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Understanding Citizen Attitudes Toward Municipal Taxation and Revenue Mobilisation: A Case Study of Narsingdi Municipality

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ABSTRACT

Municipalities in Bangladesh face persistent challenges in generating sufficient internal revenue, leading to dependence on central government transfers. Although national policies encourage widening the municipal tax base, adopting progressive assessments, and increasing fees and rents, the success of such reforms ultimately depends on citizen acceptance. This study examines public perceptions of the existing municipal taxation system in Narsingdi Municipality and investigates the factors influencing support for greater tax liability. Using survey responses from 200 adult residents and applying descriptive analysis and multiple linear regression, the study assesses how tax justice, trust in authority, and perceived service quality shape public attitudes toward revenue enhancement measures. The findings reveal predominantly negative perceptions of tax fairness, institutional trust, and major municipal services. While residents show mixed support for tax increases, there is notable acceptance of progressive taxation and higher rents on municipal properties. Regression results indicate that only the perceived level of municipal services significantly predicts support for greater tax liability, whereas tax justice and trust in authority do not. These results suggest that improving visible service delivery is critical for strengthening fiscal legitimacy and advancing internal revenue enhancement policies in urban local governments.

Keywords: Revenue Enhancement, Tax Justice, Trust in Authority, Level of Service, Greater Tax Liability.

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1. INTRODUCTION

The legal foundation for local government in Bangladesh is provided by Section 59 of the Constitution, which mandates the establishment of elected bodies in every administrative unit of the country, with their functions determined by law. Furthermore, Section 60 grants these local government entities the authority to levy taxes for local purposes, formulate budgets, and manage their financial resources. Despite having such a legal basis for taxation, the Urban Local Governments in Bangladesh are suffering from low tax collection, insufficient revenue from their own sources, over over-dependency on government funds (Mamun & Chowdhury, 2022). To overcome this situation, recommendations such as widening the tax base, exploring new items of tax, rate, fees, charges, and other revenue sources, improving self-revenue sources, and developing LGIs self–sufficient in revenue collection have been proposed by the donor agency and the Ministry of LGRD (A. Mahmud, 2023). But, as the ULGs are composed of the elected officials, like the rural local governments (Union Parishad), the candidates may promise a populist manifesto which can undermine the very own objectives of local government- self-sufficiency in revenue (Rahman et al., 2016). There is a lack of political will to assess and collect the holding tax properly. Such an example includes the Gazipur Mayoral Election 2023, where an independent candidate promised to waive one of the major sources of municipal revenue- the holding tax (The Business Standard, 2023).

The primary reason for the low collection and poor assessment of local taxes is the direct conflict between efficient revenue generation and the political self-interest of elected representatives. Efforts to decentralize the tax structure and utilize revenue sources in Bangladeshi ULGs are often “dismissed for absence of political commitment”. The reluctance stems directly from the “negation of the local political authorities to utilize the revenue sources” due to the fear of “loss of popular support” (Tanny, 2021)

Strong public opposition to a certain policy can lead to protests, lobbying, and legal challenges, making implementation of the policy difficult. Understanding and addressing the concerns of the populace is crucial before implementing any economic policy (Hudson et al., 2019).

To implement the policy of internal revenue enhancement, an investigation is required about public perception of the existing taxation system and their support for greater tax liability. Therefore, this research aims to assess the existing taxation system by the parameters of tax justice, trust in authority, and level of service. It also investigates public support for greater tax liability and tries to explain on which factors of the taxation system this support actually depends. The objectives of the research are as follows:

- To investigate the public support for greater tax liability.
- To identify whether there is a correlation between public support for greater tax liability and their perception of tax justice, trust in authority, and level of service.
- To assess the existing municipal taxation system based on the public perception

2. LITERATURE REVIEW

Municipal taxation and local revenue generation have received renewed attention in developing countries as cities struggle to balance fiscal autonomy with citizen trust and service delivery. Recent evidence from global and South Asian contexts highlights three interrelated themes—property tax reform and design, linkages between service quality and tax compliance, and governance innovations in municipal finance.

2.1 Property Taxation and Local Revenue Reform

According to the *International Monetary Fund* (Grote, 2024), well-designed property tax systems remain the most reliable source of autonomous municipal revenue, yet developing countries face chronic undervaluation, weak cadastre systems, and political interference. The World Bank (Awasthi et al., 2021) similarly finds that Indian urban local bodies under-collect property tax due to outdated assessment rolls and discretionary exemptions, recommending mass valuation and digital tax mapping to enhance fairness and transparency. The *Centre for Policy Dialogue* (Bhattacharya, 2023) emphasizes identical problems in Bangladesh—low coverage, manual collection, and lack of fiscal incentives—calling for modernized valuation and e-payment mechanisms under the Local Government Division's digital revenue initiative.

2.2 Service Delivery and Citizen Support for Taxation

Evidence consistently shows that citizens' willingness to pay taxes depends on visible and reliable municipal services. A randomized study in Pakistan's Punjab province demonstrated that improved administrative performance and citizen engagement can substantially raise property-tax compliance (London School of Economics and Political Science et al., 2016). The *International Growth Centre* (Khan et al., 2022) further confirmed that perceived service quality strongly predicts residents' tax morale across Pakistani cities. Broader cross-country research by the *Overseas Development Institute* (Miller et al., 2021) concluded that public finance reforms succeed only when expenditure transparency and service delivery improvements accompany revenue measures. In Bangladesh, (Biswas et al., 2024) found that higher satisfaction with Pourashava digital services leads to greater trust and willingness to pay user charges, reinforcing the service-compliance linkage observed elsewhere.

2.3 Governance, Technology, and Behavioural Dimensions

Recent work connects digital governance and behavioural economics to municipal taxation outcomes. The World Bank (2021) shows that post-COVID fiscal shocks pushed municipalities worldwide to adopt digital billing and e-receipt systems, enhancing both accountability and resilience. Globally, citizen satisfaction surveys analysed by Uddin (2022) in Economies reveal that responsiveness, fairness, and communication quality explain variations in service satisfaction more than income levels. Complementary behavioural studies (Torgler & Schneider, 2007) indicate that trust, moral norms, and perceived reciprocity shape tax compliance, though these effects weaken when service quality is poor.

2.4 Synthesis

Across the literature, a common conclusion emerges that municipal fiscal sustainability depends less on new tax instruments and more on institutional credibility and service performance. While classical canons of taxation stress fairness and ability to pay, contemporary evidence underscores service quality and digital governance as primary drivers of voluntary compliance. For Bangladesh, integrating these lessons—modern valuation, transparent expenditure reporting, and citizen-centric e-services—could substantially enhance municipal revenue legitimacy.

3. THEORETICAL FRAMEWORK

3.1 Classical Principles of Taxation

Classical tax theory provides an important normative foundation for understanding fairness and efficiency in taxation systems. One of the earliest and most influential contributions in this regard is the work of Adam Smith, who articulated four canons of taxation—equity, certainty, convenience, and efficiency—in The Wealth of Nations (Smith, 1976). These principles continue to inform modern public finance discussions by emphasizing that taxes should be imposed fairly, predictably, and in a manner that minimizes administrative burden.

Among these principles, horizontal equity suggests that individuals with similar economic capacity should contribute equally to public finances. Closely related to this idea is the ability-to-pay principle, which states that the tax burden should correspond to the taxpayer's economic capacity. In municipal contexts, these principles are often operationalized through property or holding taxes based on the assessed value of land and buildings.

Another important concept derived from classical tax theory is the benefit principle, which suggests that individuals should contribute to public revenue in proportion to the benefits they receive from public services. At the municipal level, this principle is particularly relevant because local governments provide tangible and visible services such as drainage, waste management, street lighting, parks and playgrounds, and civil registration services. When residents perceive that municipal services correspond to the taxes they pay, the legitimacy of the local tax system is strengthened.:

While classical taxation principles provide a normative benchmark for evaluating fairness and proportionality in taxation, contemporary public finance research emphasizes that citizens' attitudes toward taxation are also shaped by behavioural, institutional, and governance factors. Consequently, this study integrates classical taxation principles with modern theoretical perspectives—including tax morale theory, fiscal contract theory, political economy of decentralization, behavioural public finance, and institutional trust models—to better understand how citizens evaluate municipal taxation systems.

Within this broader theoretical framework, three key dimensions emerge as central to citizens' evaluation of municipal taxation: tax justice, trust in authority, and the perceived level of municipal services. These dimensions collectively shape public attitudes toward municipal revenue policies and influence residents' willingness to support greater tax liability.

3.2 Tax Morale Theory

Modern research on taxation increasingly relies on tax morale theory, which refers to the intrinsic motivation of individuals to pay taxes beyond purely economic incentives or enforcement mechanisms. Tax morale reflects the extent to which individuals perceive paying taxes as a civic responsibility and a moral obligation (Torgler & Schneider, 2007)

Studies show that tax morale is influenced by perceptions of fairness, government legitimacy, and the effectiveness of public institutions. When taxpayers believe that tax systems are fair and that public authorities use tax revenue responsibly, voluntary compliance tends to increase (Frey & Torgler, 2007). Conversely, low trust in government institutions and perceptions of corruption weaken tax morale and increase resistance to taxation. In municipal settings, this implies that residents' willingness to support increased tax liability depends not only on economic capacity but also on their perception of fairness and legitimacy within the local tax system.

3.3 Fiscal Contract Theory

Another influential perspective in public finance is fiscal contract theory, which conceptualizes taxation as part of a reciprocal relationship between citizens and the state. According to this theory, taxation forms an implicit contract in which citizens agree to provide financial resources to the government in exchange for public services, accountability, and representation (Mick Moore, 2004)

Within this framework, the willingness of citizens to pay taxes depends largely on whether they perceive that the government fulfils its obligations in delivering public services and maintaining transparency. When citizens observe that tax revenues translate into tangible improvements in infrastructure and services, the fiscal contract is strengthened and voluntary compliance increases. Conversely, when public services are inadequate or poorly managed, the fiscal contract weakens, leading to resistance to taxation.

This perspective is particularly relevant for municipal governance, where the relationship between tax contributions and service delivery is more visible and immediate than at the national level.

3.4 Political Economy of Fiscal Decentralisation

The political economy of fiscal decentralization provides another important theoretical lens for understanding municipal taxation. Fiscal decentralization theory suggests that local governments are better positioned to provide public goods efficiently because they are closer to citizens and better understand local needs. However, political incentives often influence local tax policies.

Research indicates that elected local officials may avoid imposing or collecting taxes due to fears of electoral backlash. As a result, local governments frequently depend on intergovernmental transfers rather than mobilizing their own revenue sources (Besley & Persson, 2013). In many developing countries, political competition and populist electoral promises discourage effective tax enforcement. Consequently, even when municipalities have legal authority to levy taxes, political considerations may limit their willingness to implement revenue-enhancing policies.

3.5 Behavioural Public Finance

Recent developments in behavioural public finance further enrich the understanding of taxpayer behaviour by incorporating insights from psychology and behavioural economics. Behavioural approaches argue that individuals do not always behave as purely rational economic actors; instead, their decisions are influenced by social norms, perceptions of fairness, and trust in institutions.

Research in this field demonstrates that transparency, communication, and visible public services can significantly influence citizens' willingness to comply with taxation (Luttmer & Singhal, 2014). When taxpayers perceive government authorities as responsive, accountable, and equitable, they are more likely to support tax reforms or increased tax liabilities. Conversely, poor service delivery and administrative opacity can reduce compliance even when tax policies are economically justified.

3.6 Institutional Trust and Local Governance

Closely related to these perspectives is the concept of institutional trust, which refers to citizens' confidence in government institutions to act competently, fairly, and in the public interest. Institutional trust plays a crucial role in shaping tax compliance and fiscal legitimacy.

Empirical studies indicate that when citizens trust public institutions and believe that tax revenues are managed responsibly, they are more willing to comply with taxation and support revenue policies (Torgler & Schneider, 2007). In contrast, low levels of trust can undermine tax compliance even when tax rates are moderate.

In the context of municipal governance, trust in local authorities becomes particularly important because municipal governments directly interact with citizens through service provision and tax collection.

3.7 Conceptual Integration

Drawing on these theoretical perspectives, this study conceptualises citizen attitudes toward municipal taxation as the outcome of three interrelated dimensions:

Tax Justice – rooted in classical taxation principles and fairness norms.

Trust in Authority – derived from institutional trust theory and tax morale research.

Level of Municipal Service – linked to fiscal contract theory and the reciprocal relationship between taxation and service delivery.

Together, these factors influence public support for greater tax liability within municipal governance systems. By integrating classical taxation principles with modern theories of fiscal behaviour and governance, the study provides a comprehensive framework for analysing how citizens evaluate municipal taxation systems in developing-country contexts such as Bangladesh. The following figure shows the theoretical diagram of this study:

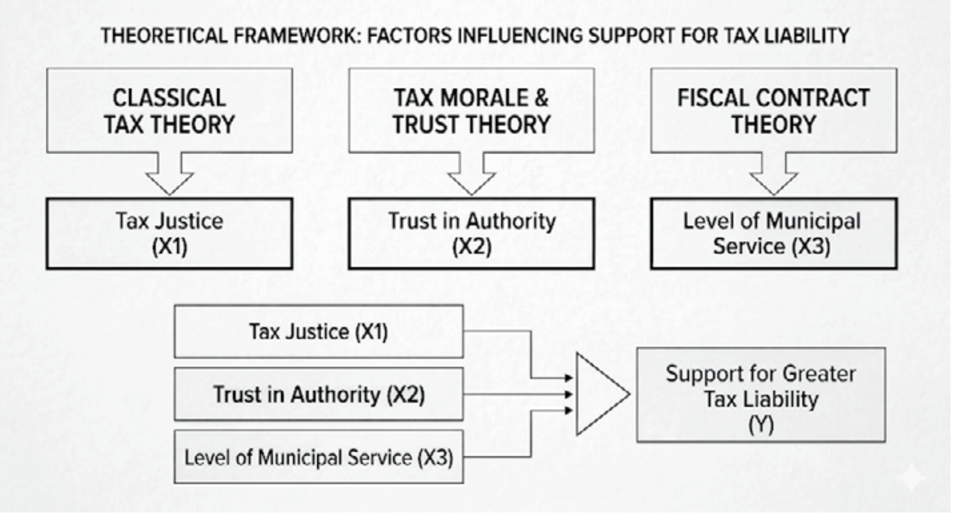

Fig. 1: Theoretical Framework

4. METHODOLOGY

This chapter outlines the methodological approach adopted to examine the factors influencing public support for greater tax liability in Narsingdi Pourashava. A structured and systematic framework was followed to ensure the reliability, validity, and analytical clarity of the findings. The methodology begins by defining the key variables under investigation, including tax justice, trust in authority, and the level of municipal services, which form the basis of the study's conceptual model. It then details the study area, sampling procedures, data collection techniques, and the rationale for using Likert-scale measurements. Finally, the chapter explains the statistical methods employed—descriptive statistics and multiple linear regression—to analyse the relationships among the variables and to determine the extent to which each factor predicts public support for greater tax liability. This methodological design ensures that the study generates evidence-based insights grounded in rigorous empirical analysis.

4.1 Independent Variable:

4.1.1 Tax Justice (X1)

Tax justice is the perceived fairness of the municipal tax system. It is based on the idea that everyone should contribute to the tax system in proportion to their ability to pay. Tax Justice is a condition in which the distribution of tax imposition in meeting the needs of public spending has paid attention to and applied every aspect, dimension, and principle of taxation based on the principle of justice. In this research, the following aspects have been covered under the umbrella of tax justice: -

- Fairness of the current municipal taxation system.
- Services received in proportion to the tax that has been paid.
- Fairness in imposing property tax on the annual value of land and buildings.
- Fairness in determining rates and fees.

4.1.2 Trust in Authority (X2)

Trust in Authority can be defined as public opinion at the level of individuals and community groups that sees the tax authority working properly and actually carrying out their function as one of the actors in the provision of public goods. In this context, the authority is ‘Narsingdi Municipality’, where people will describe their perception about the competency, transparency, and accountability of the authority. The following aspects have been covered under the variable ‘Trust in Authority’: -

- Belief that the municipal authority is competent to do their jobs.
- Belief that municipal authority treats everyone fairly in tax imposition.
- Positive experiences with municipal authority in the past.
- Belief that the municipality prepares its budget in a way that serves the community best.
- Belief that the taxpayer’s tax is utilized in the best way.

4.1.3 Level of Municipal Service (X3)

The level of service in the context of municipal services is the quality and quantity of services that the municipality provides to its residents. It can be measured in a variety of ways, including the number and type of services provided, the quality of the services provided, the accessibility of the services provided, and the cost of the services provided. According to the Local Government Act 2009, the municipality is entitled to provide a number of services to the residents. The satisfaction level of the following municipal services has been measured as these are the most significant: -

- Drainage facilities.
- Waste management.
- Birth and Death Certificate.
- Street Lighting.
- Park and Playground facilities.

4.2 Dependent Variable (Y)

In this study, the dependent variable is Public Support for greater tax liability. Public support for greater tax liability is the degree to which people are willing to pay more taxes. The following aspects have been taken into account to measure the Public Support for Greater Tax Liability: -

- Support for tax on new items.
- Support for an increase in tax rate of existing items.
- Support for progressive assessment of tax on land and buildings.
- Support for an increase in fees (i.e., Birth and Death Certificate)
- Support for an increase in rent of municipal property (i.e., auditorium, community centre)

4.3 Study area and sample size

The total population of the Narsingdi Pourashava is 180,711 as per the Population and Housing Census-2022. The number of people above the age of eighteen who have voting right to vote is 99,798. The municipality also belongs to “A Category Pourashava” based on the revenue collection. While taking into account the perception of residents, only the population above the age of eighteen was selected, as adolescents are not capable enough to fully understand and respond to the complex question (Steinberg, 2005). Based on the Sliven Formula, the sample size was 400 with a 5% margin of error.

Out of 400 questionnaires distributed, 200 were retained. In Bangladesh, tax is sensitive information to share. This is why the response rate is 50%. Non-response bias was minimized through proportionate sampling from all wards. The respondents were informed, and no identifiable information was collected; the participation was voluntary and confidential.

4.4 Data collection and analysis

The main data of this research were obtained through a questionnaire survey. Questionnaires were distributed among the residents of Narsingdi, which includes a set of queries measuring residents' perception of tax justice, trust in authority, level of municipal service, and their support for greater tax liability. To test the validity of the response, the consistency of the respondent's answers was checked. The respondents with an illogical and inconsistent answer were dropped from the dataset. A simple random sampling method was used to select participants for this study.

To understand the public perception on each variable, the questions will be in a statement fashion, and whether someone is Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5 with the statement. In case of understanding public satisfaction, each respondent will be asked about their satisfaction with a particular service, ranging from Highly satisfied =5, Satisfied = 4, Neutral = 3, Dissatisfied = 2, and Highly Dissatisfied = 1. Although Likert data are ordinal, multiple studies (Norman, 2010; Carifio & Perla, 2008) argue that parametric tests are robust for Likert scales with ≥5 points, especially when the sample size exceeds 100. In addition to statistical significance testing, 95% confidence intervals (CIs) and standardized effect sizes were computed to enhance interpretability.

4.4.1 Descriptive Statistics:

In this study, descriptive statistics were used to provide a comprehensive overview of the typical scenario, variation in opinion, and most widely held opinion about tax justice, trust in authority, level of service, and support for greater tax liability.

4.4.2 Multiple Linear Regression:

Regression assumptions were tested: variance inflation factor (VIF < 5) confirmed no multicollinearity; Breusch-Pagan test showed homoscedastic residuals ($p > 0.05$); and normality of residuals was verified using the Shapiro–Wilk test. The following regression equation was used to model the relationship between support for greater tax liability and tax justice, trust in authority, and level of municipal services:

Support for greater tax liability = b1 ×tax justice + b2 × Trust in authority + b3 × Level of municipal service + e

5. FINDINGS

To understand the public perception on tax justice, each respondent was asked four questions which give an account of their opinion about proportional tax burden, service received in proportion to the tax paid, rate of municipal taxation, and fairness in imposing holding tax. The questions were formed in a statement fashion, and whether someone Strongly Disagree =1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5 with the statement. To acquire insight into public satisfaction about the major services of municipalities, people were asked about their level of satisfaction with those services on a Likert scale, where, 1= Very Dissatisfied, 2= Dissatisfied, 3= Neutral, 4= Satisfied, 5= Very Satisfied. The following table comprehensively demonstrates the findings of the data collected from the field survey:

Table 1: Public Perception on Tax Justice

Indicators	Sub-indicators	Mean	SD	Median	Mode
Tax Justice	Holding tax is imposed fairly	2.37	0.91	2	2
	The tax rate is justified	2.60	0.88	2	2
	Receive services in proportion to tax paid	1.91	0.98	2.5	1
	Tax is imposed proportionally	2.54	1.12	2	2
Trust in Authority	The municipality is efficient and capable	2.03	0.82	2.0	2
	The municipality is efficient and capable	2.03	0.82	2.0	2
	The municipality treats everyone equally while imposing taxes	2.17	1.20	2.0	1
	Have a Positive experience with the municipal authority	2.49	1.15	2.0	2
	The municipality prepares the most suitable budget for the citizens	2.34	0.97	2.0	2
	The municipality spends the collected tax in the best possible manner	1.77	0.77	2.0	2
	Level of Service	1.95	0.82	2.0	2
	Drainage facilities	1.90	0.69	2.0	2
	Waste management	1.95	0.82	2.0	2
	Birth certificate	2.81	0.92	3.0	3
	Park and Playground	2.07	0.64	2.0	2
	Street lighting and passenger canopy	2.31	0.87	2.0	2

5.1 Public Perception on Tax Justice

In response to the fair imposition of holding tax, the mean value of 2.371 suggests that most of the participants are aligned with the 'Disagreement' side of the scale. In the current municipal tax system, the holding tax is one of the sources of internal revenue collection. Municipalities conduct an assessment and reassess holding taxes at five-year intervals and interim assessments throughout the year to impose holding tax based on the annual value of land and buildings. And here, the municipal residents have the perception that the municipality is not imposing the holding tax in a correct manner. The standard deviation being low (0.910) suggests that the responses don't vary on a large scale.

To ensure justice in taxation, the tax rate should be such that it is not oppressive and doesn't put an extra burden on people. The mean value of 2.6 indicates that the respondents are slightly leaning towards the 'Disagree' side of the scale in response to the justification of the current tax rate. Which means, according to their perception, the current municipal tax rate is not justified.

Another aspect of tax justice is that the taxpayer should receive the service in proportion to the tax they pay to the authority. Here, the mean value of 1.914 indicates that there is a notable dissatisfaction or disagreement among the municipal residents regarding the perceived link between the amount they pay and the service they receive from the municipal authority. And here the mode value is 1, which indicates that Strongly Disagree with the statement is the most frequently occurring response in the dataset.

To ensure justice in taxation, everyone should be imposed the amount of tax which is proportional to their income or ability to pay. In the case of proportional tax burden, the value of mean 2.542 suggests that the respondents, on average, are more aligned to the 'Disagree' side of the scale. This suggests that, as a group, the surveyed individuals do not believe that the municipality imposes tax on the people in proportion to their ability to pay or income.

The following bar chart comprehensively demonstrates the public perception about several aspects of tax justice: -

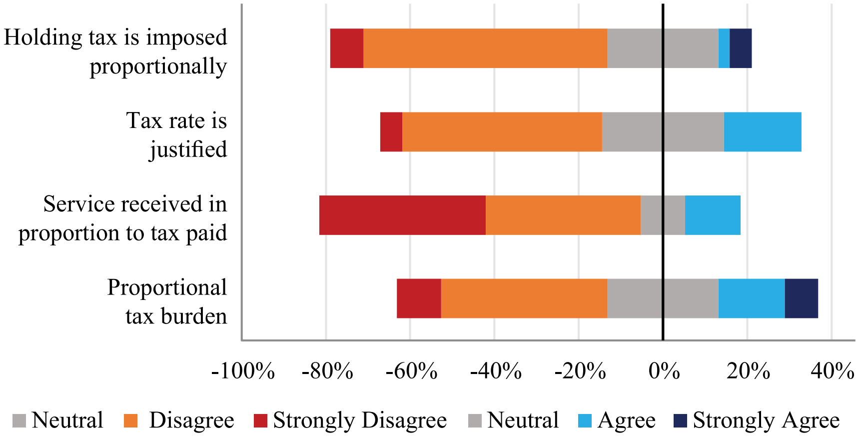

Fig. 2: Public Perception of Tax Justice

5.2 Trust in Authority

For a fair tax system, the taxpayer must have trust in the authority. In this study to measure the public trust in authority, several statements were made, and people were asked to provide their level of agreement with the statements.

The data table here demonstrates that in all aspects, people have a distrust of the authority. They don't believe that either the authority is efficient or capable. In every aspect, the median and mode value is 2, which shows that the most frequently occurring response and the central tendency is that people generally disagree with the fact that the municipality is trustworthy in any aspect.

5.2.1 Lack of Equality

Equality is a fundamental principle of modern taxation, which requires the rich to pay more taxes and the poor to pay less (Smith, 1976). Because the amount of tax should be in proportion to the ability of the tax taxpayer. It is the fundamental concept to bring social equity and justice in the country. But here the equality is not only about the taxation but also whether the authority treats everyone equally while providing services and engaging the public in decision-making.

The respondents were asked about their range of agreement with the statement that 'Municipality treats everyone equally'. The mean value in this case is 2.17, which can be interpreted as the people in general disbelieve that the municipality treats everyone equally. The mode value 1 provides another insight into the scenario, which can be interpreted as the most frequently occurring response is a strong disbelief about the equal treatment of the municipality.

5.2.2 Public perception of the authority's expenditure of taxpayers' money

Taxpayer money is an ongoing debate that revolves around the crucial interplay between the authority's revenue and its expenditures. So, the people were asked about their range of agreement with the statement that 'Municipality spends the collected tax in the best possible manner'. The mean value here is 1.7714, which means people are strongly leaning toward the disagreement side of the scale. There is a widespread distrust among the municipal residents that their taxes are actually being spent in the best possible manner.

5.2.3 Experience with the authority

From birth registration to a death certificate, the municipal residents need to go to the authority office. Also, the municipal authority approves the building permit and trade license. People also need to go there while paying the tax and rent.

Given this context, people were asked about their experience with the authority. There was a statement that 'Experience with municipal authority is good'. The questionnaire was designed to understand the public's range of agreement with the statement.

Here, the mean value of 2.4875 indicates that most of the people are slightly aligned with the 'disagreement' side of the scale. From there, it can be concluded that most of the residents don't receive a decent experience from the authority. In that case, the standard deviation (1.147) is comparatively wider than the other aspects. It illustrates that, comparatively, there is a widespread response about the experience with the authority among the people.

The following bar chart comprehensively shows the public perception about the different aspects of trust in Authority: -

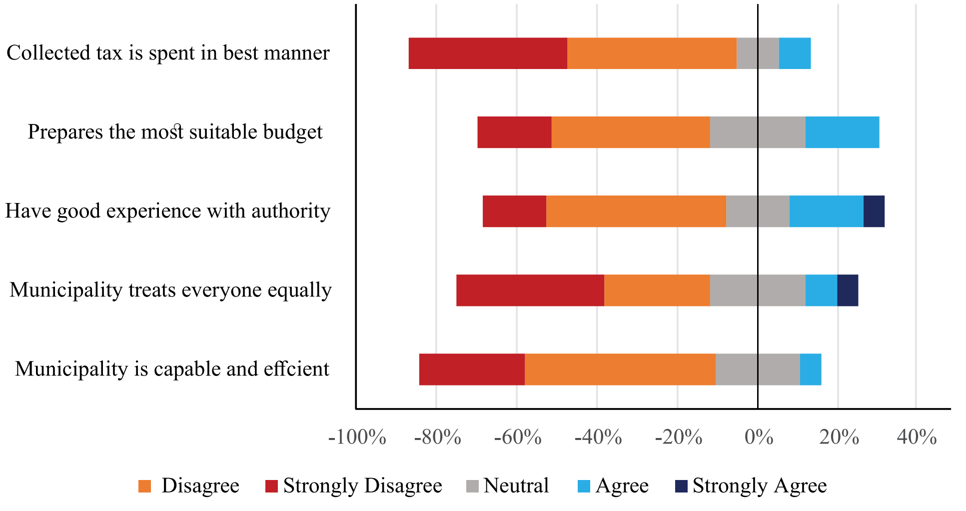

Fig. 3: Trust in Authority

5.3 Public Perception on the Level of Service

5.3.1 Drainage facility and waste management

Drainage facilities and waste management are the two most frequent services that the municipal residents get from the authority. In both drainage and waste management, the mean values are 1.9048 and 1.9523, respectively. This indicates that most of the residents are dissatisfied with these services. The mode value in both cases is 2, which demonstrates that 'Dissatisfied' is the most frequently occurring response from the people.

5.3.2 Birth Registration

Among these major services, birth registration is the only one about which people don't have a negative perception. The mean value of 2.8095 indicates that public satisfaction is slightly leaning towards the neutral side of the scale. The mode value here further shows that most people have a neutral position about their satisfaction with the birth registration service. The standard deviation being moderate (0.9169) suggests that the degree of variation in opinion is also moderate.

5.3.3 Park and Playground

The park and playground facility is a crucial element for a liveable, healthy urban area. The Narsingdi Municipality has a 'Municipal Park' and some designated khas land to provide recreational facilities to the residents. According to the direct observation, the 'Municipal Park' is not well-maintained, and there is a lack of cleanliness and park furniture. There are some open spaces owned by the municipality that are mainly used for street food and temporary shops. While asking about the public level of satisfaction with Park and Playground facilities, their response also reflects the findings of direct observation.

The mean value of their level of satisfaction is 2.071, which indicates that overall, people are dissatisfied with the park and playground facilities. The standard deviation being low also demonstrates that the degree of variation in opinion is not widespread.

5.3.4 Street Lighting and Passenger Canopy

Like other services provided by the municipality, people are also 'Dissatisfied' about street lighting and passenger canopy service. The mean value 2.309 indicates that most of the people are aligned with the 'dissatisfied' side of the scale.

Overall, the public satisfaction with these major services can be shown by the following bar chart:

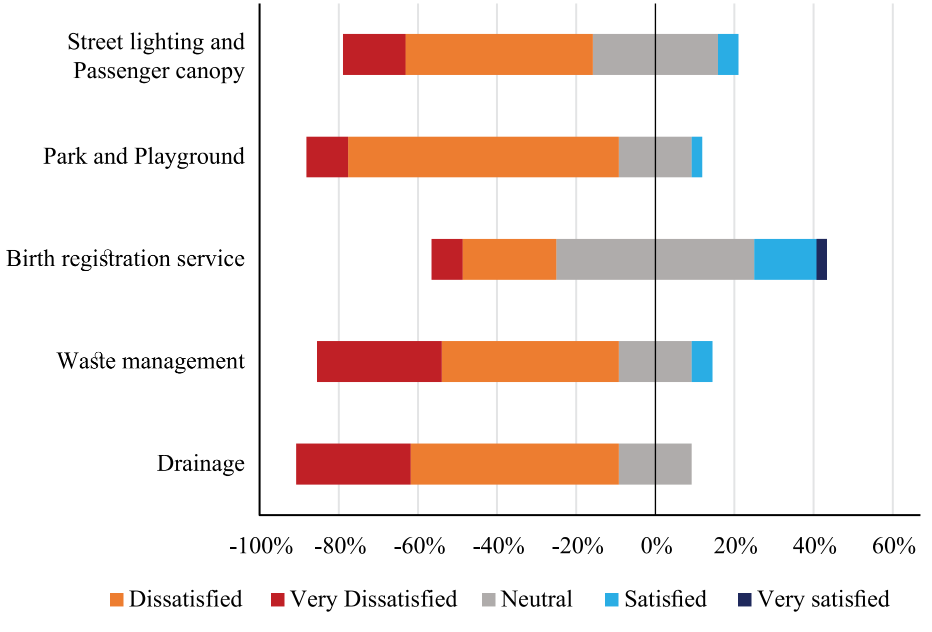

Fig. 4: Perception of Level of Service

5.4 Public Support for Greater Tax Liability

To be self-sufficient in finance, the municipality needs to increase its internal revenue through a wide municipal tax, progressive tax assessment, an increase in tax rate, and an increase in rent of vested property (A. Mahmud, 2023). But to do that, it requires support from the people who actually pay the tax. The policy for greater tax liability has long been advocated by the Local Government Ministry and the Donor Agency. But the public perception about this is yet to be analysed. The following descriptive statistics demonstrate public support for embracing a greater tax liability:

Table 2: Public support for greater tax liability

Aspects	Mean	Mode	Standard Deviation
Support for tax on new items	2.48	4	1.094
Increase in tax rate	2.38	2	1.050
Support for progressive taxation	3.31	4	0.961
Increase the charge for birth and death registration	2.11	2	0.932
Support for an increase in the rent of vested property	3.02	4	1.097

5.4.1 Support for tax on new items

To increase the internal revenue of the municipality, one of the ways is to impose tax on new items. In general, people are usually reluctant about tax on new items if there is no sufficient justification. The valid response of 200 people shows the mean value of 2.48, which indicates that the public opinion about tax on new items slightly leans towards the ‘Disagree’ side of the scale. But the most frequently occurring response shows that there are a large number of people who actually support the idea of a tax on new items. But, as the standard deviation is 1.094, it is clear that in the existing population, there are some people who are strongly resistant to the idea of a tax on new items.

5.4.2 Support for an increase in tax rate

In that case, the mean value 2.38 indicates that, in aggregate, public opinion is leaning towards the ‘Disagree’ side of the scale. It is understood that people in general are not in favour of a policy to increase the existing tax rate. Mode value 2 further demonstrates that while asking about their opinion, ‘Disagree’ is the most frequently occurring response.

5.4.3 Public support for progressive taxation

Currently, the municipality collects holding tax and land tax, two major sources of its internal revenue, in a fixed manner (Local Government Act, 2009). But to increase internal revenue, one of the ways is to collect holding and land tax in a progressive manner, which is also advocated by both donor agencies and the Local Government Ministry. But implementing such a policy will put more burden of tax burden on the people as the property value in Bangladesh frequently increases. So, it requires public support while implementing such measures.

Here, the mean value 3.31 demonstrates that public support for progressive taxation is leaning to the 'Neutral' side of the scale. The value also indicates that public opinion about progressive taxation in aggregate is close to the 'Agree' side of the scale. The mode value here is 4, which means that 'Agree' is the most frequently occurring response here. The standard deviation being moderate suggest that the degree of variation in opinion is not that widespread.

Here, the scenario indicates that the public is not antagonistic to the idea of progressive taxation and is even close to the agree side. It shows their rationalistic approach towards progressive taxation, where they are flexible to the greater tax burden over the course of time. As their property and land value increase, they are also in favour of contributing more to the internal revenue of the municipality.

5.4.3.1 Public support for an increase in birth and death certificate fees

The municipal authority provides the service of birth registration and death certificates, for which people actually pay their most visits to the authority office. Their perception of experience with the authority largely depends on this service. As it is necessary to increase municipal internal revenue, one of the ways to accomplish this is to increase the rate of birth and death certificate fees. Here, the mean value 2.11 suggests that the public opinion in aggregate is leaning towards the "Disagree" side of the scale. It is further confirmed by the fact that most people don't have a good experience with the authority, as mentioned in the previous section.

5.4.3.2 Support for an increase in the rent of vested property

The municipality collects rent from the vested property, like auditorium, market, haat-bazar, open space, etc., which is one of their sources of internal revenue. The selected Narsingdi Municipality rents its auditorium for different purposes and also collects ijara (Lease) from the cattle market during Eid al-Adha. During the survey, people were asked about their range of agreement with the decision to increase the rent of the auditorium and cattle haat. The valid response of 200 individuals provides the mean value 3.02, which indicates that, in aggregate, the public opinion towards the increase in rent of vested property is ‘Neutral’. The mode value being 4 indicates that there is a significant population that is in favour of an increase in rent.

Since people respond differently to each aspect, we need to look at the following bar chart, which demonstrates a comprehensive scenario: -

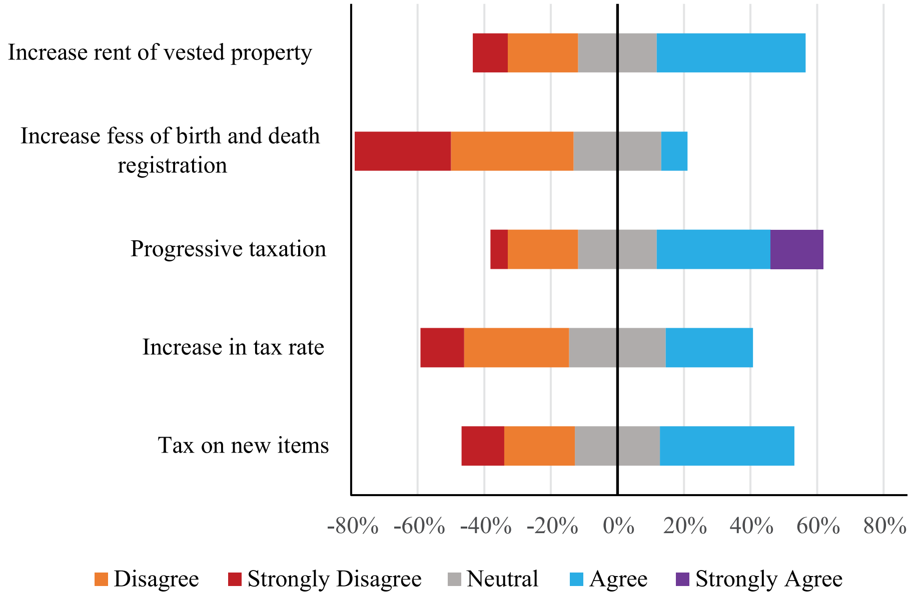

Fig. 5: Public Support for Greater Tax Liability

5.5 Support for greater tax liability depends on what?

To implement the policy of revenue enhancement, the utmost necessary thing is that it requires public support, who will actually bear the liability. But the support for greater taxes depends on what? In the theoretical review, it was established that public support for greater tax liability largely depends on tax justice, trust in authority, and the perceived level of service.

Now the following multiple regression analysis can provide an insight into how the dependent variable (support for greater tax liability) is correlated with three independent variables (tax justice, trust in authority, level of service): -

Table 3. Multiple Linear Regression

	Coefficients	Standard Error	t Stat	P-value
Intercept	1.481932	0.539885	2.744905	0.009979
Tax Justice	0.088953	0.20587	0.432083	0.668672
Trust in Authority	0.0114	0.232957	0.50478	0.617281
Level of Service	0.580053	0.194626	2.980349	0.005558

$R^2 = 0.234$, Adjusted $R^2 = 0.159$, $F(3,195) = 3.15$, $p = 0.039$

5.5.1 The association between perceived tax justice and support for greater tax liability:

The regression table shows that the association between perceived tax justice and support for greater tax liability is not statistically significant, as the p-value is 0.6686, which exceeds 0.05. The coefficient value of 0.088953 further indicates that the relation between these two variables is nearly non-existent. The regression here demonstrates that public perception of tax justice has almost nothing to do with their support for greater tax liability.

5.5.2 The association between trust in authority and support for greater tax liability

The coefficient value for trust in authority is 0.0114, which indicates a very weak correlation between the two variables. Moreover, the P value here is 0.617281, which exceeds 0.05, demonstrating that this correlation is not statistically significant as well.

Here, it is evident that public support for greater tax liability is not statistically significantly dependent on their trust in municipal authority. Therefore, trust in authority doesn't have a significant role in explaining public support for greater tax liability.

5.5.3 The association between the level of service and support for greater tax liability

The regression table indicates that public support for greater tax liability is associated with the level of service. This outcome is also consistent with prior studies, which suggest residents are more likely to support tax increases when they believe that the government is using tax revenue to provide high-quality services.

However, the coefficient value is 0.580053, which suggests a moderate correlation between these two variables. It means if there is a one unit of change in the level of service, public support for greater tax liability is expected to change 0.580053 (in that case level of agreement).

Although the model explains 23% of the variance, this is acceptable in perception-based social research where unobserved behavioural factors often remain outside the model.

Although only the Level of Service variable reached statistical significance, the magnitude of its effect is also practically meaningful. A standardized effect size of 0.58 suggests that improvements in visible municipal services—such as drainage, waste management, and street lighting—can exert a substantial influence on taxpayers' willingness to accept higher tax burdens. This indicates that service delivery functions not merely as a statistical predictor but as a central mechanism shaping fiscal legitimacy in local governance. On the other hand, the small effect sizes of Tax Justice and Trust in Authority demonstrate that even if statistically significant, they would have a limited practical impact on policy outcomes.

6. DISCUSSION

6.1 The existing scenario and Revenue Enhancement Policy

The analysis reveals that many residents perceive the existing municipal tax regime as burdensome when municipal services remain unsatisfactory; yet there is no uniform rejection of progressive taxation in principle. This reflects a broader structural challenge for local governments in Bangladesh: municipalities often face severe resource scarcity, limited administrative capacity, and declining infrastructure — all of which undermine effective service provision (Ferdous & Das, 2022). Inadequate and irregular service delivery erodes citizens' fiscal legitimacy and undercuts support for municipal taxation (Mahmud, 2021; Bhuiyan & Islam, 2023).

Consequently, proposals to broaden tax bases, increase rates, or raise user fees often meet resistance when the population perceives services as inadequate or non-responsive. This study's respondents signalled that such revenue-enhancement measures would only be acceptable if accompanied by credible, visible improvements in service quality. The pattern is consistent with findings from other parts of Bangladesh, where basic services (sanitation, water supply, waste management, lighting, etc.) are poorly maintained or delivered, and municipal authorities struggle to mobilize own-source revenue through taxation (Ferdous & Das, 2022; Bhuiyan & Islam, 2023). Thus, the structural fiscal dilemma confronting local authorities becomes evident: while expanding revenues is imperative for urban growth and growing demand, without corresponding improvements in service provision, attempts to raise taxes risk eroding public support and legitimacy.

6.2 Service Quality as the Foundation of Tax Support

The regression results indicate that perceived service quality is the strongest predictor of support for increased municipal tax liability, while factors such as abstract notions of equity or institutional trust appear weak or insignificant. This empirical result aligns with several recent studies in the Bangladeshi context. For example, in a nationwide survey of city corporations, citizens' satisfaction levels were low overall; among the various dimensions of service delivery, responsiveness — namely, the speed and accuracy of municipal services — had the most substantial effect on overall citizen satisfaction (Mahmud, 2021).

Consistent with this pattern, a case study of Pabna Municipality and a comparative study of three Pourashavas revealed widespread dissatisfaction with basic services, particularly sanitation, waste management, road maintenance (drainage), and water supply; poor infrastructure, lack of equipment, and severe financial and human resource constraints were cited as major obstacles to service delivery (Ferdous & Das, 2022; Md. Bhuiyan & Islam, 2023). This suggests that in real-world, resource-constrained Bangladeshi municipalities, the visible quality and reliability of municipal services constitute the most salient factors influencing residents' willingness to pay taxes or user fees.

Moreover, the link between service quality and fiscal compliance has been documented in large-scale empirical work: using data from 286 municipalities across Bangladesh, one working paper finds that greater access to municipal services is strongly associated with lower levels of tax evasion (Abdallah & Ashraf, 2018). By reducing informal evasion, quality service provision can enhance actual revenue mobilisation — reinforcing the idea that delivering visible public goods strengthens the tax–service contract.

Taken together, these findings support the conclusion that in Bangladesh's urban local government context — characterized by weak institutions and constrained resources — improvements in public service delivery provide the most viable foundation for building public support for higher local taxation. In other words, municipal authorities seeking to augment revenue should invest first in improving service quality rather than relying solely on raising tax rates or expanding the tax base.

6.3 Implications for Policy and Governance — Moving Beyond Just Tax Reform

The implications for policy and local governance are clear. Municipal authorities (pourashavas, city corporations, etc.) should prioritize service delivery reforms — investing in infrastructural maintenance, strengthening administrative capacity, ensuring reliability and timeliness of services, and improving transparency and responsiveness. Such efforts are likely to generate citizen satisfaction and build fiscal legitimacy, thereby forming a stable base for revenue enhancement through taxes or user fees.

Recent empirical evidence suggests that improvements in service delivery — especially in the dimensions of accuracy, accessibility, timeliness, and the overall service environment — significantly increase citizen satisfaction with local government services (Islam, 2024). This indicates that strategic investment in service process reforms may yield more public support than simplistic fee hikes. For municipalities similar to the one studied, combining revenue mobilisation strategies with robust service–improvement plans, institutional strengthening, staff training, and community outreach is likely to be the most sustainable and politically feasible path forward.

The primary limitations of this study are its reliance on public perception, which may not reflect objective reality, and the potential for responses to be influenced by political preferences and social contexts. Methodologically, the use of multiple linear regression with 5-point Likert-scale data presents concerns, as such data are ordinal. However, this approach is supported by literature indicating that scales with five or more points can be treated as continuous, and parametric tests are robust to minor violations of normality (Carifio & Perla, 2008; Norman, 2010). Future research could enhance robustness by employing ordinal models.

7. CONCLUSION

Despite having an overall dissatisfaction about the level of municipal services, lack of trust in authority, and lack of perceived justice in taxation, the policy of municipal internal revenue enhancement suggested by both the donor agency and the Ministry of Local Government still possesses a ground to be implemented by introducing progressive taxation and an increase in rent of vested property. However, the exhaustive analysis in the previous chapter demonstrates that justice in taxation and people’s trust in authority should be elevated, and the level of municipal services should be improved, as it has a statistically significant positive correlation with public support toward the policy of revenue enhancement.

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APPENDIX

This appendix includes the detailed regression outputs and diagnostic checks that support the results discussed in the main paper. The full tables are provided here for clarity and transparency.

Regression Statistics

R Square	0.233547
Adjusted R Square	0.159374
Standard Error	0.598243
Observations	200

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	3.380691	1.126897	3.148683	**0.038888**
Residual	195	11.09474	0.357895		
Total	198	14.47543			

	Coefficients	*Standard Error*	*t Stat*	**P-value**
Intercept	1.481932	0.539885	2.744905	0.009979
Tax Justice	0.088953	0.20587	0.432083	0.668672
Trust in Authority	0.0114	0.232957	0.50478	0.617281
Level of Service	0.580053	0.194626	2.980349	0.005558

DECLARATION

I declare that this research is my own original work and has not been submitted elsewhere. All sources have been properly acknowledged. I also confirm that I have no financial or personal conflicts of interest that could have influenced the conduct or reporting of this study.