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Article

Evaluating taxation's dual impact on business and social development: A case study of the Cape Coast metropolis in Ghana

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Abstract: Tax revenue is an important public asset that contributes significantly to a nation's economic development. The primary function of every government is to make provision in terms of infrastructure facilities, development, and better living conditions for its people. Due to the government's limited resources, it is necessary to impose taxes on all residents and businesses to strengthen its financial situation because it is impossible for it to carry out this large task in an effective manner. Governments have always passed numerous tax laws, and they have been amended to withstand the test of time. Therefore, this study's goal is to determine whether taxes have an impact on economic development in the Cape Coast Metropolis in Ghana. The study used the quantitative approach, survey technique, and questionnaire for the data collection process. A sample size of 115 respondents comprising the staff of the domestic tax revenue division's workforce and owners of registered SMEs were engaged in the study. The data was analyzed using SPSS version 26. The results indicated that the majority of the staff of the Ghana Revenue Authority (GRA) considered payment of tax as beneficial to the state, while few of the staff did not consider payment of tax as beneficial to the state. In addition, the study outcomes show that respondents are aware of the extent to which tax revenue can be used by the government for economic development. Furthermore, the researchers recommended that the head of GRA create a strong regulatory framework to monitor how tax money is used for economic growth. They should also make an effort to ensure that the tax revenue generated will be wisely used for the growth of the metropolis. This will make taxpayers appreciate the need to pay their taxes because they know they will benefit from it in the end in the form of social and economic developments.

Keywords: taxation; economic development; SMEs; Ghana revenue authority; SPSS analysis

1. Introduction

Tax revenue is an important public asset that can help the economy reach its full potential. Insufficient tax revenue, according to Danquah and Osei-Assibey [1], is responsible for many developing countries' declining access to public goods and services. The importance of domestic revenue mobilization is then emphasized in this declaration, resulting in the emphasis on Ghana's Beyond Aid goal. Ghana Beyond Aid is a new policy paradigm intended to increase the effectiveness and efficiency of income collection and utilization, particularly tax revenue, by focusing on the domestic sector [2]. This is due to Ghana's tax-to-GDP ratio being 15.6 percent, 11.9 percent, and 17.6 percent in 2018, 2017, and 2016, respectively [3]. These figures are lower than the ECOWAS Subregion's 19.1 percent. These low tax-to-GDP ratios in Ghana highlight the low domestic tax income collection despite the enormous potential and significant inefficiency. Through these projects, Ghana Beyond Aid hopes to explore innovative strategies to widen our tax base and include the massive informal sector, which accounts for over 80% of employment and is the backbone of the Ghana Revenue Authority (GRA).

Accordingly, Act 2009 (Act 791) of the GRA posits that domestic taxes are mandatory levies levied on individuals and businesses inside Ghana's geographical boundaries. Property tax, corporation tax, personal tax, excise tax, value-added tax, capital gains tax, and other taxes are examples. The corporate income tax (CIT), personal income tax (PIT), and value-added tax (VAT), on the other hand, have substantial revenue elasticities, emphasizing the importance of these taxes [4,5]. CIT accounts for around 50.64 percent of Malaysians' total direct tax revenue, according to Ahmad et al. [6].

This emphasizes the importance of CIT in the economy once more. While these taxes bring in the necessary money for the country, inefficiencies in the tax system have made maximal collection impossible. Even though the country has reaped all of these earnings from the domestic economy throughout the years, data reveals that the government is always plagued by insufficient payments, which hurts the economy [7].

The tax gap is the difference between what a taxpayer owes in taxes and what they pay. Toder [8] claims that the three elements of the tax gap are underpayment, underreporting of tax owed, and failure to file tax returns. The three elements are inextricably intertwined. When a taxpayer who is expected to file a return refuses to do so or does so late, this is known as the non-filing gap. The under-reporting tax gap refers to the tax owed by a taxpayer who, whether or not they filed returns on time, did not report the full amount of the tax base they should have reported. The uncollected tax revenue from taxpayers who file tax returns but do not pay the amount they report, whether on purpose or accidentally, is also related to the underreporting tax gap.

Furthermore, tax evasion is also a big issue for Ghana's tax system [9]. Tax evasion is when a person, entity, or company knowingly fails to pay a tax liability that is owed to them. In other words, an illegal attempt to reduce the tax burden by using deceptive strategies to avoid or defy tax regulations. In Ghana, it is well known that the informal sector employs a large number of people. There is no doubt that the bulk of workers in the informal sector are self-employed and work from home; however, some work from any available public space. Thus, with a table and a chair, one might simply establish a business with the help of family. The question of how to tax the unorganized sector is still a hot topic. Given that the informal sector makes up a sizable and appreciable portion of the economies of developing nations while contributing very little to tax revenues, it is only natural that it gets attention [10]. In 2016, Ghana's Minister of Finance and Economic Planning voiced worry that broadening the tax net remains one of the country's primary issues. The sheer reality that a larger number of Ghanaians work in the informal private sector makes revenue-generating a difficult endeavor [11].

The willingness of a society to be taxed is largely determined by its perception of how the tax proceeds will be used. If government spending patterns do not significantly boost national revenue and if tax expenditures and developmental benefits are not distributed equitably across the population, it may be challenging to increase tax efforts. As a result, tax efficacy and efficiency are matters of administration. According to Oliver [12], tax compliance can be adversely impacted when administrative flaws make evasion and avoidance easy to do. This is especially true in the Cape Coast Metropolitan Area, where evasion is rampant. The integrity of the tax-collection system and the tax functions have control over a similar issue that affects people's desire to pay taxes.

Moreso, consumer satisfaction is defined as what the customer claims it to be. A sequence of transitory emotional reactions affected by practically everything imaginable makes up satisfaction [13]. Taxpayer satisfaction is critical to successful tax mobilization and effective use of the taxpayer's money in the tax division, among other things. It is the difference between what you expect and what you get [14]. It refers to the ease with which a service can be acquired. It also refers to how the taxes are regarded as being used effectively. The economic and developmental characteristics of a location also influence citizen contentment with taxation. Because taxes are one of the most crucial components of managing national income and maintaining national development and economic freedom, the country cannot afford to lose a significant portion of its national income [15].

Motivation and contribution of the study

Studying taxation's dual impact on business and social development in Ghana and Africa is motivated by several factors. Firstly, taxation is a crucial component of managing nationwide income and promoting economic growth and development [15]. Secondly, there is a growing interest in including informal sector workers in tax nets, as taxing the informal economy can lead to greater revenue mobilization and improve government accountability and civic engagement [16]. Additionally, tax revenue is considered an alternative form of sustainable financing to promote growth and enable governments to finance social and infrastructure needs. Furthermore, taxation plays an important role in the development and growth of small and medium enterprises (SMEs), which are critical for socio-economic development in countries like Ghana [17–19]. The present investigation focuses on Ghana because the effective and efficient collection of tax money is critical to the nation's prosperity. Tax money, on the other hand, is insufficient to adequately fund government activities. The degree of economic activity in a given location determines the amount of possible tax income [20]. The Ghana Revenue Authority sets targets for its many divisions across the country each year to guarantee that they maximize revenue for the government through tax collection. The division, on the other hand, is frequently unable to reach the goals set. According to the GRA end-of-year report, the Cape Coast Metropolis had 329 companies and 639 small and medium enterprises at the end of 2015, which accounts for the most recent database about SMEs in the area. According to the research, less than 60% of those who prospered paid their taxes (GRA, end-of-year report 2016). This means that over 40% of anticipated revenue was lost. The percentage loss, however, was not given a specific cause in the study. The metropolis and the country lose revenue that would have been earned if the tax was not evaded. This unprecedented rate of loss of tax revenue because of evasion has motivated the authors of this study to assess tax as an aid to economic development in the Cape Coast metropolis, Ghana. Therefore, the essential objective of this study is to determine how much revenue collected from taxes has been used for economic growth by the government and to examine the impact of tax rates on the rate of investment in the Cape Coast metropolis. Lastly, to evaluate the general willingness of businesses to invest as a result of a tax incentive program. Accordingly, to attain the objectives of the paper, the following research interrogations were designed: (Q1) To what extent has the government used tax money to promote economic development? (Q2) What effect does taxation have on the rate of investment in the Cape Coast metropolis? (Q3) What is the general willingness of businesses to invest as a result of tax incentives?

The contributions of this current paper are as follows: first, theoretically, the present paper enriches the classical theories on taxation (CTT) by evaluating taxation's dual impact on business and social development in the Cape Coast Metropolis. Secondly, the study advances the frontiers of knowledge by providing important data to other scholars interested in issues of the compliance burden and tax gap. The study will therefore aid academics and scholars, particularly when it comes to conceptualizing challenges, exposing gaps for future research because other aspects of the subject matter are beyond our grasp. Lastly, this research will help various members of Ghanaian society as well as the global community, such as industries, government, investors, and society. It will also give important stakeholders, particularly the GRA, useful information on the severity of tax policy. The tax gap estimates will also aid in the GRA's performance evaluation, benchmarking against other revenue streams, compliance risk management, and quantifying, comparing, and prioritizing responses to risk in the tax system.

The rest of the study is organized as follows: Section 2 of the study entails the theory that underpins the study and review of related literature. Section 3 provides a thorough explanation of the research methodology, research design, demographics, sample size, and data collection procedure. Section 4 presents the study results and discussions. Section 5 provides the conclusion, limitations, and recommendations for future studies.

2. Theoretical underpinning and literature review

2.1. Classical theories on taxation (CTT)

Since the taxpayers only pay VAT. when they have the money to buy anything, it is regarded as a convent tax. Taxpayer obligations should be guaranteed by the quantity of anticipated revenue. This is crucial for both planning and budgeting purposes for both government and private businesses. The production theory of Adam Smith is based on the idea of 'Laissez-Faire,' which states that the state should not put any restrictions on an individual's freedom. The pillars of saving, division of labour, and a broad market are the foundations of economic development theory [21]. Producers can produce as much as they want, earn as much as they can, and save as much as they want under the laissez-faire principle.

The creation of machines and equipment, a decrease in the time needed to produce goods, and increased worker dexterity are all benefits of the division of labour. The exchange of goods results from the division of labour, which promotes trade and broadens the market. A large market is an essential prerequisite for economic growth [22]. If total earnings rise above the subsistence level at any point in time, the labour force expands, job rivalry intensifies, and wages fall below the subsistence level. According to Gashenko et al. [23], wage rates fall to subsistence levels under stationary conditions, but they rise above this level during periods of fast capital creation. Population increase determines how far they rise. As a result, raising the rate of investment could enhance the wage fund. Growth-promoting agents Farmers, producers, and business people, according to Gashenko et al. [23], are significant economic growth agents. It was free commerce, enterprise, and innovation that made this possible, and farmers, producers, and businesspeople competed to grow the market, which caused economic development to become intertwined. Construction and commerce both increased because of agricultural development. Demand for commercial services and manufactured commodities rises when there is an agricultural surplus because of economic growth [21]. This results in commercial progress and the development of industrial industries. When farmers utilize modern technology, however, their progress leads to a rise in agricultural productivity. Capital accumulation and economic development happen because of the emergence of the farmer, producer, and executive.

Due to the increased national income and output brought about by the division of labor made possible by capital accumulation and market expansion, saving and new investment are encouraged, and economic development keeps advancing. Natural resource scarcity halts the growing process. A stagnant economy lacks net investment, removes profit beyond the risky minimum, and has a fixed population, constant total revenue, and subsistence pay [21].

2.2. Nature of taxation

Because the government has particular tasks to undertake for the benefit of the people it rules, taxation is considered a burden that every citizen must incur to sustain his or her government. Farayola [24] and Shome [22] define taxation as "one of the sources of revenue for the government, such revenue being used to finance or operate public utilities and perform other social responsibilities." Also, Ochowgu [25] and Gashenko et al. [23] define tax as a levy levied by the government on individuals' or corporation's income, profit, or wealth. Taxation, according to Adams [26], the most significant source of revenue for contemporary governments, accounts for 90% or more of their income. According to Aguolu [27], taxation is the government's obligatory levy on the income and consumption of its subjects and capital through its agencies.

Moreover, personal income is taxed, including salary, company earnings, interest, dividends, discounts, and royalties. Additionally, it applies to capital gains, capital transfers, and a company's income from petroleum. Contrarily, Ojo [28] and Huang et al. [29] argue that taxes are both a notion and a science. Tax, he claims, is in and of itself a mandatory levy that must be paid by every citizen. It is often regarded as a civic obligation. The imposition of taxes is supposed to generate revenue that may be used to provide social and security benefits, as well as establish circumstances for society's economic well-being, which is in line with the CTT viewpoint. Huang et al. [29] assert that income tax is a tool of fiscal policy used by governments all over the world to influence favorably or unfavorably particular forms of economic activity to achieve desired goals. The fundamental economic objectives of emerging countries are to boost economic growth and thus per capita income, resulting in a greater standard of living. To ensure equal resource allocation, a progressive tax rate can be used. To stimulate or discourage various industries (e.g., agriculture, manufacturing, or construction), the government can raise or lower tax rates, increase or reduce the rate of capital allowances (granted in place of depreciation), or give tax breaks to pioneer enterprises. Based on the CTT, when exploited as a creative force in economic planning and development, income tax can thus be used as a driver for social change [30].

2.3. Income tax and economic performance

Several tests were performed on the model to determine its accuracy and dependability. The researcher conducted a regression with the rate of population growth, income tax, international trade, and government consumption as the independent factors and economic performance as the dependent variable. Economic performance was measured as a ratio of gross domestic product (GDP), whereas income tax, consumption tax, foreign trade, and government consumption were all calculated as a percentage of GDP [31]. Economic performance has been found to suffer from income taxes, but this effect is only marginal. It was discovered that government consumption had a considerable positive link with economic performance. Population expansion was discovered to be beneficial [32].

Although the effect was not significant, it affected economic performance. VECM was also used to fit the regression. The Johnsen cointegration test demonstrated that the variables have a long-term association. Although there is no substantial correlation between income and GDP per capita growth rate, the variables used in the vector error correction model (VECM) seem to have a long-term relationship [33]. Although there is a negative correlation between income taxes and economic success, it is flimsy and statistically negligible. Comparable negative relationships were produced by the VECM and ordinary least squares (OLS), although they were not statistically significant. This suggests that in Cape Coast, there is no link between income tax and economic performance. Gachanja [34] examined Ghana's economic growth and taxation using time-series data from 1971 to 2010.

The study shows a positive correlation between taxation and economic growth. GDP is positively correlated with income tax, import duty, excise duty, sales tax, and VAT, with income tax having the largest effect. Economic growth and excise tax have a reverse causal link, according to Orji (2023), who also discovered a one-way relationship between income taxes and economic growth as well as a unidirectional association between economic growth and VAT. According to Orji [35], different uses of tax money have varying effects on growth. The model does not capture other factors that influence GDP, such as government expenditure and investment. Achkasov [36] examined the impact of income taxes on growth using a simple endogenous model; his study found that a 10% increase in income tax results in a 2% decrease in economic growth. Income tax has been found to have a significant impact on economic performance. In Malaysia, there is bidirectional causality between economic performance and tax revenue, indicating that both variables influence each other in achieving long-run sustainability [36]. These findings highlight the importance of tax policy in promoting sustainable economic growth and suggest that policymakers should focus on improving the performance of the tax sector to enhance economic performance, which is supported by the CTT standpoint. Therefore, we hypothesize that income tax contributes to social and economic performance.

H1: Income tax improves economic performance.

2.4. Excise duty and economic performance

Wachuka [37] employed an empirical cause-and-effect study design to examine how excise taxes affected the revenues and alcohol and/or cigarette consumption of the Cape Coast Metropolitans as well as their consumption patterns. There was no correlation between changes in excise taxes and alcohol or cigarette use, but there was one between excise taxes and government revenue contribution. The study revealed that increasing excise taxes on cigarettes and alcohol has no effect on consumption and that other measures to reduce consumption should be sought. The demand inelasticity of cigarettes and alcohol to price changes is one of the contributing factors to no changes in consumption [37]. The study is empirical and tailored to the goals, and it aids in determining how the study will be conducted and the expected outcomes. Wiredu et al. [38] examined Ghana's excise taxing system to see how well it achieves its stated goals of discouraging and thereby reducing consumption of certain products, such as alcohol, promoting equity, and increasing government revenue. It was established that excise duties may be used to increase government revenue using a variety of empirical equations and data. The study also found that Ghana's current excise tax system (at the time) was effective in terms of producing revenue; excise taxes on cigarettes in the Cape Coast Metropolis. Results in significant additional revenues for the government, and its income elasticity is close to 1 (one); excise tax in general contributes to 4.5% of Ghana's GDP (Ghana National Commission, 2020). The study's comprehensive research design, equations, analytical techniques, and conclusions give background information on the effects of excise taxes on alcohol and cigarettes in Ghana before the imposition of those taxes in 2010.

Additionally, excise taxes on cigarettes, according to a study by Mwiti [39], are highly regressive because low-income individuals typically endure the most of the burden. As more people quit smoking, increased cigarette prices place a greater financial strain on them. Poor people pay a higher percentage of their income in taxes than affluent people do because excise taxes are typically passed on to the consumer. If they continue to smoke at the same rate while cigarette prices rise owing to excise taxes, the poor will pay larger taxes because they smoke far more than the wealthy [40]. In addition to price elasticity of demand, people respond differently to tax increases and, consequently, price increases for cigarettes; some people cut back on their use, others do not alter their behavior, and still others may completely stop smoking because of price increases for cigarettes, which is grounded on the CTT theory. The choice of excise duty on mineral oils can affect transport performance in road freight transport, and the analysis of these relationships can inform decisions on setting excise duty amounts [41]. Therefore, we hypothesize that excise duties contribute to social and economic performance.

H2: Excise duty improves economic performance.

2.5. Value-added tax (VAT) and economic performance

Wasylenko [42] asserts that the policy can affect how quickly the economy performs by affecting economic choices through taxation. Tax hikes decrease the returns on investment for R&D, physical capital, and human capital. Lower returns imply less accumulation and innovation, resulting in a slower rate of growth. This is one of the disadvantages of taxation. Taxation, on the other hand, has a positive side in that some public expenditures, such as infrastructure, public education, and health care, can boost productivity. Taxation provides the means to fund these expenditures, and it can indirectly contribute to a rise in the pace of growth. A taxable person in the Cape Coast Metropolis (VAT Act, Sec. 2) levies value-added tax on the importation of goods and services into Ghana as well as the provision of taxable products or services. Wawame [43] and Wiredu et al. [38] looked into the factors that influence VAT income and discovered that growth elasticities for VAT are substantial. The outcomes of the study revealed that VAT revenues respond to changes in their determinants with considerable lags and that VAT revenues are sensitive to unexpected conditions. This study found that the VAT revenue of Cape Coast's Revenue Authority is quite responsive to changes in its determinants, particularly international ones.

Researchers used average GDP to account for the fact that taxes are collected over a fiscal year (July to June) rather than a calendar year, as is the case with GDP data. Mbiti [44] investigated the factors influencing VAT productivity on Cape Coast. The parameters affecting VAT productivity were acquired through surveys of both taxpayers and the tax administration. Productivity was evaluated using an autoregressive model. VAT was found to be responsive to changes in GDP, which contradicts earlier Cape Coast studies. Up until the financial year 2022/2023, the research revealed that VAT was resistant to fluctuations in GDP. The last seven years, from 2016/06 to 2023/012, were the ones that saw a shift in responsiveness. The survey also discovered that taxpayers faced high compliance expenses and that, due to computational challenges and a lack of audits, the medium and small taxpayers were overlooked [33]. In light of the foregoing, GRA Cape Coast should adjust its attention away from revenue collection and toward developing systems that are more taxpayer-friendly to improve compliance with VAT legislation.

H3: VAT improves economic performance.

2.6. Custom duty and economic performance in Ghana

Egbunike et al. [16] researched to examine the impact of customs duties on Ghana's economic performance. Correlation research was used in this study. His research was limited to the performance of SMEs in Cape Coast; hence, a sample size of over 40 registered SMEs was chosen. Primary data were gathered through questionnaires. The registered businesses provided secondary information on ROA, employment quantity and value, and firm length of stay. For data analysis, the study used both descriptive and inferential statistics. At a 5% level of significance, the study discovered a significant correlation between custom duty incentives and SME company performance as measured by Return on Assets (ROA).

In addition, Opoku's [45] study revealed that custom duty incentives have a significant link with the performance of SME enterprises measured using the total number of workers in Cape Coast at a 5% significance level. The findings also demonstrated that, at a 5% level of significance, custom duty incentives had a positive and significant association with SME business performance as evaluated by the number of years in operation. The study's findings suggest that the government should increase excise duty incentives to decrease imports and, as a result, encourage an increase in domestic product demand. The government to prevent smuggling and encourage the expansion of the tourism sector may use this strategy. The research also recommends that decision-makers create strategic incentive programs, such as targeted incentive programs that focus on particular industries or strategic tax incentives that advance economic growth and are in line with the nation's 2030 goal [46].

According to Owino [47], the economic crisis brought on by the global oil shock in the early 1970s prompted the Ghanaian government to change its tax strategy to rely more on indirect taxes. As a result, customs and excise tax collection grew progressively between 1973 and 2010. However, this was accompanied by a consistent decline in economic growth. This scale of increases in customs and excise tax revenue raises crucial questions about how they may affect economic expansion. As a result, Owino [47] investigated how customs fees affected economic growth on the Cape Coast between 1973 and 2010.

H4: Custom duty improves economic performance.

Figure 1 below represents the conceptual framework for the study.

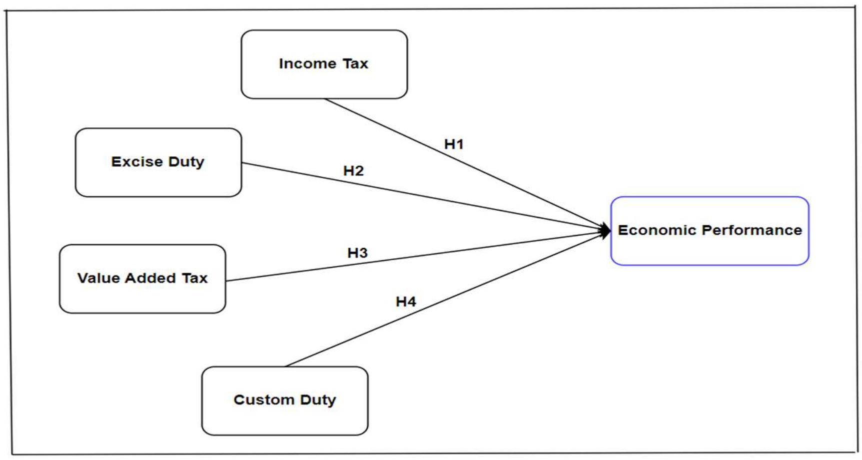

Figure 1. Conceptual framework.

3. Research methodology

3.1. Research approach

The study employs a quantitative research methodology. One of the numerous benefits of a quantitative research approach is its capacity to increase research pace. Furthermore, by combining statistics from a larger sample, it provides a wider coverage of a sequence of events [48,49]. Additionally, a quantitative approach improves the application of statistical data analysis techniques, which facilitates the generalization of the study's conclusions. Quantitative methods also bring the conjecture to a clearer conclusion [50]. This is so that the results can be applied in the future and compared to other efforts since they are frequently based on quantitative measurements rather than merely interpretation. The ability to perform research more quickly is a key benefit of quantitative research. According to this perspective, a quantitative method "demands that you explain how variables numerically affect one another and to compare different results," according to Creswell and Poth [51]. In a quantitative approach, numbers represent data that has been gathered for research or investigation.

Additionally, the quantitative approach offers the chance to apply statistical analytic techniques to aid in generalizing the study's conclusions. Researchers can conclude with a degree of confidence when making specific remarks, which is another benefit. The quantitative approach is based on numerical values and uses questionnaires and checklists as data collection tools.

3.2. Population and study area

The population can be seen as the whole accumulation of cases that meet an outlined arrangement of criteria. It must be noticed that whatever the fundamental unit, the populace dependably involves the whole accumulation of components in which the study is keen on picking up data and reaching inferences. It can likewise be seen as the objective gathering about which the study will be occupied with picking up data and making determinations [52,53].

The populace of the study was all staff of the Domestic Tax Revenue Division (DTRD) of the Ghana Revenue Authority and owners of registered SMEs. The employees of the DTRD were thought to be one of the significant groups that can add to the accomplishment of the Ghana Revenue Authority's assessment of taxation.

Cape Coast Metropolis is the area being researched. Specifically, the Cape Coast North Sub-Metropolitan Assembly and the Cape Coast South Sub-Metropolitan Assembly are the two (2) sub-metros that make up the Metropolis, which was divided into them in 2012. The study location was picked because of its convenience.

3.3. Sample and sampling procedure

Not all of the respondents can be included in the survey because it covers such a wide area. Therefore, selecting a sample from the population is important. The sample size for the study was 115. These sample sizes were determined based on the recommendation of Krejcie and Morgan [54] to choose the sample for the study; both probability and non-probability methods were used. The Domestic Tax Revenue Division's workforce was chosen using the purposive sampling approach, which is a non-probability method. Because it is thought to be the best method for obtaining respondents who are knowledgeable and up-to-date on the subject matter of interest, the purposive sampling method is employed [50,55]. The probability method was used to select respondents from the owners of SMEs for the studies.

3.4. Instrument for data collection

Questionnaires are to be answered by the staff of the Domestic Tax Revenue Division of the Ghana Revenue Authority and owners of the small-scale enterprise. The questionnaire or poll was regarded as proper for the study since it gives a much speedier method for gathering data from a genuinely extensive populace. Again, it is efficient and simple to build, and inquiries are predictable and uniform. Poll likewise permits the secrecy of the respondents, making it simpler for the respondents to volunteer data without trepidation of exploitation [56]. However, according to White [57], the survey is limited to a skilled population and does not provide an opportunity to obtain further data. Fortunately for this project, every respondent was capable of reading, writing, and understanding the materials used in creating the instrument.

Accordingly, five sections made up the survey (from A-E). Data on the respondents' background characteristics were gathered using Section A. Age, gender, and the highest degree of education are all factors that were considered. Sections B, C, D, and E elicited data on staff and owners' views on the extent to which the government has been using revenue generated from tax for economic development and assessed how tax rates affect the rate of investment within the Cape Coast metropolis, assessed the general desirability of firms to invest as a result of tax incentive measures, and found out the factors that militate against the effective mobilization of tax revenue for economic development in the Cape Coast metropolis. The researchers used six weeks to gather the data from respondents from December 2023 to January 2024. The study's poll also suggested that closed-ended questions, rather than open-ended ones, be used to prepare questionnaires because closed-ended questions are easier to evaluate. Statistics may be performed because each response can be given a number or numerical value. A 5-point Likert scale was used for the study's measuring parameters (1 strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree). Closed-ended questions are used because they make computer analysis simpler. The qualitative information is converted to code when open-ended questions are quantitatively analyzed, and the responses lose some of their original significance. This kind of loss is frequent since closed-ended questions are so straightforward.

Closed-ended inquiries can be more specific, resulting in a greater likelihood of communicating similar meanings. It is difficult to compare the meanings of open-ended responses since they allow respondents to use their language.

3.5. Data analysis

The study used a quantitative approach to analysis, which allowed statistical software such as Statistical Product and Service Solutions (SPSS) Version 26 to be used. Before entering the data into the computer, the researchers analyzed the completed surveys to make sure they were free of any extraneous responses. Descriptive and inferential statistics were used to analyze the data. The close-ended questionnaire items were examined with the understanding that they would serve as the foundation for drawing conclusions and making recommendations. The distribution was typical, and the respondents were all of the same personality. On this basis, descriptive statistics such as frequency and percentage distribution were used to assess data on the respondents' background characteristics. To examine the data on the study's specific objectives, inferential statistics such as the standard deviation, percentage, and tables were employed.

4. Results and discussions

The study's primary goal is to evaluate the contribution of taxes to Cape Coast metropolis's economic growth and to make recommendations for ways to accelerate that growth. The information regarding the respondents' backgrounds and the study's goals was analyzed using statistical tools like frequency and percentage. The study's findings, which were derived from information gathered from self-administered questionnaires, are presented in this chapter. The interpretation of the finding in light of earlier discoveries is covered in the discussion.

4.1. Background characteristics of the respondents

The distribution of respondents by sex, age, and educational attainment is the main topic of the first section of this study. Data on the respondent's background characteristics were gathered via a variety of items through stratified sampling techniques. The results are depicted as follows:

The gender distribution of respondents' GRA employees in the Cape Coast metropolitan is shown in **Table 1**. According to the analysis's findings, there were 53.6% women on staff compared to 46.4% men.

Table 1. Distribution of respondents' age and gender.

Age of respondents				**Gender of Respondents**				
		Freq	**%**		**GRA**		**Taxpayers**	
GRA	Male	13	46.4		**Freq**	**%**	**Freq**	**%**
	Female	15	53.6	20–25	6	21.4	75	65.2
	Total	28	100	26–30	9	32.1	16	13.9
Taxpayers	Male	58	50.4	31–40	12	42.9	13	11.3
	Female	57	49.6	41 and above	1	3.6	11	9.6
	Total	115	100	Total	28	100	115	100

Source: Fieldwork, 2023.

The statistics on the gender distribution of taxpayers in Cape Coast City are shown in **Table 1** above. The analysis's findings indicate that 50.4% of the staff were male and 49.6% were female.

The findings on the age distribution of taxpayers in the Cape Coast metropolis are shown in **Table 1** above. According to the analysis's findings, 65.2% of taxpayers are between the ages of 20 and 25; 13.9% are between the ages of 26 and 30; 11.3% are between the ages of 31 and 40; and 9.6% are above the age of 41.

Education is the factor that Richardson and Sawyer [58] and Abaitey et al. [59] believe is most likely to increase people's tax compliance. As people advance academically, they become more aware of a variety of social and economic issues, including the importance of paying state taxes on time. The distribution of respondents' greatest educational levels is seen in **Table 2**.

Table 2. Distribution of respondents' level of education.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Basic	0	0	Basic	47	40.9
Secondary	2	7.1	Secondary	30	26.1
Tertiary	26	92.9	Tertiary	38	33.0
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

All of the respondents from GRA who were included in the study are shown to have some form of schooling in **Table 2** above. The majority (92.9%) had at least a bachelor's degree, 7.1 percent had a secondary education, and 0 percent had only a basic education.

Furthermore, according to **Table 2** above, all of the taxpayers who were included in the study had some form of schooling. The majority (40.9%) had completed their basic education, followed by 26.1% for secondary education and 33% for university education.

As can be seen in **Table 3**, the majority of respondents (89.3%) thought that paying taxes was advantageous for the state, while 10.7% disagreed. Respondents were asked to indicate whether they agreed or disagreed with the first study question, which inquired whether taxes had contributed to the growth of the Cape Coast city. **Table 3** presents the findings.

Table 3. Respondents' view on whether they consider the payment of tax is beneficial to the state.

GRA	Frequency	Percentages
Yes	25	89.3
No	3	10.7
Total	28	100

Source: Fieldwork, 2023

As shown in **Table 4** below, the majority of GRA employees (71.4%) strongly disagree with the claim that the usage of taxes has aided in the economic growth of the Cape Coast city, whereas 46.1% of taxpayers share this opinion. This indicates that while taxpayers agree, those who oppose the use of taxes to develop Cape Coast and the country as a whole disagree.

Table 4. Respondents view on whether taxpayers agreed that taxes were one of the main sources of funding for economic growth.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Strongly agree	3	10.7	Strongly agree	26	22.6
Agree	3	10.7	Agree	53	46.1
Strongly disagree	20	71.4	Strongly disagree	22	19.1
Disagree	2	7.1	Disagree	14	12.2
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

We questioned taxpayers if they agreed that taxes were one of the main sources of funding for economic growth. **Table 5** provides the findings. According to **Table 5**, the majority of taxpayers (50.4%) concur that taxes are one of the main methods for raising money for economic growth. While 26.1 percent of respondents strongly agreed that taxes are one of the key instruments for promoting economic growth.

Table 5. Respondents' view on whether they agreed that taxes were one of the major tools for revenue generation for economic development.

Taxpayers	Frequency	Percentages
Strongly agree	30	26.1
Agree	58	50.4
Strongly disagree	18	15.7
Disagree	9	7.8
Total	115	100

Source: Fieldwork, 2023.

In addition, the survey gathered information from respondents about how much they believed taxes have affected the growth of the Cape Coast metropolis's economy. The findings are shown in **Table 6** below.

Table 6. Respondents view on the extent taxation made an impact on the economic development.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Very significantly	2	7.1	Very significantly	32	27.8
Significantly	5	17.9	Significantly	57	49.6
Not significantly	21	75.0	Not significantly	26	22.6
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

According to **Table 6**, the majority of GRA employees (75%) believe that taxes have had little to no influence on economic growth. Regarding taxpayers, the majority (49.6%) believe that taxes have had a considerable impact, and 27.9% believe that taxes have had a very big impact on economic growth. These findings demonstrate that taxpayers' and GRA's perspectives on the importance of taxation differ. According to the GRA findings, the government must find additional sources of funding in order to grow the economy.

From **Table 7**, taxpayers were asked of their view on whether taxes collected are accounted for or not. The results of their response are presented in **Table 7**.

Table 7. Respondents view on what account for their response.

Taxpayers	Frequency	Percentages
Tax money is judiciously used	48	41.7
Tax money is not judiciously used	21	18.3
Poor accountability	37	32.2
Presence of corrupt officials	9	7.8
Total	115	100

Source: Fieldwork, 2023.

According to **Table 8**, the majority of GRA respondents (57.1%) indicated taxes are the second biggest source of income, while 32.1% said taxes are the biggest source of income. Additionally, 10.7% of respondents indicated taxes are the government's third major source of income. Most taxpayers (57.4%) feel taxes are the government's most important source of income, followed by 21.7 percent and 20.9 percent, respectively, who place taxes as the government's second and third sources of income.

Table 8. Respondents view on how they would compare tax revenue with revenue from other sources.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
First source of revenue	9	32.1	First source of revenue	66	57.4
Second source of revenue	16	57.1	Second source of revenue	25	21.7
Third source of revenue	3	10.7	Third source of revenue	24	20.9
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

4.2. Regarding the effect of tax rates on the rate of investment

How tax rates affect the rate of investment in the Cape Coast city was the third study topic. To collect information on the issues, several closed-ended items were used. The rate of investment in the city of Cape Coast was inquired of the respondents. **Table 9** presents the findings. According to **Table 9**, the majority (89.3%) of respondents from GRA believed that the rate of investment was very low, whilst 7.1% thought it was high and another 3.61% thought it was extremely high. On the other hand, the table reveals that a higher percentage (40.9%) of taxpayers believe that the rate of investment is high, compared to 26.1 percent who believe that it is very low and 15.7 percent who believe that it is very high.

Table 9. Respondents' view on the rate of investment in the Cape Coast metropolis.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Very high	1	3.6	Very high	18	15.7
High	2	7.1	High	47	40.9
Very low	25	89.3	Very low	30	26
Low	0	0	Low	20	17.4
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

According to the data, the majority of the GRA personnel do not agree with what the taxpayers are saying. This indicates that, while taxpayers and some GRA personnel both believe that the rate of investment is high, the majority of GRA staff does not.

Further, taxpayers were asked whether an increasing tax rate correlate with the rate of investment. The results are presented in **Table 10**.

Table 10. Respondent on whether an increasing tax rate correlate with the rate of investment.

Taxpayers	Frequency	Percentages
Yes	59	51.3
No	56	48.7
Total	115	100

Source: Fieldwork, 2023.

According to **Table 10** above, 51.3% of taxpayers believe that rising tax rates and investment rates are correlated. Additionally, 48.7% of respondents said that tax rates and investment rates are unrelated to one another. This demonstrates that **Tables 9** and **10** above have a good relationship.

In the survey, participants were also asked to express how they felt about paying taxes. **Table 11** provides the findings.

Table 11. Respondents view on how they react to payment of tax.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Positively	1	3.6	Positively	39	33.9
Moderately	3	7.1	Moderately	33	28.7
Reluctantly	17	89.3	Reluctantly	21	18.3
Negatively	7	25.0	Negatively	22	19.1
Total	28	100	Total	115	100

According to **Table 11** above, the majority (89.3%) of respondents from GRA responded grudgingly, 25% responded adversely, 7.1% responded mildly, and 3.6% responded favorably. From the standpoint of the taxpayer, the majority (33.9%) responded favorably, followed by a moderate (287%), unfavorable (19.1%), and reluctant (18.3%) response rate. It is clear from the table that respondents view paying taxes favorably. While 19.1% of the respondents admitted to engaging in tax avoidance and evasion. Surprisingly, 25% of the GRA workforce also engages in tax evasion and avoidance.

Moreso, the survey also collected information from respondents on their opinions on the impact of tax rates on investment rates. **Table 12** presents the findings. In accordance with **Table 12**, the majority of GRA employees (53.6%) believe that tax rates have little bearing on the rate of investment, while 46.4 percent of respondents concur. Additionally, 55.7 percent of taxpayers agree that tax rates have an impact on the rate of investment, compared to 44.3 percent who disagree.

Table 12. Respondents view on whether tax rates affect the rate if investment.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Yes	13	46.4	Yes	64	55.7
No	15	53.6	No	51	44.3
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

Lastly, taxpayers were asked to share their view on what extent tax rate affect investment decision. The results are presented in **Table 13**.

Table 13. Respondents' view on the extent tax rate affects investment decision.

Taxpayers	Frequency	Percentages
Very significantly	34	29.6
Significantly	54	47.0
Not significantly	27	23.5
Total	115	100

Source: Fieldwork, 2023

From the **Table 13** above, the majority of respondents (47%) believed that tax rates had a considerable impact on their decision to invest, while 29.6% said that tax rates had a very large impact.

4.3. Assess the general desirability of firms to invest because of tax incentive measures

For developing nations like Ghana, exports, foreign direct investment, and aid are the key sources of foreign currency. The world's major product demand is declining, the terms of trade are deteriorating, and aid comes with conditions that include interest and capital repayment. These factors negatively affect exports. The primary source of foreign cash is now left to be foreign investment. The Ghanaian government has taken initiatives to increase Ghana's appeal as a place for investment by providing tax breaks and incentives in order to draw in foreign direct investment (FDI) inflows.

What is the general desirability of enterprises to invest because of tax incentive measures was the fourth research question. To collect information on the issues, several closed-ended questions were employed. Respondents were asked to select the preferred taxation scheme. **Table 14** presents the findings.

Table 14. Respondents view on which system of tax is more acceptable.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Progressive	16	57.1	Progressive	55	47.8
Regressive	6	21.4	Regressive	33	28.7
Proportional	6	21.4	Proportional	27	23.5
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

From **Table 14** above, the majority of respondents from the GRA (57.1%) favor progressive taxes, whereas 21.4% prefer both regressive and proportional tax systems. 47.8% of taxpayers favor progressive taxes, 28.7% want regressive taxes, and 23.5% favor a proportional tax system.

From the information above, it is clear that the majority of tax authorities (57.1%) and taxpayers (47.8%) favor a progressive tax system in which the tax rate rises as the amount subject to taxation rises.

Respondents were also asked in the study if they agreed that tax incentive programs from the government encourage businesses to invest. **Table 15** presents the findings.

Table 15. Respondents view on whether they agree that, government tax incentive measures encourage firms to invest.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Strongly agree	0	0	Strongly agree	25	21.7
Agree	6	21.4	Agree	59	51.3
Strongly disagree	20	71.4	Strongly disagree	15	13.0
Disagree	2	7.2	Disagree	16	13.9
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

According to **Table 15** above, the majority of GRA respondents (20%) strongly disagree that tax incentive programs help businesses to invest, while 21.4 percent do. Regarding taxpayers, the majority (51.3%) agreed that tax incentives encourage businesses to invest. Additionally, 21.7 percent strongly agree that tax incentives encourage businesses to invest, while 13.9 percent disagree and 13 percent strongly disagree.

Furthermore, respondents were asked to rate Ghana's tax structure. The findings are shown in **Table 16** below. **Table 16** shows that the majority of GRA respondents (53.6%) rated the Ghanaian tax system as average, while those who said it was below average received scores of 42.9 percent, and those who thought it was above average received ones of 3.6 percent. The majority (50.4%) of taxpayers believed the system was average, followed by 26.1 and 23.5 percent who said it was below and above average respectively.

Table 16. Respondents' assessment of the Ghana tax system.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Above average	1	3.6	Above average	27	23.5
Average	15	53.6	Average	58	50.4
Below average	12	42.9	Below average	30	26.1
Total	28	100	Total	115	100

In addition, according to **Table 16** above, the Ghanaian tax system is average and, for that reason, requires improvement, according to the tax authorities (53.6%) and taxpayers (50.4%), respectively.

Accordingly, respondents from the taxpayer group were questioned in the survey if they approved of the current tax incentive scheme. **Table 17** below presents the findings.

Table 17. Respondents' view on whether they liked the tax incentive measure in place.

Taxpayers	Frequency	Percentages
Yes	60	52.2
No	55	47.8
Total	115	100

Source: Fieldwork, 2023.

From **Table 17**, the majority of respondents (52.2%) approve of the current tax incentive provision, while 47.8 percent disagree.

Lastly, the study asked respondents whether tax incentive measures were commensurate with the level of input. The results are presented in **Table 18**.

Table 18. Respondents view on whether the tax incentive measure commensurate with the level of input.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Yes	6	21.4	Yes	60	52.2
No	22	78.6	No	55	47.8
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

According to the common consensus, incentives do not correspond to the level of contribution when they are present. Grounded on the results from **Table 18** above, the majority of GRA (78.6%) thinks that incentives do not correspond to the level of input, while just 21.4% think that incentives do. According to taxpayer responses, the majority (52.2%) thinks that rewards are proportionate to the degree of input, while 47.8% think that incentives are not proportionate to the level of input.

4.4. On the issue of the factors that militate against effective mobilization of tax revenue for economic development

Finding out the reasons that prevent the successful mobilization of tax money for economic development was the fifth study question. To collect information on the issues, numerous closed-end questions were used. The GRA staff was questioned about the number of employees needed to complete the revenue mobilization task. **Table 19** presents the findings.

Table 19. Respondents view on whether there are enough workers to carry out the revenue mobilization assignment.

GRA	Frequency	Percentages
Yes	6	21.4
No	22	78.6
Total	28	100

Source: Fieldwork, 2023.

The majority of respondents (78.6%) clearly state in **Table 19** that there are not enough personnel to complete the job, but 21.4% disagree.

In addition, the taxpayers were questioned about the city of Cape Coast's availability of profitable businesses. **Table 20** below presents the findings.

Table 20 shows that the majority (52.2%) of respondents said Cape Coast has enough viable businesses, whereas 47.8% believed the municipality does not have enough viable businesses.

Table 20. Respondents view on whether there are enough viable ventures in the Cape Coast metropolis.

Taxpayers	Frequency	Percentages
Yes	60	52.2
No	55	47.8
Total	115	100

Source: Fieldwork, 2023.

Again, **Table 21** below shows that the majority of respondents (60.7%) believed they lacked motivation, while 39.3 percent believed they had moderate motivation. When an endeavor can meet some personal wants, it might motivate people to put forth a high degree of effort in support of organizational goals.

Table 21. Respondents view on whether the tax collectors are will motivated to perform their duties.

GRA	Frequency	Percentages
Very motivated	0	0
Fairly motivated	11	39.3
Not motivated	17	60.7
Total	28	100

Source: Fieldwork, 2023.

The question of whether taxpayers purposefully understate their income in order to have a lower tax bill was put to the taxpayers. **Table 21** below displays the outcome.

In accordance with **Table 22** below, the majority of respondents (61.7%) from around the world actively understate their income to reduce their tax obligations, as opposed to 38.3 percent who disagree. Because of these findings, the government must implement policies to stop businesses from understating their earnings. This will assist in increasing tax revenue for the government, which will help the economy grow.

Table 22. Respondents view on whether they intentionally understate their revenue to attract less tax liability.

Taxpayers	Frequency	Percentages
Yes	71	61.7
No	44	38.3
Total	115	100

Source: Fieldwork, 2023

The study asked GRA on their view in relation to the fifth research question, whether tax collectors have the adequate logistics to work diligently. The results are presented in **Table 23** below.

Table 23. Respondents view on question whether tax collectors have the adequate logistics diligently.

GRA	Frequency	Percentages
Very resourced	0	0
Fairly resourced	5	17.9
Poorly resourced	23	82.1
Total	28	100

Source: Fieldwork, 2023.

Moreover, the result from **Table 24** below depicts that the majority of respondents (36.5%) strongly agreed that the Cape Coast metropolis had a high unemployment rate, whereas 34.8% agreed with the question.

Table 24. Respondents view on whether they agreed that there was a high rate of unemployment in the Cape Coast metropolis.

Taxpayers	Frequency	Percentages
Strongly agree	42	36.5
Agree	40	34.8
Strongly disagree	21	18.3
Disagree	12	10.4
Total	115	100

Source: Fieldwork, 2023.

Accordingly, taxpayers and GRA staff were asked to comment on whether persons working in the informal sector were paying the proper taxes. **Table 25** provides the findings.

Table 25. Respondents view on whether those in the informal sector were paying appropriate taxes.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Yes	6	21.4	Yes	55	47.8
No	22	78.6	No	60	52.2
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

According to **Table 25**, the majority (78.6%) of GRA respondents believed that individuals working in the informal sector were not paying the proper taxes, while only 21.4% disagreed. Regarding taxpayers, the majority (52.2%) concur with the GRA staff that individuals working in the informal sector do not pay the proper taxes, while 47.8% claimed they do.

In relation to the fifth research question, respondents were asked whether they viewed the current system of tax collection efficient. The results are presented in **Table 26**.

Table 26. Respondents view on whether they viewed the current system of tax collection as efficient.

GRA	Frequency	Percentages	Taxpayers	Frequency	Percentages
Very efficient	1	3.6	Very efficient	27	23.5
Efficient	3	10.7	Efficient	36	31.3
Not efficient	15	53.6	Not efficient	29	25.2
Poor	9	32.1	Poor	23	20.0
Total	28	100	Total	115	100

Source: Fieldwork, 2023.

Only 10.7% of tax collectors said that the existing tax system is effective, and only 3.6 percent agreed that it is extremely effective. However, the majority (53.6%) thought the system was ineffective, and 32.1 percent said it was terrible. According to the majority of taxpayers (31.3%), it was efficient, followed by highly efficient (23.5%), inefficient (25.2%), and poor (20%). Although this claim that the tax system was efficient in the eyes of taxpayers was made, the GRA personnel did not share this opinion. The tax collectors argue that more could be accomplished if more labor and logistics were made available to them, even if they were doing their best under the conditions.

From **Table 27**, the majority of respondents (82.1%) believed that combining the tax institutions under GRA would assure efficiency in revenue mobilization, while only a small proportion (17.9%) disagreed. This finding offers a significant recommendation to the government that all taxing authorities cooperate in order to increase the nation's revenue.

Table 27. Respondents view on whether they thought the amalgamation of the various tax institutions would increase efficiency in the tax collection assignment.

GRA	Frequency	Percentages
Yes	23	82.1
No	5	17.9
Total	28	100

Source: Fieldwork, 2023.

5. Key findings and conclusion

The descriptive survey design was used for the present investigation. Data from a field survey of GRA employees and registered SME owners in the Cape Coast metropolitan were gathered and analyzed in order to meet the specified objectives. Questionnaires were employed as the study tool for data collection. To guarantee a balanced and inclusive sample, the study used the probability and non-probability approaches. The 115 registered proprietors of SMEs in the Cape Coast metropolis's and GRA employees were chosen using these sample procedures. To address the specific research objectives, the data was analyzed using statistical methods like frequencies and percentages. Our study results revealed the following:

First, to determine how much tax revenue the government has been using for economic growth. The following were the main discoveries: the majority (89.3%) of the staff of GRA considered payment of tax as beneficial to the state, while 10.7 percent did not consider payment of tax as beneficial to the state. In addition, the majority (71.4%) of staff of the GRA and 7.1% of the taxpayers disagreed that the use of taxes has assisted in the economic development of the Cape Coast metropolis. Again, the majority (50.4%) of the taxpayers agreed that taxes are one of the major tools for revenue generation for economic development [19]. While 26.1 percent strongly agreed that taxes are one of the major tools for economic development. The majority (75.0%) of staff from the GRA are of the view that taxation has no significant impact on economic development, while 17.9 percent are of the view that taxation has impacted significantly on economic development. With regards to taxpayers, most (49.6%) of them are of the view that taxation has impacted significantly, while 27.8 percent are also of the view that taxation has impacted very significantly on economic development. Lastly, the majority (41.7%) of respondents believe that tax revenue has made a significant impact on economic development [16,41], while 32.2 percent said the reason why it has not had a had a significant impact on economic development is because of poor accountability, 18.3 percent believe that tax revenue has no significant impact on economic development, and 7.8 percent traced it to the presence of corrupt officials.

Second, to determine how tax rates affected the rate of investment in the Cape Coast metropolis. It was revealed that more (89.3%) of the respondents from GRA said the rate of investment was very low, 7.1 percent said they were high, 3.6 percent said they were very high, and none believed it was low. On the other hand, the table shows that more (40.9%) of taxpayers said the rate of investment was high, while 26.1 percent said the rate of investment was very low. Moreso, most (51.3%) of the taxpayers are of the view that an increasing tax rate correlates with the rate of investment [17]. In addition, 48.7 percent of the respondents were of the view that tax rates do not correlate with the rate of investment. More (89.3%) of the respondents from GRA answered reluctantly, 25 percent answered negatively, 7.1 percent answered moderately, and 3.6 percent of the staff of GRA reacted positively to the payment of tax. From the taxpayer’s perspective, most (33.9%) answered positively, 28.7 percent answered moderately, 19.1 percent were negative about paying their taxes, and 18.3 percent answered reluctantly to the question. Lastly, the majority (53.6%) of the staff of GRA are of the view that tax rates do not affect the rate of investment, while 44.3 percent of the taxpayers also agreed with the staff of GRA. 46.4 percent and 55.7 percent of both staff of GRA and taxpayers do think tax rates affect the rate of investment [36].

Third, to determine if it was generally desirable for businesses to invest because of tax incentive programs**.** The results showed that the majority (57.1%) of the respondents from the GRA prefer a progressive tax, 21.4 percent prefer a regressive tax, and 21.4 percent prefer a proportional tax system. Concerning taxpayers, 47.8 percent prefer progressive tax, 28.7 percent prefer regressive tax, and 23.5 percent prefer the proportional tax system. The majority (71.4%) of the respondents from GRA disagreed that the tax incentive measures in place encourage them to invest, while 21.4 percent agreed. About taxpayers, the majority (51.3%) also agreed that tax incentive measures in place encourage them to invest, while 21.7 percent strongly agreed and 13% and 13.9% strongly disagreed and disagreed that tax incentive measures encourage them to invest. Furthermore, the majority (53.6%) of the staff of GRA said it is average [41], while those who said the system is below average scored 42.9 percent and those who said it is above average scored 3.6 percent. For taxpayers, the majority (50.4%) said the system was average, 26.1 percent said it was below average, and 23.5 percent said it was above average. Finally, the majority (78.6%) of respondents from GRA believe that the incentives are not commensurate with the level of input, and 21.4 percent from GRA believe that the incentives are commensurate with the level of input.

Lastly, to assess the barriers to the efficient mobilization of tax income for economic development in the Cape Coast metropolis. The majority (78.6%) of the staff of GRA said there are not enough workers to carry out the assignment, while the other 21.4 percent contradict this opinion. Accordingly, the majority (52.2%) of the taxpayers were of the view that there are enough viable ventures in the Cape Coast metropolis, while 47.8 percent said there are not. In addition, the majority (60.7%) of the respondents opined that they were not motivated, with 39.3 percent saying they were motivated. The majority (61.7%) of taxpayers do intentionally understate their revenue to attract less tax liability, while 38.3 percent were of the view that they do not intentionally understate their revenue to attract less tax liability, which aligns with the findings of Ewa et al. [20]. Finally, most (78.6%) of the respondents from GRA were of the view that those in the informal sector are not paying appropriate taxes, while 21.4 percent said those in the informal sector do pay the appropriate taxes. About taxpayers, most (52.2%) agreed with the staff of GRA that those in the informal sector are not paying the appropriate taxes, while 47.8 percent said they do pay the appropriate taxes.

5.1. Recommendations

The present paper offers the following suggestions to evaluate taxation as a support for economic growth in the Ghanaian economy:

It is advised that the head of GRA create a strong regulatory framework to monitor how tax money is used for economic growth. It should also make an effort to ensure that the tax revenue generated will be wisely used for the growth of the metropolis. This will make tax payers appreciate the need to pay their taxes because they know they will benefit from it at the end in the form of economic developments.

Because increasing investment requires lower tax rates, GRA must lower its tax rates. By lowering the tax rates, the city will appear prosperous enough to attract investors from both inside and outside to launch new businesses. This will significantly increase the likelihood of a rapid rate of development.

According to the research's findings, it is best to implement, manage, and effectively regulate the progressive tax system before other types of systems for the metropolis to have a greater rate of investment. The respondents' highly preferred approach, if put into practice, will best suit their way of living.

Considering the nature of the work, the staff members responsible for tax collection should also be very motivated. This can be accomplished by offering incentives to boost staff morale and encourage the completion of quality work. It is possible to provide transportation to aid in their mobilization effort. The GRA ought to have a framework in place to deal with the problem of unreliable tax payments from the informal sector. By requiring all taxpayers to register, background checks on them can be carried out efficiently. There could be an electronic registration to help the staff easily retrieve background information when needed.

5.2. Limitations and future research directions

Increasing the aspects of tax policies is essential to the survival and sustainability of SMEs in developing economies. This research study offers valuable insights, but numerous inadequacies need further investigation. First, the research was conducted in Ghana, but it only included one major region of the country; small cities were left out. Second, an executive's opinions about tax reforms and economic advancements procedures and results are constrained by certain industry norms. Hence, we invite academics to replicate our study but from other perspectives and countries to focus on the results' wider generalizability. More facets of stakeholders' viewpoints must be included in future research projects via the lens of market and management innovation. The relationship between tax reforms or policies and societal views may also be influenced by governmental policies or educational policies. Lastly, further investigation into the impacts of moderation of government educational policy is needed.

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