, and service quality. Information quality was assessed by three factors: accuracy, completeness, and updated information. System quality was evaluated using four factors: functionality, responsiveness, reliability, and flexibility. Service quality was measured by perception of services, trust building, and customization. The findings indicated that information quality and service quality significantly influence trust building, perception of service, flexibility, and the accuracy of information, contributing to user satisfaction in the income tax e-filing system in the northern region of Malaysia. Moreover, the study found that system quality has a partial impact on user satisfaction, with two out of four dimensions of system quality showing a significant relationship with user satisfaction.

Lamberton (2012) conducted the study titled “A Spoonful of Choice: How Allocation Increases Satisfaction with Tax Payments” to find out factors that affects satisfaction regarding tax payment. According to the research, people are much happier about paying taxes when they have a say in how their money is allocated, even if the total amount they pay stays the same. Not only does giving taxpayers a choice improve their satisfaction, but a well-executed allocation program could also help address the current disconnect between government spending and taxpayers' priorities, and potentially increase overall civic engagement.

Serim, et. al. (2014) conducted the study to understand the factors affecting the tax compliance of taxpayers. A survey was undertaken among tax officers employed by the Revenue Administration of Canakkale and Istanbul. The survey encompassed a correlation analysis examining the interrelations among taxpayers, tax officers, and the chief tax officers, utilizing statistical methodologies such as the Mann-Whitney U test and

Kruskal-Wallis H test. The findings indicate that tax officers and their supervisors, who directly engage with taxpayers, are advised to uphold amicable relations, demonstrate empathy towards taxpayers, administer equitable treatment to all taxpayers, and encourage compliance with tax regulations.

Hidayat, et.al. (2014) conducted the study of service quality and regional tax regulations influence taxpayer compliance intervening tax satisfaction and behavior. The independent variables used in the study were service quality and regional tax regulations. The study found out that the services quality (SQ) and regional tax regulations (RTR) giving an influential favorably to taxpayer satisfaction.

The study conducted by Chumsombat (2014), titled "Factors Influencing User Satisfaction of E-Tax Filing: The Study of Small and Medium Enterprises (SMEs)," focused on understanding the impact of service quality satisfaction on e-tax filing for users in Bangkok and the surrounding regions of Thailand. The findings revealed that information quality, system functionality, system usefulness, service quality, and trust all have a positive and significant influence on user satisfaction.

The research carried out by Tsehay (2017) regarding the impact of service quality on customer satisfaction at the Lideta sub city small taxpayer branch office (LSCSTBO) revealed that overall satisfaction, resulting from service delivery, had a positive outcome. Additionally, reliability, empathy, and tangibility were found to be the primary factors influencing customers' satisfaction. While assurance and responsiveness showed a positive connection, they did not have a significant impact on customer satisfaction.

Hammouri and Shanab (2017) conducted the study named "Exploring the factors influencing employees' satisfaction toward e-tax systems" to find out the perceived ease of use, IT background, incentives, social influence and employee's satisfaction. The study concluded that perceived ease of use, IT background, incentives, and social influence are major predictors of employees' satisfaction with the Jordanian Electronic Tax System. Perceived usefulness was not significant in this relation.

According to Herawati, Tabroni and Lusiana (2018), there is a positive correlation between socialization strategy and the taxpayers' comprehension, awareness and obedience. The conclusion was drawn from the study named "The Attitudes of Vat Taxpayers toward the Use of E-Tax Systems and Their Impact on Tax Compliance: A

Field Study of Tabuk Region” to find out the importance of tax socialization by the tax office to taxpayers through different kinds of media. Besides, this study also focused on the effectiveness of strategies on tax payers’ comprehension and obedience.

Prawati and Dewi (2018) conducted the study to find out the factors that affect corporate taxpayers’ interest. The aim of this research is to investigate how performance expectations, quality systems, and user satisfaction impact the interest of corporate taxpayers in using the e-filing system. The study involved 1,733 corporate taxpayers registered with the Tax Office of Central Jakarta, with 100 respondents sampled from this population. Non-probability convenience sampling was employed, and data was collected through distributed questionnaires. The findings indicate that performance expectations, system quality, and user satisfaction collectively have a significant influence on corporate taxpayers’ interest in using the e-filing system, with system quality being the most influential variable among them.

Yanty and Setyowati (2019) performed research to overview the impact of tax administration modernization on the operations of Large Tax Office 2, as well as its effect on taxpayers’ satisfaction. This mixed-methods research utilized descriptive statistical tests, regression tests, and coefficient determination tests for the quantitative aspect, while incorporating in-depth interviews for the qualitative component to validate and interpret the quantitative results. The findings revealed that the modernization efforts at Large Tax Office 2 have effectively contributed to heightened satisfaction among taxpayers. The recommendation stemming from this research emphasizes the importance for Large Tax Office 2 to sustain and enhance service quality by integrating optimal services aimed at proactively addressing taxpayer needs and evaluating potential weaknesses and challenges arising from taxpayers’ feedback.

With reference to a study conducted by Wulanjayanti and Usman (2019), the quality of electronic tax system services and the competence of tax employees have a positive effect on taxpayer satisfaction. The study named “The Effect of Service Quality of Electronic Taxing System and Tax Employee Competence on Taxpayer Satisfaction” aimed to find out the impact of the quality of electronic tax system service and tax employee competence on taxpayer satisfaction.

The study conducted by Gosal and Utami (2020), entitled "The Effect of Service Quality Dimension on Taxpayers' Satisfaction (Study at Howard Tax Consultant)," aimed to

examine the influence of service quality on taxpayer satisfaction by treating specific dimensions as independent variables. The research revealed that the dimensions of service quality, including flexibility, reliability, assurance, tangibles, and responsiveness, significantly impact the satisfaction of taxpayers availing themselves of Howard Tax Consultant's services. The study indicated that responsiveness is the most influential variable affecting satisfaction, closely followed by flexibility.

The study conducted by Ahmed (2020) to assess the factors that affect the customer's satisfaction on online tax payment system. This study was conducted on Ethiopia and questionnaire was distributed to 174 taxpayers. With the response of 145 respondents it was concluded that ease of use, usefulness and credibility has a positive relationship with customer satisfaction.

Sukesi and Yunaidah (2020) conducted the study titled "The Effect of Tax Socialization, Superior Service, and Service Quality on Taxpayers' Satisfaction and Compliance" examined the direct or indirect impact of tax socialization, superior service, and service quality on taxpayer satisfaction and compliance. The findings revealed significant direct or indirect effectiveness of tax socialization, superior service, and service quality on taxpayer satisfaction and compliance, serving as a mediating factor.

Similarly, a study conducted by Ahmed and Faisal (2021) on "Satisfaction on individual taxpayers' in Bangladesh" to find out the impact of tax rates, taxpaying system and behavior of tax employees on taxpayers' satisfaction. The study concluded that these variables played a significant and positive role in taxpayers' satisfaction.

The study named "Impact of service quality on taxpayers' satisfaction at revenue district office 21A" conducted by Asuncion and Lacap (2021) investigated the impact of service quality on satisfaction of taxpayers. The study identified a significant and positive correlation between various dimensions of service quality—namely tangibility, reliability, responsiveness, assurance, and empathy—and the satisfaction levels of taxpayers. Additionally, it was established that reliability, responsiveness, assurance, and empathy play crucial roles in predicting taxpayers' satisfaction.

Deviana, Agusra, and Prihastuti (2021) undertook a study with the objective of assessing the influence of Tax Volunteer Service Standardization and Location on Satisfaction at the STIE Persada Bunda Tax Center. The study encompassed two independent variables:

Tax Volunteer Service Standard (X1) and Location (X2). Tax Volunteer Service Standard (X1) adhered to the standards set by the DJP Regional Office, incorporating Service Management Standards, Human Resources Standards, Facility Standards, and Supervision Standards. The dependent variable was Individual Taxpayer Satisfaction (Y), and the study comprised a sample of 100 respondents. The findings revealed that both the service standard and location variables had a partial impact on satisfaction and, when examined collectively, they significantly affected taxpayers' satisfaction.

Ershaid (2021) conducted the study named “The Attitudes of VAT Taxpayers toward the Use of E- Tax Systems and Their Impact on Tax Compliance: A Field Study Of Tabuk Region” to identify the taxpayers’ attitudes towards e-tax systems and impact it has on tax compliance. The paper reveals the positive attitudes and adoption of e-applications by value-added taxpayers, as well as the statistical significance of technical computer skills on adopting e-applications and their impact on tax compliance. It also highlights the mediating effect of taxpayers' adoption of e-applications on the relationship between their attitudes towards e-applications and tax compliance.

The study conducted by Lukman, et.al(2022) named “The influence of service quality on taxpayers satisfaction and taxpayer compliance at Bapenda Riau province” regarding the direct effect of the dimensions of service quality namely tangibility, empathy, reliability, responsiveness and assurance on the satisfaction of taxpayers and taxpayer compliance, gathered a sample of 145 people using the proportional random sampling technique by distributing a questionnaire, found out service quality had a significant positive impact on taxpayers satisfaction.

Irawan and Sebayang (2022) conducted a study named “Analysis of Factors Affecting Individual Taxpayers in Fulfilling the Obligation to Pay Taxes”. The study was conducted with the objective of identifying the variables impacting individuals' propensity to fulfil their tax obligations. These variables encompass an individual's awareness of tax payment requirements, comprehension of tax regulations, favorable perception of the tax system, and the quality of services extended to taxpayers. The study's findings indicate that heightened awareness of tax payment responsibilities, a thorough understanding of tax regulations, positive perceptions of the tax system, and the provision of quality services to taxpayers exhibit a significant and positive correlation with the willingness to fulfill tax obligations.

The study by Saptono et al. (2023) looked at how technology affects whether tax professionals follow tax laws. The researchers studied 650 tax professionals who used e-Filing and 492 who used e-Form. They found that when tax professionals thought e-Filing was easy to use and that it lowered their costs, they were more likely to follow tax laws. This was also true for those who used e-Form. The study also found that when tax professionals were satisfied with the technology, they were more likely to follow tax laws. The study suggests that those who make tax software should make it easy for tax professionals to use and should try to make them happy.

In a study carried out by Chandra et al. (2023), the investigation focused on the impact of enhanced services provided to corporate taxpayers on their satisfaction and compliance with tax regulations. The primary objective of this study was to assess the direct influence of service quality on the satisfaction and compliance of corporate taxpayers. The population under scrutiny comprised 5,037 corporate taxpayers registered at the Pratama Dumai Tax Office. The analysis yielded significant findings, demonstrating the influence of service quality on corporate taxpayer satisfaction, as well as its impact on corporate taxpayer compliance. Additionally, the study highlighted the correlation between taxpayer satisfaction and corporate taxpayer compliance.

According to the study conducted by Kresnandita, Prawati and Lusiana (2023), titled “Analyzing the Effect of Factors on Taxpayers Satisfaction Using E-filing Tax Reporting System”, identified system quality, information quality, service quality and satisfaction as major variables. The study sought to examine the relationship between system quality, information quality, and service quality in relation to personal taxpayers' satisfaction when utilizing the E-Filing System for tax reporting. The findings indicate that both system quality and information quality exert a significant influence on the satisfaction levels of personal taxpayers using the E-Filing System. In contrast, service quality was not found to have a significant impact on their satisfaction.

Table 1

Meta Sheet

Author (Year)	Topic	Variables	Objective	Conclusion
Lukman, et.al.(2022)	The Influence of Service Quality on Taxpayers Satisfaction and Taxpayer Compliance at Bapenda Riau province	Service quality ,Taxpayers satisfaction	To study direct impact of service quality on satisfaction of taxpayers	Service quality had a significant positive impact on taxpayer's satisfaction.
Sukesi and Yunaidah (2020)	The Effect of Tax Socialization, Superior Service, and Service Quality on Taxpayers' Satisfaction and Compliance	Tax socialization, superior service products, quality of services and taxpayers satisfaction	To study how tax socialization, service products, and service quality impact taxpayer satisfaction and compliance.	Tax socialization, superior service products, and quality of service have a significant impact on taxpayers' satisfaction and compliance, serving as a mediating variable.
Ahmed and Faisal (2021)	Satisfaction on individual taxpayers' in Bangladesh	Tax rates, taxpaying system, behavior of tax employees and satisfaction of payers	To find out the impact of tax rates, taxpaying system and behavior of tax employees on taxpayers' satisfaction	Variables played a significant and positive role in taxpayers' satisfaction.
Asuncion and Lacap (2021)	Impact of service quality on taxpayers' satisfaction at revenue district office 21A	Service quality, tax payers satisfaction	Investigated the impact of service quality on satisfaction of taxpayers	The satisfaction of taxpayers is significantly and positively connected to service quality dimensions such as

				tangibility, reliability, responsiveness, assurance, and empathy.
Ahmed (2020)	Factors Affecting Customers' Satisfaction on Online Tax Payment in Ethiopia: An Empirical Study on Ethiopian Large Taxpayers	Ease of use, usefulness, creditability, satisfaction	Assess the factors that affect the customer's satisfaction on online tax payment system	Ease of use, usefulness and credibility has a positive relationship with customer satisfaction
Prawati and Dewi(2018)	The Analysis of Factors Which Affect Corporate Taxpayer`s Interest Using e-Filing System	Performance expectation, quality system, and user satisfaction	To study how performance expectations, quality systems, and user satisfaction affect corporate taxpayers' interest using an electronic filing system.	The study found that performance expectations, system quality, and user satisfaction all significantly impact corporate taxpayers' interest in e-filing systems, with system quality being the most influential factor.
Serim et al. (2014)	Factors Affecting Tax Compliance of Taxpayers: The Role of Tax Officer The Case of Istanbul and Canakkale	Quality of service and satisfaction	Understand relationship between service quality and tax compliance	Tax officers and their superiors who work directly with taxpayers should establish positive relationships, show empathy, and treat all taxpayers equally.

Islam (2012)	Factors affecting user satisfaction in the Malaysian income tax e-filing system	Information quality, system quality, service quality, satisfaction	Investigate the impact of electronic service quality factors on user satisfaction with E-filing	High-quality information and service significantly impact trust building, perception of service, and flexibility. Information accuracy contributes to user satisfaction, and system quality partially influences user satisfaction.
Hidayat, et.al. (2014)	Service Quality and Regional Tax Regulations Influence Taxpayer Compliance Intervening Taxpayer Satisfaction and Behavior Using Structural Equation Modeling Approach	Service quality, regional tax regulation and taxpayers satisfaction	To study impact of service quality and regional tax regulation on taxpayer satisfaction.	Services quality (SQ) and regional tax regulations (RTR) giving an influential favorably to taxpayer satisfaction.
Saptono et al. (2023)	Quality of E-Tax System and Tax Compliance Intention: The Mediating Role of User Satisfaction	Service quality, reduced compliance, taxpayers satisfaction	To study the effect of lower compliance costs and increased convenience on customer satisfaction.	Service quality and least process of compliance increases user satisfaction and tax compliance

Chandra et al. (2023)	Corporate taxpayers satisfaction and compliance analysis at Pratama Dumai Tax office: Review of the service system	Service Quality , satisfaction	To determine how service quality directly affects the satisfaction and compliance of corporate taxpayers.	Service quality impacts the satisfaction of corporate taxpayers, which in turn influences their compliance.
Fu et al. (2004)	Determinants of taxpayers' adoption of electronic filing methods in Taiwan: An exploratory study	Tax filing system/ procedures and payers satisfaction	To study how taxpayers' satisfaction with and intention to use tax-filing services, and how they are related.	Manual tax filing method leads to lower satisfaction. Uses intentions strongly impacted towards tax filing method
Yanty and Setyowati (2019)	Analysis on The Impact of Modernization of Tax Administration on Taxpayers' Satisfaction on Large Tax Office 2	Tax administration modernization , user intentions and satisfaction of user	To understand how modernizing tax administration affects taxpayers' satisfaction.	Upgrading of tax administration, service quality and proactively responding to customer complaints enhance the taxpayers satisfaction
Tsehay (2017)	Assessing the Effects of Service Quality on Customers' Satisfaction: The Case of Lideta Sub City Small Tax Payers Branch Office	Reliability, tangibility , empathy, assurance, responsiveness and customer satisfaction	To understand the effects of service quality on satisfaction of customers.	Positive effect of service quality on satisfaction.
Deviana, Agusra and prihastuti (2021)	Does Standardization of Service Tax Volunteer and Location Affect on Taxpayer Satisfaction?	Tax Volunteer Service Standard, location and satisfaction	To study the impact of tax volunteer service and locations on individual tax payers' satisfaction	Service standard and location variables have a positive effect on taxpayers' satisfaction.

Ershaid (2021)	The Attitudes Of VAT Taxpayers Toward The Use Of E- Tax Systems And Their Impact On Tax Compliance: A Field Study Of Tabuk Region	E-tax system uses, satisfaction and tax compliance	To study the VAT taxpayers' attitudes towards e-tax system and impact on tax compliance.	Positive attitude and adoption of e-application by taxpayers has positive impact on taxpayer's satisfaction.
Herawati,Tabroni and Lusiana (2018)	The Attitudes of Vat Taxpayers Toward the Use of E-Tax Systems and Their Impact on Tax Compliance: A Field Study of Tabuk Region	Tax socialization, tax payers awareness and obidience to tax payment	To discuss the importance of tax socialization to taxpayers and aiming to increase taxpayers' obedience to tax payment	Positive correlation between socialization strategy and taxpayers' comprehension , awareness and obedience.
Chen (2010)	Impact of quality antecedents on taxpayer satisfaction with online tax-filing systems - An empirical study	Tax filing system, system quality, service quality and tax payers satisfaction	To find out what makes taxpayers satisfied with an online tax-filing system. It emphasizes that the quality of information and the system itself are more important than service quality.	The main findings are that online tax-filing system quality strongly influences taxpayer satisfaction, with information and system quality being more important than service quality.

Wulanjayanti and Usman (2019)	The Effect of Service Quality of Electronic Taxing System and Tax Employee Competence on Taxpayer Satisfaction	Service quality, tax employee competence and taxpayers satisfaction	Impact of the quality of electronic tax system service and tax employee competence on taxpayer satisfaction,	Quality of electronic tax system services and the competence of tax employees have a positive effect on taxpayer satisfaction
Gosal and Utami (2020)	The Effect of Service Quality Dimension on Taxpayers' Satisfaction (Study at Howard Tax Consultant)	Service quality and taxpayers satisfaction	Impact of service quality on taxpayer satisfaction using specific dimensions as independent variables	Taxpayer satisfaction with Howard Tax Consultant's services is significantly influenced by service quality dimensions such as flexibility, reliability, assurance, tangibles, and responsiveness. Among these, responsiveness has the most significant impact on satisfaction, followed by flexibility.
Hammouri and Shanab (2017)	Exploring the factors influencing employees' satisfaction toward e-tax systems	Perceived ease of use, IT background, incentives, social influence and employee's satisfaction	To discuss the importance of employees' satisfaction in the success of e-tax systems, evaluates the Jordanian Electronic	Perceived ease of use, IT background, incentives, and social influence are major predictors of employees' satisfaction with the

			Tax System from employees' perspective, and identifies predictors of employees' satisfaction	Jordanian Electronic Tax System. Perceived usefulness was not significant in this relation.
Lamberton (2012)	A Spoonful of Choice: How Allocation Increases Satisfaction with Tax Payments	Willingness to pay, tax funded benefits and satisfaction.	To find out factors that affects satisfaction regarding tax payment	Taxpayers prefer being able to choose where their tax payments go. A well-implemented allocation program could help address to disconnect between government spending and taxpayers' priorities, increase civic engagement, and give taxpayers a greater sense of involvement and control.
Chumsombat (2014)	Factors Influencing User Satisfaction of E-Tax Filing: The Study of Small and Medium Enterprises (SMEs)	Quality of information, functionality of the system, usefulness of the system, quality of service, and trust.	This study aims to examine how the satisfaction level of service quality influences the use of e-tax filing by people in Bangkok and nearby areas of Thailand.	Users' satisfaction is positively and significantly influenced by the quality of information, system functionality, system usefulness, service quality, and trust.

<p>Kresnandita,Prawati and Lusiana (2023)</p>	<p>Analyzing the Effect of Factors on Taxpayers Satisfaction Using E-filing Tax Reporting System</p>	<p>Quality of system, information, service and satisfaction</p>	<p>Analyzing how the quality of the E-Filing System, the information provided, and the service offered impact the satisfaction of individual taxpayers when filing their taxes.</p>	<p>The quality of the system and information significantly affects the satisfaction of individual taxpayers who use the E-Filing System. However, the quality of service does not have a significant effect on user satisfaction with the E-Filing System.</p>
<p>Irawan and Sebayang (2022)</p>	<p>Analysis Of Factors Affecting Individual Taxpayers In Fulfilling The Obligation To Pay Taxes</p>	<p>Knowledge of tax rules, awareness of paying taxes, and the quality of service to taxpayers , good perception of the tax system</p>	<p>To identify the factors that affect people's willingness to pay taxes, we will look at their awareness of tax payments, understanding of tax rules, perception of the tax system, and the quality of service provided to taxpayers.</p>	<p>A strong awareness of tax obligations, thorough comprehension of tax laws, a positive view of the tax system, and high-quality taxpayer service all significantly contribute to increasing tax compliance.</p>

2.4 Research Gap

The review of all above mentioned literature and past studies in international context shows that the taxpayers' satisfaction is affected by different factors and variables. The variables affecting taxpayers' satisfaction as tested identified and mentioned in the papers were mainly service quality, tax collection procedures, tax policy, tax rates, tax refund practices and tax socialization. These all studies are based on the analysis of taxpayers' of other countries where taxation policy and procedures are more developed and complex. These findings may not be applicable to developing country like Nepal where tax policy is in growth stage, mainly after the implementation of federalism.

Thus, this study aims to examine the various factors that affect the VAT taxpayers' satisfaction in the context of Nepal.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is a systematic approach to solving research problems. It supports research efforts and ensures their reliability and validity. The research methodology utilized in this study is outlined below:

3.1 Research Design

The study intends to analyze the taxpayers' satisfaction regarding VAT in Rupandehi in Nepal; therefore, the research design is of descriptive nature. Descriptive study seeks to answer what is going on presently in relation to information obtained with respect to variables described in theoretical model. Primary data has been used for research purpose by administering structured questionnaire to the respondents and their responses has been collected and analyzed accordingly.

3.2 Population, Sample and Sample Design

The study seeks to find taxpayers' satisfaction regarding VAT in Rupandehi by analyzing factors affecting their choices. Thus, the population for this study consists of all the business holders registered in VAT in Rupandehi. Since, it is not viable to study entire population so questionnaires have been distributed to total of 374 respondents. However, valid responses of 320 respondents are recorded as sample for study. Response of 54 respondents has been revoked from the study as they were invalid. Purposive sampling method is used for sampling.

3.3 Sources of Data and Data Collection

The source of the data for the research is primary in nature. Primary data has been collected through self-administered questionnaires. Standardized set of questionnaire is used for the purpose of collection of relevant data in order to identifying various factors that taxpayers consider important regarding their satisfaction. Different electronic and social platform like facebook, viber and email has been used to reach respondents. Demographic data has also been collected in the process. In cases like developing

theoretical framework, secondary data are collected from published reports, magazines, and newspaper and internet search. 5- point Likert scale has been used to collect data regarding independent variables where '1' represents the 'strongly dissatisfied' and '5' represents the 'strongly satisfied'.

3.4 Data Analysis Tools and Methods

The data analysis has been done on the basis of the statistical tool that is through the use of SPSS. Primary data is used to conduct the research. The data are analyzed using SPSS by conducting descriptive analysis and inferential analysis. Descriptive analysis includes cross-tabulation of the data, calculating descriptive statistics like percentage, mean score and standard deviation. Similarly, inferential analysis includes hypothesis tests and regression analysis to find significant value for hypothesis testing.

3.5 Research Framework

This study is designed to see how the various variables identified on theoretical and empirical review affects the satisfaction of VAT taxpayers' in Rupandehi. For that purpose, with reference to studies performed by various researchers, different factors are identified as independent variables affecting the satisfaction level and dependent variable is taken as the satisfaction level of VAT taxpayers'. Independent variables includes service quality of tax office/officers, tax rates, tax collection procedures, tax policy and tax refund practices whereas, satisfaction of taxpayers' is considered to be dependent variable. Thus, following research framework is developed presenting in a pictorial diagram Figure 1.

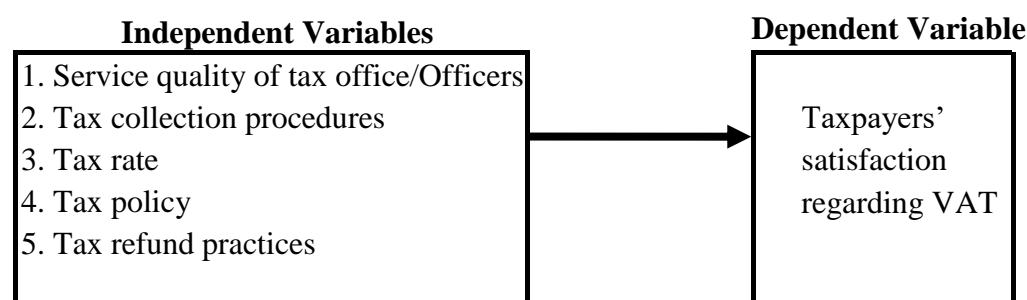


Figure 1: Research Framework

3.5.1 Definition of Variables

Service Quality

As per Borishade et al. (2021), service quality is the experience that pertains to consumers' expectations and perceptions of the service provide. Ali et al. (2021) defined service quality as combination of the terms "service" and "quality" where Service describes the fundamental elements of a specific service, and quality alludes to the application of a user-based strategy primarily. Additionally, service quality collectively refers to the significance of the service to the client.

Tax Rates

Tax rates are expressed as a percentage (%), so the higher the value of the tax object, the higher the tax rate that must be paid. Tax rates are one of the elements that determine the sense of justice in tax collection. Money value is the standard used in calculating the imposition of tax rates. (*Journal of Accounting and Finance Management*)

Tax Policy

According to Zheng et al. (2020) tax policy is the governments' valuable instrument to combat inequality and encourages the prospect of income redistribution through benefits and services offered by the government. Abuselidze (2020) stated that tax policies are fiscal policies which boosts the nation's prosperity by increasing economic activity thereby lowering unemployment and improves living and working circumstances, creating and establishing human capital and a fundamental social security system.

Tax Refund Practices

A tax refund is a reimbursement of excess taxes paid to the government beyond what is owed. It occurs when a taxpayer's total tax payments throughout the year (usually through withholding from paychecks or estimated tax payments) exceed the total amount of tax liability calculated on their tax return. Essentially, it's the return of overpaid taxes back to the taxpayer by the government. Tax refunds typically occur after the taxpayer files their annual tax return, which details their income, deductions, credits, and tax payments for the year. If the total tax payments (through withholding or estimated taxes) exceed the

actual tax liability calculated based on the taxpayer's income and deductions, the taxpayer is entitled to receive a refund of the excess amount.

Tax Collection Procedures

Tax collection procedures refer to the systematic methods and protocols employed by governmental tax authorities to gather taxes from individuals, businesses, and other entities within their jurisdiction. These procedures are designed to enforce compliance with tax laws and regulations, ensuring that the government receives the revenue necessary to fund public services and functions.

Satisfaction

Amin, et. al.(2021) defines satisfaction as the positive feelings towards task performed. As per Dewi and Prawati (2018) customer satisfaction is the overall evaluation of user experience in using certain systems and also includes the advantages that it can get from the system.

3.6 Regression Model

This study aims to analyze the impact of various variables on taxpayers' satisfaction regarding VAT by respondents by using the multiple regression models. Variables like service quality of tax office, tax collection procedures, tax policy, tax rates and tax refund practices are taken as independent variables and taxpayers' satisfaction is taken as dependent variable. The multiple regression model used in this study is:

$$\text{Taxpayers' Satisfaction} = B_0 + B_1(\text{Service Quality}) + B_2(\text{Tax Collection Procedures}) + B_3(\text{Tax Policy}) + B_4(\text{Tax Rates}) + B_5(\text{Tax Refund Practices}) \dots\dots\dots(i)$$

Where,

B_0 is constant and B_1, B_2, B_3, B_4, B_5 and B_6 are the coefficient of the explanatory variables to be estimated.

CHAPTER IV

RESULT AND DISCUSSION

This chapter deals with the analysis and presentation of data collected from the research questionnaire. The purpose of this chapter is to analyze the data collected through research questionnaire. The first part deals with the presentment and analysis of respondents' demographic information such as gender, age, academic qualification, types of business and monthly earning of the respondents involved, descriptive analysis of independent variables and hypothesis testing through multiple regression and Chi-square test between the dependent and independent variables. The second part deals with the evaluation and interpretation of the results with related theories and empirical findings of other researchers.

4.1 Reliability and Validity of Data

The consistency and reliability of independent variables are measured by using Cronbach's Alpha. Cronbach's Alpha is a tool for assessing the reliability of scales, which determines the internal consistency or average correlation of items in a survey instrument. It is done to ensure the trustworthiness of data collected through questionnaire. Moreover, to have valid and reliable data, the questionnaire is well formulated considering the easiness and understandability, avoiding vague words so that respondents feel easy to answer the given questions without any confusion.

The Cronbach's Alpha score is to be maintained at the minimum of 0.6 as it indicates satisfactory consistent and reliable level. However reliability index above 0.7 is considered to be good enough. The closer the Cronbach's Alpha values to 1, greater the internal consistency of independent variables. The reliability test of the variables is shown on Table 2.

The data presented on Table 2 shows Cronbach's Alpha value exceeds 0.7 for each construct under the study. Hence, it can be said that the data under this study have high level of reliability.

Table 2

Reliability Test

Statements	Minimum Index	Reliability	Cronbach's Alpha	Result
Service Quality of Tax Office	0.6		0.912	Reliable
Tax Collection Procedures	0.6		0.916	Reliable
Tax Policy	0.6		0.917	Reliable
Tax Rates	0.6		0.904	Reliable
Tax Refund Practices	0.6		0.898	Reliable

4.2 Results**4.2.1 Demographic Information of Respondents**

Table 3

Frequency Distribution by Age

Age	Frequency	Percent
25-35	81	25.3
36-45	134	41.9
46-55	105	32.8
Total	320	100.0

Data presented in Table 3 shows the frequency distribution of respondents according to their age group. The frequencies of age group 25-35 years are 81, 36-45 years is 134 and 46-55 years is 105. The percentage division of age group 25-35, 36-45 and 46-55 is 25.3%, 41.9% and 32.8% respectively. This indicates that major respondents are someone who has established their businesses after gaining their academic degrees and have been paying taxes to state since long time. The lesser percentage has been seen on respondents of age group 25-35 indicating that respondents on this age group are freshly graduated from universities and have just started their business ventures and don't have prolonged knowledge regarding taxes.

Table 4

Frequency Distribution by Gender

Gender	Frequency	Percent
Female	124	38.8
Male	196	61.3
Total	320	100.0

Table 4 shows the frequency distribution of respondents by their gender. Out of 320 respondents, 196 are males and 124 are females. In terms of percentage, 61.3% are male and remaining 38.8% are female. Here the male percentage being more might be because of the societal concept of male should be more involved in businesses and household chores are the areas of females.

Table 5

Frequency Distribution by Marital Status

Status	Frequency	Percent
Married	249	77.8
Separated	14	4.4
Unmarried	57	17.8
Total	320	100.0

Table 5 shows the frequency distribution of respondents by their marital status. Out of 320 respondents, 249 are married, 57 are unmarried and 14 are separated. In percentage, the figure for married is 77.8%, unmarried is 17.8% and separated is 4.4%. Here the married percentage is greater might have been because of the married couple are more oriented towards building their businesses and their focus might be towards expanding business and earning more money.

Table 6 shows the respondents frequency distribution by level of their education attained. As per table, 23 respondents have attained masters and above level, 125 respondents have bachelors degree, 131 have intermediate degree and 41 respondents have S.L.C and below degree. In terms of percentage, 7.2 % have attained masters and above degree, 39.1% have bachelors degree, 40.9% have intermediate degree and remaining 12.8% have SLC and below degree. The percentage being higher in people who have attained

intermediate and bachelors indicates that these people might have been engaged in business activities in early days and continued to pay taxes to the government earlier than others. Similarly, people who have attained Masters and above might have been low because these people are more inclined towards getting jobs rather than creating ultimately paying income taxes rather than VAT.

Table 6

Frequency Distribution by Level of Education Attained

Education	Frequency	Percent
S.L.C and below	41	12.8
Intermediate	131	40.9
Bachelors	125	39.1
Masters and above	23	7.2
Total	320	100.0

Table 7

Frequency Distribution by Income level

Income (Rs)	Frequency	Percent
Below 50000	47	14.7
50000-75000	149	46.6
75000- 100000	103	32.2
Above 100000	21	6.6
Total	320	100.0

Table 7 shows the frequency distribution of respondents according their monthly income (profit). 149 respondents have monthly income between 50000-75000 which compromises 46.6% of total respondents. 103 respondents have monthly income above 75000 to 100000 which compromises 32.2%. 47 respondents have income below 50000 which compromises 14.7 % of total respondents. 6.6 % of respondents have their monthly income above 100000. The number of respondents is higher in having income level between 50000-75000 is due to the average income of Nepalese business sectors falls in this category.

Table 8

Frequency Distribution by Business types

Type	Frequency	Percent
Sole proprietorship	203	63.4
Partnership	108	33.8
Limited Liability Company	4	1.3
Other	5	1.6
Total	320	100.0

Table 8 shows the frequency distribution by business types. Out of 320 respondents, 63.4 % respondents owns their business as sole proprietorship and this segment has the largest number of respondents as this is the most popular and economic form of business having to pay little taxes. Similarly, Partnership, Limited Liability Company and other form of business accounted for 33.8%, 1.3% and 1.6 % respectively.

4.2.2 Descriptive Statistics

Descriptive statistics forms major component of quantitative data analysis which summarizes features of information collected for the study. In these sections five different factors influencing Taxpayers' satisfaction has been summarized.

The analysis of likert scale is shown on the basis of maximum, minimum and mean. Coding is done on the basis of 5 point scale where 1 represents strongly dissatisfied and 5 represents strongly satisfied and 3 represent neutral view towards the statement. Mean value represents satisfaction or dissatisfaction of respondents for each of the statements.

Service Quality of Tax Office/ Officers

Table 9 shows the average score of all the statements that represents the service quality of tax office as a factor influencing the satisfaction of tax payers' in Rupandehi. The average score is 3.45, which means that respondents agree to the fact that service quality of tax office slightly impacts the satisfaction level of taxpayers'. The statements like good location and accessibility of tax office, and positive response of tax officials to your query has high degree of agreement among the respondents as these factors directly impacts the satisfaction level of service users and creates a sense of willingness to pay taxes.

Respondents are less concerned and there is low variation in perspective about good attitude of revenue officials towards solving problems as people have made up their mind about the negative attitudes towards government employees so they don't have any expectation from officials regarding solving their tax related problems.

Table 9

Analysis of Service Quality of Tax Office

Statements	Min	Max	Mean	Std. Deviation
Good Location and accessibility of Tax office	1	5	3.58	1.20
Positive Response of tax officials to your query	1	5	3.60	1.27
Good attitude of Revenue officials towards solving problems	1	5	3.34	1.21
Ease of locating and contacting relevant officials	1	5	3.37	1.37
Reliability in dealings of officials	1	5	3.35	1.26
Overall	1	5	3.45	1.26

Tax Collection Procedures

Table 10

Analysis of Tax Collection Procedures

Statements	Min	Max	Mean	Std. Deviation
Ease in filling up tax forms	1	5	3.47	1.32
Ease in getting tax refunds	1	5	3.31	1.23
Proper tax collection procedures and administrative mechanism	1	5	3.43	1.29
Credibility of system for tax payment	1	5	3.40	1.24
Ease of paying taxes	1	5	3.43	1.34
Overall	1	5	3.41	1.29

Table 10 shows the average score of all the statements that represents the tax collection procedures as a factor influencing the satisfaction of tax payers. The average score is 3.41, which means that respondents agree to the fact that a tax collection procedure slightly impacts the satisfaction level of taxpayers' in Rupandehi. The statements like ease in filling up tax forms, ease of paying taxes and proper tax collection procedures and administrative mechanism have high degree of agreements among respondents. This is

due to the respondents feel easy to fill out forms that are short and are clearly indicated in sample board in tax offices. Ease of getting tax refunds has low degree of agreement and low deviation rates as respondents believe that the procedures for filing tax refunds is unclear and the many documents are required for filing such refunds which makes it hectic and time consuming.

Tax Policy

Table 11

Analysis of Tax Policy

Statements	Min	Max	Mean	Std. Deviation
Fairness of tax policy	1	5	3.36	1.31
Good availability about information on tax	1	5	3.47	1.28
Ease in understanding the tax related printed documents	1	5	3.36	1.24
Simplified tax policy	1	5	3.43	1.30
Policy promoting specific businesses	1	5	3.34	1.25
Overall	1	5	3.39	1.28

Table 11 shows the average score of all the statements that represents the tax policy as a factor influencing the satisfaction of tax payers. The average score is 3.39, which means that respondents slightly agree to the fact that a tax policy impacts the satisfaction level of taxpayers' in Rupandehi. The statements like availability about information on tax and simplified tax policy have high degree of agreements among respondents. This is because the respondents feel easy to pay taxes if they are aware of the tax policy prior to tax payment. Policy promoting specific businesses has low degree of agreement and low deviation rates as respondents believe that the tax should be levied with equity and should not favor particular business. If disparities are made among business regarding tax payment rates, it will negatively impacts the satisfaction of respondents regarding tax payment.

Tax Rates

Table 12 shows the average score of all the statements that represents the tax rates as a factor influencing the satisfaction of tax payers. The average score is 3.55, which means

that respondents strongly agree to the fact that a tax rates impacts the satisfaction level of taxpayers' in Rupandehi. The statements like high current tax rates, transparent tax rates, understanding of tax rates and regularly review of tax rates high degree of agreements among respondents. The respondents believe that tax rates have a direct impact on the amount they have to pay to the government. In other words, higher tax rates mean more tax payments and less satisfaction. Statement of tax rates should be adjusted on profit levels has low degree of acceptance among respondents because profit stand alone cannot be the factor for determining taxes as different overhead expenses cannot be charged to profit.

Table 12

Analysis of Tax Rates

Statements	Min	Max	Mean	Std. Deviation
Tax rates are currently too high	1	5	3.56	1.34
Should tax rates be adjusted based on profit levels	1	5	3.42	1.29
Should tax rates be reviewed regularly to ensure fairness	1	5	3.59	1.27
Should tax rates be transparent	1	5	3.56	1.21
Should tax rates be easily understood by the public	1	5	3.60	1.34
Overall	1	5	3.55	1.29

Tax Refund Practices

Table 13

Analysis of Tax Refund Practices

Statements	Min	Max	Mean	Std. Deviation
Are you satisfied by current refund practices	1	5	3.38	1.22
Should tax refund practices be more transparent	1	5	3.56	1.30
Should tax refund practices be more efficient requiring less documentation	1	5	3.49	1.24
Receive my tax refund in timely manner	1	5	3.38	1.32
Satisfied with the amount of my tax return	1	5	3.20	1.27
Overall	1	5	3.40	1.27

Table 13 shows the average score of all the statements that represents the tax refund practices as a factor influencing the satisfaction of tax payers. The average score is 3.40, which means that respondents strongly agree to the fact that a tax refund practices impacts the satisfaction level of taxpayers' in Rupandehi. The statements like tax refund practices be more transparent, refund practices requires less documentation have high degree of agreement among respondents. This is because the respondents feel that if tax refund practices becomes more transparent and less documentaries then only the genuine can get such refund rather than those who has lobbying capacities ultimately increases the satisfaction rates. Satisfaction with the amount of my tax returns has low degree of agreement and low deviation because the refund amount does not cover up the opportunity cost if that amount had been invested earlier.

4.2.3 Correlation Analysis

A Correlation analysis is a very useful way to summarize relationship between dependent and independent variables and has been conducted to ascertain whether there exists positive or negative relation among variables.

Table 14

Pearson correlation

	X1	X2	X3	X4	X5	X6
X1	1	.732**	.729**	.588**	.602**	.837**
X2		1	.685**	.739**	.599**	.869**
X3			1	.718**	.742**	.891**
X4				1	.717**	.877**
X5					1	.850**
X6						1

Note: X1= Service Quality of Tax Office, X2= Tax Collection Procedures, X3=Tax Policy X4= Tax Rates, X5= Tax Refund Practices, X6= Taxpayers' Satisfaction

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

Table 14 shows the correlation matrix between dependent and independent variables.

The correlation coefficient between service quality of tax office and taxpayers' satisfaction is 0.837, which means there is positive correlation between these variables. This concludes that good location and accessibility of tax office, positive response of tax officials to your query good attitude of revenue officials towards problem solving, ease of locating and contacting relevant officials and reliability in dealing of officials will increase the taxpayers' satisfaction regarding VAT. The corresponding p-value .000 is less than the level of significance level of 0.05 indicating that there exists statistically significant correlation between service quality of tax office and taxpayers' satisfaction.

The correlation coefficient between tax collection procedures and taxpayers' satisfaction is .869, which means there is strong positive correlation between these variables. The more the ease in filing up tax forms, easy tax refunds, proper tax collection procedures and administrative mechanism, credibility of system for tax payment and ease of paying taxes the more will be satisfaction of taxpayers'. The corresponding p-value .000 is less than the level of significance of 0.05 showing that there exists statistically significant correlation between tax collecting procedures and taxpayers' satisfaction.

The correlation coefficient between tax policy and taxpayers' satisfaction is .891, which means there is strong positive correlation between these variables. The more the fairness in tax policy, good availability about tax information, ease in understanding the tax related printed documents, simplified tax policy and policy promoting specific businesses the more will be satisfaction of taxpayers. The corresponding p-value .000 is less than the level of significance of 0.05 concluding that the statistically significant correlation exists between tax policy and taxpayers' satisfaction.

The correlation coefficient between tax rates and taxpayers' satisfaction is .877, which means there is positive correlation between these variables. The lesser the tax rates, adjustment of tax rates according to profit, regular review of tax rates to ensure fairness, transparent tax rates and tax rates to be easily understood by public the more will be satisfaction of taxpayers'. The corresponding p-value .000 is less than the level of significance of 0.05 showing that statistically significant correlation between tax rates and taxpayers' satisfaction exist.

The correlation coefficient between tax refund practices and taxpayers' satisfaction is .850, which means there is positive correlation between these variables. The change in one variable is correlated with change in another variable. The positive sign concludes that the increase in value of current refund practices, transparent refund practices, tax refund practices be more efficient requiring less documentation, receive tax refund in timely manner and satisfied with the amount of tax return will increase the value of taxpayers' satisfaction. The corresponding p-value .000 is less than the level of significance of 0.05 indicating that the statistically significant correlation exists between tax refund practices and taxpayers' satisfaction.

4.2.4 Regression Analysis

In the field of statistical analysis modeling, regression analysis is a fundamental statistical procedure utilized to estimate the interrelationships among variables. It encompasses a range of techniques for modeling and scrutinizing multiple variables, particularly when investigating the relationship between a dependent variable and one or more independent variables. Specifically, regression analysis provides insight into how the value of a dependent variable changes as a result of variations in any one independent variable, while keeping the other independent variables constant.

Table15

Regression Analysis

Model	B	T	Sig
(Constant)	-0.135	-0.414	0.679
Service Quality	0.005	0.098	0.922
Tax Collection Process	0.278	5.457	0.000
Tax Policy	0.353	6.809	0.000
Tax Rate	-0.076	-2.329	0.021
Tax Refund Practices	0.437	8.450	0.000

Dependent Variable: Taxpayers' satisfaction

R-value	0.956
R-square	0.914
F-value	6.65
P-value	0.000

In this regression equation taxpayers' satisfaction is the dependent variable and other variables are independent variable. Beta coefficient indicates the degree of influence the corresponding independent variable has on variation in the dependent variable. The higher the value of beta the more significant the independent variable; and the positive and negative indicated the nature of relationship whether the dependent and independent variable move together or in opposite direction.

The coefficient estimate of the constant term of the regression shows -0.135 which indicates the value of dependent variable if all the independent variable becomes zero. This show that the taxpayers' satisfaction will be decreased by 13.5 percentages given all independent variables is zero. The p-value of 0.679, greater than 0.05, shows that this variable is insignificant.

Service quality of tax office is found to be positive with taxpayers' satisfaction. The relationship is statistically insignificant at 0.922 level of significance. The regression coefficient for service quality of tax office is 0.005 indicating that the, ceteris paribus, 1 unit increase in service quality of tax office factor leads to 0.5 percentage increases in taxpayers' satisfaction.

Tax collection procedures are found to have positive relation with taxpayers' satisfaction. The relation is found to be statistically significant since the p-value 0.000 is lesser than the critical value of 0.05. The regression coefficient for tax collection procedures is 0.278 indicating that the ceteris paribus a 1 unit increase in tax collection procedures lead to 27.8 percentage increase in satisfaction of tax payers..

Tax policies are found to have positive relation with taxpayers' satisfaction. The relation is found to be statistically significant since the p-value 0.000 is less than the critical value of 0.05. Regression coefficient for tax policy is 0.353 indicates that the ceteris paribus a 1 unit increase in tax policy leads to 35.3 percentage increase in taxpayers' satisfaction.

Tax rate is found to have negative relation with taxpayers' satisfaction. The relation is found to be statistically significant since the p-value 0.025 is lesser than the critical value of 0.05. The regression coefficient for tax rate is -0.076 which indicated that, ceteris paribus, 1 unit increase in tax rate leads to 7.6 percentage decrease in satisfaction of taxpayers'.

Tax refund practices are found to be positive with taxpayers' satisfaction. The regression coefficient for tax refund practice is 0.437 indicating that the ceteris paribus a 1 unit increase in tax refund practice leads to 43.7 percentage increase in taxpayers' satisfaction. The p-value of 0.00 is lesser than the critical value of 0.05 indicating that this variable is statistically significant.

Table 16

Summary of Hypothesis

S.N	Hypothesis	P-value	Null Accept/Reject
H1	There is no significant relationship between service quality provided by tax office/ officers and VAT taxpayers' satisfaction.	0.922	Accepted
H2	There is no significant relationship between tax collection procedures and VAT taxpayers' satisfaction.	0.000	Rejected
H3	There is no significant relationship between tax policy and VAT taxpayers' satisfaction.	0.000	Rejected
H4	There is no significant relationship between tax rates and VAT taxpayers' satisfaction.	0.021	Rejected
H5	There is no significant relationship between tax refund practices and VAT taxpayers' satisfaction.	0.000	Rejected

4.3 Discussion

In this section evaluation and interpretation of the results has been done. The examination of every aspect of the result in terms of previous studies mentioned in the literature review has been done thoroughly. Here the objective is to find out the reasons of why the findings of the study have been consistent or inconsistent as predicted by the previous studies and exploring the reasons for similarity or contradiction.

The study finds that despite service quality provided by tax offices/ officers positively impact the taxpayers' satisfaction regarding VAT, it is not considered as significant factor for increasing the satisfaction of taxpayers'. The result contradicts with the study conducted by Lukman (2022), Sukesu and Yunaidah (2020), Asuncion and Lacap (2021),

Serim et al. (2014) , Chen (2010) and Islam (2012) where all researchers found out that service quality provided by tax offices/ officers as major factor in determining satisfaction of taxpayers'. However, in the context of Nepalese economy, the result contradicts because all the tax payment system has been made online. So, the taxpayers have to make little contact with the tax officers/officers in majority of cases. So, taxpayers' are finding easy to pay taxes online and not determining service quality as a significant factor.

The study finds that tax collection procedures do significantly impact in the taxpayer's satisfaction regarding VAT. The result matches with the study of Deviana, Agusra and prihastuti (2021), Herawati,Tabroni and Lusiana (2018), Fu et al. (2004), Chen (2010), Hammouri and Shanab (2017), Chumsombat (2014), and Kresnandita,Prawati and Lusiana (2023) where the researchers found tax collection procedure as one of the major factor for impacting the satisfaction level of taxpayers'. The study does coincide the result with the study as taxpayers' find easy to fill their taxes if the forms can be easily filled, proper tax collection procedures is defined, credibility of system is made and ease payment tax is made. Thus, respondents consider this as statistically significant factor in determining the taxpayers' satisfaction.

The study finds that tax policy do significantly impact in the taxpayer's satisfaction regarding VAT. The result matches with the study of Hidayat (2014), Ahmed and Faisal (2021), Ershaid (2021), and Irawan and Sebayang (2022) where the researchers found tax policy as one of the major factor for impacting the satisfaction level of taxpayers'. The study does coincides the result with the study as taxpayers' motivated to pay out taxes if fairness of tax policy, availability of information about tax, simplified tax policy is observed. Thus, respondents consider this as statistically significant factor in determining the taxpayers' satisfaction.

The study finds that tax rates negatively impact the taxpayers' satisfaction regarding VAT, and is considered as significant factor for increasing the satisfaction of taxpayers'. The result is in line with the study conducted by Tsehay(2017), Yanty and Setyowati (2019), Wulanjayanti and Usman (2019), Gosal and Utami (2020), andAhmed and Faisal (2021) where all researchers found out that tax rates as major factor in determining satisfaction of taxpayers'. In the context of Nepalese economy, the result coincides because all higher the tax rates more the amount has to be paid to the government. So,

taxpayers want to pay little to the government as no direct benefits have been made to the business people by the taxes they paid.

The study finds that tax return practices do significantly impact in the taxpayer's satisfaction regarding VAT. The result matches with the study of Prawati and Dewi(2018), Ahmed (2020), Saptono (2023), and Chandra (2023) where the researchers found tax return practices as one of the major factor for impacting the satisfaction level of taxpayers'. The study does coincides the result with the study as taxpayers' motivated to pay out taxes if timely and adequately return of the excess tax is made by the government in case where the excess tax has been filed. Thus, respondents consider this as statistically significant factor in determining the taxpayers' satisfaction.

CHAPTER V SUMMARY AND CONCLUSION

5.1 Summary

The study aims to find out factors considered important by the taxpayers for increasing their satisfaction regarding VAT, and relationship between those factors and satisfaction level of taxpayers. The study is important in both theoretical and practical context. Currently, the VAT taxpayers are increasing in Nepal due to government promoting VAT oriented business in industrial and agro based business in Nepal. So, tax collection is growing at a steady rate due to increased business activities. In Nepal, growth of tax revenues, especially VAT, in recent times has brought possible challenges to government is tough than before. Since, VAT is one of a primary source of revenue for government for carrying out development activities and administrative procedures, by attracting more individuals and institutions for registering in VAT and making them paying taxes seems to be main purpose of the government. Thus, to increase the tax revenues by the government, government and tax officials need to understand satisfaction level of taxpayers and identify the factors that affect their satisfaction level. Various variables are identified through literature review that can make an impact in taxpayers' satisfaction level. These variables include service quality of tax office/officers, tax collection procedures, tax policies, tax rates, and tax refund practices. Hypotheses are made on the basis of these variables whether these variables have significant impact of satisfaction of VAT taxpayers'.

The research design is of descriptive nature and analytical methods are used to see how different variables affect the satisfaction of tax payers. Primary data has been collected by administering structured questionnaire from 320 respondents. Convenience sampling has been used for selecting respondents. Collected data has been analyzed by conducting descriptive and inferential analysis. To ensure trustworthiness of data, reliability test has also been performed and all the independent variables are found to be reliable. 5 scale likert scales has been used to collect data regarding independent variable.

The study analyzes the collected data through descriptive analysis and hypothesis testing through multiple regression models between dependent and independent variables. Upon conducting analysis, it is found that tax collection procedures, tax policy, tax rates and tax refund practices have significant impact on VAT taxpayers' satisfaction. Among these

factors, only tax rates have negative relation with tax payers' satisfaction. However, service quality provided by tax office/ officers do not have significant impact on tax payers' satisfaction regarding VAT. Thus, the present study concludes that government should focus on tax collection procedures, tax policy, tax rates and tax refund practices factors for enhancing the satisfaction of taxpayers.

5.2 Conclusion

This section of the research gives conclusion for the study by presenting answer to the research questions and fulfilling the objectives of the research. The study answered the questions raised regarding various factors affecting satisfaction of taxpayers' regarding VAT in Nepal. Currently, the government expenditure is increasing in Nepal and government is taking all the measures for increasing the tax revenues by imposing VAT. In Nepal, growth of capital expenditures in recent times has brought increment in development activities. Thus, to increase the tax revenues, government need to understand the taxpayers' motive and what factors affect their level of satisfaction regarding the taxes they are paying.

The present study finds out that among various variables listed, tax collection procedures, tax rates, tax policy, and tax refund practices have significant impact on satisfaction of taxpayers'. A tax rate, which also plays significant role in impacting the satisfaction of VAT taxpayers', has negative relation with the dependent variable. Other factor such as service quality of tax office and officers does not have significant impact on taxpayer's satisfaction regarding VAT in Rupandehi. Thus, government is recommended in motivating taxpayers' especially of VAT tax payers for paying taxes through easiness in filling forms, specifying proper tax collection procedures, fair tax policy, sufficient availability of tax information to public, simplified tax policy, flexible and transparent tax rates, and proper tax refund practices.

5.3 Implications

Each and every research findings will definitely benefit certain parties in the decision making. Since the research is done from taxpayer's perspective, the result of this research study will certainly help government in tailoring their VAT tax as per the satisfaction of

taxpayers. As per the study government is recommended in motivating taxpayers by implementing fair tax policy, fair, flexible and transparent tax rates, proper tax collection procedures, easily and understandable tax related forms and proper tax refund practices in order to increase the tax collection by satisfying the taxpayers. Moreover, the research contributes as a base for those who want to conduct further study on the same topic by increasing sample size, more geographical coverage of sample and addition of other independent variables which further contributes to well understanding of factors that affects the VAT taxpayers' satisfaction in Nepal.

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Appendix A Questionnaire

Dear Respondent,

I am Bivek Nepal, MBS student of Shanker Dev Campus affiliated to Tribhuvan University. I am conducting research on "Taxpayers' satisfaction regarding VAT in Rupandehi" for dissertation as a requirement of MBS degree. All the information and finding from this research will be used only for academic purpose and your response will be kept confidential throughout. So, I kindly request you to answer these questions, which will help me in my research.

Thank you for your cooperation!!!

Full name of the respondent:

Mobile Number:.....

A: Demographic Variables

Q 1. Please tick the option that best describes your answer.

1. Age: 25-35 36- 45 46-55

2. Gender: Male Female

3. Marital Status: Married Unmarried Separated

4. Income per month (Rs):

below 50,000

75,000 – 1,00,000

50,000 - 75,000

1,00,000 & above

5. Highest level of education:

- SLC or below
- Bachelors
- +2 Intermediate
- Masters & above

6. Type of business

- Sole proprietorship
- Partnership
- Limited Liability company

B: Satisfaction Variables:

Please express your opinion regarding the influence of following factors on your satisfaction level regarding tax.

Particulars	1	2	3	4	5
	Strongly Dissatisfied	Dissatisfied	Neutral	Satisfied	Strongly Satisfied
Service Quality of Tax Office					
Good Location and accessibility of Tax office					
Positive Response of tax officials to your query					
Good attitude of Revenue officials towards solving problems					
Ease of locating and contacting relevant officials					
Reliability in dealings of officials					

Tax Collection Procedures					
Ease in filling up tax forms					
Ease in getting tax refunds					
Proper tax collection procedures and administrative mechanism					
Credibility of system for tax payment					
Ease of paying taxes					
Tax Policy					
Fairness of tax policy					
Good availability about information on tax					
Ease in understanding the tax related printed documents					
Simplified tax policy					
Policy promoting specific businesses					
Tax Rates					
tax rates are currently too high					
should tax rates be adjusted based on profit levels					
Should tax rates be reviewed regularly to					

ensure fairness					
should tax rates be transparent					
Should tax rates be easily understood by the public					
Tax refund practices					
Are you satisfied by current refund practices					
Should tax refund practices be more transparent					
Should tax refund practices be more efficient requiring less documentation					
Receive my tax refund in timely manner					
Satisfied with the amount of my tax return					

C: Overall Satisfaction: Please express your opinion regarding the overall taxpayers' satisfaction.

Particulars	1	2	3	4	5
	Strongly Dissatisfied	Dissatisfied	Neutral	Satisfied	Strongly Satisfied
Service Quality of Tax Office					
Tax Collection Procedures					
Tax Policy					
Tax Rates					

Tax refund practices						
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TAXPAYERS' SATISFACTION REGARDING VAT IN RUPANDEHI

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