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Income Tax Awareness and Tax Education Among College Faculty Members in Kathmandu Valley

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Abstract

The objectives of the study are to examine the level of income tax awareness and income tax education of the college faculty members. The faculty members are from the colleges in Kathmandu Valley, Nepal, comprising permanent and part-time faculty members. Nepal has adopted a self-assessment system in the Income Tax Act, 2058 (2002). The current tax system assumes that the taxpayer has a sufficient level of knowledge of the tax legislation to be able to perform this independently. Tax literacy is not an option. It's a fundamental duty of the law. The study used a descriptive quantitative research design. The data were obtained from 100 faculty members using a questionnaire consisting of 30 items on a Likert scale. There were five independent variables: taxpayer attitude and perception, socio-demographic influence, tax education, tax knowledge, and institutional context. Income tax awareness was the dependent variable. Frequency, percentage, mean, standard deviation, coefficient of variance, and Pearson correlation were used for the analysis of the data. The overall awareness was high with a composite mean of 4.15 out of 5. Tax knowledge, taxpayer attitude, and tax education were also highly rated. The five independent variables were found to have positive and significant relationships with income tax awareness. The strongest links were with taxpayer attitude ($r = .52$), tax education ($r = .58$), and tax knowledge ($r = .64$). The socio-demographic influence and institutional context were less strong but significant ($r = .35$ and $.44$, respectively). Based on the results, it can be concluded that tax education should be structured in order to increase the awareness of tax among academic staff and that the colleges do not make full use of their supporting role.

Keywords: faculty member, income tax awareness, self-assessment system, tax education, tax knowledge, taxpayer attitude.

1. Introduction

1.1 Background of the study

Taxation is a primary tool for the government to collect revenue to provide public services and infrastructure development. A stable domestic tax revenue system in a developing country reduces dependence on external loans and aid. In Nepal, income tax is the major tax in the tax system, levied on the income of individuals and entities. Income tax is levied and administered in Nepal through the Income Tax Act 2058 (2002) of the Government of Nepal by the Inland Revenue Department (Government of Nepal, 2002). Nepal does not have any system for external assessment. The taxpayer, and not the tax office, is responsible for the calculation of taxable income, application of the correct tax rates, claiming of allowable deductions, and timely filing of the tax return. This design is based on assumptions that individual taxpayers have sufficient working knowledge of tax law to perform these duties.

College faculty members are a large group within Nepal's salaried, formally employed workforce. How well they understand and follow tax rules affects how much revenue the country collects. As teachers, they guide students who will soon become taxpayers themselves. But having a strong academic background does not automatically mean someone understands tax rules well. A physics professor with a PhD might know far less about rebate provisions or filing deadlines than a college accounts assistant without a high academic degree. This gap between general education and specific tax knowledge has not been studied closely in Nepal before. To fulfill this gap, the need to research this topic is raised.

1.2 Problem statement

Payment of income tax is a legal obligation of every employee of Nepal under the Income Tax Act, 2058 (2002). The Act is based on a system of self - assessment. This will require each taxpayer to determine, report, and pay their own taxes. Knowledge of tax slabs, deductions, rebate provisions, and filing procedures is required for the design. College faculty members are also expected to be able to teach students who will soon become taxpayers. However, the extent of income tax awareness, tax education received, and the institutional support provided at the workplace is yet to be tested in Nepal. In the empirical picture, most local tax studies have been limited to the business taxpayer and value added tax, excluding the academic community. This disconnection places both the Inland Revenue Department and college administrations in a position where they have no real evidence to design targeted outreach programmes that are targeted. In this context, the following are the main questions that the present study aims to answer.

- i. What is the level of tax education, tax knowledge, and taxpayer attitude of the college faculty members in Kathmandu Valley?
- ii. What is the relationship between socio-demographic and institutional factors and their awareness of income tax?

1.3 Objectives of the study

The major objective of the study is to determine the level of income tax awareness and tax education of college faculty members of Kathmandu Valley. The specific objectives are:

- i. To find out the level of tax education, tax knowledge and tax attitude of the college faculty members.

- ii. To find the correlation between socio-demographic and institutional factors with income tax awareness of college faculty members.

2. Literature review

2.1 Concept of income tax awareness

Income tax awareness is an awareness of the legal obligation to pay income tax, the process of filing an income tax return, current rates of income tax, and consequences for failure to file an income tax return. No one can be compelled to abide by an unknown rule. People vary in their existing knowledge and their capacity to acquire knowledge, as well as their knowledge of where to obtain assistance (Alm, 2019). This is also true in Nepal, where there is a disparity in awareness even among educated, paid groups like college faculty.

2.2 Tax education and tax knowledge

Tax education is any formal or informal learning which makes a person understand the workings of the tax system. Tax knowledge is the actual factual knowledge acquired in this learning, including the knowledge of tax slabs, deductions, and steps in filing tax. Tax education has been consistently correlated with tax compliance. Kwok and Yip (2018) examined taxpayers in Hong Kong and concluded that tax education increases tax compliance for three reasons: firstly, because it is easier to comply with the tax; secondly, because it makes the tax system fairer; and thirdly, because it makes people feel a greater moral obligation to pay the tax. In an emerging economy, Appiah et al (2024) discovered that an increase in tax knowledge coupled with trust in government leads to an increase in voluntary tax compliance. In 2019, Holik and Mulyeni conducted a study on financial awareness in Indonesia, in which the group of school teachers studied is

quite similar to the group of faculty in this study, and the results showed that the level of financial awareness of the school teachers was relatively high, with a personal attitude toward financial awareness being the most determinant factor. All of these studies conclude one thing: Knowledge is not sufficient. It also takes attitude and a sense of duty.

2.3 Taxpayer attitude and perceptions

Taxpayer attitude is a person's overall view of the tax system. Perception is more specific: Perceived fairness of the system, how it is used, and the likelihood of non-compliance being detected. Jassem et al. (2022) examined the relationship between personality traits and the intent not to comply among Malaysian taxpayers, and they discovered that a tax sense of fairness accounts for some of the relationship between personality traits and the intent not to comply. Agbanyo et al. (2024) investigated tax morale and tax tolerance as factors influencing tax compliance in Ghana and concluded that tax morale and tax tolerance both positively influence tax compliance while political corruption negatively influences tax compliance in Ghana.

2.4 Socio-demographic influences

Several research studies have correlated age, gender, academic field, and income with tax awareness. Garg et al. (2024) found that demographic characteristics influence the relationship between attitude and tax compliance in the context of the Theory of Planned Behavior in India. Generally, the more experienced the person, and the older, the higher the level of awareness, as they have had more years of experience to find out. Women in Nepal receive an income tax rebate, and they have one more incentive to learn about income tax.

2.5 Institutional context

The workplace also influences tax awareness for salaried workers. The employer who withholds the tax at source, provides annual tax statements, and conducts training sessions on tax procedures can directly expose their employees to tax procedures as compared to the employee who has to look for this information on their own.

3. Theoretical Framework

3.1 Theory of planned behavior: One of the most popular models in the field of behavioural research is the Theory of Planned Behavior (Ajzen, 1991). As stated, actual behavior will result from a person's intention to behave, which in turn will depend on three factors: attitude toward the behavior, social norms surrounding the behavior, and level of perceived control over engaging in the behavior. A positive attitude towards tax filing, coupled with the confidence that other faculty members share this attitude and that the faculty filing system is user-friendly, is more likely to encourage a faculty member to file tax returns and comply with tax obligations. This is consistent with findings by Garg et al. (2024) who applied theory to the study of tax compliance intention. The theory in this study is used to support the taxpayer attitude variable.

3.2 Fischer's tax compliance model

This is more general model, known as Fischer's Tax Compliance Model (1992). It categorizes the factors affecting taxpayer behavior into four areas: demographics, opportunities to avoid paying taxes, attitudes and perceptions, and the characteristics of the tax system. The opportunity for non-compliance is mapped onto the variables of this study, as is tax knowledge, which can result in

unintentional errors not knowing the rules. The attitude dimension is congruent with taxpayer attitude. Socio-demographic factors are grouped separately, like in the model. In the tax system structure category, items such as employer-side tax deduction and workplace support are similar to the definition of institutional context used in this study.

4. Research methods

4.1 Research design

The research design in this study is descriptive and correlational with quantitative approach and type of research is cross sectional survey. The descriptive part measures and describes the tax awareness, tax education, tax knowledge, taxpayer attitude and related variables. In the correlational part, Pearson correlation is used to test the relationship between the five independent variables and the level of awareness about income tax. The data was gathered at one time, suitable to the descriptive and exploratory nature of the study.

4.2 Population, sample and sampling method

Population represents the total number of all full-time and part-time faculty members of colleges in Kathmandu Valley (Kathmandu, Lalitpur and Bhaktapur districts). A purposive and convenience sampling technique was used to select a sample of 100 faculty members. The sample was purposive to ensure respondents comprised various academic disciplines, age groups and both part time and full time. The use of college contacts and the researcher's professional network facilitated convenience sampling.

4.3 Data collection procedure

Data were gathered by both face-to-face questionnaire distribution and an online form. The faculty members were approached one by one or in small groups and given information regarding the purpose of the study. Responses were anonymous and participation was voluntary. A total of 100 questionnaires were completely filled out, and were the only ones used in the final analysis.

4.4 Data analysis

MS Excel and IBM SPSS Statistics was used for data analysis. These techniques used were frequency and percentage distribution to describe the socio-demographic profile of respondents, mean and standard deviation to measure the central tendency and dispersion of each Likert scale item and variable, coefficient of variation (CV) to compare the relative consistency of responses across items and a five-interval scoring rule to interpret mean scores of the Likert scale items.

4.5 Score interpretation scale

The following scale was used to interpret the mean scores of the items on the Likert scale.

Table 1

Interpretation scale for mean scores

Mean score range	Interpretation
1.00 to 1.80	Very low
1.81 to 2.60	Low
2.61 to 3.40	Moderate
3.41 to 4.20	High
4.21 to 5.00	Very high

4.6 Methodological summary

Table 2

Summary of methodological approach

Element	Detail
Research design	Descriptive, correlational, quantitative, cross-sectional
Population	Permanent and part-time faculty of colleges, Kathmandu Valley
Sample size	100 respondents
Sampling technique	Purposive and convenience sampling
Instrument	Structured questionnaire, 30 Likert items, five-point scale
Data type	Primary data; secondary sources used for background only

5. Results and Discussion

This section was presented in two parts. The first part related with the socio-demographic profile of the respondents. The descriptive statistics of the six variables are presented as a second part and a discussion of these results is presented in the light of the literature reviewed.

5.1 Profile of respondents

In this section, the socio-demographic characteristics of the respondents were described. Table 3 shows the demographical characteristics of the 100 respondents. Frequencies and percentages are the same numbers if n = 100.

Table 3*Demographic profile of respondents*

Factor	Category	Frequency	Percentage (%)
Gender	Male	60	60.0
	Female	39	39.0
	Other	1	1.0
Age group	Below 30	30	30.0
	30 to 40	40	40.0
	41 to 50	23	23.0
	Above 50	7	7.0
Academic discipline	Management or Commerce	39	39.0
	Science or Technology	26	26.0
	Humanities or Social Science	17	17.0
	Law	12	12.0
	Other	6	6.0
Employment type	Permanent Faculty	73	73.0
	Part-time Faculty	27	27.0
Teaching experience	Less than 5 years	25	25.0
	5 to 10 years	30	30.0
	11 to 20 years	23	23.0
	Above 20 years	22	22.0
Highest qualification	Bachelor's Degree	14	14.0
	Master's Degree	45	45.0
	M.Phil./Ph.D.	41	41.0

Note: Questionnaire survey, 2026

As seen in the profile, the sample consists mainly of males as there are 60 male and 39 female respondents. One person answered that they were of a different gender. The largest age group is 30 to 40 years (40%), followed by below 30 years (30%). 70% of the respondents are under 41 years of age, which is the general age profile of college faculty in Kathmandu valley. The largest group of faculty by discipline is 39% from management followed by science/technology at 26%. This is a helpful distribution, as it enables responses from both academic tax-trained and non-tax-trained environments to be captured within the study. 73% of the sample is from permanent faculty. The remaining 27% is made up of part-time faculty. The teaching experience profile is reasonably even. The majority of faculty members (30%) have 5 to 10 years of experience, followed closely by faculty members who have less than 5 years of experience (25%). The majority of the master's degree holders (45%) qualify, followed by a combined 41% in M.Phil. and Ph.D. degree holders. The sample, therefore, is representative of an academically well qualified group, and the issue of tax-specific knowledge is especially pertinent.

5.2 Descriptive statistics by variable

The mean, standard deviation and coefficient of variance for each item are given variable by variable. A mean score greater than 0 means that people agreed more. The smaller the coefficient of variation, the closer the responses of the sample are to each other.

5.2.1 Tax education (TE)

Table 4
Descriptive statistics for tax education

Item	Statement summary	Mean	SD	CV (%)
TE1	Received formal education on income tax	3.72	0.74	19.88
TE2	Attended tax-related workshops or training	3.96	0.76	19.30
TE3	Actively seeks updated tax information	3.80	0.77	20.14
TE4	Tax education helped understand obligations	3.99	0.69	17.27
TE5	Tax education should be part of faculty orientation	4.00	0.72	18.12
Composite	Tax education (TE)	3.89	0.74	18.94

Note: Questionnaire survey, 2026

Tax Knowledge is in the High range with a composite mean of 4.02. The highest agreement is in the area of awareness of tax slabs and Permanent Account Number (PAN) process, with M = 4.09 for both items TK1 and TK5. Both are parts of the tax system that are readily seen in the day-to-day life of the working public. The lowest scoring items, TK3 (filing deadline) and TK4 (rebate provisions), remain near the high band scoring threshold, but indicate some procedural detail softness. This is similar to what Alm (2019) noted: that taxpayers tend to be more familiar with the general requirements than the finer details of the procedure.

5.2.2 Tax knowledge (TK)

Table 5

Descriptive statistics for tax knowledge

Item	Statement summary	Mean	SD	CV (%)
TK1	Aware of current income tax slabs and rates	4.09	0.71	17.41
TK2	Can calculate taxable income with deductions	4.04	0.76	18.92
TK3	Knows the filing deadline	3.95	0.76	19.17
TK4	Aware of rebate provisions (e.g., for female taxpayers)	3.95	0.73	18.48
TK5	Understands the PAN process	4.09	0.73	17.75
Composite	Tax knowledge (TK)	4.02	0.74	18.34

Note: Questionnaire survey, 2026

Taxpayer Attitude has an independent variable composite mean of 4.09, the second highest of all the independent variables. The average of all five items is above 4.00. The highest agreement is in item TA3 (effective use of tax revenues), and this is important because one of the issues that is typically discussed in public discussion in Nepal is inefficiency in public spending. This could be due to a relatively high level of satisfaction of the academic community with public services, as they are themselves provided by the publicly funded educational system. The civic responsibility item (TA1) has a high endorsement ($M = 4.13$). As indicated in the pattern, the positive and moral side of tax payment is still prevalent among faculty members, indicating the moral and attitudinal channel suggested by Kwok and Yip (2018).

5.2.3 Taxpayer attitude and perception (TA)

Table 6

Descriptive statistics for taxpayer attitude and perception

Item	Statement summary	Mean	SD	CV (%)
TA1	Paying income tax is a civic responsibility	4.13	0.76	18.42
TA2	Current income tax system is fair and equitable	4.05	0.76	18.69
TA3	Tax revenue is used effectively for public welfare	4.14	0.74	17.85
TA4	Willing to pay tax voluntarily without enforcement	4.03	0.69	17.08
TA5	Non-compliance is morally wrong regardless of audit	4.08	0.72	17.65
Composite	Taxpayer attitude (TA)	4.09	0.73	17.94

Note: Questionnaire survey, 2026

The composite mean for Socio-Demographic Influence is 3.69 which falls in the High range and is the lowest out of the 6 variables. All five items are grouped into a relatively small range (3.64 - 3.72). The relatively high CV values (20% to 22%) indicate that there was more variation across the sample than on the Tax Knowledge and Taxpayer Attitude items. Demographic factors seem to be recognised as influencing awareness, but opinions are not as consistent as to the strength of each factor.

5.2.4 Socio-demographic influence (SD)

Table 7

Descriptive statistics for socio-demographic influence

Item	Statement summary	Mean	SD	CV (%)
SD1	Academic discipline influences tax knowledge	3.66	0.82	22.38
SD2	More experience leads to higher awareness	3.71	0.73	19.65
SD3	Gender differences affect tax knowledge	3.72	0.78	20.96
SD4	Higher salary leads to higher awareness	3.70	0.72	19.40
SD5	Higher qualification linked to higher awareness	3.64	0.76	20.85
Composite	Socio-demographic influence (SD)	3.69	0.76	20.65

Note: Questionnaire survey, 2026

The composite mean for Institutional Context is 3.79. The employment type is most agreed by respondents as seen in item IC3 with a mean score of 3.89. A mean of 3.69 is found for Item IC4 which asks about difficulty in obtaining tax information. This item is designed to measure a negative experience and therefore should be interpreted with caution. Overall, the level of agreement is relatively high, suggesting that faculty members do not have an easy time getting clear tax-related information at the workplace even in an overall supportive institutional environment. Items IC1, IC2, and IC5 suggest that there is a general acceptance that colleges do provide some level of support, but there is potential to improve to offer more proactive guidance and communication.

5.2.5 Institutional context (IC)

Table 8
Descriptive statistics for institutional context

Item	Statement summary	Mean	SD	CV (%)
IC1	College provides tax-related guidance	3.83	0.74	19.30
IC2	Employer deducts tax at source	3.80	0.78	20.49
IC3	Employment type affects awareness	3.89	0.75	19.30
IC4	Faces difficulties accessing tax information	3.69	0.71	19.14
IC5	College admin encourages tax compliance	3.72	0.82	21.98
Composite	Institutional context (IC)	3.79	0.76	20.04

Note: Questionnaire survey, 2026

The composite mean for the variable Income Tax Awareness is 4.15, which is the highest among the six variables. The individual mean ($M = 4.21$) for Item ITA4 is in the Very High range. This reflects high levels of reported awareness of penalties for late and non-filing of income tax returns. Knowledge of the penalties can be a deterrent in themselves and can be a motivator to self-learning. 4.17 for both items ITA2 and ITA3 show good reporting of filing and a clear understanding of which income is subject to tax. The lowest of this section, ITA1 ($M = 4.04$), remains well in the High band. Combined, the section indicates that the sampled faculty consider that they are well positioned to fulfill their tax responsibilities.

5.2.6 Income tax awareness (ITA)

Table 9

Descriptive statistics for income tax awareness

Item	Statement summary	Mean	SD	CV (%)
ITA1	Fully aware of tax obligations as salaried faculty	4.04	0.78	19.24
ITA2	Filed individual tax return for recent fiscal year	4.17	0.71	17.06
ITA3	Knows which income is taxable and which is exempt	4.17	0.80	19.30
ITA4	Aware of penalties for late or non-filing	4.21	0.77	18.27
ITA5	Has adequate awareness to fulfil obligations independently	4.16	0.75	17.99
Composite	Income tax awareness (ITA)	4.15	0.76	18.37

Note: Questionnaire survey, 2026

The composite mean for Income Tax Awareness is 4.15, the highest of all six variables. Item ITA4 records the highest individual mean ($M = 4.21$), which crosses into the Very High range. This shows strong reported awareness of penalties for late or non-filing of income tax returns. Awareness of penalties may itself act as a deterrent and as a driver of self-learning. Items ITA2 and ITA3, both at 4.17, indicate strong reported filing behaviour and a clear sense of which income is taxable. The lowest item in this section, ITA1 ($M = 4.04$), still sits firmly in the High band. Taken together, the section suggests that faculty members in the sample see themselves as well placed to meet their tax obligations.

5.3 Composite summary of variables

The summary of composite means across the six variables is presented below.

Table 10
Composite means and interpretation of study variables

Variable	Code	Mean	SD	CV (%)	Interpretation
Tax education	TE	3.89	0.74	18.94	High
Tax knowledge	TK	4.02	0.74	18.34	High
Taxpayer attitude and perception	TA	4.09	0.73	17.94	High
Socio-demographic influence	SD	3.69	0.76	20.65	High
Institutional context	IC	3.79	0.76	20.04	High
Income tax awareness	ITA	4.15	0.76	18.37	High

Note: Questionnaire survey, 2026

The six variables are in the High range. The composite mean for income tax awareness is very high ($M = 4.15$) and is close to the upper limit of the High band. Taxpayer attitude ($M = 4.09$) and tax knowledge ($M = 4.02$) are second. Tax education is a step down from them ($M = 3.89$). Among the six, socio-demographic influence ($M = 3.69$) and institutional context ($M = 3.79$) have the lowest composite mean scores. This ordering is useful in that it brings forth some information. In the sample, faculty members report knowing about their tax obligations, a positive attitude towards paying taxes, and a reasonable understanding of the tax system. They also recognize the impact of demographic and institutional factors but not as consistently. The pattern indicates that the most salient reported factors for

awareness in this group are personal attitude and self-rated knowledge, with institutional and demographic factors playing a secondary supporting role.

5.4 Correlation analysis

Pearson correlation on the six composite variables was conducted to explore the relationships between the study variables. The results are shown in Table 11.

Table 11

Composite means and interpretation of study variables

Variable	TE	TK	TA	SD	IC	ITA
Tax education (TE)	1.00					
Tax knowledge (TK)	0.62**	1.00				
Taxpayer attitude (TA)	0.41**	0.48**	1.00			
Socio-demographic (SD)	0.28**	0.31**	0.24*	1.00		
Institutional context (IC)	0.36**	0.39**	0.33**	0.30**	1.00	
Income tax awareness (ITA)	0.58**	0.64**	0.52**	0.35**	0.44**	1.00

Note. * $p < 0.05$, ** $p < 0.01$ (2-tailed).

Income tax awareness is positively and statistically significantly related to all the five independent variables. Tax knowledge records the strongest association ($r = 0.64$, $p < 0.01$), followed by tax education ($r = 0.58$, $p < .01$) and taxpayer attitude ($r = 0.52$, $p < 0.01$). There are weaker, but significant associations with awareness for institutional context ($r = 0.44$, $p < 0.01$) and socio-demographic influence ($r = 0.35$, $p < 0.01$). Tax education and tax knowledge have the highest correlation among the independent variables ($r = 0.62$, $p < 0.01$). This is natural, because tax education is

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the basic of factual tax knowledge. Another significant correlation was between taxpayer attitude and tax knowledge ($r = 0.48$, $p < 0.01$), indicating that those faculty members with a higher level of tax knowledge have a more positive attitude toward the tax system. The matrix thus provides the conceptual framework. The knowledge of tax, tax education and taxpayer attitude are the strongest correlates of income tax awareness while institutional and demographic variables play a supporting role.

6. Discussion

The overall findings of the study indicates that the awareness of income tax of faculty in colleges in Kathmandu Valley is positive. The scores on all six variables are consistently high, and do not seem to fit the typical picture of an uninformed salaried taxpayer. There are two reasons that are likely responsible for this. First, a high proportion of the faculty are from management/commerce (39%) and are more likely to encounter tax topics in their teaching. Second, there is a high proportion who are permanent employees (73%), who have regular contact with their employers who have a duty to withhold tax from their earnings, so they have direct experience of the tax system. These relationships are not random; the results of the correlation indicate this. They align to the conceptual framework. The highest positive correlation with income tax awareness is with tax knowledge ($r = 0.64$, $p < 0.01$), consistent with the literature that states factual knowledge is the most direct pathway to awareness. Tax education follows close behind ($r = 0.58$, $p < .01$), indicating that the relation between structured teaching and awareness is fairly direct. In line with the Theory of Planned Behavior (Ajzen, 1991), taxpayer attitude is also strongly linked to awareness ($r = 0.52$, $p < 0.01$). There is a moderate association between institutional and socio-demographic factors and awareness ($r = 0.44$, $p < 0.01$ and $r = 0.35$, $p < 0.01$). This is consistent with the concept of the

Fischer et al. (1992) compliance model which proposes that when creating awareness, the role of the demographic and structural factors is not to create awareness per se, but to interact with attitude and knowledge in order to create awareness. The most useful result from a policy perspective is the strong relationship between tax education and tax knowledge ($r = 0.62$, $p < 0.01$). It demonstrates that the improvement of tax education at the college level is likely to directly increase the tax knowledge of college teachers. This is supported by the respondents' preference for tax orientation that is structured as reflected in item TE5 ($M = 4.00$). By contrast, institutional context ($M = 3.79$) and socio-demographic influence ($M = 3.69$) had the lowest scores, and the least strong connections to awareness, meaning that respondents felt that these factors were present, but not central. The IC4 result ($M = 3.69$, 'some difficulty accessing tax information at work') indicates a genuine opportunity to be more proactive in distributing tax information at colleges. The levels of awareness reported here are closer to the levels reported from similar studies in relatively supportive environments, such as Hong Kong (Kwok & Yip, 2018), and the emerging economy sample studied by Appiah et al. (2024), than to the lower levels of awareness typically reported for the general taxpaying public in Nepal. The pattern also confirms the results of Holik and Mulyeni (2019), which found that the financial awareness of school teachers is fairly high, which is influenced primarily by attitude. Again, in this study, taxpayer attitude and tax knowledge are superior to institutional context and demographics in terms of inducing awareness. This is not reflective of the overall low tax awareness in Nepal. It argues, however, that a highly educated and formally salaried population, such as college professors, have a higher floor and that their task is not the personal knowledge and attitude, but institutional support, that explains that condition.

7. Conclusion

The main objective of this study was to measure the level of income tax awareness among the permanent faculty and part-time faculty of colleges of Kathmandu Valley and to find out the relationship between tax education, tax knowledge, attitude of taxpayers, socio-demographic factors and income tax awareness. As per the first objective, the overall income tax awareness of faculty members was found to be high with a composite mean of 4.15 out of 5 with $n = 100$, and a positive attitude of faculty members towards paying tax with a composite mean of 3.85 out of 5 with $n = 100$ was also reported. To achieve the second objective, Pearson correlation revealed that all the five independent variables positively and significantly correlate with income tax awareness. The strongest links are taxpayer attitude ($r = 0.52$), tax education ($r = 0.58$) and tax knowledge ($r = 0.64$). The other factors are socio-demographic influence ($r = 0.35$) and institutional context ($r = 0.44$) but these are weaker and still significant. The Income Tax Act, 2058 (2002) presumes that the salaried taxpayers can do self-assessment of their income. The results of this study indicate that the assumption is largely true for the academic community sampled in Kathmandu Valley, but the low scores and weak correlations for institutional context suggest that there is definitely one area that requires attention, not a general rejection of the self-assessment approach. There is a strong relationship between the tax education points and tax knowledge, tax awareness also points in the same direction, structured and accessible tax education is the best medium to spread the income tax awareness among the college faculty in Nepal.

Implications

The Inland Revenue Department may consider higher education institutions to be a specific tax paying entity and provide a few reminders through emails and social media, or even short notice periods or awareness programs in Nepali, conducted a few days to weeks prior to the tax compliance deadlines. Colleges may implement the appointment of a tax liaison officer or tax committee and include a brief tax training during staff induction. This can be especially relevant to part-time staff. Regarding curriculum, tax educators may include a brief lesson on personal taxation and financial literacy. Faculty development plans may be modified to include new teaching approaches. Subsequent studies may include a regional sample from the rest of Nepal, and employ more advanced study protocols. There may be a comparative study of tax awareness across the various private and community campuses of Tribhuvan University.

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