

## **ABSTRACT**

The objective of this study was to establish the relationship between online taxes filing system on tax compliance level of small scale businesses in Kisumu Central Sub – County in Kenya. The study concentrated on small scale businesses so as to find out why they were compliant yet amongst other reasons they had social amenities like internet network availability, proximity to KRA Western regional office that give advisory services in case of problem with regards to filing and compliance. The objectives of the study was answered using three research questions which revolved around tax declaration, tax reporting and tax payment and how each is affected by online system in order to enhance compliance. Review of the past research studies, books, journals and articles were carried out. The study adopted correlational study design. Data was collected using structured questionnaires from 53 sampled respondents which were picked using sampling and analyzed using inferential statistics by use of correlation and multiple linear regression analyses. Data obtained was subjected to quantitative methods of data analysis using SPSS (version 20). Results obtained were presented using tables and graphs for ease of understanding and interpretation. In addition both correlation and regression analyses were done and summaries presented. From the regression analysis, it was revealed that holding tax declaration, tax reporting and tax payment up to a constant zero, tax compliance would stand at 0.589. A unit increase in online tax declaration would lead to an increase in tax compliance among the small scale business tax payers in Kisumu Central Sub County by a factor of 0.029 and a unit increase in online tax reporting would lead to an increase in tax compliance among the small scale business tax payers in Kisumu Central Sub County by a factor of 0.034 while a unit increase in online tax payment would lead to an increase in tax compliance among the small scale business tax payers in Kisumu Central Sub County by a factor of 0.044. Though compliance would differ from one sector of the population to another. The study recommends that a further study should be conducted to identify and investigate other factors that affect tax compliance levels among small scale businesses in Kisumu Central Sub County.