The Influence of Tax Audits on Revenue Collection at the Tanzania Revenue Authority

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ABSTRACT

This study aimed at assessing the influence of tax audit on revenue collection in Tanzania Revenue Authority (TRA). Specifically, study examined the influence of comprehensive audit, limited scope audit and single-issue audit on revenue collection. Study consisted of six TRA tax regions namely: Kinondoni, Tegeta, Ilala, Temeke, Kariakoo and Large Taxpayer Department. This study was guided by Classical Theory of Tax Compliance and Agency theory. This study adopted a cross-sectional research design. From a population of 365 of tax audit staffs and revenue collection staffs, sample size of 191 was drawn. In sample selection, the researcher used stratified and random sampling techniques (probability) and purposive sampling techniques. Questionnaires, interview guide and documentary review were used in data collection. In data analysis, linear regression analysis was used. Findings of first objective showed that, unit increase in number of comprehensive audits is associated with an average change of 22.94% in revenue collection at TRA. Also, unit increase in number of limited scope audit conducted is associated with an average change of 37.61% in revenue collection. Lastly, a number of single-issue audits conducted is positive ($\beta=0.2531$) and significant at 5% in influence revenue collection. Thus, 1 unit increase in number of single-issue audits conducted is associated with an average change of 25.31% in revenue collection. Qualitative analysis show that different types of audits impact financial oversight and revenue collection in various ways. Limited scope audits focus on specific financial areas with reduced work on investments, requiring asset certification and often leading to increased revenue collection by targeting key transactions. Single audits comprehensively review financial statements and federal fund expenditures, enhancing compliance, transparency, and revenue optimization for nonprofits and government entities. Comprehensive audits (value for money audits) ensure efficient resource utilization, corporate compliance, and optimal operational procedures, contributing to improved revenue collection in Tanzania by enforcing financial accountability. Thus, study concluded that conducting comprehensive audits, limited scope audits and single-issue audits positively impacts revenue generation at the TRA. It is recommended that TRA carry out thorough audits going forward because they significantly and positively affect revenue collection, according to the findings. In order to promote long-term, equitable, and sustainable economic growth, TRA should aim for more expenditure predictability for increasing expenditures in people and physical capital.

Keyword: Comprehensive Audit, Limited Scope Audit, Revenue Collection, Single-Issue Audit, Tanzania Revenue Authority

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I. INTRODUCTION

Every nation's growth and development is determined by the amount of revenue it receives from various sources (Desalegn, 2021). One of the most important building blocks for nations is their taxation and system. According to Desalegn (2021) and McKerchar & Evans (2009), the main goal of taxation is to increase government revenue so that it can support expenditures for all economic activity. The general goal of taxation within countries is to guarantee collection of adequate revenues and utilized by the government in funding economic activities. The essence of fiscal planning exists in the tax administrators' capacity to maximize revenue collection (Mwinyimvua, 2022). Therefore, it is now a top responsibility for every tax administration to maximize tax revenue collections while also motivating taxpayers to reduce their tax liability and lift tax compliance (Mwinyimvua, 2022). That is why there is a growing concern over increasing ability to mobilize domestic revenues including tax collection through improved tax audit among countries around the world (Desalegn, 2021).

Governments and revenue authorities work together to set up effective tax audit system. Tax audit process includes assessment of tax returns and correctness of tax payments useful in government budgets, maintaining and monitoring economic and financial stability, ensuring the reduction of systemic tax avoidance and evasion (Mirera, 2014). Tax audits have an impact on revenue collection because they encourage taxpayers to comply voluntarily, which raises revenue (Gitaru, 2017). Also, it verifies the integrity of returns to ensure that the correct taxes are filed. Tax audits make it simple to declare tax liabilities and identify areas that require correction. Tax audits can help collect tax penalties and interests, which boosts revenue collection. Tax audits also aid in putting reforms into place to end tax evasion. Therefore, revenue collection and tax audit are strongly correlated (Gitaru, 2017).

Tanzania's tax audit and inquiry process is governed by Section 45 of the Tax Administration Act, Cap 438, and the Tax Administration (General) Regulations of 2015 (United Republic of Tanzania, [URT], 2019). Tax audits are important because they assist the country in obtaining the proper tax revenue required to maintain the budget, as well as the financial and economic stability of the country. Moreover, tax audits organize the degree of tax evasion and avoidance and ensure that tax payers submit adequate returns. Similarly, tax audits ensure that taxpayers strictly abide by tax regulations and raise the level of taxpayers' voluntary compliance. Also, tax audits play a critical role in addressing the problem of tax evasion and non-compliance. They serve as a powerful enforcement tool by identifying discrepancies and irregularities in taxpayers' financial records and transactions. By conducting tax audits, Tanzania Revenue Authority (TRA) ensure that taxpayers accurately report their income, claim legitimate deductions, and comply with tax laws. These audits provide a mechanism for the government to identify potential revenue leakages and take corrective measures to enhance revenue collection.

Tax audit is important mechanism in assisting governments in collecting its revenue for useful in government budgets, maintaining economic and financial stability (Harelimana & Nyabirande, 2020). Despite tax audit conducted in Tanzania, still there is problem of Deficiencies in management of revenue collection, for instance, TPA uses billing systems from Terminal Operating System (TOS) and Port Operations Application System (POAs) to make invoices for marine and payments for cargo services, but invoices for rental income are prepared through excel and systems are not linked with TRA for VAT claims and returns (National Audit Office of Tanzania, [NAOT], 2023). Thus, TPA reported TZS 13.5 billion being rental income, whose invoices were manually generated. Likewise, similar problem reported where five entities for instance DIT - Institute Consultancy Bureau; National Institute for Medical Research; Kyela Water Supply and Sanitation Authority; Cashewnut Board of Tanzania and Tanzania Smallholders Tea Development Agency that collected revenue amounting to TZS 3.32 billion outside the Government Electronic Payment Gateway (GePG) contrary to Treasury Circular No. 3 of 2017 (NAOT, 2023). So, failure to collect revenue through GePG associated with revenue loss and lack of transparency (NAOT, 2023).

The actual revenue collected by the TRA and the prospective revenue that might be collected appear to be persistently different, even after-tax audit techniques have been implemented (NAOT, 2021). When doing tax audits, TRA must contend with a number of obstacles, including a shortage of staff and resources, a deficient technology infrastructure, and the complexity of tax rules and regulations (NAOT, 2021). These difficulties make it more difficult for TRA to conduct thorough and timely tax audits, which may result in revenue leakage and decreased revenue collection (Chalu & Mzee, 2017; Austine, 2014).

1.1 Statement of the Problem

Despite previous research on the influence of tax audits on revenue collection in nations like Rwanda, Ethiopia, and Nigeria, there is limited literature addressing the Tanzanian background. This study gap presents gap to examine three variables of forms of tax audit in Tanzania such as comprehensive audit, limited scope audit and single audit on revenue collection in TRA. While studies by Harelimana (2019) in Rwanda, Nurebo et al. (2019), Deresa (2021) in Ethiopia, and Olaoye and Ayodele (2019) in Nigeria provide valuable insights, their findings may not directly apply to Tanzania.

Previous work by Chalu and Mzee (2017) in Tanzania focused solely on quantitative methods, overlooking the depth that qualitative approaches could offer. To address this gap, the current study employs a mixed-methods research design, merging qualitative methods such as interviews responds with quantitative statistical analysis. This approach aims to provide a comprehensive understanding of the factors affecting tax audits' effectiveness in revenue collection within the Tanzanian. So, this study seeks to establish and show the extent to which tax audit can influence revenue collection in Tanzania. Specifically, study examine three variables of forms of tax audit in Tanzania such as comprehensive audit, limited scope audit and single audit on revenue collection in TRA.

1.2 Research Objectives

i. To examine the influence comprehensive audit on revenue collection in Tanzania Revenue Authority
ii. To assess the influence of limited scope audit on revenue collection in Tanzania Revenue Authority
iii. To assess the influence of single-issue audit on revenue collection in Tanzania Revenue Authority

II. LITERATURE REVIEW

2.1 Theoretical Review
2.1.1 Classical Theory of Tax Compliance

This study was guided by the classical theory of tax compliance, initially articulated by Toggler in 1970 (Torgler, 2002). This theory operates under the assumption that taxpayers aim to maximize their expected utility by carefully weighing the potential benefits of evading taxes against the perceived risks of being caught and punished by tax authorities (Sandmo, 2005). Theory of deterrence heavily relies on tax audits and penalties as key factors (Alabede, 2011). The taxpayers obey with tax regulations primarily due to the fear of being audited and facing the related effects. Therefore, taxpayers tend to perceive the theory of deterrence as intimidating, which effectively compels them to fulfill their tax obligations.

Saam (2007) further support this notion by suggesting that dissuasive theories imply that taxpayers engage in a sort of "audit lottery," where they assess the economic consequences of different compliance scenarios. The declared studies highlight the significance of deterrence in understanding tax compliance behavior. Verboon and Dijke's (2007) assertion regarding the collaboration between detection probability and penalty severity contributes to the understanding of non-compliance dynamics. However, the works of Torgler (2002), and Kirchler et al. (2007) provide valuable insights into the effects of deterrence on compliance, while Braithwaite (2003) argue for a more nuanced view, suggesting that solely relying on deterrence may not be sufficient to promote compliance.

In the context of assessing the influence of tax audit on revenue collection in Tanzania, these theories highlight the importance of deterrence measures, such as audits, in promoting compliance among taxpayers. Theory provide a foundation for understanding the relationship between deterrence, audits, and compliance behavior, aiding revenue authorities in formulating effective strategies to enhance revenue collection through improved compliance.

2.1.2 Agency Theory

This theory was established in 1976 by Michael C. Jensen and William H. Meckling (Jensen & Meckling, 1976). The theory aims to comprehend the difficulties and dynamics that occur when principals give agents the power to make decisions, especially when there is a conflict of interest between the two sides. Main focus of agency theory is to address the problem of agency costs, which are the costs associated with mitigating conflicts of interest and ensuring that agents act in the best interests of the principals (Jensen & Meckling, 1976). The theory assumes that agents have their own self-interests and motivations, which not always align with the goals of the principals. The theory assumes that information asymmetry exists, where agents possess more information about their actions and intentions than the principals.

Strengths of agency theory include its ability to provide insights into the nature of the principal-agent relationship, the role of monitoring and control mechanisms, and the design of incentive systems to align the interests of principals and agents (Syafriadi et al., 2023). It also offers a framework to analyze the impact of information asymmetry and moral hazard on organizational behavior and performance. However, agency theory has some limitations (Hendrastuti & Harahap, 2023). It simplifies complex organizational relationships and assumes that individuals are purely motivated by self-interest, overlooking other factors such as ethics and social norms. It also tends to focus on financial incentives and may not fully capture the broader motivations and behavioral aspects of individuals (Douglas & Phillips, 2016).

Also, agency theory recognizes that information asymmetry exists between principals and agents, with agents possessing more knowledge about their actions and intentions (Saam, 2007). In the context of tax audit, tax auditors may have access to detailed information about taxpayers' financial records and potential tax evasion. Tax authorities address information asymmetry through monitoring mechanisms, such as conducting periodic audits and implementing systems for information sharing and transparency. Third aspect is control mechanisms: This theory highpoints the importance of control mechanisms to mitigate agency costs. In the context of tax audit, control mechanisms included setting clear guidelines and procedures for audits, establishing monitoring systems to ensure auditors comply with professional standards, and providing training and professional development opportunities for auditors to enhance their competence and performance.

2.2 Empirical Review
2.2.1 Influence Comprehensive Audit on Revenue Collection

Emmanuel and Kagoro (2021) investigate how Tanzanian revenue collection is affected by the audit of all mining companies'. Findings indicated that revenue collection in the mining industry is positively impacted by compressive audit; this suggests that increasing these activities will boost revenue collection in the industry. Likewise, Mebratu (2016) investigated how the Federal Inland money Service (FIRS) generates money in relation to tax audits. Regression analysis results showed that compressive tax audits have a positive relationship with earning in FIRS and have notable effects on it. From Rwanda, Harelimana (2019) determined how tax audits affected Rwanda's income collection. Investigation used a sample of 110 participants from Rwanda Revenue Authority (RRA) Headquarter in Kigali. Regression analysis, discovered that, there was a 0.282 rise in revenue collection for every unit increase in tax revenue performance. Similarly, Nurebo et al. (2019) from Ethiopia investigated the factors influencing tax audit effectiveness using mixed approach. Findings showed that compressive tax audits itself was found to be significantly linked to revenue collection.

Moreover, Netsanet (2014) investigated whether the practice complies with the guidelines. Data for the study were gathered using questionnaires and interviews. Finding show that the Revenue Authority of Hawassa City Administration employs comprehensive audits on a large scale. As a result, the revenue authority's audit coverage was insufficient, and cases were chosen without following the established criteria for identifying risk but rather based on related risk. Mebratu (2016) studied the effect of tax audits on federal tax compliance in Ethiopia. The results of the bivariate regression indicated a high relationship between the degree of tax compliance and the likelihood of an audit being detected. The outcome additionally demonstrated a robust correlation between the quantity of files examined and the degree of tax adherence. Also, Opoku (2015) investigated how tax audits contribute to the Ghana Revenue Authority's efforts to raise money. According to the study, tax audit is an important part of Ghana's tax administration and a crucial element of any endeavor to improve revenue generation.

2.2.2 Influence of Limited Scope Audit on Revenue Collection

Oladele et al. (2020) looked into how tax audit procedures affect Nigeria's ability to generate revenue from 26 tax offices in South-South Nigeria. The results of the Pearson Product Moment Correlation indicated a positive relationship between firm income tax and limited tax audits. Deresa (2021) finding of regression exposed that, limited tax audits positively and statistical significance at 5%, to influence the on-revenue collection.

Moreover, Chalu and Mzee (2017) from Tanzania investigated the variables affecting tax audit efficacy. Finding showed that limited tax audits positively associated with revenue collection. In their study conducted in Ekiti State, Nigeria, Olaoye and Ayodele (2019) examined the effects of tax audits on tax compliance. Finding show that tax audits have the potential to influence tax compliance. This was evident from the significant result at 5% (p-value = 0.040), suggesting that tax audits can indeed impact tax compliance behaviors. However, the study also concluded that in the specific context of Ekiti State, tax audits did not have a significant impact on fostering a culture of tax compliance.

2.2.3 Influence of Single-Issue Audit on Revenue Collection

Also, a study conducted in 2021 by Desalegn explored the role that tax audit plays in reducing tax evasion and avoidance as well as the qualifications of Ethiopian revenue and customs authority tax auditors. The study found that the limited tax audits practices had inadequate taxpayer education programmes that could not raise taxpayer compliance levels, inept auditors who could not handle tax evasion and avoidance, and issues with the use of information technology to its fullest potential.

Moreover, Nyamurwa (2019) investigated how tax audits affect Kenyan manufacturing companies' ability to collect VAT. Variables including Desk, Field, and Compliance tax audits were used in his study. The results of the regression model demonstrated that Kenya's VAT revenue collection is significantly impacted by the three-tax audit test. Similarly, Deresa (2021) with statistical significance at 1%, single issue audits, had significant effects on revenue collection. Moreover, Oladele et al. (2020) used the Pearson correlation coefficient to examine the effect of tax audits and investigations on revenue generation in Nigeria. Their results show that, single issue audit associated with increase the government's revenue. Also, Deresa (2021) used secondary macro data in a study to investigate how tax audits in Ethiopia improve taxpayer compliance. The results of the regression analysis show a significant correlation between single issue audit and revenue collection.

III. METHODOLOGY

The research was done at the TRA in Dar es Salaam. This study adopted a pragmatic philosophy, which works with the facts and extracts information from data analysis using scientific methods. The current investigation employed a cross-sectional research design where information gathered from different TRA tax audit staff at a single point in time. Employees working as revenue collectors and tax auditors at TRA offices in Dar es Salaam served as the study's unit of analysis. The Large Taxpayer Department, Kinondoni, Tegeta, Ilala, Temeke, and KariaKoo are among the TRA offices. The population in this study consisted of 365 tax audit staff members from the TRA for six TRA offices in Dar es Salaam. The study used a sample size of 191 respondents. In sample selection, study used stratified sampling technique to select seven TRA office/tax region from Dar es Salaam region. Following sample division, 176 tax audit staff members from different TRA tax regions in the Dar es Salaam region were chosen at random. Moreover, the study used purposive sampling to choose fifteen (15) regional managers for interviews.

The study used both primary and secondary data source. In data collection, document review, interview and questionnaires were used to gather the data. In this study content analysis was used to interpret big volumes of qualitative data by classifying them into different categories and themes. Quantitative data analysed using both descriptive statistics (mean and standard deviation) and regression analysis. Regression examines magnitude and direction of influence tax audit on revenue collection. In this study dependent variable is revenue collection while independents variables are comprehensive audit, limited scope audit and single-issue audit. The regression model presented in equation 1.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu_1 \ldots\ldots\ldots\ldots 1$$

Where:

Y is the dependent variable (revenue collected), β_0 is the regression constant/Y-intercept while β_1, β_2, β_3 are the regression coefficient for each explanatory variables. X_1 is comprehensive audit, X_2 limited scope audit, X_3 is single-issue audit and μ_1 is the error term.

IV. FINDINGS & DISCUSSION

4.1 Introduction

The findings of study objectives are presented in this section with the intention of examining the impact of single-issue, restricted scope, and comprehensive audits on revenue collection in TRA. Regression model was employed in the analysis to look at how Tanzania Revenue Authority revenue collection was impacted by comprehensive, limited scope, and single-issue audits. The paper first presents the model assumptions, such as the normality test, heteroskedasticity, multicollinearity, and autocorrelation, before giving the major findings.

4.1.1 Multicollinearity

Finding of Variance Inflation Factor [VIF] values for the three types of audits (comprehensive, limited scope, and single-issue) are a 2.68, 2.5 and 1.7 respectively. The mean VIF is 2.3. A VIF value greater than 10 is considered high and indicate a problem with multicollinearity, where two or more variables in the model are highly correlated. However, the VIF values in the provided data are relatively low, suggesting that there is no significant multicollinearity issue for three independent variables as presented in Table 1.

Table 1
Multicollinearity

Variable	VIF	1/VIF
Comprehensive audit	2.68	0.372535
Limited scope audit	2.5	0.400636
Single-issue audit	1.7	0.586602
Mean VIF	**2.3**	

4.2 Heteroskedasticity

Table 2 display findings of a chi-square test for heteroskedasticity, skewness, and kurtosis. Heteroskedasticity test checks if the variance of the data points changes across the data range. A significant result (p-value < 0.05) designates heteroskedasticity, while a non-significant result (p-value > 0.05) suggest homoskedasticity. In this case, the p-value of 0.3244 is not significant, suggesting that the data does not exhibit heteroskedasticity. Moreover, Skewness test used to checks if the data is symmetrically distributed around the mean. Finding for p-value of 0.4441 is not significant, suggesting that the data is symmetrically distributed.

In addition, Kurtosis is used to determine whether the data has a normal distribution. A peaked distribution is shown by a significant finding (p-value < 0.05), whereas a normal distribution is implied by a non-significant result (p-value > 0.05). Given that the p-value in this instance is 0.2218, it is likely that the data has a normal distribution. In conclusion, the data appears to have a normal distribution with constant variance and symmetry and does not show any discernible skewness, kurtosis, or heteroskedasticity.

Table 2
Heteroskedasticity

Source	chi2	df	p
Heteroskedasticity	48.84	9	0.3244
Skewness	13.25	3	0.4441
Kurtosis	1.49	1	0.2218
Total	**63.59**	**13**	**0.5644**

4.3 Residual Normality

In regression analysis, the assumption of normality typically applies to the residuals normally distributed. The normality assumption is crucial for several reasons for instance normality of residuals is important for constructing confidence intervals around the regression coefficients, which provide an estimate of the uncertainty in the estimated relationship between the independent and dependent variables. In addition, normality assumption is required for performing statistical inference, such as testing hypotheses about the connection among the independent and outcome/explained variables. Finding exposed the p_value of 0.2109 which indicates the residual is normally distributed as presented in Table 3.

Table 3
Residual Normality

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
Resid	185	0.1202	0.1057	13.98	0.2109

4.4 Regression Findings

Table 4 present result of regression finding. The output provided contains information about a regression model. Finding indicate a p-value of 0.0000 for F-statistic specifies that the null hypothesis was rejected, and the independent variables (comprehensive audit, limited scope audit and single-issue audit) are significantly related to the dependent variable (revenue collection). In addition, R-squared/ coefficient of determination of 0.5758 represents the proportion of the variance in the outcome/predicted variable that is explained by the independent/predictors variables. A value of 0.5758 indicates that the model explains about 57.58% of the variance in the dependent variable. Moreover, Table 4 exposed that variable comprehensive audit and limited scope audit are positive and statistically significant at 1% while single issue audit is positive and significant at 5%. In data analysis, dependent variable of revenue collected is log-transformed outcome. Therefore, all interpretation based on Log-transformed outcome as a 1 unit increase in X is associated with an average change of 100×β1% in Y.

Table 4
Regression Coefficient

Ln_Revenue	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
Comprehensive audit	0.229466	0.053743	4.27	0.000**	0.123423	0.335509
Limited scope audit	0.37617	0.070997	5.3	0.000**	0.236082	0.516257
Single issue audit	0.253123	0.116824	2.17	0.032**	0.02261	0.483636
_cons	18.10335	0.557541	32.47	0.000**	17.00324	19.20347
Number of obs = 185						
F(3, 181) = 81.89						
Prob > F = 0.0000						
R-squared = 0.5758						
Adj R-squared = 0.5688						
Root MSE = .89464						

NB: *= Statistically Significant at 5%

4.4.1 Influence Comprehensive Audit on Revenue Collection

Finding show that a number of comprehensive audits conducted is positive (β=0.2294) and significant at 5% (p_value =0.000). Thus, 1 unit increase in number of comprehensive audits is associated with an average change of 22.94% in revenue collection at Tanzania Revenue Authority. This means that, holding other factors constant, organizations that undergo a comprehensive audit are expected to experience a 22.95% increase in revenue. This is because the coefficient is logged, and in percentage terms, it interpreted as a change in the dependent variable for a unit change in the independent variable. Therefore, number of comprehensive audits conducted is positive influence in revenue collection at Tanzania Revenue Authority. This study concludes that comprehensive audits is associated with increased revenue collection. This finding aligns with interview as reported by one of regional manager;

> *"In the realm of auditing, comprehensive audits, often referred to as value for money audits, play a pivotal role in scrutinizing companies thoroughly. The primary objective of a comprehensive audit is to guarantee that a company utilizes its financial resources efficiently. By integrating financial auditing practices, these audits aim to ensure maximum corporate compliance and implement optimal operational audit procedures. These comprehensive audits practices associated with increased revenue collection in Tanzania."* Temeke Regional Manager

The results are consistent with those of Deresa (2021) which revealed that tax audits have a significant link with revenue creation at the Federal Inland Revenue Service and have notable effects on revenue generation there. In a similar vein, Oladele et al. (2020) discovered a positive correlation between company income tax and desk and field tax audits. The findings also support the findings of Emmanuel and Kagoro's (2021) which indicated significant relationship between revenue collection and the mining industry's compressive audit. Findings indicate that revenue collection in the mining industry is positively impacted by compressive audit; this suggests that increasing these activities will boost revenue collection in the industry. Also, results align with Harelimana (2019) which indicate that tax audit has a significant impact on revenue collection, as evidenced by the statistically significant correlations observed between tax collection before and after the audit. Their investigation concluded that tax audit plays a crucial role in enhancing revenue collection. The results suggest that conducting more tax audits leads to increased revenue collection.

Moreover, results align with classical theory of tax compliance, originally articulated by Torgler (2002). The theory of deterrence within the framework of tax compliance highlights the effect of tax audits and penalties on taxpayer behavior. It posits that the fear of detection and subsequent penalties acts as a deterrent, motivating individuals to comply with tax regulations. This theory implies that tax audits play a crucial role in ensuring compliance and increasing revenue collection. In the background of assessing the influence of tax audit on revenue collection in Tanzania, specifically regarding capacity of auditors, tax automation, tax protection system, and tax audit resources, understanding the theory of deterrence offer understandings into the psychological and economic aspects that initiative taxpayer behavior. By examining the effectiveness of tax audits and the corresponding penalties, policymakers and tax authorities in Tanzania can devise strategies to enhance compliance and optimize revenue collection.

4.4.2 Effects of Limited Scope Audit on Revenue Collection

Finding show that a number of limited scope audit conducted is positive (β=0.3761) and significant at 5% (p_value =0.000). Thus, 1-unit increase in number of limited scope audit conducted is associated with an average change of 37.61% in revenue collection at Tanzania Revenue Authority. This means that organizations undergoing a limited scope audit are expected to experience a 37.62% increase in revenue, holding other factors constant. So, number of limited scope audit conducted is positive influence revenue collection at Tanzania Revenue Authority. This study concludes that, limited scope audit is associated with increased revenue collection. This quantitative result is supported by interview as follows;

> *"A limited scope audit covers a full year period and all plan operations but requires less audit work related to the investment year-end balances and investment income. A limited scope audit can be done if an asset certification from a qualified institution will be available. In most of cases, limited scope audit associated with increase revenue collection since limited scope audits typically involve a focused examination of specific areas or transactions, rather than a complete review of a company's financial statements."* Kinondoni Regional Manager

Finding align with Deresa (2021) from Ethiopia where results revealed that audit case selection and auditors' capacity were found to have a positive and noteworthy influence on revenue collection performance at the 5%. Study concludes that, audit case selection, and auditors' capacity play vital roles in influencing revenue collection performance. Likewise, results align with Nurebo et al. (2019) from Ethiopia. Findings show that limited scope audit and quality of the audit itself was found to be significantly linked to audit effectiveness and revenue collection. On the other hand, the complexity of tax laws was found to be inversely related to tax audit efficiency. When tax laws are excessively complex, it can pose challenges for both taxpayers and auditors, leading to a decrease in the overall effectiveness of tax audits.

The findings are also consistent with research carried out in 2020 by Harelimana & Nyabirambe on the impact of financial statement audits on Rwanda's rise in tax revenue collection. The results demonstrated a substantial positive correlation between the performance of tax revenue collection and desk and field audits. The results of the Pearson correlation coefficient showed a significant positive link between the amount of tax income collected prior to the audit and the amount collected following the audit. The study concluded that since tax audits increase the amount of money collected in taxes, they are all significant. Furthermore, findings in line with Rotich (2020) who investigated the variables influencing the efficiency of tax audits at the Kenya Revenue Authority. In particular, the study looked at how the Kenya Revenue Authority-South Rift Valley region's audit effectiveness is affected by the choice of audit case. The South Rift Valley Region's audit case selection (β = 0.479) is directly correlated with the efficacy of tax audits, according to regression analysis.

4.4.3 Effects of Single-Issue Audit on Revenue Collection

Result established that a number of single-issue audits conducted is positive (β=0.2531) and significant at 5% (p_value =0.032). Thus, 1 unit increase in number of single-issue audits conducted is associated with an average change of 25.31% in revenue collection at Tanzania Revenue Authority. This shows that organizations with a single issue audit are expected to have a 25.31% increase in revenue, holding other variables constant. Therefore, number of single-issue audits conducted is positive influence revenue collection at Tanzania Revenue Authority. This study concludes that, single-issue audits is associated with increased revenue collection at Tanzania Revenue Authority. These quantitative results align with qualitative findings as discussed as follows;

> *"The single audit is a comprehensive examination that delves into both financial statements and federal award expenditures, ensuring that organizations maintain compliance and robust internal controls over grant funds. Through the scrutiny of financial management processes and accountability for federal fund usage, single audits not only enhance transparency but also contribute to revenue optimization for nonprofits and governmental entities."* Ilala Regional Manager

The results are consistent with those of Chalu and Mzee (2017) which showed that tax regimes for tax audits and the administration's execution of tax auditors' recommendations are significant determinants for tax audit efficiency. Nurebo et al. (2019) from Kembata Tembaro Zone in Southern Ethiopia discovered that there is a direct correlation between the success of revenue collection audits and single-issue audits as well as the quality of the audit. Also, Olaoye and Ayodele (2019) indicated that tax audits might have an impact on taxpayer compliance. The substantial p-value of 0.040 made this clear and indicated that tax audits may in fact have an effect on taxpayer compliance practices.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

First study concludes that there is a positive and significant association amongst the number of comprehensive audits conducted and revenue collection at the Tanzania Revenue Authority. Specifically, the statistical analysis shows that for every one unit increase in the number of comprehensive audits, there is an average change of 22.94% in revenue collection. This suggests that conducting more comprehensive audits positively impacts revenue generation at the TRA. This study concludes that comprehensive audits associated with increases revenue generation at the Tanzania Revenue Authority.

The conclusion derived from the second findings is that, there occurs a positive and significant relationship among the number of limited scope audits conducted and revenue collection at the TRA. The statistical analysis reveals that an increase of one unit in the number of limited scope audits is linked to an average change of 37.61% in revenue collection. This indicates that conducting more limited scope audits has a positive impact on revenue generation at the TRA. This study concludes that limited scope audits associated with increases revenue generation at the Tanzania Revenue Authority.

Moreover, study conclude that there is a positive and significant connection amongst the number of single-issue audits conducted and revenue collection at the Tanzania Revenue Authority. The statistical analysis specifies that for every one unit increase in the number of single-issue audits, there is an average change of 25.31% in revenue collection. This suggests that conducting more single-issue audits positively influences revenue generation at the TRA. This study concludes that single-issue audits associated with increases revenue generation at the Tanzania Revenue Authority.

5.2 Recommendations

Study recommended that the Tanzania Revenue Authority (TRA) consider enhancing and expanding the implementation of limited scope audits. The positive and significant correlation between the number of limited scope audits conducted and revenue collection suggests that increasing the frequency of these audits can have a beneficial impact on overall revenue generation. TRA need to develop a strategic plan to systematically increase the number of limited scope audits conducted by setting realistic targets and timelines. This plan should align with the organizational goals of revenue enhancement.

Also, study recommended for TRA to invest in continuous training and development programs for audit staff to enhance their skills and knowledge in conducting limited scope audits. This will ensure that the audits are carried out with a high level of expertise and in accordance with best practices. Also, study recommend continuous implementation a robust monitoring and evaluation system to assess the effectiveness of the increased frequency of limited scope audits. Regularly review the outcomes and adjust strategies as needed to optimize the impact on revenue collection.

Tanzania tax Authority (TRA) should continue to undertake single-issue audits since they have a good and considerable impact on tax collection, according to the third research aim. The TRA should also place a high priority on improving the efficacy and efficiency of its fiscal policies in order to maximise public spending, particularly on important programmes, and increase tax collection. In Tanzania's fiscal system, these actions may result in better financial outcomes and resource allocation.

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