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Effect of Corporate Governance on Tax Revenues Collection in Rwanda: A Case Study of Musanze District (2016-2019)

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Abstract:
The aim of this study is to investigate the effect of corporate governance on tax revenues collection in Rwanda. The major objective of this study is to find out how poor accountability can contribute to the negative failure on tax revenues collection in Musanze District of Rwanda; to establish the extent of how low transparency can contribute to lack of worthy trust to the companies in the particular area.
A Sample size of 360 respondents were arrived at using proportionate stratified sampling technique. The study gathered primary data through open and closed end questionnaires. Majority of companies have failed to recognize the importance of good governance that would have enabled them to manage the companies so well. The study was set out to analyze the extent to which corporate governance has effect on tax revenues collection in Musanze. This study analyzed the effect of corporate governance on tax revenues collection in Rwanda, a case study of Musanze District 2016 to 2019.Corporate governance will produce increase of tax revenues collection in Rwanda and the study concluded that there was variation of 52.3% on tax revenues collection in Rwanda was due to changes in accountability, transparency, fairness, responsibility and government policies and laws check at 95% confidence interval. The study recommends that things like lack of experts, lack of leadership skills, lack of transparency, lack of fairness and poor management as far as corporate governance is concerned which obviously affect the expansion of many companies in Musanze District, Northern Province thus government should give training curriculum, an entrepreneurship skills training, leadership skills training in order to help most of the companies to achieve their goals and objectives.

Keywords: *Accountability, transparency, fairness, responsibility and government policies and laws*

1. Introduction

Across the globe, corporate governance is very important to companies and among others, corporate governance can be broadly defined as 'the system by which companies are directed and controlled'. The code on corporate governance, adopted in 2005, was developed in accordance with OECD's principles to improve transparency, accountability, honesty, fairness, responsibility and professionalism for developing effective corporate governance systems in Kazakhstan. Corporate governance practices in Kazakhstan are also influenced by laws and regulations such as the law on Accounting and financial Reporting, the law on joint stock companies, Market. Although the first steps to promote effective corporate governance practices were taken in the early 2000s, the state of corporate governance in Kazakhstan is still in its infancy (Mahmood &Orazalin, 2017).

Corporate governance is a matter of growing importance in developing countries, many companies pass through significant transformations because of the combined forces of technological progress, sociopolitical changes, and economic trends toward globalization. In recent years, the growth of Indian companies has a lead change in the nature of the economy, external investors from developed countries demanded robust corporate governance practices from Indian companies. Therefore, regulators and competitors have given a great effort to restructure corporate governance. For organizing Indian firms, the Securities and Exchange Board of India (SEBI) ordered all firms to comply with securities regulations that were drafted by securities and exchange board of India (Chauhan *et al*., 2016).

As companies expand, they use local raw materials, employ local workforce sell to the community, pay, taxes, and so forth that supposedly benefit the community. In additional, recent corporation scandals have been blamed mainly on 'bad' corporate governance. (It is almost daily occurrence to hear news upon scandals ruining corporations). Consequences of firm's failure are huge; they can be felt in every aspect of society for instance, investors' capital can be wiped out overnight, job losses can occur and so forth (Mallin, 2016).

They need to ensure corporate structure that can sustain credibility in the management of stakeholder's resources, maintenance of effective communicator transparency and accountability is a crucial issue among corporate organization around the world. This is mainly because corporate governance has over the years positioned the discourse of governance on the front line of corporate performance. Corporate governance is fundamental to corporate operations, because it is the binding glue between structural and fundamental wings that defines how an organization is being managed and directed towards optimality (Irine&Indah, 2017).

Globalization, digitalization and increased mobility of tax bases have increased pressures on tax systems. Over the last decades, countries have sought to reduce top CIT and PIT rates, noting their detrimental impacts on incentives to work, save, and invest. Increased labour mobility, especially for those with high skills, can lead to increased tax competition for highly-skilled workers. As corporate tax rates have fallen, large gaps have opened up between personal and corporate tax rates in many countries, which can lead to incentives to incorporate and re-characterize wage income as corporate and capital income. These and other factors have exerted downward pressure on labour income tax rates, and as a result tax progressivity has fallen over recent decades, especially in the upper-part of the income distribution (Causa&Hermansen, 2017).

1.1. Problem Statement

Good Corporate Governance is a problem that will not end and will continue to be the subject of discussion for business, academic, policy-making and so forth. Understanding of corporate governance practices continues to evolve over time. Developing countries face a number of institutional problems in the process of revenue generation. Main problems are lack of accountability, corruption in tax administration, lack of transparency in the tax system, lack of tax experts, lack of fairness and another problem that cause low revenue generation is the low quality of governance. The absence of well-defined corporate governance tends to be highly deleterious to the sustenance of high level of performance, because this is what orchestrates efficiency in the management of an organization, such that stakeholders can be certain of getting optimum return on their investment (Osundina *et al*., 2016).

According to Lin and Chang, (2016), they pointed out that Small banks often fail because they do not have effective corporate governance and not only that these small banks are unable to generate sufficient amount of revenue from their clients because they face corruption in administration in the process of revenue generation and financial reporting in place poor corporate governance practice is a canker worm that affects organizations and has led to the collapse of private and public entities across economic sectors, thereby impairing overall economic performance. It manifests in the sub-optimal deployment of organizations resources with adverse macro-economic implication.

According to Isik and Folkinshteyn, (2017), they observed that between 2008 and 2012, the United States closed 465 banks because of poor management, liquidity, and capital. The general business problem is a lack of effective corporate governance and financial reporting within the banking institutions, which leads to a decrease in profitability. The specific business problem is how corporate governance and financial reporting in regional banks correlate with regional banking profitability and on the other hand these financial scandals resulted in a drop in the stock market, and several employees lost their jobs and lost their financial security. Investors also lost their investments, and the amount of tax collected decreased (Agrawal & Cooper, 2017).

Corruption is arguably a major problem to developing countries, where administrative officers use public fund for private gain. These countries are unable to generate sufficient amount of revenue from taxation because they face corruption in tax administration in the process of revenue generation. It is commonplace but nevertheless true to assert that corruption plagues virtually all countries, developing and developed alike. 'Corruption' is typically defined as the use of public office for private gain in ways that violate declared rules. Corruption can range from 'grand corruption' (e.g., corruption at the highest levels of government) to 'petty corruption' (e.g., small scale corruption between the public and government officials), and the methods of corruption include such activities as bribery, embezzlement, theft, fraud, extortion, blackmail, collusion, and abuse of discretion (International Monetary Fund, 2016).

Currently few researches have been done in this area of which most of them are not based in Rwanda perspective,various global and continental studies on this topic include: study conducted by Ashraf *et al*, (2017), found that the impact of different corporate governance attributes on tax collection on the basis of a sample that includes 19 companies of the Pakistan cement industry. The results have been different ranging from a positive relation between large board size and ROA to a negative influence of firm size on ROE while the study conducted by Harelimana (2018), found that tax administration, revenue protection system and tax automation have positive and significant effect on tax revenues collection not only that study conducted by Price water house Coopers (2018) global economic crime and fraud survey reported that the number of fraud cases had increase from 36% in 2016 to 49% in 2018 globally, the survey conducted by PricewaterhouseCoopers (2016) highlighted that the increase in the fraud cases in Malaysia is due to the failure of the companies to carry out a fraud risk assessment and fail to assess the risk of evolving corporate fraud that continue to grow overtime. The survey also reported that 90% of Malaysian companies believe that opportunity continue to be the driver of economic crime in their organization.

The findings from previous studies do not show the ways to overcome the problem of poor corporate governance in the organizations for skills needed at labour market for the growth of the economy. To fill the gap, the study show the strategies for improving skills in accountability, transparency, fairness, ways to combat corruption in the tax system and responsibility on tax revenues collection, appointment to top management positions should be based on merit rather than some other considerations, companies should carry out a fraud risk assessment ,this suggests that if governments need to raise more tax revenues in a way that minimizes distortions and maximizes social welfare, they should implement reforms that either reduce corruption, lack of transparency, lack of accountability, lack of fairness, lack of responsibility or raise revenues from tax categories that are less susceptible to corruption. Therefore, the intention of this research is to examine the effect of corporate governance on tax revenues collection in Rwanda. A case study of Musanze District (2016 to 2019).

1.2. Research Objective

Objective of the study demonstrate closely what the research is trying to bring out clearly and summarize other researchers wishes to achieve the project and provides direction to the study. Therefore, this study was guided by general and specific objectives:

1.2.1. General Objective

The general objective of this study is to assess the effect of corporate governance on tax revenues collection in Rwanda. A case study of Musanze District (2016 to 2019)

1.2.2. Specific Objectives

- To establish the effect of accountability on tax revenues collection in Rwanda
- To examine the effect of transparency on tax revenues collection in Rwanda
- To investigate the effect of fairness on tax revenues collection in Rwanda
- To examine the effect of responsibility on tax revenues collection in Rwanda
- To determine the role of government policies and laws on tax revenues collection in Rwanda

1.2.3. Research Questions

- What is the effect of poor accountability on tax revenues collection in Rwanda?
- To what extend does lack of transparency affect tax revenues collection in Rwanda?
- How does lack of fairness affect tax revenues collection in Rwanda?
- What is the effect of responsibility on tax revenues collection in Rwanda?
- What is the role of government policies and laws on tax revenues collection in Rwanda?

2. Empirical review

The empirical review is all about the studies conducted by other researchers on the same study;

According to păunescu*et al*., (2016) explored the relationship between corporate governance characteristics and effective tax rate of US listed companies. Using a sample of 50 companies, mainly from the technology area, listed at NASDAQ over the period 2000- 2013 and panel data regression, as well as robustness checks by means of estimated generalized least squares and generalized method of moments. They found that board independence and board size have a statistically significant negative impact on effective corporate tax rate.

According to the study conducted by Janei (2017) investigated how certain elements of corporate government impacted tax avoidance among listed companies on the Tehran Exchange in the period between 2011 and 2015.In this instance the impact of corporate governance indices on tax avoidance was explored. A total of 104 listed companies were investigated. Analysis of the data collected was made using the Eviews software and to test the hypotheses, the multiple regression was used. According to the results, no notable relationship was established between managerial ownership and tax avoidance. This study was conducted in a different context and therefore the finding cannot be generalized in the current context.

According to the study conducted by Irine and Indah (2017) also conducted a similar study in Indonesia, using 156 listed manufacturing companies. The study made use of linear regression analysis and found that board size has a positive effect on financial performance, while the audit committee size, managerial ownership and institutional ownership negatively affect financial performance. Study conducted by Abdullahi *et al.,*(2017) describes the relationship between the corporate governance mechanisms and financial performance using 21 listed banks for the period 2006 to 2009, the multiple regression analysis conducted indicated that the relationship between board size and ROA is positively insignificant. In addition to that, the study found that the relationship between audit committee size and ROA is negatively insignificant in the Nigerian banking context.

Gadenne (2016) examines the impact of a federal program for building tax capacity among Brazilian municipal administrations. She finds that the additional revenues resulting from the tax capacity program (the timing of which is plausibly exogenous) result in a 4 to 5% increase in the quantity of municipal education infrastructure (the largest budget item for Brazilian municipal governments) and an improvement of one tenth of a standard deviation in its quality. On the other hand, she finds that increases in non-tax revenues (namely, transfers from the federal government that increase discontinuously at given population thresholds) have no impact on any measure of municipal education infrastructure.

In a study of Colombian municipalities, Martinez (2016) finds that increases in municipal property tax revenue (a plausibly exogenous change resulting from updates of the cadaster by the national government) lead to significant increases in educational enrollment, a water quality index, and the coverage of health insurance among the poor. On the other hand, increases in non-tax revenue (namely royalties, which vary exogenously, according to the world price of oil) do not lead to 9 Transparency and Accountability Initiative Better public goods provision does not seem to result simply because local governments have more resources improvements in these indicators, even though royalties are earmarked and linked to targets in precisely those variables where tax revenues cause an improvement. In fact, he finds that increases in revenues from royalties lead to more corruption in the municipal government.

Rahman and Islam (2018) conducted a study on the impact of corporate governance on banks performance in Bangladesh and found that there is a positive and significant relationship between corporate governance attributes such as independent director and CEO duality and performance attributes such as earnings per share (EPS) and return on equity (ROE). Adesanmi*et al.* (2018) conducted a comparative study on the effect of CG on firm performance between manufacturing and banking sector of the economy. The study revealed a positive and significant relationship between CG (board size and board independence) and ROA. However, Olayiwola (2018)

3. Methodology

Research methodology indicates the logic of development of the process used to generate theory that is procedural framework within which the research is conducted (Remenyi*et al.,* 1998). It provides the principles for organizing, planning, designing, and conducting research. Methodological decisions are determined by the research paradigm that a researcher is following. The research paradigm not only guides the selection of data gathering and analysis methods but also the choice of competing methods of theorizing (Sayer 1992).

Research methodology is a systematic attempt or procedures that help the researcher to avoid self-deception. The methodology in this study is geared towards determining the effect of corporate governance on tax revenues collection in Rwanda. It spells out the technique and methods of sampling, the working hypotheses, type of data and data collection methods, processing and analysis of data as well as the constraints encountered. This study is based on both primary and secondary data that are collected from various sources. Primary data have been collected from the 360 male and female employees of the various companies in Musanze District.

3.1. Research Design

The researcher adopted a descriptive research design. According to Burns & Grove (2003), descriptive research is designed to provide a picture of a situation as it naturally happens. It is used to justify current practice and make judgment and also to develop theories. The choice of the descriptive research design was based on the fact that the researcher was interested in carrying out an in-depth study on corporate governance and its effect on tax revenues collection in Rwanda.
The study used mixed quantitative and qualitative research design to collect data. Qualitative data is more adequate to construct theory, while quantitative research designs provide the manner of examining theory (Sekara&Bougie., 2011).

The study employed both qualitative and quantitative approaches. Sekaran (2005) opined that qualitative data includes designs, techniques and measures that do not produce discrete numerical data. More often the data are in the form of words rather than numbers. By using this method, this study able to obtain the types of information that relates to the appreciation feelings ideas, attitudes and thereafter to their meaning and interpretation by using the interview as a tool to collect data. Mugenda and Mugenda (2003) observed that quantitative method is method for data analyzing, for describing or summarizing data using descriptive statistics. This method helped quantifying the data collected. Qualitative approach was used also to interpret the findings of this study.

3.2. Sample Size

According to Grinnell and Williams (1990), a sample size is a part of population which is deliberately selected for the purpose of investigation. Kothari (2004) pointed out that sample design is a definite plan for obtaining a sample from a given population. Because of limited time and resources, the researcher could not be able to study the whole population or collect data from 3,631 companies in Musanze District; it is from that point of view that the researcher had to determine the sample size to represent the whole population. A study that collects too much data is also wasteful. Therefore, before collecting data, it is essential to determine the sample size requirements of a study. Under this study the sample size of this research was selected using Taro Yamane's formula (1967) provides a simplified formula to calculate sample sizes.
This formula was used to calculate the sample size that was used in the research.

$$n = \frac{N}{1 + Ne2}$$

Where n: Sample size, N: population size, e: random error.

$$n = \frac{3631}{1 + 3631(0.05)2}$$

$$n = \frac{3631}{10.0775}$$

$$n = 360$$

Sample size is 360

Category of residence	Population Size	Sample size
Private companies	1876	186
Public limited companies	1545	153
Advocates firm	97	10
Consultants firm	113	11
Total	3,631	360

Table 1: Sample Size

4. Results and Discussions

4.1. Social Demographic Profile of Respondents

This section presents social demographic profile of the respondents who were involved in the study. The background information gathered includes gender of respondents, age of respondents, marital status of the respondents, education level of the respondents, experience level of the respondents, position held in the organization by the respondents, years of business operation, highest professional qualification of the respondents, occupation of the respondents and line of business under the study.

		Frequency	Percent
Gender of the respondents	Males	254	71.0
	Females	106	29.0
	Total	360	100.0
Age of the respondents	Between 21-30 years	56	16.0
	Between 31-50 years	274	76.0
	51 and above years	30	8.0
	Total	360	100.0
Marital status of the Respondents	Single	58	16.0
	Married	296	82.0
	Divorced	2	1.0
	Window	4	1.0
	Total	360	100.0
Education level of the respondents			
	Primary level	0	0.0
	Ordinary level 'o' level	37	10.0
	Advanced level 'A' Level	42	12.0
	Vocational trainings	45	13.0
	Undergraduate	189	53.0
	Postgraduate	47	13.0
Experience level of the respondents	Total	360	100.0
	Less than 2 years	35	10.0
	Between 3-5 years	97	27.0
	Between 6-9 years	198	55.0
	Above 10 years	30	8.0
Position held in the organization by the respondents	Total	360	100.0
	Owner	60	17.0
	Manager	145	40.0
	Accountant	120	33.0
	Support staff	35	10.0
Years of business Operation	Total	360	100.0
	1-4 years	65	18.0
	4-5 years	52	14.0
	5-10 years	140	39.0
	Over 10 years	103	29.0
Highest professional qualification of the respondents	Total	360	100.0
	CPA I	20	6.0
	CPA II	26	7.0
	CPA III	10	3.0
	Other	304	84.0
Occupation of the respondents	Total	360	100.0
	Self-employed	34	9.0
	Employed	302	84.0
	Other	24	7.0
	Total	360	100.0
Line of business	Public company	75	21.0
	Private company	210	58.0
	Advocate firm	45	13.0
	Consultant firm	30	8.0
	Total	360	100.0

Table 2: Profile of Respondents of Companies in Musanze District

The findings in table 2 indicate the gender of respondents, age of respondents, marital status of the respondents, education level of the respondents, experience level of the respondents, position held in the organization by the respondents, years of business operation, highest professional qualification of the respondents, occupation of the respondents and line of business in the study.

Where about gender in this study, showed that 71% of the respondents were males while the number of the female respondents in this study were 29%. This clearly reveals that data collected from the respondents in Musanze District is free of gender bias since both males and females were represented in the reasonable proportion in the study.

The finding about age of the respondents shows that 16% of the respondents were between 21-30 years, 76% of the respondents were between 31-50 years and 8% of the respondents were 51 and above years. This revealed that most of the companies are run by people who are aged between 31-50 years of ages in the particular area. According to Lulseged (2016) he observed that young employees are always curious about new ways of proving their worth on the job and tend to be more motivated than older staffs corroborate the above data.

The findings on marital status of the respondents showed that, 16% of the respondents were single, 82% of the respondents were married, 1% of the respondents were divorced, and 1% of the respondents were window. This clearly indicated that most of the companies where run by married people in the particular area.

The findings on education level of the respondents showed that 0% of the respondents acquired primary level education,10% of the respondents acquired ordinary level 'o' level education,12% of the respondents acquired advanced level 'A' level education, 13% of the respondents acquired vocational trainings education,53% of the respondents acquired undergraduate and 13% of the respondents acquired postgraduate. This clearly indicated that most of the companies are run by undergraduate holders in the particular area.

According to Lulseged (2016) who argued that during research studies, the researcher should ensure that the educated members of the survey sample should be the major focus since they have better knowledge of concepts than the illiterate does.

The findings on experience level of the respondents showed that 10% of the respondents were less than 2 years with the working experience in the companies, 27% of the respondents were between 3-5 years with the working experience in the companies, 55% of the respondents were between 6-9 years with the working experience in the companies and 8% of the respondents were above 10 years with the working experience in the companies.

According to Amin (2005) figured out that the period of work experience in companies determines the respondent's ability to gain access to vital information. People who have worked in companies tend to have more knowledge of that company than fresh staff. This makes the researcher to believe that the data provided about the institution was valid and reliable.

The findings on position held in the organization revealed that 17% of the respondents were owners of the companies, 40% of the respondents were managers of the companies, 33% of the respondents were accountants of the companies, and 10% of the respondents were support staff of the companies.

The findings on years of business operation revealed that 18% of companies operated between 1-4 years, 14% of companies operated between 4-5 years, 39% of companies operated between 5-10 years and 29% of companies operated over 10 years.

The findings on highest professional qualification of the respondents revealed that, 6% of the respondents acquired CPA I, 7% of the respondents acquired CPA II, 3% of the respondents acquired CPA III and 84% of the respondents' acquired others.

The findings on occupation of the respondents revealed that 9% of the respondents were self-employed, 84% of the respondents were employed and 7% of the respondents.

The findings on line of business revealed that 21% of the companies were public companies, 58% of the companies were private, 13% of the companies were advocate firms and 8% of the companies were consultant firms. This implies that most of the companies running in Musanze district are private companies. These findings are in line with Kompanek (2016) revealed that a company at Peru managed to expand its corporate governance and their CEO estimates resulted in an additional 20% increase when conducting a market valuation. Improved corporate governance further reduced the cost of encouraged to be highly transparent about their business.

4.2. Accountability on Tax Revenues Collection

The researcher assesses the perception of respondents on the level of accountability on tax revenues collection. The respondents were asked whether to strongly disagreed, disagree, neutral, agreed and strongly agreed with the statement concerned with accountability on tax revenues collection. The results were summarized in the table below.

S/N	Test Items		SD 1	D 2		N 3	A 4	SA 5	Mean	SDV
1	The business is accountable for records of credit sales	Freq	20	15		35	70	220	4.30	1.34
		%	6.0	4.2		10.0	19.4	61.1		
2	The business is accountable for records of employees	Freq	9	8		18	80	245	4.82	1.30
		%	2.5	2.2		5.0	22.2	68.1		
3	The business is accountable for credit purchases	Freq	5	12		6	60	277	4.89	1.38
		%	1.4	3.3		1.7	17.0	77.0		
4	The business is accountable for record of all the receipts and payments of the business	Freq	9	4		12	45	290	4.64	1.42
		%	2.5	1.1		3.3	12.5	81.0		
5	The business is accountable for records of all the assets related to the business	Freq	7	6		14	67	266	4.49	1.43
		%	2.0	1.0		4.0	19.0	74.0		
6	The business is accountable for records of all its expenditures	Freq	6	15		13	52	274	4.85	1.33
		%	2.0	4.2		3.6	14.4	76.1		
7	The business is accountable for reports maintain in the business	Freq	5	12		8	52	283	4.25	1.32
		%	1.4	3.9		2.2	14.4	79.0		
8	The business is accountable for recordkeeping used to track materials and ensure that borrowed files are returned worked well	Freq	4	11		7	53	285	4.72	1.28
		%	1.1	3.1		2.0	15.0	79.2		
9	The business is accountable for keeping record for future analysis	Freq	9	12		8	33	298	4.64	1.38
		%	2.5	3.3		2.2	9.2	83.0		
10	Accountability help in tracking the sale statement	Freq	7	14		9	52	278	4.76	1.36
		%	2.0	3.9		2.5	14.4	77.2		
	Overall Mean & Standard Deviation								4.64	1.35

Table 3: Respondent's Responses of Accountability on Tax Revenues Collection

The results from table 3, indicate that the majority 61.1% of respondents strongly agreed that the business is accountable for records of credit sales with (very high mean score = 4.30, St.dev=1.34) which implies there is strong evidence of existing fact and heterogeneity response.

The results from employees of companies in Musanze District indicated that the majority 68.1% of respondents strongly agreed that the business is accountable for records of employees with (very high mean score = 4.82, St.dev=1.30) which implies there is strong evidence of existing fact and heterogeneity response. The results from employees of companies in Musanze District indicated that the majority 77.0% of respondents strongly agreed that the business is accountable for records of employees with (very high mean score = 4.89, St.dev=1.38) which implies there is strong evidence of existing fact and heterogeneity response.

The results from employees of companies in Musanze District indicated that the majority 80.1% of respondents strongly agreed that the business is accountable for credit purchases with (very high mean score = 4.64, St.dev=1.42) which implies there is strong evidence of existing fact and heterogeneity response. The results from employees of companies in Musanze District indicated that the majority 74.0% of respondents strongly agreed that the business is accountable for record of all the receipts and payments of the business with (very high mean score = 4.49, St.dev=1.43) which implies there is strong evidence of existing fact and heterogeneity response.

The results from employees of companies in Musanze District indicated that the majority 76.1% of respondents strongly agreed that the business is accountable for records of all its expenditures with (very high mean score = 4.85, St.dev=1.33) which implies there is strong evidence of existing fact and heterogeneity response. The results from employees of companies in Musanze District indicated that the majority 79.0% of respondents strongly agreed that the business is accountable for reports maintain in the business with (very high mean score = 4.25, St.dev=1.32) which implies there is strong evidence of existing fact and heterogeneity response.

The results from employees of companies in Musanze District indicated that the majority 79.2% of respondents strongly agreed that the business is accountable for recordkeeping used to track materials and ensure that borrowed files are returned worked well with (very high mean score = 4.72, St.dev=1.28) which implies there is strong evidence of existing fact and heterogeneity response. The results from employees of companies in Musanze District indicated that the majority 83.0% of respondents strongly agreed that the business is accountable for recordkeeping used to track materials and ensure that borrowed files are returned worked well with (very high mean score = 4.64, St.dev=1.38) which implies there is strong evidence of existing fact and heterogeneity response.

The results from employees of companies in Musanze District indicated that the majority 77.2% of respondents strongly agreed that accountability help in tracking the sale statement with (very high mean score = 4.76, St.dev=1.36) which implies there is strong evidence of existing fact and heterogeneity response. These findings are consistence with Modugu*et al.,* (2012) they found that accountability on tax revenues collection perception by tax payers is institution factors that will enhance tax morale which then resulted into voluntary compliance.

		Corporate Governance	Tax Revenues Collection
Corporate governance	Pearson Correlation	1	.852*
	Sig. (2-tailed)		.037
	N	105	105
Tax revenues collection	Pearson Correlation	.852*	1
	Sig. (2-tailed)	.038	
	N	105	105

Table 4: Correlation Coefficient
**. Correlation Is Significant at the 0.05 Level (2-Tailed)*

The results from table 4, revealed that there is existed significance moderate and positive correlation between corporate governance and tax revenues collection in Rwanda as correlation coefficient (r= .852, P-value=0.037 < 0.05). This implies that an improved corporate governance will increase tax revenues collection in Rwanda and statistically significance. Therefore, the study rejected the null hypothesis and concluded that effective corporate governance influences tax revenues collection in Rwanda. These results are in the line with Akrani, (2011) in recent years, a lot has changed in companies, including the ownership structure from financial institutions, public corporations, as well as mutual funds. These changes brought along with them a pressure to many institutions to have effective control over management structure of these companies and thus resulting in the implementation of the corporate governance.

4.3.Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine whether there is influence of accountability in term of tax revenues collection, transparency, fairness responsibility and government policies and laws check on tax revenues collection in Rwanda. The regression models were run to test whether the model is significant or not. The statistical significance was verified by the Coefficient (β), t-statistic and Prob. In additional, statistically significant relationship between the dependent variable and independent variable from the model were accepted at 5% significance level. The analysis applied the statistical package for social sciences (SPSS) to compute the measurements of the multiple regressions for the study.*Model relationship with these variables can be arranged in a function or equation as follows:* $Y= \beta 1 + \beta 1\ X1 + \beta 2X2 + \beta 3X3+ \beta 4\ X4 +\beta_5\ X5 + \varepsilon$ *Where: Y = Tax revenues collection*

β_0 = Constant, β1 = regression coefficient variable X1 (accountability), β2 = regression coefficient X2(transparency), β3 = regression coefficient X3 (fairness) β4 = X4 variable regression coefficient (responsibility) β4 = X5 regression coefficient X5 (government policies and laws) and e = error / confounding variables.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.764a	.572	.523	.821513
a. Predictors: (Constant), responsibility, transparency, accountability, fairness, government policies and laws				

Table 5: Model Summary

The results from the above table 13, the value of adjusted r squared was 0.523(52.3%) an indication that there was variation of 52.3% of corporate governance on tax revenues collection in Rwanda was due to changes in accountability, transparency, fairness, responsibility and government policies and laws check at 95% confidence interval.

4.4. Analysis of Variance

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.749	4	24.537	573.731	.002 [b]
	Residual	3.201	82	.699		
	Total	82.95	86			
a. Dependent Variable: Tax revenues collection						
b. Predictors: (Constant), responsibility, transparency, accountability, fairness, government policies and laws						

Table 6: Analysis of Variance between Corporate Governance and Tax Revenues Collection

From table 6 above, the combined effort of corporate governance such as accountability, transparency, fairness and responsibility check were statistically significant in predicting the variations of corporate governance on tax revenues collection in Rwanda. This is supported by an F-significance p value of 0.002, which is less than the acceptance critical value of 0.05. This implies that there was a goodness of fit of the model fitted for this study.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.432	.684		5.345	.000
	X1-Accountability(A)	.319	.124	.216	2.275	.035
	X2-Transparency(T)	.323	.081	.225	2 .402	.014
	X3- Fairness(F)	.447	.096	.262	3.305	.000
	X4-Resonsibility (R)	.276	.100	.183	2.743	.008
	X5-Gov't polices & laws	.436	.087	.251	3.204	.000
a. Dependent Variable: Tax revenues collection						

Table 7: Multiple Linear Regression Coefficients

`From the table 7, the following values were obtained; β_0 =3.432, β_1=0.319, β_2=0.323, β_3=0.447, β_4=0.276 β_5=0.436.

The regression model can therefore be expressed as follows:

$Y= 3.432 + .319X_1 +.323X_2 + .447X_3 +.276X_4 +.436X_5$

The regression equation above has established that taking all factors into account (Accountability (A), Transparency (T), Fairness (F), responsibility (R) and government policies and laws (gp&l) constant at zero. Tax revenues collection in Rwanda will be 3.432.

The table 15, shows that there is a positive and significant relationship between accountability and tax revenues collection as supported by regression coefficient (β_1=0.319, p- value=0.035< 0.05). This show that an increase of good accountability leading to an increase of 0.319 in tax revenues collection and statistically significant at 5% level of significant

The table 7 shows that there is a positive and significant relationship between transparency and tax revenues collection as supported by regression coefficient (β_2=0.323, p-value=0.014< 0.05). This show that an increase of good transparency leading to an increase of 0.323 in tax revenues collection and statistically significant at 5% level of significant.

The table 7, shows that there is a positive and significant relationship between fairness and tax revenues collection as supported by regression coefficient (β_3=0.447, p- value=0.000< 0.05). This show that an increase of fairness check leading to an increase of 0.447 in tax revenues collection and statistically significant at 5% level of significant

The table 7, shows that there is a positive and significant relationship between responsibility and tax revenues collection as supported by regression coefficient (β_4=0.276, p- value=.008< 0.05). This show that an increase of good responsibility leading to an increase of 0.276 in tax revenues collection and statistically significant at 5% level of significant.

The table 7, shows that there is a positive and significant relationship between government policies and laws and tax revenues collection as supported by regression coefficient (β_5=0.436, p- value=.0000< 0.05). This show that an increase of government policies and laws leading to an increase of 0.436 in tax revenues collection and statistically significant at 5% level of significant.

These findings were in line with Tafara and Peterson (2016) argued that globalizing high-quality corporate governance measures is in everyone's collective best interest as such measures reassures investors, lower the costs associated with investor due diligence and consequently, reduces the costs otherwise associated with corporate governance measures which are not always perceived to be of individual interest.

5. Conclusion and Recommendations

5.1. Conclusion

The study was centered on the effect of corporate governance on tax revenues collection in Rwanda. Based on the discoveries made in this study, the study concluded that corporate governance will produce increase of tax revenues collection in Rwanda and the study concluded that there was variation of 52.3% on tax revenues collection in Rwanda was due to changes in accountability, transparency, fairness, responsibility and government policies and laws check at 95% confidence interval. Through improving accountability, transparency, fairness, responsibility, resulting to increase tax revenues collection and also good corporate governance reduces the problems of tax evasion, poor management, lack of experts, corruption in tax system, tax avoidance and other tax irregularities, corporate governance aimed is to create a system of rules and practices that determine how a company operates and how it aligns the interest of all its stakeholders. Good corporate governance leads to ethical business practices, which leads to financial viability. Good corporate governance confidence can boost the organization's participatory efficiency, not only that good corporate governance can optimize contributions from economic value added and market value added V. Friendly atmosphere. Corporate governance contributes to improved efficiency and effectiveness of the economic system. The existence of an efficient system of corporate governance within a company or the economy as a whole helps to reach the level of trust necessary for proper operations of a market economy.

All in all, corporate governance play key roles to the companies in Musanze District, the study used qualitative and quantitative research approach to reach the five study objectives namely; to point out corporate governance, the research used purposive sampling method of interest, specifically, and the focus was on owners thus 360 companies participated. The research used correlation analysis and regression analysis to address objectives.

5.2. Recommendations

Based on the observed key findings in the study and conclusions drawn above, the following recommendations were made as far as corporate governance on tax revenues collection is concerned;

<u>5.2.1. To RRA</u>

The study recommends that RRA in Musanze District should increase penalties for tax cheating individuals as far as tax revenues collection is concerned, applying these penalties often and consistently, publicizing tax evasion convictions and increasing taxpayer registration and identification.

The study recommends that RRA at district level should improve the standard of corporate governance on tax revenues collection in order to achieve her effectiveness and efficiency as far as corporate governance is concerned. The scope of corporate governance on tax revenues collection should be wider enough in such a way that it will ensure proper submission of accurate and current returns for proper computation. Not only that the study recommends RRA should provide a policy to the public on the awareness of the importance of tax payment and the effect of non-tax payment, so that the level of compliance would be high and non-compliance will be low or even none in the particular area.

The study recommends that tax auditor examinee taxpayers' organizational procedure and financial records in order to assess compliance with tax laws and verify the true, fair, reliable and accurate of tax returns and financial statements and hence corporate governance.

The study recommends that RRA at district level should employ more qualified tax audit personnel and equipped them with necessary skills, equipped them with necessary working materials, so that they can be competent enough to carry out their duties or task with minimum supervision in the particular area.

<u>5.2.2. To Government</u>

The study recommends that things like lack of experts, lack of leadership skills, lack of transparency, lack of fairness and poor management as far as corporate governance is concerned which obviously affect the expansion of many companies in Musanze District, Northern Province thus government should give training curriculum, an entrepreneurship skills training, leadership skills training in order to help most of the companies to achieve their goals and objectives.

The study recommends that government should come up with anti-corruption strategies, fighting corruption by increasing the costs of corruption thus by tightening the laws and enforcement on individuals who may engage in such act for example increasing penalties on corrupt activities, increase the likelihood of getting caught in the particular area doing such act.

The study recommends that government should put in heavy effort in the services of the tax administration by becoming more consumer-friendly as per as good corporate governance is concerned. Not only that government should also come up with policies include promoting taxpayer education, providing taxpayer services to assisttaxpayers in filing returns and paying taxes, improving phone advice service, improvingthe tax agency website, simplifying taxes and tax forms, and simplifying the payment of taxes. The basic thrust of these actions is to treat the taxpayer more as a client in the particular area.

The study recommends that the government should come up with clear strategies to improve the incentives of officials to not engage in corrupt activities for example increasing public sector wages in such way that they cannot engage in their own private gain in the particular area.

The study recommends that government should increase bureaucratic competition, improve transparency, increase information, and reduce discretion among the companies.

5.2.3. To Taxpayers

The study recommends that the taxpayers from the various companies which are operating in Musanze District, Northern Province, Republic of Rwanda should learn how to report correctly and present their accurate tax liabilities on time in order to enhance proper accountability in their own companies in the particular area.

Nevertheless, the study also recommends that the taxpayers from the numerous companies which are running their activities in the day-to-day business activities should comply with the obligation to pay tax on time in order to reduce unnecessary expenses from penalties as far as fairness is concern in the payment of taxes to RRA.

The study recommends that tax evaders and avoiders from the quite number of the various companies operating in Musanze District should be seriously dealt with from plodding the same criminal path in the particular area.

5.2.4. To Companies

The study recommends that the management of the various companies in Musanze District, Northern Province-Republic of Rwanda should practice financial transparency by ensuring that the companies follow international financial report standards and guidelines in making the annual reports and ensure that they release quarterly performance reports to the public and their business partners. This is to enhance that the company 's shares the correct and right information with the public for them to make right choices when choosing the company to get services from.

Many more, the study also recommends that the effectiveness of the board is very important in today's competitive environment for increases companies value.

The study also recommends that the companies in Musanze District that the firm should have well-structured ownership in order to achieve good corporate governance.

The study recommends that the companies which are operating in Musanze District should have a legal structure in place to ensure that all the legal battles are sorted out of court.

This study recommends that there is need for the companies to access the characteristics of the board for it has a material impact on the quality of corporate governance in Musanze District, Republic of Rwanda. This will help in the realization of challenges or other hindrances that may hinder the functionality of the board and hence the company performance in the particular areas.

5.3. Suggestion for Further Research

The study suggests that future areas of study should be on how Pestel factors affect the company's performance in other districts of the Republic of Rwanda and other potential drivers of corporate governance practices like, board characteristics (CEO duality, board effectiveness and board quality) on the financial performance of the companies in the particular area.

The researcher gather data at companies which are operating in Musanze District, but findings could be different in some perspectives compared with other companies in other Districts in the Republic of Rwanda. Therefore, similar studies can be carried out in other Districts for better understanding using other differentdesigns. Apparently, in the research there is evidence of a positive correlation between accountability, transparency and tax revenues collection, the researcher argues that, actually in other words, it is maintaining proper accountability and transparency in the companies that improves companies' survival.

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