

Journal of Business and Strategic Management

(JBSM) An Investigation of Rental Income Tax Compliance Levels among
Residential Property Owners. A Case Study of Kabwata Constituency in
Zambia



An Investigation of Rental Income Tax Compliance Levels among Residential Property Owners. A Case Study of Kabwata Constituency in Zambia

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Accepted: 29th June, 2025, Received in Revised Form: 19th July, 2025, Published: 3rd Aug, 2025

ABSTRACT

Purpose: This study investigated rental income tax compliance among residential homeowners in Zambia, focusing on Kabwata Constituency as a case study. The research aimed to understand the factors influencing homeowners' compliance with rental income tax obligations.

Methodology: A descriptive research design was employed, utilizing a stratified random sampling technique to select a sample of 204 respondents from a target population of 58,000 residential homeowners. Data were collected through an online questionnaire and analyzed using descriptive statistics, including mean, median, mode, and standard deviation, through SPSS version 28.

Findings: The findings revealed a moderate level of tax compliance (45.1%) among homeowners, with low perceived rental tax rates (41.2%), minimal penalties (25.5%), and low audit probability (43.1%) being major contributors to non-compliance. Demographic factors such as age, education level, and employment status significantly influenced tax compliance behavior. The regression model indicated that perception, knowledge, and compliance cost accounted for 62.6% of the variance in compliance levels, and the model was statistically significant ($p = 0.012$). The study concluded that taxpayer perception and knowledge positively influence compliance, while high compliance costs negatively affect filing behavior.

Unique Contribution to Theory, Policy and Practice: It was recommended that the Zambia Revenue Authority (ZRA) intensify awareness campaigns to improve taxpayer attitudes and understanding of rental income tax. Additionally, the incorporation of tax education into school curricula and the introduction of online tutorials to reduce filing costs were suggested as measures to enhance voluntary compliance and improve overall tax administration efficiency.

Keywords: *Rental Income Tax, Tax Compliance, Homeowners, Perception, Knowledge*

INTRODUCTION

Governments worldwide require long-term funding for social programs and infrastructure development to foster socioeconomic advancement (Mujtaba, 2024). One of the primary sources of revenue for such undertakings is taxation, which remains the mainstay of government income in both developed and developing economies (Gnangnon, 2021; Kawimbe & Mulonga, 2024). For developing countries, taxation plays a crucial role in reducing dependency on foreign aid and enhancing financial independence (Soboh, Safi, Rasheed, & Hasnaoui, 2023).

Effective revenue collection depends significantly on taxpayers' compliance with tax laws. Non-compliance reduces the funds available for national development. The extent of non-compliance is often measured by the "tax gap," which is the difference between actual revenue collected and the amount that could be collected with full compliance (Hassan, Naeem, & Gulzar, 2021).

Rental income tax is levied on earnings derived from immovable property, such as residential real estate. It is typically deducted at the source and paid on amounts received from tenants in exchange for the right to occupy premises (Munshifwa, 2011; Sikalumbi, A. D. 2023). While the public benefits from the infrastructure and services funded by taxes, there is no direct return on investment for the taxpayer (Gnangnon, 2021). Rental income tax has several key characteristics: it is mandatory, it is paid to the government, and it is intended to support public welfare. Importantly, it provides no direct personal benefit to the taxpayer and is governed strictly by law.

Tax compliance refers to the ability and willingness of taxpayers to adhere to tax laws, report accurate income, and pay taxes due in a timely manner (Mujtaba, 2024). It can be categorized into administrative compliance, which involves following legal requirements, and prudential compliance, which focuses on accurately filing tax returns (Mujtaba, 2024).

Rental income tax in Zambia initially fell under the withholding tax regime introduced in 1971, which applied to payments such as royalties, interest, and fees. In 1984, this was extended to include rental income (ZRA, 2015; Muleya et al., 2018). Section 82A (6) of the Income Tax Act, Chapter 323, defines rent broadly to include various forms of payments for the use of property.

Between 1984 and 1995, the rental income tax rate fluctuated between 10% and 35%. From 1996 to 2013, a flat rate of 15% on gross rental income was applied. Due to appeals from taxpayers that this rate was too high, the government reduced it to 10% in 2014 (ZRA, 2014). Under this system, tenants were responsible for withholding the tax from their payments and remitting it to the Zambia Revenue Authority (ZRA, 2015).

Statement of the Problem

Taxation, including rental income tax, is a cornerstone of Zambia's domestic revenue generation (KPMG, 2019). Residential property owners many of whom operate informally form a critical yet hard-to-tax segment of income taxpayers. Despite policy reforms, including the shift of tax liability to landlords, tax compliance in the rental sector remains low. Muleya et al. (2018) reported a

consistent decline in revenue from rental income tax from K472 million in 2014 to K291 million in 2015, K282 million in 2016, and K215 million by October 2017. By June 2018, the ZRA had collected only K135.2 million (News Diggers, 2018).

Even under the new system, revenue targets are unmet. In 2022, only K284.3 million was collected against a target of K396.8 million (ZRA Annual Reports, 2022). This suggests persistent compliance challenges despite changes in the tax collection mechanism.

Research Objectives

To investigate rental income tax compliance among residential homeowners in Zambia, using Kabwata Constituency as a case study.

Specific Objectives

1. To assess the influence of homeowners' perceptions on compliance with rental income tax in Zambia.
2. To examine the impact of homeowners' tax knowledge on their compliance with rental income tax in Zambia.
3. To determine the impact of compliance costs on homeowners' rental income tax compliance in Zambia.

LITERATURE REVIEW

Global Perspective

From a global perspective, Berry (2021) conducted research on reassessing the property tax in the United States of America. The research stated that property tax is the largest source of revenue for the American local government as it is designed as a valorem tax. The property tax fairness and accuracy are based on the type and quality of the property that is in valuation that is done local assessors. The research drew data from millions of real estate residential property transactions and the found that the majority of the low priced estate properties where being assessed and valued at prices higher than their normal market value.

The overpricing of homes in the bottom decile of sale price above the market value face an assessment, as a proportion of price, that is twice as high as that faced by homes in the top decile, on average. As a result, the property tax disproportionately burdens owners of less valuable homes. Such regressivity was proven evident throughout the US in the research findings (Berry, 2021).

In a similar study, Huang, Jiang, Wang, and Zhao (2022) conducted research on reform real estate tax in china. The research focused on presenting proposals to reform the real estate tax in china, the research did an analysis on pilot policies of the real estate industry and the research findings revealed that the real estate tax was still inadequate. The research outlined three problems in the real estate industry, one of the challenges was uneven distribution of wealth, an imbalance in the supply and demand and lastly the economic bubbles derived from speculation behavior.

The research further provided recommendations that for the reform of the real estate tax in china to be effective, the relevant authorities should a clear tax base, formulation of tax rates levied, formulation of feasible and effective policies, formulation of a national real estate information system and the introduction of formal laws that will allow the legalization of real estate tax activities (Huang, Jiang, Wang, & Zhao, 2022).

African Perspective

Gitau (2021) conducted research on the determinants of voluntary rental income tax compliance by landlords in kaimbu town in kanya. The main aim of the research was to establish the determinants of voluntary rental income tax compliance by landlords; the research employed a descriptive survey research design with a target population of 789 landlords and samples 265 landlords from the population to draw data from. Data was collected using a well written and structured questionnaire and the data collected was analysed using the statistical package for social sciences (SPSS) version 25.0. The research findings revealed that tax knowledge, attitude and perception, the cost of compliance and tax rate levied yielded 70% of the sample lean towards voluntary compliance (Gitau, 2021).

The research further employed a regression analysis, the regression of coefficients indicated that tax knowledge has a positive and significant effect on voluntary rental income tax compliance ($\beta=.205$, $p=0.004<0.05$), attitude and perception has a positive and significant effect on voluntary rental income tax compliance ($\beta=.307$, $p=0.000<0.05$), cost of compliance has a negative and significant effect on voluntary rental income tax compliance ($\beta=-.210$, $p=0.001<0.05$) while tax rate levied on rental property has a negative and significant effect on voluntary rental income tax compliance ($\beta=-.166$, $p=0.007<0.05$). The research in return concluded that tax knowledge is imperative in enhancing the level of tax compliance when it comes to rental income tax, the research further recommended that there's need to continuous periodic tax training and workshops to further educate and sensitize landlords on the need to be compliant when it comes to rental income tax (Gitau, 2021).

A similar study by Ondoro (2021) focused on factors affecting rental income taxpayers' compliance in Kenya; the researched emphasized the importance of tax compliance, as it is the main source of revenue for government expenditure. The main aim of the research was to establish hoe property owners have responded to property taxation measures and the key factors that influence the perception, human resource, tax education and cost of rental income tax compliance. The research employed a mixed approach study which took into consideration both qualitative and quantitative data sources.

Data was collected using telephone interviews and questionnaires, the data collected was analyzed using SPSS version 20, further descriptive statistics were employed as well as a regression analysis. The research findings revealed that rental income compliance, in Kenya was mainly influenced several factors. Such as age, occupation, financial constraints, referent group influence,

educational level of taxpayers, tax awareness , income tax perception, the research further recommended that taxpayers developed capacity in terms of understanding tax obligations, developing the capacity if the tax authority as well as improve the trust taxpayers have in the tax authorities (Ondoro, 2021).

Zambian Perspective

Nondo and Habazoka (2020) conducted research on the factors affecting the rental income tax administration effectiveness in Zambia, the research emphasized that even the world's largest tax plan is useless if it is not implemented properly. The main aim of the research was to determine the level of effectiveness of ZRA in administering rental income tax. The research achieved this by examining characteristics of the tax system that influence it. The research collected both primary and secondary data, primary data was collected from taxpayers in Kabulonga, and secondary data was collected from regulatory sources mainly Zambia Revenue Authority.

The data collected was analyzed using descriptive statistics, the research findings revealed a gap in the implementation strategies employed by ZRA as being not effective concluding the influenced the rate of noncompliance when it came to rental income tax. The research further established that tax system characteristics such as equality, diversity, convenience, simplicity and security have a positive impact on the level of effectiveness on the tax administration. Based on the findings the research recommended that ZRA should introduce user-friendly tax filing platforms, strengthen stakeholder engagements to help homeowners be more tax complaint when it comes to rental income tax (Nondo & Habazoka, 2020).

Similarly, Lwanga (2021) conducted research on factors affecting the collection of withholding Tax on rental income from the informal sector in Zambia. The research emphasized on the great importance tax collection hold both in the long and short run for the growth of the economy. The main aim of the study was to examine the relationship between informal sector compliance with rental income tax and the tax rate, the relationship between the perceptions of the tax rate on rental income, administration, individual characteristics of individuals and the probability of full disclosure by taxpayers was examined. The research employed a descriptive research study, the research collected data through self-administered questionnaires from a sample of 139 respondents.

The data collected was analyzed using descriptive statistics and the research further analyzed the data using a logistic regression, the regression analysis revealed that perceptions of the tax rate being high had a significant impact on the low level of compliance with tax as did aggressive reminders. The research found that taxpayer engagement by relevant authorities, tax awareness and education coupled with development of a comprehensive database of eligible taxpayers for administration would increase the likelihood of homeowners being more compliant. The researcher recommended that the relevant authorities needed to revise the rental income tax rates into tax bands to help promote compliance; the research further recommended that relevant

authorities should consider collecting of rental income tax from homeowners and not tenants (Lwanga, 2021).

METHODOLOGY

Research approach and design

The research study employed a quantitative research approach. This approach the researcher to generate visual representations including histograms, as well as tabular data such as, frequency tables, that are essential for the analysis (Agrestii and Finley, 2018; Sikalumbi, A. D. 2023).

A research design serves as a framework that can enhance the researcher's capacity to formulate a strategic plan utilizing various methodologies essential for completing the study. (Wanyama & Olweny, 2013). The requisite data was collected, synthesized, analysed, and represented through a descriptive design to offer an explanatory overview of the research (Thornhill, Lewis, and Saunders, 2017). This study amalgamated results from the sampled population. As noted by Cooper and Schindler (2014), the objectives of a research design including illuminating the finding related to the phenomenon, estimating the proportions within the sample population and identifying relationships among the variables. This descriptive design was selected as the most suitable approach for the study, as it facilitates a thorough investigation of tax compliance behaviour among various segments of property owner segments in Kabwata constituency (Yin, 2018).

Study population and sample size

The target population refers to the specific demographic data from which data collection is intended. Ngechu (2004) defines a population as a delineated group of families, individuals, locations, and objects that are focus of research. In this context the research population consist of, all residential property owners in Kabwata, Chilenje, libala, and Chalala These areas were chosen due to their representation of various socioeconomic segments within Kabwata constituency, they by offering a more comprehensive sample of property ownership trends (Kothari, 2019). The study identified a research population of 58,000 residential property owners in Kabwata constituency as reported by UN-Habitat report (2021).

A total sample of 204 residential property owners was sampled out of an estimated research population of 58000 residential properties. The sample size was determined using Taro Yamane's formulate. In the formula $n = \text{sample size}$, $N = \text{the target population}$ and $e = \text{error}$. Working at 93% confidence level. The Taro Yamane formula was selected for its statistical reliability in determining appropriate sample sizes for finite populations, with the 93% confidence level providing a standard balance between precision and feasibility (Israel, 2013).

$$\text{Sample Size} = \frac{P}{1 + P(\epsilon^2)}$$

Where:

- P is the population
- E is the margin of error

$$\text{Sample Size} = \frac{58,000}{1 + 58,000(0.07^2)}$$

Sample Size = 204 *Participants*

Sampling technique and data collection instruments

The study involved sampling residential property owners from Chilenje, Kabwata, Libala and Chalala. To select participants for data collection Simple Random Sampling (SRS) was used. This method was specifically chosen to guarantee proportional representation from various residential region which essential due to socioeconomic diversity within Kabwata constituency (Sekaran & Bougie, 2016).

The study gathered both primary and secondary data. Primary data was obtained by distributing electronic questionnaires to pertinent respondents specifically residential property owners. This type of data is derived directly from the field with questionnaire, primarily consisting of feedback from residential property owners. In contrast, secondary data was sourced from the existing literature reviews, which served as a tool for collecting quantitative information . The choice of electronic questionnaires over traditional paper-based methods was made due to their cost-efficiency, boarder accessibility and the capacity to facilitate data collection at the analysis phase (Bhattacharjee, 2012).

Data analysis and reliability

The analysis of the data conducted using SPSS version 28. The study incorporated both descriptive statistics and inferential methods for data evaluation. Descriptive statistics including the mean, median, mode, and standard deviation were applied nearly all the analysis. SPSS was chosen due to its strong capabilities in managing intricate data sets and executing the necessary descriptive (Pallant, 2020).

The extent to which evaluations were made after considering the collected data effectively represents the subject under investigations. (Mutai, 2001). The questionnaire's design was securitized in the light of its objectives to confirm that it accurately measures the intended features. It is imperative that data be reliable, precise, consistent, predictable, and creditable. A data collection method cannot be deemed useful unless it is trustworthy. Nevertheless, the rationality alone is insufficient to ascertain the reliability of the instrument as noted by (Tavakol and Dennick, 2011). To improve reliability, Cronbach's alpha was computed to evaluate the internal consistency of the items within the questionnaire (DeVellis, 2016).

Ethical consideration

ZCAS University ethical clearance letters were obtained and given to residential property owners. The participants were informed that their involvement in the study is entirely voluntary and any

information they opt to share will be handled with the highest level of confidentiality. Additionally, participants' names were omitted from questionnaires to comply with privacy regulation. These ethical considerations are consistent with the principles of research ethics as detailed by the Economic and Social Research Council (2015) and are crucial when engaging in research related sensitive financial issues such as tax compliance (Diener & Crandall, 2018).

FINDINGS

The section presents and analyzes the findings of the study, which focused on rental income tax compliance among residential property owners in Kabwata constituency. The data were collected from a sample of 204 homeowners and analyzed using the Statistical Package for Social Sciences (SPSS). The analysis included descriptive statistics such as frequencies, means, medians, modes, and standard deviations, alongside inferential statistical tests to draw meaningful conclusions. This chapter begins by outlining the demographic profile of the respondents before exploring their tax compliance behavior and perceptions.

The demographic analysis reveals a balanced gender distribution among the homeowners, with 100 males (49%) and 104 females (51%). This near parity indicates that the study reflects perspectives from both genders adequately. Regarding age distribution, the majority of homeowners were aged between 41 and 50 years (92 respondents, 45.1%), followed by those aged 31 to 40 years (76 respondents, 37.3%). Only 16 homeowners (7.8%) were aged 21 to 30 years, suggesting younger individuals are less represented among property owners in the constituency. This age structure is important for policymakers aiming to target specific groups with tailored interventions.

Educational levels among the respondents varied, with the largest group holding undergraduate degrees (88 homeowners, 43.1%), followed by those with master's degrees (64 homeowners, 31.4%). Diploma holders comprised 48 participants (23.5%), while PhD holders were the smallest group at 2% (4 homeowners). The relatively high educational attainment among homeowners could influence their awareness and attitudes toward tax compliance. Understanding education's role helps assess whether higher academic qualifications correlate with better compliance behavior.

The study also assessed the employment status of participants, where a vast majority (180 homeowners, 88.2%) reported being in formal employment, while 24 (11.8%) were informally employed. This distinction is relevant because formal employment may be associated with higher tax compliance due to regular income and awareness of tax obligations. Regarding property ownership, most homeowners (184, or 90.2%) owned between one and five properties, indicating a concentration of small-scale landlords. Only a small fraction owned more than five properties, with 12 owning between six and ten, and 8 owning between eleven and fifteen. This distribution has implications for rental income levels and the corresponding tax liability.

When assessing compliance, the study found that 45.1% of homeowners declared their rental income tax accurately to the Zambia Revenue Authority (ZRA), with 48 respondents strongly agreeing and 44 agreeing with the statement. However, 29.4% either disagreed or strongly disagreed, indicating non-compliance, and 25.5% were neutral, uncertain about their compliance status. These findings show that less than half of the property owners are fully compliant, which presents a challenge for tax authorities. Accurate declaration is critical for effective tax collection and enforcement.

Regarding rental income tax liability, 41.2% of homeowners strongly agreed that they had no tax liability, and an additional 15.7% agreed, suggesting over half of the respondents believed they were compliant and had no outstanding rental tax dues. However, 17.6% disagreed or strongly disagreed, indicating awareness of their liability. Another 25.5% were neutral, reflecting uncertainty or lack of knowledge about their tax responsibilities. This mix of responses points to gaps in communication and education on tax obligations among property owners.

The perception that the tax rate encourages evasion was shared by a majority, with 41.2% strongly agreeing and 21.6% agreeing that rental income tax rates motivate homeowners to evade taxes. In contrast, 23.5% disagreed or strongly disagreed, and 13.7% were neutral. This suggests that the tax rate structure, which ranges from 4% for rental income below ZMW 12,000 to 12% for incomes above ZMW 800,000, is viewed as a deterrent to compliance by many. Tax rates perceived as too high can incentivize non-compliance, highlighting the need for a balanced and fair tax policy.

The study also explored how penalties and audits affect compliance. About 47.1% of respondents agreed or strongly agreed that the low cost of penalties for non-compliance encourages tax evasion, while 31.4% disagreed or strongly disagreed. Additionally, the perception that infrequent or weak audits allow homeowners to evade taxes was evident, with a significant portion agreeing that limited chances of intensive audits encourage non-compliance. These findings underscore the importance of strengthening enforcement mechanisms, increasing audit frequency, and imposing stricter penalties to improve rental income tax compliance.

Inferential analysis was conducted to determine whether significant relationships exist between the independent variables and the dependent variable rental income tax compliance among residential property owners in Kabwata constituency. This statistical approach enables the researcher to draw conclusions that extend beyond the immediate data sample, and to examine the extent to which various factors (perception, tax knowledge, and compliance costs) influence compliance behavior. The study utilized the coefficient of determination, correlation analysis, ANOVA, and multiple regression analysis to assess these relationships.

The coefficient of determination (R^2) measures the proportion of variance in the dependent variable that can be explained by the independent variables in the model. In this study, the independent variables included perceptions of tax compliance, tax knowledge, and compliance costs, while the dependent variable was residential rental income tax compliance.

Table 1: Coefficient of Determination

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.792 ^a	.626	.303	.69180

Predictors: (Constant), Perception, Tax Knowledge, Compliance Costs

The R Square value of 0.626 indicates that 62.6% of the variation in rental income tax compliance among residential property owners in Kabwata is explained by the three independent variables. The remaining 37.4% is attributable to other factors not included in the study, suggesting a need for further research into additional variables that may influence compliance behavior.

Table 2: Coefficient Correlations Table

Variables	Rental Compliance	Tax Perception	Tax Knowledge	Compliance Costs
Rental Compliance	1.000	0.270	0.189	0.206
Perception	0.270	1.000	-0.116	-0.156
Tax Knowledge	0.189	-0.116	1.000	-0.229
Compliance Costs	0.206	-0.156	-0.229	1.000

Table 3: Rental compliance

Variables	Rental Compliance	Tax Perception	Tax Knowledge	Compliance Costs
Rental Compliance	1.000	0.270	0.189	0.206
Perception	0.270	1.000	-0.116	-0.156
Tax Knowledge	0.189	-0.116	1.000	-0.229
Compliance Costs	0.206	-0.156	-0.229	1.000

All variables show a positive correlation with rental income tax compliance, with perception having the strongest relationship $r = 0.270$, followed by compliance costs $r = 0.206$ and tax knowledge $r = 0.189$. These results imply that as perceptions become more favorable, compliance improves, and similarly, higher levels of knowledge and manageable compliance costs are associated with increased compliance.

Table 4: Multiple Regression Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.435	3	1.217	2.175	0.012
Residual	17.987	27	0.315		
Total	23.422	30			

Dependent Variable: Residential Rental Income Tax Compliance
Predictors: (Constant), Perception, Tax Knowledge, Compliance Costs

The F-statistic value of 2.175 and significance level of 0.012 ($p < 0.05$) indicate that the overall regression model is statistically significant. Therefore, there is sufficient evidence to conclude that the independent variables collectively have a significant impact on rental income tax compliance.

Multiple Regression Analysis

A multiple regression analysis was conducted to determine the effect of each independent variable on rental income tax compliance.

Table 5: Multiple regression analysis

Model	Unstandardized Coefficients B	Standardized Coefficients Std. Error	t	Sig.
			Beta	
(Constant)	1.224	0.312		4.358
Perception	0.299	0.043	0.270	1.132
Tax Knowledge	0.272	0.035	0.189	1.126
Compliance Costs	0.217	0.021	0.206	2.794

These findings suggest that improving residential property owners' perceptions, knowledge of tax obligations, and reducing compliance costs can significantly enhance tax compliance levels in Kabwata and similar contexts. The strongest influence on compliance is seen from perception, aligning with behavioral tax literature that emphasizes the role of taxpayer attitudes in shaping compliance behavior.

DISCUSSION

The research findings align with the global, African, and Zambian perspectives, demonstrating how property taxation and rental income tax administration are influenced by various factors such as tax fairness, compliance costs, awareness, and policy effectiveness. The first research objective sought to evaluate the effectiveness of Zambia Revenue Authority (ZRA) in administering rental income tax. The findings of Nondo and Habazoka (2020) indicate that despite having a structured tax system, ZRA faces challenges in implementation, leading to high levels of non-compliance.

These findings are consistent with global studies, such as Berry (2021), which highlight that disparities in property valuation and taxation often lead to disproportionate tax burdens on certain property owners, affecting compliance rates. Similarly, Gitau (2021) and Ondoro (2021) provide insights from Kenya, showing that tax knowledge, perceptions, and compliance costs significantly impact landlords' willingness to comply with tax regulations. The need for ZRA to implement user-friendly tax filing platforms and enhance taxpayer education aligns with global recommendations for effective tax administration, reinforcing the importance of strengthening stakeholder engagement to improve compliance.

The second research objective aimed to analyze the impact of tax policies and tax rates on rental income tax compliance. The empirical review highlights that tax rates play a crucial role in influencing voluntary tax compliance, as observed in studies by Gitau (2021) and Lwanga (2021). Findings indicate that high tax rates discourage compliance, while perceived fairness and structured tax bands encourage taxpayers to fulfill their obligations. The regression analysis in Lwanga's (2021) study confirms that perceptions of high tax rates significantly contribute to low compliance levels, similar to global observations where real estate tax reforms, such as those suggested by Huang et al. (2022) for China, recommend clear tax base structures and policy frameworks to enhance compliance. The research findings suggest that introducing progressive rental income tax bands and engaging in targeted taxpayer awareness campaigns would improve compliance rates. Furthermore, simplifying the tax filing process and increasing transparency in tax assessments would mitigate the reluctance of landlords to comply with tax obligations (Quintino et. Al, 2025).

Lastly, the research objective focusing on the role of taxpayer awareness, perception, and engagement in enhancing rental income tax compliance is supported by various studies in the empirical review. Findings by Lwanga (2021) and Gitau (2021) emphasize the significance of tax knowledge and perception in determining compliance behavior. Gitau's regression analysis highlights that tax knowledge has a strong positive impact on compliance levels, a finding reinforced by Nondo and Habazoka (2020), who identified stakeholder engagement as a critical factor in improving tax administration effectiveness. Similarly, Berry (2021) demonstrates that property tax fairness influences taxpayer compliance, underscoring the importance of transparency and equitable tax policies. The results indicate that enhancing tax education initiatives, providing incentives for compliance, and leveraging digital platforms for tax filing and administration could significantly improve voluntary tax compliance among property owners. The introduction of periodic tax training sessions and structured engagement between tax authorities and landlords would foster a culture of compliance, ultimately improving rental income tax collection efficiency in Zambia.

CONCLUSION AND RECOMMENDATION

This study comprehensively examined rental income tax compliance among residential property owners in Kabwata constituency, utilizing a sample of 204 homeowners and advanced statistical techniques including descriptive statistics, correlation, ANOVA, and multiple regression analysis. The results revealed that only 45.1% of homeowners accurately declared their rental income tax to the Zambia Revenue Authority (ZRA), while 29.4% indicated non-compliance and 25.5% were uncertain, highlighting a significant gap in voluntary compliance. The study found that perceptions of the tax system strongly influence compliance behavior, with 41.2% of respondents agreeing that the current tax rates encourage evasion, while 47.1% believed that low penalties promote non-compliance.

Additionally, 62.6% of the variance in rental income tax compliance was explained by three key variables: taxpayer perception, tax knowledge, and compliance costs ($R^2 = 0.626$), with perception having the strongest correlation ($r = 0.270$), followed by compliance costs ($r = 0.206$) and tax knowledge ($r = 0.189$). The regression model was statistically significant ($F = 2.175$, $p = 0.012$), affirming that these factors collectively impact compliance behavior. The demographic profile revealed a balanced gender distribution and a majority of property owners aged between 41–50 years, with high educational attainment (43.1% holding undergraduate degrees), and 88.2% engaged in formal employment, factors that likely shape compliance behavior.

Consistent with global to local literature (Berry, 2021; Gitau, 2021; Lwanga, 2021; Nondo & Habazoka, 2020), the study confirmed that tax policy fairness, awareness, and cost-effectiveness are critical to improving compliance. Furthermore, weak enforcement mechanisms, low audit frequencies, and the complexity of filing processes were identified as deterrents to full compliance. Overall, the study concludes that improving taxpayer perceptions, enhancing awareness through education, simplifying compliance procedures, and implementing fair but firm enforcement mechanisms are essential strategies for increasing rental income tax compliance among property owners in Zambia.

Recommendations

Based on the study findings, the research made the following recommendations. The Zambia Revenue authority need to start campaigns that rises awareness about the importance of rental income tax and why it is important for property owners to pay tax. These campaigns will change the negative perception homeowners currently hold. The study recommends that Zambia Revenue Authority should be conducting campaigns as most of the respondents are ignorant about rental income tax. The government should also consider incorporating tax issues the curriculums used in Zambia schools to prepare future taxpayer with tax knowledge. It is recommended that to reduce the cost of filling a return, ZRA should consider introducing online tutorial to teach taxpayers to conduct a self-tax return.

Suggested for further studies

Further studies should consider conducting a large comparative study on compliance levels among residential property homeowners in payment of rental income tax in different towns in Zambia. This will broaden the understanding of the factors that influence rental income tax compliance.

Ethical clearance and compliance

The study was approved by the ZCAS University Research Ethics Committee.

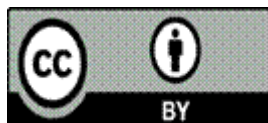
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