



**BENEFIT AND CHALLENGES OF ELECTRONIC TAX FILLING SYSTEM:
THE CASE OF ETHIOPIAN MINISTRY OF REVENUE LARGE TAXPAYERS -
BRANCH OFFICE [LTO]**

**A RESEARCH THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING
AND FINANCE, COLLEGE OF BUSINESS AND ECONOMICS, IN PARTIAL
FULFILLMENT OF THE REQUIREMENT OF MASTER OF SCIENCE (MSC) IN
ACCOUNTING AND FINANCE**

**BY
HAYMANOT TESFAYE**

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ADVISOR

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ADDIS ABABA, ETHIOPIA JANUARY, 2020

Certification

This is to certify that this research work titled — “Benefit and Challenges of Electronic Tax Filing System: the case of Ethiopian Ministry of Revenue Large Tax Payer’s Office” was undertaken and completed by Mis. Haymanot Tesfaye Mikre and that the research work was supervised by us and submitted to the department of accounting and finance, school of Business And Economics, Addis Ababa University, Ethiopia

Approved by:

Advisor

Signature

Internal Examiner

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External Examiner

Signature

DECLARATION

I, Haymanot Tesfaye Mikre declare that this work entitled: “Benefit and Challenges of electronic tax filing System: the case of Ethiopian Ministry of Revenues Large Taxpayers Office (LTO)”, is the outcome of my own effort and that all source of materials used for the study, to the best of my knowledge, have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my research advisor. This study has not been presented for any other program in this university or any other.

Declared by: Haymanot Tesfaye

Sign_____

Date_____

Statement of Certification

This is to certify that Haymanot Tesfaye Mikre has carried out her research work on the topic entitled “Benefit and Challenges of Electronic tax filing System: the case of Ethiopian Ministry of Revenue Large taxpayer office (LTO)” under my guidance and supervision. I hereby assure that her work is appropriate and standard enough to be submitted for the award of Master of Science Degree in Accounting and Finance.

Advisor: Temesgen Worku (PHD)

Sign_____

Date_____

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List of Acronyms and Abbreviation

E-TAX- Electronic Tax

IRS- Internal Revenue Service

KRA- Kenya Revenue Authority

LTO- Large Taxpayers Office

MOR –Ministry of Revenue

PEOU- Perceived ease of use

PU- Perceived usefulness

URA -Uganda Revenue Authority

RRA- Rwanda Revenue Authority

SIGTAS- Standard Integrated government tax administration system

TRA- Tanzania Revenue Authority

TIN- Taxpayer Identification Number

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Abstract

This research aimed to investigate the benefits & practical challenges of e-filing large tax payers in Ethiopia. To achieve this objective, exploratory study carried on produced information by using a Likert scale questionnaire from Ethiopian Ministry of Revenue Large Tax payers, 138 respondents used convenience sampling technique. Data analysis was carried out using descriptive analysis. The finding revealed that e-tax filling system promote the tax payers satisfaction and saved time cost by avoiding emotional stress due to long queue and make them efficient and effective as they can administer their own taxes and creat flexibility to timely recording tax credit and to refund tax any time .The study also indicate that some of the practical challeng faces while using e-filling are; unreliable e-filing service, system inefficiency as it isn't fully operational and the e- filing is not also very well supported with e- payment supplementary system , so taxpayer still forced to go to tax office. The Study recommended that tax authority increase the excellence of system fully lunched by provide electrically registration, clearance and payment system.

Key Words: E-tax filing system, Taxpayers ,Benift ,Challenges.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

With the advancement of Information Technology, the governments around the world are increasing the use of IT to enhance their public service delivery. One of the most prominent areas where IT support is crucial is tax administration (Cotton and Dark,2017). The increasing number of taxpayers and the complexity of information required by tax administration calls for the support of IT to provide effective, efficient and timely services by the tax administrators of a country. However, the success of such a new- platform depends on the perceived importance of it by the citizens of the country. Some of the perceived importance of the new business model, among other things, includes; the usefulness and convenience the users place on it.

Most governments, particularly those with advanced economies, have embraced e-taxation in their public service delivery long-time compared to their developing counterparts. The developing economies, looking at the advantage of e-taxation, have started implementing it. E-taxation involves both e-filing and e-payment. E-filing involves the filing of tax returns by taxpayers with the help of software that is supported by the internet. This new platform avoids the face-to-face contact of taxpayers with tax officers, reduce paperwork and tax return errors, enhance the efficiency of tax administration office and, compared to paperwork, it is less costly (Anderson & Schwartz, 2005). Furthermore, it also benefits the taxpayers in terms of tax compliance cost reduction and cost related to the time spent at preparing the tax compliance documents (Anna & Yusniza, 2009). Bojuwon (2015), notwithstanding the above fact, also indicated e-filing enhances the efficiency, effectiveness, and convenience of the tax authority and taxpayers. As a result of these advantages, different economies are

adopting the e-filing system to enhance their service delivery, tax compliance and increase their tax revenue. For instance, according to the World Bank Paying Tax 2018 report, only in 2016 about 92 economies have fully implemented electronic filing and tax payment systems.

Tax systems in developing countries, like the more advanced economies, face both new opportunities and challenges due to technological advancement. Most developing economies strive to increase their local resource mobilization capacity to finance their development priority sectors. Information technology in general and e-taxation, in particular, plays a vital role in enhancing the local resource mobilization capacity of the government. Both the government and taxpayers can benefit from an efficient and effective e-filing system (Omar, Bhutta and Sanchez,2009). However, the tax system adopted by these governments needs to be perceived as convenient and useful for the taxpayers, otherwise, the rate of acceptance and continued usage will be challenged by resistance from taxpayers.

In Ethiopia, the government has introduced different tax reforms to modernize the sector and enhance compliance and government revenue. One of the recent reform or modernization steps taken by the government was the introduction of the e-filing systems for the large taxpayers' a project financed by the Investment Climate Facilitations for Africa (ICF). Despite the effort put by the government to ease tax paying for the taxpayers by introducing e-taxation, the rate of acceptance is not up to the expectation of the government (ERCA,2017). According to ERCA's report(2017), during the fiscal year 2016/17, only 5.1% of the taxpayers filed their taxes using the new business model. This, on the other hand, indicates a poor acceptance rate of e-filing given the government's effort in promoting the usage of the new platform and investment in the infrastructure. One could ask why is such low acceptance given the benefits of e-filing or e-taxing to the taxpayers. To answer this question, different empirical researches have been done both in the developed and developing countries mainly from the tax administrators point of view and to some extent from taxpayers

angle (Anna & Yusniza,2009; Chatfield, 2009; Bojuwon, 2015; Tadesse,2015; Canares, 2016; Allahverdi, Alazoz and Ortaharpuz,2017; Anees and Kumar, 2017; Olajide et al., 2019). All these researchers have indicated the benefits of IT for taxpayers and tax administrators. Among the benefits mentioned are; increase in efficiency, effectiveness, accountability, and transparency of the government in its public service delivery. Concerning the benefit of e-taxation for the taxpayers, some of the above-mentioned authors have indicated reduce the tax filing time, reduction in compliance costs, enhance performance and increases transparency. Though the system brings the above benefits to both taxpayers and tax administrators, it is not without challenges that deter its effectiveness. According to Bojuwon (2015), some of the challenges faced by Nigerian taxpayers in the use of e-taxation include; system compatibility, fear of security infringements and loss of business credentials to hackers and competitors. Therefore, to enhance the uptake of e-taxation and realize the benefits for both taxpayers and tax administrators, the above -challenges need to given due attention and resolved to increase customer continued utilization (Tadesse, 2015; Bojuwon, 2015).

In the case of Ethiopia, to the extent this research is aware, there is few empirical research that has dealt with the challenges and benefits of e-filing to the Large Taxpayer of the country. However, given the amount of tax the government generates from these businesses, it is necessary to identify both the challenges and benefits the large taxpayers perceive is determining their use of the new platform. The government must identify the challenges deterring the large taxpayers to act-upon it time and increase usage of the e-taxation platform and realize the benefits e-tax provides. Therefore, the current research aimed at identifying the benefit and challenges faced by large taxpayers while using the e-filing platform.

1.2. Statement of the Problem

The government of Ethiopia is striving to improve its domestic resource mobilization capacity by strengthening and fully implementing the tax administration information systems and enhancing the institutional capacity of Ethiopian Ministry of Revenues by equipping it with modern technologies (NPC,2016). By modernizing and capacitating the authority, the government targets to increase its domestic tax revenue to finance its mega project and other development priority sectors. For this objective to be realized, however, the government needs to embrace different tax administration reforms that enhance the efficiency and effectiveness of the tax authority and benefit the taxpayers by overcoming some of the challenges they face in the manual systems of tax filing and cash payments. Taxpayers filing their tax manually faces different challenges that includes time and movement-related costs to physically present tax filing documents and payment to the tax office, emotional stress faced particularly from long queues at the end of the month or end of fiscal year to file taxes, cost related to paperwork and environment-related costs that come along with the production of papers. Further to the above challenges faced by the taxpayers, the manual filing system also increases the cost of tax administration for the government, creates inefficiencies and other malpractices undertaken by the tax officer. The World Bank Group(2015), in its survey of Ethiopian business tax compliance burden, indicated that in-house tax compliance costs 11 person-days on filing activities during the end of the fiscal year and tax declaration. This, however, compared to other Sub-Saharan Countries, is the highest tax activity spend by businesses on tax filing.

Hence, to overcome some of the above challenges and modernize the tax system, the Ethiopian government has piloted the e-filing system in 2009 for both medium and large taxpayers through support obtained from the Investment Climate Facilitation for Africa (ICF) (Dawit,2015). In October 2012, e-filing was fully implemented for large taxpayers.

However, the uptake of the new model of filing tax online seemed not as expected by the government. ERCA (now MOR) in its report of 2017 indicated that out of the total taxpayers, all categories included, only 5.1 % filed their taxes using the new platform. This, compared to the investment that went to the building of the new platform infrastructure and efforts put into it, is a very small uptake. Hence, it is necessary to look into this issue in a scientific method using research that addresses the benefits and challenges taxpayers place on the e-filing systems in Ethiopia. According to Kimea, Chimilila, and Sichone (2019), the continuous usage of e-filing is highly dependent on the taxpayers' performance expectancy, the risk associated with the technology and social influence from the peer. Furthermore, behavioral aspects such as perceived usefulness, social norms and perceived ease of use play a significant role in enhancing taxpayers' uptaking of the new business model(Gupta et.al., 2015; Azmi et.al., 2012).

Hence, the main aim of this research is to investigate what the benefit and challenge of the e-filing system of the Ethiopian Ministry of revenue large taxpayers.

1.3. Research questions

To achieve the study's objective, the following key research questions are set:

RQ1. What are the benefits of the e-filing system for the Ministry of Revenues Large Taxpayers?

RQ2. What are the major practical challenges to the effective utilization of the e-filing system?

RQ3. What are the major factor for continued usage of online tax filing system?

1.4. Objectives of the study

1.4.1. General Objective

The broad objective of the study is to assess the exciting problems and benefit of E-filing Ministry of Revenue large tax-payers.

1.4.2. Specific Objectives

The specific objectives of the study:

1. To identify the benefits of the e-tax filing system in the Ministry of Revenues Large Taxpayers.
2. To investigate practical challenges to the effective utilization of E-tax filing.
3. To assess the main motivating aptitude continued usage intention of an online tax filing system.

1.5. Significance of the Study

This study would provide a significant role to identify the benefits and challenges of E-filing while the tax payer's and government are getting out of this system.

Moreover, the study will be pointing out the challenges faced by taxpayers, hence providing guidance on the issues to deal with for greater efficiency in using the e-filing system. It is also expected that the research paper will give guidelines to the concerned taxpayers as regards how they properly address the system and at the same time, it's believed that the study will stimulate Authority to take remedial actions for suitable positive results.

Hence, studies like this are significant as it is capable of providing specific insights and allows policymakers, particularly the tax authorities, to gain a better understanding of the Exciting challenges and problems that users face using the system and take the possible solution.

Finally, it is believed that the study will add to the existing literature and it will serve as a reference for those who will conduct further study.

1.6. Scope of the study

The proposed study intends to study the problems and benefits of E-filing in the Ethiopian Ministry of Revenue Large Taxpayers Office. For this purpose, it is proposed to study the factors relating to E-filing usage and also its contribution to taxpayers.

This study does not address all the Ministry of Revenues taxpayers in Ethiopia. By considering the similarity of the system Ministry of Revenues large taxpayers' is assumed to be representative.

Therefore, the study is delimited to Addis Ababa branch offices of Ethiopian Ministry of Revenues large taxpayers are the main subjects of the study.

1.7. Limitation of the study

The limitation of this research is related to the method of sample selection. The researchers used convenience sampling method. With regard to the result, the researchers cannot generalize this finding. Besides, this research only conducted describes data and characteristics about the population or phenomenon being studied. Although the data explanation is factual, accurate and systematic, the research cannot describe what caused a situation.

1.8. Organization of the Paper

The paper has five chapters. It begins with introductory outlines under which an overview of the understudy is presented and then the description is made on the statement of the problem, the objectives of the study, the research questions, significance of the study, the scope of the study, and limitation of the study and organization of the paper. The second chapter presents a review of related literature. The third chapter outlines the research methodology.

The fourth chapter is devoted to the data presentation, analysis. The final chapter summarize the findings, present the conclusion, and recommendations made by the researcher. Then end of the paper list references and annexes.

CHAPTER TWO

LITERATURE REVIEW

This chapter contains theoretical and empirical literature. Theoretical literature deals with concepts of taxation. Related empirical findings present the benefits and challenges of the e-tax filing system and some East African E-filing system experience.

2.1. Electronic Tax Filing systems

E-Filing is one of the E-government services that have been adopted by, many countries today where the public has to discharge their responsibility to the government, via online tax filling (Alibashs, Kishore, & Naveen, 2016).

E-Filing is a system for submitting tax documents to the income-tax department through the internet or direct connection, usually without the need to submit any paper documents. Various tax return preparation software with e-filing capability are available as standalone programs or through websites or tax professionals or from major software vendors for commercial use. “e - File is the term for electronic filing, or sending your income tax return from tax software via the Internet to the tax authority”. You no longer have to stand in long queues to file income tax returns (Meenal, Gjimt, & Mohali, 2012).

According to Ribbers (2010), e-filing is an application of the internet and networking technologies to digitally enable taxpayers and their accountants or representatives to prepare and electronically file their tax returns.

Fu, Farn & Chao (2006) define e-filing or electronic filing of personal Income Tax as an application that automates tax-related processes in an attempt to improve efficiency in assessing and collecting tax information. Dowe (2008) simply says e-filing is a direct transmission of tax information using the internet.

Kumar & Dileep (2018) on their study Problem and Prospect of E-filing of income tax Return E-filing is defined as “The process of using a computer program to transmit information electronically to another party or E-filing is the transmission of tax information directly to the tax administration using the Internet this allows the user to complete and submit the information in a timely fashion.

Jyothi Arora, (2016), “E-filing of Income Tax Return in India”, he analyzed in this study, deals with the benefits, process, trends and highlights (ITRs) of E-filing among the residents of country. In the current world new information technology is being introduced very fast in all fields.

2.1.1. Procedures Involved in Utilizing E-Filing

Since e-filing is a self-assessment system, the taxpayer is empowered to take control of the security of his or her information or data, by securing their login details (login name & password).

A taxpayer to access e-tax filing they have to first register online and showed the process as follows:

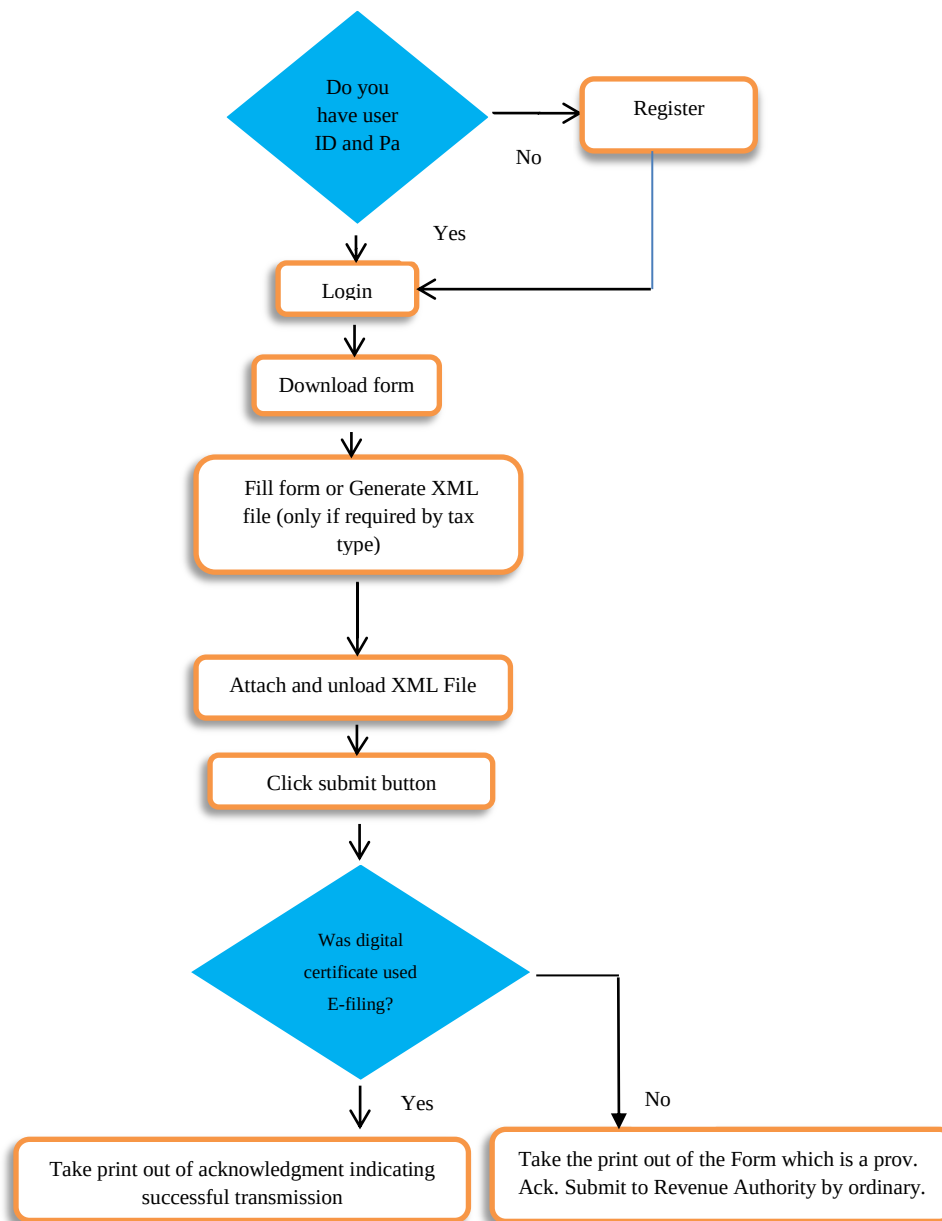


Figure 1:- E-tax filing Process of Tax returns (Alibashs et al., 2016).

2.1.2. User Registration

To access e-Filing, the taxpayer is present in person at the tax office gives certain relevant personal data about himself like his name, place of origin, age, business or employment details, the tax Payer Putting a secret password on the computer.

2.1.3. Verification and Issuance of Tax Identification Number

Here, the relevant tax authority verifies the information supplied by the taxpayer. Upon verification and validation of the information supplied, the relevant tax authority issues a Tax Identification Number to the taxpayer that is very unique and personal to him.

With his unique tax identification number, the taxpayer logs on to the tax authority's website to directly fill the electronic tax return form properly and submit the same electronically. Where the relevant tax authority receives the tax return, it acknowledges the receipt by sending the taxpayer an email to that effect. The tax software of the tax authority thereafter assesses the return filed by the taxpayer and determines the amount of money payable as tax.

2.1.4 Filing A Declaration – Entering detail options

On the View Filed Declaration page, Click on the File Now hyperlink which brings the user to the first step, Enter Line Details step Enter all amounts, All starred fields are mandatory, Click on the Continue to Step 2 button and Click on Save if the declaration is to be continued some other time.

2.1.5. Upload Supporting Document the entire data

On the second step, the Supporting Documents are to be completed: - Click on Upload CSV to upload the entire data in CSV format from the computer. If we have a detailed information sheet prepared in Xls format, we can change it to CSV format first and we can upload it to the e-filing system. Even after uploading we can edit the lines by using the select button and also add an individual line on the detail sheet and then check that all amounts are well entered.

2.1.6. Filing A Declaration – Confirm Declaration

Finally, Click on Submit if all is confirmed, the user is brought to the last step, End Declaration Process.

2.1.7. Payment of Tax

When the amount of money to be paid as tax is ascertained, the taxpayer either goes to the designated revenue authority to pay manually or pays electronically by transferring the amount due from his account to the designated bank account.

Having been notified of the tax payer's payment of tax by the designated collecting bank, the tax authority generates and issues an electronic invoice to the taxpayer, as evidence of tax payment.

2.2. Theoretical Literature review

2.2.1. Theory of taxation

Taxation plays a vital role in the process of development for any country. According to Sreekantaradhya (2000), taxation is an instrument for resource mobilization, allocation, distribution and stabilization. Taxation also helps make a government accountable to its citizens. When governments spend taxpayers' money, they are more accountable to make budget decisions transparent and accessible (Bank, 2013).

(Smith & Seminar, 1903) The father of modern political economy has laid down four principles or cannons of taxation in his famous book "Wealth of Nations". These principles are still considered to be the starting point of sound public finance. Adam Smith's celebrated cannons of taxation are: Cannon of equality or ability, Cannon of certainty, Cannon of economy and Cannon of convenience means that the tax should be levied at the time and the manner which is most convenient for the contributor to pay it.

(1) Canon of equality or ability: Canon of equality or ability is considered to be a very important canon of taxation. By equality we do not mean that people should pay equal amount by way of taxes to the government. By equality is meant equality of sacrifice that is people should pay taxes in proportion to their incomes. This principle points to progressive taxation. It states that the rate or percentage of taxation should increase with the increase in income and decrease with the decrease in income. In the words of Adam Smith:

"The subject of every state ought to contribute towards the support of the government as early as possible in proportion to their respective abilities that is in proportion to the revenue which they respectively enjoy under the protection of the State".

(2) Canon of certainty: The Canon of certainty implies that there should be certainty with regard to the amount which taxpayer is called upon to pay during the financial year. If the taxpayer is definite and certain about the amount of the tax and its time of payment, he can adjust his income to his expenditure.

The state also benefits from this principle, because it will be able to know roughly in advance the total amount which it is going to obtain and the time when it will be at its disposal. If there is an element of arbitrariness in a tax, it will then encourage misuse of power and corruption Adam Smith in this connection remarks:

"The tax which each individual is bound to pay ought to be certain and not arbitrary. The time of payment, the manner of payment, the quantity to be paid all ought to be clear and plain to the contributor and to every other person".

(3) Canon of convenience: By this canon, Adam Smith the tax should be levied at the time and the manner which is most convenient for the contributor to pay it. For instance, if the tax on agricultural land is collected in instalments after the crop is harvested, it will be very convenient for the agriculturists to pay it. Similarly, property tax, house tax, income tax, etc., should be realized at a time when the taxpayer is expected to receive income. The manner of payment of tax should also be convenient. If the tax is payable by cheques, the contributor will be saved from much inconvenience. In the Words of Adam Smith:

"Every tax ought to be levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay it".

(4) Canon of Economy: The canon of economy implies that the expenses of collection of taxes should not be excessive. They should be kept as little as possible, consistent with administration efficiency. If the government appoints highly salaried staff and absorbs major portion of the yield, the tax will be considered uneconomical. Tax will also be regarded as uneconomical if it checks the growth of capital or causes it to immigrate to other countries, in the words of Adam Smith:

"Every tax is to be so contrived as both to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state".

According to Mwansa, (2013) taxes help in reducing the gap between the rich and the poor (Inequality). Taxes also play a critical role in encouraging economic growth (Economic growth-reducing poverty). Furthermore, (Todaro, 2009) noted that tax revenue is currently the only reliable and sustainable source of government revenue unlike other sources such as debt, aid and remittances, which are not reliable as they are unpredictable and can thus be unsustainable Sources of revenue.

2.3. Empirical Evidence

2.3.1. Benefits of using Electronic Tax Filing system

Several benefits of electronic filing systems have been discussed in the literature. Peterson, (2014) sees e-filing as one of the best paperless systems that enhances the company balance sheet. Due to it being paperless, he finds it a more secure system that helps protect clients and firms' and their bottom line.

According to the (ERCA, 2016) LTO E-tax filing experience presentation, the benefits of using e-filing for taxpayers Check his account balance online, the taxpayer's information is secured and confidential/Unique username and password/ Save Cost and time Build trust ship b/n Ministry of revenues and taxpayers declaration confirmation is Immediate.

Benefits of E-tax Filing for Ministry of Revenues increase efficiency and effectiveness, increase transparency and accountability, increase tax compliance and revenue collection, Enhance data quality/Avoid errors/ minimize tax administration cost.

Joanna (2014) in her study on implementing electronic tax filing and payment in Malaysia, stated that the E-tax filing system increase the quality and quantity of information available to tax officers, enabling them to complete transactions faster and more accurately. Returns filed electronically have much lower error rates than paper returns and substantially cut the need to impose penalties and other punitive measures to foster compliance. The more efficient handling provided by electronic returns allows tax officers to issue assessments and refunds more quickly, and taxpayers know right away if their returns have been accepted by the tax authorities. E-tax filing lowers the cost of handling returns—allowing administrative resources to be reallocated to other tasks such as auditing, customer services, and tracking non-compliance.

OECD (2003) Based on the study conducted that by using electronic filing system governments expect to achieve such gains as online data collection to reduce data entry costs and automate error checking, reduce the communication costs with citizens, enhanced uniformity in the treatment of the applications, greater re-use of data, reduce government publication and distribution costs through online publication.

(Meenal, Gjimt, & Mohali, 2012). Studies have concluded that electronic filing offers the potential to greatly enhance tax services. Tax software often provides automatic error checking, expert tax advice, and other services that can catch errors, cutting down on the chances of an audit

Kumar & Anees (2014) discussed about the benefits of Electronic filing of tax to the authorities, policy makers, present and prospective tax payers, e- filing intermediaries, financial software engineers and academicians. The paper focused on the benefits derived by the different sections of the society due to e- filing of income tax returns.

McCarten (2014) emphasized that for large taxpayers in order to accomplish its intended goal(purpose), countries should work towards, among other strategic interventions, reducing the potential for corruption by automating and restructuring control systems and simplifying and reducing paper handling through the appropriate use of electronic filing.

Ragupathi et al., (2015) studied the overall experience and awareness level of tax payers towards e- filing. Descriptive research method had been used in the present study to analyze the data.

Wang, Yi-Shun (2003). “The Adoption of Electronic Tax Filing Systems: An Empirical Study”. He explained that the benefits, treads and highlights (ITRs) of E-filing among the residents of the country. E-filing Income tax return using internet is a gift to a tax payers. Using the Technology Acceptance Model (TAM) as a theoretical framework, this study introduces ‘perceived credibility’ as a new factor that reflects use of E-tax filing system.

The overall effects of e-filing are generally stronger in countries with higher levels of development and remain qualitatively the same if we also control for measures reflecting the ease of doing business in a country. In a survey of judges done by the National Judicial College, results have shown that over two-thirds of respondents identified the following benefits to electronic filing reduction in the volume of paper (78%), better access to information (68%) and improved efficiency of clerks (68%). Thus we can realize the above benefits from the implementation of an electronic filing system.

2.3.2. Challenges of using Electronic Tax Filing system

Based on the literature review, the following section describes some of the common challenges to the implementation and ongoing uses of any e-filing system.

Studies have been discussed in literature about the Challenge of the electronic filing system. According to the World Bank Doing Business, (2014) Sub-Saharan economies face particularly difficult challenges with implementing electronic systems for filing and paying taxes. These economies are also characterized as part of the world where citizens face limited broadband access, power shortages, slow network speeds, and system failures.

Dwilson (2014) on his study on the disadvantages of electronic filing says another challenge with e-tax filing is its inability to provide automated online assistance to a taxpayer with a complex income structure. Therefore for such taxpayers trying to get help on a complicated tax question from a website help-desk may not be nearly as useful as getting help from an in-person tax professional.

Studies by Sweeny, Yilmaz & Coolidge (2014) stated some costs of tax e-filing. For taxpayers, additional capital may be needed to invest for e-filing in order to put the system in place. This may entail purchasing of hardware and connectivity to internet. If the costs are high, it is likely that they affect e-filing adoption in the short-run; in the long run the accumulated benefits outweigh these costs.

Tan & Foo (2012) on their study risk perception could significantly influence the taxpayer's or users' intention to use it. The most widely known risk that everyone refers to is the lack of internet security. Another risk (Tan & Foo,2012) talks about the possibility that confidential personal information could be intercepted and stolen by fraudsters during transmission. Therefore, in this case, taxpayers demanded an assurance for the security of their systems, especially on the internet.

There's resistance to the use of e-filing (Ling, 2008) confirms this by saying that many studies around the world have shown the taxpayer's resistance to the use of the e-filing system, hence it is a big challenge to the authorities.

According to the ERCA,(2016) LTO E-tax Filing experience Presentation e-filing is not error-free and some problems can arise from using this method of filing taxes. Some challenges for using e-filing are identity theft, internet cost, computer, and internet interruption at the time of the due date and filing but not paying.

Tamami (2006) on his thesis done in Washington, D.C. titled "An analysis of the effect of electronic filing on individual income tax compliance" stated that since there is no perfect system anywhere, there should be a helpline and other forms of real-time support for taxpayers who may encounter problems in using the system. Also, there should be a detailed help manual on how to complete tax forms.

Furthermore, Palmer (2002) electronic tax filing systems can be evaluated in terms of usability, design and performance including download delay, navigability, site content, interactivity, responsiveness, user satisfaction, the likelihood of return to the website and frequency of use When it come to the decision whether to use or not to use e-filing, many factors play a role, such as taxpayer knowledge, attitude, experience, environment, etc. Coolidge and Yılmaz (2014) agree that taxpayers with certain characteristics are more likely to use e-filing. In the main they argue that large businesses, located in urban areas, operating in capital-intensive sectors, and paying multiple taxes [e.g. income tax, value-added tax (VAT), payroll taxes and excise taxes] are most likely to use e-filing. Therefore, in a similar fashion the taxpayers in the high income bracket, with a complex income structure are also most likely to e-file. In addition the availability of reliable Internet access and electricity,

capability in computer usage, awareness of e-filing and knowledge about the process is important for taxpayers' e-filing decisions.

Mohammad & Mukeesha (2017) on their study reveals that some users are less satisfied with the e-filing facilities but most of the individual taxpayers are not aware of the e-filing and e-payment procedures so sufficient steps are required to create more awareness in the minds of taxpayers regarding e-filing of income tax.

According to Rajeswari & Susai (2014) concluded that the foremost problem faced by many tax Payers is Network problems during peak hours and the second one is Computer illiterate and so to be subject to on others. Other important problems faced by the respondents are Delay in execution, Lack of experience and knowledge to e-file, not trusting e-filing, not having a clear idea of using e-Filing, The last one is difficult to remember the Reg. No/ Password.

(De Castro, et al., and 2015). Investigated Perceived benefits on using the Electronic Filing and Payment System (EFPS) and the respondent's intention to use the system are usually affected by their perceived risks and problems.

2.3.3. Facilitating Conditions

Facilitating conditions is a level of one's comfort to utilize certain systems supported by some infrastructures. The infrastructures should cover organizational technics and infrastructure (Al-Qeisi, Denis, Hegazy, & Abbad, 2015).

Facilitating conditions (taken from the Unified theory of acceptance and use of technology (UTAUT)) are comprised of three root constructs: perceived behavioral control, facilitating conditions, and compatibility. Each of these root constructs is operationalized to include aspects of the technological and/or organizational environment that are meant to remove

barriers to use the ‘facilitating condition’ construct was added as a direct determinant of behavioral intention and usage (Venkatesh et al., 2003).

Similarly, Taylor & Todd (1995) said facilitating conditions are defined as “the support that individuals believe an organization or a technological infrastructure can provide or the usage of a new system” an individual’s perceived facilitating resources, including time and money, will influence his/her perception of control over the application of information technologies.

Facilitating Conditions can be related to the ‘traceability’ construct of the Diffusion of Innovation (DOI) theory, as the availability of the technological innovation will support its usage (Taylor and Todd, 1995).

Jankeepsad, and Nienaber (2016) in their study, acceptance of electronic method of filing returns by South African tax payers: An exploratory study utilized the decomposed theory of planned behavior with factors adjusted specifically for South Africa as a developing country to identify the possible determinants of user acceptance of the e-Filing system among taxpayers. The study was an exploratory study and was conducted by means of a questionnaire survey. For taxpayers using the manual method, lack of facilitating conditions such as access to computer and internet resources was the most significant barrier to e-Filing usage, while taxpayers using the electronic method reported perceived usefulness as the primary determinant in their decision to use e-Filing.

Mamta (2012) explained that the felt it easy to use e- filing system. To investigate whether the tax had encountered any problems/ (or facilities) in using the e- filing system. To analyze the situation, 300 respondents and their result were recorded. It can be concluded that majority of the tax payers have own enough facility to use e- Filing system at home or at the workplace and ease of use is the most important reason to file returns online.

2.3.4. Continued usage intention online tax filing

The matter of continued usage of e-government service, literature has extensively worked on continued usage intention as applicable to different fields. The intention of a citizen to keep on using e-government services is akin to the intention of the user to repurchase or revisit.

In light of the empirically supported impact of continued usage upon IT success, determining the main factors affecting the post-adoption behavior of the user (continue or discontinue IT usage) becomes significant and critical (Hong et. al., 2006).

Technology acceptance model (TAM) is considered as one of the most influential and commonly employed theories for explaining an individual's acceptance of information systems (Lee et al., 2003) because it suggests a small number of factors – perceived usefulness and perceived ease of use – which jointly account for usage.

(Amitabh et al, 2009). The antecedents of paperless income tax filing by young professionals in India the objective of this study was to study how young Indian professionals will adopt or behave towards paperless or online filing of tax returns with the aim of enhancing compliance. The regression analysis carried out found that the antecedents of young Indian professionals depended on the perceived ease of the tax system, personal innovativeness in information technology, relative advantage, performance of filing service, and compatibility. The implication of the findings to the current study is that for any online system to succeed whether for small, medium or large taxpayers' category there must be the ease of use, innovativeness and accessibility.

All of the quality elements significantly affect perceived usefulness, with system quality having the highest influence. It indicates that every feature embedded in the system will give additional value for the user in facilitating their tax filing, but the thing that the user perceives more is the accessibility and easiness of the system. User satisfaction is also more likely to be

determined by the robustness of the system rather than by the service provided by the e-filing system itself. The user may be satisfied as long as the transaction is completed successfully (Teo et al., 2008).

According to Maharani,h.,Subrota,B.,& Ghofar,A., (2017) concluded that the taxpayer behavior in utilizing e-filing tax system is decided by the e-filing utilization intention. The higher the desire of the taxpayer to use the e-filing tax system, the higher the possibility of the taxpayers to use the e-filing tax system. The e-filing utilization intention is influenced by the ease of use, attitude, and subjective norm. The study shows that the e-filing utilization intention is also determined by the behavioral control through the intention. Enthusiasm plays a role as a full mediation variable in the relationship between behavioral control and the e-filing utilization behavior.

2.4. E-filing Experience of Some East African Countries

2.4.1. I Tax in Kenya

According to I Tax case study (2012) Kenya Revenue Authority has introduced an e-filing system known as I Tax. I Tax system is a computing and accounting system for state revenues (levies, taxes) which stores all relevant (credit and debit) data in individual accounts in a database, and thus helps monitor and control all tax transactions. Technically, I Tax is a completely integrated modular system for taxation with an open-source database, which can handle all types of taxes. I Tax support the Kenya Revenue Authority in registration, assessment, collection, accounting, debt management, auditing, and tax monitoring, and reporting.

The Kenya Revenue Authority's I Tax system has provided effective service to its clients. The system provides an integrated view of a taxpayer, making it easier for taxpayers to access various tax administration services from anywhere, update their registration details, file

returns, pay their taxes through mobile payment services (such as M-Pesa, Airtel Money and others), enquire about tax status, apply for a Tax Compliance Certificate and lodge refund claims online in real-time, just to name a few (Daily Nation, 2015).

KRA (2012) Cited in Cheruiyot, 2015 Kenya Revenue Authority has been offering efficient services since the introduction of I Tax system. The authority has embarked on major issues such as confidentiality by ensuring secrecy of every taxpayer's affairs and the use of tax information only as allowed by the law. Given these sorts of considerations, revenue bodies ideally require a systematic approach or strategy for arriving at an optimal mix of channels for service delivery, one that achieves high standards of effectiveness while at the same time also meets efficiency objectives, both from the viewpoint of the revenue body and taxpayers at large. The I Tax online system is used to facilitate payment of all income taxes, VAT and excise duty. Additionally, monthly and annual self-assessment returns for these taxes are filed on the I Tax online system. Once the payment is made and tax returns filed, the company's I Tax ledger is updated automatically to reflect the company's tax position. The I Tax online system also allows for online Personal Identification Number (PIN) registration, amendment of PIN details, applications for waiver of penalties and interest, assessment dispute resolution, application for tax compliance certificates and applications for tax refunds. The system also facilitates e-communication with the KRA.

Service delivery has been facilitated through providing taxpayers and their authorized agents with clear precise and timely information, ensuring the courtesy and considerate treatment are extended unconditionally to all taxpayers, responding expeditiously to every taxpayer's inquiry, complaint or request, explaining the grounds for and derivation of every tax assessment, providing proper technical advice to the taxpayer on requests about tax implications, assisting new taxpayers to register, educating the taxpayers and the general community about tax obligations and rights (Naomi & Joel, 2011).

Hira (2016) notes that the most positive aspect was the introduction of the I Tax online system the I Tax system has been experiencing Teething problems, he believes it was a good move as it would revolutionize how tax affairs would be conducted. The I Tax online system was initially introduced in phases. After successful piloting, it was made a mandatory requirement for the filing of tax returns online from 1 August 2015. In essence, this meant that all taxpayers including SMEs were required to use I Tax only and abandon the manual process.

2.4.2. E- Tax in Uganda

In Uganda, the Revenue Authority (URA) has boosted its tax collections by running an integrated tax administration system called e-Tax. The system, called e-Tax allows for electronic mode of registrations, filings, and payments related to tax delivery and collections. The online option was started to shorten the process of tax payment by avoiding queuing up of taxpayers, and to reduce costs such as travel while filing tax returns. Presently, about 80 percent of Uganda's domestic tax collections are made electronically (Johanna, 2003).

According to Johanna (2003), the e-tax system offers benefits both to the service provider (URA) and the consumers like the filing of tax returns in minutes compared to the old manual one that took up to two days, Much as many users appreciate the electronic systems of Uganda Revenue Authority (URA), the e-tax system remains faced with problems of the online returns filing system e-tax system is prone to system failure and has little backup support for customers, Low Information Technology Penetration in Uganda, Insufficient taxpayer sensitization for the online taxation system, the system is in some cases too slow and time-wasting when faced with many transactions Little user support especially during the busy dates of return filing, Lack of user training on its use and Negative attitude towards the e-tax system especially by the small business operators that think it is meant for big companies.

These factors have contributed to the slow use of e-tax systems leaving taxpayers stuck to submitting tax details manually. Taxpayers also cite issues of the system is complicated, difficult to use, lack of feedback, high Internet costs coupled with an Internet dial-up system that slows communication with URA. Taxpayers also cite the insistence by URA for customers to provide manually printed back up returns as a disincentive for the usage of the online e-tax system (Elizabit & Gilbert, 2012).

In Uganda, Akello (2014) reported that there are challenges such as intermittent power supply and Internet outages but says the tax body has made contingency plans to ensure that the system is operational 24/7. First, the e-Tax is hosted on a central server at their Kampala headquarters, which means that it's not affected by power or network outages even when power or the Internet is off in some parts of the country. Until the gap between what is offered and what is used is bridged, the maximum potential of the services offered cannot be realized. The unrealized potential of e-tax is partly because governments have focused more on the supply side (government-related issues) and disregarded the demand or consumers' perspective.

2.4.3. E- Tax in Rwanda

E-filing and e-taxation payment was introduced by Rwanda Revenue Authority (RRA) in 2012 with functioning e-filing system in place such as Mobile declaration, Electronic Single for domestic taxpayers Window (ESW) and Authorized Economic Operator (AEO) for importers and exporters (Gupta, 2012) in order to improve on tax collection and meet the targeted budget accordingly, and this was done to enable the taxpayers to deal with RRA electronically anywhere and anytime as well as to enhance tax administration to collect tax revenue in short term and as a measure to improve on tax compliance and efficiency. It offers an option to the clients to file taxes like VAT, PAYE, Excise duty and withholding taxes

electronically on RRA's website without having to visit an RRA premise especially if there is tax education, compliancy aspect is guaranteed.

All the reforms in Rwanda's tax base system were aimed at improving tax collections, administrations, and above all tax compliance. In a bid to improve tax compliance, RRA decided to opt for an electronic tax management system which includes e-payment, e-filing, and electronic tax education in order to improve on tax collection in the country (Emmanuel & Jaya, 2016).

2.4.4. I- Tax in Tanzania

In 2012, the Tanzania Revenue Authority introduced the electronic filing of VAT for large businesses reducing the administrative burden and cost to the business of filing VAT returns. According to a detailed user guide published by the TRA, traders with a Tax Identification Number (TIN) could register for e-filing of taxes, submit their returns online, and receive an acknowledgment of tax submission. This process was a major improvement on earlier VAT filing processes. For the government, it reduced the long queues, filing, and reconciliation challenges, increasing customer convenience and hence compliance. For the users – who would typically spend at least one to two days waiting in line to file tax returns, the opportunity to electronically file taxes has helped them save time and costs, and prevent loss of business (Pillai, 2016).

According to Pillai (2016), I Tax stands for the integrated tax administration system in general, whereas I Tax refers to I Tax used for national tax authorities (i.e. in Tanzania). Using I Tax results in reduced bureaucracy and accounting efforts. It greatly simplifies and facilitates data processing. Data security is much higher and tax data is more reliable. This, in turn, helps to improve acceptance by taxpayers. The establishment of a “one-stop-shop”(all

tax affairs under one roof) for taxpayers will again greatly enhance these benefits. The population's regard for and trust in involved tax institutions will improve.

"I Tax contribute to improved taxation by speeding up administrative processes, timely monitoring of taxpayers and their penalties and its interests, and increase of revenue and income. Through I Tax, there's a promotion of equity, communication with taxpayers, preventive impact on corruption and bribery, and impediment on tax avoidance and tax evasion". So, I Tax contributes to fair, effective and efficient taxation and an increase in revenue, basically the TRA mission statement. Ms. Christine Shekidele, on behalf of the Commissioner-General, TRA Dar es Salaam, Tanzania (First international conference on Local Tax Administration, October 2007).

2.4.5. E-filing in Ethiopia

Historically in Ethiopia, the tax returns were filed manually and hand-delivered to the nearest office. Taxpayers are required to file returns within specified months of the end of their tax accounting year. The return should be filed in quadruplicate and should contain all the particulars of the taxpayer. All documents respecting taxation should be presented to the tax authority office where the taxpayer has their file.

Upon receiving a taxpayer's return, the tax authority officers examine the accuracy of the return by determining whether the return is properly completed, whether tax has been properly computed, and then the officer allocates an assessment number to the return and issues the taxpayer with a bank payment advice form, stating the tax payable.

According to Fortune (2013), ERCA's highly manual tax system has spent a significant amount of its payroll budget on handling paper returns and transcribing data to machine-readable form.

Fortune (2015) e-tax filing was introduced, which ERCA has been implementing for both large and medium taxpayers, was installed in 2009 by CRC Sogema, a consulting firm based in Canada, with 90,000 dollars financial support from the Investment Climate Facilitation for Africa (ICF).

E-file is under the e-tax project of Ministry of revenues, which seeks to automate all tax filing in the country by allowing taxpayers to declare their taxes remotely through www.erca.gov.et. The large taxpayer uses the electronic tax filing system, the tax declarations page to manage all his tax declarations service. A status mechanism allows him to view the progress of his filing. The possible tax types included in the electronic tax filing system service are Schedule C: Normal (Business Income Tax), Schedule D: Gain on Share, Schedule D: Dividends, Value Added Tax (VAT), Withholding Tax on Payment and (WoP) and cost-sharing declaration.

Gebi Lelemat #47 asserted the confidentiality of the system. ERCA employees are prohibited from divulging any taxpayer's information to third parties therefore with electronic filing the taxpayer is empowered to take control of the security of his or her information or data, by securing their login details (login name & password). The confidentiality of taxpayer data is thereby guaranteed within the system of tax administration and ERCA also enforces strict disclosure rules for all taxpayer data for data flowing outside the Tax Authority.

There are different studies have been done on the subject of technology with specific reference to tax filing.

Samuel, (2015) did a study on how well e- Government is recognized and comprehensively rolled out as a strategic tool to solve such drawbacks on existing tax administration systems at ERCA LTO. ERCA has been investing to reform its tax administration system. However, the changes made are not harmonized with the national e- Government plan, focusing only to reach around 1,000 large tax payers (than its potential capacity to expand the tax base), not

striving towards bringing holistic e- Government, and is mostly piecemeal. The overall level of satisfaction of large taxpayers on ERCA's website as a primary source of one- stop-shopping portal is also found to be only 52%. In terms of the stage of e- Government, ERCA is found at its emerging stage where most of its e-Services are informational (static) than transactional. Benchmarking of its e- Services with selected Sub- Saharan African countries has also revealed that a lot has to be done for ERCA to evolve its e-Service to a stage where all its services are integrated in seamless manner; fiscal transparency is enhanced; knowledge management (for example to control tax evasion) is optimized; and e-Payment augments e-Filing. To address these findings, the study recommends a more robust transformational change, than mere automating of existing process, towards the higher stages of e-Government directed by a comprehensive e- Government strategic plan.

Ruta, (2017) on her study paper titled assessing E- tax filing system in selected branch offices of Ethiopian Revenues and customs Authority (ERCA). To achieve this objective, a review of relevant literature was done and primary data were gathered using a Likert scale questionnaire format. Data analysis was carried out using descriptive analysis. Findings revealed challenges like taxpayer's attitude, taxpayers fault and governmental problems and benefits which include data handling, accuracy, job performance and tax compliance. In addition, the study found out that E- tax filing system and tax compliance has a positive relationship. The study recommended the organization manage power interruption by using other option like generator and backup so that online user won't miss their data while using e-tax, regarding information security and privacy be constructed.

2.5. Research Gap

Most studies discussed in the literature about the existing challenges and benefits of an electronic tax system conducted outside of Ethiopia. There are different studies have been done on the subject of technology with specific reference to tax filing.

A study on the factors that influence the adoption and use of e-tax filing system among Large Taxpayers in Kenya. Naujilj (2016) has done a related study on electronic taxation in Nigeria with the title The Gains and Challenges of e-taxation.

Perceived effects of an electronic filing system on tax compliance in a district municipality, South Africa (Mong waketse, 2015) and (Muita ,2010) The study examined the skills required by the users of e-tax filing, the technology required and the tax authority's preparedness in enhancing the adoption of e-tax filing.

However when we come to Ethiopia only a few studies were conducted and it focused on Practice, Challenges, and Prospects of e-Government in the case of ERCA by Samuel (2015). The other studies made by Ruta (2017) also focus on the Assessment of Electronic Tax Filing System in Selected Branch Offices of Ethiopian Revenues and Customs Authority that focused on the tax authority side. Dagnachew (2018) Challenge and Opportunities of adopting E-tax system in the case of ERCA LTO. Therefore it is found important studying on taxpayers Experience on e-filing system the benefits and challenge as it will help for the general improvement of e-filing system, accordingly this study will critically examine the challenges and benefits of e-filing regards to user perspective for the Ethiopia Ministry of Revenues LTO taxpayers.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter involves the research design and method employed. In this part, the research approach and design, method of data collection, population and sampling design, method of data analysis and reliability and validity instruments are presented.

3.1. Research Approach and Design

Nachmias & Nachmias (1996) assert that research design refers to the master plan that will be used in the study in order to answer the research questions. The study, therefore, adopt exploratory research design used and survey method is employed with self-administered questionnaires as the survey instrument is considered appropriate for this study identify various benefits and challenges of e-filing and to assess the main motivating aptitude continued usage intention of an online tax filing system. As can be seen from the research problem in chapter one it is more of a exploratory type and the reason for choosing such type is due to the nature of the topic selected.

3.2. Method of Data Collection

Leedy & Ormond (2005) state that survey research involves acquiring information about one or more group of people perhaps about their characteristics, opinions, attitudes, or previous experiences by asking them questions and tabulating their answers.

The survey method is conducted using a structured questionnaire for the Ministry of Revenues Lto Branch office taxpayers. Review of records and various documents of published and unpublished were used through Journals, Books and Reports etc. The questionnaire is prepared using English language. The first part of the questionnaires was designed to collect participants' profile (background information), whereas, the proceeding part of the questionnaire was focused on E-filing related issues that address the research questions.

3.3. Population and Sampling Design

3.3.1. Target Population

In Ethiopia, the federal income tax proclamation classifies taxpayers into either Category A, B or C taxpayers. Category A is comprised of organizations or individuals with gross annual income of ETB1 million or more. Category B covers those taxpayers with gross annual incomes between ETB500, 000 and ETB1 million and Category C includes taxpayers with annual income less than ETB500, 000. At the federal level, MOR further segments Category A into large taxpayers with annual turnover over ETB35 million and medium taxpayers with annual turnover less than ETB35 million. According to year 2011 E.C the tax authority report's, the number of individual large taxpayers registered in the authority office is about 1, 160 taxpayers. Hence, the target population or universe of the study was 1160 registered categories "A" large taxpayers of the revenue office as of the data from tax office which deal with electronic tax filing.

3.3.2. Sampling Method

This study was conducted with a convenience sampling Method. The Ethiopian Ministry of Revenue LTO branch is the major branch to implement any new projects. Tax payers selected based on almost all large taxpayers file their tax online since its implementation . To help ensure validity Huber & Power (1985) (cited in Grover et al., 1995) suggested selecting informants who are most knowledgeable about the issue of interest researched. Thus, to gather data on the perceived experience of the respondent, the study's population unit comprised individuals who were directly involved in using the e-filing system. The selection of sample was performed through one of the models of nonprobability sampling, namely convenience sampling functions to ease the process of sampling collecting which is fit to the requirement of a sampled. Questioner were distributed tax e-filer user who come for payment at MOR Large Tax payers Office .

3.3.3. Sample Size Determination

This study used (Rose & Canhoto, 2014) equation formula to calculate the sample size based on the sample required estimating a proportion with an approximate 95% confidence level and with an 8% level of precision. The total population of the study was covered 1160 large taxpayers from this were taken, 138 large taxpayers.

Assumptions:

A 95% confidence level, and $e = \pm 8\%$

$$n = \frac{N}{1 + N(e)^2}$$

Where:-

n = the sample size

N = the population size

e = the level of precision (sampling error)

$$\begin{aligned} &= \frac{1160}{1 + 1160(0.08)^2} \\ &= 138 \end{aligned}$$

The 138 sample tax payers and their proportions:

3.4. Method of Data Analysis

Data were analysed using descriptive and inferential. Frequencies and percentage distribution were used to analyse data. In the present research work percentage and frequency distribution is a display of observation that exist for each data points. It is a particularly useful method of expressing the related frequency of survey response and other data. These are a form of rating scale that is commonly used to ask people about their opinions and attitudes.

A study of taxpayer's opinion & attitude about the benefit and challenge of e-filing tax practices measurement:

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Table 1 :- Measurement Scale

Measurement Scale

The questions asked in the questionnaire are related to e-tax filing. A sample of the questionnaire is found in Appendix Part I, of the questionnaire measures the taxpayers 'Demographic Profile were measured by gender, age, education and job title, and filing experience. Part II, constructs, Benefit of tax e-filing Part III, Practical Challenge on using e-filing and Part IV, Facilitating Condition V, regarding continued usage intention online tax filing Lastly, section VI, Overall experience of e-tax filing.

3.5. Measurement of Reliability and Validity

3.5.1. Reliability

As shown in the table below (see table 2), each item (questions) under the study shows good and acceptable reliability. Therefore, the result indicated that the questionnaire of the study was internally consistent .

(Adam & Mark, 2016). Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer the coefficient is to 1.0, the greater is the internal consistency of the items (variables) in the scale. Moreover, the widely acceptable cut – off the level of Alpha value in most social science research is 0.7 (Hulland, 1999). The scales with the coefficient alpha above 0.90 are considered to have excellent reliability (George & Mallery, 2003).

Table 2:- Cronbach's Alpha Results.

Items	Cronbach's Alpha	N of Items
Benefits on e-tax filing Practice	0.716	8
Practical Challenges on e-filing	0.755	11
Facilitating Condition	0.758	4
Continued Usage intension online tax filing	0.826	15
Overall experience of e-tax filing	0.888	3

Source: Primary Data, 2019

3.5.2. Validity

The validity, on the other hand, is a general term denoting “correctness of measure” (Yaremko, 1982). To be a valid instrument the survey questions must measure the identified dimension or construct of interest (Zaja & Blair, 2005). Factor analysis is a statistical technique used to assess construct validity. Moreover, the validity of the questionnaire was tested before distribution to respondents; at the time of analysis the component analysis test was conducted to determine the validity of each of the questions/statements used to arrive at the finding of the study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter deals with the presentation, analysis, and interpretation of data gathered from taxpayers. Data was collected and analyzed in order to assess the benefit and user challenges of the e-tax filing system of Ethiopian Ministry of Revenues Large taxpayers. In this study, 138 questionnaires were distributed to the respondents and only 113 questionnaires were returned. That means the response rate was 83% which is assumed to be suitable for further analysis. The study relied on primary data.

4.1. General Information of the Respondents

This section gives information about the respondents regarding their gender, age category, level of education, their working position and experience with the e-tax filing.

4.1.1. Gender of the Respondents

The following tables reveal the total gender characteristics of the respondents:-

Table 3:- Gender of the Respondents

	Frequency	Valid Percent (%)
Male	64	56.64
Female	49	43.36
Total	113	100

Source: Primary Data, 2019

As shown above, 64(56.64%) of the respondents were male while 49(43.36%) of the respondents are female. Thus, a large percentage of men were involved in filling the questionnaires as compared to women Therefore, males were dominant large taxpayers, compared with females of the total respondents.

4.1.2. Respondent's Age Category

The following tables reveal the total Age characteristics of the respondents;

Table 4:- Respondent's Age Category

Age Category	Frequency	Valid Percent (%)
25-30	21	18.58
31-35	40	35.40
36-40	16	14.16
41-45	17	15.04
Above 45	19	16.81
Total	113	100

Source: Primary Data, 2019

From the table above, a large proportion of the respondents 40 (35.40%) are of the age category 31-35 years. This is followed by 21 (18.58 %) of the respondents who indicated that they are of age category 25-30 and above 45 years while 19 (16.81%) and 17 (15.04%) of the respondents are of age category 41-45 years respectively. A small proportion of the respondents 16 (14.16 %) indicated that they are of age category 36-40 years respectively.

This implies that there was fair representation of the population as almost all classes were represented and the data provided reflected the views of the entire population and the majority of the respondents are matured which means they gave a matured view.

4.1.3. Respondent's Level of Education

The table below indicates the status of respondents level of education

Table 5:- Respondent's Level of Education

Educational Level	Frequency	Valid Percent (%)
College Diploma	28	24.78
University Bachelor Degree	65	57.52
Master's Degree or above	20	17.70
Total	113	100

Source: Primary Data, 2019

From the table above, most of the respondents 65 (57.52%) are university bachelor degree holders while 28 (24.78%) of the respondents have a college diploma. 20 (17.70%) respondents have attained a master's degree level respectively.

The study indicate that the majority of the respondent are graduate degree holders this implies that the respondents are educated meaning they could read, understand and interpret questionnaires reliably. It reveals the fact that the e-filers have basic IT and related knowledge that is important in helping to use the filing system.

4.1.4. Respondent's Current Working Position

The current working position of respondents summarized below:-

Table 6:- Respondent's Working Position

Working Position	Frequency	Valid Percent (%)
Accountant or office assistant	22	19.47
Finance Manager	26	23.01
Senior accountant	65	57.52
Total	113	100

Source: Primary Data, 2019

From the table above we can see majority of the respondents 65 (57.52%) stated that they had worked on the position of senior accountant , 26 (23.01%) worked as Finance Manager and the remaining 22 (19.47%) worked as Accountant or office assistant .

The study indicate that most of e-filer is senior accountant thus expected to have more knowledge on a matters tax system that will guarantee the success of the e-tax system.

4.1.5. Experience with the e-tax filing

Table 7:- Respondent's experience with the e-tax filing

Experience with the e-tax filing	Frequency	Valid Percent (%)
0-18 months	15	13.27
>18 – 36 months	18	15.93
>36 months	80	70.80
Total	113	100

Source: Primary Data, 2019

As indicated in the above table 7 the e-tax filing experience of respondents with range >36 month were 80 (70.80%) followed by 18 (15.93%) respondents have experience range >18-36 months and the remaining 15 (13.27%) respondents belong to groups 0-18 months. This shows that most of the respondents have long experience of e-tax filing , which makes them appropriate for the study in order to most knowledgeable about the issue thus the data they provided is reliable.

4.2. E-tax filing Practice & the Benefits

The study asked the respondents to state the extent to which they agreed with the following statements regarding benefits of accessing e-tax filing. The responses were rated on a five-point Likert scale.

Table 8:- Tax Payer's response Benefits on e-tax filing practice

No	Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
		F	%	F	%	F	%	F	%	F	%			
1	E-filing helped to me correctly calculates the tax that I am due to pay	2	1.77	24	21.2	27	23.9	51	45.1	9	7.96	113	3.36	0.96
2	E-Filing helps to avoid the emotional stress especially coming from the long queue	-	-	11	9.73	19	16.8	68	60.2	15	13.3	113	3.77	0.8
3	Reduction in paper work	7	6.19	33	29.2	21	18.6	52	46	-	-	113	3.04	1.0
4	E-tax filing system makes data storage safer	-	-	7	6.19	21	18.6	74	65.5	11	9.73	113	3.79	0.7
5	E-Filing saves a lot of time and cost (transportation cost)	3	2.65	37	32.7	16	14.3	52	46	5	4.42	113	3.17	1.03
6	E-Filing helps for timely recording of tax liabilities throughout the month	-	-	14	12.4	4	3.54	79	69.9	16	14.2	113	3.86	0.81
7	E-Filing helps to get tax credits and tax refunds any time	-	-	49	43.4	10	8.85	54	47.8	-	-	113	3.04	0.96
8	After using E-tax filing penalty has decreased	-	-	24	21.2	38	33.6	51	45.1	-	-	113	3.24	0.78

Source: Primary Data, 2019

As table 8 indicates, Respondents were asked to assess either the e-filing system assist to correctly calculate the tax due or not, and (45.1%) agreed and (7.96%) strongly agree which results average mean 3.77 and standard deviation of 0.96. This shows that most of the respondent said e-filing makes help tax calculation. Thus, this outcome has encouraging taxpayers to continue file their tax returns using the e-Filing.

The next question raised about either e-tax filing system helps to avoid the emotional stress especially coming from the long queue or not and most of them 68 respondents (60.2%) and 15 (13.3%) response were agree and Strongly agree. Which made the mean value is 3.77 and Standard deviation 0.8 therefore, the result showed that the E-tax filing helping taxpayers in avoiding the emotional stress due to waiting the long queue.

Taxpayers were also asked e-tax filing system help to a reduction in paperwork question, as shown on the above table 8, the response result shown agreed (46%), disagree (29.2%) , neutral (18.6%) ,strongly disagree (6.19%) . Respondents are scattered, feel that the e-filing system wasn't a reduction in paperwork designed with the mean value 3.04 this clearly indicates between agree, disagree and neutral while the standard deviation 1.0 which means response are scattered.

The average mean and the standard deviation of the benefit e-tax filing have in making data storage saver is 3.79 and 0.7 respectively. The result implies that taxpayers be supported by the benefit e-tax filing save their data and left-over time on searching for it.

In addition, the respondents agree (46%) and (4.42%) strongly agree e-tax filing system able to faster since started using e-filing and also saves a lot of time and cost question. This is evidenced by the data collected from the respondents with an average mean of 3.17, moderate state and the standard deviation 1.0 respectively.

The other question was does e-filing helps for timely recording of tax liabilities throughout the month majority of the respondent (69.9%) agree and (14.2%) strongly agree on the point. Which made the mean value is 3.86 and Standard deviation 0.81. Based on the reply one can see that the e-filing could be more helpful to users to recorded tax liabilities throught the month. Respondents were asked e-filing helps to get tax credit and tax refund any time as shown in Table 8 above, the mean score is 3.04 and the standard deviation is 0.96, 48.8% agree, 43.4% disagree, on the other hand, a small proportion of the respondents 8.85% neutral which means the respondents, response are dispersed.

The last item of Benefit on e-tax filing practice is after using the e-tax filing penalty has decreased. In this regard, the response scord mean value of 3.24 and a standard deviation of 0.78, most respondents 51 (45.1%) agreed and 38 (33.6%) neutral, 24 (21.2%) disagree. Thus as per the result it can be said that fairly the penalty reduced after using e - filling system.

4.3. Practical Challenges On E-filing

The second section of the research instrument consisted of questions that investigate practical challenges on e-filing. The respondents were requested to provide information about their practical challenges on the e-filing system.

Table 9:- Practical Challenges on E-filing

No	Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
		F	%	F	%	F	%	F	%	F	%			
1	System not user friendly	19	16.8	58	51.3	15	13.3	21	18.6	-	-	113	2.34	0.97
2	No option for uploading attachments when filing online	7	6.19	68	60.2	13	11.5	25	22.1	-	-	113	2.5	0.91
3	Use of non-local language (English) Content in the e-filing System	10	8.85	83	73.5	6	5.31	14	12.4	-	-	113	2.21	0.77
4	Blocked Password	-	-	57	50.4	2	1.77	54	47.8	-	-	113	2.97	1.0
5	Allows for corrections of mistakes	2	1.77	26	23	5	4.42	75	66.4	5	4.42	113	3.49	0.96
6	Unreliable e-filing service (constant breakdown)	2	1.77	5	4.42	6	5.31	69	61.1	31	27.4	113	4.14	0.84
7	E-filing system not fully operational	-	-	10	8.85	8	7.08	84	74.3	11	9.73	113	3.85	0.71
8	The e-filing is very well supported with e-payment supplementary system	29	25.7	71	62.8	-	-	13	11.5	-	-	113	1.97	0.85
9	I do not have a step by step explanation to use e-Filing, therefore I feel nervous to use e-Filing	-	-	65	57.5	13	11.5	35	31	-	-	113	2.73	0.9
10	Difficult to remember password	11	9.73	49	43.4	15	13.3	38	33.6	-	-	113	2.71	1.0
11	Taxpayers still need to come to office even if they use e-filing	-	-	-	-	4	3.54	61	55	48	42.5	113	4.39	0.56

Source: Primary Data, 2019

As table 9 shows, the majority of the respondents disagreed with the e-filing System not user-friendly and no option for uploading attachments as challenges experienced while accessing e-tax filing as indicated by mean scores 2.34, 2.50 and Standard deviation were found 0.97,

0.91 respectively. This means that respondents not experiencing challenges using the system and uploading attachments it can change the negative outlooks of taxpayers about the system.

Large TaxPayers response shows that the use of non-local language (English) content in the e-filing system is challenging question average result in the Likert scale is found 2.21 and the standard deviation of 0.77 respectively. Therefore, the findings indicate that the majority of the respondents are of the opinion that English content in the e-filing not challenging.

Results further reveal that (50.4%) agree and (47.8%) of the respondents disagree. On the other hand, a small proportion of the respondents were neutral with blocked Password is a challenge in which the mean score and standard deviation were found 2.97 and 1.0 respectively. This shows that some degree of respondents is blocking password as challenges experienced while accessing e-tax filing.

The next item asked whether the e-tax filing is Allow for the correction of mistake while in use the e-filing question (66.4%) agree and (4.42%) strongly agree. With an average mean 3.49 and standard deviation 0.96, it can be said that e-tax can be not difficult correction of mistake.

As shown in Table 9, regarding unreliable e-filing service (constant breakdown) is challenging the majorities 69 (61.1%) agree followed by 31(27.4) strongly agree and also in regard to e-filing system not fully operational question the respons were 84(74.3%) agree 11(9.73%) strongly agree as indicated by mean score of 4.14 and 3.85 the standard deviation 0.84 and 0.71 respectively. This shows that it's a major challenge that respondents face accessing e-tax filing which decreases for the inefficient operation of the system.

The other issue raised as e-filing is very well supported with e-payment supplementary system Average mean of 1.97 and standard deviation 0.8 shows that Ethiopian Ministry of

Revenues large taxpayers branch in some extent started e-payment this increase for the efficient operation of the system.

Table 9 result shows that , are challenges experienced by the taxpayer do not have a step by step explanation to use e- filing question the response indicat Average mean of 2.73 and standard deviation 0.9 this shows that majority of respondents have the point of knowledge to e-filing.

In response to the fact difficulty to remember password is challenging result shows that disagree (43.4%), strongly disagree (9.73%) and agree (33.6%), neutral (13.3). More than half of respondents reflect that remember password wasn't challenging with the mean value 2.71 while the standard deviation 1.0.

On the last item, 55% of the respondents agreed and 42.5% strongly agreed on the fact that taxpayers still need to come to the office even if they use e-filing. Averages mean 4.39, and a standard deviation of 0.56. Though users file their taxes from their offices they still visit tax offices which can be discouraging to use e-tax filing.

Generally, the above result is consistent with (De Castro, et al., 2015) Studied Perceived benefits on using the Electronic Filing and Payment System and the respondents' intention to use the system are usually affected by their perceived risks and problems.

4.4. Facilitating Condition

The following table is about respondents' views on Facilitating Condition. To find whether tax payers having neccecery resources to use the e-filing and the Ethiopian Ministry of Revenues large taxpayers office how far supporting to prevent problem of usage to know this four general question were asked.

Table 10:- Facilitating Condition

No	Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
		F	%	F	%	F	%	F	%	F	%			
1	I have the resources necessary to use the e-filing	-	-	3	2.65	2	1.77	89	78.8	19	16.8	113	4.1	0.53
2	Specialized instructions concerning the E-filing has available to me	-	-	58	51.3	7	6.19	32	28.3	32	28.3	113	2.49	1.05
3	Ministry of Revenues is providing me close and fast technical support for e- filing effective functioning	-	-	9	7.96	10	8.85	87	77	7	6.19	113	3.81	0.66
4	I have the knowledge necessary to use the e-filing	-	-	18	15.9	17	15	69	61.1	9	7.96	113	3.61	0.85

Source: Primary Data, 2019

In the first question respondents were asked do have the resources necessary to use the e-filing and the response was 78.8% agreed, 16.8% in strong agreement, which makes the average mean 4.1 and the standard deviation 0.53. This shows that the majority of the taxpayers have own enough resources to use e-filing system. Therefore, they have organizational resources like PC, Internet that they can play an important role to use e-filing tax if they do have enough facility. On the contrary the absence of facilitating resources may represent an obstacle to practice.

The second question was if Ministries of Revenues facilitate specialized instructions concerning the e-filing and the response was 51.3% disagreed 14.16% strongly disagree while 28.3% agreed and 6.19% neutral, with the average mean 2.49 and the standard deviation 1.05. The lowest mean received for this item for facilitating conditions was received this shows majority of respondent reveals that there is no specialized instruction about e-tax filing system usage.

The third question was about if the Ministry of Revenues is providing close and fast technical support for e-filing effective functioning. The response was 77% agreed and 6.19% in strong agreement which make the average mean 3.81 and the standard deviation 0.66. This implies that the Ministry of Revenue supports the e-filing exertion agreed by most respondents.

From the table 10 above shows that 61.1% agreed and 7.96% strongly agreed of the respondents have the knowledge necessary to use the e-filing while 15.9% of the respondents are not having which make the average mean 3.61 and the standard deviation 0.85. This shows most of the respondents' have necessary knowledge of e-filing this is critical in usage of online tax filing.

Facilitating conditions are the degree to which an individual believes that an organizational and technical infrastructure exists to support the system (Venkatesh et al., 2003). Researchers in the field of technology studies (e.g. Venkatesh et al., 2003; Taylor & Todd, 1995) found that the facilitating conditions construct has a significant impact on innovation adoption and its continued usage on e-file.

4.5. Continued usage intention online tax filing

Table 11:- Continued usage intention online tax filing

No	Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
		F	%	F	%	F	%	F	%	F	%			
1	E-filing is simple, easy to understand and use	-	-	19	16.8	22	19.5	53	46.9	19	16.8	113	3.64	0.95
2	E -filing has encouraged me to want to take personal responsibility for my tax affairs	-	-	7	6.19	12	10.6	89	78.8	5	4.42	113	3.81	0.61
3	Using e-Filing enhances the speed at which my tax return is processed	-	-	2	1.77	6	5.31	83	73.5	22	19.5	113	4.11	0.56
4	Since e-filing was introduced Ministry of revenues pays out refunds quicker than before	10	8.85	57	50.4	25	22.1	21	18.6	-	-	113	2.5	0.9
5	It is easy to find information required for e-filing	-	-	22	19.5	16	14.2	70	62	5	4.42	113	3.51	0.86
6	The introduction of e-filing was the best way to improve efficiency of Ministry of revenues systems and encourage taxpayers to comply	2	1.77	19	16.8	27	23.9	50	44.3	15	13.3	113	3.5	0.98
7	I prefer doing manual tax submission of queuing at Ministry of Revenues office as opposed to e-filing	10	8.85	62	54.9	25	22.1	16	14.2	-	-	113	2.42	0.84
8	I'm able to faster since I started using e-filing	-	-	25	22.1	28	24.8	60	53.1	-	-	113	3.31	0.81
9	E-filing system improved my productivity in preparing income tax filing	8	7.08	32	28.3	20	17.7	47	41.6	6	5.31	113	3.1	1.09
10	E-filing system would enhance effectiveness in preparing business income tax filing for me	-	-	25	22.1	17	15	66	58.4	5	4.42	113	3.45	0.89

11	E-filing system improved my performance in preparing in business income tax filing for me	-	-	14	12.4	4	3.54	79	69.9	16	14.2	113	3.86	0.81
12	E-filing will help me better manage my returns by providing access to previous returns	-	-	1	0.88	7	6.19	93	82.3	12	10.6	113	4.03	0.45
13	E-filing tax application feels the same like the paper version	-	-	67	59.3	15	13.3	31	27.4	-	-	113	2.68	0.88
14	Electronic tax filing has complete information	-	-	25	22.1	28	24.8	60	53.1	-	-	113	3.31	0.81
15	E-filing is a mandatory requirement	-	-	21	18.6	-	-	92	82.4			113	3.63	0.78

Source: Primary Data, 2019

Table 11. is about continuance intention online tax filing with regards to tax Payer's response for if they found e-filing is simple, easy to understand and use or not opinion that 3.64 average mean .95 in standard deviation which reflects that respondent agrees that e-filing is simple, easy to understand and use. Thus, table 11 result shows majority of large taxpayers recognition that simple easy of understand the electronic tax filing system .

For e-filing has encouraged wanting to take personal responsibility for tax affairs. Respondents agreed (78.8%) which makes the average mean 3.81 and the standard deviation 0.61. This data indicates that e-tax has enhanced them to do personal responsibility for tax affairs.

In response to the item using e-Filing enhances the speed at which my tax return is processed, the 73.5% agreed and 19.5% strongly agreed on the matter, which makes the average mean, 4.11 and standard deviation 0.56. This implies that if e-filing enhance fastest tax return processed taxpayer's to be motivates for the usage of e-filing

On the fourth item, 73.5% of the respondents agreed and 19.5% strongly agreed that using e-filing makes submission of tax return easy. An average mean 4.11, and a standard deviation

0.56, shows that respondents were approving that using e-filing makes submission of tax return easy this respondents' perception is key in the success of e-tax filing system.

In response to the item, it is easy to find the information required for e-filing, the majority of respondents were approving that they easily get information about e-filing. 62% agreed and 4.42 strongly agreed on the matter, which makes the average mean higher than any other's item average mean, 3.51 and standard deviation 0.86.

It is also shown that the introduction of e-tax filing the best way to improve the efficiency of Ministry of revenues systems and encourage taxpayers to comply, Respondents agreed 44.3%, 13.3 strongly agree, 23.9% Neutral and 16.8 disagree 1.77 % strongly disagree on the question with an average mean, 3.5 and standard deviation 0.98. Which means most respondents agreed and strongly agreed on the statement but standard deviation is varied.

Respondents disagreed on the question "prefer doing manual tax submission of queuing at the ministry of revenues office as opposed to e-filing taxpayers". With an average mean 2.42 and standard deviation 0.84, it's stated that taxpayers preferring doing e-filing than manual.

For the four (Question 8-11) related to usefulness e-filing system which able to faster, improved productivity, enhance effectiveness and improved performance in preparing business income tax filing majority of respondents agreed with it but the response of e-filing improved productivity highly deviated because the standard deviation is 1.09. As indicated by mean scores of 3.31, 3.1, 3.45 and 3.86 respectively.

The other essential in order to e-filing help better manage tax returns by providing access to previous returns. As the table shows, the average mean of 4.03 and 0.45 standard deviation resulted because 82.3% agreed and 10.6% strongly agreed. This implies e-filing helps to manage tax returns.

The respondents were questioned about the e-filing tax application feels the same as the paper version. 59.3% disagree 27.4% agree and 13.3% neutral as indicated by mean scores of 2.68 and standard deviation 0.88. This shows that most respondents feel that e-tax filing application different from paper filing it motivate them to the continued use e-file in future.

On the next item, 53.1% of the respondents agreed and 24.8% neutral and 22.1% disagree on the fact that electronic tax filing has complete information. An average mean 3.31 and a standard deviation of 0.81, as can be seen above more than half of the respondents agreed. E-tax Filing contains sufficient information to reduce the risk of taxpayers making unintentional errors.

The average mean for the item “E-filing is a mandatory requirement” is 3.63 and the standard deviation 0.78 (82.4% agrees and 18.6% disagrees). This implies that the e-tax filing system has mandatory requirements in the Ministry of Revenue large taxpayers.

Overall, the above result is consistent with Kamarulzaman & Azmi (2010) Perceived ease of use influences the performance risk of the e-filing system. Having an e-filing system that is not too complicated will also minimize the performance risk. Performance risk will be lowered only when taxpayers feel that the system is easy to use. This will also lower the perceived risk that taxpayers feel towards the system.

Davis (1989) conducted numerous experiments to validate Technology Acceptance Model by using PEOU and PU as two independent variables and system usage as the dependent variable. He found that PU was significantly correlated with both self-reported current usage and self-predicted future usage. PEOU was also significantly correlated with current usage and future usage.

Perceived usefulness of the system will intimidate users adopt and counted usage an information system (Davis, et al., 2001). The main reason taxpayers take advantage of electronic tax-filing system is because they find the system useful in preparing their tax return increase productivity, performance and effectiveness.

According to Dorasamy, et al. (2010) study shows that taxpayers have intention to use the e-filing systems as they perceive that tax submission method via internet is more convenient than submission by post or by hand and that perceived readiness towards using this technology is vital to their belief for using e-filing systems.

Moreover , Researches in probing the continuance usage intention have acknowledged various factors that affect technology adoption and its continued usage such as ease of use, usefulness, self-efficacy, quality, loyalty, voluntariness and subjective norm in either ecommerce or e-government environment (Carter, et al., 2012 & Schaupp, et al., 2010).

4.6. The overall experience of e-tax filing

Table 12:- The overall experience of e-tax filing

No	Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total	Mean	SD
		F	%	F	%	F	%	F	%	F	%			
1	Experience of e-tax filing Good and pleasant	-	-	19	16.8	36	31.9	58	51.3	-	-	113	3.35	0.75
2	Experience of e-tax filing Good Convenient	-	-	21	18.6	27	23.9	65	57.5	-	-	113	3.39	0.78
3	Experience of e-tax filing Unpleasant and tedious			70	62	15	13.3	28	24.8	-	-	113	2.63	0.86

Source: Primary Data, 2019

The last three questions aim to investigate overall experience of e-tax filing system 70 respondents (62%) disagree that it would experience of e-tax filing unpleasant and tedious 58 respondents or 51.3 % agreed that the experience of e-tax filing Good and pleasant Finally, majority of the respondents (57.5%) agreed that experience of e-tax filing Good Convenient.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

This chapter deals with the summary of the major findings of the study, conclusions, and recommendations of possible solutions for the problems identified.

5.1. SUMMARY OF MAJOR FINDINGS

The purpose of this research first, to identifying the benefits of the e-tax filing system in the Ethiopian Ministry of Revenues Large Taxpayers. Secondly, to investigate Practical Challenges to e-taxation filing practice and assessing continued usage intention online tax filing system.

Finally, the study findings can be summarized as follows:

- ✚ The demographic result of the study indicates that in terms of gender males were the majority that is 56.64% and regarding respondent's age range, 35.40% of the respondents fall under the age range of 31-35, which implies the majority of the respondent are above 30 years. The study also indicates the educational background of the respondents. Accordingly, 57.52% of the total respondents were university Bachelor Degree holders and senior accountant working position which indicates the majority of the respondents are fairly educated. Moreover, 70.80% of respondents >36 months experience with the e-filing.
- ✚ The respondents were asked about the current e-tax filing system practices in the Ministry of Revenue of large taxpayers. The descriptive statistics result of the study has shown that the Ministry of Revenues' large taxpayer believes that e-tax is beneficial. The average mean of items presented under benefit assessing questions proves that e-tax is benefiting taxpayers on which include taxpayers on avoiding emotional stress, save cost and time, make data storage safer and help for timely recording tax credits & tax refunds any time.

In as much as there are challenges taxes payers faces on e-tax filing includes blocked password, constant brake down, e-filing system not fully operational & e-filing is not very well supported with e-payment supplementary system. The survey result also shows that taxpayers still need to come to the tax office even if they use e-tax filing.

Furthermore, the respondent was asked about facilitating condition related issues the overall responses show that the respondent has own enough resources necessary to use the e-filing and the Ministry of Revenues is not providing specialized instructions concerning the e-filing but the authority gives close and fast technical support for e- filing user were evidenced. The main aim of facilitating conditions is to remove barriers of use. The findings from several researchers concluded that there is a strong relationship usage of electronic filing and facilitating conditions (Liu, C., Marchewka, J.T., Lu, J., & Yu, C. S. (2005).whereas removing barriers of use by facilitating conditions help continued usage system e-filing system.

The e-filing system is also beneficial in encourage to take personal responsibility for tax affairs, e-filing was the best way to improve efficiency of ministry of revenue system, encourage taxpayers to comply and also able to faster, enhance effectiveness, improved Performance, access to previous returns result of the study has shown that the Ministry of Revenues' large taxpayer was found it on e-tax filing usefulness. According to Davis (1989), the taxpayers' perceived usefulness is the extent to which a person or taxpayers believe that a system can improve or accelerate his work performance. The usefulness of a system will influence the use of the e-filing if its users feel its benefits in doing their duties or jobs in reporting their tax returns. Perceived usefulness is the strongest predictor of two of the most widely investigated metrics of information system success, namely intention and use (Putra, 2017; Saraswati & Sofia, 2016; Tyasmminingsih, 2016).

Hormati (2012) & Rimawati (2012) state that perceived usefulness can be predicted continuance intention for online services.

✚ Other research made by Evans (2012) and Nellen (2012), it is stated that the important factor in influencing the users' sustained use is usefulness. Taxpayers' perceived ease of use and perceived usefulness serve as the basis for attitude towards using a particular system, which in turn determines the intention to use and then generates the actual usage behavior of taxpayers (Davis, 1989). Doyle & Magilke (2013) and Stafford & Turan (2011) also states that the user or taxpayers' views of ease of use as regards e-Tax systems is very influential in the continued user intension of electronic taxation. Taxpayers will find it easier to perform their tax obligations in reporting their tax return by using the e-filing system, with this system taxpayers no longer need to come to a Tax Service Office making the system more effective and efficient. Najmul, I. (2011) state that dominant effect of perceived usefulness on intention provides potential fruitful avenues to the e-learning technology designers for affecting users' continuance intention to use e-learning technologies the taxpayers will discontinue using an e-tax filing technology, if it is not useful for their purpose, even if other conditions are fulfilled.

5.2. CONCLUSION

The study was mainly concerned about the Benefit and challenges of e-filing practice in Ethiopia Ministry of revenues Large tax Payers. This summary was based on the objectives of the study which are identifying benefits of an e-tax filing system; investigate Practical Challenges to assessed motivating aptitude continued usage e-tax filing system in the Ministry of revenues Large Taxpayers.

As Prior Studies stated, the study also shows e-tax filing system benefits, mainly, making data filing easier, making data storage safer, faster and more accurate with less error, decrease penalty, decrease workload, make tasks more effective and efficient, gives greater control over tax declaration, affect tax evasion controlling positively, improved control over tax revenue, makes taxpayers tax compliant by facilitating timely report and helping them to abide by the law.

Taxpayers should be encouraged to use e-tax as there are many benefits of this system (both to government and to Taxpayers) it is helping Ministry of revenue Large Taxpayers are benefiting from correctly calculates the tax avoid emotional stress on month-end long queues, reduction in paperwork savings on their time and transportation cost to travel Ministry of revenues office for tax filing, and also help for timely recording of tax liability trough out the month majority of the respondents are agreed with this determination.

Despite the above benefits of e-filing it is associated with some challenges the respondent's towards e-filing system main challenges identified includes e-filing service constant break down, filing system not fully operational, e-filing system not very well supported with e-payment supplementary system so e-tax users still visiting tax offices are frequent challenges and feel doubt about it. And the majority of the respondents are agreeing overall experience of e-file is needed improvement.

The survey result also shows an imaginary increase in the usefulness and ease of use and facilitating condition or removing the barrier of use provides possible successful ways to the e-filing system's continued usage intention.

The current e-tax filing practices of the Ministry of Revenue, based on the large tax payer's assessment, are good and convenient. In as much as there are challenges of using e-taxation filing in tax administration, the gains of e-taxation outweigh the perceived and practical challenges seen above.

5.3. RECOMMENDATIONS

Based on the finding of the study, the following recommendations are forwarded. It gives valuable suggestions to increase in order to overcome the challenges, exploit the full success of the E-tax system and to ensure a successful practice of the E-tax filing System of the Ministry of Revenues in Ethiopia.

Ministry of revenues should increase the quality of the system formulation of information-related- laws, enhancement of people's concept regarding information e-government system.

The Ethiopian Ministry of Revenue should continue educating taxpayers and officers to upgrade their know-how on the use of the system by using Tv Programs. For example, video to demonstrate step by step in using the e-Filing can be prepared and easily accessed to enhance user understanding.

Ethiopian Ministry of Revenues should enhance internet connectivity and power interruption by using other options and facilitate backups that online users won't miss their data while using e-tax. This can be done by enterprise association with Ethio-telecom.

Results of the study show that provide that facilitating condition and usefulness and ease of use are important issues in the continued use of e-filing systems so the Ethiopian Ministry of

Revenue should give make sure for the subject. It is also important to develop an electronic payment system that is boundless development of the system.

The Ethiopian Ministry of Revenue should support taxpayers by giving specialized instructions and providing close and fast technical support for e-filing effective functioning.

The researcher's suggestion for the same topic and subject is considering again the method of sample selection used, so the result can be generalized.

5.4. Direction for further studies

There are several limitations of this study which might be the way of future research constructed approach to understanding e-tax filing continued usage. The study also found that there are challenges in the use of the e-Tax filing system. Especially the organization to have many branches the specifics of the challenges experienced by various users of the E-filing system were not identified by this study. Further Similar studies can be done in other branches of the Ministry of Revenue and the results of the findings be compared for more accurate generalization.

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ANNEXES 1. Questionnaire

Addis Ababa University

Department of Accounting and Finance

Questionnaire to Be Filled By Large tax payers of Ministry of Revenues

Dear Participant,

I am Haymanot Tesfaye , MSC student in Addis Ababa University and this questionnaire is set up to collect primary data for thesis entitled “**Benefit and Challenges of Electronic Tax Filing System in Ethiopian Ministry of Revenues Large taxpayer Branch Offices**”.

The research is conducted in partial fulfillment of the requirement for MSC in Accounting and Finance department.

Your participation in giving reliable information is important for the success of this study and it will be a great contribution if you may complete all the items covered in the questionnaire.

I respectfully request your kind cooperation in answering the questions as clearly as possible.

I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality.

Note

- No need to write your name
- Please put (✓) mark in the box to the point which highly reflects your

Thank you very much, in advance, for your sincere cooperation.

For any comment and questions, please contact me: Tel- (+251912085503)

Email -(haymetesfaye82@gmail.com)

Haymanot Tesfaye

Part I: General Information:

1. Sex: Male ☐ Female ☐

2. Age: Under 25 ☐ 25-30 ☐ 31-35 ☐

36-40 ☐ 41-45 ☐ above 45 ☐

3. Educational Level: High school ☐ University bachelor degree ☐

College diploma ☐ Master's Degree or above ☐

4. Currently, who is responsible for filing tax for your business?

General manger ☐ Finance Manager ☐

Senior Accountant ☐ Accountant office Assistant ☐

Other (specify)

5. Experience with the e-tax filing 0-18 ☐ >18 – 36 months ☐

>36 months ☐

The following questions are presented on a five point Likert scale.

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

Part II: Benefits on e-tax filing practice

No.	Description	5	4	3	2	1
1	E-filing able to me correctly calculates the tax that I am due to pay					
2	E-Filing helps to avoid the emotional stress especially coming from the long queue					
3	Reduction in paper work					
4	E-tax filing system makes data storage safer					
5	E-Filing saves a lot of time and cost (transportation cost)					
6	E-Filing helps for timely recording of tax liabilities throughout the month					
7	E-Filing helps to get tax credits and tax refunds any time					
8	After using E-tax filing penalty has decreased					

Part III: Practical Challenges on e-filing

1	System not user friendly	5	4	3	2	1
2	No option for uploading attachments when filing online					
3	Use of non-local language (English) content in the e-Filing system.					
4	Blocked Password					
5	Allows for corrections of mistakes					
6	Unreliable e-filing service (constant breakdown)					
7	E-filing system not fully operational					
8	The e- filing is very well supported with e- payment supplementary system					
9	I do not have a step by step explanation to use e- Filing, therefore I feel nervous to use e-Filing					
10	Difficult to remember password					
11	Taxpayers still need to come to office even if they use E-filing					

Part V: Facilitating Condition

1	I have the resources necessary to use the e-filing					
2	Specialized instructions concerning the E-filing has available to me					
3	Ministry of Revenues is providing me close and fast technical support for e- filing effective functioning					
4	I have the knowledge necessary to use the e-filing					

Part IV: Continued usage intension online tax filing

No.	Description	5	4	3	2	1
1	E-filing is simple, easy to understand and use					
2	E -filing has encouraged me to want to take personal responsibility for my tax affairs					
3	Using e-filing makes submission of my tax return easy					
4	Since e-filing was introduced Ministry of revenues pays out refunds quicker than before					
5	It is easy to find information required for e-filing					
6	The introduction of e-filing was the best way to improve efficiency of Ministry of revenues systems and encourage taxpayers to comply					
7	I prefer doing manual tax submission of queuing at Ministry of Revenues office as opposed to e-filing					
8	I'm able to faster since I started using e-filing					
9	E-filing system improved my productivity in preparing income tax filing					
10	E-filing system would enhance effectiveness in preparing business income tax filing for me					

11	E-filing system improved my performance in preparing in business income tax filing for me					
12	E-filing will help me better manage my returns by providing access to previous returns					
13	E-filing tax application feels the same like the paper version					
14	Electronic tax filing has complete information					
15	E-filing is A Mandatory requirement					

Part VII: Overall experience of e-tax filing

No.	Description	5	4	3	2	1
1	Experience of e-tax filing Good and pleasant					
2	Experience of e-tax filing Good Convenient					
3	Experience of e-tax filing Unpleasant and tedious					

Thank you!