

**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND
ECONOMICS DEPARTMENT OF ACCOUNTING AND
FINANCE**



**Challenges of Value Added Tax (VAT) Refund Procedures: The
Case of Large Tax Payers Office (LTO)**

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This is to certify that the thesis prepared by Milliyon Melaku Geletu entitled “**Challenges of Value Added Tax (VAT) refund procedures: The case of Large Tax Payers Office (LTO)**”, which is submitted in partial fulfilment of the requirement for the degree of Master of Science in Accounting and Finance, complies with the regulation of the university and meets the accepted standards with respect to originality and quality.

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ACRONYMS

EMoR	Ethiopian Ministry of Revenue
EU	European Union
GST	Goods and Service Tax
GTP	Growth and Transformation Plan
GDP	Gross Domestic product
IMF	International Monetary Fund
IT	Information Technology
LTO	Large Tax Payers Office
OECD	Organization for Economic Co-operation and Development
SIGTAS	Standard Integrated Government Tax Administration System
TIN	Tax Payers Identification Number
VAT	Value Added Tax
WBG	World Bank group

Abstract

The purpose of this study was to investigate challenges of Value Added Tax (VAT) refund procedure: The case of Large Taxpayers Office (LTO). To this end descriptive survey, with both quantitative and qualitative research method was employed and used simple random and strata sampling techniques. In this study, 71 taxpayers and 53 tax office employees, total of 124 respondents, took part from the tax environment. Close and open-ended questions, document analysis, interviews guided questions and observation check-list were developed and fully utilized as the main data gathering instruments. Data were analysed using frequency counts, percentages, mean value, and aggregate mean. Findings showed that VAT refund procedures in the branch is affected by different tax office and taxpayers associated variables. Besides, direct and visible branch's VAT refund system problems and other hidden procedures put fundamental challenges that the tax office and taxpayers faces, currently they confronted while doing their day today activities. VAT refund's performance was affected from year to year as could be seen in the data analysis. Management of VAT refund is increasing in different branches, however, it is reported that the time taken to management of it is to be high compared to the maximum date of two months to refund any VAT claim, set by the proclamation. To alleviate the existing challenges and promote effective VAT refund procedures and system, it is recommended that the government should facilitate things (like modernizing refund system) and take the lion share to solve the existing and new VAT refund related challenges in the LTO. The branch's management also need to take time and give due attention on those mentioned associated challenges and problems and produce some solutions which helps other parties as a spring board to bring serious and implementable solutions to this and other similar branch offices, which are located in different areas. The result witnessed that VAT refund is influenced by, mostly, directives and human elements. And finally forward further study on the issue was recommended

Key Words: *VAT refund, VAT assessment, VAT collection, VAT exemption & withholding and VAT registration*

CHAPTER ONE

1. BACKGROUND OF THE STUDY

Government needs financial resources to act as a government and play a role that is expected from it by the public. So what the government gives it must first take away. The economic resources available to society are limited, and so an increase in government expenditure normally means a reduction in private spending. In this regard taxation is one method of transferring resources from the private to the public sector (Desta, 2010).

Tax administration is complex and dynamic responsibility. On a regular basis, leaders are faced with new issues, conflicting priorities, taxpayer compliance and emerging commitments (Thomson, 2008). As Berhan and Jenkins (2005) noted, governments of developing countries are eager to create modern tax systems although encumbered with weak tax administrations and sometimes have experimented with tax administration mechanisms that inflict higher compliance costs on the private sector.

Henceforth, the task of creating a well-educated and highly compliant taxpaying citizen supported by an efficient and responsive set of tax administration requires considerable resources and time (Highfield and Baer 2000). Despite the fact that people need to pay taxes based on grounds of vertical and horizontal equities, it is not always the case that tax systems are graspable and transparent for taxpayers especially for less literate business operators. Since the business owners do not have simplified access and clarification for information of the tax laws, they lack awareness on tax rules, regulations and procedures.

Value Added Tax (VAT) is an indirect tax in which it is the most popular tax in the world, inspired by every government for revenue potential. VAT is charged by a government on consumer's expenditure, which is directly collected from businesses on their business transactions and from importers on their imports. It is a tax on the value that a business firm adds to the things it buys from other firms in producing its own product (Thuronyi, 1996). VAT in principle the only tax on consumption by final consumers. Businesses should be entitled to deduct the tax on their purchases and offset that tax against the tax they normally collect on their own sales (Charlet and Buydens, 2009).

VAT was originally introduced in France (1954); and then over 165 countries have introduced some form of VAT, the only OECD country not to have done so is the United States (WBG, 2016). VAT has become the most common type of consumption tax for different reasons.

Unlike income taxes, VATs do not distort consumption-savings and/or investment decisions. Because vendors can claim a credit for VAT paid on their inputs, there is no cascading of taxes as can occur with other consumption taxes. It is also neutral between the domestic production and imported goods when compared to an import tariff. It has been widely recognized that a well-designed VAT can raise significant amount of revenue on a stable and sustainable basis and the decision to introduce a VAT has often been made for these reasons (Bird, 2008).

As IMF (2018) report, the weakness in VAT is refund systems since VAT is a tax on consumption that requires both timely and accurate refund for business firms who have excess credit. In this case the main actors of VAT taxation and refund procedures are the taxpayers and governmental tax authorities. Taxpayers in all countries almost are the same: physical persons, legal entities, institutions, and local government bodies.

The impact of the tax is mainly on, direct taxes and indirect taxes. Indirect taxes as per proclamation No. 308/2002, amendment 611/2008 and 307/2002 are Excise Tax & Sales Tax. Direct Taxes—these are imposed on each individual or businesses direct income.

As expected, the diversity of situations faced by the taxpayers and tax authorities around the world, the specific details of the rights and obligations vary by country. However, taxpayers should pay the exact amount of tax that they are required for particular transaction and no less or more. This is the most vital underlying public policy of the whole tax system. This policy typically is illustrated in the refund procedures. The significance of the refund policy is directly linked to the core interests of both tax authorities and taxpayers (L-Claros, 2017).

According to Antic (2014) VAT refund is one of the key features for economy growth. It is generally accepted fact that the economic growth of the state is connected with the development and extension of the small and medium enterprises. Thus, creating the certainty and flexibility in tax particularly in VAT refund procedures and measurements the public will be beneficially impacted. So it is not easy to determine the performance of VAT in one country and it requires some measures to be efficient. VAT efficiency is defined as actual VAT collection as a share of its potential bases i.e. its consumption (Keen, 2013).

1.1 Background of VAT in Ethiopia

Governments, which came to power in Ethiopia at different periods, have frequently revised and repealed the statutory bases for different types of taxes providing for tax bases and rates, manner and time of payment, exemptions and offences.

The government of Ethiopia like other governments seeks to raise revenue mainly through taxation in order to pay its expenditures especially on infrastructure development. According to the proclamation No. 587/2008 the responsibility to collect such revenue for the federal government rests up on Ethiopian Ministry of Revenue (EMoR).

The design of the VAT legislation is intended to achieve the expected revenue projections, support capital investment and development, simplify its administration for the tax authority and the business community and minimize the tax burden for the lower income population (Abate ., 2014).

In Ethiopia VAT was introduced in 2003 after enactment of Value Added Tax proclamation No.285/2002 and its regulation No.79/2002. There are objectives for its introduction in Ethiopia which includes: (a) to bring greater transparency to the tax system, (b) to reduce the cascading (double taxation) of consumption taxes, (c) the consolidation of tax administration, (d) promotion of economic growth by promoting better use of domestic resources and (e) to bring greater stability to tax revenues e.g. shifting tax collection dependency from import to other sectors.

According to tax law VAT is levied on consumption of taxable goods and services supplied or imported into Ethiopia. It is collected by registered persons at designated points who then remit it to the tax authority. Registered persons only act as VAT agents in collecting and paying tax since the tax is borne by the final consumer of goods and services.

There are two tax rates applicable for VAT in Ethiopia: 15 percent, which is the standard VAT rate applicable to all taxable goods and services, zero rate applicable to a certain category of goods and services including exports among others and exemption on food staff, agricultural, education, health and the like, as amended VAT proclamation No.609/2017 with registration threshold of one million ETB after a long period of time.

Refund may be effected in accordance with directives and regulations 148/2011 for special privileged organizations. VAT refund arises once an individual or a business entity pays more VAT at time of procuring taxable goods than they can collect whenever they sell the same goods

or services to others. The difference is therefore, reclaimed from the tax authority. Generally, VAT refunds arise from the following scenarios: excess input tax resulting from zero rated supplies, overpayments or credits resulting from withholding VAT system and VAT paid in error.

Under the “Invoice Credit” method (one of the methods for determining VAT liability and which is more applicable in Africa), each trader charges output tax at the specified rate on each sale and passes to the purchaser an invoice showing the amount of tax thus charged. The purchaser, if subject to VAT on his own sales, is in turn able to credit such payment of input tax on his own purchases against the output tax charged on his sales, remitting the balance to the authorities and receiving a refund when there are excess credits, and the reverse is true if the transactions end up with positive balances.

VAT, contribute more than other types of tax (AEO, 2016). In this study the researcher will try to see the VAT administration practice primarily concentrating on VAT refund procedures and challenges. Since, it is important to note that all VAT refunds, irrespective of their nature, are paid out of VAT revenue collected in EMoR (VAT retention account retained on a percentage bases from the total VAT revenue). This repetition unfavourably affect the performance of this tax type, beside its importance of timely and accurate refund for business entities. The performance of VAT refund procedures and its challenges over the period were examined in the subsequent chapters.

1.2 Statement of the Problems

The success or failure of any tax procedures and introduction of VAT refund procedures, specifically, depend on the acceptance of both businesses and tax authorities and other concerned stakeholders.

Practically the government of Ethiopia implemented VAT under EMoR in order to collect enough tax revenue to finance its operation, VAT play great role as a major source of government revenue in Ethiopia, it has got difficulties in administration practices (Yesegat, 2008), but VAT was not efficiently administrated and collected as expected. Despite of these facts, today there are a number of sources of tax laws introduced by EMoR.

The VAT refund procedures in Ethiopia is a main variables to bring a paradigm shift in the tax sector and in the authority. To this end developing well designed and easy system of VAT refund procedures help governments to meet the millennium development goal. Ethiopia made

significant progress in the area of taxation, and particularly in the area of VAT managements and businesses to be included in the vicious circle.

From the researcher's point of view; appropriately planned and managed taxation system is very energetic in generating government revenue as well as increasing the tax base to the developed, developing and transitional economies. As Bird (2008) noted that, it is unquestionable to ensure that the revenue collected from tax should be raised in efficient and effective manner.

However, the tax base of developing countries adversely affected by administration problems including poorly considered tax policies and lack of certainty on future policy changes. Tax administration can also create problems for the tax payers as they are expected to report and required to keep records, they perform excessive inspections and audits.

As IMF (2016) noted, tax revenue collection of the Federal Government of Ethiopia is anticipated to be broadly in line with the annual budget plan, benefiting from good execution of direct and import taxes, while falling short in domestic VAT collection. To this end IMF suggest that in Ethiopia regarding tax administration, measures need to focus on improving VAT administration explicitly on tax audit and refund procedure to achieve the GTP II objective of over 17 percent tax-to-GDP ratio by 2020. This necessitates additional tax policy reforms including the review of existing VAT administration practice particularly modernizing VAT refund procedure using risk-based invoice verification, monitoring and improving IT system of each branch office, particularly LTO as many organization claims VAT refunds from this office.

As Antic (2014) illustrious, the policy of the whole tax system should energies to create an effective and fair tax system, it is vital to address the administration problems that affect and prevent loss of tax revenue. To the greatest possible extent, tax systems should be supported by clear and straightforward laws and procedures that facilitate revenue collection, develop taxpayer's awareness and minimize taxpayer's effort and compliance costs.

The economic policies of various countries witnessed the importance of VAT refund. Yet, in many developing and transitional countries, refund performance is reported as a weak feature of tax administration, irrespective of whether other aspects are working well (Krelove and Harrison, 2005).

There is not enough literature on the VAT refund procedures and the previous available study by Harrison and Krelove (2005) and Keen (2013) only focused on the group of countries not on the specific country. So, it is not possible to get the detailed information for specific country on challenges of VAT refund procedures.

So managing VAT refunds is one of the challenges of VAT administration in developing countries particularly in Ethiopia. VAT is a tax on consumption that requires both timely and accurate refund for business firms who have excess credit. That brings relaxed trade operation for business entity as well as tax authority to collect more tax over a period, as a result the researcher wants to assess challenges of VAT refund practice and procedures in the authority, specifically in the LTO.

To researcher's knowledge, the above stated researcher, appeared to be limited for evidence on challenges of VAT refund practice and procedures, the reason that it is limited is that they have generally exploit VAT challenges and not specific to VAT refund and this research is emphasised on VAT refund procedures and specifically tries to identify major challenges on the VAT refund system of the branch. . Consequently; this study is more specific and concentrated on the essence of challenges of VAT refund practice, procedures, legal framework and causes for VAT refund delays in the case of Large Tax payer's office (LTO). Farther more, previously it is mentioned that there is also unclear VAT refund practice which resulting frequent complains of taxpayers on unpaid VAT refund request in the tax administration. Thus; this thesis want to study the case and try to contribute its part.

In addition to the above studies, challenges of VAT refund procedures is the main concern of the tax authority and to smooth the procedures and practice the authority work with all stakeholders. In this regard, the authority as being one of the largest branch in the country it will strive for creating well established VAT refund procedures. This circumstances leads the researcher to question is VAT refund procedures and practice has challenges both for the authority and for the tax payers?. So that the researcher believes that VAT refund procedures are highly influenced by different variables of tax payers and authorities.

This research was different, as it particular emphasizes on the administration of VAT refund procedures with various businesses under the frame work of tax theories and practices. The research proposal therefore will try to examine the challenges of VAT refund practice; it tries to address and reach sound findings on the following basic research questions:

1.3 Research questions

The broad objective of this study was to assess VAT administration practices focusing on VAT refund procedures and timing of refunds: the case of Large Tax Payers Office tax system. Thus, the study accomplished the following research question in line with the problems stated in the preceding section. In addressing this problem, the following research questions were addressed in line with the problems stated in the preceding section:

RQ1. What are VAT refund related challenges that the tax administration (LTO) and taxpayers are facing? And specific causes for delays specifically?

RQ2. How VAT revenue affects VAT refund procedures? (Revenue vs refunds)

RQ3. How VAT refund affects businesses' working capital and over all activities?

RQ4. How VAT withholding contribute or affects VAT refunds?

1.4 Objective of the study

Generally this study was aimed on assessing the existing relationship between VAT refund procedures and VAT revenues (retention) for the purpose the broad objective of this study was to assess VAT refund administration focusing on VAT refund procedures and practice in EMoR: the case of Large Tax Payers office (LTO).

Specifically, this study aimed at:

- I. To determine the extent of challenges of VAT refunds on the working capital of businesses, and associated procedures of VAT refund requirements.
- II. To investigate how VAT refunds affects over all businesses of different organizations and main variables put effect on the refund process.
- III. To examine if there exist a relationship between VAT refunds and VAT retention accounts by the branch (LTO), and causes of fictitious documents.
- IV. The importance and contribution of VAT exemption as a solution (option) for exporters and international organizations and effect of fake reports, and other tax types effect.

1.5 Significance of the research

The purpose of this study was to investigate or examine VAT refund as a factor for businesses performance, activities and its impact on their working capitals: the case of LTO tax payers businesses. Therefore, the results of this study might have the following importance:

- 1) It may give an insight to any of concerned bodies about whether VAT refund procedures has effect on businesses performance and profitability.
- 2) It may help administrative bodies to recognize more clearly about the issue raised, and make necessary alternative measures based on the findings of the study.
- 3) It may provide some suggestions to concerned bodies that will help them to use findings as input for future improvements in VAT refund procedures and to take alternative measures in the area of problems identified.
- 4) It may serve as a spring board for other researchers that have an interest to study in the area in a wider scope.

The primary use of this research is to the tax authority. The authority might be able to see its VAT performance and refund practice and build some corrective measures for the weaknesses based on recommendations to be forwarded. Further, the study has paramount use for taxpayers and different stakeholders who are interested in the field and for the researcher himself gain knowledge in the area.

1.6 Scope of the Study/Delimitations

In order to make the research manageable, the study would be delimited to Large Tax Payers Office on the basis of the availability of time and resources. The study was also delimited to study on VAT refund practice of those tax payers who report to LTO.

Thus the generalizations are limited only to this tax office under the specific conditions (Challenges of VAT refunds). To this end, this study was only limited to examine the relationship among VAT refund procedures, businesses working capital, and businesses over all activities

This study conducted in EMoR Large Taxpayer's Office tax collectors and taxpayers, which excluding other branch offices except that Western Addis Ababa branch office and A.A city administration revenue authority A.A number one medium tax payers branch offices due to time and resource constraints, this may help to compare similar performances in the area as they have almost identical number of tax payers. The study also focused on VAT administration practice mainly focusing on VAT refund performance in those branches. The study tries to cover a period from 2010 to 2017 for VAT refund related issues. So, the study examined VAT refund practice and type of VAT refund performed; the trends of VAT refund procedure, related problems, cause for VAT refund challenges and its VAT retention account performance in LTO.

1.7 Limitations of the Study

As no study or exploration exists without limitation this study is also subject to some limitations. The study found partial evidence of research findings on the challenges of VAT refund practice. Therefore, this may hinder the researcher to compare the findings with other research findings in the area and to suggest whether there is an improvement or not.

As most study face limitations in their performance and activities, this study may face some limitations in different aspects. VAT refund practice has many diversified impacts on various businesses and to identify major variables that have impact on both businesses and governments (Tax authorities).

Though this study was not an eye opener it was challenging to get some other individual works in the area specifically VAT refund impacts on both the tax authorities and businesses. Therefore these could limit the generalizability of the findings of this study to the whole VAT refund practice of the country. Only gave emphasis to those business who report and claim from the three branches considered in this study.

Moreover, participants for this study were those who serve in the office for a period of at least a year and businesses who spend many years with the tax offices. These two categories of targeted groups may have adequate knowledge of VAT refund practice, procedures and challenges, and could identify those variables which have impacts on the study, and their response may constitute a true reflection of the challenges of VAT refund and its impacts both on businesses and the tax authority's activities or performance. Though this is justified and could limit generalizability of the results to the whole population.

It is obvious that adequate, reliable and updated information is important to undertake any kind of study. In carrying out the study the accuracy of the study limited by: time and the willingness of respondents are constraint in the in-depth discussion of the study. This is due to the fact that, the study may be very sensitive and balky, thus need much time to gathering data and for discussion also and lack of experience of the researcher is another limitation to conducting this study.

1.8 Ethical Considerations

According to Sarantakos (2005), qualitative research may face ethical issue that would surface during data collection in the field, in analysis and in disseminating qualitative reports. Bogdan and Biklen, (1992), group ethical issue into informed consent procedures, confidentiality toward participants or sponsors and protecting the anonymity and privacy of research participants. Therefore, in this study the researcher would consciously considered ethical issues

in seeking consent, avoiding deceptions, maintaining the confidentiality, respecting the privacy and protecting the anonymity of respondents that would encountered during the study.

1.9 Organization of the Study

This study organized in to five chapters. The first chapter deal with the background, statement of the problem, objectives, significance of the study, delimitation of the study, and limitation of the study. The second chapter discussed about review of literature. The third chapter covered the research design and method of the study. The forth chapter discussed about presentation, analysis and interpretation of the data. The fifth chapter dealt with the summary, conclusions and recommendations of the study. Finally, lists of the reference materials and appendices are attached at the end of the paper.

CHAPTER TWO

2. Review of Related Literature

In this chapter the theoretical part and empirical parts of past literature is discussed in detail from the introduction of taxation to research conducted on the world related to challenges of VAT refund practice or procedures.

2.1 Theoretical perspectives

The theoretical part of the literature cover topics like definition of taxation, definition of VAT, principles of a good tax system, direct and Indirect taxation, taxation structure, tax types in Ethiopia as direct and indirect with their detail explanations and classification based on tax laws. It also tries to cover VAT and revenue, how does the tax works?, VAT rate, exemption for specific categories of goods and services, VAT refund or rebate, non-compliance with VAT proclamation, time taken to process refund claims , VAT refund abuse , administering VAT refunds principles and modern practices , budgeting for VAT refunds, and principal components of VAT.

2.1.1. What Is a VAT?

What exactly is a VAT? A recent definitive statement defines a ‘value added tax’ as “a broad-based tax levied at multiple stages of production with crucially taxes on inputs credited against taxes on output. That is, while sellers are required to charge the tax on all their sales, they can also claim a credit for taxes that they have been charged on their inputs. The advantage is that revenue is secured by being collected throughout the process of production (unlike a retail sales tax) but without distorting production decisions (as a turnover tax does)” (ITD, 2005, 8; emphasis omitted). The same name, however whether ‘value-added tax’ or the more recently favored ‘goods and services tax’ may cover a variety of taxes in different countries. Indeed, in many ways VAT is not really ‘a tax’ but rather a set of taxes that share certain characteristics.

2.1.2. History and Description of VAT in General

VAT - value added tax - has spread throughout the world since its introduction in 1955. Its format has changed and now incorporates what was once an offshoot "GST" (goods and services tax). France is credited with first implementing VAT. It did so in 1955. The tax spread through Europe, South America and parts of Africa in the 1960s and 1970s before taking a hold in other regions. For example, the tax spread throughout the South East Asia/Pacific region from 1984 (Indonesia) to 1999 (Australia).

Today, over 128 countries have the tax. (Bekure Herouy, 2004). All members of the OECD and all leading economies in the world have a VAT (or very broadly comparable tax), apart from the US. For most of the twentieth century, the principal federal tax on individuals in the United States has been on income, whether it is earned from labour (wages and salaries) or capital (interest, dividends, and capital gains). But a growing number of economists and politicians have concluded that the United States should replace the income tax-partially or entirely with a tax on consumption.

Most of the political debate over a consumption tax has centred on whether the United States should adopt a value-added tax (VAT) similar to the ones that European countries have. While a VAT definitely is a tax on consumption, it is not the kind that most consumption tax advocates prefer. What's more, the debate over whether to add a VAT to the U.S. tax code has obscured the more basic issue of whether to tax income or consumption. Every Member State of the European Union has a Value Added Tax (VAT). The First VAT Directive of April 11, 1967 (as amended) required that member states replace their general indirect taxes by a common system of value added tax. In fact, the assessment base for the Member States' VAT constitutes one of the critical components of "own resources" the EU's budgetary revenue. (Bekure Herouy, 2004)

Yet the laws establishing the VAT are national laws, each framed within certain parameters specified by the EU in the Sixth Council Directive 77/388/EEC (as amended) on the common system of VAT and the uniform basis for its assessment. This Sixth VAT directive aims to ensure that each Member State has a broadly identical "VAT base" VAT levied on the same transactions. Its subsequent amendments have attempted to remove anomalies.

Few fiscal topics are more important than the value-added tax (VAT). Over the last few decades, VAT has swept the world: for example, apart from the United States and a few small Caribbean countries, every country in the Western Hemisphere now has a VAT. Indeed, in fiscal terms, VAT now rules in many countries around the world and are increasingly important everywhere. But should every country have a VAT? Is the VAT in place in many developing and transitional economies as good as it could be in economic, equity, and administrative terms? Can it handle the growing fiscal task imposed on many by trade liberalization? Can it deal adequately with the novel issues arising from digital commerce? Can it be administered sufficiently effectively by hard-pressed revenue administrations? (Richard M. Bird, 2005)

2.1.3. Why are there different forms of the tax?

Three distinct models of VAT have developed. They are linked to the prevalent economic model at the time the tax was adopted.

1. From 1955 to the early 1970s - when economic theory stated that income tax was no longer superior to VAT the tax was introduced in France and spread in Europe, South America and Africa. As envisaged by economists, the tax was almost invariably a multi-rate, multi-exemption model.
2. From the mid-1970s to the present day, countries adopting the tax usually opted for a single rate/widespread exemption model. The change to single rate partially conformed to the new preferred model under economic theory the single rate/minimal exemption variation. Some countries which had adopted "model one" of the tax during the prior period now upgraded to "model two"; most noticeable here being the EU's ongoing efforts to achieve a single rate for all of its members' VAT regimes.
3. In 1986, New Zealand introduced a single rate/limited exemption model along the lines favoured by economists. The main exemptions here being financial services, residential rent, and exported goods and services. It coined the term "GST" (goods and services tax) to differentiate this variation from earlier models.

Many countries after 1986 studied the New Zealand "GST" model and intended to introduce it (e.g., Canada, Singapore, South Africa and Thailand). However, political and equitable considerations resulted in them adopting further mainstream exemptions education, health, and food being common examples. They therefore actually ended up with a single rate/widespread exemption tax. One very minor consequence of this was that some of the countries called their tax "GST", thereby ensuring that the phrases "VAT" and "GST" became interchangeable and of little practical distinction. To summarize, three types of VAT regimes now exist:

- Multiple rates/multiple exemptions
- Single rate/widespread exemptions

Single rate/limited exemptions.

While economic theory now advocates the last-mentioned model, political and equitable realities usually ensure the adoption of the single rate/widespread exemptions structure. (Bekure Herouy, 2004).

2.1.4 VAT and Revenue

VAT is not always the ‘money machine’ that it has sometimes been called. The effects on revenue of introducing VAT in particular contexts remain a matter open to interpretation and question. This conclusion has recently been underlined by some who have questioned the capability of VAT to replace revenues from trade liberalization, especially in lower-income (e.g. Rajaraman 2004, and Baunsgaard and Keen 2005). There may indeed be a somewhat stronger case for retaining some taxation on international trade on revenue grounds than has been conventionally asserted, but on the whole this case rests less on defects of VAT as such than on the assumed relative inefficiency of VAT administration compared to the administration of taxes (tariffs) at the border. If a VAT can be administered adequately, the conventional conclusion that it offers the best way for a country to make up revenue losses from trade liberalization appears generally to hold though much more convincingly, it seems, for more developed than for less developed countries in which trade taxes are generally more important and alternative tax bases less accessible.

Similarly, the conventional conclusion that VAT is the most economically desirable and administratively effective way in which to collect a given share of national income through a general consumption tax also holds provided, again, that the capacity exists to administer VAT adequately. When a country introduces VAT, whether to replace another form of general sales tax or as a new tax, there need not necessarily be an aggregate increase in revenues (either from consumption taxes or in general). All else equal, however, the economic cost of collecting revenues will decline simply because the base is broader, thus making society better off. Similarly, as with any tax, although increasing the rate of an existing VAT will neither necessarily increase revenues proportionately nor be costless, it may still be the economically most sensible way to expand revenue share in, if that is the policy goal.

2.1.5 How does the tax works?

The classic ingredients of VAT are:

- The tax is charged on certain transactions such as the sale of goods, the provision of services, and other types of supplies.
- It is charged at each stage of the production and distribution chain by businesses and other persons carrying on a continuous or taxable activity.

- Such businesses do not incur the cost of the tax they simply ensure that it is charged when they supply a commodity (collecting the tax on behalf of the Revenue) and claiming a credit from the Revenue for tax paid on their business inputs.
- Specified supplies are charged at the rate of 0% or are exempt from the tax. Zero-rated businesses can claim a credit for VAT paid on inputs, exempt businesses cannot.
- The cost of the tax is therefore borne by businesses, which make exempt supplies, and by unregistered end consumers. Both parties pay the tax when acquiring commodities but are unable to claim a compensating VAT credit.

These then are the characteristics of value added tax regimes. Minor variations occasionally apply. In Canada and Australia, for example, exempt financial entities can claim a partial VAT credit on certain expenses. (Yalemtesfa, 2011)

2.1.6 How do refunds arise under zero rating?

Zero rating means that the supplies have to be taxed 0%. However, in the process of making such supplies taxable persons incur input tax. Under the normal operation of the VAT system, a taxable person is expected to deduct input tax incurred in the course of making taxable supplies from the output tax charged on sales when submitting returns. In the case of persons making zero rated supplies, the output tax is nil, thereby rendering the returns to be in repayment.

2.2 The VAT Regime in Ethiopia- A brief review of the fiscal structure in Ethiopia

The federal government collects the lion's share of tax revenue in Ethiopia, with the nine regional states and two chartered cities accounting for only 25% of total tax revenue in FY 2015/16. Of that amount, the largest share was collected by Addis Ababa (11.5%), followed by Oromia (4.57%), Amhara (2.71%) and SNNP (2.37%), with the remaining six regional states and Dire Dawa city administration accounting for less than 4 per cent of total tax revenue (Minyichel, 2017).

Tax revenue received by regional states is insufficient to meet expenditure needs, and all subordinate governments, with the exception of Addis Ababa city administration, rely on central government transfers to cover most of their spending. In FY 2015/16, for example, federal subsidies to regions (excluding Sustainable Development Goal (SDG) grants) accounted

for 42 per cent of federal total revenue and 51 per cent of federal tax revenue. In that year, Tigray regional state financed 43 per cent of its expenditure from its own revenue, and Amhara, Oromia and SNNP regional states covered about 30 per cent of their expenditure from local revenue, with most other regional states relying to a greater extent on central government transfers.

2.2.1 Basic Notion

In most federal systems, state governments are funded through a combination of direct fiscal transfers from the central government, and the revenue they collect directly from locally adopted taxes. Ethiopia is a federal polity, but follows a slightly different path in the case of its most important tax source – value added tax (VAT). As is the case in many developing countries, VAT is a major source of government revenue in Ethiopia, and the tax is levied under central government legislation. However, unlike the more common practice of a central government collecting VAT and then earmarking some of the revenue for transfer to states, collection rights and administration powers over VAT imposed on a portion of the economy in Ethiopia are assigned directly to state governments. The result is a fiscal relationship between central and state governments in Ethiopia that is distinctive in three main respects.

First, responsibility for collection of the tax is divided between central and state tax administrations, with collection powers allocated on the basis of the legal form of businesses. VAT allows businesses to claim credits for VAT paid on acquisitions. A crucial feature of the successful administration of VAT is thought to be the unified administration of the tax, so claims for credits can be cross-checked against remittances from sales. The division of responsibilities in Ethiopia, and limited channels of communication between branch offices of state administrations and the central tax administration, greatly impedes the flow of information needed for efficient administration.

Second, VAT revenue is divided between central and state governments in a rather unusual way. State governments are allocated all the revenue they collect from unincorporated businesses, while central government keeps most of the revenue it collects from incorporated firms. Neighbouring businesses that differ in legal form only may be subject to different tax administrations, and pay taxes to different levels of government. As a result, the division of VAT revenue is subject to the legal form chosen by entrepreneurs for their businesses.

Third, and most importantly, all VAT revenue collected by state governments, and a portion of VAT revenue collected by the central government, are allocated to states on the basis of the seller's place of registration, rather than the location of the customer. VAT is designed to be a consumption tax, paid where consumers are located, and the allocation of revenue to the sellers' states is contrary to the fundamental principle of VAT as a tax on consumption. More significantly, the system leads to perverse cross-subsidies in the case of business-to-business sales – where VAT on sales is kept by the seller's state, while the buyer's state loses revenue when the receiving business claims a credit for VAT paid to the seller's state. As most business-to-business sales flow from wealthier states to poorer states, the result is cross-subsidies from the poorer states to their wealthier counterparts.

For the purpose of the VAT proclamation the following are considered as taxpayers on whom the VAT law is applicable. These are: -

- (a) A person who is registered or is required to register for VAT;
- (b) A person carrying out a taxable import of goods to Ethiopia;
- (c) A non-resident person who without registration for VAT renders service in Ethiopia for any person registered in Ethiopia for VAT or any resident legal person (Article 3(1), (a)-(c)-cum Article 23 (1) and (2)).

2.3 Different VAT concepts, practices and theories

2.3.1 Registration

Under the VAT law any person who carries on a taxable activity and at the end of any period of twelve calendar months has made, during that period, taxable transactions the total value of which exceeds 1,000,000 Birr or at the beginning of any period of 12 calendar months there are reasonable grounds to expect that the total value of taxable transactions to be made by the person during the period will exceed 1,000,000 Birr, has the obligation to register for VAT. (Article 16(1)(a) and (b)).

According to Article 17, a person who carries on taxable activity and is not required to be registered for VAT, may voluntarily apply to the Tax Authority for such registration, if he regularly is supplying or rendering at least 75% of his goods and services to registered persons.

2.3.2 Exemption for Specific Categories of Goods and Services

Tax-exempt goods and services are supplies on which VAT, both the standard rate and zero-rate tax, are not paid on. If a person who is engaged in a taxable activity that fully falls under the tax-exempt category, such a person cannot register for VAT. If a person is engaged partially in a tax exempt category activity and partially in a taxable activity, such person can't register for VAT and be eligible for tax rebate which could be beneficial to redress cost paid for input tax on his taxable transactions. Under the VAT Law, the following types of supplies of goods (other than by way of export) or rendering of services as well as the following types of imports of goods are also exempt from payment of VAT;

The Regulation provides that generally, services rendered by a religious organization that are integral to the practice of that religion come within the exemption. The donation in kind or money (such as church plate donation) or services is not subject to tax if there is no direct link between the payment and any benefit received by the donor. (Article 23 (1),(2), (4) and (6)) However, the activities of a religious organization that compete with the private sector or that are not integral to the practice of the religion do not come within the exemption. In which case if the value of these taxable supplies exceed the threshold of 1,000, 000 Birr, the religious organization must register. A religious organization that operates taxable activities through a development commission or similar entity must separately register the commission or the similar entity. The Regulation also provides that the exemption for supplies of humanitarian aid applies to goods imported or purchased locally by organizations registered as humanitarian organizations for such purpose. (Article 26 (1) and (2)).

The exemption covers the import of goods or purchase of goods locally with an announcement or declaration of a natural disaster, industrial accidents, or catastrophe by the Disaster and Prevention Commission. The Regulation contains a provision that deals with import exempt by law or agreement. An exemption by agreement covers tax exemption for certain import of goods only if the agreement is entered into by the government or the agreement is entered into with permission granted by the government. (Article 28 (3) and (4)).

The exemption by agreement includes exemption provided under;

- a. A technical assistance or humanitarian assistance agreement entered into between a government of any country;
- b. The Diplomatic Immunities and Privileges Convention;

- c. An International Convention having the force of law in Ethiopia; and
- d. Any other multilateral agreement to which Ethiopia is a party.

2.3.3 VAT Refund or Rebate

If at least 25 percent of the value of a registered person's taxable transactions for the accounting period is taxed at a zero rate, the tax authority will refund the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period within a period of two months after the registered person files an application for refund, accompanied by documentary proof of payment of the excess amount. (Article 27(1))

In the cases of other registered persons, the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period is to be carried forward to the next five accounting periods and credited against payments for these periods, and any unused excess remaining after the end of this five month period shall be refunded by the tax authority within a period of two months after the registered person files an application for refund, accompanied by documentary proof of payment of the excess amount (Article 27 (2))

Where the tax authority is satisfied that a person who has made an application for refund has overpaid tax, the tax authority shall first apply the amount of the excess in reduction of any tax, levy, interest, or penalty payable by the person under the VAT proclamation, the customs proclamation, the income tax proclamation, or the sales and excise tax proclamation and then repay any amount remaining to the person if the amount to be refunded is more than 100 Birr. (Article 27 (5) (1) (a) and (b)).

If a registered person is entitled to a refund and the tax authority is satisfied that the person has overpaid tax, than if the tax authority does not pay the refund within the specified two months period, the tax authority will pay the person entitled to the refund, interest set at 25% (twenty five percent) over and above the highest commercial lending interest rate that prevailed during the preceding quarter. (Article 27(6)).

VAT refund, as it is clearly stated in the proclamation Number 285/2002 (VAT Proclamation article 27), if at least 25 percent of the value of a registered person's taxable transactions for the accounting period is taxed at a zero rate, the authority shall refund the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period within a period of two months after the registered person files an application for refund, accompanied by a documentary proof of payment of the excess amount.

In the case of other registered persons, the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period is to be carried forward to the next five accounting periods and credited against payments for these periods, and any unused excess remaining after the end of this five months shall be refunded by the authority within a period of two months after the registered person files an application for refund, accompanied by documentary proof of payment of the excess amounts. The ministry of finance and economic cooperation (MoFEC) shall determine the manner in which and the amount of the tax collections that will be retained for VAT refunds.

As it is clearly stated on the proclamation on how refund will be treated in the office or the authority is that when the authority is satisfied that a person who made an application for refund has overpaid tax, the authority shall first apply the amount of the excess in reduction of any tax, levy, interest or penalty payable by the person under this proclamation then repay any amount remaining to the person if the amount to be refunded is more than 100 Birr.

Any registered businesses who submit the refund claim shall fill the predesigned refund formats and present them to the tax office with all needed supporting documents for review and check against the rules, regulation and proclamations.

EMoR has release one new directive in relation to VAT refunds (Directive No. 148/2019) on March 2019 how to manage VAT refund procedures which consider risk level of businesses (categorize them into three risk levels, small, medium and higher). EMoR release this new directives as the power vested on it in proclamation No, 179/95 article 39. This directives clearly stated parties to be considered on this directive and it includes NGOs, mega projects who have material investments, and special privileged organizations. It also elaborate VAT withholds and voucher systems. Transactions valid for VAT refund, regular VAT refund procedures, how to entertain VAT exempted enterprises, preconditions that are mandatory to present VAT refund requests include:

- Export confirmation documents
- Bill of loading/ airway bill
- Customs declaration
- Bank permit and bank credit advise, and
- Sales contract and VAT refund summary report

Every needed detail is clearly stated on this directives for all business types who are entitled to submit VAT refund claims. This directives throwaway the previous directives No. 15/1996 which was developed for same purposes.

2.3.4 Refund Recipients

Refund claims are dominated by exporters. Most VAT refund claims are made by exporters, both in number and value of claims. In many countries, VAT laws limit entitlement to refunds to exporters, requiring other (non-exporting) enterprises to carry forward their excess credits to subsequent tax periods, see later discussion of mandatory carry-forward schemes. Typically, a small number of large exporters account for the majority of VAT excess credits refunded.

The balance of other refund claimants (i.e. non-exporters) tend to fall into the following groups:

- Registered taxpayers supplying zero-rated goods and services to the domestic market (e.g., hospitals and universities in Australia, where supplies of health and education services are zero-rated).
- Registered traders whose excess credits arise from temporary trading conditions, a seasonal slump in sales can result in a temporary credit balance. Many countries require the taxpayer to carry forward excess credits for a certain period (e.g., three or six months) knowing, in all likelihood, that these credits will be offset by future VAT liabilities.
- Registered entities that have made large purchases of capital goods relative to current sales, it is not uncommon for a start-up enterprise, for example, to make major investments in heavy equipment several months before commencing trading. Established businesses may also experience periods where VAT paid on large purchases (e.g., replacement machinery) exceeds VAT payable on taxable sales.
- Registered traders subject to a dual rate structure, refund claims arise when outputs are taxed at a reduced rate while inputs are taxed at the higher standard VAT rate. While data relating to this category of refunds are sparse, the limited information collected from the survey suggests that refunds of this kind are minimal. About a third of the countries surveyed reported that they use multiple rates. Of these, it would appear that the Slovak Republic's experience with refund levels for this category at around 7 percent by number, and 15 percent by value, of total claims in 2001 is toward the upper end of the scale.
- Registered traders subject to withholding arrangements, some countries, particularly in Latin America and West Africa, require certain business and government entities to

withhold amounts of VAT from payments to their suppliers (Graham Harrison,2005). These schemes have several drawbacks: in particular, refund claims can proliferate under these arrangements, especially if withholding rates are set too high.

- Claimants not registered for VAT, these include:
 1. diplomats and other bodies exempted from VAT (and other taxes) under diplomatic conventions and international agreements; and
 2. Visiting tourists, who, in some countries, are entitled to refunds of VAT on purchases that they take home with them (i.e. the goods are effectively being exported). Refunds to tourists may be limited to large purchases made within a specified time before departure.

2.3.5 Time Taken to Process Refund Claims

Most countries have statutory deadlines for payment of VAT refunds. A common feature of VAT laws is to impose a deadline on the tax authority to pay refunds within a prescribed period starting from the time a claim for a refund is made. Policymakers have often advocated that, to make the operation of the VAT fair, the same tight statutory timetables imposed on persons paying VAT should also apply to tax authorities refunding VAT. Another argument in support of statutory deadlines is that they help reduce corrupt practices, the rationale being that if the law requires prompt refunding (and this is properly enforced), tax officials will have less opportunity to extract payments from traders in return for speeding up refunds (or indeed paying them at all).

It is of no surprise, therefore, their tax authorities are required to make refunds within a prescribed timeframe, ranging from 24 hours to 90 days .The most common statutory period for making refunds is 30 days (Temtime, 2014)

Taxpayers are often entitled to interest on refunds paid late. VAT laws provide for interest to be paid on late refunds. The minimum rules may apply (e.g., in Singapore and the United Kingdom, no interest is payable if the interest calculation is less than a prescribed statutory amount). Payment of interest is seen as compensation to taxpayers who, in essence, have loaned funds to the government. Interest is calculated at a statutory rate, often aligned to prevailing commercial bank interest rates, and adjusted quarterly or half-yearly by regulation multiplied by the number of days elapsed since expiration of the statutory deadline.

Many VAT systems impose a mandatory carry-forward period for excess VAT credits. To reduce the number of refunds and opportunities for abuse, particularly non-exporters, to carry forward their excess VAT credits for a specified period.

Carry-forward periods range from 30 days to more than a year, but are generally in the range of three to six months. Many VAT systems allow for refunds to be offset against other tax liabilities. (e.g., income tax) owed by the taxpayer (i.e., the amount due for refund may be used, with or without the taxpayer's consent, to pay off the taxpayer's other tax debts). VAT Refund Abuse

A large amount of VAT revenue is lost as a result of VAT refund abuse. Registered taxpayers may not pay the correct amount of VAT for a number of reasons including error, deliberately understating their VAT liabilities, or through systematic attacks on the VAT refund system. While countries have generally found it difficult to estimate the size of the revenue leakage, it is thought to be substantial. Some countries have made progress in recent years in estimating the scale of losses on VAT, in particular the United Kingdom, where the authorities have estimated the amount of VAT losses to be around 15.8 percent of net VAT receipts in 2002–03, made up of fraud and non-fraud losses.

The nature of VAT fraud and evasion is similar across countries, but the methods used to tackle it may differ. Countries employ a range of methods to address refund abuse and VAT evasion. Some countries (e.g., Hungary, New Zealand, and the United Kingdom) apply methods grounded in risk management principles, while others (e.g., Azerbaijan, Bulgaria, China, and Korea) seek to influence or control taxpayer behaviour through more intrusive systems and regulations applied to all VAT taxpayers, good and poor compliers alike.

Experience shows that tax authorities in a number of transitional and developing countries have often shown reluctance to embrace, fully, risk management approaches to processing VAT refunds. The authorities are simply not convinced that these methods provide adequate safeguards in environments where there is a weak culture of paying taxes. For this reason, tax administrations in these environments continue to pursue approaches designed to exercise tight control over taxpayers and their transactions. (Graham, 2005)

2.4 Administering VAT Refunds Principles And Modern Practices

A key feature of the invoice-credit form of VAT is that some businesses will pay more VAT on their purchases than they collect on the taxable sales they make, and so should be able to reclaim the difference from the tax authorities. As already noted, this is particularly true of exporters whose output is zero-rated. It is also true of businesses, particularly new ones, which have made large purchases relative to current sales. Refunds are part and parcel of the operation of the VAT, a tax that is designed to be borne by the final consumer, not by producers or

suppliers. Any attempt by tax administrations to deny payment of legitimate refund claims alters the nature of VAT by making it, in part, a tax on production.

2.4.1 Administering VAT in a Self-Assessment Environment

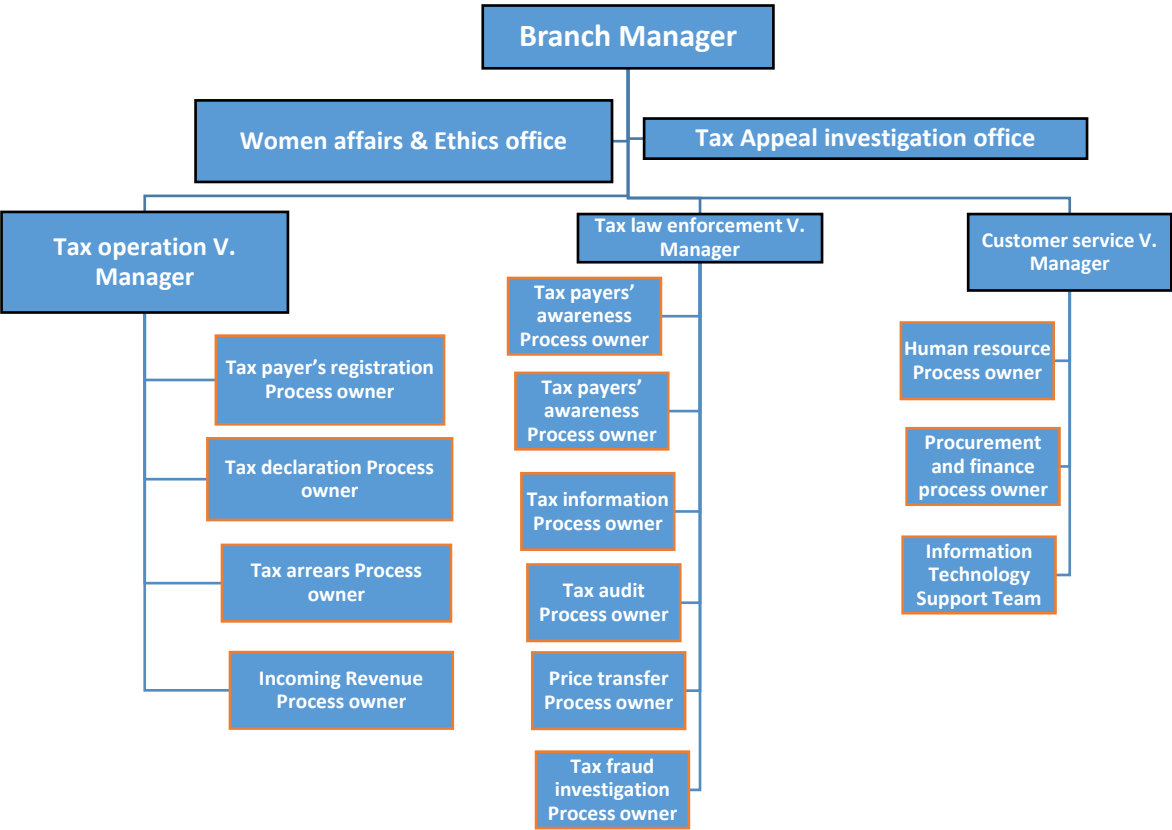
Modern VAT systems, and their administration, operate on a principle of voluntary compliance, where taxpayers are expected to comply with their VAT obligations with limited intervention of revenue officials. Voluntary compliance is achieved through a system of self-assessment, where taxpayers, with access to information and assistance from the tax administration, calculate their own liabilities and refund entitlements, file returns, and pay tax and claim refunds that they themselves assess. If they fail to make accurate assessments and pay insufficient tax, or falsely claim refunds, they run the risk of being audited and subjected to penalties. Experience strongly suggests that VAT is feasible only as a self-assessed tax.

The tax administration's role in a self-assessment environment is to, first, assist taxpayers to understand their obligations and entitlements and, second, to take action against non-compliers, particularly those exhibiting the highest revenue risks. To do this, the tax administration must be organized appropriately, with adequate resources, and have in place compliance programs based on a balanced mix of education, assistance, enforcement, and verification. To the greatest extent possible, VAT systems should be supported by clear and simple laws and procedures that facilitate revenue administration and minimize taxpayer effort and compliance costs. Importantly, administrations should be provided with appropriate enforcement tools, including powers to conduct audits, reassess and collect liabilities, and impose penalties.

2.4.2 Structure of LTO

For the sake of taxpayer segmentation in Ethiopia, taxpayers have been segmented into Large Taxpayers Office (LTO), Medium, Small and Micro Size Taxpayers groups. Thus according to such segmentation the resources primarily deployed to LTO and Addis Ababa No. 1 Medium tax payers branch offices respectively. However, other EMoR branch offices accordingly structured in different areas considering the availability of taxpayers and revenue sources. One of the ground that EMoR uses to categorize branches under small and medium taxpayers (SMTs) are grouped often on the bases of revenue and size of taxpayers. Large entities in a large taxpayer unit and roughly equate medium entities with VAT-registered taxpayers, small entities are automatically deemed to fall below VAT registration thresholds. However, these classifications overlap since large tax payers unit and VAT thresholds may be set at high levels to ease tax reforms.

Both LTO and Addis Ababa No. 1 medium tax payers branch office are structured in similar ways, other branch offices are also structured in similar ways, and they also play identical rolls in their respective branches. The target tax payers are those businesses or taxpayers whose average (last three years 2002 -2004) annual return is more than 1 million Birr, and the taxpayers are targeted based on their annual sales volume and it is subject to changes considering various conditions of the branch offices and taxpayers.



2.4.3 Budgeting for VAT Refunds

There are two methods of budgeting for VAT refunds:

1. Making payments from gross VAT revenue ; or
2. Paying from budget expenditure appropriations.

The choice of which method to use is influenced by historical and legislative (constitutional) factors. Irrespective of the method employed, it is essential that tax authorities and finance ministries have suitable forecasting and monitoring systems in place to anticipate refund levels and make sufficient funds available to meet all legitimate refund claims when they occur. a pattern of refund claims tends to develop within countries over time, meaning that authorities should be able to predict, with some degree of certainty, the level of refunds they might expect to pay throughout the year.

To ensure that tax authorities are not tempted to delay refunds during periods when collection targets are under pressure, suitable performance measures should be established to track actual collections and refunds against forecasts, with a requirement to explain variances.

Zero-Rating Supplies to Exporters:

When France adopted the first VAT type tax with an invoice based credit mechanism in 1948, a specific scheme (*Le système des achats en franchises*) was implemented to allow regular exporters to purchase their business inputs free of tax. The aim of the scheme, which in effect applied a zero-rate to supplies made to exporters, was to eliminate the need for exporters to claim refunds of excess credits. The scheme was further developed in 1954 and 1968, when the structure of the tax was improved to become a modern VAT (including broadening the base and extending the VAT credit mechanism).

When the VAT was introduced in other European member states in the 1970s, some of them (e.g., Ireland, Italy, and the Netherlands) adopted the zero-rating scheme for their exporters, although the Netherlands later abandoned it in the 1990s. While the Sixth Directive provides EU member states with the option of adopting this system, only a limited number have done so. In the 1980s, the scheme was introduced in several former French colonies (including Algeria, Côte d'Ivoire, Morocco, Tunisia, and Senegal), and in the 1990s in a few transition and emerging market countries (e.g., Korea, Albania, and Azerbaijan).

Although the scheme may have facilitated introduction of the VAT in France in the early 1950s, it has since been shown to add complexity and revenue risks to VAT administration, largely because the scheme breaks the VAT credit chain. Zero-rating supplies to exporters effectively shifts the problem of controlling refund claims away from a small number of well-known

exporters to an often larger and lesser known group of suppliers. The certificate mechanism, such as that operating in Azerbaijan, is open to abuse, and adds to administrative workloads in monitoring the activities of downstream suppliers.

2.4.4 Deferring Accounting for VAT on Imported Capital Goods

Investors importing large items of capital equipment often complain that the levying of VAT on their imports has a negative effect on their cash flow and thereby discourages investment (i.e., the investors are required to pay VAT before clearance of their goods, and then have to wait for the resulting excess credit to be refunded following filing of their next VAT return). One solution to this problem is for countries to grant VAT exemptions to the investors, thereby dispensing with the need for refunds altogether. Governments are, however, generally reluctant to do this because of the potential for abuse, and the pressure it creates to extend VAT exemptions to other imports. A viable alternative, supported by FAD (Fiscal Asset Department)¹ in developing countries, has been to permit VAT taxpayers to defer accounting for the VAT liability on the imported capital goods until filing of the next return. In this way, importers can offset the VAT liability with the input tax credit to which they are entitled.

2.4.5 What is a tax invoice?

Tax invoice is the document which proves that a taxable transaction (i.e. the sale of goods and /or services by a registered person) has occurred. For supplies of more than \$100 (Including VAT), the tax invoice needs to show the words "tax invoice", in a prominent place; the name, address, and tax identification number (TIN) of the supplier; the name and address of the recipient; an individual serial number of each invoice; the date the invoice was issued; a description of the goods and/or services supplied; the quantity or volume of the goods and/or services supplied; the consideration (excluding VAT) for the supply; the total amount of VAT charged; and the VAT inclusive price (VIP) i.e. the sale price for supplies.²

2.4.6 Distinguish between Zero-Rated VAT, Exempt VAT & Non-Taxable Supplies

All supplies could be classified as exempt, zero rated or standard rated for VAT purposes. Supplies that are standard rated or zero-rated are considered to be 'taxable supplies' as defined.

¹ Fiscal Affairs Department, International Monetary Fund, Washington, DC

² Decree of the Minister of National Economy No. 23/2014 (VI. 30.)

The supply of goods and services are generally subject to VAT at the standard rate (15%), unless such supply is specifically zero-rated or exempt in terms of the VAT Act.

A zero-rated supply is a taxable supply on which VAT is levied at the rate of 0%. No output tax will be payable to Inland Revenue in respect of zero-rated supplies. Registered VAT entities making zero-rated supplies are entitled to claim their input tax deductions on goods or services acquired in the course of making such taxable supplies.

An exempt supply (i.e. not a taxable supply) is the supply of goods or services on which no VAT rate is chargeable. Registered VAT entities may not claim an input tax deduction in respect of goods or services acquired in the course of furtherance of making exempt supplies. A person that makes only exempt supplies cannot register for VAT as they are not providing taxable supplies as per the VAT Act. Where goods and services are purchased for taxable and non-taxable purposes, only a portion of the input tax may be claimed. VAT registered entities making mixed supplies (taxable and exempt supplies), are required to apportion their input deduction to the extent to which the entity has utilised the goods or services in the course and furtherance of making taxable supplies.

Confusion often exist about 'VAT at a Zero-Rate', 'Exempt supply' and 'Non-supply'. The main difference between zero rate and exempt supplies is that the suppliers of zero-rated goods and / or services can still reclaim all their input VAT, but the suppliers of exempt goods are either not registered for VAT or if they are, they cannot reclaim their input VAT.

Non-supply items would be those purchases made from unregistered businesses and private individuals. These purchases do not appear at all on the VAT Return, as they fall completely outside the VAT system.

For a "zero-rated good," the government doesn't tax its sale but allows credits for the value-added tax paid on inputs. If a good or business is "exempt," the government doesn't tax the sale of the good, but producers cannot claim a credit for the VAT they pay on inputs to produce it. Almost all countries apply preferential rates to some goods and services, making them either "zero rated" or "exempt." For a "zero-rated good," the government doesn't tax its retail sale but allows credits for the value-added tax (VAT) paid on inputs. This reduces the price of a good. Governments commonly lower the tax burden on low-income households by zero rating essential goods, such as food and utilities or prescription drugs.

EXEMPTING If, by contrast, a good or business is “exempt,” the government doesn’t tax the sale of the good, but producers cannot claim a credit for the VAT they pay on inputs to produce it. Because exempting breaks the VAT’s chain of credits on input purchases, it can sometimes raise prices and revenues. Hence, governments generally only use exemptions when value added is hard to define, such as with financial and insurance services.

2.4.7 Principal Components of VAT

There are two principal components of VAT. These are Input VAT and Output VAT.

- **Input VAT**

Input VAT is the VAT payable by a taxable person on goods and services supplied to him and on goods which he imports for the purposes of a business carried on by him and for which registered for VAT. Viewing the concept from the other angle, it is the VAT payable on purchase of taxable supply including capital goods and operating and administrative expenditures. For a VAT registered person (taxable person) input VAT is not a component of the cost of purchase/import rather the registered person is entitled to take input VAT deduction against the VAT charge on sales or is recoverable from the Tax Authority. Hence, input VAT is a receivable for a registered person.

- **Output VAT**

Output VAT is the VAT collectible by a taxable person at the time of sale of taxable goods and services (supply). It is the VAT chargeable on sales of taxable goods and services whenever a taxable person supplies taxable goods or services to other person. VAT must be included in the price charged for those taxable goods or services. This is the output VAT for the supplier. Output VAT is not a component of the sales price rather it is a liability to the taxable person which is collected on behalf of the Tax Authority.

The logic of VAT is that during a VAT accounting period, a VAT registered person pays VAT on its purchases, which is called input VAT; and the person charges VAT on its sales, which is called output VAT. At the end of the VAT accounting period, the difference between the amount of output tax and input tax represents either VAT payable to the Tax Authority or VAT Refundable from the Tax Authority.

If the output VAT exceeds the input VAT, the VAT registered person has collected more tax from its sales and, thus, the excess VAT collected (net VAT) must be paid to the Tax Authority, at the end of the VAT accounting period.

As discussed in the literature review, according to Harrison and Krelove, (2005) VAT refund is meant to return the amount of money the taxpayer paid at the time of purchase (input VAT) if it is higher than VAT collected by him/her (output VAT). And according to proclamation No.285/2002, the Authority refunds the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period within a period of two months after the registered person files an application for refund, accompanied by documentary proof of payment of the excess amounts.

2.5 VAT Refund

VAT refund is meant to return the amount of money the tax payer paid at the time of purchase (input VAT) if it is higher than VAT collected by him/her (output VAT). A key feature of the invoice-credit form of VAT is that some businesses (notably exporters) will pay more tax on their purchases than is due on their sales, and so can seek refunds of excess credits from government (Harrison and Krelove, 2005).

Grandcolas (2005), Jantscher (1990) and Abehodie (2008) noted that managing VAT refunds is one of the challenges of VAT administrations in developing countries. In managing refunds and combating refund frauds, different countries use schemes including denial of refund claims (except to exporters), carrying forward of refund claims, demanding a third party certification of the claim, demanding guarantee, requiring taxpayers to have separate VAT bank accounts, zero rating of supplies to exporters and remission of input VAT on certain goods (mainly capital goods). Some of these schemes are not only to combat refund frauds, but are also intended to reduce the strain on business cash-flows. Looking closely at the practices concerning VAT refunds in developing countries shows that all developing countries give refunds to exporters and some require other VAT taxpayers to carry forward their excess credits indefinitely (Jantscher 1990).

2.5.1 How do the VAT refund procedures work?

Most companies that incur the VAT are entitled to apply for a refund. A claim has to be filed with the local tax authorities, usually in the local language. Copy of the original invoices must be submitted with the claim, including signed refund forms. The tax authorities will process the claim, and grant the refund.

2.5.2 Minimum VAT refund

If an application that relates to the entire calendar year or to its remaining part, no refund is paid if the refundable amount is less than certain amounts, it is Birr 100.00 in Ethiopia cases.

Information required on the application

The following details must be given:

- The applicant's name
- The applicant's VAT number or tax registration number (TIN)
- The applicant's address, postal code, and city
- Description of the applicant's business activity for which the goods or services have been purchased..

The application must contain a declaration in which the applicant declares that during the period concerned, he has not operated a taxable activity in Finland i.e. not delivered any goods or rendered any services. However, this does not concern any sales subject to the reverse charge or any selling of certain exempt transportation including ancillary services to it.

Application must include a specification of invoices and import documents. Each invoice and import document must be listed.

2.5.3 Standard Integrated Government Tax Administration System (SIGTAS)

The Standard Integrated Government Tax Administration System (SIGTAS) is an integrated information system that enables governments to automate the administration of taxes and licenses. This software is designed to meet the needs of developing countries who wish to increase their control over state revenue by equipping themselves with computerized systems. Since 1996, SIGTAS has been implemented in 20 countries located in Africa, the Caribbean, the Middle East, Eastern Europe and Asia.

SIGTAS was designed to adapt to the changes affecting the country's tax policy. Accordingly, declaration forms, penalty rates and interest can be modified without programming. Thanks to its integrated nature, SIGTAS is able to manage every facet of the tax management process including:

- Taxpayer registration;

- Handling of tax declaration forms;
- Assessments (including payments and withholdings);
- Collections case management and objection case management;
- Cashing, penalties and calculation of interest and penalties; and
- Audit (case tracking and follow-up).

The software also provides for documentation management, objections (appeals) and payment agreements handling

2.6 Empirical literature review

A number of empirical studies have attempted to identify challenges of VAT in general and several factors have been sorted out and this section deals with the empirical frame work supported by different researchers regarding the challenges of VAT refund procedures and problems. To understand these arguments, the researcher pointed out the following empirical evidences based on their relevance or importance for this specific study, although all of them not specifically related with challenges of VAT refund practices they highlighted a number of specific findings that deal with VAT refund matters.

From Graham (2005) in his paper tries to show what determines the level of refunds? A country's VAT refund level (in percent of gross VAT collections) is influenced by a number of factors, including the nature of the economy (e.g., extent to which investment generates excess VAT credits, value-added of export industries, and proportion of taxable and zero-rated sales in the economy); and the design of the VAT system, particularly the extent of zero-rating and use of multiple rates.

Finally, he found out that refund levels will also be lower in countries where tax administrations and treasuries deny refund claims during periods of government cash shortages.

From Graham (2005) paper in addressing problems associated with VAT refund processing, there is sometimes a tendency for tax administrations to deviate from the primary goal of building sound VAT systems based on improved voluntary compliance through effective systems of self-assessment. Conclusion of this study demonstrated that level of VAT refund is determined by and affected by many factors and among which is design of VAT system is the major one. Furthermore he clearly tries to show how economic growth is decisive on the level of VAT refunds, as countries with more open and faster-growing economies and as well as in

countries with modern tax systems and administration the level of VAT refund will be higher and quite smooth.(Ibid).

Temtime (2010) in his finding also revealed that submitting tax return, getting tax refund, tax law enforcement are perceived as complex and unfair. Moreover, the study reached that taxpayers were more dissatisfied with the current VAT Withholding system as it creates enormous cash flow problems and a heavy financial cost to the business taxpayers. The key message arising out of this study is the need to organize tax system systematically and logically, and further simplify the tax policies and procedures and thereby moderate complexity. This study only grasp associated problems with tax withholdings visa-vis with cash flows.

In the literature, most countries have statutory deadlines for payment of VAT refunds. A common feature of VAT laws is to impose a deadline on the tax authority to pay refunds within a prescribed period starting from the time a claim for a refund is made (Harrison and Krelove,2005).

Birhanu (2018) in his paper shows that tax authority responses to VAT refund application is not on time, to get information on VAT refund practice to the tax payers by LTO is challenging and time taking, these question was therefore both the respondents groups. From his study results he conclude that both the tax payer and employees believe that tax office was not responding to VAT refund application on time, to increase the satisfaction of taxpayers and to minimize challenges to VAT collection practice, and also to contribute to tax revenue much has been done on the VAT refund procedures . (Ibid).

Bisrat (2010) reach in to conclusion that the VAT collection efficiency of the revenue authority is low. He explained this by the fact that, filling and payment control of the revenue authority are manual, even though the so-called Standard Integrated Government Tax Administration System (SIGTAS) and Automated System for Customs Data Management (ASYCDM) computer programs are installed. More specifically, Bisrat (2010) argued that VAT refund is the most inefficient and problematic part of VAT collection practices of the revenue authority in Ethiopia. His arguments for the inefficient VAT administration practices in Ethiopia are supported by the fact that there are insufficient resources of the authority including the manpower. Furthermore, Bisrat explained that the administrative costs of VAT collection in Ethiopia are low comparing to other countries, implying that, important functions might be neglected from within the procedure of VAT administration practices. All in all, the results of

this study elaborated that VAT administration in general and VAT collection practices in particular, are inefficient in Ethiopia, at the time of the study.

2.7 Research Gap

The research conducted to fill the gap that is not strictly focused by other previous research that are relates to challenges of VAT refund procedures. When we see the study of Graham (2005) it was the VAT Refunds: A Review of Country Experience in this study the level of refunds performance of VAT is determined by design of VAT system and economy growth of the countries, VAT refunds is likely to be higher in countries with more open and faster-growing economies (i.e. where there are higher export and investment shares in total economic activity). However, this study tries to examine the level of VAT refunds in detail from the above study, in his paper he couldn't clearly sort out and identify those challenges of VAT refund procedures.

In addition, from the study of Temtime (2010) and Bisrat (2010), in case of Ethiopia, according to survey data, although the statutory time limit to VAT refund is 30 days, and majority respondents report that the tax authority has not made refunds payments within a prescribed timeframe, he clearly indicate that business tax payers were not satisfied with the time it took to receive their refunds.

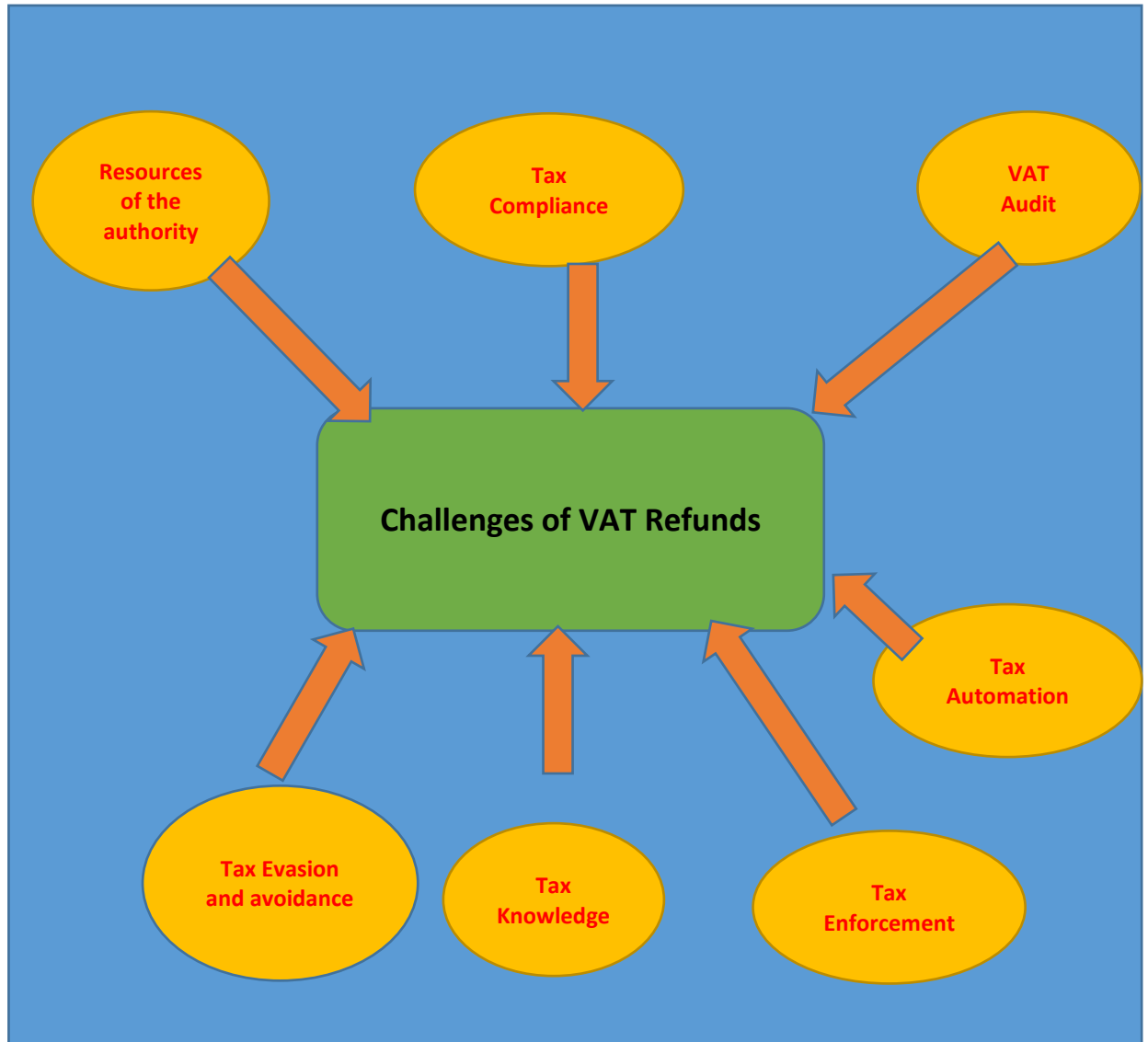
From the study of Birhanu (2018) in his paper he identified that both the tax payer and employees believe that tax office was not responding to VAT refund application on time.

Temtime (2010) is also emphasis on the associated challenges in VAT withholding and tax payers' satisfactions in the general tax system not specifically to the challenges associated with the VAT refund procedures. This paper emphasis to see the challenges on the branch level, unlike other interest on the country level.

2.8 Conceptual Framework

Based on the literature review, there are different factors that are affecting VAT refund process in the tax offices. Such factors comprises resources of the authority, VAT audit, tax collection enforcement, tax compliance and, resources of the authority, tax evasion and avoidance, and tax knowledge. The following conceptual framework was developed to guide this particular paper. Here the researcher in his conceptual frame work wants to show the challenges of VAT refund procedures and way in which effective implementation of VAT refund system. From the following diagram VAT refund is a dependent variable while as tax education, tax evasion and

avoidance, VAT audit, and tax collection enforcement, tax compliance and tax knowledge and automated tax systems are independent variables.



2.9 Summary

From the literature review part of the study, the researcher discuss the theory of the literature review which includes, meaning of VAT refunds, VAT regime in Ethiopia, different VAT concepts, practices and theories, VAT refund abuses,, administrating VAT refunds, budgeting for VAT and principal components of VAT, tax compliance, the level of taxpayers compliance, the level of taxpayer's knowledge about Ethiopian VAT, factors affecting VAT refunds, the conceptual framework contains the diagram which clearly described VAT refund challenges and factors that affecting VAT refunds. In addition, some empirical literature reviews that was related to VAT refund problems, research gap and VAT terminologies was included. Then the researcher confirmed the possible measures under taken by the tax authority to decrease the problems that were listed from different scholars. Therefore this issue is the part of the research to explain challenges of VAT refund practice in LTO and give reliable information for the solution.

CHAPTER THREE

3. Research Design and Methodology

3.1 The Research Design

Different writers' express research design and methodology differently. The explanations have been not yet different in meanings. Kumer (1999) and Creswell (2009), for instance, expressed research design as the research strategy or plan that provides specific directions so conceived as to obtain answers to research questions. The basic aim of this study was to assess challenges of VAT refund procedures and its impact on businesses performance. For this purpose, a descriptive survey research design was used to obtain current existing conditions and pertinent information over the large business population as well as to describe the nature of existing conditions (Best and Kahn (2002, p.107).

3.2 Research Approach adopted

Research methods are the techniques used to collect data. In this study, the researcher adopted mixed methods approach, to capture the best of both qualitative and quantitative data and it enables to triangulate and support the data and result collected by questionnaire, as discussed in the previous section, which is employed concurrently in collecting and analyzing data. There were different tools available to the researcher to collect the required data including observation, interview and document analysis. For this study, the researcher applied qualitative (observation in the working area, in-depth interview and document analysis) and quantitative approaches (use data related to VAT refund performance and refund trend). In this survey both qualitative and quantitative research methods were employed. Therefore, it was a sequential mixed research method (Creswell, 2009).

The primary technique for collecting the primary quantitative data was a use of self-developed questionnaire containing self-assessment items measured on the 5-point Likert type of scales strongly agree, agree, undecided, disagree, strongly disagree and qualitative data collected through open-ended , and the other was the use of personal interview with key VAT refund practitioners and businesses.

3.3 Sources of Data

To secure adequate and reliable information about the study, data will be obtained through both primary and secondary sources. The primary information were gathered from tax officers or

employees of the branch and branch tax payers through questionnaire, in-depth interview with head of refund department and selected employees. Additionally observations using observational check-list is taken. Secondary sources are second hand information encompassed. Records of VAT refund documents, records of amount refunded to tax payers, and records of VAT refund rejected for various reasons were secondary sources of data to be used in the study. The qualitative approach in the study focused on reviewing various tax proclamations, directives and, manuals and other relevant tax documents to examine the presences of sustainable considerations and its practices.

3.4 Population and Sampling Techniques

The target population of the study were the VAT section employees of EMoR LTO employees and tax payers of the branch. It is also because of different rumours, complaints and hearings from the businesses (tax payers) about VAT refund procedures. According to 2010 E.C. report of the office number of employees in the office relatively large for the study, 308 of which 205 are directly working on VAT related activities, managers, process owners, team leaders and officers working on different positions and businesses were filled the questioners. In addition discussions made with five persons working in the office focusing to the issue (VAT refund), especially with process owners, and team leaders.

Different tax payers were selected from different types of businesses, considering their nature, like exporters, construction companies and special privileged organizations, and 80 businesses from different sectors were considered by using strata and simple random techniques. The reason behind is that stratified sampling helps to get representative samples from the different business streams on the basis of equal allocation used as a strategy by the tax office itself. Simple random sampling technique were used to give equal chances to the entire population of tax office employees dedicated to VAT and related issues, and also it gave equal chances to the entire population of the department. But, other employees of the tax authority from two other branches were purposely included in the sample study. This is due to the reason that the branches manage similar VAT refund issues for the selected type of businesses, to this end the researcher believes that participants from these branches may provide valuable information for the study.

Thus, to ensure representativeness, and manageability of the study, 10% of the employees will be chosen. According to Levine, as cited in Laaria (2013) described the normality of 20%

sample size for descriptive survey method over large areas in a research. Whereas Process owners, team leaders and all department heads were purposely chosen to obtain pertinent information as they are expected to know about, and have more responsibilities in the VAT refund and other related issues of the office

3.5 Data Gathering Instruments

Different instruments were used to collect data from the sources. Questionnaires, intensive interviews, observation and document analysis were developed and used to collect data about the research questions.

3.5.1 Questionnaires

Two types of questionnaires were used for data collection from LTO employees and tax payers of the branch offices to get relevant data and different views from different perspectives of respondents. The questionnaires were prepared in Amharic and administered to tax office employees and branch tax payers since Amharic is mostly used as the language of instruction at branch offices. But part of questionnaires translated into English aiming to minimize language ambiguity, increase easy understanding and to fit them.

Close ended questionnaire believed suitable to survey and enable the respondents to respond quickly. Open ended questions were used to obtain qualitative data and provided respondents to respond their views freely in continuous text.

3.5.2 In- depth Interviews

Interview tools were employed in the research to collect qualitative data, in order to triangulate information obtained through questionnaires and to explore the data that is unclear for the researcher and the information that have not been collected through survey and document analysis by allowing the interviewee to remain flexible.

This instrument enables the researcher to get insight the problem statement and assure the comparability of the data (Kumer, 1999, p.109). In this study, two type of semi structured interviews, which consisted different items, were prepared and presented to 6 team leaders and 10 businesses in a face to face interaction. The interview took a maximum of 40 minute's, responses were recorded by the researcher using a field note book in one and half pages per the interviewee.

In addition to the above respondents the researcher interviewed three (3) process owners or branch managers from the three branch offices who have experience with the VAT refund system. The researcher also considered taxpayers who involved from different types of VAT refund claims include: from export business sector, from construction business sectors and from special privileged organizations. In this regard the researcher visited taxpayer's offices at different time by asking their willingness through telephone. With the intent of gathering information that needs clarification and that couldn't be achieved through other techniques. In order to obtain experienced and concerned respondents the researcher performed in-depth interview with selected tax collectors at each branch level at different time and places.

3.5.3 Observation

Observation is one way to collect primary data by watching and listening to an interaction or phenomenon as it takes place. When observation is used in research to collect data it always consists detailed description of people's activity and full range of interpretational and organizational process which are part of observable human experience (Gall, 1996:57). In this research, observation was done, for instance, interactions between tax payers and employees using the already prepared observation check-list. It was prepared in light to verify responses given in the questionnaires and interviews.

3.5.4 Document analysis

This instrument were employed to secure the necessary information about VAT refund procedures in the branch offices. Additionally, in order to know the performance level of the branches the researcher took VAT refund request and refund amount data of the three branches from years 2016- 2018 G.C. Then research projects carefully analysed to validate and to check reliability of the collected data through other instruments such as questionnaires, interviews, and observation.

3.6 Procedures of Data Collection

The following procedures were taken into account to deal with challenges of VAT refund procedures in LTO. Following the preparation of each data gathering instruments, the researcher presented the questionnaires to experts in Addis Ababa University and some colleagues for evaluation of the content quality and validity before they were used for actual data collection. Accordingly, the researcher collected different comments and made some

amendments in avoiding redundancies, including omissions, correcting wordings and number of items for perfecting the instruments. Besides, the researcher distributed and administered the rough questionnaires to branch offices, 10 employees and 20 businesses in random selection for piloting. It was conducted in head office which were not be included in the sample branches for the actual study.

Then modification were made by the researcher if any difficulties were observed. Then, all type of questioners were distributed to the selected respondents and interview was held with the interviewee.

3.7 Techniques of Data Analysis

Data were collected through questioners', businesses VAT refund request and refunded amount performance rating, interview and observation. The quantitative data obtained through questionnaires were coded, tallied, tabulated, organized and will be treated with different statistical techniques for the analysis and inferences. Different statistical tools such as frequency counts, mean average, weighted mean values, percentages, standard deviation and one way ANOVA (with post hoc comparisons) will be employed depending on the research questions and the specific nature of the data collected, to show the average agreements and disagreements of the respondents. Pearson's product moment correlation tests were used to investigate the relationship between independent variable (refund procedures, time and method) and dependent variables (VAT refund procedures). Lastly, a thematic analysis were made for the information obtained through interview, document analysis, observation and the branch's VAT refund request and refunded amount.

The scores for each item of the questioners were entered into excel spreadsheets. These scores were divided into their appropriate categories according to their classifications and then calculated. The mean and standard deviation of the scores were calculated using software called SPSS to compare one set of scores to another. The variances were calculated to test the normal distribution of the scores of the two samples or to measure how far each scores of the two samples from the mean. One-way ANOVA were used to identify statistically significant difference and similarities, and degree of agreement and disagreement among the branch employees and tax payers. The concept underlying ANOVA is that the total variation or variance of scores can be divided into two sources: variances between groups and variance within groups (Davis, 2009). An alpha level of .05 were used as the level of significance for

this study. And finally, the strength of correlation between the three variables (VAT Refund amount, Refund Procedures, and VAT refund system) and between their sub variables was dealt using Pearson Correlation Coefficient. Pearson r Correlation Coefficient was the most appropriate measure when the variables to be correlated are expressed as either interval or ratio data. It is also the most suitable measure of correlation (Davis, 2009).

CHAPTER FOUR

4. RESULTS AND DISCUSSION

This part is concerned about presentation and analysis of the data collected using the data gathering instruments which were developed for the purpose of this study. It presents the analysis and the data collected. To this end, questioner, interview, observation and document analysis were taken in to account for data gathering. A total of 80 questioners to LTO tax payers and 60 for employee of LTO were distributed for respondents out of which 71 questioners from tax payers and 53 questioners from LTO employees returned successfully. The questioners were carefully administered by the researcher in collaboration with tax payers and tax office employees. The total response rate for both respondents was 88% (both for tax payers and for LTO employees). Therefore, it was sufficient enough to analyse the data obtained and can draw inferences to the entire challenges of VAT refund procedures in LTO.

The data obtained through close ended questions were carefully coded and checked for consistency and entered into the Statistical Package for Social Scientists (SPSS) spreadsheet. The analysis was performed with SPSS version 20. The data were analysed quantitatively using frequency counts, percentage, mean value, and standard deviation. Whereas, the data obtained through close ended, semi structured interview questions, observation check-list and document review were analysed qualitatively in coding and interpreting meanings to triangulate the qualitative data. Each data were presented in tables and followed by interpretations.

4.1 General Characteristics of the Respondents

Different sections of respondents were taken part in this study. From the total distributed questionnaires 73 tax payers, 53 LTO employees were productively complete and returned the questionnaires which are pertinent and valuable information about **Challenges of Value Added Tax (VAT) refund procedures: The case of LTO**. Thus, the general characteristics of the respondents present to show their profile with special reference to sex, service years, level of education, field of study, type of organization, years in business, annual level of returns and field of businesses or business streams in the following table.

Table 4.1. General Characteristics of the study respondents by sex, service years, level of education, field of study, type of organization, years in business, annual level of returns and field of businesses or business streams.

Tax office employees				Tax Payers			
Characteristics		No.	%age	Characteristics		No.	%age
Sex	Male	39	73.6	Type of Organization	Sole Proprietor	4	5.6%
	Female	14	26.4		Pvt. Ltd. Co.	45	63.4%
	Total	53	100		Share Company	7	9.9%
Service Years	3 - 5 Years	18	34.00		Other	15	21.1%
	6 - 10 Years	17	32.10		Total	71	100%
	11 - 15 Years	8	15.10	Years in Businesses	5 – 10 Years	-	-
	> 15 Years	10	18.90		10 – 15 Years	63	88.7%
	Total	53	100		15 – 20 Years	2	2.8%
Level of Education Field of Study	Certificate	-	-		> 20 Years	6	8.5%
	Diploma	-	-	Total	71	100%	
	Degree	43	81.10	Annual Level of Return	1 – 5 Million	-	-
	MA/MSc	10	18.90		5 – 15 Million	8	11.3%
	PHD	-	-		15 – 30 Million	6	8.5%
	Total	53	100.00		30 – 50 Million	44	62%
Field of Study	Accounting	27	50.90		50 – 100 Million	6	8.5%
	Businesses	15	28.30		>100 Million	7	9.9%
	Economics	11	20.80		Total	71	100%
	Natural Science	-	-	Business Field	Exporter	7	9.9
	Other	-	-		Importer	13	18.3
	Total	53	100		Importer/Exporter	33	46.5
					Construction	11	15.5
					International Organization	7	9.9
					Others	-	-
					Total	71	100%

The table presents general characteristics of respondents. As the data displayed in table 4.1, regarding sex proportion of tax office employees, 39 (73.6%) and 14 (26.4%) were men and female employees respectively. This shows that the number of male employees in the tax office is higher than that of female employees. Engagement or employee participation in the tax office consider substantial proportion of male and female participation. As it can be seen from the data given, the participations of female tax officers in the office (LTO) is relatively in a good proportion. This seems it has an implication that efforts are being made in encouraging and increasing female tax officers' participation in the office as just as equal to male officers.

With respect to the years or experience of tax office employee's respondents, 18 (34.0%) of the respondents had 3-5 years of experience, 17 (32.1%) of the respondents had 6-10 years of experience, 8(15.1%) of the respondents had 11-15 and 10 (18.9%) of the respondents had above 15 years of experience. This might showed that the large majority of respondents in this cases were in 3 – 5 years of experience and it indicates that there exist high level of manpower turnover in the department or the office and newly assigned employees may not be productive as expected, and relatively they are matured enough to provide pertinent information for this study and could facilitate to have good VAT refund procedure in the office, tax payers who were involved on this study also were in businesses from 10 -15 years 63 (88.7%) and they are also be a reliable sources of information on the subject matters, majority of them 45(63.4%) are Pvt. Ltd. Co. From this one also could conclude that the tax office had a large percentage of experienced tax officers and businesses have good reputation with the tax offices.

With regard to the qualifications of the respondents from the tax office, about 43(81.1%) of respondents are first degree holder in professional subject and only 10(18.9%) of tax officer's respondents were second degree holder, most of them are professional to respond or comment on the subject matter. This indicated that the majority of the respondents were in the right place and thereby matured enough to provide sufficient information for this study. From this it is known that the government policy encourage tax office employees to have MA/MSc in the professional subjects and want to improve the way how they manage the VAT refund procedures in a way that it would be easy. This revealed that there were shortages of second degree graduate employees specifically in tax administration fields they are managing currently in the office.

The table also shows that the proportion of field of study among tax office employees in different streams shows that 27 (50.9 %) from accounting field, 15 (28.30 %) business field and none of them are in natural science fields and some, like 11 (20.8%) are from economics. This shows that the employees' distribution in the stream in the office or department somewhat approaching the need of accounting fields in the specified tasks, VAT refund managements.

The importance of the type of organizations of the businesses or tax payer's respondents is to ensure whether the respondents have VAT issues typically and frequently with good repetition with the tax offices in managing VAT refunds and they had the required level of legal grounds to VAT issues. Also their relevancy to respond properly to the given questionnaires. In the above table types of organizations of respondents shows that the majority of respondents 45 (63.4%) were those whose business is formed as Pvt. Ltd. Co., followed by Share Co. 7 (9.9%), and 4 (5.6%) had business form of sole proprietorships. The remaining 15 (21.1%) of respondents whose business is formed as others (like international organizations and NGOs). Therefore, this survey indicates that most of the respondents were in the form of Pvt. Ltd. Co. and their business nature influenced them to had repeated exposure with VAT refunds and it was a good opportunity that they provided reliable information about the subject matters. The table also summarizes the annual returns of each businesses and hand full respondents, 44 (62.0%) had 30 -50 million of annual returns, 8 (11.3%) had 15 -30 million annual returns, very few of them, 7 (9.9%) had above 100 million. This shows that they had repetitions of VAT refund claims and they were appropriate respondents for the questions raised. As their field of business had impact and relation with VAT refunds the table summarizes respondents, 33 (46.5%) of respondents engaged in import-export business, 11 (15.5%) construction, 13 (18.3%) importer, 7 (9.9%) exporter, 7 (9.9%) international organization. This indicate that most import-export business also have reputation of VAT refund claims with the branch and their responses could be a worthy input for assumptions and analysis.

4.4 Tax office Employees and Tax payers view on different survey questions

Table 4.2 Tax office Employees and Tax payers view on number of staffs in the branch

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Number of skilled man power to manage VAT refund.	Excess	-	-	-	
	Enough	29	54.7	67	94.4
	Very Few	-	-	2	2.8
	Few	24	45.30	2	2.8
	Total	53	100.0	71	100

Source: Primary data collected May 2019

From the above table the survey about availability of skilled man power in the branch to manage VAT refund requests and other related activities shows that 29 (54.7 %) from tax office employees and 67 (94.4 %) of tax payers respondents agreed that the office had adequate number of staff for the purposes, but 24 (45.30 %) of employees believed that the office had only few number of staff, though 2 (2.8 %) of tax payers agreed on this and the same number of respondents from tax payers believed that the office had very few skilled manpower. This indicates that the available skilled manpower in the office was enough and could manage VAT refunds clearly. On the interview session the respondents also show this findings.

Table 4.3 Tax types mostly affected by VAT refund request

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Tax Types mostly affected by VAT refund requests	Profit Tax	40	75.5	64	90.1
	Dividend Tax	-	-	7	9.9
	Excise Tax	10	18.9	-	-
	Not Affected	3	5.7	-	-
	Total	53	100.0	71	100

Source: Primary data collected May 2019

As indicated in the table above the computed percentage score of this item 40 (75.5%) from LTO employees and 64 (90.1%) of tax payers agreed that VAT refund affects profit tax, when businesses claim VAT refund mostly they prefer to offset VAT refund against their period or fiscal year profit tax and as VAT refund process are accompanied by many bureaucratic procedures businesses are exposed to the usual significant percentage of interest and penalty on

the balance of their profit tax settlements. 10 (18.9%) of employees also had the view that VAT refund request affects excise taxes, no tax payers shared this idea rather 7 (9.9%) do agreed that it affects dividend tax, so it is concluded that both respondents agreed that due to VAT refund requests their profit tax was affected directly or indirectly as the tax office usually needs to offset various taxes against VAT refunds. The findings witnessed by the groups of respondents were below an average mean value. This strongly indicated that both LTO employees and tax payers agreed that profit tax was affected by VAT refund requests. Group of respondents hold different views about effects on excise taxes due to VAT refund requests.

Table 4.4 VAT refund procedure is simple and smooth for which business types (Business type mostly affected by VAT refund procedures)

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Type of businesses for which VAT refund procedure is simple and smooth	Exporters	19	35.8	2	2.8
	Special Privileged	32	60.4	62	87.3
	Construction	2	3.8	-	-
	Other businesses	-	-	7	9.9
	Total	53	100.0	53	100

Source: Primary data collected May 2019

As table 4.2.3 the businesses that had smooth and simple VAT refund procedure was that of special privileged organizations, like International organizations and NGOs, the responses showed that 62 (87.3%) tax payers and 32 (60.4%) of LTO employees agreed for the statement that different special privileged organizations had very smooth VAT refund process as the offices had reliability on them and other mentioned businesses were suffered a lot on the process.

However, 2 (2.8%) and 19 (35.8%) of tax payers and LTO employees respectively gave some rooms for exporters (Zero rated) as some selected exporters were treated separately in the office seeing their loyalty by the tax office. This survey indicated that the VAT refund procedure for special privileged organization was smooth, some believed that there was a room for exporters due to their transactions, it was very high and transparent specially for their proceeds from exports (foreign currency earnings) they have different branch in overall regions and it takes them some time to collecting and Summarizing the whole transaction within a month.

As indicated in chapter two, Zero rating means that the supplies have to be taxed 0%. However, in the process of making such supplies taxable persons incur input tax. Under the normal

operation of the VAT system, a taxable person is expected to deduct input tax incurred in the course of making taxable supplies from the output tax charged on sales when submitting returns. In the case of persons making zero rated supplies, the output tax is nil, thereby rendering the returns to be in repayment. (Abate, M. T, 2011).

Table 4.5 Businesses transaction that have taxable inputs Vs Taxable sales

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Transactions with more taxable inputs Vs taxable sales.	Local Purchase	-		11	15.5
	Exports	17	32.1	-	-
	Special privileged organizations	36	67.90	60	84.5
	Construction	-		-	-
	Other Transactions	-	-	-	-
	Total		53	100	71

Source: Primary data collected May 2019

It was observed that all of the respondents from the tax office were familiar with the practice of processing transactions which had more taxable inputs than their taxable outputs, special for special privileged organizations, LTO employees mostly occupied with significant amount of taxable inputs transactions of special privileged organizations, 36 (67.9%) of employees passed through this process and 60 (84.5%) of exporters dealt with their huge amount of taxable input and due to their low volume of taxable sales their working capitals were tied at the tax office and this finding showed that from the assigned resources of the tax office, like manpower, time and material of these resources should be assigned to these two business types and more to exporters as it had more of national economic effect and contributions. When respondents were asked about which business taxable inputs are more vs their taxable sales, 36 (67.9%) LTO employees respondent and 60 (84.5%) of tax payers responded agreed that special privileged organizations have more taxable inputs. At time of interview it is identified that majority of the respondents got involved in challenging refund procedures and suffered a lot to have VAT refunds, as their input taxes are inflating in every VAT refund requests that they submitted to the tax office. The respondents said that the more taxable inputs they had the higher they suffer in the refund process.

Table 4.6 VAT invoices from unregistered supplier

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Possibilities of getting invoices from unregistered suppliers.	Always	-	-	-	
	Sometimes	35	66.0	-	
	Rarely	1	1.9	60	84.5
	Not at All	17	32.10	11	15.5
	Total	53			

Source: Primary data collected May 2019

Checking and identifying invoices from unregistered suppliers is an essential, serious and first step in the process of checking VAT refunds. Respondents were asked whether or not they were getting invoices from unregistered suppliers. The tax office is putting mechanisms and efforts to identify such cases. A survey question to see the frequency of happening such invoices to the tax office showed that majority of the respondents agree that there is occurrence of such invoices “sometimes” 35 (66%) of LTO employees agree with that. Similar response were received for same questions, if businesses were involved in such activities, 60 (84.5%) of taxpayer respondents faces such scenarios rarely.

As business have the tendency to get invoices from unregistered suppliers LTO has to develop a mechanism to identify those suppliers and the procedure that put in practice has many loopholes, and are not strong enough to identify such cases. Briefing in interview business were complaining that the burden of proof is also transferred to them and they were expected to check for the legality of their suppliers or vendors, including their sales documents. Significant number of respondents agreed that possible participation in the process of mitigating such challenges with LTO offices could minimize the risk and burden of proof and should be on the shoulder of the tax office as business has no means to go through to identify such cases.

Based on businesses involved in the in-depth interview, it was expressed that this challenges is the primary activity in the process of VAT refund process. It was stated that government (tax office) should develop a mechanism to manage such invoices whose sources were not traceable, it was also observed on the document review. The findings from both tax payers and tax offices witnessed that not having well developed and structured digitalized business registration database will keep the challenges with some modernized tricks and embezzlements from un-existing business’s transactions.

As indicated in the literature tax invoice is the document which proves that a taxable transaction (i.e. the sale of goods and /or services by a registered person) has occurred. For supplies of more than \$100 (Including VAT), the tax invoice needs to show the words "tax invoice", in a prominent place; the name, address, and tax identification number (TIN) of the supplier; the name and address of the recipient; an individual serial number of each invoice; the date the invoice was issued; a description of the goods and/or services supplied; the quantity or volume of the goods and/or services supplied; the consideration (excluding VAT) for the supply; the total amount of VAT charged; and the VAT inclusive price (VIP) i.e. the sale price for supplies³ The branch has to consider at least these requirements to avoid invoices from unregistered suppliers.

Table 4.7 Offsetting VAT refunds against other taxes

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Offset VAT refunds against other Tax types.	Income Tax	31	58.5	46	64.8
	Dividend Tax	-			
	Profit Tax	22	41.5	25	35.2
	For some situation	-			
	Never	-			
	Total		53	100	71

Source: Primary data collected May 2019

Tax liability identification is essential to determine which tax types to offset against VAT refund request that are matured to the businesses or tax payers, as tax liabilities may affect and play roll on the continuity of the businesses without facing any cash outflows or working capitals. It is a process of identifying tax liabilities of businesses so that the office could have opportunity to act upon them or to offset them against VAT refunds. This mechanisms do have two major benefits both to the tax office and tax payers, as it minimize cash transactions and help businesses assign additional budgets for any other tax liabilities expected from them, and tax office also minimize transactions management burden and associated costs.

To assess the tax type that mostly offset against VAT refund practice most respondents 31 (58.5%) and 46 (64.8%) from LTO employees and tax payers respectively agree that the tax office was at easy only to offset income taxes and for others, like profit tax, an audit process was a prerequisite to offset against VAT refund request and due to this tax payers discourage

³ Decree of the Minister of National Economy No. 23/2014 (VI. 30.)

and suffered to pay out of pocket for any tax liability that the office was expected from them, and wait for the settlement of VAT refunds requested. This situation exposed businesses to prioritize liability settlement and creates challenges on their working capital.

At time of interview different justifications were raised and most respondents disagree with the procedures that the tax office were following to offset other tax types, it is unfair and not for mutual benefit of them, VAT refunds that took much time, more than three or six months in the hands of the tax office are not subject to interest while any other tax liability from the tax payer are subject to huge amount of interest rates which is compounded on monthly intervals, and this shows the unfairness of the proclamation and the strong upper hand that the tax office had on tax payers liabilities .Some of both respondents said that they had the experience to offset VAT refunds against profit tax after passing bureaucratic steps and procedures of the tax office. Based on analysis of in-depth interview, it was understood that offsetting VAT refunds against various tax types is a challenging process for tax payers. Intensive audit analysis are the most frequently used tools and techniques that the tax office uses to offset taxes, especially profit taxes, against VAT refunds. However, other simple mechanisms are not in places for the office yet.

As we can see on the below actual data of LTO the amount of VAT offset against VAT is almost less than 2% on average. The office offset 1.85% for regular VAT, 2.12% for expedite VAT, and for VAT withholding, they only offset 1.92%. From this we could infer that the office could have access to offset taxes, though they have very limited experiences. Seeing the very detail of it they could take offset taxes against VAT as one solution to the existing VAT refund challenges.

**ETHIOPIAN MINISTRY of REVENUES
LARGE TAX PAYERS BRANCH OFFICE
VAT RETRIEVAL REFUND REQUESTED, RETURNED, REJECTED AND OFFSET SUMMARY
FOR FOUR YEARS 2007 UP TO 2010 EFY**

Table 4.8

No.	Type of Refund	2007	2008	2009	2010	TOTAL	% Age	
1	Regular VAT	Requested	3,651,796,626.72	1,435,396,700.47	2,419,130,839.49	1,149,695,178.33	8,656,019,345.01	
		Refunded	2,364,749,755.84	715,957,304.35	783,884,483.96	545,985,626.37	4,410,577,170.52	50.95%
		Rejected	480,301,512.39	85,991,925.70	187,225,539.25	74,527,068.64	828,046,045.98	9.57%
		Offset	55,733,552.73	5,911,208.78	88,850,615.97	9,541,761.80	160,037,139.28	1.85%
2	Exporter (Zero Rate)	Requested	165,017,345.21	159,532,802.09	715,003,840.01	57,435,271.22	1,096,989,258.53	
		Refunded	75,960,003.53	106,239,525.77	353,395,087.94	545,985,626.37	1,081,580,243.61	98.60%
		Rejected	32,569,813.67	38,403,517.29	319,516,335.37	74,527,068.64	465,016,734.97	42.39%
		Offset	4,778,362.59	4,408,361.83	4,508,727.51	9,541,761.80	23,237,213.73	2.12%
3	Expedite Refund	Requested	26,861,970.82	15,783,020.46	24,843,430.15	29,572,681.25	97,061,102.68	
		Refunded	26,437,893.69	15,264,407.33	16,182,116.79	14,343,483.21	72,227,901.02	74.41%
		Rejected	239,238.26	67,978.37	1,887,832.46	316,077.58	2,511,126.67	2.59%
		Offset					-	0.00%
4	VAT withholding	Requested	3,651,796,626.72	6,936,130,680.96	8,160,178,169.36	3,683,275,435.40	22,431,380,912.44	
		Refunded	2,364,749,755.84	3,814,635,515.94	4,409,393,462.99	1,443,802,251.41	12,032,580,986.18	53.64%
		Rejected	480,301,512.39	572,008,576.95	562,936,316.74	271,607,597.29	1,886,854,003.37	8.41%
		Offset	55,733,552.73	168,293,892.47	150,999,518.90	56,453,276.46	431,480,240.56	1.92%
TOTA TAX	Requested	7,495,472,569.47	8,546,843,203.98	11,319,156,279.01	4,919,978,566.20	32,281,450,618.66		
	Refunded	4,831,897,408.90	4,652,096,753.39	5,562,855,151.68	2,550,116,987.36	17,596,966,301.33	54.51%	
	Rejected	993,412,076.71	696,471,998.31	1,071,566,023.82	420,977,812.15	3,182,427,910.99	9.86%	
	Offset	116,245,468.05	178,613,463.08	244,358,862.38	75,536,800.06	614,754,593.57	1.90%	

Table 4.9 Time to have high level of sales volume and refund claims

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Time for high level of sales volume and refund claims	January – March	-			
	April – June	-			
	July – September	36	67.9	65	91.5
	October - December	17	32.1	6	8.5
	Total	53	100	71	100

Source: Primary data collected May 2019

Respondents were asked to identify pick periods or quarters where there exist high level of sales volume and refund claims. Which periods or quarters the VAT refund team were involved in managing VAT refunds? Accordingly, LTO employees 36 (67.9%) and tax payers 65 (91.5%) agree that they would be kept busy during the month of July – September and this highlight or give indication to the tax office to develop a mechanism to manage this quarter burden and could solve all associated VAT refund challenges that arises on the specified months, like increasing manpower temporarily and allocating adequate amount of funds for this specified quarters.

On their interview tax payers justified that as the fiscal year of Ethiopian’s ends on June of every year and reports are mostly expected in the subsequent months they usually will be kept busy and will have high volume of VAT refund requests during this quarter, as they do expect inflated sales especially during the month of June.

Table 4.10 Transaction type with significant and frequent VAT refund requests

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Transactions with significant and frequent VAT refund request	Local Purchase	-	-	6	8.5
	Export	19	35.8	60	84.5
	Services	-	-	1	1.4
	Construction	7	13.2	-	-
	Special privileged	27	50.9	-	-
	Other transactions	-	-	4	5.6
	Total		53	100	

Source: Primary data collected May 2019

In the above table 4.8 the respondents' frequency or distribution shows that, or the result indicates that, exporters and special privileged organizations are the one that have significant and frequent VAT refund requests, 27 (50.9%) of LTO employees agree with that, special privileged organizations are subject to the variables and 60 (84.5%) of tax payers believe that exporters usually had frequent and material amount of VAT refund requests. Therefore, the findings revealed that both businesses had frequent and material VAT refund requests and the remaining businesses did not have such natures on VAT refund requests as per the respondents' responses. This is a clear indication that the tax office has to develop another mechanism to these businesses and minimize all associated transaction costs, including officer's salary, and manpower assigned to this businesses request through developing VAT exemption mechanisms or procedures. Therefore, the findings revealed that these businesses are highly affected by the refund procedures and challenges.

Indeed, the information obtained from interview assured that VAT refund for these businesses plays vital role in the tax office activities and moreover interview mentioned that the tax office and government have to give serious consideration to each businesses to reduce their burden and challenges they have on their duty.

Table 4.11 Cash inflow and revenue absorbed by VAT refund

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Cash inflow dedicated to VAT settlement	5 – 10 %	38	71.7	7	9.9
	10 – 20 %	15	28.3	64	90.1
	20 – 30 %	-	-		
	Above 40 %	-	-		
	Total	53	100	71	100

Source: Primary data collected May 2019

Payment of VAT refund requests to tax payers or businesses is also affected by the amount of VAT revenue that the office collected and how much of it is retained to settle VAT refund claims of businesses. VAT retentions depend on the percentage that the office allocated to keep under retention accounts, 38 (71.7 %) of respondents, LTO employees, have the experience that the office allocate from 5 -10% of the total VAT revenue collected to VAT refund requests, they elaborate that during the interview, the tax office has to increase the percentage proportion that is allocated to VAT refunds from 10 -20% so as to mitigate the challenges they have in

shortage of refund funds. 64 (90.1%) of business (tax payers) believe that government allocate VAT refund retentions from the total collection with a range of 10-20%.

**Addis Ababa No. 1 Medium Tax Payers Branch office
Summary Table
Actual VAT collected, Retention amount and retention deficit**

Table 4.12

Year	Actual VAT Collected	%age of Retention	Retention Amount	VAT Returned	Retention Deficit
2008	831,900,399.55	10%	83,190,039.96	162,366,913.59	(79,176,873.64)
2009	881,279,045.15	10%	88,127,904.52	113,189,234.96	(25,061,330.45)
2010	870,971,884.73	10%	87,097,188.47	105,413,563.98	(18,316,375.51)
Total	2,584,151,329.43		258,415,132.94	380,969,712.53	(122,554,579.59)

Source: Addis Ababa No. 1 Medium Tax Payers Branch office

To see the challenges in other similar branches, I exploit the data of Addis Ababa No. 1 Medium Tax Payers Branch office. It is clearly seen in the above summary table of the actual performance of the office for the last three years 2008 -2010 E.C, the office had suffer a lot and the retention amount that were allocated to each years wouldn't cover the requests from the taxpayers, the office had a deficit of 48.76%, 22.14% and 17.38% for year 2008, 2009 and 2010 respectively, with a total effect of 32.17% for the three years. As we can see from the table, though the office is improving the allocation of VAT retention, it has to move to minimize the existing differences either, as recommended by businesses, increasing the capacity to collect VAT revenue or increase the percentage for VAT retention accounts.

Table 4.13 Days or time interval to settle VAT refund request

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Time intervals to settle VAT refund requests	30 – 60 days				
	60 – 120 days	33	62.3		
	120 – 180 days	13	24.5	63	88.7
	Above180 days	7	13.2	8	11.3
	Total	53	100	71	100

Source: Primary data collected May 2019

One of the big challenges that the tax payers has with the LTO is that the time or period that the office take to process VAT refund requests. It has the impact of backloging VAT refunds,

as more time is taken to settle the request. Consequently, respondents were asked about the time intervals taken to settle VAT refund requests in the branch office. Majority of the respondents from LTO employees, 33 (62.3%) agreed that the refund process would take them from 60 - 120 days, but taxpayers have the fear and usually they got their refunds with a time gap from 120 -180 days, 63 (88.7%) of the respondents from the tax payers agreed with this interval and even the remaining do have the experience of getting refunds for more than 180 days. (7 from LTO employees and 8 from taxpayers).

This is directly related to a question in which respondents were asked about the backlog of VAT refund requests; while a great majority of the respondents (with 58.5% from LTO employees and 52.1% from taxpayers) strongly agree that there always exist a backlog. A study done to assess VAT administration and revenue performance based on a data collected from tax payer respondents concluded that VAT refund procedure took much time than expected and though the stated date in the proclamation is not more than a month (Getenet, 2017).

As stated in the article, if at least 25 percent of the value of a registered person's taxable transactions for the accounting period is taxed at a zero rate, the tax authority will refund the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period within a period of two months after the registered person files an application for refund, accompanied by documentary proof of payment of the excess amount. (Article 27(1))

In the cases of other registered persons, the amount of VAT applied as a credit in excess of the amount of VAT charged for the accounting period is to be carried forward to the next five accounting periods and credited against payments for these periods, and any unused excess remaining after the end of this five month period shall be refunded by the tax authority within a period of two months after the registered person files an application for refund, accompanied by documentary proof of payment of the excess amount (Article 27 (2))

Where the tax authority is satisfied that a person who has made an application for refund has overpaid tax, the tax authority shall first apply the amount of the excess in reduction of any tax, levy, interest, or penalty payable by the person under the VAT proclamation, the customs proclamation, the income tax proclamation, or the sales and excise tax proclamation and then repay any amount remaining to the person if the amount to be refunded is more than 100 Birr. (Article 27 (5) (1) (a) and (b)).

Table 4.14 Detect forged Import/Export and local purchase documents

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Detect forged import/Export and local purchase documents.	Mostly	6	11.3	-	
	Rarely	17	32.1	9	12.7
	Very rarely	30	56.6	62	87.3
	Not at all	-	-		
	Total	53	100	71	100

Source: Primary data collected May 2019

Detecting forged documents of VAT refund request or claim is not an easy task for the tax offices and needs a solution to have smooth VAT refund process and wastage of VAT retention accounts through transactions that don't happen (fake transactions) to eliminate risks of facing such documents a system has to be developed specially in case of import and export documents. There may not be a quick fix to this challenges and a solutions will be given to it strategically over a period of time. Respondents were asked about such practices and the challenge they have. A significant number of respondents both from LTO employees and tax payers 30 (56.6%) and 62 (87.3%) respectively agree that forged documents exist very rarely for huge amount of transactions.

Though these documents visit the office very rarely the associated amount for such invoices or documents are significant and systematized. At time of discussion with senior employees and taxpayers, they share the experience they came across in the office, usually construction businesses are exposed to such practice, as the office believe that they go through huge amount of business transactions in a months' time. Exporters are complaining that as some forged export documents are presented by exporters those who have ethical business are paying the cost and they are suffering for it, the same is true for other type of businesses.

Table 4.15 Training related challenges

Variable	Categories	LTO employees		LTO Tax Payers	
		Frequency	Percent	Frequency	Percent
Work related training	Annually	-			
	Semi-Annually	23	43.4		
	Quarterly	27	50.9		
	Not at all	3	5.7		
	Total	53	100	71	100
Get work related trainings to your current job	Every Year	-	-		
	Whenever Needed	24	45.3	7	9.9
	On Request	29	54.7	9	12.7
	Never			7	9.9
	Not frequently			48	67.6
	Total	53	100	71	100
trainings were relevant, important and successful	Important	15	28.3	10	14.1
	Relevant	25	47.2	9	12.7
	Successful	-	-	52	73.2
	Not important	13	24.5	-	-
	Total	53	100	71	100
Reasons for not getting training	Budget	10	18.9	-	
	Luck of interest	10	18.9	64	90.1
	Staff are not interested	33	62.3	7	9.9
	Changes are simple	-	-	-	-
	Total	53	100	71	100

Source: Primary data collected May 2019

Based on the survey 27 (50.9%) of respondents from LTO employees had a chance to have work related training in every quarter, whereas 23 (43.4%) of the respondents said that LTO provide them only on semi-annually bases, the remaining 3 (5.7%) don't get chance at all but they showed an interest to have on a quarterly basis. From the respondents 29 (54.7%) of LTO employees responded that mostly they get trainings on request bases and 48 (67.6%) of tax payers believe that they wouldn't get chance to training frequently, both respondents agree that if chances are available trainings are usually relevant and successful, at time of interview, especially with taxpayers of the branches, they believe and are benefited from the training that are prepared and delivered by the office, most challenges and problems they are creating on the

branch are solved through trainings given by and so as to narrow the gap between them. Mostly trainings are not implemented commonly as staff were not interested as the data collected indicates that 33 (62.3%) LTO employees agree with this. Respondents answer to the open ended opinion poll implies that the majority of the respondents do have interest to get related trainings as needed to reach the taxpayers with efficient performance and to shows good progress. Some of the reasons that they were mentioning concerning work related trainings is that the office do give chances to not concerned staff but sometimes they do it on quota bases and relevant individuals missed the training. But the respondents recommend that the tax authority should have to give due attention to improve the capacity of its employees both professionally and morally in order to alleviate problems associated with VAT refunds and discharge its objectives as set in the proclamation.

The senior management highlighted that there is an effort made to maximize training opportunities both to the tax office employees and taxpayers which are considered as one opportunities. It was also noted that shortage of funds in the branch forced them to regularize trainings in the branch they were forced to manage it on intervals and case bases. Through the in-depth interview with the senior management it was identified that planning for training is as a remedy for most challenges or problems arises due to various reasons they couldn't make it, even fifty percent of it.

Training is essential element of tax management. It helps to familiarize stakeholders to the new developments and requirements of each taxes. Resources allocation to the planned training is also monitored and the effectiveness of the training has to be evaluated. Majority of the respondents (62.3% of LTO employees and 90.1% of taxpayers agree that the reason that they wouldn't attend the training is due to lack of interest. However there are some who believe that trainings are not facilitated due to budget problems. Both respondents, at time of interview explain that the main reason that they lose appetite for the training that the way the office organized training and those basic points raised on the training usually couldn't give them what they are expecting from it.

4.2 Respondents Perceptions towards challenges identified to address VAT refund Procedures problem.

This part emphasised to fulfil one of the research objectives that aimed to identify associated variables that contributed to affect over all businesses in association to VAT refunds. The following tables presents both tax payers (TP) and Tax office employees (TO) perceptions towards variables associated with *challenges of VAT refund procedures*. Four different items were raised and rated by both tax payers and LTO employees using a five point rating scales (1=Strongly agree, 2= Agree, 3=Undecided, 4=Disagree, and 5=Strongly disagree). Responses provided on each item were combined for both groups together for the clarity of analysing the data and reporting results as can be seen below.

Table 4.16 Respondents perceptions on challenges on burden proof, equities of refund system, refund procedure is exposed to corruption, and tax payers intention to present fake invoices and associated cash flow shortage.

No	Item	R	1		2		3		4		5		Mean	Std Dev.
			F	%	F	%	F	%	F	%	F	%		
1	Staff have challenges or problems in burden of proof of VAT Refund?	TO	37	69.8	12	22.6	-	-	4	7.5	-	-	1.45	0.84
		TP	61	85.9	10	14.1	-	-	-	-	-	-	1.14	0.35
2	Branch's VAT Refund systems and procedures are fair and equity?	TO	4	7.5	8	15.1	-	-	15	28.3	26	49.1	3.96	1.34
		TP	-	-	13	18.3	-	-	15	21.1	43	60.6	4.24	1.14
3	VAT refund procedures is exposed to corruptions in the branch?	TO	24	45.3	21	39.6	-	-	8	15.1	-	-	1.85	1.03
		TP	37	52.1	17	23.9	-	-	17	23.9	-	-	1.96	1.22
4	Tax payers present fake invoices for purchases never made.	TO	25	47.2	22	41.5	-	-	6	11.3	-	-	1.75	0.94
		TP	44	62.0	19	26.8	-	-	8	11.3	-	-	1.61	0.96
5	The branch frequently faces cash flow shortage	TO	28	52.8	19	35.8	-	-	6	11.3	-	-	1.70	0.95
		TP	50	70.4	11	15.5	-	-	10	14.1	-	-	1.58	1.05

Source: Primary data collected May 2019

The burden of proof is the responsibility of a party who involved in any tax issues with the branch, it is expected to produce the evidence that prove the VAT refund claims they have made against the other party is lawful. Usually the burden of proof is always on the person who brings a claim in a dispute or query. When a tax payer bearing the burden of proof meets its burden, the burden of proof switches to the branch office. Burden of proofs may be of different kinds for each party for different tax types.

As it can be seen from the above table, majority of the respondents 37 (69.8 %) of LTO employees and 61 (85.9%) of tax payers have strongly agreed that they have many challenges in burden of proof of VAT refunds with a mean value of 1.45 and 1.14 and standard deviation of 0.84 and 0.35 respectively. and the reaming figures even rotate and agree with the challenges. This findings indicate that the tax office is expected to develop a mechanism with concerned government parties to have effective system for proof VAT for refunds, as clearly discussed during the interview mostly proof of burden is subjective judgements and leave as the responsibility of the tax payers, and this would be taken as a remedy at least to be close to the truth.

As every tax system of countries need to be fair and equity for tax payers and stakeholders. The branch refund system are not fair and equitable to all tax payers at time of VAT refund claims and needs improvements, from LTO employees 26 (49.1%) of respondents do strongly disagree, and from the total tax payers also 43 (60.6%) strongly disagree and 21.1% dis agree with a men value of 4.24. As it can be seen from the aggregate results, it reflects the same findings as the data tells us separately, 55.65% strongly disagree and 24.19% disagree with an aggregate mean value of 4.1. This had a very unintended influences or biases to the tax payers and some of the tax payers strongly underline that their request to the tax office couldn't be treated fairly and equitably, for some unjustifiable reasons they believe that the office do consider some tax payers separately and specially. This widen the existing gap between tax pares and tax office.

As those mentioned variables above play vital roles in the overall nature of VAT refund procedures and other tax related issues they may open the wide door for misuse of the proclamation and procedures. As it could be proofed by the data collected from respondents 24 (45.3%) of LTO employees and 37 (52.1%) of tax payers with mean value of 1.85 and 1.86 and standard deviation of 1.03 and 1.22 respectively (with aggregate of 49.19%) strongly agree that the refund system is exposed to corruption.

Though the tax offices put new directives 148/2011 in effect for VAT refunds, which clearly stated that VAT refund is based on risk base treatment, this new directive may put solution to VAT refund problems to mitigate corruption related challenges exist during previous directives. Producing fake purchase invoices were number one challenges both for the tax offices, and tax payers so as to get improper refunds from the government, they produce fake invoices expecting that the office couldn't trace them, as some of them are prepared manually, and this facilitate the environment for them. The data gathered from respondents showed this facts, 25 (47.2%) of LTO employees and 47 (62.0%) of tax payers (with aggregate result of 55.65%) strongly agree with a mean value of 1.75 and 1.61 with their associated standard deviation of 0.94 and 0.96 respectively. The proclamation and the guidance that the government put in force on how to prepare and print legal invoices clearly states the associated sever measures that could be taken by the government and as this couldn't stop them from doing so, government has to develop another mechanism so as to protect this scares resources, like designing and implementing digital transactions among businesses registered for VAT, and could start a pilot programme on those business whose transactions fall above 100 million or on those who have frequent VAT refund claims from the office.

Among the very challenges that the office has is the challenges related with cash flow shortage, challenges in burden of proof, unfairness of refund system and associated corruptions clearly put the office to face cash flow shortage. As could be seen in the gathered respondents data 28 (52.8%) of LTO employees and 50 (70.4%) of tax payers strongly agree that the office suffered frequently from cash flow shortage. The mean value for both respondents 1.7 and 1.58 shows respondents strong agreement, with standard deviation of 0.95 and 1.05. Among many associated variables which could put the office in severe cash flow shortages, the proportion (percentage) that the office allocated to manage VAT refund requests is not fair and couldn't cover the period demands as the refund requests are being inflating from time to time, to mitigate this and other associated challenges the office has to improve the current existing ratio or percentage (5-10% of total VAT revenue) at least to 10-15% initially and could exercise how this could resolve the request.

As literatures postulate, there are two methods of budgeting for VAT refunds:

5. Making payments from gross VAT revenue ; or
6. Paying from budget expenditure appropriations.

The choice of which method to use is influenced by historical and legislative (constitutional) factors. Irrespective of the method employed, it is essential that tax authorities and finance

ministries have suitable forecasting and monitoring systems in place to anticipate refund levels and make sufficient funds available to meet all legitimate refund claims when they occur. A pattern of refund claims tends to develop within countries over time, meaning that authorities should be able to predict, with some degree of certainty, the level of refunds they might expect to pay throughout the year.

To ensure that tax authorities are not tempted to delay refunds during periods when collection targets are under pressure, suitable performance measures should be established to track actual collections and refunds against forecasts, with a requirement to explain variances. As the branch office is not in this trend, so as not to face such challenges it has to decide which methods of budgeting to use.

On average the data collected from A.A No. 1 Medium Tax payers Branch Office shows that they could manage only to collect 75% of their plan and the data (2009 – 2010 E.C) shows that their VAT collection efficiency deteriorate from year to year. Whereas LTO has performing VAT

Collection against their plan is fluctuating and there exist they could achieve 44.5% of their plan to the list and up to 131% in year 2007. The overall average collection rate is 61.8%. So as to have secure level of VAT retention account they could improve the level of their VAT collection performance.

**ETHIOPIAN MINISTRY of REVENUES
LARGE TAX PAYERS BRANCH OFFICE
VAT COLLECTED PER TAX TYPE REPORT
FOR FOUR YEARS 2007 UP TO 2010**

Table 4.17

YEAR	TAX TYPE	CURRENT	ARREARS	TOTAL	BUDGET	ACTUAL	DIFFERENCE	%age
2007	VAT on Purchases	4,686,555,045.91	625,070,543.64	5,311,625,589.55	5,642.45	5,311.63	330.82	94.14%
	VAT on Services	3,243,052,047.16	721,430,189.90	3,964,482,237.06	4,593.17	3,964.48	628.69	86.31%
	VAT WITHHOLDING	17,117,598,196.36	295,373,778.36	17,412,971,974.72	13,266.90	17,412.97	(4,146.07)	131.25%
	TOTAL	25,047,205,289.43	1,641,874,511.90	26,689,079,801.33	23,502.52	26,689.08	(3,186.56)	113.56%
2008	VAT on Purchases	6,388,172,719.13	883,628,524.53	7,271,801,243.66	5,986.24	7,271.80	(1,285.56)	121.48%
	VAT on Services	3,322,705,091.66	45,454,862.26	3,368,159,953.92	4,701.76	3,368.16	1,333.60	71.64%
	VAT WITHHOLDING	14,956,979,743.17	424,308,369.68	15,381,288,112.85	19,457.58	15,381.29	4,076.29	79.05%
	TOTAL	24,667,857,553.96	1,353,391,756.47	26,021,249,310.43	30,145.58	26,021.25	4,124.33	86.32%
2009	VAT on Purchases	7,750,032,347.14	788,770,870.25	8,538,803,217.39	7,884.10	8,538.80	(654.70)	108.30%
	VAT on Services	4,374,434,664.59	-	4,374,434,664.59	6,192.78	4,374.43	1,818.35	70.64%
	VAT WITHHOLDING	14,819,762,732.14	843,616,523.97	15,663,379,256.11	25,627.43	15,663.38	9,964.05	61.12%
	TOTAL	26,944,229,743.87	1,632,387,394.22	28,576,617,138.09	39,704.31	28,576.62	11,127.69	71.97%
2010	VAT on Purchases	8,283,883,792.58	1,076,832,277.36	9,360,716,069.94	9,874.68	9,360.72	513.97	94.80%
	VAT on Services	6,113,990,887.92	442,389,211.29	6,556,380,099.21	8,216.56	6,556.38	1,660.17	79.79%
	VAT WITHHOLDING	12,576,540,591.53	482,183,673.22	13,058,724,264.75	29,346.28	13,058.72	16,287.56	44.50%
	TOTAL	26,974,415,272.03	2,001,405,161.87	28,975,820,433.90	47,437.52	28,975.82	18,461.70	61.08%

Source: LTO Tax payers Branch Office

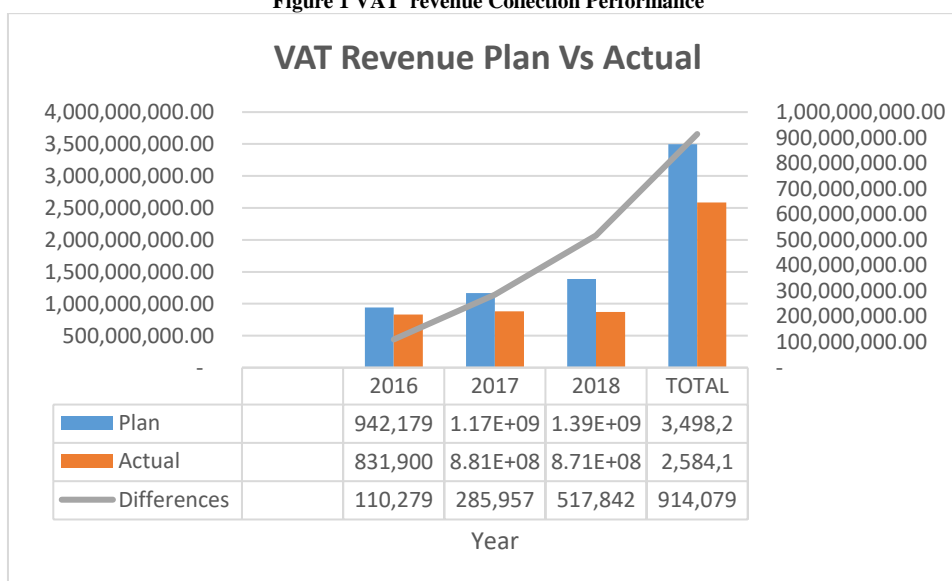
A.A No. 1 Medium Tax payers Branch Office
VAT revenue Collection Performance

Table 4.18

Year	Plan	Actual	Differences	% Age
2008	942,179,616.73	831,900,399.55	110,279,217.18	88.30%
2009	1,167,236,326.00	881,279,045.20	285,957,281.18	75.50%
2010	<u>1,388,814,665.00</u>	<u>870,971,884.70</u>	<u>517,842,779.98</u>	62.71%
TOTAL	3,498,230,607.77	2,584,151,329.43	914,079,278.34	73.87%

Source: A.A No. 1 Medium Tax payers Branch Office

Figure 1 VAT revenue Collection Performance



In support of this, the information obtained through observation and interview confirmed that the above mentioned findings affected the office activities and performance. So long journey were remaining to see the impacts of burden of proof, unfair refund procedures, corruption, fake invoices and cash flow shortages, in collaboration with tax payers and other partners, the office has to take measure to correct mentioned challenges of the office.

Table 4.19 Respondents view on tactic of fake export invoices, control on VAT registration and invoice cross checking.

No	Item	R	1		2		3		4		5		Mean	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	A common ploy/tactic is to invent <i>fake export invoices</i> on non-existent goods and claim VAT refunds	TO	4	7.5	21	39.6	-	-	22	41.5	6	11.3	3.09	1.33
		TP	18	25.4	12	16.9	-	-	41	57.7	-	-	2.90	1.25
2	The VAT registration process has strong control and procedure to prevent registration	TO	5	9.4	36	67.9	-	-	-	-	12	22.6	4.07	1.20
		TP	6	8.5	16	22.5	-	-	41	57.7	8	11.3	3.41	0.78
3	As proof of identity do you have a mechanisms to Large-Scale Cross-Checking of Invoices?	TO	1	1.9	3	5.7	-	-	43	81.1	6	11.3	3.94	1.28
		TP	8	11.3	15	21.1	-	-	38	53.5	10	14.1	3.38	0.71

Source: Primary data collected May 2019

One of the objective that this research was interested on was to know and identify causes of fake invoices or documents presented for VAT refund requests, as it is said in the objective III. This section presents the respondents knowledge on those mentioned points. Three items were raised and responses provided on these items were compared. As indicated in the table above respondents data are summarized.

Exports play vital role in the economy of countries and as these are back bone of the government they are subsidized the industry and award special privileges for their businesses. Exporters (tax payers) were not courageous enough to produce fake invoices to the tax office to claim VAT refunds for non-existing goods. 22 (41.5%) of LTO employees and 41 (57.7%) of tax payers agree that there is no trends of exporters to produce fake export invoices or documents to the tax office with a mean value of 3.09 for employees and 2.9 for tax payers. The authority has to consider the reasons behind and implement for those businesses who produce fake invoices for purchase never made. The aggregate data of both respondents (50.81%) shows the similar results. As some tax payers, special exporters, on interview we had emphasis that so as not to lose other privileges from the government they don't intend to produce fake invoices.

On the same manner employees believe that the office has strong VAT registration process 36 (67.9%) of LTO employees and tax payers 41 (57.7%) disagree with this strong quality of the office. This existing discrepancy showed that the tax office employees believe that the procedure that they put in place are strong and transparent, while tax payers disagree with this as they couldn't get those mentioned quality of the office in the ground. The aggregate result shows that both respondents agree that the office has strong control of registration of fictitious traders. This had a subsequent effect on checking mechanism of invoices. 43 (81.1%) of respondents from LTO employees and 38 (53.5%) taxpayers respondents, with mean value of 3.94 and 3.38 respectively disagree, that there were not large scale cross checking of invoices in the office, as we could justify for similar questions raised on the previous table.

Table 4.20 VAT refund effects on sales volume and other sales related variables and its effect on working capital

No	Item	R	1		2		3		4		5		Mean	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	VAT refund affects businesses' sales volume?	TO	17	32.1	34	64.2	-	-	2	3.8	-	-	1.75	0.65
		TP	2	2.8	62	87.3	-	-	6	8.5	1	1.4	2.18	0.68
2	Challenges and procedures vary as amount/volume of VAT refund claims from businesses varies	TO	6	11.3	41	77.4	-	-	6	11.3	-	-	2.11	0.75
		TP	14	19.7	48	67.6	-	-	9	12.7	-	-	2.06	0.84
3	Underreported sales, This is the most usual way of evading VAT and inflate refunds.	TO	29	54.7	12	22.6	-	-	12	22.6	-	-	1.91	1.21
		TP	40	56.3	20	28.2	-	-	11	15.5	-	-	1.75	1.06
4	Delays on VAT refund causes Loss or shortage of working capital for businesses?	TO	38	71.7	8	15.1	-	-	7	13.2	-	-	1.55	1.03
		TP	51	71.8	15	21.1	-	-	5	7.0	-	-	1.42	0.82
5	The VAT rate is high and has made working capital tight for businesses and results making taxpayers noncompliance	TO	28	52.8	20	37.7	-	-	5	9.4	-	-	1.66	0.9
		TP	45	63.4	16	22.5	-	-	10	14.1	-	-	1.65	1.04

Source: Primary data collected May 2019

The main objectives mentioned and the research wanted to identify was that to know the existing relation between working capital and VAT refund, as mentioned in objective I and fake turnover reports as mentioned in objective IV of the study. Items 1 in table 4.3 above, the respondents mean scores from LTO tax office were 1.75, for the tax payers it was 2.18, with their aggregate mean of 1.97. The aggregate mean scores for both respondents indicate that perception of respondents towards VAT refund impact that it has on sales volume and the findings showed that VAT refund affects the businesses sales volume. Therefore, finding of this study exhibited VAT refund was decisive on the volume of sales of businesses, most tax payers were not willing to increase their sales volume while they are waiting for un refunded VAT refund requests at the hand of the tax office, the more they have sales volume the more VAT refund claims will be and VAT refund put influence and affects their sales volume. Employee of LTO and tax payers agree that, with mean value of 2.11 and 2.06 (standard deviation of 0.75 and 0.84 respectively), as the volume of VAT refunds varies tax office uses different procedures to handle the requests and many challenges are followed, this has also a direct relation with volume of sales, as the volume of sales increases the tax office use as a selection criterion to review their VAT refund requests if any.

Item 3 in the above table, the mean score for employees 29 (54.7%) and tax payers 40 (56.3%) was 1.91 and 1.75 respectively (with aggregate mean value of 1.83). The mean score rated were fall in strongly agree range this shows that the tax payers usually underreport their sales volume so as to have high VAT credit on their input tax and claim VAT refunds for the significant amount this input taxes brought to them. Taxpayers (businesses) and employees, as they explain at time of interview, businesses intentionally effect or perform some of their significant sales without producing official digital or manual sales documents and with this they could inflate their VAT refund requests.

The calculated aggregate mean score of 1.49 for both respondents on delay of VAT refund has impact on losses or shortage of business's working capital. Both LTO employees 38 (71.7%) and taxpayers 51 (71.8%) strongly agree that their working capital was affected by delayed of VAT refunds, as the VAT input tax increases business exposed to use their liquid cash to settle input tax and this in return causes them to face shortage of working capitals, as other related challenges of businesses working capital is also raised and explained in the above table 4.1. Working capital also could be affected by the VAT rate that the government put in effect (15%). As the volume of inputs for businesses increases the higher will be the VAT that will be paid and this could absorb 15% of the working capital allocated for businesses and businesses take opportunities not to be compliance with the VAT rules and regulation, as the regulation put burden on them to have inputs from VAT

registered suppliers only, so as to minimize the burden on their working capital, they arrange and seek loopholes to get their inputs from non VAT registered suppliers or in any another way which don't needs them to pay input VAT.

Both respondents, LTO employees 28 (52.8%, with mean value of 1.66) and taxpayers 45 (63.4%, with mean value of 1.65) strongly agree that businesses fail to go with in accordance of tax proclamation and regulations, and will be noncompliant.

Table 4.21 Impact of VAT refunds on other type of tax revenue, VAT withholding, voucher system, purchase with VAT and offsetting VAT refunds.

No	Item	R	1		2		3		4		5		Mean	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	VAT refunds affect other types of tax revenue of the branch's?	TO	6	11.3	6	11.3	-	-	11	20.8	30	56.6	4.00	1.44
		TP	-	-	-	-	7	9.9	4	5.6	60	84.5	4.75	0.63
2	VAT withholding and voucher system bring solution to VAT refunds	TO	3	5.7	9	17.0	-	-	35	66	6	11.3	3.60	1.08
		TP	-	-	8	11.3	-	-	53	74.6	10	14.1	3.92	0.78
3	Businesses avoid purchase of goods and services with VAT so as to avoid hectic VAT refund procedures?	TO	34	64.2	11	20.8	-	-	5	9.4	3	5.7	1.72	1.21
		TP	47	66.2	13	18.3	-	-	11	15.5	-	-	1.65	1.08
4	Offsetting VAT Refunds against Other Tax Liabilities will improve VAT refunds procedures	TO	32	60.4	10	18.9	-	-	11	20.8	-	-	1.83	1.19
		TP	37	52.1	30	42.3	-	-	4	5.6	-	-	1.59	0.77

Source: Primary data collected May 2019

The main objective of objective five is to identify the existing relation with other tax type and VAT withhold contribution of exemption and other tax types, and this section deals with these effect. In the above table VAT refund were examined, its relation with or effects that it has on other type of tax revenue of the branches, and to this end questions were presented to be rated by LTO employees and taxpayers.in table 4.4 the respondents mean scores were witnessed (LTO employees (56.6%) 4.0, and tax payers (84.5%) 4.75 both of them strongly disagree that VAT refund has no effect on the revenue of other tax type of the branches.

In this study it is tried to see the impact or contribution of VAT withholding and voucher system in the VAT refund procedures. Practically this system only contribute to government offices so as not to have cash shortage and minimize the time taking to process VAT refund of government offices as they do have systematic clearance of their VAT paid to their input taxes. The findings shows that this don't bring solution to VAT refund requests of businesses, LTO employees 35 (66%) and taxpayers 53 (74.6%) with mean value of 3.6 and 3.92 respectively disagree that this didn't bring solution to them. During the interview we had they justified that both system (voucher and withholding) is favouring government offices and as most transactions are significant and repetitive the amount of VAT that withhold by the government could stay at least for a month and tax payers believe that they could use this cash to alleviate the problem that they had with cash flows or working capital.

The rated mean scores witnessed or strongly, agree by the groups of respondents both from LTO employees 34(64.2%) and taxpayers 47(66.2%) 1.72 and 1.65 respectively, indicated that there exist avoidance of transacting goods and services with VAT so as to avoid the hectic procedures that are required to claim refunds from the tax authorities, they usually prefer to get their inputs either from non-registered suppliers or other sources that couldn't exposed them to tax payments.. At time of discussion they justify that they could prefer to pay some amount of VAT every months to the government than passing through the hectic VAT refund procedures, they also mentioned that sometimes they were expected to pass the usual non transparent and vague audit process to get some significant amount of VAT refunds or claims for some cumulative months or years VAT refund requests.

Offsetting VAT refund requests against other tax types (liabilities of taxpayers) is easy and facilitate the VAT refund process and procedures. This is the primary responsibility of the tax offices and it lies on the tax offices next to tax payers or businesses, and regarding making it easy and part of a proclamation for all tax payers primarily governments are responsible at country level. The computed corresponding mean scores of this item are 1.83 for LTO employees (60.4%) and 1.59 for taxpayers (52.1%) and which indicates that respondents strongly agree that offsetting VAT refund against other tax liabilities of tax payers would improve the VAT refund process and procedures. Most taxpayers justify that whenever they have other type of tax liabilities, such as profit tax, the authority insist them to settle at one time settlement or with a time gap agreements which is subject to very high interest rate while tax payers VAT refund balances, that are in the hand of the tax office, is not subject to interest payments by the tax office, though it is clearly stated

on the proclamation and the maximum date that is set is 10 days after each requests the tax office has to settle the requested VAT refunds to each tax payers minimum of two months interval.

The below table shows how much of the requested VAT refund is offset against other tax types and for various reasons government are not willing to go through this easy process. Government offset VAT refunds to other tax types, during the last three years from 2008 – 2010 E.C, is almost 2.08% of the total request and it shows that the system is not flexible to manage offsetting tax liabilities.

A.A No. 1 Medium Tax payers Branch Office
VAT refund request Vs Offsetting with other tax liabilities

Table 4.22

Year	BBF	Current Year Request	TOTAL	Rejected Amount	Transferred to Other taxes	% Age Transferred
2008	161,852,359.12	661,332,973.47	823,185,332.59	65,512,357.94	8,925,788.02	1.08%
2009	172,280,593.49	709,416,916.35	881,697,509.84	131,011,708.87	9,270,893.12	1.05%
2010	233,310,849.89	705,976,653.04	939,287,502.93	82,203,660.73	36,765,974.29	3.91%
Total	567,443,802.50	2,076,726,542.86	2,644,170,345.36	278,727,727.54	54,962,655.43	2.08%

Source: A.A No. 1 Medium Tax payers Branch Office

So, it is hard to say that this activities is the responsibility of one parties (LTO) and it is the responsibility of other mentioned parties in the different government structures to solve VAT refund associated problems, though governments take the lion share in some of the associated problems. In regard to these, one of the interviewed taxpayer said that “tax payers are not separately point out their fingers to other parties in VAT related problems and they have to take part on it and suggest means or solutions to them as they are in the nucleus of the system and mostly businesses are noncompliant to tax procedures and proclamations.

Finally, the finding of this study shows that governments has many responsibilities in shaping up the VAT associated problems and formulate mechanisms, vision, plan and strategies to articulate shared problems.

Table 4.23 Taxpayers attitude, VAT Vs Sales tax, VAT and investment, and non-VAT refunded organizations.

No	Item	R	1		2		3		4		5		Mean	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	Tax payers believe that they are benefited from being a VAT registered?	TO	3	5.7	30	56.6	-	-	13	24.5	7	13.2	2.83	1.25
		TP	-	-	59	83.1	-	-	12	16.9	-	-	2.33	0.75
2	Introduction of VAT in Ethiopia is necessary by replacing the sales tax to accelerate Ethiopian economic growth?	TO	38	71.7	8	15.1	-	-	7	13.2	-	-	1.55	1.03
		TP	60	84.5	11	15.5	-	-	-	-	-	-	1.15	0.36
3	VAT implementation and refund is encouraging investment and export businesses in Ethiopia?	TO	27	50.9	23	43.4	-	-	3	5.7	-	-	1.60	0.77
		TP	44	62.00	15	21.1	-	-	12	16.9	-	-	1.71	1.11
4	Non-VAT refunded organization (taxpayers) are more benefited than those of VAT	TO	5	9.4	11	20.8	-	-	33	62.3	4	7.5	3.38	1.18
		TP	-	-	21	29.6	-	-	50	70.4	-	-	3.40	0.92

Source: Primary data collected May 2019

The main objective of the study was to identify associated different variables of VAT refund, as it was mentioned in objective II of the study. The above table presents some possible factors to be considered to see their effects on VAT related activities with taxpayers. To this end, four items were presented to see their contribution or effects by both LTO employees and taxpayers on five point scales. Responses compared for both group of respondents using mean score, percentage and grand mean. The driving force behind this was to sort out the degree of seriousness of the possible challenging activities in the branch office (LTO).

Table 4.5 exhibits different factors that challenge and affects different nature of VAT, whether it benefits taxpayers, its effect in replacing sales tax, its contribution to investment, and compare benefit of non-registering for VAT and the seriousness of each factors are investigated. Accordingly, the first that investigate is the attitude or the believe that tax payers have benefited for being registered for VAT and both LTO employees 30 (56.6%) and tax payers respondents 59

(83.10%) with a mean value of 2.83 and 2.33 respectively agree that businesses were benefited from being registered for VAT, though both of respondents ranking followed by some justification at time of interview, the main points that they don't comfortable are the associated challenges that arises due to the incapability of the tax offices and the implementation of the rules and procedures vary from businesses to businesses for various unmentioned reasons, corruption is the one which takes the lion share and the power vested in tax office employees open the door for corruption and misuse of the procedures.

The second variables considered was the contribution of VAT to Ethiopian economic growth through introducing VAT to the country, replacing the then sales tax, and every serious challenge in the table that commonly witnessed by different groups of respondents. LTO employees 38 (71.7%) and taxpayers 60 (84.5%) with a mean value of 1.55 and 1.15 respectively, was that it contributes to the economic growth of the country through encouraging sale, sales tax was inflating the total cost of production as the number of channels increases for the transactions while VAT has effect only on the last consumer of the product or services and this encourage transactions and in return the economy motivated to have more transactions and boost. In the same talking similar points were raised for both respondents to check the relevancy of VAT refunds with investment and export businesses. Respondents, LTO employees 27 (50.9%) and tax payers 44 (62.00%) with mean value of 0.77 and 1.11 respectively, strongly agree that VAT implementation and refund encourage both investment's and export businesses. Most investment options in Ethiopia is encouraged to have all the needed resources with tax exemption and VAT is among those exempted tax type both local and international investors are encouraged by this policy to invest in Ethiopia. Exporters believe that they are fevered by the introduction of VAT as their input tax is refunded regularly and with special attention to details.

Non-VAT tax payers or businesses in the country are not benefited than those of registered to VAT, as a live example mentioned by respondents at time of interviews, was that currently those business not registered for VAT has the same channels to pass through as other types of business. Respondents, LTO employees 33 (62.3%) and taxpayers 50 (70.4%) with mean value of 3.38 and 3.4 respectively, disagree that Non-VAT refunded organization (taxpayers) are more benefited than those of VAT refund.

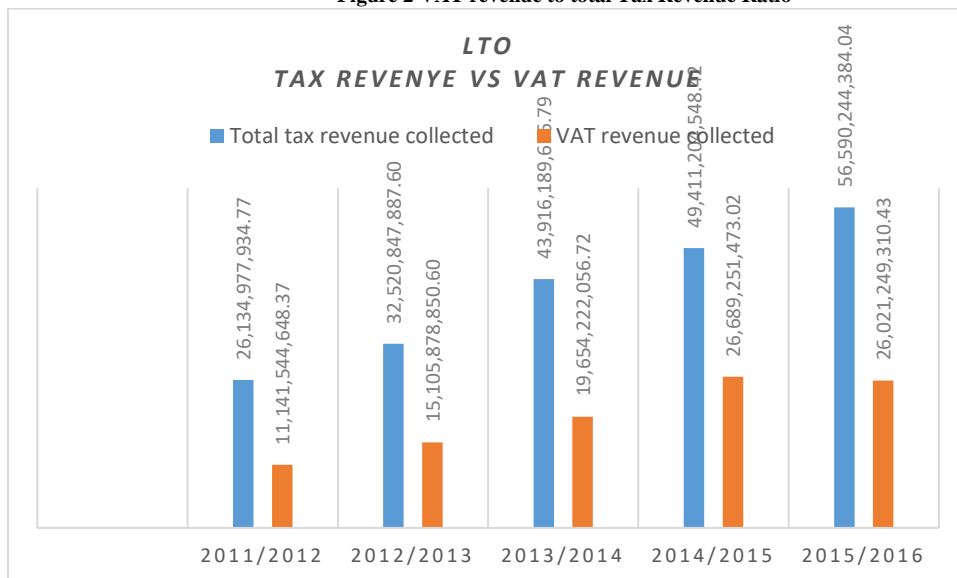
**VAT Revenue to Total tax Revenue ratio of
Addis Ababa No.1 Medium Taxpayer Office
From 2012/13 - 2016/17**

Table 4.24

Years	Total tax revenue collected	VAT revenue collected	% of VAT revenue to tax revenue
2012/2013	26,134,977,934.77	11,141,544,648.37	42.63
2013/2014	32,520,847,887.60	15,105,878,850.60	46.45
2014/2015	43,916,189,616.79	19,654,222,056.72	44.75
2015/2016	49,411,204,548.42	26,689,251,473.02	54.01
2016/2017	56,590,244,384.04	26,021,249,310.43	45.98
Total	208,573,464,371.62	98,612,146,339.14	233.83
		Average	46.77

Source: Large Tax payers Branch Office (LTO) Annual Report

Figure 2 VAT revenue to total Tax Revenue Ratio



The table above summarizes the share of VAT revenue in total tax revenue, this shows that the percentage proportion of VAT against total tax revenue which ranges from 42.63% in the year 2012/2013 to 54.01% in the year 2016/17. Indeed, the average for the five years was 46.77%. However, from the five years in 2015/2016 the contribution of VAT revenue to the total tax revenue stretched to a proportion of 54%, which was higher than that of the average value. From the above table the performance of VAT revenue varies through each fiscal year and had an implication that much efforts could improve the contribution VAT to the total tax type, and in other says the more we have VAT revenues the lessor will be the cash shortage to the VAT refunds. In short the share of VAT to tax revenue was high in branch office.

Finally it could lead to a conclusion that in Ethiopia the VAT revenue covers the highest percentage than other indirect taxes, so the government must give great emphasis to collect the potential revenue from the economy and it will accelerate Ethiopian economic growth.

Table 4.25 Officers familiarity with VAT proclamation, EMoR advocacy about VAT, institutional trust and need of improvements in filling system.

No	Item	R	1		2		3		4		5		Mean	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	As a tax officer, are you familiar with VAT Proclamations and regulations?	TO	15	28.3	35	66.0	3	5.7	-	-	-	-	1.78	0.54
		TP	16	22.5	55	77.5	-	-	-	-	-	-	1.77	0.43
2	EMoR is making sufficient explanation to the public regarding VAT refund?	TO	1	1.9	29	54.7	-	-	10	18.9	13	24.5	3.09	1.35
		TP	-	-	48	67.6	-	-	23	32.4	-	-	2.64	0.94
3	The institutional trust of EMoR is well strengthen?	TO	6	11.3	12	22.6	-	-	34	64.2	1	1.9	3.22	1.17
		TP	-	-	14	19.7	-	-	51	71.8	6	8.5	3.69	0.89
4	The issues of VAT invoicing, filing and payment system of the tax authority that needs improvement?	TO	10	18.9	41	77.4	-	-	2	3.8	-	-	1.89	0.58
		TP	17	23.9	50	70.4	-	-	4	5.6	-	-	1.87	0.67

Source: Primary data collected May 2019

Identifying main contributor of VAT refund challenges is the main purpose of this research, as clearly put in the first objective of the study. Among those tax officer respondents requested to their familiarity with VAT proclamation 35 (66.0% with mean value of 1.78) agree that they are familiar with the proclamation and this is also agreed by tax payers 55 (77.75% with mean value of 1.77) that the tax officers are familiar with the proclamation. This findings also supported by both at the time of face to face interview and at the time of physical observation in the branch, that the tax officers do have clear understanding of the proclamation and this is also confirmed by taxpayers, the challenge that mentioned is the intention of tax officers to manipulate the proclamation and put taxpayers in trouble or made them liable for uncleaned tax burden with justification that tax officers are following procedures and circulars in the office than proclamation and tax payer don't had

information to that, irrespective of this gap tax payers agree that the officer do have good understanding of the proclamation.

Advocating about VAT to the public easy the life of the EMoR through creating awareness to the stakeholders and it is an essential first step in the introduction of new tax policies and changes to existing one, VAT is one of those taxes which needs frequent explanation to stakeholders. Respondents were asked whether or not they had such experiences from EMoR to develop awareness of VAT refund. A mean value is calculated to see the level of agreement, disagreement or being neutral to such activities, get chance to be aware by EMoR. LTO employees 29 (54.7% with mean value of 1.35) and tax payers 48 (67.6% with mean value of 0.94) agree that the institution make sufficient explanation and awareness to the public regarding VAT refund, similar response were received during face to face discussions and basic challenges mentioned by the tax payers was that though the institution take time and allocate resources to pass through all this processes things gate different while we go to the tax office to claim VAT refunds and other taxes, the advocacy by the tax office and the practical activities in the ground are completely different and the ministry has to give due attention to the day today practical tasks in each office. The institutional trust of EMoR is not well strengthen and both respondents do disagree with that LTO employees 34 (64.2%) and tax payers 51 (71.8%) with mean value of 3.69 and 3.46 respectively disagree that the ministry didn't build institutional trust and it is not well strengthened, and to develop acceptance by major stake holders implementation of proclamations, policy, and procedures has to be fair, equitable and transparent to all stake holders. During interview one underlined justification given by taxpayer respondents is that sine the institution is not consistent to all major stake holders it losses trust by them. And to the minimum if the ministry keep consistency to stakeholders, especially to tax payers, it could bring institutional trust easily with in a short period of time. The current ministry is considering this and trying to be consistent to every stake holders and build trust in a short period of time, though this variable only couldn't bring perfection to the task of the ministry.

Tax administration system is one of the decisive factor to any country tax system and this determines the efficiency of the tax system and the revenue that they could generate from tax. Among many tasks that are commented and needs improvements is VAT invoicing, filing and payment system of the tax authority. Employees respondents 41 (77.4%) and taxpayers respondents 50 (70.4%) with mean value of 1.88 and 1.87 respectively, agree that the system of the tax authority needs improvements. Those challenges addressed by stakeholders are mostly related with the system of

the tax authority and system improvements bring solution to many challenges and problems mentioned in this paper. Based on senior management involved in the in-depth interview, it was expressed that system of the tax authority is the primary activity in the ministry that needs improvement. Tax office employees elaborate at this time that though they have adequate understanding of the tax policies, procedures and proclamation the system of the tax authority is creating challenges and problems on their day to day tasks. The issues of VAT invoicing, filing and payment system of the tax authority couldn't manage the existing situation and scenarios for some reasons though the system could accommodate all needed facilities to easy the life of both tax officers and taxpayers. Through intensive investigation and research the ministry has to bring immediate solution to this even to the maximum that to develop another international software after investigating the capability of ASICUDA, SIGTAS and the like that currently the ministry is using. It was stated that system of the tax authority is a blue print to guide overall tax management system of the country. System management plan for the ministry was the least practiced step on tax management process as it is also observed on the document review that it is difficult to identify needed documents using the existing tax system. The findings from both analyses showed that the system needs improvements or replacements, and concerned government bodies have ever been involved in improving the existing system. It was noted from the in-depth interview that not having a well-developed system would mean that there is no tax authority or revenue in the country.

Table 4.26 Refund backlog effect on corruption, delay, reporting period, documents to Vat refund and documentation.

No	Item	R	1		2		3		4		5		Mean	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	Refunds backlogs provide opportunities for corruption and causes delay	TO	31	58.5	14	26.4	-	-	8	15.1	-	-	1.72	1.06
		TP	37	52.1	23	32.4	-	-	11	15.5	-	-	1.79	1.05
2	The reporting period for VAT refund and payment is enough for the LTO tax payers	TO	7	13.2	37	69.8	-	-	9	17.0	-	-	2.21	0.88
		TP	11	15.5	46	64.8	-	-	14	19.7	-	-	2.24	0.95
3	Tax payers come to the branch with all relevant documents at time of claim (complete documents)	TO	9	17.0	37	69.8	-	-	7	13.2	-	-	2.09	0.84
		TP	22	31.0	41	57.7	-	-	8	11.3	-	-	1.92	0.87
4	LTO taxpayers do not maintain the proper recording of their business operations in accordance with business practices and standard of laws ?	TO	12	22.6	28	52.8	-	-	13	24.5	-	-	2.26	1.08
		TP	13	18.3	48	67.6	-	-	10	14.1	-	-	2.10	0.86

Source: Primary data collected May 2019

The main and one of the objective of this research was to identify those documents needed by the branch tax payers to claim their VAT refund requests. Table 4.26 exhibits different factors that challenges and affects VAT refund procedures both from the tax office and taxpayers side, and the seriousness of each factors are clearly observed in the process. Accordingly, the first mentioned variable in relation to corruption is the VAT refund backlog, which is followed by delay of VAT refund. LTO tax payers 31 (58.5%) and taxpayers 37 (52.1%) respondents with mean value of 1.72 and 1.79 respectively, are strongly agreed that there exist backlog of VAT refunds, and these create conducive environments to tax offices for corruption. So as to manage delays and not to suffer from working capital or cash flow challenges taxpayer would be forced to manage things through informal ways, and theses urgent taxpayers need encourage tax offices to deal the process to prioritize their VAT refund requests. The LTO has to develop a mechanism in queening VAT refund requests and inform tax taxpayers when and how they could get their refund request, and as a best

solution the refund process has to be digitalized and well designed to handle also other type of taxes. This also has been influenced by the reporting period for VAT refund, one way or the other, as taxpayers gets enough time to report their VAT refund request and payment period the associated challenges with VAT refund backlog would be solved. LTO employees 37 (69.8 with mean value of 2.2) and taxpayers 46 (64.8% with mean value of 2.24) agree that the reporting period for VAT refund and payment is enough for the LTO tax payers, what creates problem in this procedures is, as the problem that exist in other taxes, that the way it is implemented by the tax office employees and they deliberately miss use of the pre-set procedures and proclamations to open the opportunity for corruption.

Regarding open ended questions, the taxpayer respondents mentioned that dealing with tax office is an easy procedure and considered as a normal task of the office and one weaknesses of tax payers which is mentioned by the tax payers themselves was that they were not compliant with the tax rules and procedures and believe that as the officer has upper-hands on issues related to them they believe that the proclamation remain only on paper, to give confidence and strength to the taxpayers the ministry has to prepare advocacy work shop on how to implement tax proclamation from tax payers side.

This finding also supported by both interviewee at the time of face to face discussion and also the researcher could recognize the above problems at the time of physical observation. This has a diverse effect on the VAT refund activities both on the office and taxpayers.

One of the requirements to have efficient and transparent VAT refund procedure is supporting all VAT refund request claim with all needed supporting documents to the office, this at least avoid or minimize those associated tax related challenges. As explained both by tax office employees and taxpayers all VAT refund requests has to be supported by the needed documents to submit the claim. Respondents, LTO employees 37 (69.8%) and taxpayers 41 (57.7%) with mean value of 2.09 and 1.92 respectively agree that taxpayers come to the branch with all relevant documents at time of claim (complete documents), though this couldn't protect them from being exposed to mentioned challenges such as corruption and delay in processing refund requests.

Generally, the aggregate mean score for those identified challenges was 2.01. Thus, it appears that all of the factors tend to challenge the VAT refund activities, though its degree varies. In line with the above findings, it can be concluded that the emerging realities in the LTO could be considered as main problems encountered in other branches in similar areas.

Taxpayers not to exposed themselves to unwanted challenges of both from the tax office employees and the office itself, they have to be compliant to all needed procedures and requirements and one of them is keeping proper documentation of their business transactions and failing to pass through this practice will exposed them to many unwanted challenges, such as corruption and delay in processing refund requests.

The other very serious challenge in the table that commonly witnessed by different groups of respondents was that taxpayers do not maintain the proper recording of their business operations in accordance with business practices and standard of laws, LTO employees 28 (52.8% with a mean value of 2.26) and taxpayers 48 (67.6% with mean value of 2.1) agree that the branch taxpayers do not maintain the proper recording of their business operations in accordance with business practices and standard of laws. Incapability of businesses to compliance with standards of law in their day to day transactions contributes to misuse of procedures by tax offices and aggravate the delay in the request of VAT refunds, as a live example mentioned by respondents at time of interviews is that currently business are visiting the office with un proper or incomplete documents for their operations and the only time they develop awareness of maintaining proper recording is at the time taxpayers plan to visit the office for their VAT refund requests. Businesses has to pay due attention to their business operation in accordance with a standard of laws at time when they are processing every operations or transactions and this may solve the burden they will have at time of refund claims and will not exposed them to corruptions and other sufferings.

Table 4.27 Availability of resources, interest of work, cost of VAT operation, work volume and staff turnover.

No	Item	R	1		2		3		4		5		X	Std. Dev.
			F	%	F	%	F	%	F	%	F	%		
1	There is in general shortage of resources/manpower and infrastructural facilities to	TO	24	45.3	26	49.1	-	-	3	5.7	-	-	1.66	0.76
		TP	44	62.0	16	22.5	2	2.8	9	12.7	-	-	1.66	1.03
2	I am working with interest in the department I am assigned.	TO	11	20.8	38	71.7	-	-	4	7.5	-	-	1.94	0.72
		TP	6	8.5	55	77.5	2	2.8	8	11.3	-	-	2.17	0.74
3	Operation cost of VAT refund is significant to the branch	TO	-	-	6	11.3	-	-	38	71.7	9	17.0	3.94	0.79
		TP	-	-	8	11.3	-	-	56	78.9	7	9.9	3.87	0.74
4	There is improper work volume distribution and	TO	35	66.0	7	13.2	-	-	11	20.8	-	-	1.75	1.21

Source: Primary data collected May 2019

Over all challenges of VAT refund is associated mainly with the availability of resources and costs as they affect businesses overall activities as mentioned in second objectives. The other very serious challenge in the table that commonly witnessed by different groups of respondents was availability of resources, work interest, cost of VAT operation and proportion of work volume and staff turnover in the branch office.

The existence of resources (manpower) and infrastructural facilities to improve tax law enforcement and VAT refund procedures to manage every tax related services of taxpayers is the key and crucial factor for successful implementation of VAT in a given countries tax systems.

From the above table 24 (49.1%, with mean value of 1.66) of the LTO employees respondents agreed that there is in general shortage of resources/manpower and infrastructural facilities to enhance tax law enforcement and VAT refund procedures. While 44 (62.0%) of the taxpayers respondents with mean value of 1.66, also strongly agreed that the mentioned variable exist in the branch, this survey which implies that the office has faced resource challenges and shortage of manpower. The respondents indicated in their response to the open-ended part of the questionnaire, is that taxpayers clearly identify and notice that the office has shortage of manpower and system challenges and couldn't transact with the proper VAT refund procedures.

The scarcity of manpower in the office put burden on the existing manpower and force them to face workload of beyond their capability, which in turn lead them to develop loss of appetite to their day to day duty and made them to lose interest in the department they are assigned.

From the table 4.8 above regarding working with interest in the department they are assigned, the survey showed that 38 (71.7%) of LTO employees respondents, with mean value of 1.94, agree that they are working in the department they are assigned with interest, 55(77.5%), taxpayers respondents also share the same attitude with the tax office employees. The respondent responses on the open ended question tries to put things clearly that though they do have strong interest to work in the department due to other factors, like shortage of infrastructure, and other benefits of employees they may lose their interest they have now through time.

Acquiring the VAT refund requires specialist knowledge. Operation cost of VAT is always considered against the volume that this activity produce, operating cost of VAT mainly includes logistics, salary of assigned employees and other related costs of managing VAT in the brunch offices.

Based on above table survey that operation cost of VAT refund is not significant to the branch, 38 (71.7%) of tax offices employees, with mean value of 3.94, disagree with significances of VAT refund costs and also this is supported by taxpayers 56 (78.9%), with mean value of. 3.87.

The table 4.8: showed above for the existence of improper work volume distribution and high staff turnover in the department was surveyed and the survey indicated that, 35 (66.0%) of the LTO employees respondent, with mean value of 1.7 strongly agreed that the work volume distribution is not fair and this also contribute to the frequent staff turnover, but it is not the only reason, and this may expose the office to absence of professional and qualified employees, the tax authority has to develop a mechanism to share work load among department employees and tries to minimize the associated staff turnovers.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The purpose of this study was to explore challenges of Value Added Tax (VAT) refund procedures: The case of LTO. To achieve this purpose, the following basic questions were formulated.

- *What are VAT refund related challenges that the tax administration (LTO) and taxpayers are facing? The main causes for delays in VAT refund claims in LTO?*
- *How VAT revenue affects VAT refund procedures? (Revenue vs refunds) and businesses' working capital and over all activities?*
- *How VAT withholding and voucher system contribute or affects VAT refunds?*

To this end, data gathering instruments were developed. These are questionnaire, semi- structured interviews, document analysis, and observations. In this study, a total of 53 LTO employees and 71 taxpayers (businesses) were took part from surveyed branch and responded the questionnaires. On the basis of the data collected, analysis was carried out using frequency counts, percentages, mean scores, aggregate mean and standard deviation.

Major Findings of the Study

I. Regarding LTO employee's and taxpayer's perception towards challenges of VAT refund procedures.

1. The large majority of group of respondents were unanimously witnessed that the challenges of VAT refund procedures had an impact on the performance of both employees and taxpayers of the branches. VAT refund is important in administering VAT or any other taxes moderately. As the branch office is mostly engaged in the very process of VAT refunds to taxpayers, and this refund activity is affected very highly by different variables.
2. Governments and taxpayers have primary responsibility on managing VAT refund requests of businesses and related problems as it is reflected on the analysis most of respondents agreed on the idea and believe it is the responsibility of all concerned parties.
3. On the other mentioned variables like burden of proof, identifying unregistered suppliers and fake invoicing in VAT refund procedures, activities and problems is also the primary responsibility falls on both government and taxpayers. For other mentioned problems the responsibly falls on the branch office.

5.2 Conclusion

Government revenues are obtained from both direct and indirect source of revenue, from indirect taxes the major one is Value Added Tax (VAT). It is believed to be a good means to raise government revenue even when relatively poorly administered. In Ethiopia VAT also play significant role in the revenue system of the government of Ethiopia. Currently revenue generated by VAT in Ethiopia showing a good progress but the potential to be collected in the economy are not satisfactory and faced many challenges. The government not able to collect potential taxes due to different challenges in the tax administration, among which VAT refund procedure challenge is one.

Government bodies and other stakeholders have to play leading role in solving problems associated and indicating way forwards how to solve these associated problems and to have reliable VAT refund procedures which make taxpayers and employees effective and efficient. In this regard, this study is one of the endeavour attempts that flag the way for improvements of VAT refund procedures in the branch office

This thesis examined VAT refund procedures problems in the case of large tax payer's branch office (LTO). Besides, it tries to identify the taxpayer's compliance to the VAT refund procedures, rule and regulation such as, payment, filling, issuing VAT receipt, recording system of the tax authority and also asses the tax officials and tax payers potential to control and administer non-compliant taxpayers. In addition challenges and opportunities were assessed that the tax authority and taxpayers faced in relation to VAT refunds. Finally, the thesis identified VAT refund procedures challenges in large tax payer's branch office.

According to the survey taxpayer's and employees do agree that to manage VAT refund procedures the office available number of staff are enough; profit tax is mostly affected by VAT refund; different special privileged organizations had very smooth VAT refund process as the offices had reliability on them; there is occurrence of invoices from unregistered suppliers; the tax office was at easy only to offset income taxes; the office allocate from 5 -10% of the total VAT revenue collected to VAT refund requests settlement; VAT refund process would take them from 60 -120 days; forged documents exist very rarely for huge amount of transactions; they have many challenges in burden of proof of VAT refunds; the refund system is exposed to corruption; tax payers so as to get improper refunds from the government they produce fake invoices; the office suffered frequently from cash flow shortage; the tax payers usually underreport their sales volume so as to have high VAT credit on their input tax; offsetting VAT refund against other tax liabilities

of tax payers would improve the VAT refund process and procedures.; the ministry didn't build institutional trust and it is not well strengthened and there exist backlog of VAT refunds, and these create conducive environments to tax offices for corruption.

The study also tries to examine variables which had effects on VAT refund procedures in large tax payer's office (LTO). The results from quantitative and qualitative findings showed on the basis of the preceding findings and conclusions about the study have been drawn. VAT refund is a contemporary introduced phenomenon in today's tax world. Hence, its effective management requires complicated preparation of the policy making and concerned bodies mainly the EMoR and taxpayers and their exposure to disturbing variables of VAT refund procedures or activities, as they have also impact on the overall tax management of the branch.

Having the above discussion and findings obtained by this study, the following conclusions are made by the current researcher. VAT refund procedure is affected by different factors like taxpayers, tax office procedures and employees of the branch.

However, the study indicates that some selected variables have minor impacts on the VAT refund procedures but it is indicating that they may aggravate their impact on the VAT refund procedures unless a remedial actions are taken by stakeholders.

Furthermore, the study showed that VAT refund procedure is getting worst from year to year as different variables from both side, LTO employees and taxpayers, put influences on them from different directions, the branch office is not putting its effort at least to solve some of the affecting variables which seems simple around office environment, though they mention some bureaucratic process of other concerned government parties and taxpayers (business societies) and some budget related issues, like having decreasing rate of VAT revenue collections, were identified as the first tops ranked serious challenges.

5.3 Recommendations

On the basis of the findings reached and conclusion drawn in the preceding, the following recommendations were forwarded.

1. It is suggested that EMoR should improve the information technology (IT), strong data base, system like filling ,payment system, recording system ,registration and others VAT and other taxes related issues in order to overcome the complexity of VAT collection and refund system to reduce the involvement of fake invoices, update SIGTAX and ASICUDA.
2. As easy of mechanism the branch has to develop an easy way to offset VAT refunds against any tax liability of the taxpayers through strengthened digital system.
3. Exempt some businesses from VAT after developing thigh and strong systems to control them. It is believed that it is good to exempt some reliable businesses from VAT and it is a catalyst for smooth and effective VAT refund procedures. Therefore, policy makers look opportunities to give due attention to VAT exemption when they are intending to implement this system since exemption plays vital role in VAT refund procedures.
4. Increase percentage proportion to VAT retention accounts and revise it on regular bases so as to tackle shortage in VAT retention account.
5. Implement and follow up for the uniform procedures and rule for VAT withholding and voucher system.
6. Start a pilot project to have VAT bank account system and introduce to taxpayers, with objectives of reducing VAT fraud and speeding up processing of VAT refund requests, under the scheme, each taxpayer registered for VAT must open at least one VAT bank account and further, a purchaser registered as a VAT taxpayer must deposit VAT payments into a seller's VAT bank account if the VAT charged on the transaction exceeds a statutorily prescribed threshold, funds held in VAT bank accounts can be used for two purposes only, for payment to suppliers of the VAT included in the price of the goods or services, and for payment of net VAT liabilities.

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**አዲስ አበባ ዩኒቨርሲቲ
የቢዝነስ እና ኢኮኖሚክስ ኮሌጅ
የአካውንቲንግ እና ፋይናንስ ትምህርት ክፍል
በአካውንቲንግ እና ፋይናንስ ኤምፔሎሲ ፕሮግራም**

ውድ መላሽ

እኔ በአዲስ አበባ ዩኒቨርሲቲ በአካውንቲንግ እና ፋይናንስ ትምህርት ክፍል በምረቃ ጥናት ትምህርት ተማሪ የሆንኩት በትምህርት ጥናታዊ ዕሁፍ ክፍል ለማቅረብ “የተጨማሪ እሴት ታክስ (ተ.እ.ታ) ተመላሽ ክፍያ አሰራር ተግዳሮቶች፡ - የከፍተኛ ግብር ከፋዮች ጉዳይ” በሚለው ላይ ጥናት እያካሄድኩ ነው። የዚህ ጥናታዊ ዕሁፍ አላማ የተጨማሪ እሴት ታክስ (ተ.እ.ታ) ተመላሽ ክፍያ አሰራር ተግዳሮቶችን ለመገምገም (የኤልቲኦ ጉዳይ) ለመገምገም ነው። የጥናታዊ ዕሁፍ አላማ ለትምህርታዊ አላማ ብቻ የሚውል ይሆናል። መጠይቁ በጉዳዮቹ ላይ ያሉትን መረጃዎችን ለአጥኚው በትክክል እንዲያገኝ ይረዳዋል። ማንነትም በማናቸውም ምክንያት ለማናቸውም ሌላ ሰው መግለፅ የዚህን ጽሁፍ አላማ አይደለም። ስለዚህም ስምዎትን መጻፍ አያስፈልግም። አጥኚው ጥያቄዎቹን በመመለስ የሚያደርጉት አስተዋፅኦ ዋጋ እንዳለው እና ዕኩፋን ጠንካራ ያደርገዋል ብሎ ያምናል። ስለዚህ ተቋሞቹን በተለይ ሳልጠቅስ አጠቃላይ ግኝት እና ማጠቃለያ እንዳዘጋጅ ስለሚረዳኝ ሁሉንም ጥያቄዎችን መልስ ይስጡልኝ ብዬ በትህትና እጠይቅዎታለሁ። የግል መረጃዎ ምስጢራዊነት የሚጠበቅ መሆኑን አረጋግጥልዎታለሁ። በቅድሚያ አመሰግናለሁ።

ማናቸውም ጥያቄ ካለዎት እኔን ለማግኘት ወደኋላ አይበሉ
ሚሊዮን መላኩ

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APPENDIX A

ክፍል I. ጥያቄዎችን መለየት/የስነ-ሕዝብ መረጃ

ከተሰጡት አማራጮች መካከል ተገቢውን መልስ ይምረጡ እና የ “✓” ምልክት ያስቀምጡበት፤ ለሌሎች ጥያቄዎች በራስዎ ቃሎች መልስዎን ያስጻፉ።

ከሚከተሉት መካከል በአንዱ ላይ የ “✓” ምልክት ያስጻፉ

- 1. ያታ፡- ሀ/ወንድ ለ/ሴት
- 2. የአገልግሎት ዘመን ሀ/ 3-5 ለ/ 6-10 ሐ/ 11-15 መ/ ከ15 በላይ
- 3. ክፍተኛ የትምህርት ደረጃ
ሀ/ ስርተፍኬት ለ/ ዲፕሎማ ሐ/ ዲግሪ መ/ ኤምኤ/ኤምኤስሲ ሠ/ ፒኤችዲ
- 4. የትምህርት መስክ
ሀ/ አካውንቲንግ ለ/ ንግድ/ቢዝነስ ሐ/ ኢኮኖሚክስ መ/ የተፈጥሮ ሳይንስ
 ሠ/ ሌሎች
- 5. በስራ ክፍል እርስዎ ያለዎት የስራ መደብ _____

ክፍል II: የጥናቱ ጥያቄዎች

- 1. ቅርንጫፉ የተ.እ.ታ ተመላሽ ክፍያ ጥያቄ እና አሰራርን የሚቆጣጠሩ በቂ ቁጥር ያላቸው እና ክህሎት ያለው የሰው ሐይል አለው?
ሀ/ በጣም ብዙ ለ/ በቂ ሐ/ በጣም ጥቂት መ/ ጥቂት
- 2. በአብዛኛው በተ.እ.ታ ተመላሽ ክፍያ ጥያቄ ወይም አሰራር ተፅዕኖ ያለበትን የግብር አይነት የትኛው ነው?
ሀ/ የትርፍ ግብር ለ/ የድርሻ ግብር ሐ/ የቀረጥ ግብር መ/ ምንም ተፅዕኖ የለበትም
- 3. የየትኛው የንግድ አይነት ተ.እ.ታ ክፍያ ተመላሽ ሂደት ቀላል እና የተፋጠነ ነው?
ሀ/ ላኪዎች ለ/ የልዩ ግብር ተጠቃሚ ድርጅቶች ሐ/ የኮንስትራክሽን ስራ
መ/ ሌሎች
- 4. የየትኛዎቹ ንግድ ስራዎች ግብር ተከፋይ ግብዓቶች ናቸው ከግብር ተከፋይ ሽያጭ (ተመላሽ የሚሆኑ ትርፍ ክሬዲቶችን የሚያመነጩ) አንፃር አነስተኛ የሆኑት?
ሀ/ ላኪዎች ለ/ ኮንስትራክሽን ሐ/ የልዩ ግብር ተጠቃሚ ድርጅቶች
መ/ ሌሎች
- 5. ካልተመዘገቡ አቅራቢዎች ለቀረቡ ደረሰኞች ግብር ከፋዮች የክሬዲት ጥያቄዎችን ያቀርባሉ።
ሀ/ ሁልጊዜ ለ/ አንዳንድ ጊዜ ሐ/ በትንሹ መ/ ምንም አያቀርቡም
- 6. ቅርንጫፍዎ የተ.እ.ታ ተመላሽ ክፍያዎችን በግብር ሃላፊነቶች ያወራርዳል?
ሀ/ ለገቢ ግብር ለ/ ለድርሻ ግብር ሐ/ ለትርፍ ግብር መ/ ለተወሰኑ ሁኔታዎች
ሠ/ አቅርቦ አያውቅም
- 7. መቼ ነው ክፍተኛ ደረጃ ያለው የተመላሽ ክፍያ ጥያቄዎች ኖሮዎት የሚያውቀው?

APPENDIX A

ሀ/ ከጥር-መጋቢት ለ/ ከሚያዝያ - ሰኔ ሐ/ ከሐምሌ -መስከረም መ/ ከጥቅምት - ታሕሳስ

8. ለየትኛዎቹ የንግድ አይነቶች ነው የቁሳቁስ እና የተከታታይ ተ.እ.ታ ተመላሽ ጥያቄዎች ያለዎት?

ሀ/ የላኪ ለ/ የኮንስትራክሽን ሐ/ የልዩ ጥቅም መ/ ሌሎች

9. ከተ.እ.ታ ገቢዎች ምን ያህል እውነተኛ ስሌት በተ.እ.ታ ተመላሽ ጥያቄዎች ይዋጣል (ለሚያዝ ክፍያ የተጠበቀ)?

ሀ/ 5-10% ለ/ 10-20 ሐ/ 20-30 መ/ ከ 40% በላይ

10. የተ.እ.ታ ክፍያ ማወራረድ ተመላሽ ጥያቄዎች በምን ያህል ቀናት ውስጥ ነው ተመላሽ ክፍያ የሚከፍሉት/ትርፍ ክሬዲት ተመላሽ የሚያደርጉት?

ሀ/ ከ30-60 ቀናት ለ/ከ60-120 ቀናት ሐ/ከ120-180 ቀናት መ/ከ 180 ቀናት በላይ

11. ሐሰተኛ የገቢ ፣ ላኪ እና የአካባቢ ገዢ ሰነዶች በቀላሉ ይለያሉ።

ሀ/ በአብዛኛው ለ/ ከስንት አንድ ጊዜ ሐ/ አንድአንድ ጊዜ ብቻ መ/ ምንም አይለዩም

12. አሁን ካለዎት ስራ/የተሰጡ ስራዎች ጋር ተያያዥነት ካላቸው ስልጠናዎች ጋር የሚሰሩበት የስራ እድል አግኝተው ያውቃሉ?

ሀ/ በአመት ለ/ በግማሽ አመት ሐ/ በሩብ አመት መ/ ምንም አግኝቼ አላውቅም

13. ስለ ተ.እ.ታ ተመላሽ ክፍያ አሰራር/አዋጅ እና መመሪያዎችን በተመለከተ ማናቸውንም ስልጠና/ግንዛቤ አግኝተው ያውቃሉ?

ሀ/ በየአመቱ ለ/ አስፈላጊ በሚሆንበት ጊዜ ሁሉ ሐ/ ሲጠየቅ

መ/ አግኝቼ አላውቅም ሰ/ አንድአንድ ጊዜ

መልስዎ አዎን ከሆነ ተያያዥነት ፣ ጠቀሜታ እና ስኬታማነት ነበረው?

ሀ/ አስፈላጊ ነው ለ/ተያያዥ ነው ሐ/ ስኬታማ ነው መ/ አስፈላጊ/ተያያዥ አይደለም

14. ስልጠና እንደአስፈላጊነቱ ካልተሰጠ ስልጠና ያለማግኘትዎ ምክንያት ምን ይመስልዎታል?

ሀ/ በጀት ያለመኖር ለ/ ፍላጎት ያለመኖር ሐ/ ሰራተኞች ፍላጎት የላቸውም

መ/ ለውጦች ቀላል ስለሆኑ

APPENDIX A

ክፍል III: የተ.እ.ታ ተመላሽ ሒደት ተግዳሮቶችን ለማስወገድ ያጋጠሙ ችግሮች

በሚከተሉት አረፍተ ነገሮች ላይ ያለዎትን የመስማማት ደረጃ ያመልክቱ። (በጣም እስማማለሁ ፣ እስማማለሁ ፣ አልወሰንኩም ፣ አልስማማም እና በጣም አልስማማም)

ክፍል አሰጣጥ	ጥያቄዎች	ምላሾች				
		በጣም እስማማለሁ	እስማማለሁ	አልወሰንኩም	አልስማማም	በጣም አልስማማም
CIA1	ሰራተኛው የተ.እ.ታ ተመላሽ ማረጋገጥን በተመለከተ ተግዳሮቶች ወይም ችግሮች አሉብኑን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA2	የተ.እ.ታ ተመላሽ በንግድ ሽያጭ ይዘት ላይ ችግር ያመጣልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA3	የተ.እ.ታ ተመላሽ የቅርንጫፍን ሌሎች የግብር ገቢ አይነቶች ላይ ጉዳት ያመጣሉን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA4	የተ.እ.ታ ዊዘሆልዲንግ እና የደረሰኝ አሰጣጥ ስርዓት ለንግዱ እና ሒደቱን ለማድረግ የሚያጋጥሙትን ተግዳሮቶች/ችግሮች መፍትሄ ለማምጣት በተ.እ.ታ ተመላሽ ክፍያዎች ላይ መፍትሄ ያመጣሉን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA5	ግብር ከፋዮች የተ.እ.ታ ተመዘጋቢ ከመሆን ተጠቃሚ እንደሚሆኑ ያምናሉን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA6	በኢትዮጵያ ተ.እ.ታን ማስከበር የኢትዮጵያ የኢኮኖሚ እድገት ለማፋጠን በሽያጭ ግብር መተካት አስፈላጊ ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA7	ተ.እ.ታን መተግበር እና ተመላሽ ክፍያ ለኢትዮጵያ የኢንቨስትመንት እና የውጭ ንግድ /የላኪ ንግድን ያበረታታልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA8	የቅርንጫፍ የተ.እ.ታ ምለሳ ስርዓት እና ሒደት ፍትሃዊ እና እኩል የሚያይ ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA9	እርስዎ የግብር ባለስልጣን እንደመሆንዎ መጠን የተ.እ.ታ አዋጆችን እና ደንቦችን ያውቋቸዋልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA10	ኢ.ኤም.ኤስ.ሲ የተ.እ.ታ ተመላሽ ክፍያን በተመለከተ ለሕዝቡ በቂ የሆነ ገለጻ እያደረገ ይገኛልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA11	አስቸጋሪ የሆኑ የተ.እ.ታ ተመላሽ ሒደቶችን ለማስወገድ ከተ.እ.ታ ጋር የሚገቡ እቃዎችን እና አገልግሎቶችን የሚያስወግዱ ስራዎች ይጠቅማሉን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA12	የተ.እ.ታ ተመላሽ ክፍያ ሒደቶች ለቅርንጫፍ ለሙስና አሰራር የተጋለጡ ናቸውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA13	የኢ.ኤም.ኤስ.ሲ ተቋማዊ እምነት በደንብ የተጠናከረ ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA14	ተ.እ.ታ ተመላሽ የሌላቸው ድርጅቶች (ግብር ከፋዮች) ተ.እ.ታ ተመላሽ ክፍያ ካላቸው ድርጅቶች ይልቅ ተጠቃሚ ናቸውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CIA15	የተ.እ.ታ ተመላሽ ክፍያ ጥያቄዎች ብዛት/ይዘት ከንግድ ንግድ እንደሚለያዩ ሁሉ ተግዳሮቶች እና አሰራሮችም ይለያያሉ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA16	ግብር ከፋዮች ላልተፈፀሙ ግብሮች ሀሰተኛ ደረሰኞችን ያቀርባሉ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA17	ከሚፈለገው በታች ሪፖርት የተደረጉ ሽያጮች፡- ይህ ተ.እ.ታን ለማድበስበስ እና ተመላሽ ክፍያ እንዲኖር ለማድረግ የሚጠቀሙበት በጣም የተለመደው መንገድ ነው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA18	የተለመደው ሴራ/ዘዴ በሌሉ እቃዎች ላይ ሀሰተኛ የላኪ ንግድ ደረሰኝ በመፍጠር የተ.እ.ታ ተመላሽ መጠየቅ ነው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA19	ብዙ የተከማቸ ተመላሽ ክፍያዎች ሙስና እንዲሰራ እድሎችን በማመቻቸት ለመዘግየት መንስኤ ይሆናሉ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA20	የተ.እ.ታ ምዝገባ ሒደት በተ.እ.ታ ተመላሽ ስርዓት ላይ ስርቆት ለማካሄድ የሚያስቡትን የምናብ ነጋዴዎችን ምዝገባ የሚያስቀር ጠንካራ ቁጥጥር እና ስርዓት አለው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA21	ማንነትን ለማረጋገጥ ደረሰኞችን የሚያጣፍቡት ክፍተኛ መጠን ያለው የሚያመሳክሩባቸው ዘዴዎች አለዎትን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA22	በሌሎች የግብር ሃላፊነቶች ላይ የተ.እ.ታ ተመላሽ ክፍያዎችን ለማወራረድ የቅርንጫፎቹን የተ.እ.ታ ተመላሽ ክፍያ ሒደቶችን እና ሃላፊነቶችን ያሻሽላልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA23	በተ.እ.ታ ተመላሽ ላይ የሚፈጠሩ መዘግየቶች ለንግድ ኪሳራ ወይም የመስሪያ ካፒታል እጥረት እንዲፈጠር ያደርጋሉን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA24	ለተ.እ.ታ ተመላሽ እና ክፍያ ሪፖርት የማድረጊያው ጊዜ ለኤልቲኦ የግብር ከፋዮች በቂ ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA25	ግብር ከፋዮች ወደ ቅርንጫፍ ክፍያ ለመጠየቅ የሚመጡት ከሁሉም ተያያዥ ሰነዶች(የተሟሉ ሰነዶች) ጋር ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA26	የተ.እ.ታ ተመላሽ ክፍተኛ ስለሆነ ለስራዎች የሚሆነውን የመስሪያ ካፒታል ውጥረት እንዲኖር እና ይህ ደግሞ ግብር ከፋዮችን ግዴታቸውን እንዲከብሩ አድርጓል	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA27	የግብር ባለስልጣኑ የደረሰኝ አሰጣጥ ፣ የፋይል አሰጣጥ እና የክፍያ ስርዓት መሻሻል ያስፈልገዋልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA28	በአጠቃላይ የግብር ሕግ ደንቦችን እና የተ.እ.ታ ምላሳ አሰራሮችን ለማሳደግ የአቅርቦት/የሰው ሒደት እና የመሰረተ ልማት አገልግሎት መስጫዎች እጥረት አለ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA29	በተመደብኩበት የስራ ክፍል በፍላጎቱ ነው የምሰራው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA30	የኤልቲኦ ግብር ከፋዮች በንግድ ተሞክሮዎች እና በመደበኛ ሕጎች መሰረት የንግድ ስራቸውን ተገቢ ምዝገባ አይጠብቁም	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA31	የተ.እ.ታ የስራ ሒደት ወጪ ተመላሽ ክፍያ ለቅርንጫፍ አስፈላጊ ነው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA32	ቅርንጫፍ በተደጋጋሚ የተንቀሳቃሽ ጥራ ገንዘብ እጥረት ያጋጥመዋልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA33	በክፍሉ ተገቢ ያልሆነ የስራ ሒደት ስርጭት እና ክፍተኛ የሰራተኛ መልቀቅ አለውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

APPENDIX A

ክፍል IV: ለሚከተሉት ጥያቄዎች ማብራሪያ ይስጡ

1. በቅርንጫፉ የተ.እ.ታ ተመላሽ ክፍያዎችን ለመቆጣጠር የሚያዘጋጁባቸው ሌሎች አማራጮች ምን ምን ናቸው?

2. የተ.እ.ታ ተመላሽ ክፍያ እያስፈጸሙ ሳለ ያገጠመዎት ሌሎች ችግሮች/ተግዳሮቶች ምን ምን ናቸው?

3. የተለዩትን ችግሮች ለማስወገድ አማራጭ መፍትሄዎች ምን ምን ናቸው ብለው ያስባሉ?

4. ለተ.እ.ታ ተመላሽ ክፍያ መዘግየት ምን ምን ሌላ ምክንያቶች አሉ?

5. ከተ.እ.ታ ተመላሽ ክፍያ ሒደቶች ማጥፋት የሚፈልጓቸው ነገሮች ምን ምን ናቸው? (አባክዎትን ይዘርዝሯቸው)

6. ለተ.እ.ታ ተመላሽ ክፍያ መጭበርበር ምን ምን ዋና ምክንያቶች አሉ? ይህን ለማስወገድ ምን ምን ዘዴዎች አሉት?



**አዲስ አበባ ዩኒቨርሲቲ
የቢዝነስ እና ኢኖቬሽን ኮሌጅ
የአካውንቲንግ እና ፋይናንስ ትምህርት ክፍል
በአካውንቲንግ እና ፋይናንስ ኤምፔሎሲ ፕሮግራም**

ውድ መላሽ

እኔ በአዲስ አበባ ዩኒቨርሲቲ በአካውንቲንግ እና ፋይናንስ ትምህርት ክፍል በምረቃ ጥናት ትምህርት ተማሪ የሆንኩት በትምህርት ጥናታዊ ዕሁፍ ክፍል ለማቅረብ “የተጨማሪ እሴት ታክስ (ተ.እ.ታ) ተመላሽ ክፍያ አሰራር ተግዳሮቶች፡ - የከፍተኛ ግብር ከፋዮች ጉዳይ” በሚለው ላይ ጥናት እያካሄድኩ ነው። የዚህ ጥናታዊ ዕሁፍ አላማ የተጨማሪ እሴት ታክስ (ተ.እ.ታ) ተመላሽ ክፍያ አሰራር ተግዳሮቶችን ለመገምገም (የኤልቲኦ ጉዳይ) ለመገምገም ነው። የጥናታዊ ዕሁፉ አላማ ለትምህርታዊ አላማ ብቻ የሚውል ይሆናል። መጠይቁ በጉዳዮቹ ላይ ያሉትን መረጃዎችን ለአጥኚው በትክክል እንዲያገኝ ይረዳዋል። ማንነትም በማናቸውም ምክንያት ለማናቸውም ሌላ ሰው መግለፅ የዚህን ጽሁፍ አላማ አይደለም። ስለዚህም ስምዎትን መጻፍ አያስፈልግም። አጥኚው ጥያቄዎቹን በመመለስ የሚያደርጉት አስተዋፅኦ ዋጋ እንዳለው እና ዕኑፉን ጠንካራ ያደርገዋል ብሎ ያምናል። ስለዚህ ተቋሞቹን በተለይ ሳልጠቅስ አጠቃላይ ግኝት እና ማጠቃለያ እንዳዘጋጅ ስለሚረዳኝ ሁሉንም ጥያቄዎችን መልስ ይስጡልኝ ብዬ በትህትና እጠይቅዎታለሁ። የግል መረጃዎ ምስጢራዊነት የሚጠበቅ መሆኑን አረጋግጥልዎታለሁ። በቅድሚያ አመሰግናለሁ።

ማናቸውም ጥያቄ ካለዎት እኔን ለማግኘት ወደኋላ አይበሉ

ሚሊዮን መላኩ

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ኢ.ሜይል:- milliyonm@yahoo.com

APPENDIX B

ክፍል I. ጥያቄዎችን መለየት/የስት-ሕዝብ መረጃ

ከተሰጡት አማራጮች መካከል ተገቢውን መልስ ይምረጡ እና የ “✓” ምልክት ያስቀምጡበት፤ ለሌሎች ጥያቄዎች በራስዎ ቃሎች መልስዎን ያስፍሩ።

ከሚከተሉት መካከል በአንዱ ላይ የ “✓” ምልክት ያስፍሩ

1. የድርጅቱ አይነት፡
2. ሀ. ል ለ. ጎሳፊነቱ የተ.የግ.ማህበር ሐ. ሼር ካምፓኒ መ. ሌላ
3. በስራ የቆዩበት ጊዜ
ሀ. 5 -10 ለ. 10 - 15 ሐ. 15 - 20 መ. 20 ዓመት በላይ
4. አመተዊ ሽያጭ/ገቢ በ ሚሊዮን
5. ሀ. 1 -5 ለ. 5 - 15 ሐ. 15 - 30 መ. 30 - 50 ሠ. 50 - 100 ረ. 100 በላ
6. የንግድ ስራ ዝርዝር
ሀ. ለኪ ለ. አስመጪ ሐ. አስመጪ/ላኪ መ. ንባተ/ኮንስትራክሽን ሠ. አለም ዓቀፍ ድርጅት ረ. ሌላ

ክፍል II: የጥናቱ ጥያቄዎች

1. ቅርንጫፉ የተ.እ.ታ ተመላሽ ክፍያ ጥያቄ እና አሰራርን የሚቆጣጠሩ በቂ ቁጥር ያላቸው እና ክህሎት ያለው የሰው ሐይል አለው?

ሀ/ በጣም ብዙ ለ/ በቂ ሐ/ በጣም ጥቂት መ/ ጥቂት

2. በአብዛኛው በተ.እ.ታ ተመላሽ ክፍያ ጥያቄ ወይም አሰራር ተፅእኖ ያለበትን የግብር አይነት የትኛው ነው?

ሀ/ የትርፍ ግብር ለ/ የድርሻ ግብር ሐ/ የቀረጥ ግብር መ/ ምንም ተፅእኖ የለበትም

3. የየትኛው የንግድ አይነት ተ.እ.ታ ክፍያ ተመላሽ ሂደት ቀላል እና የተፋጠነ ነው?

ሀ/ ላኪዎች ለ/ የልዩ ግብር ተጠቃሚ ድርጅቶች ሐ/ የኮንስትራክሽን ስራ

መ/ ሌሎች

4. የየትኛዎቹ ንግድ ስራዎች ግብር ተከፋይ ግብዓቶች ናቸው ከግብር ተከፋይ ሽያጭ (ተመላሽ የሚሆኑ ትርፍ ክሬዲቶችን የሚያመነጩ) አንፃር አነስተኛ የሆኑት?

ሀ/ ላኪዎች ለ/ ኮንስትራክሽን ሐ/ የልዩ ግብር ተጠቃሚ ድርጅቶች

መ/ ሌሎች

5. ካልተመዘገቡ አቅራቢዎች ለቀረቡ ደረሰኞች ግብር ከፋዮች የክሬዲት ጥያቄዎችን ያቀርባሉ።

ሀ/ ሁልጊዜ ለ/ አንዳንድ ጊዜ ሐ/ በትንሹ መ/ ምንም አያቀርቡም

6. ቅርንጫፍዎ የተ.እ.ታ ተመላሽ ክፍያዎችን በግብር ሃላፊነቶች ያወራርዳል?

ሀ/ ለገቢ ግብር ለ/ ለድርሻ ግብር ሐ/ ለትርፍ ግብር መ/ ለተወሰኑ ሁኔታዎች

ሠ/ አቅርቦ አያውቅም

7. መቼ ነው ከፍተኛ ደረጃ ያለው የተመላሽ ክፍያ ጥያቄዎች ኖሮዎት የሚያውቀው?

ሀ/ ከጥር-መጋቢት ለ/ ከሚያዝያ - ሰኔ ሐ/ ከሐምሌ -መስከረም መ/ ከጥቅምት - ታሕሳስ

APPENDIX B

8. ለየትኛዎቹ የንግድ አይነቶች ነው የቁሳቁስ እና የተከታታይ ተ.እ.ታ ተመላሽ ጥያቄዎች ያለዎት?

ሀ/ የላኪ ለ/ የኮንስትራክሽን ሐ/ የልዩ ጥቅም መ/ ሌሎች

9. ከተ.እ.ታ ገቢዎች ምን ያህል እውነተኛ ስሌት በተ.እ.ታ ተመላሽ ጥያቄዎች ይዋጣል (ለሚያዘ ክፍያ የተጠበቀ)?

ሀ/ 5-10% ለ/ 10-20 ሐ/ 20-30 መ/ ከ 40% በላይ

10. የተ.እ.ታ ክፍያ ማወራረድ ተመላሽ ጥያቄዎች በምን ያህል ቀናት ውስጥ ነው ተመላሽ ክፍያ የሚከፍሉት/ትርፍ ክሬዲት ተመላሽ የሚያደርጉት?

ሀ/ ከ30-60 ቀናት ለ/ከ60-120 ቀናት ሐ/ከ120-180 ቀናት መ/ከ 180 ቀናት በላይ

11. ሐሰተኛ የገቢ ፣ ላኪ እና የአካባቢ ገዢ ሰነዶች በቀላሉ ይለያሉ።

ሀ/ በአብዛኛው ለ/ ከስንት አንድ ጊዜ ሐ/ አንድአንድ ጊዜ ብቻ መ/ ምንም አይለዩም

12. አሁን ካለዎት ስራ/የተሰጡ ስራዎች ጋር ተያያዥነት ካላቸው ስልጠናዎች ጋር የሚሰሩበት የስራ እድል አግኝተው ያውቃሉ?

ሀ/ በአመት ለ/ በግማሽ አመት ሐ/ በሩብ አመት መ/ ምንም አግኝቼ አላውቅም

13. ስለ ተ.እ.ታ ተመላሽ ክፍያ አሰራር/አዋጅ እና መመሪያዎችን በተመለከተ ማናቸውንም ስልጠና/ግንዛቤ አግኝተው ያውቃሉ?

ሀ/ በየአመቱ ለ/ አስፈላጊ በሚሆንበት ጊዜ ሁሉ ሐ/ ሲጠየቅ

መ/ አግኝቼ አላውቅም ሀ/ አንድአንድ ጊዜ

መልስዎ አዎን ከሆነ ተያያዥነት ፣ ጠቀሜታ እና ስኬታማነት ነበረው?

ሀ/ አስፈላጊ ነው ለ/ተያያዥ ነው ሐ/ ስኬታማ ነው መ/ አስፈላጊ/ተያያዥ አይደለም

14. ስልጠና እንደአስፈላጊነቱ ካልተሰጠ ስልጠና ያለማግኘትዎ ምክንያት ምን ይመስልዎታል?

ሀ/ በጀት ያለመኖር ለ/ ፍላጎት ያለመኖር ሐ/ ሰራተኞች ፍላጎት የላቸውም

መ/ ለውጦች ቀላል ስለሆኑ

APPENDIX B

ክፍል III: የተ.እ.ታ ተመላሽ ሒደት ተግዳሮቶችን ለማስወገድ ያጋጠሙ ችግሮች

በሚከተሉት አረፍተ ነገሮች ላይ ያለዎትን የመስማማት ደረጃ ያመልክቱ። (በጣም እስማማለሁ ፣ እስማማለሁ ፣ አልወሰንኩም ፣ አልስማማም እና በጣም አልስማማም)

1.

ክፍል አሰጣጥ	ጥያቄዎች	ምላሾች				
		በጣም እስማማለሁ	እስማማለሁ	አልወሰንኩም	አልስማማም	በጣም አልስማማም
CIA1	ድርጅቱ የተ.እ.ታ ተመላሽ ማረጋገጥን በተመለከተ ተግዳሮቶች ወይም ችግሮች አሉበት?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA2	የተ.እ.ታ ተመላሽ በንግድ ሽያጭዎ ይዘት ላይ ችግር ያመጣል?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA3	የተ.እ.ታ ተመላሽ ክፍያ ሒደት በንግድ ሽያጭዎ ተግባራዊ ላይ ጉዳት ያመጣሉ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA4	የተ.እ.ታ ዊዝሆልዲንግ እና የደረሰኝ አሰጣጥ ስርዓት ለንግድዎ እና ሒደቱን ለማድረግ የሚያጋጥሙትን ተግዳሮቶች/ችግሮች መፍትሄ ለማምጣት በተ.እ.ታ ተመላሽ ክፍያዎች ላይ መፍትሄ ያመጣሉ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA5	ግብር ከፋዮች የተ.እ.ታ ተመዘጋቢ ከመሆን ንግድዎ ተጠቃሚ እንደሚሆኑ ያምናሉ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA6	በኢትዮጵያ ተ.እ.ታን ማስከበር የኢትዮጵያ የኢኮኖሚ እድገት ለማፋጠን በሽያጭ ግብር መተካት አስፈላጊ ነው?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA7	ተ.እ.ታን መተግበር እና ተመላሽ ክፍያ ለኢትዮጵያ የኢንቨስትመንት እና የውጭ ንግድ /የላኪ ንግድን ያበረታታል?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA8	የቅርንጫፍ የተ.እ.ታ ምለሳ ስርዓት እና ሒደት ፍትሃዊ እና እኩል የሚያይ ነው?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA9	ድርጅትዎ የግብር ባለስልጣን እንደመሆኑ መጠን የተ.እ.ታ አዋጆችን እና ደንቦችን ያውቋቸዋል?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA10	ኢ.ኤም.ኤስ.ሲ የተ.እ.ታ ተመላሽ ክፍያን በተመለከተ ለሕዝቡ በቂ የሆነ ገለጻ እያደረገ ይገኛል?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA11	አስቸጋሪ የሆኑ የተ.እ.ታ ተመላሽ ሒደቶችን ለማስወገድ ከተ.እ.ታ ጋር የሚገዙ እቃዎችን እና አገልግሎቶችን የሚያስወግዱ ስራዎች ይጠቅማሉ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA12	የተ.እ.ታ ተመላሽ ክፍያ ሒደቶች በቅርንጫፍ ለሙስና አሰራር የተጋለጡ ናቸው?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA13	የኢ.ኤም.ኤስ.ሲ ተቋማዊ እምነት በደንብ የተጠናከረ ነው?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA14	ተ.እ.ታ ተመላሽ የሌላቸው ድርጅቶች (ግብር ከፋዮች) ተ.እ.ታ ተመላሽ ክፍያ ካላቸው ድርጅቶች ይልቅ ተጠቃሚ ናቸው?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

APPENDIX B

CIA15	የተ.እ.ታ ተመላሽ ክፍያ ጥያቄዎች ብዛት/ይዘት ከንግድ ንግድ እንደሚለያዩ ሁሉ ተግዳሮቶች እና አሰራሮችም ይለያያሉ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA16	ግብር ከፋዮች ላልተፈፀሙ ግብሮች ሀሰተኛ ደረሰኞችን ያቀርባሉ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA17	ከሚፈለገው በታች ሪፖርት የተደረጉ ሽያጮች፡- ይህ ተ.እ.ታን ለማድበስበስ እና ተመላሽ ክፍያ እንዲኖር ለማድረግ የሚጠቀሙበት በጣም የተለመደው መንገድ ነው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA18	የተለመደው ሴራ/ዘይቤ በሌሉ እቃዎች ላይ ሀሰተኛ የላኪ ንግድ ደረሰኝ በመፍጠር የተ.እ.ታ ተመላሽ መጠየቅ ነው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA19	ብዙ የተከማቸ ተመላሽ ክፍያዎች ሙስና እንዲሰራ እድሎችን በማመቻቸት ለመዘግየት መንስኤ ይሆናሉ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA20	የተ.እ.ታ ምዝገባ ሒደት በተ.እ.ታ ተመላሽ ስርዓት ላይ ስርቆት ለማካሄድ የሚያስቡትን የምናብ ነጋዴዎችን ምዝገባ የሚያስቀር ጠንካራ ቁጥጥር እና ስርዓት አለው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA21	ማንነትን ለማረጋገጥ ደረሰኞችን የሚያጠሩበት ክፍተኛ መጠን ያለው የሚያመሳክሩባቸው ዘዴዎች አለዎትን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA22	በሌሎች የግብር ሃላፊነቶች ላይ የተ.እ.ታ ተመላሽ ክፍያዎችን ለማወራረድ የቅርንጫፎቹን የተ.እ.ታ ተመላሽ ክፍያ ሒደቶችን እና ሃላፊነቶችን ያሻሽላልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA23	በተ.እ.ታ ተመላሽ ላይ የሚፈጠሩ መዘግየቶች ለንግድ ኪሳራ ወይም የመስሪያ ካፒታል እጥረት እንዲፈጠር ያደርጋሉን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA24	ለተ.እ.ታ ተመላሽ እና ክፍያ ሪፖርት የማድረጊያው ጊዜ ለኤልቲኦ የግብር ከፋዮች በቂ ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA25	ግብር ከፋዮች ወደ ቅርንጫፉ ክፍያ ለመጠየቅ የሚመጡት ከሁሉም ተያያዥ ሰነዶች(የተሟሉ ሰነዶች) ጋር ነውን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA26	የተ.እ.ታ ተመላሽ ክፍተኛ ስለሆነ ለስራዎች የሚሆነውን የመስሪያ ካፒታል ውጥረት እንዲኖር እና ይህ ደግሞ ግብር ከፋዮችን ግዴታቸውን እንዲከብሩ አድርጓል	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA27	የግብር ባለስልጣኑ የደረሰኝ አሰጣጥ ፣ የፋይል አሰጣጥ እና የክፍያ ስርዓት መሻሻል ያስፈልገዋልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA28	በአጠቃላይ የግብር ሕግ ደንቦችን እና የተ.እ.ታ ምላሳ አሰራሮችን ለማሳደግ የአቅርቦት/የሰው ሒደት እና የመሰረተ ልማት አገልግሎት መስጫዎች እጥረት አለ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA29	በተመደብኩበት የስራ ክፍል በፍላጎቴ ነው የምሰራው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA30	የኤልቲኦ ግብር ከፋዮች በንግድ ተሞክሮዎች እና በመደበኛ ሕጎች መሰረት የንግድ ስራቸውን ተገቢ ምዝገባ አይጠብቁም	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA31	የተ.እ.ታ የስራ ሒደት ወጪ ተመላሽ ክፍያ ለቅርንጫፉ አስፈላጊ ነው	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA32	ቅርንጫፉ በተደጋጋሚ የተንቀሳቃሽ ጥራ ገንዘብ እጥረት ያጋጥመዋልን?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

APPENDIX B

ክፍል IV: ለሚከተሉት ጥያቄዎች ማብራሪያ ይስጡ

1. በቅርንጫፍ የተ.አ.ታ ተመላሽ ክፍያዎችን ለመቆጣጠር የሚያዘጋጁቸው ሌሎች አማራጮች ምን ምን ናቸው?

2. የተ.አ.ታ ተመላሽ ክፍያ እያስፈጸሙ ሳለ ያገጠመዎት ሌሎች ችግሮች/ተግዳሮቶች ምን ምን ናቸው?

3. የተለዩትን ችግሮች ለማስወገድ አማራጭ መፍትሄዎች ምን ምን ናቸው ብለው ያስባሉ?

4. ለተ.አ.ታ ተመላሽ ክፍያ መዘግየት ምን ምን ሌላ ምክንያቶች አሉ?

5. ከተ.አ.ታ ተመላሽ ክፍያ ሒደቶች ማጥፋት የሚፈልጓቸው ነገሮች ምን ምን ናቸው? (እባክዎትን ይዘርዝሯቸው)

6. ለተ.አ.ታ ተመላሽ ክፍያ መጭበርበር ምን ምን ዋና ምክንያቶች አሉ? ይህን ለማስወገድ ምን ምን ዘዴዎች አሉት?

Taxes Collected Per Tax Type

Selection Criteria

Start Date: 08-JUL-17

End Date: 08-JUL-18

2010

Tax Authority: ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY

Tax Centre: AA BRANCH WEST

Tax Type: VALUE-ADDED TAX(VAT)

Payments by Tax Type Section

<u>Tax Type</u>	<u>Tax Collected</u>
VALUE-ADDED TAX(VAT)	2,075,154,232.58
Total:	2,075,154,232.58



Taxes Collected Per Tax Type

Selection Criteria

Start Date: 08-JUL-16

End Date: 08-JUN-17

2009

Tax Authority: ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY

Tax Centre: AA BRANCH WEST

Tax Type: VALUE-ADDED TAX(VAT)

Payments by Tax Type Section

<u>Tax Type</u>	<u>Tax Collected</u>
VALUE-ADDED TAX(VAT)	1,266,870,162.59
Total:	1,266,870,162.59

Taxes Collected Per Tax Type

Selection Criteria

Start Date: 08-JUL-15

End Date: 08-JUN-16 *2008*

Tax Authority: ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY

Tax Centre: AA BRANCH WEST

Tax Type: VALUE-ADDED TAX(VAT)

Payments by Tax Type Section

<u>Tax Type</u>	<u>Tax Collected</u>
VALUE-ADDED TAX(VAT)	1,059,537,759.41
Total:	1,059,537,759.41

ETHIOPIAN REVENUES & CUSTOMS AUTHORITY
LARGE TAXPAYERS BRANCH OFFICE
TAXES COLLECTED PER TAX TYPE REPORT
FOR THE MONTH HAMLE 2006 UP TO SEME 2007

ANZ 1

REVENUE CODE	TAX TYPE	CURRENT	ARRERARS	TOTAL	BUDGET	ACTUAL	DIFFERENCE
1,107.00	SCHEDULE A-PAYE Direct Taxes	19,374,497.22	3,347,627.17	22,722,124.47	25,972.93	22,722.13	(3,250.80)
1,102.00	RENT SCHEDULE A-PAYE	2,538,890.20	141,652,959.23	2,680,533,779.59	2,683.13	2,680.53	17.40
1,104.00	SCHEDULE C-NORMAL	5,892,290.35		5,892,290.35	1.57	5.99	4.32
1,104.00	WITH-TAX ON PAYMENT	9,240,347,100.28		11,926,630,938.09	19,440.64	16,316.93	(3,124.71)
1,104.00	Schedule Gaming	3,504,316,272.18	172,434,349.42	3,676,750,621.57			
1,104.00	Schedule D-Technical Service	3,671,641,996.87	146,343,901.73	4,98,508,898.60			
1,105.00	Schedule D-Dividends	169,277,056.58	64,771,710.55	214,048,767.13			
1,106.00	Schedule D-Games of CHC	649,654,286.23	120,661,707.05	770,315,993.29	886.48	779.95	(106.53)
1,106.00	Schedule D-Gain on Shares	9,395,432.28	232,525.09	9,627,957.37	38.57	123.86	85.29
1,106.00	Schedule D-Gain on Building	102,037,263.98	21,824,720.33	123,861,984.31			
1,108.00	Schedule D-Royalties	4,499,188.58	1,031,185.50	5,529,374.08	3.96	5.34	1.38
1,109.00	With Tax on Import	2,422,409,072.09		2,422,409,072.09	2,659.57	2,422.42	(147.15)
1,111.00	Schedule D-Interest on Deposit	386,624,792.46	2,390,359.16	389,015,141.62	369.01	368.01	19.90
1,119.00	WINDFALL PROFIT						
	Indirect Taxes	28,627,486,797.14	1,694,661,889.02	30,322,148,686.16	27,027.07	30,321.55	3,294.48
1,121.00	Petroleum and its production	6,862,085,386.78	689,223,169.48	9,531,318,528.27	6,441.97	9,531.32	3,089.35
1,122.00	Sugar	327,924,084.00		327,924,084.00	259.02	327.92	69.90
1,123.00	salt	101,991,136.29		101,991,136.29	185.86	101.80	(84.06)
1,124.00	soft drinks	13,436,037.09		13,436,037.09	21.92	13.44	(8.48)
1,125.00	mineral water	219,498,419.74		219,498,419.74	201.68	219.49	(0.48)
1,126.00	Alcohol and alcoholic product	61,970,632.93		61,970,632.93	21.92	61.96	(1.60)
1,127.00	Beer	86,789,995.86		86,789,995.86	96.61	86.78	(0.83)
1,128.00	Tobacco	699,329,167.39		699,329,167.39	683.33	699.33	(14.00)
1,129.00	Leather and leather product	169,509,811.25		169,509,811.25	172.03	169.50	(2.53)
1,131.00	Plastic products	41,369,744.18		41,369,744.18	35.60	41.36	5.76
1,132.00	Cotton, yarns and fabrics	112,325,865.69		112,325,865.69	139.37	112.32	(18.05)
1,133.00	Textile and clothing	29,660,643.73		29,660,643.73	26.65	29.65	(1.28)
1,134.00	Chemical and Chemical products	317,660,892.99		317,660,892.99	317.76	317.58	(0.20)
1,135.00	Non-Metallic Mineral Products	89,691,065.19		89,691,065.19	114.28	89.70	(24.58)
1,136.00	Iron and Steel	76,743,899.28		76,743,899.28	78.73	76.73	(2.00)
1,137.00	Motor vehicle Accessories and Parts	294,793,680.77		294,793,680.77	166.75	294.70	(12.77)
1,138.00	Machinery, capital Goods & Accessories	209,639,973.03		209,639,973.03	168.75	209.55	(0.20)
1,139.00	Wood and Wood products	124,025,982.82		124,025,982.82	218.35	124.10	(8.07)
1,141.00	Food	19,024,899.99		19,024,899.99	142.70	19,024	(18.66)
1,142.00	Electrical Equipment and Appliances	278,186,647.09		278,186,647.09	23.04	278.18	(4.02)
1,143.00	Stationery and printing Materials	42,269,146.17		42,269,146.17	332.64	42.25	(54.46)
1,144.00	Agricultural Products	80,671,667.21		80,671,667.21	48.88	278.18	(18.66)
1,169.00	Other	127,400,066.88		127,400,066.88	35.33	60.87	(15.34)
	VAT WITHHOLDING	1,361,075,096.66	626,070,543.64	1,987,145,640.30	1,765.21	1,767.41	(48.80)
	VALUE ADDED TAX (VAT) ON SERVICES	4,176,540,312.88	44,162,625.94	4,219,692,938.72	1,862.31	1,862.31	0.00
1,171.00	Telecommunications	16,186,109,530.64	972,661,342.42	17,158,770,873.06	17,060.55	17,157.76	3,420.17
1,172.00	commission Agent	1,948,769,387.97	721,430,189.90	2,670,189,577.87	3,228.07	2,670.20	(57.87)
1,173.00	tourism	7,100,059.57		7,100,059.57	4.81	7.11	2.90
1,174.00	Lodging	17,724,061.21		17,724,061.21	14.89	17.74	3.16
1,175.00	Professional Services	330,378,817.09		330,378,817.09	0.02	330.38	(0.02)
1,176.00	Work contract	427,975,740.84		427,975,740.84	321.09	427.97	9.29
1,177.00	Rental of Goods	78,631,481.62		78,631,481.62	382.79	78.61	(63.79)
1,178.00	Garage Services	2,995,322.42		2,995,322.42	142.40	2,995	(0.10)
1,189.00	Other Services	429,489,776.54		429,489,776.54	3.08	2.98	(0.10)
	VAT WITHHOLDING	12,942,067,883.48	251,221,162.52	13,193,279,036.00	496.32	429.48	(66.83)
1,201.00	Petroleum and its production	3,261,266,947.04	60,105,178.63	3,321,442,125.67	12,487.38	13,193.28	725.90
	Excises Tax				3,148.29	3,311.37	163.08
1,204.00	Soft Drinks	899,020,624.41		899,020,624.41	880.16	899.02	18.87
1,205.00	Mineral Water	46,093,568.37		46,093,568.37	62.19	62.19	0.00
1,206.00	Alcohol and Alcoholic Products	260,248,395.41		260,248,395.41	191.63	260.24	(4.20)
1,207.00	Beer	3,346,490,163.67		3,346,490,163.67	1,503.01	3,346.50	43.49
1,208.00	Tobacco & Tobacco Products	320,991,309.22		320,991,309.22	576.85	620.99	(57.66)
1,209.00	Textile and Clothing	42,202,357.12		42,202,357.12	61.64	42.21	(18.43)
1,211.00	Leather and leather products	833,299.27		833,299.27	4.17	4.17	0.00
1,212.00	Plastic Products	11,924,560.94		11,924,560.94	4.18	11.93	(3.24)
1,213.00	Gold & other jewellery				72.49	181.66	109.16
1,218.00	Other	319,104,660.67	2,082,200.49	321,186,861.16	376.26	321.10	(55.16)
1,224.00	Turnover Tax	171,671.69		171,671.69	0.19	0.18	(0.01)
1,279.00	Sales tax	287,636,967.67	968,193.78	288,605,161.46	0.87	288.61	(0.07)
1,467.00	Coal mining	61,006,931.31	1,114,006.70	62,119,938.01	83.56	62.11	(22.83)
1,489.00	Other Revenues/Sur Tax				53,000.00	53,043.66	(11.45)
	Total	48,001,984,369.36	6,041,669,063.99	53,043,673,433.25	53,000.00	53,043.66	43.66

ETHIOPIAN REVENUES & CUSTOMS AUTHORITY
LARGE TAXPAYERS BRANCH OFFICE
TAXES COLLECTED PER TAX TYPE REPORT
FOR THE MONTH HANBA 2007 TO SEBE 2008

REVENUE CODE	TAX TYPE	CURRENT	ARRIERS	TOTAL	BUDGET	ACTUAL	DIFFERENCE
1101	SCHEDULE A- PAYE Direct Taxes	27,457,348,441.03	3,111,408,432.56	30,568,756,873.61	25,907.82	30,568.98	5,061.16
1102	RENT	2,689,131,830.40	289,717,726.28	3,197,849,556.68	3,020.96	3,197.45	176.89
1104	SCHEDULE C- NORMAL WITH TAX ON PAYMENT	15,736,787,389.04	2,112,681,817.76	17,849,469,206.84	18,294.70	23,077.25	4,782.05
1104	Schedule C-mining	3,995,528,869.54	317,233,995.07	4,312,762,864.61			
1104	Schedule D-Technical Service	477,640,061.75	479,694,617.10	957,334,678.85			
1105	Schedule D-Domestic	379,922,225.20	55,294,097.46	435,216,322.66			
1105	Schedule D-Games of CHCS	679,201,820.28	284,890,016.24	964,091,836.52	879.00	981.66	102.66
1106	Schedule D-Dean on Building	17,547,977.48	6,267.96	17,554,245.44			
1106	Schedule D-Dean on Building	37,622,935.45	17,242,935.24	54,865,870.69	139.59	53.00	(84.59)
1109	Schedule D-Royalties	6,377,634.34	1,063,642.20	7,441,276.54	6.22	7.46	1.24
1109	With Tax on Import	2,730,689,809.95	2,730,689,809.95	5,461,379,619.90	2,730.08	2,730.67	0.59
1111	Schedule D-Interest on Deposit	487,883,193.46	20,698,984.17	508,582,177.63	437.27	518.59	81.32
1119	WINDFALL PROFIT Indirect Taxes						
1121	Petroleum and its production	28,441,734,502.45	1,582,231,697.78	29,999,556,200.23	34,239.36	29,998.57	(4,240.79)
1122	Sugar	6,369,172,719.13	883,628,524.53	7,252,801,243.66	5,988.24	7,271,720	1,285.55
1122	Sugar	310,183,533.20		310,183,533.20	348.57	310.20	(59.37)
1122	Salt	21,312,133.07		21,312,133.07	114.71	281.03	166.32
1124	mineral water	235,120,684.33	235,120,684.33	470,241,368.66	15.13	21.31	6.18
1125	Alcohol and alcoholic product	49,692,785.53	49,692,785.53	99,385,571.06	247.28	235.12	(12.16)
1126	Beer	173,361,527.67	173,361,527.67	346,723,055.34	84.58	49.64	(34.94)
1127	Tobacco	725,458,144.26	725,458,144.26	1,450,916,288.52	97.80	173.37	75.57
1128	Leather and leather product	190,843,184.74	190,843,184.74	381,686,369.48	686.72	725.66	38.74
1129	Plastic products	72,342,180.48	72,342,180.48	144,684,360.96	46.61	72.73	26.12
1132	Cotton, yarns and fabrics	126,342,289.78	126,342,289.78	252,684,579.56	126.59	126.55	(0.04)
1133	Textile and clothing	18,202,872.78	18,202,872.78	36,405,745.56	33.41	18.79	(14.62)
1134	Chemical and Chemical products	356,713,625.03	356,713,625.03	713,427,250.06	357.88	358.73	86.85
1135	Non-ferrous Metal Products	135,804,870.42	135,804,870.42	271,609,740.84	101.11	136.82	35.71
1136	Iron and Steel	70,648,022.64	70,648,022.64	141,296,045.28	68.72	70.69	11.83)
1137	Motor vehicle Accessories and parts	306,628,234.30	306,628,234.30	613,256,468.60	332.16	308.61	(6.45)
1138	Machinery, capital Goods & Accessories	20,016,785.18	20,016,785.18	40,033,570.36	238.27	201.01	(37.26)
1139	Wood and Wood products	6,317,264.89	6,317,264.89	12,634,529.78	139.89	69.38	(70.51)
1141	Food	33,676,870.78	33,676,870.78	67,353,741.56	21.44	33.66	12.22
1141	Electrical Equipment and Appliances	345,620,643.29	345,620,643.29	691,241,286.58	313.50	345.64	32.14
1143	Stationery and printing Materials	70,245,153.76	70,245,153.76	140,490,307.52	47.65	70.26	22.61
1144	Agricultural Products	17,221,982.73	17,221,982.73	34,443,965.46	67.10	67.81	0.71
1149	Other	2,401,231,272.81	883,282,524.53	3,284,513,797.34	143.59	127.23	(16.36)
	VALUE ADDED TAX (VAT) ON SERVICES	18,279,684,834.44	449,763,231.64	18,729,448,066.08	3,287,029,897.14	3,287,044	1,116.27
1171	Telecommunications	2,317,821,462.28	48,654,882.26	2,366,476,344.54	24,169.34	10,749.46	(13,419.88)
1172	companion Agent	4,781,620.18		4,781,620.18	0.76	2,183.28	(1,701.52)
1174	Lodging	10,844,396.50	10,844,396.50	21,688,793.00	18.51	10.87	(7.64)
1174	Professional Services	6,868,046.25	6,868,046.25	13,736,092.50	6.84	6.84	0.00
1175	Work contract	316,712,501.42	316,712,501.42	633,425,002.84	316.71	316.71	0.00
1176	Rental of Goods	201,148,904.32	201,148,904.32	402,297,808.64	433.61	202.19	(231.42)
1177	Garage Services	117,671,985.65	117,671,985.65	235,343,971.30	146.36	117.57	(28.79)
1178	Other Services	1,952,090.56	1,952,090.56	3,904,181.12	10.48	1.96	(8.52)
1199	VAT WITHHOLDING Excise Tax	14,956,879,743.17	424,208,808.64	15,381,088,551.81	428.35	428.05	(0.30)
1201	Prohibition and its production	3,257,495,247.43	184,542,108.37	3,442,037,355.80	3,231.90	3,582.05	350.15
1204	Beer	782,846,788.51	147,870,857.54	930,717,646.05	1,013.21	910.43	(102.78)
1205	Alcohol and Alcoholic Products	88,889,018.81	53,248,018.81	142,137,037.62	84.08	58.28	(25.80)
1206	Beer	247,873,825.78	247,873,825.78	495,747,651.56	293.30	247.87	(45.43)
1207	Tobacco & Tobacco Products	1,576,822,870.47	1,576,822,870.47	3,153,645,740.94	1,576.82	1,576.82	0.00
1208	Leather and leather products	63,295,341.28	63,295,341.28	126,590,682.56	63.29	63.29	0.00
1213	Gold & others jewelry	14,470,224.59	14,470,224.59	28,940,449.18	14.47	14.47	0.00
1219	Other	165,289,056.26	46,882,250.13	212,171,306.39	204.69	212.09	(7.60)
1224	Turnover Tax	420,771,700.64	4,497,832.64	425,269,533.28	381.89	425.27	63.39
1279	Sales Tax	60,239,245	2,373,349	62,612,594	0.22	0.13	(0.09)
1282	Stamp duty	345,111,323.65	4,435,659.06	349,546,982.71	302.94	356.06	53.14
1457	Cost sharing	65,573,615.56	70,069,074.62	135,642,690.18	68.72	70.65	11.33
1459	Other Revenue&Sur Tax	2,135.00	4,864,040,330.36	4,866,175,365.36	69,747.18	60,587.25	9,188.11
	Total	55,903,510,943.48	4,864,040,330.36	60,767,551,273.84	60,587.25	60,587.25	0.00

ETHIOPIAN REVENUES & CUSTOMS AUTHORITY
LARGE TAXPAYERS BRANCH OFFICE
TAXES COLLECTED PER TAX TYPE REPORT
FOR THE MONTH JANUARY 2009 TO SEPTEMBER 2009

M2.1

REVENUE CODE	TAX TYPE	CURRENT	ARREARS	TOTAL	BUDGET	ACTUAL	DIFFERENCE
1101	SCHEDULE A- PAYE	3,578,923,756.66	2,872,094,466.82	6,451,018,223.48	33,986,119	34,439,448	843,239
1102	RENT	3,309,660,095.56	110,141,616.22	3,419,801,711.78	3,978,838	3,419,718	(559,111)
1104	SCHEDULE C- NORMAL WITH TAX ON PAYMENT	18,671,359,815.41	1,885,080,521.20	20,556,440,336.71	24,095,822	25,744,232	1,648,500
1104	Schedule C- on bond	393,600,530.46	2,000,000.00	395,600,530.46			
1104	Schedule D- technical services	623,477,854.01	26,302,330.28	649,780,184.29			
1105	Schedule D- dividends of CHC	1,203,630,043.53	289,733,313.27	1,533,363,356.80	1,157,733	1,533,144	395,411
1105	Schedule D- Div on Shares	19,171,246.58	694,861.90	19,766,108.48			
1106	Schedule D- Div on Building	42,100,818.14	54,447,102.29	96,547,920.43	103,86	96,54	(80,232)
1106	Schedule D- royalties	8,931,673.91	458,987.03	9,390,660.94	8,179	9,235	1,06
1109	With Tax on Import	2,953,831,183.34	39,050,906.61	2,992,882,090.00	3,853,833	2,953,833	(641,931)
1111	Schedule D- Interest on Deposit	633,571,271.66		633,571,271.66	675,544	662,632	(88,888)
1119	WINDFALL PROFIT						
	Indirect Taxes	31,793,413,270.12	1,964,609,456.76	33,758,022,726.88	45,096,177	33,770,555	(11,325,622)
1121	Petroleum and its production	7,750,033,247.16	788,770,870.23	8,538,804,117.39	7,884,110	8,538,777	654,67
1122	sugar	425,553,766.05		425,553,766.05	488,718	425,55	(61,231)
1123	salt	328,757,241.72		328,757,241.72	151,009	328,77	172,668
1124	soft drinks	20,085,379.39		20,085,379.39	19,844	20,07	0.13
1126	mineral water	332,993,028.23		332,993,028.23	19,844	332,99	7,20
1128	Alcohol and alcoholic product	44,321,150.13		44,321,150.13	225,79	44,28	(12,863)
1127	Beer	401,980,313.87		401,980,313.87	77,16	402,01	272,22
1128	Leather and leather product	828,270,412.84		828,270,412.84	904,46	828,28	(74,200)
1129	Leather and leather product	290,260,970.07		290,260,970.07	200,37	290,27	(18,649)
1131	Plastic products	82,296,357.97		82,296,357.97	51,57	82,30	(18,649)
1132	Cotton, yarns and fabrics	133,701,318.19		133,701,318.19	104,72	133,71	20,93
1133	Terrile and clothing	27,835,065.96		27,835,065.96	44,00	27,83	(11,011)
1134	Chemical and Chemical products	423,076,811.06		423,076,811.06	47,135	423,07	(48,508)
1135	Non-Metallic Mineral Products	159,164,411.66		159,164,411.66	166,97	159,16	(156,32)
1136	Iron and Steel	97,443,900.52		97,443,900.52	133,17	97,45	24,99
1137	Motor vehicle Accessories and parts	385,947,737.69		385,947,737.69	97,45	385,95	(19,400)
1139	Machinery, capital Goods & Accessories	245,451,609.49		245,451,609.49	437,46	245,45	(51,531)
1139	Food	27,635,752.45		27,635,752.45	31,119	246,45	(46,74)
1141	Food	38,099,244.38		38,099,244.38	28,21	38,11	(156,32)
1142	Electrical Equipment and Appliances	79,447,661.87		79,447,661.87	412,92	79,56	9,90
1144	Stationery and printing Materials	70,488,632.20		70,488,632.20	62,74	70,49	(117,56)
1144	Agricultural Products	176,063,852.88		176,063,852.88	78,50	176,04	14,71
1149	Other	2,831,424,942.21	788,770,870.23	3,620,195,812.44	1,09,13	1,09,13	(4,71)
	VALUE ADDED TAX (VAT) ON SERVICE	18,194,197,298.73	843,616,529.87	19,037,813,828.60	2,859,111	3,720,21	(13,09)
1171	Telecommunications	3,023,419,000.13		3,023,419,000.13	31,820,21	20,050,38	861,10
1172	commission Agent	6,347,000.17		6,347,000.17	4,142,77	3,023,41	(1,119,26)
1173	tourism	19,023,890.86		19,023,890.86	199,81	6,23	(183,56)
1174	lodging	1,972,909.36		1,972,909.36	24,37	1,97	(5,35)
1175	Professional Services	384,320,254.84		384,320,254.84	1,97	384,32	(0,01)
1176	Work contract	113,400,003.24		113,400,003.24	448,72	384,32	(100,20)
1178	Rentals of Goods	3,993,744.36		3,993,744.36	67,133	384,32	(100,20)
1178	Garage Services	452,982,833.41		452,982,833.41	192,77	110,41	(79,26)
1199	VAT WITHHOLDING	14,819,282,732.14	843,616,529.87	15,662,900,262.01	13,88	3,99	(8,89)
	Excise Tax	4,359,376,293.78	329,808,360.71	4,689,184,654.49	877,25	482,96	(124,29)
1201	Petroleum and its production	1,143,199,787.21		1,143,199,787.21	25,627,43	15,675,90	(19,951,53)
1204	Soft Drinks	53,031,608.76		53,031,608.76	4,915,25	4,639,18	(285,07)
1205	Alcohol and Alcoholic Products	317,792,400.73		317,792,400.73	1,334,49	1,144,19	(188,30)
1206	Beer	2,028,556,903.81		2,028,556,903.81	71,26	63,04	(8,222)
1206	Tobacco & Tobacco Products	621,043,064.44		621,043,064.44	388,29	(68,50)	(48,50)
1206	Terrile and clothing	46,600,525.52		46,600,525.52	1,901,89	2,330,46	340,77
1212	Leather and leather products	5,289,254.46		5,289,254.46	773,13	821,05	(192,28)
1213	Gold & others jewelry	130,565,799.13		130,565,799.13	62,85	46,50	(16,05)
1219	Other	489,604,142.48	18,911,772.75	508,515,915.23	1,23	5,59	(1,23)
1224	Turnover Tax	682,661.23		682,661.23	371,94	167,46	(114,48)
1228	Sales Tax	411,884,321.83		411,884,321.83	476,61	492,24	15,63
1457	Coast sharing	77,257,169.43		77,257,169.43	0,27	0,66	0,39
1489	Other Revenues/Duty Tax				399,00	411,89	12,89
	Total	63,373,238,026.78	4,836,701,923.59	68,210,040,050.36	78,692,26	68,210,03	(10,482,23)

**ETHIOPIAN REVENUE & CUSTOMS AUTHORITY
LARGE TAXPAYERS BRANCH OFFICE
TAXES COLLECTED PER TAX TYPE REPORT
FOR THE MONTH ENDING 2009 & YEAR 2010**

Revenue Code	Tax Type	CURRENT	ARRARAS	TOTAL	BUDGET	ACTUAL	DIFFERENCE
1101	SCHEDULE A PAYE Direct Taxes	23,637,164.10144	3,717,311,003.28	40,354,475.144	42,748.63	40,103.79	(2,644.85)
1102	REBT	2,584,433,428.27	1,871,481,377.22	4,305,914,805.49	4,831.70	8,288.28	586.58
1104	SCHEDULE C-ROBMAK	14,270,644,604.61	1,061,725,993.24	15,332,370,597.85	30,852.21	23,943.08	(6,909.13)
1106	WITHIN TAX ON PAYMENT	3,824,912,384.40	3,879,601,507.27	7,704,513,891.67	-	-	-
1108	Schedule C-entirety	412,989,152.50	22,016,246.24	434,995,398.74	-	-	-
1109	Schedule D-entirety Services	478,173,171.20	22,048,784.19	499,221,955.39	-	-	-
1109	Schedule C-Subscribers	1,229,313,518.53	202,677,283.99	1,432,000,802.52	1,419.20	1,551.21	126.01
1109	Schedule D-Subscribers of CHC	22,923,064.71	-	22,923,064.71	-	-	-
1109	Schedule D-Sub on Shares	218,242,242.84	42,095,095.08	260,337,337.92	415.29	278.46	(136.83)
1109	Schedule D-Sub on Bonds	-	-	-	-	-	-
1109	Schedule D-Sub on Dividends	-	-	-	-	-	-
1109	Schedule D-Sub on Interest	-	-	-	-	-	-
1109	Schedule D-Sub on Royalties	-	-	-	-	-	-
1109	With Tax on Import	2,234,046,032.54	94,600,647.28	2,328,646,679.82	4,320.95	2,044.51	(2,276.44)
1111	Schedule D-Interest on Deposit	1,027,040,528.22	8,691,404.62	1,035,731,932.84	698.70	1,121.88	423.18
1111	WINDY ALL PROFIT	4,244,644,924.21	2,329,138,870.17	6,573,783,794.38	-	4,284.28	4,284.28
1111	Income Taxes	31,729,234,879.00	3,078,432,277.28	34,807,677,156.28	83,591.23	24,089.21	(18,692.01)
1121	Petroleum and its products	8,283,843,792.48	1,078,432,277.28	9,362,276,069.76	9,074.68	9,164.70	(513.98)
1122	Sugar	437,224,128.44	87,469,864.61	524,693,993.05	899.23	814.85	(84.38)
1123	Salt	28,407,207.49	-	28,407,207.49	233.18	291.75	(8.56)
1124	Iron ore/iron	231,048,923.46	-	231,048,923.46	244.82	244.41	(0.41)
1125	Other mineral water	41,728,292.29	-	41,728,292.29	422.28	411.77	(10.51)
1126	Alcohol and alcoholic product	590,479,292.29	27,418,661.22	617,897,953.51	277.48	298.82	(21.34)
1127	Beer	904,379,292.29	-	904,379,292.29	1,111.12	908.22	(209.24)
1128	Tobacco	277,429,818.56	-	277,429,818.56	327.68	277.60	(8.08)
1129	Leather and leather product	142,843,122.24	-	142,843,122.24	180.83	183.28	(2.45)
1131	Public products	182,843,122.24	-	182,843,122.24	84.06	131.08	(46.02)
1132	Coffee beans and fabric	182,843,122.24	-	182,843,122.24	180.83	183.28	(2.45)
1133	Tea and clothing	381,016,028.72	-	381,016,028.72	468.18	289.87	(171.31)
1134	Chemical and Chemical products	129,424,189.56	-	129,424,189.56	178.03	199.54	(21.51)
1135	Non-ferrous Metal Products	86,209,241.29	-	86,209,241.29	128.80	138.37	(9.57)
1136	Iron and Steel	402,448,091.54	-	402,448,091.54	642.47	609.33	(133.14)
1137	Motor vehicle Accessories and Parts	227,684,142.44	-	227,684,142.44	229.89	229.89	(0.00)
1138	Textile, caput Goods & Accessories	62,718,532.99	-	62,718,532.99	221.83	62.77	(164.07)
1139	Wood and Wood products	24,008,428.56	-	24,008,428.56	42.97	34.28	(8.69)
1141	Food	229,283,041.83	-	229,283,041.83	490.63	324.34	(164.29)
1142	Electrical Equipment and Appliances	44,113,298.49	-	44,113,298.49	79.66	44.11	(35.54)
1144	Stationery and Printing Materials	44,113,298.49	-	44,113,298.49	228.48	208.48	(20.00)
1144	Agricultural products	298,248,819.60	-	298,248,819.60	2,644.27	3,918.88	(1,274.61)
1144	Other	2,924,023,232.99	991,843,742.03	3,915,866,975.02	3,644.27	19,618.07	(15,972.77)
1148	VALUE ADDED TAX (VAT) ON SERVICES	18,800,531,479.48	824,877,844.41	19,625,409,323.89	37,442.84	19,618.07	(19,427.77)
1171	Telecommunications	4,291,264,918.09	431,103,448.72	4,722,378,366.81	6,019.57	4,631.29	(1,387.28)
1172	Communication Agent	7,268,827.17	-	7,268,827.17	13.98	7.25	(6.73)
1173	Leasing	18,644,425.46	-	18,644,425.46	26.80	18.65	(8.15)
1174	Professional Services	2,974,400.28	-	2,974,400.28	4.01	2.56	(1.45)
1175	Wheat contract	444,442,028.51	-	444,442,028.51	632.43	444.54	(187.87)
1177	Rest of Goods	108,482,222.22	-	108,482,222.22	658.28	451.29	(206.99)
1178	Guest Services	1,000,441.23	-	1,000,441.23	125.64	105.59	(20.05)
1180	Other Services	892,628,648.81	-	892,628,648.81	5.01	1.02	(3.99)
1180	VAT WITHIN DMIC	12,724,248,297.25	442,183,873.22	13,166,432,170.47	7,203.83	891.63	(6,312.20)
1180	VAT WITHIN DMIC	4,296,023,783.17	222,477,298.28	4,518,501,081.45	29,246.29	13,028.72	(16,217.57)
1201	Excise and its production	2,428,148.54	-	2,428,148.54	2.83	2.83	(0.00)
1201	SOFT DRINKS	1,182,179,293.98	28,093,808.04	1,210,273,102.02	-	-	-
1201	INTERNAL WHEAT	81,209,078.12	-	81,209,078.12	64.15	64.15	(0.00)
1208	Alcohol and Alcoholic Products	294,294,529.86	13,744,928.17	308,039,458.03	474.84	380.08	(94.76)
1208	Beer	1,984,020,473.87	218,431,878.22	2,202,452,352.09	2,192.19	2,188.00	(4.19)
1209	Wine and Cider	642,742,542.82	-	642,742,542.82	922.73	642.81	(79.92)
1209	Leather and leather products	18,644,425.46	-	18,644,425.46	61.64	18.84	(42.80)
1211	Leather and leather products	-	-	-	-	-	-
1212	Gold & silver jewelry	1,209,962.89	-	1,209,962.89	14.87	1.21	(13.66)
1213	Other	129,271,203.23	-	129,271,203.23	-	-	-
1218	Other	418,648,691.80	44,716,022.72	463,364,714.52	644.89	424.80	(220.09)
1224	Turnover Tax	84,912.09	3,481.00	88,393.09	0.12	0.12	(0.00)
1224	Sales Tax	344,401,289.70	644,728.87	345,046,018.57	467.72	348.03	(121.70)
1232	Stamp duty	72,299,298.41	5,348,978.18	77,648,276.59	87.84	78.08	(0.24)
1487	Cost sharing	-	-	-	-	-	-
1489	Other Revenue/expense Tax	64,294,099,820.64	8,844,424,801.64	73,138,524,622.28	99,239.28	74,183.00	(22,146.67)

Declaration

I, **Milliyon Melaku**, hereby declare that the thesis work entitled “**Challenges of Value Added Tax (VAT) Refund Procedures: The case of Large Tax Payers Office (LTO)**” submitted by me for the award of the degree of Master of Accounting and Finance of Addis Ababa University at Addis Ababa Ethiopia, is original work and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution, and that all sources of materials used for the thesis have been duly acknowledged.

Place: Addis Ababa

Signature:



Date: June, 2019

Name: Milliyon Melaku