



Determinants of Tax Compliance in Windhoek Namibia

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ABSTRACT

Taxation is a complex area for many taxpayers since tax laws are often difficult to interpret. This means most taxpayers lack enough knowledge to correctly treat specific income items for tax purposes hence they face the challenge of noncompliance. The study sought to investigate the determinants of tax compliance in Windhoek. The study used a mixed research approach. The population of the study comprised of Windhoek residence. Using an on-line survey with questionnaires, a sample of 89 taxpayers was accessed. The results revealed that the majority of taxpayers were not tax compliant. It also revealed that tax rate, tax audit, government spending, personal financial constraints, awareness on offences, penalty rate, tax knowledge, fairness and government policy are significant factors affecting tax compliance. Finally, the study recommended that the Namibian government should establish an institution to educate ordinary citizens on issues pertaining to tax compliance and all associated policies related to taxation.

Keywords: Tax Compliance, Income Tax, Tax Audit, Mixed Method, Government Policy

JEL Classifications: H20, H26, H29

1. INTRODUCTION

Governments across the world exist to create conditions that promote economic stability, social welfare, and improved living standards for their citizens (Rustamova et al., 2025; Ul Mustafa et al., 2025; Omri et al., 2025). These conditions include the provision of national security, law and order, infrastructure development, social services, and effective international relations. To fulfil these responsibilities, governments require sustainable sources of revenue, with taxation being the most significant and reliable mechanism for public finance. Taxation must therefore be designed and administered in a manner that aligns with the socio-economic circumstances of a given country (Price Waterhouse Coopers, 2017).

Despite its centrality to public finance, taxation remains a complex area for many taxpayers. Tax laws are often difficult

to interpret, and taxpayers may lack enough knowledge to correctly treat specific income items for tax purposes (Cauble, 2025; Elkins, 2025; Omozue, 2025). In some cases, taxpayers receive incorrect professional advice or struggle to access clear and practical guidance on meeting statutory obligations (Price Waterhouse Coopers, 2017). These challenges increase the risk of tax noncompliance, which may result in penalties, interest charges, and reputational damage. Tax noncompliance refers broadly to the failure to adhere to tax laws and regulations, whether intentionally or unintentionally (Elkins, 2025; Omozue, 2025).

While well-structured tax legislation and efficient tax administration are important, they are not sufficient to ensure high levels of compliance. Human behaviour plays a critical role in determining compliance outcomes, often outweighing the effectiveness of formal tax systems (Helhel and Ahmed, 2014). Understanding

the behavioural, social, and economic factors that influence taxpayers' decisions is therefore essential. If these factors are clearly identified and analysed, tax policies and administrative practices can be adjusted to improve voluntary compliance (Helhel and Ahmed, 2014). Numerous studies conducted in developing countries highlight that tax compliance is shaped by a combination of economic incentives, social norms, and individual attitudes (Pope and Abdul-Jabbar, 2008; Atawodi and Ojeka, 2012; Wadesango and Mwandambira, 2018).

An effective tax system plays a pivotal role in national development (Pasalbessy, 2025; Grytsyshen et al., 2025; Belahouaoui and Attak, 2025). Taxation enables developing countries to reduce dependence on external aid, strengthen government accountability to citizens, enhance public financial management, promote economic growth, and reduce inequality (Nghaamwa, 2011). However, tax evasion and noncompliance remain widespread across both developed and developing economies (Weber, 2014). As a result, there has been growing interest in examining tax compliance from a psychological and behavioural perspective, focusing on taxpayers' attitudes, motivations, and perceptions of fairness (Nghaamwa, 2011).

In the Namibian context, taxation constitutes the primary source of government revenue, accounting for approximately 65% of total revenue (Bank of Namibia, 2019). However, the country faces persistent fiscal challenges due to rising government expenditure and declining revenue streams. Data from the Medium-Term Expenditure Framework indicate a decline in individual income tax (PAYE) contributions between the 2016/2017 and 2017/2018 financial years (Ministry of Finance, 2018). Furthermore, the Ministry of Finance (2021) reported that tax compliance in Namibia stands at only 57%, signalling a significant compliance gap that requires urgent policy attention.

Namibia operates a source-based tax system, whereby both residents and non-residents are taxed on income generated within the country (Price Waterhouse Coopers, 2017). While PAYE is deducted at source for salaried employees, the Income Tax Act (Act No. 24 of 1981) requires individuals earning additional non-salary income to register as provisional taxpayers. However, many taxpayers perceive PAYE deductions by employers as their final tax obligation, often excluding income from other sources such as rentals, business activities, or professional services. This misperception contributes significantly to noncompliance among individual taxpayers.

Following independence in 1990, Namibia inherited its tax system from South Africa and has since implemented several amendments to modernise tax administration, with the most recent significant amendment enacted in 2013 (Income Tax Amendment Act No. 4 of 2013). Additional reforms include the revision of tax brackets and the introduction of the Integrated Tax Administration System (ITAS) in 2019, aimed at improving efficiency and reducing revenue leakages. Despite these reforms, challenges related to compliance, transparency, and taxpayer engagement persist (Shikongo, 2018).

Previous studies on tax compliance in Namibia have largely focused on policy and macroeconomic perspectives, with limited empirical research targeting individual taxpayers' behaviour, particularly in relation to PAYE compliance (Nghaamwa, 2011). Given the differences in national tax systems, findings from international studies are not always directly applicable to the Namibian context. This creates a research gap that necessitates a focused investigation of individual income taxpayers' compliance behaviour within Namibia.

Against this backdrop, the current study seeks to investigate level of compliance or noncompliance and their determinants. By examining demographic, individual, economic, and social factors influencing compliance, the study aims to generate evidence-based insights that can inform policy formulation and enhance voluntary tax compliance. Ultimately, the findings are expected to assist policymakers and tax authorities in strengthening Namibia's tax system and improving domestic revenue mobilisation.

2. LITERATURE REVIEW

Tax compliance remains a central concern for governments worldwide, particularly in developing economies where domestic revenue mobilisation is critical. Tax noncompliance manifests mainly through tax evasion and tax avoidance, both of which undermine government revenue and fiscal sustainability. Although the Namibian Income Tax Act does not explicitly distinguish between tax evasion and tax avoidance, both forms constitute noncompliance that may require legal enforcement to ensure adherence to tax regulations (Price Waterhouse Coopers, 2017). The distinction between illegal tax evasion and legal tax avoidance is often unclear, complicating enforcement efforts (Corllesse, 2015).

Taxpayer behaviour varies significantly, with Bonga et al. (2015) categorising taxpayers into three groups: those who never evade tax, those who evade occasionally, and those who evade regularly. This variation necessitates a robust tax administration system that ensures the collection of all due revenues, maximises compliance with legislation, and protects revenue channels from illegal activities such as smuggling and fraud (Storm and Coetzee, 2018). Tax compliance or noncompliance arises from taxpayers' willingness or unwillingness to meet their obligations, as well as from weaknesses in tax rules and administrative systems (Tumsifu, 2015).

Several studies have examined the factors influencing tax compliance across different national contexts (Tefuttor et al., 2025; Rushambwa, 2025; Tumoro and Pandya, 2025; Padi et al., 2025). Factors including demographic and socio-economic factors influencing taxpayers' attitudes towards taxation, including age, gender, education level, income sources, registration status, and perceptions of income distribution, fear of audits, and third-party income reporting as major compliance drivers (Rushambwa, 2025; Tumoro and Pandya, 2025; Padi et al., 2025). These studies have shown that taxpayers generally do not perceive taxation as inherently unfair. Instead, they are more willing to comply when governments reciprocate through visible and equitable public service delivery and provide transparency regarding the use of tax revenues. Studies have also shown that reducing tax rates for

self-employed individuals could significantly enhance voluntary compliance (Mbonde, 2018). The causes of tax evasion can be categorised further into moral, political, economic, and technical factors. Moral factors relate to taxpayers’ honesty and sense of obligation, political factors arise from perceived inequities and misuse of fiscal policy, economic factors reflect income levels and national development, while technical factors stem from complex and poorly regulated tax systems. Collectively, these factors reinforce the negative consequences of tax avoidance and evasion, including increased inequality and future fiscal burdens on the state.

There are a number of theoretical models explaining tax compliance behaviour including five dominant frameworks: economic deterrence, socio-psychological, fiscal exchange, comparative treatment, and political legitimacy models. They concluded that no single model adequately explains compliance behaviour, as both economic and non-economic factors jointly shape taxpayer decisions. Guided by this perspective, the present study adopts the economic deterrence theory and behavioural (fiscal psychology) theory. Economic deterrence theory posits that taxpayers’ decisions are influenced by tax rates, the probability of detection, and the severity of penalties, which together determine the costs and benefits of noncompliance (Devos, 2014). Fiscal psychology theory extends this framework by incorporating psychological factors such as moral values, perceptions of fairness, and trust in tax authorities. These theories recognise that compliance behaviour is shaped by a combination of economic incentives and social influences (Devos, 2014). In applying these theories, the literature identifies six key economic variables affecting compliance: tax rates, penalties, income level, complexity of tax systems, probability of detection, and sentencing severity. Additionally, demographic, situational, and personal factors—such as age, education, ethics, peer influence, and social norms—are recognised as important moderators of compliance behaviour (Devos, 2014).

3. RESEARCH METHODOLOGY

This study adopted a mixed-methods research approach using an explanatory sequential design, which integrates both quantitative and qualitative methods. The rationale for employing this design was to allow quantitative findings to be explained and complemented by qualitative insights, thereby providing a deeper understanding of taxpayers’ attitudes towards tax compliance. Quantitative data were collected through a survey, while qualitative data were obtained through interviews. Qualitative data were analysed using a deductive coding approach, focusing on taxpayers’ perceptions and attitudes towards tax compliance.

The target population comprised household income taxpayers in Windhoek, Namibia. According to the Namibia Statistics Agency (2019), the City of Windhoek has 39 suburbs with approximately 119,217 registered private households. The study employed cluster sampling, whereby the population was divided into five clusters based on geographic location. Cluster sampling was chosen because it reduces data collection costs, ensures representation across different strata, and minimises the distance between sampled elements (Kumar, 2005).

To determine the sample size, Slovin’s sampling formula was applied with a 10% margin of error, resulting in a sample size of 100 respondents. An online survey was conducted using Google Forms, with questionnaire links distributed via WhatsApp and Facebook, restricted to Windhoek residents. The data collection period lasted fourteen (14) working days.

Data collection instruments consisted of structured and unstructured questionnaires. Structured questions captured demographic characteristics and measurable factors influencing tax compliance, while unstructured questions allowed respondents to freely express their views. Responses to closed-ended questions were coded using binary values, where “Yes” was assigned one (1) point and “No” was assigned zero (0).

Quantitative data were analysed using Microsoft Excel Statistics Program. Descriptive statistics, including frequencies and percentages, were used to summarise respondent characteristics. Inferential analysis was conducted using regression analysis to examine the relationship between tax compliance and the predictor variables: demographic, individual, economic, and social factors. Pearson correlation analysis was also employed to assess the strength and direction of relationships between variables.

The regression model was specified with tax compliance as the dependent variable, while demographic, individual, economic, and social factors served as independent variables. This analytical approach enabled the testing of hypotheses and assessment of the significance of factors influencing income tax (PAYE) compliance in Windhoek.

4. RESULTS AND DISCUSSION

This section presents the results of the study. It starts with the analysis of the demographic responses.

4.1. Response Rate and Sample Adequacy

A total of 100 questionnaires were administered to household income taxpayers in Windhoek, of which 89 were completed and returned, resulting in a response rate of 89% (Table 1).

This response rate is considered adequate for survey-based studies examining taxpayer behaviour and attitudes, and it provides a reliable basis for analysing factors influencing income tax (PAYE) compliance in Windhoek. Similar response rates have been used in related tax compliance studies in developing country contexts (Nghaamwa, 2011; Mbonde, 2018).

4.2. Demographic Characteristics and Tax Compliance

The demographic profile of respondents was analysed to understand how gender, age, marital status, education level, and

Table 1: Distribution by response rate

Descriptions	Frequency	Percentage
Total questionnaires collected/completed	89	89
Total questionnaire missing or no response	11	11
Total distributed	100	100

Source: Survey results (2021)

sources of income influence tax compliance behaviour. Of the 89 respondents, 62% were male and 38% female (Table 2).

While males were more represented in the sample, the study does not conclude that male taxpayers dominate income tax contributions in Windhoek due to the limited sample size. This finding is consistent with previous studies which caution against overgeneralising demographic dominance from small samples (Engida and Baisa, 2014).

Age distribution shows that the majority of respondents (73%) were between 25 and 44 years, with the largest group (43%) aged between 35 and 44 years. This age group represents the economically active population and is expected to contribute significantly to PAYE revenue. Similar findings were reported by Nghaamwa (2011), who found that age is a significant demographic variable influencing taxpayers' attitudes towards taxation.

Regarding marital status, 49% of respondents were married, 46% single, and 2% widowed. Married respondents are likely to have higher household responsibilities, which may affect disposable income and compliance decisions. Education levels among respondents were notably high, with approximately 90% holding university-level qualifications and 10% secondary education. This suggests that noncompliance cannot be attributed to illiteracy or lack of basic tax awareness, a finding consistent with Wudeneh (2018), who reported that educated taxpayers still exhibit noncompliance due to economic and institutional factors.

Respondents reported multiple income sources in addition to salaried employment as highlighted in Table 3 below.

The results shows that rental income (43%) and business income (24%) were the most common additional sources, followed by government grants or pensions, self-employment, sitting allowances, and part-time work. This finding is particularly important, as the Namibian Income Tax Act requires taxpayers to declare all income earned within Namibia (Price Waterhouse Coopers, 2017). The presence of multiple income streams increases the likelihood of under-reporting, especially where enforcement is weak.

Table 2: Distribution by gender

Gender	Frequency	Percentage
Male	55	62
Female	34	38
Total	89	100

Source: Survey results (2021)

Table 3: Sources of income of respondents

Sources of income	Frequency	Percentage
Rental income	38	43
Business	21	24
Government grant/GIPF	10	11
Self-employer	9	10
Sitting allowance	6	7
Part time job	5	5
Total	89	100

Source: Survey results (2021)

4.3. Individual Factors Affecting Tax Compliance

Individual factors examined included personal financial constraints, awareness of penalties and offences, and tax knowledge. Although 91% of respondents reported being registered for PAYE, registration did not equate to full compliance. The study revealed that 76.3% of respondents did not include income from other sources in their PAYE declarations, despite earning such income. This confirms the prevalence of partial compliance, where taxpayers rely on employer withholding while failing to self-declare additional income, a concern also raised by Nghaamwa (2011).

Household composition further influenced compliance behaviour. The majority of respondents (61%) reported having five household members, while most households relied on one- or two-income contributors. These dependency pressures increase financial strain and may encourage taxpayers to prioritise household survival over full tax compliance. Engida and Baisa (2014) similarly found that personal financial constraints are negatively associated with tax compliance.

Income distribution results show that most respondents earned between N\$100,001 and N\$500,000 annually, placing them within the middle-income bracket. Despite this, tax morale appeared relatively high, as 88.5% of respondents agreed that paying income tax is the right thing to do. This aligns with findings from studies in South Africa, Tanzania, and the United States, where taxpayers generally accept taxation in principle (Nghaamwa, 2011).

However, this positive attitude did not translate into compliant behaviour. Respondents identified several disadvantages of paying income tax (Table 4), including reduced disposable income, high tax rates, unequal distribution of tax revenue, misuse of public

Table 4: Transparency on tax revenues

Tax related statement	Percentage of respondent 'Yes' with the statement (%)	Percentage of respondent 'No' with the statement (%)
Government transparency with tax revenue to taxpayers	39.1	60.9

Source: Survey results (2021)

Table 5: Reason for unfairness in tax rate

Response of taxpayers	Frequency	Percentages
1. Namibia tax brackets are too high then other countries in SADC and need to be adjusted	40	56
2. The government services are poor despite the high tax rate	15	21
3. The tax rate deduction is too much compared to the cost of living in Namibia.	10	14
4. The tax bracket is increased due to bonus and performance bonus that are highly taxed; Respondent felt that bonuses should not be include in taxable income.	7	10
Total	72	100

Source: Survey results (2021)

Table 6: How tax revenue should be spent

Tax related statement on taxpayer's view on how tax revenue should be spent	Frequency	Percentages
1. On projects that directly benefits the nation like: Education, agriculture, health care services, housing and national securities	22	25
2. Money should be spent carefully and not to be stolen. People stealing tax payer's money should be held accountable.	16	18
3. Loan for small and medium enterprises (SME), to create more job in Namibia and contribute to PAYE revenue.	15	17
4. To give study loan with strong administrations with proper records to follow up.	12	13
5. In development projects like, invest in human capital to improve services delivery in Namibia.	9	10
6. To improve gender base violent and solve the social issues in Namibia	6	7
7. According to the identified need of the nations	5	6
8. Spending of Taxpayers' money should be transparent, the government should inform the nation how much government collected per year in different taxes, and the action plan on how the money will be spent.	4	4
Total	89	100

Source: Survey results (2021)

funds, and poor service delivery. Saad (2012) and Wudeneh (2018) similarly observed that inadequate tax knowledge, complexity, and financial pressure contribute to noncompliance.

4.4. Economic Factors and Compliance Behaviour

Economic factors were found to play a critical role in shaping tax compliance. These included tax rates, perceptions of fairness, willingness to pay tax, audits, penalties, and awareness of tax revenue usage. Although 75.9% of respondents were aware of their income tax rate category, 92% felt that they were paying too much tax, and 80% believed that the tax rate was unfair relative to their income and cost of living.

Perceived unfairness was attributed to high tax brackets compared to other SADC countries, poor public service delivery, rising living costs, and the taxation of bonuses (Table 5).

These findings support the economic deterrence theory, which posits that high tax rates increase the perceived cost of compliance and reduce willingness to comply (Devos, 2014). Similar conclusions were reached by Mbonde (2018), who found that reducing tax rates could enhance voluntary compliance.

Despite dissatisfaction with tax rates, compliance with filing requirements was relatively high. Approximately 89.5% of respondents submitted their PAYE returns on time. This suggests that enforcement mechanisms, such as deadlines and penalties, encourage procedural compliance even when attitudinal compliance is weak.

Table 7: Fundamental claims of taxpayers

Tax related statement from taxpayer	Frequency	Percentages
1. The government need to educate the nation in regards on how to fill the online income tax form.	25	34
2. The Ministry of Finance should have qualified human capital to run the tax administrations.	10	14
3. Tax money should be used for needs and not for personal gain.	8	11
4. It's a good thing to pay taxes however it's also discouraging seeing how much of the taxes are being misappropriated.	7	9
5. Government should inform the public the total amount of money collected from individuals tax and what will it be used for.	7	9
6. Government should introduce measures at local authority level to collect taxes to the maximum especially in the informal business sectors.	5	7
7. Tax bracket should be reviewed and reduce tax rates so that people can have sufficient disposable income to increase domestic spending.	3	4
8. The government must always inform tax payers every end of the financial year as to how much was collected that year and provide guidelines on how it will be used.	2	3
9. Income tax is important for the government to be able to provide more free and affordable services to vulnerable group, however, only if the funds are spent on what it was budgeted for.	2	3
10. In a perfect world, being a taxpayer is supposed to be something to be proud of as a productive member of society, we work hard to earn money and try to improve the lives of those we provide for who depend on us, in the hopes that it creates a ripple effect to also care for the vulnerable in our society at large through government programs, however in a country like Namibia it is not something I deem necessary anymore as we are constantly having to worry about where our money is going. As a person who also works in the "Audit" environment, it is shameful to witness first-hand how biased and self-enriching some "high ranking" individuals is.	2	3
The respondents' opinion was that the tax collected should be put to good use with transparency and assurances to the public but it is not, the question remains, why pay tax at all, at least until there is clarity as to where all the "missing" money went and preventative measures are put in place.		
11. Paying taxes is a right thing to do; by doing so, it will help the government to fulfil its mandate and obligations.	1	3
12. There is a need of tax education, and government should start spending more money for its intended purpose.	1	3
13. Tax reduction will definitely increase the livelihoods of many employed households, and effectively usage of tax revenues will help to create wealth of the nation at large.	1	3
14. The annual bonus should not be included in taxable income.	1	3
15. Government is putting our household budget under strain with lots of taxes on everything we buy. They may reduce tax rate on necessities and increase on luxury products.	1	3
Total	74	100

Source: Survey results (2021)

Table 8: Pearson correlation

Pearson correlations between level of tax compliance and factors with its variables	Percentage of respondent with the statement “Yes” (%)	Percentage of respondent with the statement “No” (%)	Remark (accepted/rejected)
Personal financial constraints: Householders registered for Pay As You Earn (PAYE)	90.8	9.2	Accepted
Awareness of offence: Including income from another source in PAYE, apart from full-time job	23.8	76.3	Rejected
Tax knowledge: It is right to pay income tax	88.3	11.5	Accepted
Tax knowledge: How tax revenues are used	41.4	58.6	Rejected
Tax rate: categories of income tax rate taxpayers belong to	75.9	24	Accepted
Perception of government spending: Government makes taxpayers to pay more taxes	92	8	Accepted
Tax rate: Too much tax rate is affected on willingness to pay tax	71.3	28.7	Accepted
Tax Audit: Submission of PAYE return on or before the due date (30 June each year)	89.5	10.5	Accepted
Tax rate: Fairness: pay the current tax rate currently paying.	20	80	Rejected
Penalty: Exclude other income not from employer in taxable income	42.5	57.5	Rejected
Perception of government spending: Government communicate to taxpayers sufficient how it spends tax revenue	34.1	60.9	Rejected
Change to current government policy: If the ruling party represents public interests.	78.6	21.4	Accepted
Perception of fairness: Collecting taxes from the citizens, the government can reduce inequality in Namibia.	41.9	58.1	Rejected
Perception of fairness: Tax is helping the primary task of the government or the relatives.	56.6	43.4	Accepted
Referent group: Family members and friends know how think about taxation.	64	36	Accepted
Change to current government policy: Taxpayers can influence the government’s decision-making.	45.30	54.7	Rejected
Change to current government policy: People who pay taxes should have more rights in terms of making claims to the government than people who do not pay.	54.7	45.3	Accepted

Transparency and awareness of tax revenue usage were low as indicated by Table 4.

About 58.6% of respondents were unaware of how tax revenues were utilised, and 60.9% believed that the government lacked transparency in reporting tax spending. According to Meaza (2011), transparency in public finance is essential for building taxpayer trust. Kostianen (2018) also noted that although national budgets are publicly available, many taxpayers remain unaware of how revenues are spent.

More than half of respondents (57.5%) admitted excluding income from non-employer sources from taxable income. This reinforces concerns about under-reporting and aligns with findings by Engida and Baisa (2014), who identified weak enforcement and audit capacity as major drivers of noncompliance in developing economies.

4.5. Social Factors and the Fiscal Contract

The study examined several social factors which included political representation, perceptions of inequality reduction, referent groups, and taxpayer participation in decision-making.

A significant majority of respondents (78.6%) felt that the ruling party did not represent their interests regarding tax revenue utilisation. This finding supports Kostianen’s (2018) argument that Namibia lacks a functioning fiscal contract between the government and ordinary taxpayers.

Furthermore, 58.1% of respondents believed that taxation does not reduce inequality in Windhoek, despite Namibia’s high Gini coefficient (Namibia Statistics Agency, 2017). This perception

Table 9: Mean and standard deviation

Factors	n	Mean	Standard deviation
Economic	89	4.66	0.27
Social	89	3.48	0.12
Demographic	89	3.01	0.17
Individual	89	2.01	0.38

Source: Survey results (2021)

weakens confidence in the redistributive role of taxation and reduces voluntary compliance. Wudeneh (2018) similarly found that perceived inequity negatively affects compliance behaviour.

Regarding the primary purpose of tax collection (Table 6), 56.6% believed it was to finance government operations, while 43.4% perceived it as benefiting relatives or elites. Such perceptions indicate scepticism about fairness and accountability in public expenditure.

Social influence appeared limited, as 64% of respondents were unaware of how family members or friends perceived taxation. This suggests weak peer norms around tax compliance, consistent with findings by Buzohera, 2025, who argued that social norms significantly shape compliance behaviour.

More than half of respondents (54.7%) believed they had no influence on government decision-making. Kostianen (2018) observed that in Namibia, policy influence is largely exercised by business and auditing firms, leaving ordinary taxpayers marginalised. Nevertheless, 54.7% (Table 7) of respondents believed that taxpayers should have greater rights than non-taxpayers, reflecting expectations of reciprocity within the tax system.

Table 10: Linear regression analysis

Factors	X	Y	XY	X ²	Y ²	α-value	β-value
Economic factor	4.66	10	46.6	21.72	100	10	2.15
Social factor	3.48	10	34.6	11.97	100	10	2.89
Demographic factor	3.01	10	30.01	9.06	100	10	3.32
Individual factor	2.01	10	20.01	4.04	100	10	4.98

Source: Survey results (2021)

4.6. Statistical Analysis and Hypothesis Testing

Pearson correlation analysis (Table 8) revealed mixed relationships between tax compliance and the predictor variables.

Variables such as PAYE registration, tax knowledge, tax rates, tax audits, and perceptions of government spending showed acceptable associations with compliance. However, awareness of revenue usage, fairness of tax rates, inclusion of other income, and transparency showed weaker or negative associations.

Descriptive statistics (Table 9) showed that economic factors had the highest mean (4.66), followed by social (3.48), demographic (3.01), and individual factors (2.01). This ranking suggests that economic considerations exert the strongest influence on compliance behaviour, consistent with Devos (2014).

Regression Statistics					
Multiple R	0.13996				
R- Square	0.01959				
Standard Error	1.3339				
	df	ss	MS	F	significance
Regression	1	0.0711	0.0711	0.0399	0.8600
Residual	2	3.5587	1.7793		
Total	3	3.6298			
	Coef	Stand. Error	t-stat	p-value	
Intercept	3.29	0.6669	4.9328	0.0387	

Regression analysis (Table 10) indicated that economic factors had the lowest beta coefficient, signifying the strongest impact on tax compliance, while individual factors had the highest beta coefficient, indicating the weakest impact. Social and demographic factors had moderate effects. Although the R-square value (0.019) suggests limited explanatory power.

Hypothesis testing showed that demographic, individual, economic, and social factors all had statistically acceptable effects on PAYE compliance. Social and economic factors demonstrated relatively stronger influence, consistent with Engida and Baisa (2014) and Wudeneh (2018).

4.7. Integrated Discussion

Overall, the findings confirm that tax compliance among household income taxpayers in Windhoek is influenced by a complex interaction of economic, social, demographic, and individual factors. While taxpayers generally recognise the legitimacy of taxation and comply with administrative requirements, substantive compliance is undermined by high tax rates, perceived unfairness, financial constraints, weak transparency, and limited political representation.

Table 11: Results of hypothesis

Hypotheses	P-value	Result
Demographic factors have a significant effect on income tax (PAYE) compliance.	0.603	Accepted
Economic factors have a significant effect on income tax (PAYE) compliance.	0.122	Accepted
Social factors have a significant effect on income tax (PAYE) compliance.	0.074	Accepted
Individual factors have a significant effect on income tax (PAYE) compliance.	0.605	Accepted

Source: Survey results (2021)

Economic and social factors emerged as the most influential determinants as shown in Table 11 of compliance, supporting the economic deterrence and fiscal psychology theories (Devos, 2014). Individual and demographic factors, although relevant, play a secondary role. These results reinforce the argument that improving tax compliance in Namibia requires not only enforcement mechanisms but also reforms aimed at fairness, transparency, accountability, and taxpayer engagement.

5. CONCLUSION AND RECOMMENDATIONS

This study examined the impact of income taxpayers' attitudes on tax compliance in Windhoek, Namibia, with specific focus on demographic, individual, economic, and social factors influencing compliance with Pay as You Earn (PAYE). Using a mixed-methods approach, the study provides evidence on the underlying drivers of compliance behaviour and offers insights to support improved domestic revenue mobilisation.

The findings demonstrate that tax compliance among household income taxpayers in Windhoek is not primarily constrained by lack of education or awareness, as most respondents were university educated and within the economically active age group. Instead, compliance is largely shaped by economic pressures, institutional arrangements, and perceptions of fairness within the tax system. High tax rates, dissatisfaction with public service delivery, and perceived inequities in the utilisation of tax revenue significantly reduced taxpayers' willingness to comply voluntarily, despite widespread acknowledgement that paying tax is a civic responsibility.

Individual factors such as household dependency burdens, personal financial constraints, and the complexity of tax regulations also influenced compliance behaviour. Although most respondents were registered for PAYE and complied with filing requirements, a substantial proportion failed to declare income earned from non-salary sources. This pattern indicates partial compliance, where

administrative obligations are met but full disclosure of taxable income is avoided.

Social factors further weakened compliance. Many taxpayers perceived limited transparency in government spending, weak political representation, and minimal opportunities to influence fiscal decision-making. These perceptions undermined trust in government institutions and weakened the fiscal social contract between taxpayers and the state. Overall, the empirical results confirm that demographic, individual, economic, and social factors all significantly affect income tax compliance, with economic and social factors exerting the strongest influence.

In light of these findings, the study recommends strengthening transparency and accountability in the management of tax revenues through regular public communication on revenue collection and expenditure, particularly in priority sectors such as education, healthcare, housing, and employment creation. Improving the visibility of public benefits derived from taxation is likely to enhance taxpayer trust and voluntary compliance.

The study further recommends a review of income tax rates and brackets to ensure fairness and alignment with the cost of living, particularly for middle-income earners. Reducing excessive tax burdens may decrease incentives for income under-reporting and improve compliance. Strengthening tax administration through enhanced audit capacity, modern electronic systems, and skilled personnel is also essential, especially for monitoring income earned outside the PAYE system. Finally, expanding taxpayer education programmes and establishing platforms for taxpayer representation in fiscal policy formulation would improve understanding of tax obligations, strengthen perceptions of fairness, and promote sustainable voluntary tax compliance in Namibia.

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