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*Determinants of Voluntary Rental Income Tax
Compliance by Landlords in Kiambu Town, Kenya*

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Determinants of Voluntary Rental Income Tax Compliance by Landlords in Kiambu Town, Kenya

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Abstract

The purpose of this study was to establish the determinants of voluntary rental income tax compliance by landlords in Kiambu County, Kenya; case of Kiambu Town. The study employed descriptive survey design. A sample size of 265 rental property owners chosen. Primary data was collected using a questionnaire. Data analysis involved descriptive and inferential statistics. Descriptive statistics included the mean scores, standard deviation and frequencies while inferential statistics included multiple linear regression model. The study revealed that tax knowledge, attitude and perception, cost of compliance and tax rate levied on rental property explained 70.1% of the voluntary rental income tax compliance by landlords in Kiambu town. Regression of coefficients indicated that tax knowledge has a positive and significant effect on voluntary rental income tax compliance, attitude and perception has a positive and significant effect on voluntary rental income tax compliance, cost of compliance has a negative and significant effect on voluntary rental income tax compliance while tax rate levied on rental property has a negative and significant effect on voluntary rental income tax compliance. The study thus concludes that tax knowledge is important in enhancing rental tax compliance. A conclusion is thus made that the nature of attitude and perception about tax by landlords may influence their level of rental income tax compliance. The study recommends for the need for periodic workshop training, tax educational programmes organized by the Kiambu county governments and Kenya Revenue Authority to sensitize and about the importance of tax compliance.

Keywords: Rental Income, Tax Compliance, Voluntary

Introduction

Property owners, residential owners and commercial owners are required to declare the size of income generated from renting the property for appropriate rental income tax calculation (Berhane & Yesuf, 2013). Paying rental income tax calls for voluntary payment without being compelled by the tax authority. Voluntary tax compliance entails, declaring size of income and paying taxes as required by taxation laws of the country (Adeniran, 2011). Voluntary tax compliance connotes taxpayers' readiness to oblige himself/herself with tax laws by remitting their rental income taxes willingly and honestly (Awa & Ikpor, 2015). Rental income tax remittance is dependent on the level of property owners' willingness to declare their income and remit taxes to the authority as required. The size of rental income tax remitted will consequently be high if the level of voluntary rental income tax compliance is higher (Jemaiyo & Mutai, 2016).

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The study was guided by the Economic Model of Tax Compliance (EMTC), Institutional anomie theory and the Slippery Slope Framework. Allingham and Sandmo (1972) proposed the EMTC theory and states that behavior of taxpayers is influenced by elements like tax rate charged, probability of being penalized in case of tax evasion and the chances of tax fraud by under declaring actual income. Messner and Rosenfeld (1994) coined the Institutional anomie theory. The theory explains crime rate and its relationship with economic factors that trigger them. According to Bernburg (2002) crime rate in the society is linked to societal pressure to achieve once goals referred to as economic achievements. Kirchler, Hoelzl, and Wahl (2008) postulated the Slippery Slope Framework. According to the slippery slope approach, tax compliance is instilled only through two major methods that include penalties for evasion and cultivating trustworthy relationship with taxpayers (Prinz, Muehlbacher & Kirchler, 2010).

In Kenya, the Finance Act (section 6A of 2015) stipulates taxation policies on rental property of 10% on annual rental income of between 144,000 and Kshs. 10 million. Where annual rental income exceeds Kshs. 10 million, the tax rate is 30% (Finance Act, 2015). According to the Finance Act of 2015, the 10 percent taxation rate is on aggregate rental income earned by the property owner and that the total rental income earned does not surpass KES 10 million on annual basis. However, the finance act 2020 amended the minimum rental income thresholds of monthly rental income increasing the upper threshold from Kshs.10 million to Kshs.15 million per annum while the lower threshold increased from Ksh.144, 000 to Ksh.288, 000 per annum. In addition, rent on non-residential buildings (Commercial) is taxable under the VAT Act (No. 35 of 2013) - Laws of Kenya. Despite these provisions, the level of rental income tax compliance remains low in the country. Tax non-compliance remains a major problem in Kenya and is prevalent in many economic sectors including housing and property developers (Karanja, 2015). Tax non-compliance occurs where taxpayers fail to compile tax files and pay actual taxes as stated by the law. Tax non-compliance also entails failing to pay tax at the right time, underreporting the actual tax due, underreporting actual size of rental income and exaggerating income expenses (Sani & Gbadegesin, 2015).

Data shows that 50% of rental property owners in Kenya comply with rental income tax obligations (KRA Rental Income Achievements, 2015). Basing on report by KRA rental income tax collection decreased from Ksh 5bn in 2007 to ksh 1bn. in 2009. During the 2015/2016, rental income tax collection as per KRA was Ksh. 6.074 bn slightly below target of ksh. 7.17 bn (KRA, 2017). Form the report, an additional ksh. 1.5 bn

worth of rental income was recovered from non-compliant property owners and landowners (KRA Rental Income Achievements, 2015).

Voluntary rental income tax compliance connotes full payment of all taxes accruing from use and rental of property (Braithwaite, 2009). Voluntary rental income tax compliance involves correctly declaring the tax due, compiling necessary tax documents and remitting the tax to the authorities at the right time (Jones, 2009). Voluntary rental income tax compliance describes taxpayers' readiness to remit rental taxes as stipulated by the laws. Likewise, voluntary tax compliance as viewed by authorities in charge of taxation describe it as willingness of tax-payers to abide with taxation guidelines, report actual rental income earned and also remit the actual tax owed within the agreed time of payment (Heenkenda, Weerasekara & Chathurangani, 2016). A wider perspective of voluntary rental income tax results to a problem where the quantity of rental income tax is very low because the level of compliance among the taxpayers is extremely low. Despite the fact the tax authorities try to seek alternative ways of enhancing tax compliance, rental tax paid remains very low as reported by various tax authorities (Geremew, 2017). Rental income non-compliance entails outright evasion to pay taxes and limited understanding of tax laws and what is required of the taxpayer.

Promoting voluntary tax compliance is necessary in increasing public awareness about taxation (Deyganto, 2018). Cultivating culture of tax compliance is fundamental in expanding the size of rental income collected from property owners (Berhane & Yesuf, 2013). It is important to note that taxes collected from rental income is one of major sources of income revenue for ruling governments and local jurisdictions across the globe (Ross & McGee, 2012). Voluntary rental income tax compliance will show the size of rental income collected by the tax authorities. Poor voluntary tax compliance slackens rental income tax management resulting to low revenue collected for the government (Fauziati, Minovia, Muslim & Nasrah (2016). According to Palil (2010) tax compliance calls for strict observance to laws guiding tax payment including tax payment on time and correctly declaring rental tax. Voluntary compliance is purely discipline dependent exercise where taxpayers are required to obey tax laws by remitting taxes on time. Likewise, the tax authorities, shows aspects of honest and truth when compiling payable taxes to the people (Kołodziej, 2011). Voluntary rental income tax compliance demands high level of honesty, sufficient understanding of tax requirements, correct and timely payment of taxes (Geremew, 2017).

Tax non-compliance stands a bigger problem and is prevalent in many economic sectors including housing and property developers (Karanja, 2015). Tax non-compliance occurs where taxpayers fail to file tax dues in time and correctly declare tax owed. Tax non-compliance also entails underreporting of tax dues and misstatements of tax expenses (Sani & Gbadegesin, 2015). Rental income taxes remain critical source of revenue for governments and local jurisdictions. Yet, low tax compliance remains a problem to tax authorities and governments. The size of rental income to be collected depends largely on the level of compliance from the taxpayers (Kenya Revenue Authority, 2015). Tax non-compliance makes government and local authorities loose revenue to run the activities mandated to do. Moreover, most public services rely on tax revenue for funding hence tax compliance plays a significant role in ensuring service continuity (KRA, 2015).

Despite the tremendous growth from real estate sector in Kenya from the past few years, the corresponding tax collection from the sector has remained very low. In 2017 rental income tax compliance rate was low at 40% in Kiambu Town. Kiambu Town lost an approximated Kshs.19 million in 2017 from non-compliant property owners and property developers (Serem, Kinanga & Ondiba, 2017; KRA, 2017). Rental income tax remittance by property owners has been largely low in spite all the energies employed to enforce rental income tax policies. There has been little improvement in rental tax compliance in the region. In 2017, Kenya Revenue Authority had targeted to collect Ksh. 47 million rental income taxes in Kiambu Town, however only Ksh. 27.9 million rental income taxes were collected. These represented a non-compliance rate of 60% (KRA, 2018). Because of this phenomenon, the study intends to examine the determinants of voluntary compliance of taxes on rental income in Kiambu Town, Kenya.

Globally, empirical studies on rental tax compliance include a study by Geremew (2017) on factors influencing rental income tax payers' compliance among taxpayers in Ethiopia, however, the study failed to identify compliance costs as a significant determinant of rental income compliance presenting a conceptual gap. Research by Fauziati, *et al.* (2016) in Indonesia on tax knowledge and tax compliance revealed that tax knowledge does not influence compliance on tax obligations. However, the study focused on general tax compliance with little or no attention on rental income tax compliance presenting both conceptual and geographical gap. In France, Germany and Austria a study by Vlachos, Bitzenis and Kontakos (2015), on tax desire and tax compliance only focused on developed economies in Europe with established tax collection system unlike Kenya implying the need to undertake this study.

Locally, some of the empirical studies on rental tax compliance include research by Osebe (2013) on factors affecting tax compliance among real estate firms in Kenyan showed that, tax education, knowledge, fines and taxpayers' attitude determines the extent of tax compliance among taxpayers. However, the research failed to identify compliance costs as a significant determinant of rental income compliance presenting a conceptual gap. A study by Thananga, Wanyoike and Wagoki (2013) on factors influencing rental compliance on rental income taxes Nakuru municipal revealed that rental income tax compliance was low. The study did not highlight the factors causing rental income tax compliance. A study by Jemaiyo and Mutai (2016) to analyze factors influencing tax compliance and tax-compliance level in Eldoret town among real estate firms did not relate tax compliance to rental income. It is evident that various knowledge gaps that include conceptual gaps, contextual gaps and methodological gaps exist in the literature. Because of the identified knowledge gaps, this study answered the fundamental question; what are the determinants of voluntary rental income tax compliance by landlords in Kiambu County, Kenya; case of Kiambu Town?

Literature Review

Geremew (2017) did a study on components influencing rental personal citizens' consistence with duty framework the instance of Hawassa City Administration in Ethiopia. As indicated by the reaction of the respondents, certain components were seen as the significant determinants of non-private house rental personal citizens' deliberate consistence. These are: budgetary requirements, referent gathering impacts, familiarity with citizens, discernment on duty decency, modest representation of the truth of salary, instructive status, nonappearance of government motivations, trust in expense evaluation and accumulation method and rental assessment review.

In Indonesia, Fauziati, et al. (2016) investigated the effect of tax knowledge on tax compliance by utilizing survey research design to guide he study. The study found that tax knowledge did not impact tax compliance. However, Fauziati, *et al.* (2016) research studied only general tax compliance with little or no attention on rental income tax compliance.

Vlachos, Bitzenis and Kontakos (2015) undertook an empirical research on the effect of tax morale on tax compliance in Austria, Germany and France. The methodology used is that of descriptive analysis. It was found that tax compliance is dependent on personal economic gain and loss (except for the case of welfare dodging reported in France), conditional cooperation is also present (signifying the role of tax morale).

However, the study focused on developed economies in Europe with established tax collection system unlike Kenya calling for the need to undertake this study.

Palil, Akir and Ahmad (2013) studied perception of taxpayers, knowledge on tax, tax education and tax compliance in Malaysia. The study was carried out through questionnaires. The variables employed include tax awareness training (education, knowledge), tax compliance and religiosity. From analysis, the research found that the participants' tax compliance level was low in comparison to their education and knowledge towards tax. Religion was also established to have a significant effect on tax compliance. However, the study focused on general tax compliance with little or no attention on rental income tax compliance.

Muehlbacher, Kirchler and Schwarzenberger (2011) conducted a study on voluntary against tax compliance by enforcement as illustrated by the slippery slope framework in Austria, the United Kingdom, and the Czech Republic. Age and education positively influence voluntary tax compliance; however, the effect of the element is only narrowly significant. Tax compliance is dependent on power exercised by the tax bodies. Ironically, trust has a relationship with tax compliance. Education is negatively linked to enforced tax compliance. However, the study focused on general tax compliance with little or no attention on rental income tax compliance.

In Thika town, Waithira (2016) undertook a study to look at the determinants private rental annual assessment consistence by fixed asset owners by utilizing descriptive research design. Tax knowledge, tax rate was found to significantly influence tax compliance, however, tax payers' perception and attitude had insignificant relationship. The examination likewise revealed an inconsequential negative impact between pay rates, penalties, fines and private rental annual duty consistence by rental property owners.

In Eldoret town Kenya, Jemaiyo and Mutai (2016) conducted a study to analyze factors that impact tax compliance and how it influences tax compliance levels among real estate firms. The study employed after the fact research design. This research revealed that tax compliance is significantly influenced by costs of tax compliance cost, tax penalties, auditing and tax knowledge. High costs related to tax compliance costs reduces level of tax compliance among the property owners.

Thananga, et al. (2013) conducted an investigation on variables influencing consistence on rental annual duty strategy via proprietors in Nakuru Municipality. Rental income tax compliance was low. The most well-known type of resistance was through exaggeration of costs and findings that would thusly diminish assessable compensation and the measure of expense, comparatively modest representation of the truth of salaries was additionally normal. The majority of the landowners maintained a strategic distance from the altogether resistance where they didn't submit returns or make good on regulatory expenses at all rather they had sporadic installment and assessment decrease.

Research Methodology

Descriptive survey design was adopted in this study. In descriptive survey design, semi structured questionnaires are employed to gather data and findings used to predict the population (Orodho, 2005). Descriptive survey design allows the researcher to make conclusive observation about the study (Kothari, 2003). Descriptive survey design involves studying a large population by selecting the most appropriate sample (Yin, 2017; Creswell & Creswell, 2017). The study employed the descriptive survey design to establish the determinants of voluntary compliance of taxes on rental income in Kiambu Town, Kenya.

The study focused on rental property in Kiambu Town. The target population was therefore the 789 rental property owners in Kiambu Town (Kiambu County Ministry of Land, Housing and Physical Planning, 2020). The units of observation were the rental property owners. The sample size of the study was 265 rental property owners chosen using simple random sampling technique. A structured questionnaire was utilized to collect primary data. Marshall and Rossman (2010) noted that questionnaires are suitable in measuring attitude, opinion and perceptions. Questionnaires were issued to the respondents (rental property owners) in person. Questionnaires that were filled immediately were collected. For those respondents who required more time to fill the questionnaire, their requests were granted and the questionnaires were collected later.

Reliability describes whether the instrument is clear enough to collect viable data (Heale & Twycross, 2015). Creswell *et al.* (2017) and Castillo (2009) points out that a Cronbach alpha of 0.7 and above is an indication that the research instrument is adequate for data collection. This study adopted the 0.7 as the benchmark of ensuring that the tool is adequate for actual study. Any statement in the questionnaire bearing

a Cronbach alpha of 0.7 or more was included in the analysis while any statement in the questionnaire bearing a Cronbach alpha of less than 0.7 was revised or excluded in the actual analysis.

The primary data collected using questionnaire were entered in an excel sheet and exported to SPS version 25.0 for analysis. Data analysis involved entailed the descriptive and inferential statistics. The descriptive included the mean scores, standard deviation and frequencies while inferential results entail multiple linear regression model.

The analysis of variance was utilized to attest the overall significance of the model. Multiple regression coefficients were employed to investigate the determinants influencing voluntary compliance of taxes on rental income in Kiambu Town. A 5% level of confidence interval was used to ascertain the significance of the model by comparing it against the p value calculated. The multiple regression model is shown as;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y = Rental income tax compliance

X₁ = Tax Knowledge

X₂ = Attitude and perception

X₃ = Cost of compliance

X₄ = Tax rate levied on rental property

β₀ = the constant term

β_i = Beta coefficient 1...4 measured the change in the dependent variable Y against the variables X₁, X₂, X₃ and X₄.

The error (ε) factor denotes other determinants of voluntary rental income tax not included in the model.

Research Findings

Descriptive Statistics

As presented in table one below, results revealed that majority of rental property owners were knowledgeable about tax returns filing to moderate extent as indicated by mean response of 2.9 and standard deviation of 1.3. The results also showed that majority of rental property owners were knowledgeable about income tax calculation to moderate extent as indicated by mean response of 2.8 and standard deviation of 1.2.

Table One: Tax knowledge

Tax Knowledge areas	Very	Great	Moderate	Minimal	Not at	Mean	SD
	great extent	Great extent	Moderate Extent	Minimal extent	Not at all		
Tax returns filing	18.8%	14.0%	40.1%	11.6%	15.5%	2.9	1.3
Income tax calculation	15.0%	19.3%	35.7%	16.4%	13.5%	2.8	1.2
i-tax platforms	16.9%	14.0%	44.0%	13.0%	12.1%	2.9	1.1
Tax laws	14.5%	14.5%	40.6%	16.9%	13.5%	3.0	1.2
Tax requirements and procedures	16.9%	13.5%	42.0%	12.6%	15.0%	3.0	1.3

Table one above shows that majority of rental property owners were knowledgeable about i-tax platforms to moderate extent as indicated by mean response of 2.9 and standard deviation of 1.1. Further, majority of rental property owners were knowledgeable about tax laws to moderate extent as indicated by mean response of 3.0 and standard deviation of 1.2. Regarding tax requirements and procedures, majority of rental property owners agreed to moderate extent as indicated by mean response of 3.0 and standard deviation of 1.3. The results imply that majority of rental property owners are moderately knowledgeable about the various taxation services.

In table two below, Majority of rental property owners indicated that good rapport with tax authorities influences voluntary rental income tax compliance to great extent as indicated by mean response of 2.3 and standard deviation of 1.3. The results also showed that majority of rental property owners indicated that friendly tax officers influence voluntary rental income tax compliance to great extent as indicated by mean response of 2.2 and standard deviation of 1.1. Majority of rental property owners also indicated that the use of rental income tax collected influence voluntary rental income tax compliance to great extent as indicated by mean response of 2.4 and standard deviation of 1.2.

Further, majority of rental property owners indicated that efficient and effective tax collection systems influence voluntary rental income tax compliance to great extent as indicated by mean response of 2.4 and standard deviation of 1.2. Regarding theft of tax revenues collected, majority of rental property owners indicated that the vice influenced voluntary rental income tax compliance to great extent as indicated by

mean response of 2.4 and standard deviation of 1.2. The results imply that attitude and perception of taxpayers may influence the tax compliance in terms of tax payments, filling and compilation.

Table Two: Attitude and perception

	Very great extent	Great extent	Moderate Extent	Minimal extent	Not at all	Mean	SD
Good rapport with tax authorities	27.1%	43.5%	10.1%	8.2%	11.1%	2.3	1.3
Friendly tax officers	30.9%	37.7%	9.2%	11.6%	10.6%	2.2	1.1
The use of rental income tax collected	26.1%	41.5%	12.1%	10.6%	9.7%	2.4	1.2
Efficient and effective tax collection systems	26.1%	41.1%	8.7%	9.7%	14.5%	2.5	1.4
Theft of tax revenues collected	30.4%	39.1%	7.7%	10.1%	12.6%	2.4	1.3

In table three below, it is presented that majority of rental property owners indicated that tax consultant charges ranged between ksh15001-20000 as indicated by mean response of 3.7 and standard deviation of 1.3. The results also showed that majority of rental property owners indicated that administrative costs ranged between ksh15001-20000 as indicated by mean response of 3.5 and standard deviation of 1.2. Majority of rental property owners also indicated that opportunity costs lost while queuing at tax authority offices to remit my rental income tax influence voluntary rental income tax compliance. Further, majority of rental property owners indicated that technical compliance costs of maintaining tax records ranged between ksh15001-20000 as indicated by mean response of 3.7 and standard deviation of 1.2. Fines and penalties also influence voluntary rental income tax compliance as indicated by mean response of 3.6 and standard deviation of 1.4. The results imply that cost of compliance influence the level of tax compliance. More costs may derail the desire by rental taxpayers to comply with taxation requirements.

Table Three: Cost of compliance

	less than ksh 5000	ksh 5001- 10000	ksh10001- 15000	ksh15001- 20000	Over ksh 20000	Mean	SD
Tax consultant charges	10.1%	12.1%	10.1%	42.5%	25.1%	3.7	1.3
Administrative costs	9.2%	15.5%	12.6%	42.0%	20.8%	3.5	1.2
Opportunity costs lost while queuing at tax authority offices to remit my rental income tax	12.1%	7.7%	9.2%	48.8%	22.2%	3.6	1.3
Technical compliance costs of maintaining tax records	8.2%	13.0%	14.5%	39.6%	24.6%	3.7	1.2
Fines and penalties	9.7%	12.1%	13.5%	41.1%	23.7%	3.6	1.2

As presented in table four below, majority of the rental property owners did not agreed that the 10% residential rental income tax rate is fair to them as indicated by mean response of 4.5 and standard deviation of 1.4. In addition, majority of the rental property owners agreed that they are willing to pay residential rental tax because the tax rate is well structured as indicated by mean response of 2.4 and standard deviation of 1.3. It was also established that majority of the rental property owners agreed that the tax rate is favorable and they are willing to remit their rental tax income to the taxing authority as indicated by mean response of 2.3 and standard deviation of 1.2. Regarding the statement that the 10% tax rate on gross receipts lessens tax burden for them as compared to 30% tax rate on net rental income, majority of the rental property owners agreed as indicated by mean response of 2.4 and standard deviation of 1.3.

Table Four: Tax rate levied on rental property

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	SD
The 10% residential rental income tax rate is fair me.	9.7%	15.9%	9.7%	29.0%	35.7%	4.5	1.4
I am willing to pay residential rental tax because the tax rate is well-structured	27.5%	40.1%	9.7%	8.7%	14.0%	2.4	1.3
The tax rate is favorable and I am willing to remit my rental tax income to the taxing authority	23.7%	45.4%	13.5%	9.2%	8.2%	2.3	1.2
The 10% tax rate on gross receipts lessens tax burden for me as compared to 30% tax rate on net rental income	27.5%	41.5%	8.7%	12.1%	10.1%	2.4	1.3
The lowered tax rate has influenced my willingness to pay residential rental tax in time	28.0%	38.2%	14.0%	9.2%	10.6%	2.4	1.3
The tax rate is high and I am likely to default on my rental income tax payment because my net income is low income	27.5%	39.6%	9.7%	11.1%	12.1%	2.2	1.2
The monthly rental tax to be levied to the authorities has significant impact on the cash flow of landlords	27.5%	39.6%	12.6%	12.1%	8.2%	2.3	1.2
Property owners that collect low rental income have higher propensity of not being tax compliant.	27.5%	35.3%	13.5%	13.0%	10.6%	2.4	1.3
Monthly rental income tax remitted monthly to tax authorities significantly increases administrative costs among the property owners.	28.5%	40.6%	7.2%	15.9%	7.7%	2.3	1.3

As presented in table four above, the study also established that majority the rental property owners agreed that the lowered tax rate influenced my willingness to pay residential rental tax in time as indicated by mean response of 2.4 and standard deviation of 1.3. Regarding the statement that the tax rate is high and I am likely to default on my rental income tax payment because my net income is low income, majority of the

rental property owners agreed as indicated by mean response of 2.2 and standard deviation of 1.2. Majority of the rental property owners agreed further agreed that that the monthly rental tax to be levied to the authorities has significant impact on the cash flow of landlords. Also, rental property owners agreed that property owners that collect low rental income have higher propensity of not being tax compliant and that monthly rental income tax remitted monthly to tax authorities significantly increases administrative costs among the property owners.

Table Five: Residential rental income tax compliance

Residential rental income tax compliance	Strongly				Strongly		Mean	SD
	Agree	Agree	Neutral	Disagree	Disagree			
I file my rental tax returns on monthly basis without fail	8.7%	7.7%	8.7%	40.1%	34.8%	3.5	1.2	
I correctly declare my monthly rental income to the tax authorities	8.2%	6.8%	7.7%	42.0%	35.3%	3.9	1.1	
I remit my rental tax dues at the prescribed date	10.6%	5.8%	6.3%	46.4%	30.9%	3.8	1.2	
I document my rental tax file records with the tax authority	7.7%	7.7%	8.2%	44.4%	31.9%	3.9	1.2	
I am always willing to pay rental income tax	7.2%	8.2%	7.7%	43.0%	33.8%	3.7	1.2	
I have never forfeited to pay my rental income tax to the tax authority	8.7%	9.7%	6.3%	42.5%	32.9%	3.6	1.2	

Majority of the rental property owners did not file rental tax returns on monthly basis without fail as indicated by mean response of 3.5 and standard deviation of 1.2. In addition, majority of the rental property did not correctly declare their monthly rental income to the tax authorities as indicated by mean response of 3.9 and standard deviation of 1.1. It was also established that majority of the rental property owners did not remit my rental tax dues at the prescribed date as indicated by mean response of 3.8 and standard deviation of 1.2. Regarding the documenting rental tax file records with the tax authority, majority of the rental property owners did not as indicated by mean response of 3.9 and standard deviation of 1.2. Results

further indicated that majority of the rental property owners are not always willing to pay rental income tax as indicated by mean response of 3.7 and standard deviation of 1.2. Finally, majority of the rental property have ever forfeited to pay my rental income tax to the tax authority as indicated by mean response of 3.6 and standard deviation of 1.2. The results in table five above imply that rental tax compliance among rental property owners in Kiambu town is relatively high.

Regression Results

Table Six: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837 ^a	.701	.575	.71632

a. Predictors: (Constant), Tax rate levied on rental property, attitude and perception, tax knowledge, cost of compliance

Tax knowledge, attitude and perception, cost of compliance and tax rate levied on rental property were found to be satisfactory in explaining voluntary rental income tax compliance by landlords in Kiambu town as presented in table six above. This is supported by coefficient of determination also known as the R square of .701. This means that tax knowledge, attitude and perception, cost of compliance and tax rate levied on rental property explained 70.1% of the voluntary rental income tax compliance by landlords in Kiambu town. The ANOVA results obtained are presented in table seven below.

Table Seven: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	24.448	4	6.112	11.912	.000 ^b
1	Residual	103.649	202	.513		
	Total	128.097	206			

a. Dependent Variable: Residential rental income tax compliance

b. Predictors: (Constant), Tax rate levied on rental property, Attitude and perception, Tax knowledge, Cost of compliance

The results indicate that the overall model was statistically significant. Further, the results imply tax knowledge, attitude and perception, cost of compliance and tax rate levied on rental property are good predictors of voluntary rental income tax compliance in Kiambu town. This was supported by an F statistic

of 11.912 which was greater than the critical F-statistic of 2.6987 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Regression of coefficient results is presented in table eight below. To interpret the regression coefficient results, calculated p value is compared with 0.05 level of significance. If the p value is less than 0.05, then the relationship between variables is significant otherwise insignificant.

Table Eight: Regression of coefficients

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	2.059	.350		5.878	.000
1 Tax knowledge	.205	.070	.211	2.932	.004
Attitude and perception	.307	.063	.343	4.868	.000
Cost of compliance	-.210	.061	-.256	-3.448	.001
Tax rate levied on rental property	-.166	.061	-.192	-2.741	.007

a. Dependent Variable: Residential rental income tax compliance

The beta coefficients of the regression model predicting voluntary rental income tax compliance in Kiambu town is presented as;

$$Y = 2.059 + .205X_1 + .307X_2 - .210X_3 - .166X_4$$

The constant value of 2.059 indicated the level of voluntary rental income tax compliance in Kiambu town in the absence of tax knowledge, attitude and perception, cost of compliance and tax rate levied on rental property. Basing on the predictive model, attitude and perception ($\beta = .307$) had the highest positive effect on voluntary rental income tax compliance in Kiambu town, followed by tax knowledge ($\beta = .205$). Cost of compliance ($\beta = -.210$) had the highest negative effect on voluntary rental income tax compliance, followed by tax knowledge ($\beta = -.166$). Regression of coefficients indicated that tax knowledge has a positive and significant effect on voluntary rental income tax compliance in Kiambu town ($\beta = .205$, $p = 0.004 < 0.05$). The regression of coefficient implies that a one-unit change in tax knowledge results to .204 unit increase in voluntary rental income tax compliance.

The results also revealed that attitude and perception has a positive and significant effect on voluntary rental income tax compliance in Kiambu town ($\beta=.307$, $p=0.000<0.05$). The regression of coefficient implies that a one-unit change in attitude and perception of rental taxpayers results to .204 unit change in voluntary rental income tax compliance.

Conclusions

The study found that tax knowledge has a positive and significant effect on voluntary rental income tax compliance. The study thus concludes that tax knowledge is important in enhancing rental tax compliance. Tax knowledge entails proper understanding of tax laws, requirements and other obligations. Proper understanding of issues related to taxation may promote rental tax compliance. It was found that attitude and perception of the taxpayer has a positive and significant effect on voluntary rental income tax compliance. A conclusion is thus made that the nature of attitude and perception about tax by landlords may influence their level of rental income tax compliance. Rental taxpayers with positive attitudes toward tax remittance and obligation is more tax compliant as compared to taxpayer with negative attitude about tax obligations. The study further concludes that costs of compliance significant affect voluntary rental income tax compliance. Compliant costs are incurred in acquiring and organizing information, compiling tax reports where external tax experts must be involved. The costs may include time lost while filling tax information and hiring tax experts to compile tax returns. Finally, the study concludes that tax rate levied on rental property influences the voluntary rental income tax compliance. Tax rate is a critical factor determining tax compliance. The tax rate should be fair to the taxpayers' pockets. Tax rates levied if fair can largely influence level of tax compliance.

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