ENHANCING IT-BASED TAX PAYMENT SYSTEMS IN LOCAL AUTHORITIES IN SRI LANKA

Gayani Lakmali Pathirage

(199147K)

Degree of Master of Business Administration in eGovernance

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

May 2024

ENHANCING IT-BASED TAX PAYMENT SYSTEMS IN LOCAL AUTHORITIES IN SRI LANKA

Gayani Lakmali Pathirage

(199147K)

The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration in eGovernance.

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

May 2024

DECLARATION

I declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis/dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).

…………………………….

Gayani Lakmali Pathirage

Date: 25.05.2024

The above candidate has carried out research for the Masters thesis under my supervision.

………………….. 25.05.2024

Dr. Adeesha Wijayasiri Date

(Internal Supervisor)

Signature of the Supervisor

……………………………… 25.05.2024

Dr. (Eng.) Lalith Liyanage Date

(External Supervisor)

Signature of the Co-Supervisor

COPYRIGHT STATEMENT

ABSTRACT

There are three types of Local Authorities (LAs) in Sri Lanka namely Municipal Councils (MCs), Urban Councils (UCs) and Pradeshiya Sabhas (PSs). LAs have huge responsibility to provide better service to their customers and they have the authority to collect rates and taxes from the public as their income generation sources. The satisfactory service depends on how much efficient and effective the service providing process is. This research conducted with the objectives of analyzing Strengths, Weaknesses, Opportunities and Threats (SWOT) of existing IT-based tax and fee payment systems used by LAs and identifying the strategies that can be adapted to enhance the effectiveness and efficiency of existing IT-based tax payment systems in LAs. This research was carried out focusing twelve (12) LAs in Colombo District which have IT-based tax payment systems and, semi-structured interviews and secondary data sources such as legal provisions, policies and project reports were used to collect data. The data analysis was carried out based on qualitative methods with the theoretical lens of Innovation Diffusion Theory (IDT). Accordingly, SWOT of these systems were discussed focusing the five (05) attributes explained under IDT namely relative advantage, compatibility, complexity, trialability and observability and its parameters. Further, the strategies for enhancing effectiveness and efficiency in existing IT-based tax payment systems in LAs were addressed based on three aspects namely structural development, educational development and attitudinal development.

Keywords: Local Authorities, Municipal Councils, Urban Councils, Pradeshiya Sabhas, Innovation Diffusion Theory, IT-based tax payment systems

ACKNOWLEDGEMENT

Words cannot express my gratitude to my supervisor Dr. Adeesha Wijayasiri and co-supervisors Dr. (Eng.) Lalith Liyanage for their unwavering support, guidance and feedbacks throughout this research as well as my journey through this master's program. Their expertise and patience have been invaluable, playing a pivotal role in the success of this thesis.

I express my sincere thanks to Ms. Kumudu Kushlani Kapiyangoda, who is a Senior Lecturer at the Department of Management and Organization Studies, Faculty of Management and Finance in University of Colombo for her constant and unwavering support on this research.

My sincere thanks also go to Dr. Dilum Bandara, who was a Senior Lecturer at the Department of Computer Science and Engineering, University of Moratuwa for guiding me, even from the outside the country, at the initial stage of this research with his expertise.

I express deep appreciation to the staff of my organization, - Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, all Municipal Commissioners, Secretaries of Urban Councils, Secretaries of Pradeshiya Sabhas and their staffs for their generous supports during my visits to Municipal Councils, Urban Councils and Provincial Councils.

I would express my immense gratitude to my family, especially my late father, mother and sister. Their belief in me has kept my spirits and motivation high during this process. Also, I express my immense gratitude to my friends for their unwavering love and courage, driving me through this journey.

Finally, my sincere appreciation goes to all participants in my study. Their shared experiences and insights were instrumental in shaping this thesis into what it is. Thank you for your invaluable contribution.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ABBREVIATIONS

API	-	Application Programming Interface
ATM	-	Automated Teller Machine
BPR	-	Business Process Reengineering
CMC	-	Colombo Municipal Council
eLG	-	e-Local Government
ERP	-	Enterprise Resource Planning
ICTA	-	Information and Communication Technology Agency
IS	-	Information System
IT	-	Information Technology
IDT	-	Innovation Diffusion Theory
IFAC	-	International Federation of Accountants
LA	-	Local Authority
LG	-	Local Government
MIS	-	Management Information System
MPCU	-	Model of PC Utilization
MM	-	Motivation Model
MC	-	Municipal Council
NTA	-	National Tax Agency
PLS	-	Partial Least Squares
PS	-	Pradeshiya Sabha
PC	-	Provincial Council
SME	-	Small and Medium-sized Enterprise
SCT	-	Social Cognitive Theory
SaaS	-	Software as a Service
SLCERT	-	Sri Lanka Computer Emergency Readiness Team
SWOT	-	Strengths, Weakness, Opportunities and Threats
TAM	-	Technology Acceptance Model
TPB	-	Theory of Planned Behavior
TRA	-	Theory of Reasoned Action
UTAUT	-	Unified Theory of Acceptance and Use of Technology
UC	-	Urban Council