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ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

**Assessment of Real Property Valuation Practice and Taxation in Addis
Ababa: The Case of Lemi Kura Sub city Administration.**

By:

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A Master Thesis submitted to the Program of Project Management Addis Ababa University
in partial fulfillment of the requirements for the Degree of Master of Art in Project
Management.

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Addis Ababa, Ethiopia

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Declaration

I, Tamrat Afework, declare that, this paper prepared for the partial fulfillment of the requirements for MSc. Degree in Project Management entitled “Assessment of the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

Name: Tamrat Afework

Signature.....

Date.....

Certification

This is to certify that Ato Tamrat Afework has carried out this research work on the topic entitled “Assessment of the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration.” under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of MSc. in Project Management.

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Addis Ababa University

The undersigned certify that they have read and hereby recommend to the Addis Ababa University to accept the Thesis proposal submitted by ID No. GSD/7510/11, entitled “Assessment of Real Property Valuation Practice and Taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration.” in Partial Fulfillment of the Requirements for the award of Master of Science in project management.

Board of Examination Thesis

Approval sheet

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List of Acronyms/Abbreviations

CSA Central Statistical Agency

FGD Focus Group Discussion

GDP Gross Domestic Product

IRS Internal Revenue Service

OECD Organization for Economic Co-operation and Development

SPSS Statistical Package for the Social Sciences

UNDP United Nation Development Program

Abstract

Tax is vulnerable to fraud, which has become a concern of many countries in the world. Tax fraud is a deliberate misrepresenting of the real property valuation to the tax authorities to reduce their property tax liability. Therefore, the study aimed to assess real property valuation practice and taxation in Addis Ababa: The case of Lemi Kura Sub city Administration using cross-sectional data from tax auditors, property valuers and private property owners a sample of (52 tax audits, 6 property valuers and 196 private property owners) respondents. The data generated to meet these objectives were collected via closed-ended structured questionnaires. Data were collected using structured questionnaires. To realize the research objectives explanatory analysis method was employed using SPSS version 26. The research found that the tax collection performance and tax compliance challenge was the real property owners was evade their tax amount, 51.9 percent tax auditors are believed that their property tax collection status was measured in medium status, 66.7 percent firms was measured there company real property valuation accuracy was poor. more than half real property valuers were believed that the government tax system and tax rate is convenient for private property tax payers, 55.8 percent tax auditors was not believed that the government has a tax system that is convenient for private property tax payers and 57.7 percent private property owners in sampled sub city was considered the government has a tax system that is not convenient for tax payers. This result indicated that most of tax office employees and private property owners were never trusted the government system about property tax, 71.2 percent tax auditors believed that property owners in the sub city was not report actual building cost during valuation report, 65.4 percent tax auditors believed that the current valuers on the industry are not following a standard valuation practice for valuating a real property, 34.6 percent tax auditors and 48 percent consultancy firms were believed that stamp duty tax are more cost effective and effective, 82.7 percent tax auditors believed that property owners have influence on property valuation outcomes when valuated by valuers, 75 percent tax auditors believed that there is a strong relationship between property valuation and taxation and majority 80.8 percent tax auditors believed that inaccurate property value affect taxation base in the sub city. The city administration should take action to enforcement the real property valuation accuracy procedure and federal state reform the revenue collector's office staff, property tax system and property tax law.

Key words: *Property tax, Property valuation, over valuation, under valuation, tax evasion.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Property valuation is a means of furnishing an assessment of the capital value of the income arising from property investment. There's a range of possible investment openings from government stocks and private property. The point of investment is that it provides the investor with an income, growth in the capital value of the investment, or both. Therefore, investment involves an original payment (a capital disbursement) so that an income can be entered in the future over a period of time (David, 2002). Therefore, real property valuation is the practice of developing an opinion of the value of the real property, generally its market value.

The need for appraisals arises from the miscellaneous nature of property as an investment class and all properties differ from each other in their position which is one of the most important determinants of their value or real property valuation is an art and wisdom of determining the most probable price of an interest in property encompassed in a power for a particular purpose at a particular point in time (French 2003). The concern in real property valuation is to estimate the property interests which can be defined by the state or the law of individual authorities and are frequently regulated by legislation. It's extensively used in fiscal and other requests to help private or public institutions decision making in the process of fiscal reporting, taxation, mandatory accession, copping and dealing loan security, or other statutory purposes (Adair et al., 2003, TEGoVA, 2016, IVSC, 2017).

Real property valuation is accepted for different purposes in a given area. Purposes of compensation, for sale, mortgage purposes, legal issues, and taxation are the major reason why valuation is accepted in a given country. But in this exploration study, the experimenter intends to examine the practice and experience of real property valuation to determine the duty quantum from the property. Duty on the property is defined as intermittent and non-recurrent levies on the use, power, or transfer of property. These include levies on the irremovable property or net wealth, levies on the change of power of property through heritage or gift, and levies on fiscal and capital deals. This real property valuation index

relates to government as a whole and is measured in chance both of economic growth and of total taxation (OECD, 2022).

The Ethiopian law recognized tax base considers the size of the plot under possession and the periodic rental value of the intimately possessed property. Since property tax profit plays an important part in tax collection in developed countries. It becomes meaningful, theoretically and empirically, that property tax duty is the most effective tax system, encompassing a number of other merits of a tax instrument, equity, and direct relation to benefits. The tax duty has come indeed more applicable in the evolving trends of urbanization and financial decentralization. In some of the high-performing countries, the property tax duty brings in as important as 3 percent of GDP in earnings (OECD, 2022).

At the same time, numerous developing countries have plodded with realizing sufficient revenues from property tax. Technology has made tax administration easier and more effective and developing country governments have been improving their quality of governance and have been considering enhancing property tax revenue collection. Taxation of immovable properties not only improves tax revenue collections but also works as an instrument for income redistribution, given that it is progressive by nature.

Real property valuation is important for enhancing the revenue of a given state by collecting the optimum tax amounts from real property owners. To obtain an optimum amount of real property tax, it is mandatory to select an appropriate valuation approach based on property types. Improper practice of real property valuation in the country in general and in the study area, in particular, affects real property valuation procedure and tax determination. In this paper, the relationship between property valuation and taxation was examined in addition the impacts of improper valuation on taxation were assessed.

1.2. Statement of the problem

Property valuation is carried out for many different purposes, their relative importance varying from one country to another and from time to time. The purpose for which the valuation is required and the type of property that is to be valued determine the nature of the valuation instruction (Wyatt, 2007).

The main purposes of valuation are as follows: For buying or selling a property, to assess the tax of a property, the tax system is categorized by municipal tax, wealth tax, property tax,

etc., and all the taxes are fixed on the property valuation. In order to determine the rent of a property, to determine the amount of compensation, for insurance, betterment charges, speculations, etc., (Benzu, 2017).

As a result, the valuation output may not be consistent and appropriate. As a result, valuation standards, which cover ethics and competency issues like the basis of valuation, the stated purpose of the valuation, and competency tests of the value, are absent. This makes the application of non-standardized property valuation techniques in different areas of the nation (Habtamu, 2019).

Particularly, there is no policy for real property valuation in the country at any level. Thus, arbitrary property valuation practices are common, which may have a long-run negative impact on real property valuation practice and the associated property taxation. Therefore, there is a need for real property valuation standards stating the general bases and compatibility with the property market system and also in line with internationally accepted practices.

In Ethiopia, there is no valuation framework stating the bases and approaches of real property valuations. There is also no national regulatory institution responsible for real property valuation. As a result, there is a possibility that different institutions or proprietors may manipulate property valuation exercises to suit their institutional or personal interest, for instance by under-valuing a property which in turn affects the respective tax collection and tax income for the government and city administration.

This contradicts the standard real property valuation practice in many countries in which properties are valued based on national or international property valuation standards by certified values. In the absence of a real property valuation framework and proper property valuation practice, there is also a possibility of inaccurate opinions of real property value estimates which significantly affects revenue collection capacity and hinders socio-economic development for city administration. Therefore, this study focused on the relationship between property valuation and taxation in Addis Ababa city administration Lemi Kura sub-city.

1.3. Research Questions

This research, therefore, tries to answer the following main questions:

- i. What is the process of real property valuation in the study area?
- ii. What are the perceptions of property tax payers towards real property valuation?
- iii. What are the challenges of property valuation in the study area?
- iv. What effects does a property valuation have on property tax payer's compliance?

1.4. Objective of the Study

1.4.1. General Objective

The main objective of the study is to assess the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration.

1.4.2. Specific Objectives

This study has the following specific objectives;

- i. To evaluate the process of real property valuation in the study area.
- ii. To identify the perceptions of property tax payers towards real property valuation.
- iii. To investigate the challenges of property valuation in the study area.
- iv. To assess the effects of property valuation on property tax payer's compliance.

1.5. Significance of the Study

Real property valuation practices have been practiced for different purposes mainly for asset transfer, taxation, and mortgaging and different reasons that have a significant impact on countries' economies. Constrainers and challenges in this industry directly affect the investment practices, asset transfers, government, and individual revenues thus revealing the challenges facing this industry would contribute to the improvement of the sector.

Solving most problems related to real property valuation and taxation would help in the realization of sustainable and institutionalized valuation systems and proper tax collection systems, after which, was improve the government tax collection system and realize better income from the sector.

Thus, the study is important for a number of reasons. First, the study result evaluates the contribution of real property valuation practice for taxation purposes and revenue development in Addis Ababa and finds possible measures to curtail challenges and improve municipal revenue, especially from real property. Therefore, this paper can be used as a source document for local government bureaus, concerned experts, policymakers, and other stakeholders.

Moreover, researches in real property valuation practice and property tax are at its infancy stage thus it would be used as the basic data source for future researchers for further study on the same issue. Finally, the findings in this study shall be another contribution to the existing stock of knowledge in the areas of property valuation practice in Ethiopia. The research can, together with results from studies in other countries, be the base for more general statements about real property valuation practices.

1.6. Scope of the Study

The study was focused on the assessment of real property valuation practice and taxation in Addis Ababa: The case of Lemi Kura sub-city administration. There are multiple factors that affect the real property valuation process and private property owner's tax compliance however this study was limited to examining the main factors stamp duty tax, property tax, and annual income tax which affected private property owner's taxpayers' compliance towards the owners, tax auditors and property valuers perspectives.

This study was oriented specifically on 52 Lemi Kura sub-city revenue office tax collectors and tax auditors, 196 private property owners, and 6 certified real property valuers/consultancies. Therefore, a study was conducted in the Addis Ababa city administration Lemi Kura sub-city revenue office.

1.7. Limitation of the Study

The major constraints included the unavailability of adequate and up-to-date quantitative as well as qualitative information, lack of adequate kinds of literature in the area of real property valuation practice in Ethiopia, lack of adequate sources and information in proper recording and keeping of documents and files in Lemi Kura sub city administration revenue office. This created exhaustion for the data collectors. Additionally, some respondents were being reluctant and unwilling to spare their time to give the necessary data about their tax issues.

1.8. Organization of the Thesis

This thesis is containing five chapters. The first chapter is an introduction, which consists of a background of the study, a statement of the problem, research questions, Objectives of the study, significance of the study, the scope of the study, and limitations of the study. The second chapter presents a review of related literature and the third chapter researching methodology. Collected data from respondents was presented and analyze in the fourth chapter and the last chapter was conclusions and recommendations.

CHAPTER TWO

2. LITERATURES REVIEW

The purpose of this chapter is to review the literature in the area of the real property valuation and taxation and related issues. It contains three parts. The first part reviews theoretical studies, the second part reviews empirical evidence on real property valuation and taxation and related issues and the last part presents the conceptual reviews.

2.1. Definition of Terms and Concept

2.1.1. Definition of Terms

Property

Folger, (2022) defines real property as a parcel of land and everything that is permanently attached to the land. Real property may be classified as residential, industrial, commercial and agricultural. Sometimes, to make this distinction clear, land and buildings are termed real estate, a phrase long used in the US and increasingly adopted in the UK (Michael, 2009).

Property has a variety of uses. In ordinary English, it refers to ownership or title it also refers to the res or the thing over which ownership right is exercised such as a house, a car, a table, etc. However, in its narrower and proper legal sense, property may be defined as an exclusive right to control, use, or transfer an object or a thing of economic importance (Fassil, 2009).

Art 40/1/ of the FDRE Constitution which guarantees the right to property provides that property right includes unless restricted by law for public purposes, the rights to acquire, use, and transfer. Property rights are rights in the term in sense that it creates an obligation, on all other persons, to refrain from any act of interference in the use and enjoyment of a thing one owns or possesses. It also entitles a possessor or an owner of a thing to pursue such a thing in the hands of any person into whose possession the thing might have come.

Value

Michael (2009) defines value as the present price for the rights to receive income and/or capital in the future with respect to three aspects of the definition: present price, capital, and income. The present price is what it is worth today. Capital is a one-off lump sum receipt, obtainable from say the sale or mortgage of the property and Income indicates a sum of

money receivable at regular intervals over time "Valuation" can be defined as: "The art, or science, of estimating the value for a specific purpose of a particular interest in a property at a particular moment in time (Marston, 1970).

Property valuation

Wyatt (2013) defines property valuation as the process of forming an opinion of value-in-exchange under certain assumptions and a market valuation requires those assumptions to establish an open market scenario. Problems of the difference in price and valuation arise because the marketplace for the property is decentralized and fragmented. For instance, you can ascertain the price of your shares from the morning papers but the price of an office building might be more difficult to determine.

The diversity of properties makes valuation a difficult task, as no two properties are ever the same yet valuation relies on the comparison of properties to give an indication of value. To do this the value must be aware of, and be able to quantify, differences in type, location, legal interest, quality, and the state of the market.

Fundamentally, the market value of a property reflects its capacity to fulfill a function. If the property is a shop for example then its value was determined by factors such as trading position, length of frontage, accessibility, planning restrictions, and tenure.

Real property valuation

Real property valuation is the art and science of determining the most probable price of an interest or right in property encompassed in ownership for a particular purpose at a particular point in time (French, 2003). The concern in real property valuation is to estimate the property interests which can be defined by the state or the law of individual jurisdictions and are often regulated by legislation. It is widely used in financial and other markets to assist private or public institutions' decision-making (TEGoVA, 2016, Adair et al., 2003, IVSC, 2017).

2.1.2. Principles of Real Property Valuation

Joshua Kahr and Michael C. Thomsett, (2006) stated the major principles that govern valuation.

Conformity: This conception is, “A property is most likely to appreciate in value along with other, analogous parcels in the same neighborhood.” So if an investor spends a lot of plutocrats to upgrade a house, for illustration, conformity may limit the appreciation anyhow of how the work is performed. This relates to construction accouterments, age of parcels, number of apartments, and overall square footage and style.

Change: Changes are part of the profitable cycle.” Property values are affected by a change in several ways. These include original profitable and demographic trends, physical age and condition of the property and girding parcels, the character of a neighborhood or megacity, and natural events like disasters.

Expectation: The principle of expectation may be stated as “request value frequently is affected by prospects about unborn events.” For illustration, if an investor believes that a particular area is likely to witness growth in coming times that would mean property values would raise. The very anticipation actually increases demand, and valuation rises as a result. The cause and effect can be more immediate than the time it takes for the cause to occur.

Donation: The principle of donation can also be defined as being controlled both by adding returns and by dwindling returns. In other words, making advancements to property beget growth in request value to adding returns, but when advancements exceed that position, return on investment begins to fall.

Plottage: This principle observes that thickness in the power of land and zoning or operation, tends to maximize value. The principle countries that, “Land values tend to increase when conterminous lots are combined into single power and put to a single zoning or use.”

Competition: The last primary principle of valuation is directly related to the broader conception of force and demand. The principle of competition countries, “openings for profitable investment lead to competition.” This has ramifications for valuation of all parcels. A good idea a risk to be imitated. Therefore, as long as demand remains unchanged, the emergence of contending parcels was tend to adulterate request value for all analogous parcels.

2.1.3. Methods of Real Property Valuation

2.1.3.1. The Five Methods

According David (2002) the five traditional methods of valuation are the comparison method, the profits method, the contractor's method, the investment method and the residual method. The methods can be distinguished as follows:

The comparison method compares the capital values and rents of properties that have recently been sold or let with the subject property, The profit method is based on the assumption that the value of a property, The contractor's method is based on the cost of construction and is used where there is no market, The investment method is used to value capital investments in property; the approach to this form of valuation including the use of the year's purchase to capitalize rental.

2.1.3.2. Bases of the Valuation Methods

There are three bases to the valuation methods: The use of valuations was differ according to whether they are being applied to existing property or new development, and the methods used in each case was differ too.

Table 1: The bases of the valuation methods

Value	Cost	Profit
Based on: <ul style="list-style-type: none">• Valuation of the property• Capital value or capitalized from a rental income	Based on: <ul style="list-style-type: none">• Cost of construction• Value on the basis of cost	Based on: <ul style="list-style-type: none">• Cost of construction• Value on the basis of cost
Use: Comparison method, Investment method, Residual method	Use: Contractor's method	Use: Profits method

Comparison system

Comparison can be defined as 'the act of comparing' and to compare as 'to examine in order to observe correspondences or differences'. It works on the simple notion that if one property sells in the open request, also so should another, if it's exactly the same in every respect. But property is miscellaneous; no two are truly the same. In a judgment by Forbes J, comparison was described therefore It's an abecedarian aspect of valuation that it precedes by analogy. The value isolates those characteristics of the object to be valued which in his view affect the

value and also seeks another object of known, or ascertainable, value enjoying some or all of those characteristics with which he may compare the object he's valuing. Where no directly similar object exists the value must make allowances of one kind or another, working in and reasoning from his given data. The less nearly similar the object chosen for comparison is the lesser the allowances which have to be made and the lesser the occasion for error (Wyatt, 2013).

Physical factors

Physical factors are concerned with the nature and extent of the property and its spatial environment. Every structure exists in space and was therefore have an impact upon the terrain in which it's placed and be impacted upon by that which surrounds it. I.e. Location, Topography, Availability, Geology, Aspect etc.

Structure specific factors

Property specific factors concern the nature and extent of a structure and its general felicity for use, including construction and conservation, age, condition, layout and specification. The value must check if durable and time- tested accoutrements are used in conventional ways, form and conservation due to age, the condition that the structure is on, the lay out, the specification etc.

2.1.3.3. The gains Method

The gains system is used where a demesne' value is grounded on the profit produced by the business operating in the demesne. The gains generated by the business were being contained in the company accounts, which was need to be anatomized to produce the numbers for the computation.

The accounts are an important means of assessing the performance of the business occupier and this performance would be pivotal in the valuation. This approach underlines the significance of understanding company accounts which, besides being used in this system, are also important to the property professional in a number of different ways, for illustration

Assessing the fiscal standing of a mate in a property development scheme, assessing the quality of a prospective tenant for letting purposes, Assessing, for property operation

purposes, the norms of a contractor who would carry out workshop and give services, assessing the security of a borrower in a property loan situation etc.

So, as one can see, there's a great need to understand the introductory company accounts. The analysis of the accounts was show How well the business is performing relative to its costs (indicated by the profit periphery), How well it keeps its costs down (indicated by its productivity), How well it competes with other enterprises (indicated by its profitability), How well it's doing compared to other contending investments(indicated by the return on capital). The gains system is frequently used where there's an element of monopoly and the clear operation of this system are shown where it's the operation that has the value itself, rather than the demesne enthralled. .

2.1.3.4. The Contractor's system

The contractor's system of valuation is grounded on the cost of erecting lower fustiness and depreciation plus the point value. The approach recognizes the value of the point for the particular use, but as there's no request also it's the cost of the structure that's taken into account. This produces a value for a new structure; aged structure costs was bear an adaptation to represent depreciation the wearing out of the structure fabric) and fustiness(the incapability of aged structure to grease optimum performance, as anticipated by current norms of design and technology and the present- day economics of position and use).

The system is used for certain types of structure or uses where the parcels infrequently change hands in the request, or the parcels may form part of a larger marketable sale where the property element is only a small part. In these circumstances, analysis of prices in the request was given little substantiation for a useful valuation. Properties of this type are only offered on the open request where the structure use has expired and the structure or point can also be developed for a different use. The request is therefore for an indispensable use for the property, similar as the conversion of a spare plant for domestic use. The system is frequently considered as the system of last resort where other styles are irrelevant or impracticable. The system estimates the relief cost of the structure together with the value of the land, and also adjusts the estimated relief cost to reflect the age and inadequacy of the structure. The use is important in standing valuation, mandatory purchase, as mentioned ahead, and, critically, in the valuation of company means (Scarlett, 1991).

2.1.3.5. The Investment system of Property Valuation

Investment system – the capitalization of net income using a multiple called the YP (Year’s Purchase) to give a capital value, Net income smaller outgoings used in the investment system, YP – a capitalizer grounded on the yield of the investment.

$$\text{Income} = \text{Capital} * I / 100 \text{ Where } I \text{ is rate of return needed}$$

This process is known as ‘staking’ the income, in other words converting a periodic income into a capital sum. It's essential that the income subsidized is ‘ net ’ that's clear of any charges incurred by the investor under the parcel, so thus the formula can be modified to The computation of the present value of the cash- inflow is frequently appertained to as capitalization and, because rent is a regular income return, it involves the use of Present Value. There are two approaches to estimating the present value of a property investment income capitalization using an each- pitfalls yield and blinked cash- inflow using a target rate of return or reduction rate. Both calculate the present value of unborn profitable benefits; the former is simply a simplification of the ultimate (Wyatt, 2013).

Income capitalization simply involves staking the net income at an applicable each- pitfalls yield deduced from similar substantiation of analogous investment

$C = NI * 100 / t$ Where C = Capital NI = Net Income I = rate of return This constant is known as the Present Value of £ 1 per annum, or further generally in real property valuation, Year’s Purchase(shortened to YP).

The formula can therefore be eventually modified to

$$C = NI * YP$$

Where C is the capital value,

NI is the net income and YP is the Year’s Purchase.

The YP, calculated by using $100 / I$, was only apply to inflows entered in infinity, which are those entered from freehold interests let at a full request rent or rack rent. Inflows to be entered for shorter ages use an YP that must be calculated using a more complex formula, but tables of constants are available and Parry’s Valuation and Conversion Tables Davidson (1989) are most generally used. The traditional approach of Parry’s Tables was to assume

that the rental income was entered annually in arrears, whereas in practice it's entered daily in advance; although the tables have been modified, important traditional valuation uses the original supposition for simplicity. still, whatever income base is used, the two essential rudiments needed to perform the computation are the period of time that the investment is to last in terms of times, and the rate of return needed, generally known as the each- pitfalls yield.

2.1.3.6. The Residual system of Property Valuation

Development valuations differ markedly from other areas of valuation, basically because the parcels being valued don't yet live. The process, thus, needs to estimate the fiscal viability of adding force.

The main enterprises of the inventor are how important should be paid for the development point, what was the construction costs be and what profit might be anticipated? For the development of a particular piece of land or point to be economically feasible, the value of the completed development less all expenditure on land, construction and profit, must exceed being use value. This conception is the base of the residual system of valuation. Extensively used to estimate land value, the residual system can be acclimated to estimate the position of implicit profit (Wyatt, 2013).

It's grounded on the supposition that an element of latent or residual value is released after development has taken place. The value of the point in its proposed state is estimated, as are all of the costs involved in the development, including a suitable position of return to the developer. In practice the value was constantly calculate on similar substantiation to assess development value and costs. In fact, for marketable development valuation, the investment system is generally employed to calculate development value (Wyatt, 2013). .

2.1.4. Purpose of Real property valuation

The purpose of real property valuation refers to the information that the customer wants the reviewer to give the report. In utmost cases the customer wants the reviewer to give an opinion about a defined type of value for a specific property interest in a specific parcel of real estate as of a specific date. Buyers and merchandisers of real estate use reviewer to help determine how important to ask for the property, and how important to pay for it. Fiscal institutions use appraisals in connection with their lending conditioning, to estimate the

property that's offered as loan security. Governments use appraisals for taxation and mandatory accession. Appraisals are also constantly used to guide investment opinions and help with business planning (Scram, 2006).

According to TEGoVA (2016) and IVSC (2019) property valuation is used for fiscal reporting, taxation, mandatory accession, incorporating, and copping and dealing, loan security purposes. The main purposes of valuation are as follows buying or dealing property when it's needed to buy or vend a property, its valuation is needed.

Taxation: To assess the duty of a property, its valuation is needed levies may be external duty, wealth duty, Property duty etc., and all the levies are fixed on the valuation of the property:

Rent Function: In order to determine the rent of a property, valuation is needed. Rent is generally fixed on the certain chance of the quantum of valuation which is six percent to ten percent of valuation.

Security of loans or Mortgage: When loans are taken against the security of the property, its valuation is needed, Mandatory accession whenever a property is acquired by law; compensation is paid to the proprietor, to determine the quantum of compensation, valuation of the property is needed and Valuation of a property is also needed for Insurance, Betterment charges, enterprises etc.

2.1.5. Real property valuation for Taxation purposes

Real property valuation for taxation purposes is the process of determining the current request value of real estate for taxation purposes. This includes colorful styles and ways to determine fair and indifferent assessments of property levies. Generally, larger authorities, like countries and metropolises, were employ brigades of pundits who specialize in valuing domestic or marketable parcels. These pundits may also take into account factors similar as position, zoning, as well as profitable trends and other impacting factors. Creating accurate assessment values is essential in order to insure that taxpayers aren't overcharged or overcharged on their property levies (Scram, 2006).

Real property valuation for taxation purposes is an important task that requires moxie and skill. Property valuations are demanded primarily by trying authorities to determine how

important the subject real estate should be tested. In general, the advanced the assessed value, the further levies was are owed on the property. The ideal of real estate valuation for taxation purposes has been to assess all parcels in a particular governance fairly and slightly, so that no individual property pays disproportionately high levies relative to other analogous types of parcels in that governance.

The assessment process generally begins with picture and description of the real estate being estimated. These images and descriptions may include measures similar as square footage, number of stories, any advancements made to the property (which can add value), as well as unique features or amenities on or girding the parcel of land. All these factors must be taken into consideration when setting a given piece of real estate for duty assessment purposes (TEGoVA, 2016; IVSC, 2019).

An inspector also makes necessary adaptations to insure delicacy either through point exploration down from data collecting points or through farther evaluative inquires both offsite and/ or onsite regarding attributes supposed necessary or affective in arriving at proper standings within range set forth when initializing design monitoring conditioning (Peter, 2013).

2.1.6. Types of property taxes

Property tax is paid on power of real estate form on-arable land, domestic structures or apartments, business demesne, executive structures, structures or apartments for holiday and recreation, garages and other structure structures (Official Gazette 80/93).

Valuations for capital earnings tax are grounded on statutory delineations of request value. Although the delineations are to be set up in different bills, they're astronomically harmonious with the IVSC description of request value but subject to the following hypotheticals that have been laid down by case law over the times (RICS, 2012 UKGN 3 Valuations for capital earnings duty, heritage duty and stamp duty land duty).

The trade is academic, The seller and purchaser are academic, prudent and willing parties to the sale, All primary arrangements necessary for the trade to take place have been carried out previous to the date of valuation and there's acceptable hype or announcement before the trade takes place so that it's brought to the attention of all likely purchasers, The property is offered for trade on the open request by whichever system of trade was achieve the stylish

price and the seller would divide the property into whatever natural lots would achieve the stylish overall price (prudent sacking) and the valuation should reflect the shot of any special purchaser.

Capital gain tax: The term capital gain refers to the increase in the value of a capital asset when it's vended. Put simply, a capital gain occurs when an asset is vended for further than what was firstly paid for it. Nearly any type of asset possessed is a capital asset. This can include a type of investment (like a stock, bond, or real estate) or commodity bought for particular use.

Heritage tax: Heritage tax on the property accruing to each devisee of the estate of a departed person. It's generally calculated by reference to the quantum entered and the relationship of the devisee to the departed. Heritage levies are one of the oldest forms of taxation, dating back to the Roman Empire, which levied a one- twentieth- portion duty on inherited property in order to pay the pensions of expert dogfaces.

Land and structures sale tax: This is a duty on the trade, granting, and transfer of real property or an interest in real property. For utmost arms' length deals, the duty is grounded on the factual price or consideration agreed to by the parties. For transfers of interests in holding companies, the duty is grounded on the fair request value of the interest attributable to the real estate. Fair request value is the price the property would command in an arm's length sale between a willing buyer and dealer.

2.1.7. Real property Valuation and Taxation

Real property valuation is the scientific estimation of the value of the real property (land and irremovable advancements) similar to structures diligence roads etc. The value perhaps rental, ratable, and residual or capital value, etc., are the real property of professionals (UN habitat, 2011). Consequently, it's the art or wisdom of relating the value of property grounded on the purpose, use right and etc. It's only the current request price value of the property, not the point value property. Real property is valued for colorful purposes like taxation, compensation, bank loan, insurance, etc.

The history of real property valuation and taxation goes back to the ancient civilization of Israel, Russia, China, Egypt, and Greece. In ancient times the Russian Tharp peter tested Beards, thrills, beehives, candles, nuts, headdresses, nags, chimneys, and water. But there's

still nominated 'The Great' in ultramodern histories of Russia, maybe because of the potent works his levies produced. This is the eternal fate of taxation to be the abused or vituperative means towards noble or ignoble ends, no way relatively suitable to escape its association with highway robbery and war (newint.org/features/2023/02/02/).

According to Almay (2003), the comprehensive financial check of England ordered by Wasiam the Conqueror in 1085 was the landmark of ultramodern real property duty. The real property data, collected in 1086 was known as the Domesday Book. It's Britain's oldest public record. The multi-volume work contains data on the area and use of tracts of land, their inhabitants, their movables, values, inflows, and levies paid. During the Enlightenment, property duty systems of the ancient world basically were reinvented. Adam Smith's book with the title "wealth of nations" was a landmark for ultramodern real property valuation wisdom and taxation (Smith, 1776). After the book "wealth of nations" imperialist Europe and the United States of America were suitable to increase the duty profit that helps to development of the structure. Smith (1776) proffered four canons of taxation dealing with equivalency, certainty, the convenience of payment, and frugality in the collection.

The Enlightenment also saw technological advancements in property duty administration. The development of the Austrian cadaster in the 18th century came with the model for cadastral systems until the arrival of computers and upstanding photogrammetric mapping. Numerous countries' cadastral records base is the 18th c Austrian cadaster of the real parcels areas (Almy, 2003). The Second World War and its fate saw the establishment of the IMF and the World Bank in 1944 and the United Nations (UN) in 1945. Each of these development associations has been necessary for sweat to strengthen the republic and stronger the original government through bettered real property duty administrations (UN, 2013). The arrival of digital computers has made advancements in cadastral valuation systems and professional valuation norms.

2.2. Empirical Review of Literatures

2.2.1. Real Property Valuation and Taxation in Developed Countries

According to UN (2013) description developed countries are countries similar with high income per capita and largely industrialized, where the tertiary and quaternary sectors dominate the frugality. The order includes America and the utmost of European and some Asian countries. In all developed countries there's at least one duty on property, and the

utmost has several. For e.g. from the forty-six European countries surveyed, at least forty-four have at least one intermittent duty on irremovable property, whereas Malta and San Marino don't have one (UN habitat, 2013).

Generally, in the utmost of developed countries real property duty profit shares up to 4 percent of the GDP, about over 21 percent of total domestic profit, and over 75 percent of total duty profit. The collection of duty profit accounts for about 60-97 percent. But in developing countries, it accounts for only lower than 2 GDP and 30-60 percent utmost of advanced countries used the capital value of land and structure and rental value of structures as real property duty base (UN habitat, 2013).

From surveyed 46 European countries, bout 28 European countries used capital value, 14 used periodic rental value and 4 used area of structures or land as real property for duty assessment. In general, the duty rate of real property in developed countries ranges up to 2 of the capital value of structure, land, or both in fair current request value. According to IMF 2013 report, in general, irremovable property duty collection increases sprucely with income position. Advanced-income countries collect high real property profits than lower or middle-income countries. Among the high-income countries, reliance on irremovable property levies varies from close to nil in Croatia, Luxembourg, and Switzerland, to heavy reliance, further than two percent of GDP, for example, Canada, France, Israel, Japan, New Zealand, the United Kingdom, and the United States.

In discrepancy, there are more middle-income countries that calculate only modestly on irremovable property levies similar to the Dominican Republic, Mexico, Peru, Tunisia, Albania, Egypt, Moldova, and Mongolia. In this group, Bulgaria, Russia, and Georgia stand out by counting to an important extent (close to or above one percent of GDP) on irremovable property levies. The share of the irremovable property duty in total original duty profit is 100 percent in Australia, Ireland, and the United Kingdom, with a normal of 37.7 percent in high-income countries, and slightly lower (35.5 percent) in middle-income countries. There are also other real property levies in developed countries. According to Rudnick and Gordon (1996), levies on the transfer of wealth are the most important real property duty in some advanced European countries. For example, European countries that make substantial use of intermittent levies on net wealth include France, Luxembourg, Norway, and Switzerland. Iceland has temporarily greeted a net wealth duty on resides (EU 2010).

But some Countries that lately abandoned similar levies include Denmark, Finland, Iceland, Luxembourg, Netherlands, Spain, and Sweden. Levies on transfers of real property (which are in the IMF order of levies on fiscal and capital deals) are more extensively used. Belgium is the only country with a transfer duty rate in excess of 10 percent; its rate is 12.5 percent. In developed countries decentralization in itself may incitement to increase profit rallying from property taxation.

According to Bahl and Martinez- Vazquez (2008), empirical substantiation “rear occasion” or share of power to lower position is the main factor to increase real property duty profit. In the sense that the demand for property taxation is in itself driven by the position of decentralization. Increase in property tax profit, in general should be part of an easily formulated strategy of strengthened decentralization (IMF 2013).

2.2.2. Real property Taxation in Developing Countries

Developing countries astronomically are less decentralized and generally fairly modest reliance on property duty profit indeed lower than colonialists. Absent of accurate estimates of tax capacity and duty trouble in this particular area is a major problem in developing countries. Generally, in developing countries, the real property duty profit shares less than 1 of the total GDP. This is the least when we compare with developed countries' 4 percent share of GDP. The collection rate is also veritably low, the loftiest in developing countries is 60 but in developed countries riches up to 100 percent (IMF 2013).

In developing countries like Ethiopia in the absence of good real property administration and operation, real property duty is underutilized. The proposition has major reasons for the underutilization of property duty. Organizing duty institutions and decentralizing the power is important to increase real property duty profit. Weak duty systems forced numerous developing countries to calculate foreign aid to support expenditure on vital public services similar to education and health care (Slack 2011).

2.2.3. Real Property Valuation and Taxation in Ethiopia

Feudal Regime

The history of ultramodern real property duty is the recent marvels. After independence from Italian occupation in March 1942, the feudal governance promulgation of Proclamation 8 of

1942 was the landmark for ultramodern real property taxation. In the first paragraph of the preamble of that proclamation, the Emperor stated that "in order to negotiate the establishment of Our Government, the substance of the country and the well-being of Our People, land levies shall be levied" (Negarit Gazeta, 1942). This is the turning point for ultramodern registered fair real property valuation in Ethiopian history. By this proclamation Haile Class I abolished item taxation and artistic duty leaving approved land enrollment and fair valuation, and the collection of financial profit to the central government. He abolished also the collection of land duty to feudal lords. The main idea was to develop the architecture of the country like the academy, Heath center, roads etc. It has the heritage of the Italian occupation of Ethiopia five times. Italians abolished the primitive land taxation system (Anile, 2006).

Military Regime (1974- 1991)

The demand for land reform was the main profitable issue during the 1974 February revolution in Ethiopia when the utmost of the pastoral and civic population joined hands to make a countrywide insurrection. The land possessed by the state and the redundant land of feudal lords were allocated to landless peasants. Civic land and real estate including redundant houses were nationalized as public parcels. According to civic land rent and house duty proclamation of 1976no. 80, the land duty is grounded on zonal position and land size in metropolises. The business structures possessors pay a fresh duty of rental income. It was grounded periodic rental value of the structure. The duty rate ranges are grounded on the quantum of the rental value of income. There's also transfer duty and land allocation real property duty etc. Indeed though real property operation becomes more modernized and duty profit increased, it didn't bring sustainable profitable development both in pastoral and civic husbandry due to stretched civil war (Anile, 2006).

Under New Public Leasehold Ethiopia structured a civil governmental system of administration in 1991. Real property duty profit in the case of Ethiopia land is public property, its argumentative either the duty base is land and structures or only structures. But the government levies only advancements grounded on the cost-replacing system or residual value. Only construction accouterments value in current request price. The real property duty in Ethiopia is administered in four situations of governments. These are civil position, indigenous position, zonal position, and megacity administration/woreda/ position grounded on duty profit position. Indeed thou the real property duty profit is too important in developed

world GDP, there's no single exploration conducted in Ethiopia on real property valuation and taxation system. In Ethiopia, real property taxation isn't grounded by the quality volume of real property and the monthly income of real property possessors. There's no well-registered real property information. So generally real property valuation and taxation are swords weak in Ethiopia.

Property Duty is primarily a financial instrument that original governments use to induce profit for the provision of an array of public services similar as fire protection, ambulance, police, waste disposal, road lighting, premises plus other aspects of community structure. Either, the duty can be used as a nonsupervisory instrument to impact land use patterns (Paugam, 1999).

Property duty is a seductive source of profit because of the numerous advantages it offers and throughout the world, it is considered the largest source of original government profit. Traditionally and widely property duty is the most important own-duty instrument available to original governments. It's generally argued that profit from property duty contributes significantly to the backing of public services (Mc. Cluskey, 2000). Nevertheless, the extent of reliance on this source of profit varies in different countries depending on the position of intergovernmental transfers, stoner freights, and other earnings as well as on changes in the expenditure liabilities assigned to original governments.

2.2.4. The Practice of Real Property Taxation in the World

Levies on land and property live each over the world. In both principle and practice, these levies can have important financial and non-fiscal goods. The profit similar levies produce is frequently an important source of finance for original governments. In turn, the extent to which original governments have control over property levies is frequently an important determinant of the extent to which they're suitable to make independent expenditure opinions. The position, design and control of property taxation are therefore critical rudiments in effective decentralization policy in numerous countries. From a more general policy perspective, land and property levies may be viewed as either indifferent and effective ways of raising profit or accumulative and undesirable forms of public finance, depending upon one's hypotheticals, the terrain and how exactly the levies are designed and applied.

Every country has some form of duty on land and property. Similar levies have historically been original in utmost countries (although there are a many exceptions, similar as Latvia and

Chile, where they're substantially central levies) and are frequently important sources of original profit. One reason is that property is irremovable—it's unfit to shift position in response to the duty. Another reason is the connection between numerous of the services generally funded at the original position and the benefit to property values (Richard and Slack, 2005).

2.2.4.1. The property duty as a source of profit transnational practice

The study of Richard and Slack, (2005) give a useful introductory overview of the part of the property duty as a profit source. They've deduced four crucial conclusions from these tables. Levies on land and property are at best minor profit sources in all countries. For the developing countries included in these tables, for illustration, similar levies reckoned for only about 0.4 percent of GDP (Table 2) and about 2 percent of total duty earnings in the 1990s, down slightly from earlier decades, although the original share for the OECD countries remained at a bit further than 1 percent of GDP (Table 3) and about 4 percent of all duty earnings throughout the period (Richard and Slack, 2005)

Table 2: Subnational property tax as share of GDP, 1970s–90s (percent)

	1970s	1980s	1990s
OECD countries	1.24	1.31	1.44
(Number of countries)	(16)	(18)	(16)
Developing countries	1.24	0.36	0.42
(Number of countries)	(20)	(27)	(23)
Transition countries	1.24	0.59	0.54
(Number of countries)	(1)	(4)	(20)
All countries	1.24	0.73	0.75
(Number of countries)	(37)	(49)	(58)

Source: Roy and Bayar, 2004

Nonetheless, as Table 2 shows, property taxes are important sources of subnational revenue in many countries, and more so in developing than in developed or transition countries.

Property taxes are much more important in rich (OECD) countries than in developing or transition countries and None of the characteristics mentioned above has changed much in recent decades, with the exception of a relative decline in the importance of property taxes as a share of subnational revenue (and expenditure) in developing countries.

Table 3: Subnational property tax as share of GDP, 1970s–90s (percent)

	1970s	1980s	1990s
OECD countries	17.4	17.0	17.9
(Number of countries)	(16)	(17)	(16)
Developing countries	27.6	24.3	19.1
(Number of countries)	(21)	(27)	(24)
Transition countries	6.7	8.51	8.8
(Number of countries)	(1)	(4)	(20)
All countries	22.8	20.4	15.6
(Number of countries)	(38)	(48)	(59)

Source: Roy and Bayar, 2004

2.2.4.2. The property tax as a source of revenue African practice

Property – Grounded levies in Kenya

According to the dialogue series UN-Habitat (2013) the property–foliated levies administered in Kenya include land rent, stamp duty, and property rates. In Kenya, property levies collected by Kenya Revenue Authority (KRA) comprise land rent on leasehold parcels outstanding annually, and stamp duty outstanding on transfer of real estate.

Land rent: In Kenya, administration of land rent falls within the disciplines of the central government. The person who acquires the property, that is, the leaseholder pays the duty. As a public profit fund, periodic land rent collection is about Kshs 1 billion (USD13.3 million).

Stamp Duty: It's due upon the trade, parcel, division, exchange, and purchase of real estate. The duty payer is the one who purchases the property. The duty is calculated grounded on the request worth of the property as assessed by the Government Value, the tone- declared value, or the purchase price. Grounded on request value, the current duty rates are 4percent for civic parcels and 2 percent for pastoral bones. Stamp Duty's share of total public duty collection is lower than 1percent.

Land Value Tax: Land duties generally called rates in Kenya are levied by original government councils (also called original authorities). Still, because there were so many developed parcels in 1923; monthly value grading was supposed shy.

Table 4: Property Tax as a percent of Total Tax Collection

Year	Property tax (Kshs billion)	Total Tax (Kshs billion)	Property Tax as % of the Total Tax
2004-2005	0.2	372.25	0.054
2005 - 06	0.21	403.41	0.052
2006 - 07	0.25	485.85	0.051
2007 - 08	0.33	563.23	0.059

Source: UN-Habitat, 2013

Property – Based Taxes in Tanzania

The property- related levies administered in Tanzania include Land rent, Stamp duty, Capital earnings, and property duty (rates). The assessment of the duty outstanding is performed by the Valuation Division within the Ministry of Lands.

Land rent: The donation of periodic land rent is substantial. In the time 2008, the target collection was Tshs. 18 Billion and the factual collection was Tshs. 13 Billion. The target for the time 2009 was Tshs. 14 Billion.

Stamp Duty: It's grounded on the fair request value of the property. The duty is reckoned at the rate of 1 percent on the fair request value of the property, but no way on a value lower than the deals price.

Capital Gain Tax: This is duty paid on a gain deduced in conducting an investment from consummation of an interest in land or structure. Duty rates on disposal of property are 10 percent of the gain for a resident person, and 20 percent of the gain outspoken payment for anon-resident person

Land Value Tax: Property rates in Tanzania are levied by local government councils.

Table 5: Revenue for Dares Salaam 1998 - 2002 Amount collected in Tshs Millions

Sources of revenue	1998	1999	2000	2001	2003
Property Tax	1,134	1,121	1,241	1,525	1,664

Source: UN-Habitat, 2013

Property – Based Taxes in Uganda

In addition to the property rate, the civil government of Uganda may put other property-related levies on property possessors. These include capital earnings duty, irremovable property rental income duty, property transfer duty (also known as stamp duty) and a Hand basket of 18 percent on rental profit from marketable structures.

Reimbursement Income duty: The duty base is generally on irremovable parcels, specifically on the marketable and domestic parcels that are rented out by the property possessors.

Depending on the order of an income earner, different duty rates apply. Rent paid by individualities is tested at 20 percent of the taxable threshold income, but rent paid by pots or associations is tested at 30 percent of the chargeable income, 20 percent in lieu of expenditures and UGS are abated from the total rental income as duty relief measures, and duty is latterly applied to the remaining balance over the threshold.

Stamp Duty: presently, the duty rate is one percent of the request value of the property.

Capital Gain Tax: This is duty paid on a gain deduced in conducting an investment from the consummation of an interest in land or structure. Duty rates on disposal of property are 10 percent of the gain for a resident person, and 20 percent of the gain outspoken payment for anon-resident person.

Ground rent on leaseholds: is charged at 1 percent of the request value of land and grounded on USV.

Land Value Tax: The current standing is governed by the LGRA 2005, which came into effect on 1st November 2005 replacing the Original Governments Rates Decree 1979, which was repealed.

Table 6: Revenue for Dares Salaam 1998 - 2002 Amount collected in Tshs Millions

Revenue source	Estimates	Actual Collection
Rates (current)	4,904,580,000	7,177,677,217

Source: UN-Habitat, 2013

An analysis of the profit sources for Kampala City Council reveals that property rates are a major element of original profit. In terms of factual collection, rates contributed 12.5 percent,

11.9 percent, 26.1 percent and 25.8 percent of the total original profit in 2004/05, 2005/06, 2006/07 and 2007/08, independently the total profit, the rates donation were 3.2 percent, 5.3 percent, 13.5 percent and 10.7 percent in 2004/05, 2005/06, 2006/07 and 2007/08, independently.

Property Grounded levies in Ethiopia

“The system of land power was of pivotal significance to the country’s profitable and social life for besides determining questions of social class, it was the base of administration, taxation and military service” (Pankhurst, 1968).

Major vittles related to property and taxation in the Constitution of the Federal Democratic Republic of Ethiopia of 1995 is as follows; Every Ethiopian citizen has the right to the power of private property.

Article 40 the Right to Property

Every Ethiopian citizen has the right to the power of private property. Unless specified else by law on account of public interest, this right shall include the right to acquire, to use and, in a manner compatible with the rights of other citizens, to dispose of similar property by trade or birthright or to transfer it else.

Article 95: profit: The Federal Government and the States shall part ace profit taking the civil arrangement into account.

Article 96 Federal Power of Taxation: The Federal Government shall levy and collect custom duties, levies and other charges on significances and exports.

Annual Property Tax in Ethiopia Both civic and pastoral Lands in Ethiopia are considered to be public property. Thus, the only property right one purchases from the government is the use right over the land. There are numerous intimately held structures, particularly those that were nationalized during the pro-socialist rule period from 1975 to 1991; still structures can also be intimately possessed. Then a quick discussion of Ethiopia's current property levies system.

Tax Base and Taxpayer

According to Article 5 of the Proclamation, a licit proprietor of civic land must pay periodic land rent, which was be determined by the size and position of the plot in the applicable megacity and classified as Grade 1, 2, or 3. According to the schedule that's included with the proclamation, a 1 percent duty rate is applied to periodic rental values up to ETB 600. It establishes the rate gradationally as the periodic rental value rises and recognizes a 4.5 percent rate for values advanced than ETB 6,000.

Income tax Related to Properties:

According to Income Tax Proclamation No. 286/2002, Ethiopia's unified income duty law was published. This Proclamation establishes four schedules for the taxation of income as follows Which one of its Schedule" B," which lists rental property income; related to property power and reimbursement.

The duty outstanding on rented houses shall be charged, levied and collected at the following rates on income of bodies thirty percent (30 percent) of taxable income and on income of persons according to Schedule B (hereunder).

Table 7: Taxable income of persons

Taxable Income from Rental (per year)		Income Tax payable
Over Birr	to Birr	Exempt threshold
0	1,800	
1,801	7,801	10
7,801	16,800	15
16,801	28,200	20
28,201	42,600	25
42,601	60,000	30
	Above 60,000	35

Source: UN-Habitat, 2013

Tax administration

In addition to following the law, the declared quantum of rent income is determined by an arm's- length agreement between the proprietor/ letter and the boarder.

The duty authorities predicate their assessment of levies on the agreed- upon quantum of rental income. With respect to the rental income duty, the billing commences with the knowledge of the duty office about the fact of reimbursement of a given property. Grounded

on the declared contract between the letter and boarder and the applicable rates, the billing is dispatched to the proprietor of the structure.

In this setting, the problem of understating the quantum of rental income through conspiracy of the constricting parties is a common challenge undermining the profit base. The lack of methodical property enrollment and follow up by the duty administration system and failure of protestation of rental income by property possessors contributes for a large part of roped profit from rental income duty (Negash and Tilahun, 2009).

Property Transfer tax

According to Ethiopian proclamation, stamp duty must be paid for any property transfers, whether they do through a trade or a gift. According to the Stamp Duty Proclamation No.110/1998, the purchaser of a portable property is needed to pay stamp duty at a rate of 2 percent of the deals price. As a result, after collecting the forenamed sum from the trade of structures, title transfers on structures are fulfilled through land administration bodies. The deals price of the property as determined by the parties to the sale serves as the duty base for property transfers. Still, it's assumed the records of the government services contain an estimated cost for structures that can be examined. Where the negotiated price is lower than the estimate maintained by the government office, the duty was be calculated using that estimate. This measure seems to discourage undervaluing the cost in order to avoid paying levies.

According to Proclamation No.110/1998 Stamp Duty Proclamation, as amended by 612/2008, for domestic structures, property transfer duty of 6percent is outstanding by the buyer. The rate is 21 percent for marketable structures. Title transfer of structures and vehicles is valid only upon getting registered in the concerned government office, and the buyer is needed to settle the property transfer duty.

Property Transfer Tax and Real Property Valuation

Transfer duty is applied for both real properties and vehicles. In the transfer may be a sale or gratuitous. In case of parcels, value assessment of the mastermind from the public office is used as a reference for the determination of the base for the transfer duty. One idea behind a public officer valuing property deals is to discourage the transfer of vacant plots of land. The

government office responsible for this task pursues the billing and collection of the property transfer duty after entering the contract or judicial order on the transfer of a real property.

Real property taxation problems

As Negash and Tilahun (2009) stated in their exploration, the significance of property tax as a source of backing for original governments and a way to deliver essential services to civic society is lowered. The total quantum of unrecorded property power in public areas is the other important issue with regard to property taxation. The tax authorities have no governance over deals in this request, which directly affects the associated property taxes to be levied. The problems associated with tax collection and property valuation has been listed below, there's a tendency that duty payers over value their parcels which was in turn increase the depreciation cost which was be subtracted from their periodic income to dwindle their periodic income tax, Since there's no control over the request price and there's no property register data base duty payers also under value their property transaction figure which was in turn directly affect (reduce) the affiliated 6 percent stamp duty tax, since there's no standard rental database that duty collectors may relate up to, there's a tendency that tax payers also under value their rental contract agreement figure to minimize their periodic duty and the tax collector divisions has levied all the property valuation tasks has been levied on external private property valuation enterprises which may be manipulated grounded on guests interest.

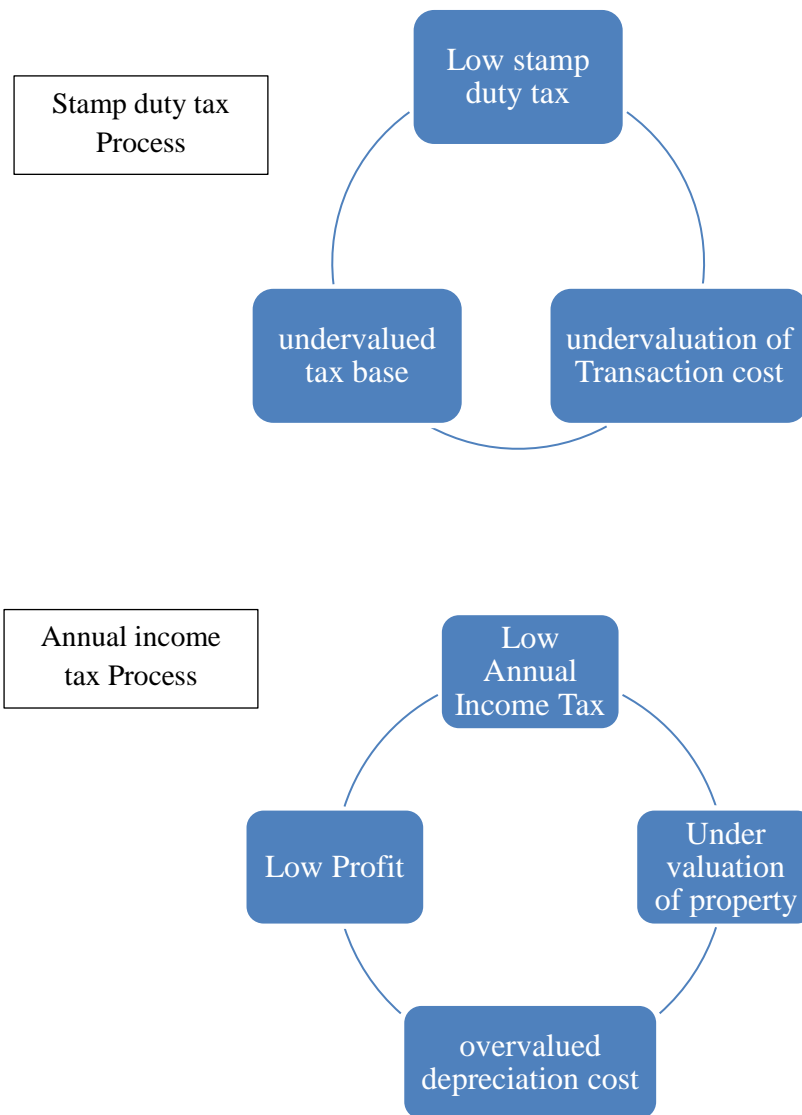


Figure 1: Property tax process

Valuation Accuracy and Property Taxation

Property taxation is a periodic charge on power or occupation of the property, the income of which is traditionally used to neutralize the costs of furnishing external services similar as a garbage disposal, provision and handling of requests, motherliness homes, and premises (Alias, 2002). To maximize fairness and understanding in a property tax system, valuation should be grounded on the current request value of the real property. This is because the request value tax base maintains an invariant relationship between property values and property. Property valuation is the major problems that affecting the property tax effectiveness (Babawale and Nubi, 2011). The problem with valuation is either its over-valued or under-valued. This generally affects the fairness and equivalency of property tax

(Franzsen, 2002). A prevalence of under-valuation frequently reduces the government's tax yield, while over-valuation results in controversies that may curtail the payment of property tax (Amidu, and Aluko, 2007).

The impacts of inaccurate valuation include damage to the character of the valuation profession, the collapse of the fiscal request, and loss of investor confidence in the operation of property tax. Also, Ayedun (2008) argues that the impact of valuation of being inaccurate to the sustainability of the mortgage request. Havard (2001) posits that impact can be looked at from three perspectives, the terrain (physical), profitable (profit gained or lost), and social (uneasiness or kick, and severance). The impact of valuation inaccuracy peculiar to property taxation is bandied with the aid of two effects that was after the assessment or valuation of property is done, that is, accurate valuation and inaccurate valuation. When the valuation is accurate, the likely impact is that the anticipated profit tax is attained within the shortest period with lower administration costs, because the taxpayer was willing to pay.

On the other hand, if the valuation is inaccurate, the unaware taxpayer may still do to make payments, but this kind of people isn't frequent and this ultimately not increase the profit, as utmost people don't generally want to pay levies. The taxpaying public hates property taxes. Still, to the informed taxpayer, or might go by the way of either tax avoidance or delusion. Likewise, when the set of people that have chosen to avoid tax duty is suitable to gather and form an association they frequently go ahead to protest against the government. In some cases, some of their conduct frequently leads to uneasiness or screams (Hefferan and Boyd, 2010).

Alias (2002) suggests that inaccurate taxation and valuation led to low property tax. Also, some payment was delayed till after the determination of the appeal. Whereas, Ishaya et al (2012) submitted that the error in the valuation forms a base for argument or expostulation and remittent low collection of property taxes. The purpose of assessing the tax was defeated when the cost of administering is further than the profit generated, which makes the provision of external services as well as the conservation of the being structure subtle (Atilola, 2008). Alias (2002) posits that when the tax authority couldn't collect property taxes it may lead to a negative form of fiscal control, a situation where an original authority is forced to reduce its popular allocation for some goods and services due to a deficit of profit.

2.3 Conceptual frame work

The main objective of this study is to assess the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration. The study is concerned to assess the impacts of real property valuation system on taxation system. This conceptual framework is usually used to explain the relationship between the real property valuation practice and the taxation process of the study.

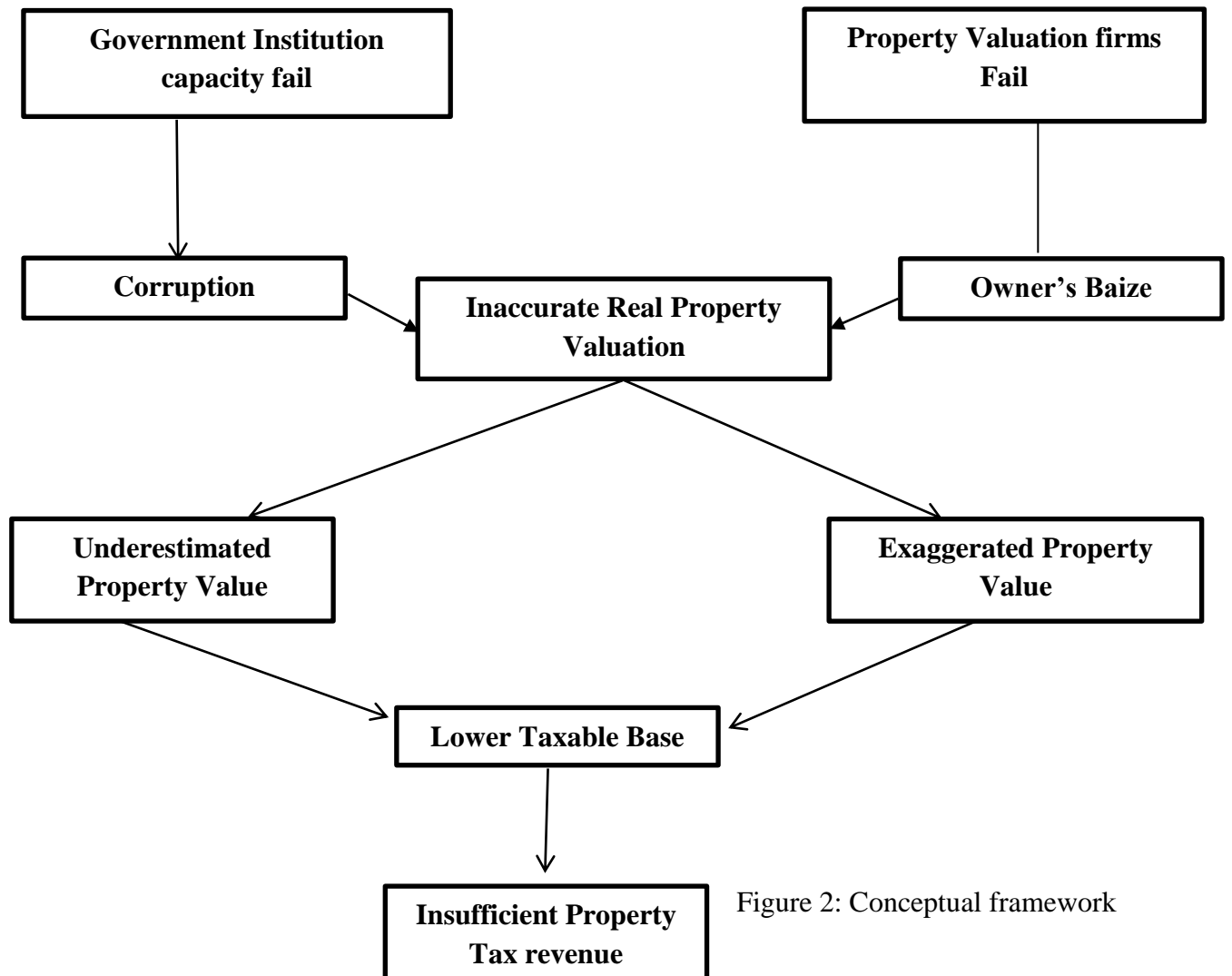


Figure 2: Conceptual framework

3. RESEARCH METHODOLOGY

3.1. Introduction

Introduction

This chapter is primarily intended to highlight the research design and methodology for the accomplishment of this study. Both research designs and methods are the backbones of the study because research design is a plan to answer the research questions and the research method is a strategy use to implement this plan. Therefore, this chapter presents various ways in which the study is design and conduct. These mainly include the description of the study area, research design, research approach, sampling techniques, and source of data and method of data collection, ethical consideration, and method of data analysis.

3.2. Description of the Study Area

3.2.1. Addis Ababa City Administrative

Addis Ababa is the capital city of Ethiopia. It is where the Africa Union and its predecessor the OAU were based. It also hosts the headquarters of the United Nations Economic Commission for Africa (ECA) and numerous other continental and international organizations, therefore often referred to as "the political capital of Africa" for its diplomatic significance for the continent ([wikipedia.org/wiki/Addis Ababa](https://en.wikipedia.org/wiki/Addis_Ababa)).

Addis Ababa is home to 25 percent of the urban population in Ethiopia and is one of the fastest-growing cities in Africa. It is the growth engine and a major pillar in the country's vision to become a middle-income, carbon-neutral, and resilient economy by 2025. Addis Ababa's economy is growing annually by 14 percent. The city alone currently contributes 50 percent to the national GDP, highlighting its strategic role in the overall economic development of the country (WB, 2015).

Addis Ababa lies at an elevation of 2,300 meters (7,500 ft), located at 9°1'48"N38°44'24"E coordinates: 9°1'48"N38°44'24"E. The city lies at the foot of mount Entoto the area raises to 3,000 meters into the north (see <https://en.wikipedia.org>). 3,194,999 total population (1,679,998 women and 1,515,001 men) (CSA, 2013). 662,728 households were counted living in 628,984 housing units, which results in an average of 5.3 persons to a household (CSA, 2007).

About 119,197 people in the city are engaged in trade; 113,977 in manufacturing and industry; 71,186 in civil administration; 50,538 in transport; 42,514 in education, health, and social services; 32,685 in hotel and catering services; and 16,602 in agriculture ([wikipedia.org/wiki/Addis Ababa](http://wikipedia.org/wiki/Addis_Ababa)).

Addis Ababa faces significant development challenges. For example, unemployment and poverty levels in Addis Ababa remain high, estimated at 23.5 percent and 22 percent respectively. More than one in four households report an unemployed adult compared to one in 10 households in other urban areas, and the informal sector employs about 30 percent of the economically active labor force in the city (WB, 2018).

3.3. Research Design

The research design is a plan that answers the research questions, the function of a research design is to ensure that the evidence obtained enables to effectively address the research problem logically and as clearly as possible. According to Grinnell and Wasiams (1990) a research design is a careful systematic study or investigation in some field of knowledge, undertaken to establish some facts or principles. For this study, the researcher was try to apply explanatory analysis use to describe the data and characteristics of what is being to study. Moreover, it focuses on answering the how, what, when, and where questions of a research problem, rather than the why. The explanatory survey method focuses on investigating the current status, practice, and challenges related to the real property valuation and taxation process in the study area and evaluate the effects of property valuation on property taxation system.

3.4. Research Approach

In general, there are three types of research approaches available for any research. Namely quantitative, qualitative, and mixed research approaches (Creswell, 2003). Quantitative research approach form which can be subjected to rigorous quantitative analysis in a formal and rigid style (Kothari, 2004). Therefore, this study primarily uses a mixed research approach which is both quantitative and qualitative approaches because the qualitative and quantitative data was collected from the Lemi Kura sub city administration revenue office staffs.

3.5. Sources and Methods of Data Collection

3.5.1. Data Type and Sources

To achieve the objective of the study, quantitative and qualitative data was be gathered from both primary and secondary sources. The primary data was be obtained from Addis Ababa city administration Lemi Kura revenue office staffs, Lemi Kura sub city registered private property owners and Addis Ababa city administration certified real property valuation/consultancies through questionnaires, deep informative and focused group discussions. This helps to get first-hand information from the respondents. The secondary data was be collected from reports from the Sub city and Addis Ababa city administration revenue main office.

3.5.2. Method of Data Collection

Survey

Addis Ababa city administration Lemi Kura sub city revenue office tax auditors, the sub city registered real property owner residences as well as tax payers and real property valuation consultancies survey was undertake through a questionnaire composed of both closed and open-ended items. A questionnaire survey was conduct using the face-to-face method by which 60 Lemi Kura sub city revenue office tax collectors and tax auditors, 250 private property owners and 8 real property valuator/consultancies.

The survey questions mainly emphasize the demographic and socio-economic conditions, type of property valuation practiced, functionality status of property valuation firms, tax auditors and property tax perception and practice, challenges of real property valuation. Prior to actual data collection, the questionnaire was be pre-tested among few Addis Ababa city administration revenue main office tax auditors and review by multi-disciplinary experts to ensure its adequacy and suitability to capture the require information. To collect the data, the questionnaires may translate into the local language. This help to convey the questions effectively and avoid communication barriers.

In this study the researcher use structured questionnaire and it's consists of closed ended questions to collect quantitative and qualitative data from the respondents to test reliability. A questionnaire has been self-developed and distributed to tax audit staff in Addis Ababa city

administration Lemi Kura sub city, private property owners and real property valuers. Some of the closed ended questions are two scales to provide respondents a wider range of alternative with end points where “5” the level of agreements are represent by 1 to 5. Strongly disagree, Agree, neutral, disagree and strongly disagree represent by 1 to 5 in addition to include dummy data like Yes/No questions on the matter related of property valuation and taxation process. The collect data was entering in to SPSS version 26 software.

The data was collect by 10 enumerators under the supervision of the researcher. In order to facilitate data collection, the enumerators was be train regarding the objectives of the study, about contents and how to complete the questionnaire and data collection procedure.

3.6. Target Population and Sampling Design

3.6.1. Target Population

For this study, the target population was be considering Addis Ababa city administration Lemi Kura sub city revenue office all/60 staffs, Lemi Kura sub city registered 7,488 private property owners and 8 certified real property valuers in Addis Ababa. The population of this study does not include all the sub city registered private property owners due to a limitation of resources such as time and money.

3.6.2. Sampling Techniques

To accomplish the aim of the study the researcher was use simple random sampling method such as to select Lemi Kura sub city from the eleven Addis Ababa city administration sub cities and 250 private property owners from the sub city registration list and census method was use to select the sub city revenue office all employees and all eight certified real property valuers/consultancies.

3.6.3. Sample Units

A Sampling unit is one of the units select for the purpose of sampling or population, each unit being regarded as individual when the selection was make. Therefore, in this study the sample unit is the employee, owners and consultancy firms who were be selected in the given positions from Addis Ababa city administration Lemi Kura sub city that fulfill the inclusion criteria.

3.6.4. Sample Frame

Sample frame is a list of all the items in the population. For that reason, the sampling frame of this study was be the list of Lemi Kura sub city administration revenue office employees list, property owners from the sub city house development office registration list and Addis Ababa city administration trade and investment bureau consultancy list.

3.6.5. Sample Size

According to Addis Ababa city administration revenue main office data there are 60 tax collectors ad tax auditors in Lemi Kura sub city administration revenue office, there are updated data from trade and investment bureau about 8 certified active real property valuation agencies in Addis Ababa and based on the sub city house development office there are 7,488 registered private property owners and the researcher was try to use census techniques to select Lemi Kura sub city revenue office all 60 tax audit employee and the certified all 8 consultancy firms.

The private property owners sample size is calculated using single population proportion formula by considering the following assumptions:

To calculate sample size the following formula is used (Kothari, 2004, pp 175): -

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + Z^2 \cdot p \cdot q}$$

Where, n = sample size required = 250, N = number of population = 7, 488, p= 0.5, q = 0.5, e = 0.05, Z = confidence level = 1.61 for 90 percent confidence.

3.7. Ethical Considerations

Participants of the study was be informed about the objectives of the study emphasizing that the data is use only for the academic purpose. The data was collect using questionnaire techniques and doing with the full consent of the participants. A statement that clearly indicates their participation is only on a voluntary basis and they were advised not to include their names and address on the questionnaire. Also, focus group discussion with respondents was conduct upon their willingness and full collaboration. Careful attention was given in respecting the rights, needs, and values of the participants and maintaining confidentiality of the data and acknowledging sources of information.

3.8. Methods of Data Analysis

The information that has been obtained from reports, statistical records was be incorporate in the analysis and presented through narrative descriptions. Both primary and secondary data was be analyzed and present using statistical tools like tables, figures and graphs to clearly explain the result.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1. Introduction

The total target population was 7,488 private property owners based on 90 percent confidence level and 250 private property owners were selected 80 percent which is 196 respondent's response the questionnaire and out of 60 tax auditor's 52 tax auditors have responded to the questionnaires' which is (86 percent responsive rate) and out of registered 8 real property valuation consultancy firms 6 are response the questionnaires' (75 percent responsive rate).

The information was captured using the questionnaires (from February 10 up to 20 for two weeks) which covered demographic data. Data collecting period spend half month including enumerator orientation. The information captured using the close-ended questionnaires is presented and interpreted as the following.

4.2. Summary Statistics of Survey Data

4.2.1. Socioeconomic Characteristics of the Respondents

According to survey data, 28.8 percent tax auditors are female and 71.2 percent tax auditors are male this number showed that majority of Addis Ababa city administration Lemi Kura sub city tax office tax auditors are males. Grounded on the marital status question 38.5 percent are single and 61.5 percent tax auditors are married, this all indicated that most of tax auditors are married.

Indicated on the following table, 19.2 percent tax auditors are between 18-30 years old, 30.8 percent tax auditors are between 31-40 years old, 28.8 percent tax auditors are between 41-50 years old and 21.2 percent tax auditors are above 51 years old. The average age of tax auditors is 35 years this indicated that most of tax auditors are on economically active age.

Table 8: Socioeconomic characteristics of the tax payer respondents

Age		
	Frequency	Percent
18-30 years	10	19.2
31-40 years	16	30.8
41-50 years	15	28.8
Above 51 years	11	21.2
Total	52	100.0
Gender		
Female	15	28.8
Male	37	71.2
Total	52	100.0
Marital status		
Single	20	38.5
Married	32	61.5
Total	52	100.0
Education level		
Diploma	6	11.5
Degree	28	53.8
Masters and above	18	34.6
Total	52	100.0

Source: Researcher’s own calculations using survey data 2023.

Stated on the previous table result 11.5 percent of Addis Ababa city administration Lemi Kura sub city tax office tax auditors have a college diploma, 53.8 percent of the tax auditors have a bachelor degree and 34.6 percent of the tax auditors have a master’s degree and above. This number indicated that above half of branch office tax auditors are college degree holders. The auditors were assessed according to the educational field status and 21.2 percent tax auditors are Accounting field graduates, 11.5 percent tax auditors are economics filed graduates, 13.5 percent tax auditors are finance department graduates, 32.7 percent tax auditors are management field graduates and the rest 21.2 percent tax auditors had other filed of education. This result indicated that most of the auditors had appropriate educational background for audit and related tasks. In addition Lemi Kura sub city tax office tax auditors are well educated to understand their working environment and execute job assignments.

Based on the descriptive finding performed out of the total 52 tax auditors, the researcher tried to identify the job position of the respondents, thus 11.5 percent respondents were tax audit managers, 17.3 percent respondents were tax audit department team leaders, 40.4 percent respondents were tax auditors and 30.8 percent respondents were in other different

junior position. The experience of the tax auditors has an influence on the status of the tax process thus majority (82.7 percent) tax auditors are more than 3 years experienced. According to the tax auditors response 71.2 percent of the tax auditors have worked on different tax audit branch.

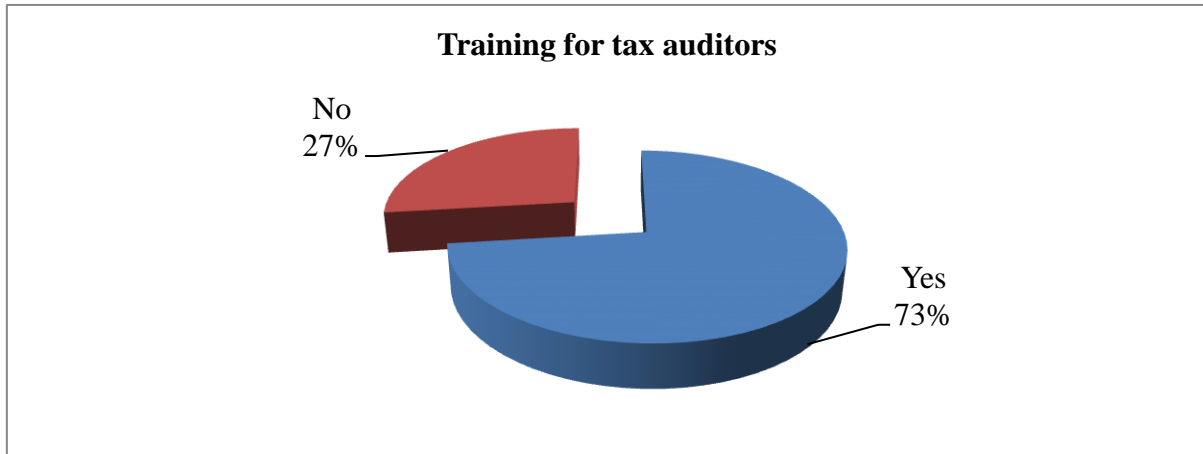


Figure 3: Training for tax auditors

Source: Researcher’s own calculations using survey data 2023.

All sampled tax audit branch office staffs were given the appropriate training, out of the total 52 sampled tax auditors 38 tax auditors (73.1 percent) were trained on concept on property tax (19.2 percent), audit selection techniques (7.7 percent) and computer assisted tax audit techniques (32.7 percent). This number indicated that the Addis Ababa city Lemi Kura sub city tax office tax auditors had no problem to provide training for tax auditors regarding to tax audits.

Table 9: Frequency of Tax Audit

Frequency of tax audit		
	Frequency	Percent
Once within five years	48	92
Others	4	8
Total	52	100.0

Source: Researcher’s own calculations using survey data 2023.

The researcher tried to investigate the tax auditors’ observation about the frequency of Addis Ababa city administration Lemi Kura sub city tax office auditing schedule 92 percent tax auditors mentioned that tax audit office audit schedule was once within five years.

Table 10: The primary purpose of property tax

The primary purpose of property tax		
	Frequency	Percent
To achieve the city administration tax revenue collection targets set	26	50.0
To improve the general taxpayers compliance	15	28.8
All of the above	11	21.2
Total	52	100.0

Source: Researcher’s own calculations using survey data 2023.

The basic goal of a property tax is to ensure that countries have sustainable national income and support national expenditure on infrastructures and others. Based on the above listed concern the researcher tried to examine the final observation of tax auditors about the ultimate purpose of property tax. 50 percent (out of 52 tax auditors 26 tax auditors) tax auditors believed that property tax is used to achieve tax revenue collection targets set, 28.8 percent (out of 52 tax auditors 15 tax auditors) of tax auditors believed that property tax is used to improve the general taxpayer’s compliance.

In this research the tax auditors were examined about the type of property tax which tax was better for tax compliance. Out of the total sampled 52 tax auditors, 16 tax auditors (30.8 percent) believed that a stamp duty tax was the proper kind of tax for tax compliance status, 9 tax auditors (17.3 percent) believed that an annual income tax was the proper kind of tax for tax compliance status and 10 tax auditors (19.2 percent) believed that a property tax was the suitable kind of tax for tax compliance.

Table 11: The kind of Property tax system better for compliance

The kind of property tax system is better for compliance		
	Frequency	Percent
Stamp Duty Tax	16	30.8
Annual Income Tax	9	17.3
Property Tax	10	19.2
Other	17	32.7
Total	52	100.0

Source: Researcher’s own calculations using survey data 2023.

The 34.6 percent of tax auditors believed that stamp duty tax are more cost effective than annual income and property tax, 21.2 percent of tax auditors believed that annual income tax are more cost effective than stamp duty tax and property tax and 28.8 percent of tax auditors believed that property tax are more cost effective than duty stamp tax and annual income tax.

Table 12: How frequently property owners evade taxes and under report taxes

	How frequently property owners evade taxes		How frequently property owners under report taxes	
	Frequency	Percent	Frequency	Percent
Once	9	15	8	14.6
Twice	15	25	14	23.1
More than three	36	60	38	62.3

Source: Researcher’s own calculations using survey data 2023.

One of the tax collection performance and tax compliance challenge was the problem that real property owners evade their tax amount, then the researcher tried to cross tabulate the frequency of the tax evidence. Out of the total sampled 15 percent believed that owners evade there tax once, 25 percent believed that owners evade there tax twice and 60 percent believed that owners are evade there tax more than three times.

Out of the total sampled 52 tax auditors 14.6 percent believed that owners are under report their annual income at least once, 23.1 percent believed that owners are under report their annual income twice and 62.3 percent believed that more than three times owners are under report their annual income.

In this study the researcher tried to investigate the tax office property tax collection status. Out of the total sampled 52 tax auditors 16 (30.8 percent) believed that their property tax collection status was in medium status, 27 (51.9 percent) believed that their property tax collection status was in poor status and 9 (17.3 percent) believed that their property tax collection status was in good status. This number showed that almost half of sampled tax auditors believed that their property tax collection status was not far from medium level this impacted the national income generation performance. Based on the above listed finding out of the total respondent tax auditors 26.9 percent mentioned that they have faced the problem of property owners over valuating their property cost and 23.1 percent faced the problem of property owners under valuating their property cost.

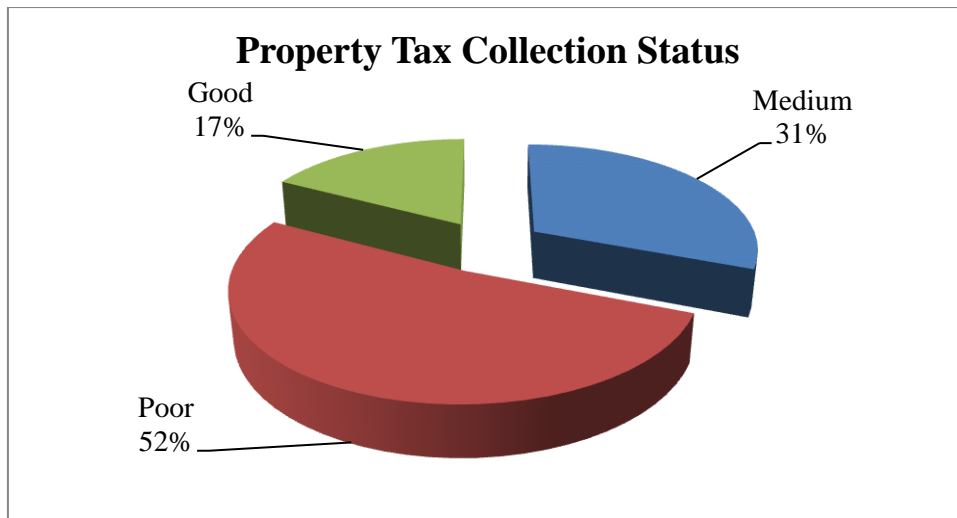


Figure 4: Property Tax Collection Status

Source: Researcher’s own calculations using survey data 2023.

According to the finding 14.2 percent tax auditors believed that the government has a tax system that is convenient for private property tax payers and the rest 85.8 percent tax auditors believed that the government has a tax system that is not convenient for private property tax payers. This result indicated that most of tax office employees never trusted the government weak system about property tax convenience.

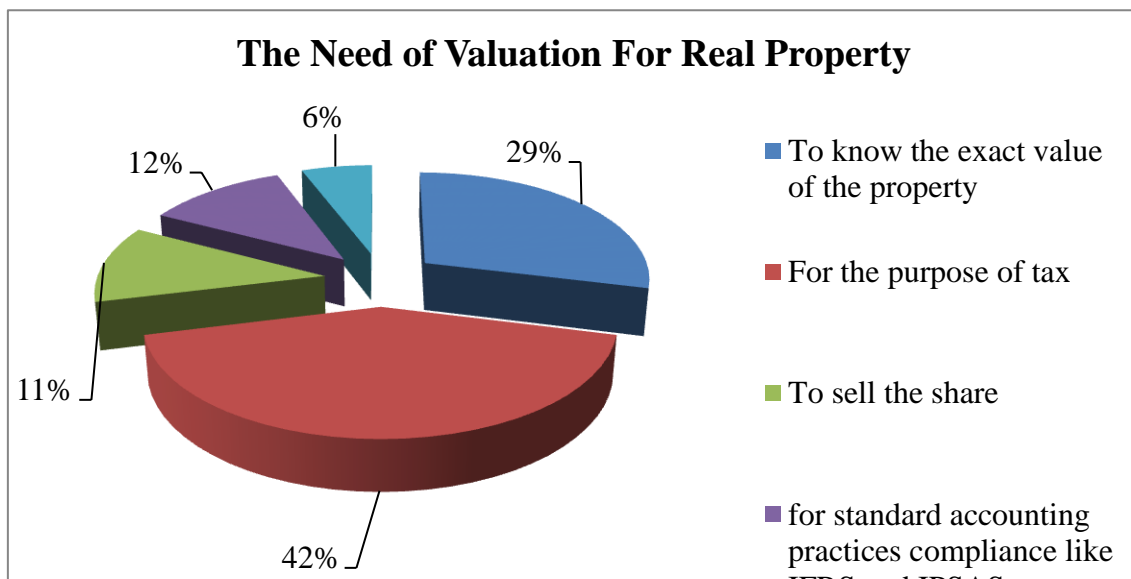


Figure 5: the need of valuation for real property

Source: Researcher’s own calculations using survey data 2023.

Out of the total respondent's response 28.8 percent tax auditors mentioned that the need of property valuation was to know the exact value of the property, 42.3 percent tax auditors mentioned that the need of property valuation was for the purpose of tax, 11.5 percent tax auditors mentioned that the need of property valuation was to sell the property and the rest 11.5 percent tax auditors mentioned that the need of property valuation was for standard accounting practices compliance like IFRS and IPSAS. Almost less than half of the tax auditors believed that the real property valuation was to know the real value of a property.

Out of the total respondent's response 17.3 percent tax auditors believed that the property owners in the Lemi Kura sub city under value their property to reduce the tax amount and 17.3 percent was under value their property considering the inflation rate.

Table 13: summary of tax auditor's perceptions

Does an owner bring actual building cost or property valuator's valuation report		
	Frequency	Percent
Yes	15	28.8
No	37	71.2
Do you think current valuator's on the industry are following a standard valuation practice for valuating a real property		
Yes	18	34.6
No	34	65.4
Do you think owners have influence on property valuation outcomes when valued by valuator's		
Yes	43	82.7
No	9	17.3
Do you think there is a relationship between property valuation and taxation		
Yes	39	75.0
No	13	25.0
Do you have a standard property value database		
Yes	31	59.6
No	21	40.4
Does inaccurate property value affect taxation base		
Yes	42	80.8
No	10	19.2

Source: Researcher's own calculations using survey data 2023

According to the following descriptive data out of the total 52 Addis Ababa city administration Lemi Kura tax office 71.2 percent tax auditors believed that property owners in the sub city do not report actual building cost during valuation report, 65.4 percent tax

auditors believed that the current valuers on the industry are not following a standard valuation practice for valuing a real property, 82.7 percent tax auditors believed that property owners have influence on property valuation outcomes when valuated by valuers, 75 percent tax auditors believed that there is a strong relationship between property valuation and taxation, 59.6 percent tax auditors believed there are standard property value data base in the sub city and majority 80.8 percent tax auditors believed that inaccurate property value affect taxation base in the sub city.

Table 14: The summary of descriptive Likert statistics of tax auditors

Descriptive Statistics	
	Mean
Property tax helps to ensure that the overall revenue collection work is done on time.	3.90
Property tax allows to independently determine the accurate property liability of the owners	3.58
Property tax requires the owners are well-informed before the commencement	4.33
Property tax allows physical verification of taxpayer's claims to confirm the facts and figure of the returns.	3.85
Property tax helps to achieve tax collection targets	3.27
Property tax valuation help owners keep accurate financial records for better future.	3.54
Government collects lot property tax money from owners.	2.35
Outcomes of property tax can change taxpayers perception towards tax compliance	3.67
Property owners feel comfortable and cooperate with property valuation.	3.12
A clear prediction of property tax is difficult to make.	3.54
Providing necessary information about purpose of property tax to owners it's important to the provision of services and utilization of tax revenues.	4.65
Generally, property Tax evasion should not be considered as a crime	2.63
Property owners should evade tax if the tax system is unfair	2.23
Educating the taxpayers can minimize tax evasion by taxpayers	4.79
Tax payers should evade property tax if the money collected from tax is wasted.	2.58
Property taxation revenue collection system is at its best.	2.48
In case of Annual Income tax Owners over value their property to evade taxation.	3.43
In case of property transaction tax Owners under value their property to evade	3.46
Property owners should be allowed to reevaluate their properties when there is lack of records on construction period.	2.73
Property owners should reevaluate their properties when there is higher inflation.	3.27
The current real Property taxation system and rate is suitable of property owners.	2.12
Property valuation companies are always biased by the owner.	3.40
There must be a property value data base to refer property values at city level to refer property values.	4.24
What do you think about the newly planned Property tax	3.35
Basis of price for taxation should be based on the market value rather than construction cost	3.40
Land administration offices should collect stamp duty tax rather than revenue authority	2.12

Source: Researcher's own calculations using survey data 2023.

The final mean result for the question which was raised for tax auditors property tax helps to ensure that the overall revenue collection work is done on time is 3.9 which means tax auditors stand about property tax helps to ensure that the overall revenue collection work is done on time is agree. The final mean result for the question which was raised for tax auditors 'property tax allows to independently determine the accurate property liability of the owners' is 3.58 which means tax auditors agrees about property tax allowing independently determine the accurate property liability of the owners.

The final mean result for the question which was raised for tax auditor's property tax requires the owners are well-informed before the commencement of the audit is 4.33 which mean tax auditors strongly agree about property tax requires the owners are well-informed before the commencement of the audit. The final mean result for the question which was raised for tax auditors property tax allowing physical verification of taxpayer's claims to confirm the facts and figure of the returns is 3.85 which means tax auditors was agree about Property tax allows physical verification of taxpayer's claims to confirm the facts and figure of the returns..

The final mean result for the question which was raised for tax auditors property tax helps to achieve tax collection targets is 3.27 which means tax auditors was medium about Property tax helps to achieve tax collection targets. The final mean result for the question which was raised for tax auditors Property tax valuation help owners keep accurate financial records for better future is 3.54 which means tax auditors agree about Property tax valuation help owners keep accurate financial records for better future.

The final mean result for the question which was raised for tax auditors government collects lot property tax income from owners is 2.35 which means tax auditors was disagree about government collects lot property tax money from owners. The final mean result for the question which was raised for tax auditors outcomes of property tax can change taxpayers perception towards tax compliance is 3.67 which means tax auditors agree about outcomes of property tax can change taxpayer's perception towards tax compliance.

The final mean result for the question which was raised for tax auditors property owners feel comfortable and cooperate with property valuation is 3.12 which means tax auditors was medium about property owners feel comfortable and cooperate with property valuation. The final mean result for the question which was raised for tax auditors have clear prediction of

property tax is difficult to make is 3.54 which means tax auditors was agree about a clear prediction of property tax is difficult to make.

The final mean result for the question which was raised for tax auditors providing necessary information about purpose of property tax to owners it's important to the provision of services and utilization of tax revenues is 4.65 which means tax auditors was strongly agree about providing necessary information about purpose of property tax to owners it's important to the provision of services and utilization of tax revenues. The final mean result for the question which was raised for tax auditors generally, property Tax evasion should not be considered as a crime is 2.63 which means tax auditors was medium about generally, property Tax evasion should not be considered as a crime.

The final mean result for the question which was raised for tax auditors Property owners should evade tax if the tax system is unfair is 2.23 which means tax auditors was disagree about property owners should evade tax if the tax system is unfair. The final mean result for the question which was raised for tax auditors educating the taxpayers and Conducting consultation session can minimize tax evasion by taxpayers is 4.79 which means tax auditors was strongly agree about educating the taxpayers and Conducting consultation session can minimize tax evasion by taxpayers.

The final mean result for the question which was raised for tax auditors tax payers should evade property tax if a large portion of the money collected from tax is wasted is 2.58 which means tax auditors was disagree about tax payers should evade property tax if a large portion of the money collected from tax is wasted. The final mean result for the question which was raised for tax auditors Property taxation revenue collection system is at its best is 2.48 which means tax auditors was disagree about Property taxation revenue collection system is at its best.

The final mean result for the question which was raised for tax auditors In case of Annual Income tax owners over value their property to evade taxation is 3.43 which means tax auditors was agree about in case of annual income tax owners over value their property to evade taxation. The final mean result for the question which was raised for tax auditors In case of property transaction tax owners under value their property to evade taxation is 3.46 which means tax auditors was agree about in case of property transaction tax owners under value their property to evade taxation.

The final mean result for the question which was raised for tax auditors property owners should be allowed to reevaluate their properties when there is lack of records on construction period is 2.73 which means tax auditors was medium about property owners should be allowed to reevaluate their properties when there is lack of records on construction period. The final mean result for the question which was raised for tax auditors property owners should reevaluate their properties when there is higher inflation is 3.27 which means tax auditors was medium about Property owners should reevaluate their properties when there is higher inflation.

The final mean result for the question which was raised for tax auditors the current real Property taxation system and rate is suitable of property owners is 2.12 which means tax auditors was disagree about The current real Property taxation system and rate is suitable of property owners. The final mean result for the question which was raised for tax auditors Property valuation companies are always biased by the owner is 3.4 which means tax auditors was medium about Property valuation companies are always biased by the owner.

The final mean result for the question which was raised for tax auditors there must be a property value data base to refer property values at city level to refer property values is 3.24 which means tax auditors was agree about there must be a property value data base to refer property values at city level to refer property values. The final mean result for the question which was raised for tax auditors the newly planned Property tax is 3.35 which means tax auditors was agree about the newly planned property tax.

The final mean result for the question which was raised for tax auditors Basis of price for taxation should be based on the market value rather than construction cost is 3.4 which means tax auditors was medium about basis of price for taxation should be based on the market value rather than construction cost. The final mean result for the question which was raised for tax auditors land administration offices should collect stamp duty tax rather than revenue authority is 2.12 which mean tax auditors were disagrees about the newly planned property tax.

The final compute mean result (computed mean 3.49) for the perception of real property tax audit employees about the property tax system and the compliance of real property owners concluded that most of tax auditors in the study area agree about the existence of tax under

report, evade and over estate expenses and they confirmed that there are a lot of challenges during property tax collection status in the study area.

4.3. Real property valuation firms

Out of the selected registered 6 real property valuation consultancy almost all consultancy firms are experienced for more than 4 years in the field of real property valuation in Ethiopia. The size of employee in consultancy may influence the accuracy of the real property valuation thus the researcher tried to evaluate the size of organization (employees) 83.3 percent firms had more than 4 concerned professional employees. But there are no awarded consultancies on their achievement of property valuation on the sector.

Out of the selected registered 6 real property valuation consultancies training on preparation of real property valuation, accountability, transparency and rule of law and about tax compliance from the federal and city administration offices. The researcher tried to evaluate the reason why property owners value their property and the schedule to make valuation and the firms responded that property owners value their property for taxation, property transaction, for collateral, for court cases and company establishment purposes.

The main purpose of property tax from the firm's perspective was discussed as following the primary purpose of property tax is Increasing Gov't (countries) revenue, equity contribution to public service, to be used for public infrastructure investment.

The real property valuation process is undertaken by the collaboration of the property owners and the consultancy professionals in order to that 50 percent of the consultancies were confirmed that the private property owners positively cooperate for the accuracy of valuation. With full of considering the owners cooperation 33.3 percent firms confirmed that the tendency of owners towards corporation was medium in addition 70 percent of the consultancy firms believed that the tendency of owners towards evading tax is high.

In addition, the consultancy firms considered that stamp duty tax system is effective in terms of collection since is collected on the spot of transaction. The firms also emphasized that the property owners under report income and over state their deductible expenses in order to that almost half of the consultancy firms confirmed that the real property owners under report income and over state their deductible expenses during valuation and tax assessment.

Based on the consultancy firms response with internal and external effects 66.7 percent firms measured their company real property valuation accuracy was good. More than half real property valuers believed that the government tax system and tax rate is not convenient for private property tax payers and stated that owners push for a higher valuation on property valuation assignments.

Table 15: The summary of descriptive Likert statistics of real property valuation firms

Descriptive Statistics	
	Mean
Do you believe cities have a property value database	4.17
I believe that the Ethiopia has fair tax policies for tax payers	2.17
Owner's records pertaining to income and expenditure for a required period of years.	1.50
The government tax compliance enforcement is very weak.	5.00
Property taxation revenue collection system is at its best.	3.50
The property tax rate is very high	4.00
Buildings should be revaluated regularly based on market price	4.17
The rate of profit tax is very high thus pushes for tax evasion.	4.17
Nobody regulates transaction fee thus is easy to manipulate on contract agreement.	4.00
Property tax should be implemented in order to get basic infrastructures	3.67
Basis of price for taxation should be based on the construction cost	4.00
In case of property transaction tax Owners under value their property to evade taxation.	4.50

Source: Researcher's own calculations using survey data 2023.

The final mean result for the question which was raised for consultancy firm the cities must have a property value database is 4.17 which means consultancy firm was mostly agree about the cities have a property value database. The final mean result for the question which was raised for consultancy firm Ethiopia has fair tax policies for tax payers is 2.17 which mean consultancy firm was disagree about Ethiopia has fair tax policies for tax payers.

The final mean result for the question which was raised for consultancy firm owner's records pertaining to income and expenditure for a required period of years is 1.5 which means consultancy firm was strongly disagree about the owner's records pertaining to income and expenditure for a required period of years. The final mean result for the question which was raised for consultancy firm government tax compliance enforcement is very weak is 5.00 which mean consultancy firm was strongly agree about government tax compliance enforcement is very weak.

The final mean result for the question which was raised for consultancy firm property taxation revenue collection system is at its best is 3.5 which means consultancy firm was agree about property taxation revenue collection system is at its best. The final mean result for the question which was raised for consultancy firm the property tax rate is very high is 4.00 which mean consultancy firm was agree about the property tax rate is very high.

The final mean result for the question which was raised for consultancy firm buildings should be revaluated regularly based on market price is 4.17 which means consultancy firm agree about buildings should be revaluated regularly based on market price. The final mean result for the question which was raised for consultancy firm the rate of profit tax is very high thus pushes for tax evasion is 4.17 which mean consultancy firm was agree about the rate of profit tax is very high thus pushes for tax evasion.

The final mean result for the question which was raised for consultancy firm about nobody regulates transaction fee thus is easy to manipulate on contract agreement is 4.00 which means consultancy firm was agree about nobody regulates transaction fee thus is easy to manipulate on contract agreement the property tax. The final mean result for the question which was raised for consultancy firm the property tax should be implemented in order to get basic infrastructures is 3.67 which mean consultancy firm was agree about the property tax should be implemented in order to get basic infrastructures.

The final mean result for the question which was raised for consultancy firm about basis of price for taxation should be based on the construction cost is 4.00 which means consultancy firm was agree about basis of price for taxation should be based on the construction cost. The final mean result for the question which was raised for consultancy firm the property transaction tax Owners under valuate their property to evade taxation is 4.5 which mean consultancy firm was strongly agree about the property transaction tax owners under valuate their property to evade taxation.

The final compute mean result (computed mean 4.29) for the perception of real property valuation companies about the property tax system and the compliance of real property owners concluded that most of tax auditors cooperative for property valuation but evade and undervalued was the problem and the government tax system was not convenient to address the real property actual tax rates in in the study area.

4.4. Property owner's perspective on property valuation

Out of the sampled 196 private property owners in Lemi Kura sub city administration 45 respondents (23 percent owners properties are service sector), 26 respondents (13.3 percent owners properties are residence homes), 28 respondents (14.3 percent owners properties are rental buildings), 462 respondents (31.6 percent owners properties are hotel, cafe and restaurant) and the rest 33 (16.8 percent owners properties are categorized in different sectors).

Based on the descriptive demographic data 56.6 percent private property owners in the case study area was under college diploma education level, 10.7 percent property owners belongs those properties less than one year, 19.9 percent are holding their property between 1 to 3 years, 41.8 percent are holding their property between 4 to 6 years and the rest 27.6 percent sampled property owners are stayed with their property more than 7 years. This result indicated that the new business owners were emerging in the sub cities.

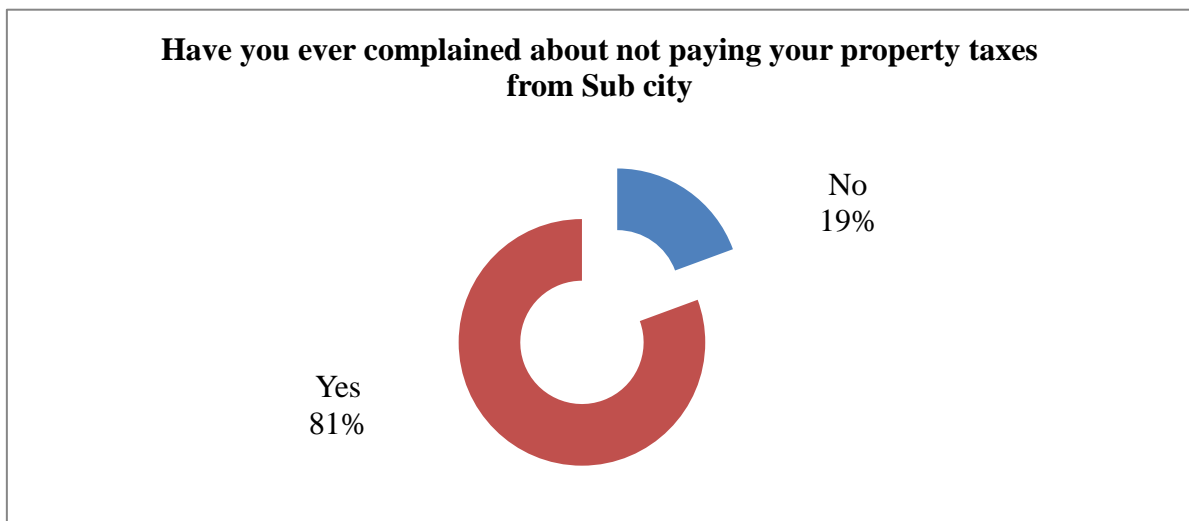


Figure 6: Complained about property tax

Source: Researcher’s own calculations using survey data 2023.

Based on the finding 10.7 percent private property owners have paid some sort of property tax for the following one year, 19.9 percent private property owners have paid some sort of property tax for the following three years, 41.8 percent private property owners have paid some sort of property tax for the last six years and 27.6 percent private property owners have paid some sort of property tax for the more than seven years.

Majority 81 percent private property owners have complains about paying property tax from the sub city tax office. This all indicated that there is a problem in property tax collection

practice. According to the property owners response 82.7 percent private property owners in the Lemi Kura sub city have complains about the property tax in the area. In addition 81.3 percent of real property owners have no complains on property valuation consultancy companies’.

The issues of tax compliance are significantly affected by the awareness of the tax payers. Aimed at this the researcher examined if the private property owners in the sub city have attended any special training about property tax 74.5 percent private property owners have confirmed that they haven’t received any training or orientation on concept about property tax valuation, about tax rate selection techniques and about tax compliance.

In addition to the above analysis 50 percent of sampled private property owners responded that the primary purpose of property tax is to achieve tax revenue collection targets set, 26.5percent of sampled private property owners were considered that the primary purpose of property tax is to improve city revenue and bring development and the remaining 23.5 percent respondents believed that both reasons are tangible. This finding showed that all sampled private property owners are perplexedly defined the main reason of paying tax.

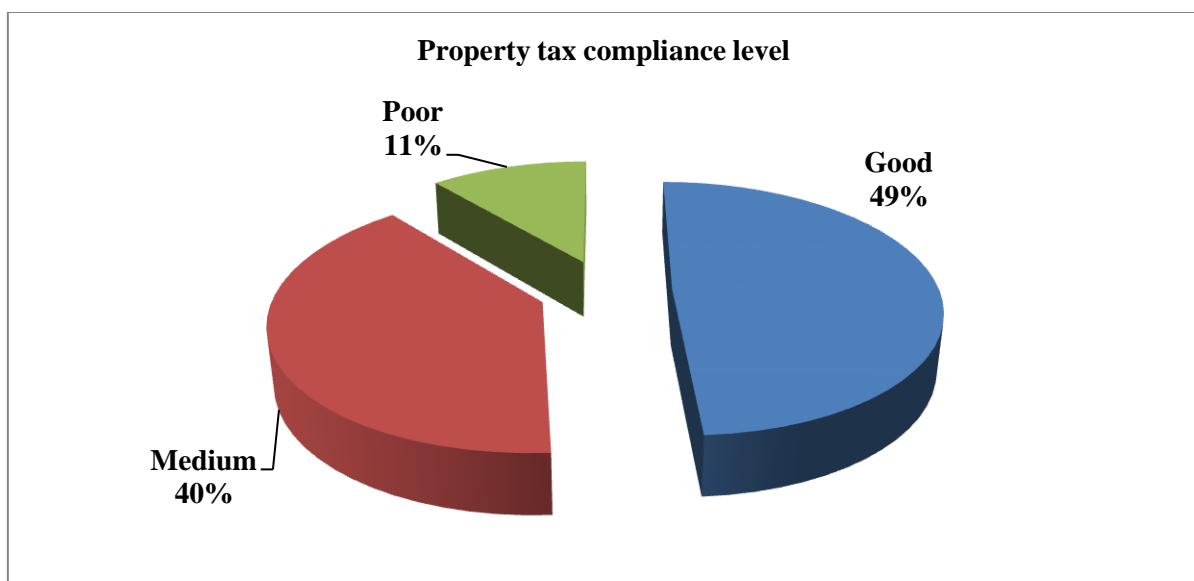


Figure 7: Complained about property tax

Source: Researcher’s own calculations using survey data 2023.

According to the above figure out of the total sampled private property owners 49 percent owners classified themselves as a good property tax payer, 39.8 percent owners was

classified themselves as a medium level tax compliance and the rest 11.2 percent private property owners believed that they are in poor status of tax compliance.

One of the reasons that owners reevaluate their property is due to the improper documentation of costs on the construction period which leads to ambiguous total building cost thus the researcher examined the private property owners documentation system on construction phase 62 percent responded they haven't recorded their cost regularly and 62.2 percent private property owners have revaluated their property.

The basic reason for valuation the private property was 9.2 percent to know the exact value of the property, 61.2 percent for the purpose of taxation, and 8.2 percent for standard accounting practices compliance like IFRS and IPSAS and the rest was for the collateral and sell the property. Have of property owners been penalized about some kind of tax issues.

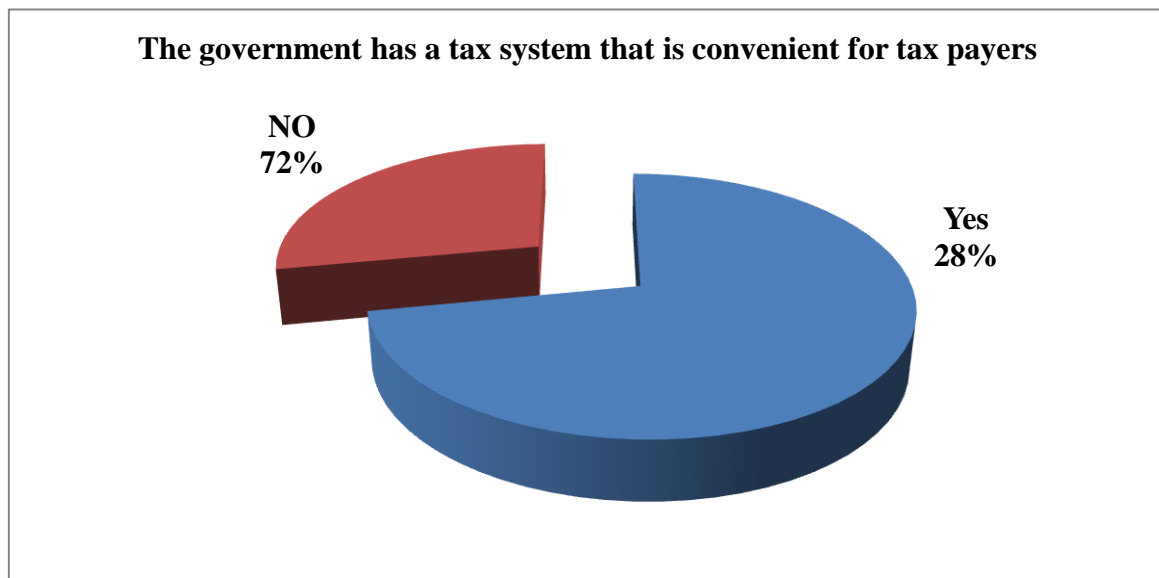


Figure 8: the government has a tax system that is convenient for tax payers

Source: Researcher's own calculations using survey data 2023.

Out of the total 196 property owners 28 percent was believed that the government has a tax system that is convenient for tax payers but 72 percent private property owners in sampled sub city considered the government has a tax system that is not convenient for tax payers. This result was consistent with consultancy firms and tax auditors.

Table 16: The summary of descriptive Likert statistics of private property owners

Descriptive Statistics	
	Mean
I believe that the Ethiopia has fair tax policies for tax payers	2.33
I was pay my debts and basic needs first rather than property tax	3.47
I know how to keep records/documents pertaining to income and expenditure	2.33
I know how to declare actual income received from all sources to the tax authority	2.85
By paying right amount of tax, I believe that other people was get the benefit	3.24
There are a number of government services, facilities and infrastructure	2.24
The penalty rates are very low and I can afford to pay the penalty	3.34
The government tax compliance enforcement is very weak.	3.66
Property taxation revenue collection system is at its best.	2.17
The current value of my building is higher thus I have to reevaluate in order to get a lower tax	3.55
The rate of profit tax is very high thus pushes for tax evasion.	3.66
Nobody regulates transaction fee thus is easy to manipulate on contract agreement.	3.40
Property tax should be implemented in order to get infrastructure around my property	2.90
Basis of price for taxation should be based on the market value rather than construction cost	3.31
In case of property transaction tax Owners under value their property to evade taxation.	4.85
Property owners should be allowed to reevaluate their properties when there is lack of records	4.51
I believe the government was not waste taxpayer money improperly	2.54
Property owners should reevaluate their properties when there is higher inflation.	2.97
Property valuation companies are always biased by the owner.	3.15
The current real Property taxation system and rate is suitable of property owners.	2.45

Source: Researcher's own calculations using survey data 2023.

The final mean result for the question which was raised for private property owners about disagrees about Ethiopia has fair tax policies for tax payers. The final mean result for the question which was raised for owners about pay debts and basic needs first rather than property tax is 3.47 which means private property owners agree about they pay debts and basic needs first rather than property tax.

The final mean result for the question which was raised for owners about keep records/documents pertaining to income and expenditure is 2.33 which means private property owners was disagree about they keep records/documents pertaining to income and expenditure. The final mean result for the question which was raised for private property owners about know how to declare actual income received from all sources to the tax

authority is 2.85 which means private property owners disagree about owners know how to declare actual income received from all sources to the tax authority.

The final mean result for the question which was raised for owners about by paying right amount of tax, they believe that other people was get the benefit is 3.24 which means owners was medium about by paying right amount of tax, they believe that other people was get the benefit. The final mean result for the question which was raised for private property owners about there are a number of government services, facilities and infrastructure is 2.24 which means private property owners disagree about there are a number of government services, facilities and infrastructure.

The final mean result for the question which was raised for private property owners about the penalty rates are very low and they can afford to pay the penalty is 3.34 which means private property owners was medium about the penalty rates are very low and they can afford to pay the penalty. The final mean result for the question which was raised for private property owners about the government tax compliance enforcement is very weak is 3.66 which means private property owners agree about the government tax compliance enforcement is very weak.

The final mean result for the question which was raised for private property owners about property taxation revenue collection system is at its best is 2.17 which means private property owners was disagree about property taxation revenue collection system is at its best. The final mean result for the question which was raised for private property owners about the current value of my building is higher thus they have to reevaluate in order to get a lower tax is 3.55 which means private property owners agree about the current value of my building is higher thus they have to reevaluate in order to get a lower tax.

The final mean result for the question which was raised for private property owners about the rate of profit tax is very high thus pushes for tax evasion.is 3.66 which means private property owners agree about the rate of profit tax is very high thus pushes for tax evasion.. The final mean result for the question which was raised for private property owners about nobody regulates transaction fee thus is easy to manipulate on contract agreement is 3.4 which means private property owners was medium about nobody regulates transaction fee thus is easy to manipulate on contract agreement.

The final mean result for the question which was raised for private property owners about property tax should be implemented in order to get infrastructure around my property is 2.9 which means private property owners were medium about property tax should be implemented in order to get infrastructure around my property. The final mean result for the question which was raised for private property owners about Basis of price for taxation should be based on the market value rather than construction cost is 3.31 which means private property owners was medium about basis of price for taxation should be based on the market value rather than construction cost.

The final mean result for the question which was raised for private property owners about in case of property transaction tax Owners under value their property to evade taxation is 4.85 which means private property owners strongly agree about in case of property transaction tax Owners under value their property to evade taxation. The final mean result for the question which was raised for private property owners about property owners should be allowed to reevaluate their properties when there is lack of records is 4.51 which means private property owners strongly agree about property owners should be allowed to reevaluate their properties when there is lack of records.

The final mean result for the question which was raised for private property owners about they believe the government was not waste taxpayer money improperly is 2.54 which means private property owners was disagree about they believe the government was not waste taxpayer money improperly. The final mean result for the question which was raised for private property owners about property owners should reevaluate their properties when there is higher inflation is 2.97 which means private property owners was medium about property owners should reevaluate their properties when there is higher inflation.

The final mean result for the question which was raised for owners about property valuation companies are always biased by the owner is 3.15 which means private property owners was medium about property valuation companies are mostly biased by the owner. The final mean result for the question which was raised for private property owners about the current real Property taxation system and rate is suitable of property owners is 2.45 which means owners disagree about the current real property taxation system and rate is suitable of property owners.

The final compute mean result (3.34) on the perception of real property owners about the property tax system concluded that most of real property owners in the study area agree about the existence of poor property taxation system, regulation, taxation process and system about real property are not convenient for the tax payers/real property owners and they confirmed that there are a lot of challenges during property valuation and taxation procedure in the study area.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

This thesis is aimed to assess the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration. This paper moderately tried to examine the tax auditors, property valuation consultancy firms and private property owner's perspective on the property tax collection system, compliance, challenges and other issues. In this thesis, the actual data was collected from 52 Lemi Kura sub city administration revenue office tax audit staffs, 6 real property valuation consultancy firms and 196 Lemi Kura sub city administration private property owners'. Descriptive statistics such as frequency distribution, and percentage were used to analyze demographic and socio-economic data as they relate to the auditors, consultancy and private property owners on property valuation and tax compliance concern. The study conducted a mean analysis in SPSS software version 26, which calculated the Likert data. The data was collected through close-ended questionnaires (from February 07 up to 17 for two weeks) on a cross-sectional data.

According to the descriptive finding the required knowledge and skill to assess tax and the required capacity is present on the tax audit office bureau on the study area but rather a computerized and organized tax assessment and collection system is lacking and a bureaucratic tedious system is observed by the tax payers which is crooked for compliance. In addition the practice of tax auditing is done on long term interval bases which make it unbearable for quick correction of faults and malpractices.

Sufficient orientation and trainings on the importance of property tax and the system of property taxation hasn't been delivered for private property owners and for other stakeholders in the industry. Thus there is a huge consciousness hole on the importance and application of tax revenue. Also there is a wide awareness gap on the property tax assessment system and mechanisms, deductible expenses on taxable income, annual income calculations etc. in case of annual income tax.

The finding showed that there is a high relationship between property valuation and taxation on each schemes of property taxes. In addition the researcher has learnt that all the respondents have the understanding on the impacts of one on the other.

The descriptive finding stated that owners have a high tendency to over value their deductible expenses and over value their building value which will in turn maximize the depreciation cost and curtails annual collectable tax incomes in case of annual income tax.

Since no regulatory body is present on the spot of contract agreement, private property owners almost always deliberately and incorrectly reduce transaction costs from the true transaction cost on their contract agreement to minimize collectable stamp duty taxes during property transaction.

Owners have a poor record of financial documents during the construction period which led to an unknown or ambiguous building historical cost due to engaging themselves on the construction and procurement, unrecorded financial payments and procurements, prolonged construction period and other factors.

The descriptive assessment have shown that owners have high tendency toward evading taxes due to weak knowledge and awareness on the importance of tax, fail to observe the immediate effect of the collected tax, high tax rates, lack of presumed innocence during assessment, ease of manipulating the system and hardship of compliance due to the system .

As stated Private property owners always push for a higher valuation of their property during property valuation assessment and the researcher have found that there is cooperation from private property valuation firms in order to satisfy the client, property valuation companies overstate building valuation figures deviating from standard industry practices. This mainly happens due to lack of standardized working procedures and guidelines on the industry and in the country, poor regulatory body supervision, lack of property value database to refer from and due to the infancy stage of the property management sector.

According to the respondents, there is a problem that Property valuation doesn't met the actual cost rather a magnified values is generated from property valuation firms this shows that there is a problem on the value assessment system and techniques and also no standard valuation technique and practice is existent.

The existing real property the property tax income in the country is almost negligible which in turn aching the country's economy is by making it loss a significant income from the sector.

In general, the researcher has examined that property taxation system is highly dependent on property valuation outcomes almost every part of property tax collection process but since the sector is at the infancy stage the problems and the gaps on the property valuation practices has significantly casted the shadows on the property tax collection system and tax revenue in general.

As stated on the literature review many countries have been and still are significantly benefiting from the income of property tax sector and it has been significantly supporting their GDP constantly throughout the times. The researcher have found that Ethiopia is not fully utilizing the sectors benefit due to the tax assessment and compliance system problems, property registrar and value data base problem, property valuation accuracy problems, awareness creation problem, allocation of resources and investment problem, early stages of the property valuation and management sector, poor regulation and administration problem. Thus the researcher has below recommend the following solution in order to tackle the above listed problems.

5.2. Recommendation

1. According to the study the required knowledge and skill to asses tax and the required capacity is present on the tax audit office bureau on the study area but rather a computerized and organized tax assessment and collection system is lacking. Which have created a tax compliance problem. Thus a systematized, computerized and suitable system must be established in order to smoothly collect the required property tax from the sector.

In addition tax auditing should be done on short interval time periods on order to correct promptly correct mismanagements and mistakes on property tax declaration process.

2. The study indicated that there is a huge awareness gap on the process of declaration, collection and importance of real property tax. Thus the researcher recommended that proper orientation about tax declaration process starting from construction period, about the collection and rate of property tax and a brief orientation on the importance of tax should be given. In addition basic infrastructures and public investment should be delivered on area of high taxable income areas to motivate tax payers.
3. Property taxation and property valuation are two faces of one coin one cannot exist without the other thus the government should give special focus to property valuation sector, organize a property valuation database on cities, train and deploy property

valuation professionals to properly supervise and control the sector to bring a reliable value of real properties which in turn significantly produces an accurate and targeted tax income from the sector. Thus the property tax collector authority should have to critical evaluate tax auditors, private property owners and real property valuers on their performance on property valuation and taxation.

4. In case of annual tax the tax audit bureaus should properly follow annual incomes and annual expenditures on the site and must generate a reliable market database in order to compare data's presented from private property owners, since owners have a high tendency of evading tax.
5. In case of stamp duty tax the Bureau should have a property value data base of property values and reliable historic record on property transaction statistics in order to reject crooked contract agreement amounts presented by marketers which will in turn maximize the taxable amount which is dependent on the property transaction fee.
6. One of the reasons owners go for property valuation and push for a property cost is the unknown and ambiguity of property values from historical records or from on construction period costs. The existing practice is that most owners execute construction works on traditional ways without keeping invoices of expenses by directly hiring professionals this in turn produces unknown or ambiguous construction costs. In addition the prolonged period of construction which is uneven (on –off) construction progress which leads also to ambiguous construction costs. Thus owners should be informed that they have to follow a standard practice of financial transaction during construction period and also they should be trained on how to keep record of invoice documents during construction period, which will be used as a base for tax assessment on depreciation values.
7. Owners should be well trained and be educated on the importance of tax and the government should properly elaborate and exhibit the immediate benefits of tax through
 - Providing substantial infrastructure development on highly taxable areas,
 - Deploying fair tax rates based on income and expenditure;
 - Motivating tax payers by providing a convenient and standard service;
 - Continuous on site supervision and control ;
 - By treating tax payers the right way and by respecting their rights and also the government should have to create awareness about the benefit of real property tax and what will be the consequences of non-compliance produces on the country social, political and economic problems.

8. The lack of standardized working procedures and guidelines on property valuation sector on the study area, poor regulatory body supervision, lack of property value database to refer from and due to the infancy stage of the property management sector should be properly addressed since the sector is backbone to a cities property marketing system. In addition well trained officials on property marketing, valuation and property management fields should be deployed on tax collection offices who can address the challenges and solve issues related to property valuation and property transactions.
9. No standard property value assessment system and techniques is present and also no standard valuation technique and practice guideline and law is existent. Thus the government should give a focus to the industry
10. The late introduction of real property tax by the newly drafted FDRE Real Property Tax Proclamation (Draft) is very good start and a big milestone for the tax industry which significantly upturns the property tax that will be collected from the industry and it will have significant impact on the country's economy.

5.3. Further Investigations

The researcher has found that there are no adequate (almost negligible) researchers and studies on real property taxation and real property valuation thus recommended that that further investigation is needed on real property taxation and property valuation on the following themes:

- Property valuation sector and property valuation profession
- Real property tax challenges and solutions
- Real property management and transaction (market)
- The Perception of the owner towards Real Property Tax

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Appendix -1

Addis Ababa University

School of Commerce

Graduate Program (M.Sc.) In Project Management

The Structured Questionnaire for Lemi-Kura Sub-City Administration Revenue Office Tax Auditors

Introduction to the respondent:

This questionnaire is design by a postgraduate Student Tamrat Afework' in the department of Project Management, Addis Ababa university to collect require primary data so as to undertake a study entitled as 'assess the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration in 2022/2003. Your responses were being kept confidential because the research is doing only for the academic purpose and have a great deal of importance increasing the accuracy and reliability of the study so as to draw policy recommendations.

Tamrat Afework

Mobile: + 251 91 304 3110

Thanks a lot!

NB. Circle the relevant option and fill the specific information

Section I

Background Information

1. Age 1= 18 - 30year 2= 31- 40year 3 = 41- 50year 4 = > 51year

2. Sex 1 = female 2= male

3. Marital status 1 = single 2 = married

4. Educational level?

1 = Diploma 2 = BSc/BA 3 = MSc/MA and above 4 = Others

5. Field of Study

1= Accounting 2= Economics 3= Finance 4= Management 5=Other,

6. Position

1= Tax Audit Manager 2= Tax Audit team leader 3=Tax Auditor 4= other.....

7. Work Experience

1= less than 1 year 2= 1-3years 3 = 4- 6years 4 = > 7years

8. Did you have any property tax audit experience before you joined the AACAR office?

1= Yes 2= No

If your answer is yes for the above question, how long did you work in property tax auditor position?

1= less than 1 year 2= 1-3 years 3 = 4- 6 years 4 = > 7years

9. How long did you work with your current job occupation in the property tax audit department?

1= less than 1 year 2= 1-3years 3 = 4- 6years 4 = > 7years

10. Did you attend any special training? 1= Yes 2= No

If your answer is yes for the above question, which type of training has been taken?

1= Preparation of property tax audit findings 2= Audit selection techniques
3= Computer-assisted tax audit techniques 4= Other 5= More than one of the above

11. How frequently do property tax auditors audit property owner taxpayers?

1= once a year 2= once within two years
3= once within three years 4= once within five years 5= other

12. What do you think about the primary purpose of property tax is to;

1= to achieve the city administration tax revenue collection targets set;
2= to improve the general taxpayers compliance levels.
3= All of the above 4= others please specify.....

13. Which kind of property tax system is better for tax compliance?

1= Stamp duty tax, 2= Annual income tax 3= Property tax 4= other

14. How frequently do you think property owners evade taxes.....?

1= once 2= twice 3= more than 3 times 4= Never

15. Which kind of property tax valuation system is cost effective?

1= Stamp duty tax, 2= Annual income tax 3= Property tax 4= other

16. How frequently do you think property owners under report their income?

1= once 2= twice 3= more than 3 times 4= others

17. How frequently do you think property owners over state their deductible expenses?

1= once 2= twice 3= more than 3 times 4= others

18. What is your office property tax collection status?

1= Good 2= Medium 3= Poor 4= Other

19. Do you think the government has a tax system that is convenient for private property tax payers?

1= Yes 2= No

20. What problems do you face in property tax collections?

1. Property owners over value their property cost
2. Property owners under value their property cost
3. All
4. Others

21. How frequent does valuation meet actual building cost in your assessment or experience?

1. Poor 2. Medium 3. Good 4. Others

22. What's the need of valuation for real property?

1. To know the exact value of the property
2. For the purpose of tax
3. To sell the share
4. for standard accounting practices compliance like IFRS and IPSAS
5. Others

23. Why do owners value their property?

1. To know the exact value of the property
2. For the purpose of tax

3. To sell the share
4. for standard accounting practices compliance like IFRS and IPSAS
5. Others

24. Why do Owners/Property Valuers over value their property cost?

1. To reduce the tax amount
2. Valuation approach methodology
3. Considering the inflation rate
4. To raise the depreciation rate
5. Others

25. Why do owners under value their property cost?

1. To reduce the tax amount
2. Considering the inflation rate
3. To raise the depreciation rate
4. Others

26. Does an owner bring actual building cost or property valuers valuation report?

1. Yes
2. No

27. Do you think current valuers on the industry are following a standard valuation practice for valuing a real property?

1. Yes
2. No

28. Do you think owners have influence on property valuation outcomes when valued by valuers?

1. Yes
2. No

Section II

There are five options: From strongly agree to strongly disagree. Please, kindly tick as appropriate to you.

N.	Activates	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	Property tax helps to ensure that the overall revenue collection work is done on time.					
2	property tax allows to independently determine the accurate property liability of the owners					
3	Property tax requires the owners are well-informed before the commencement of the audit.					
4	Property tax allows physical verification of taxpayer's claims to confirm the facts and figure of the returns.					
5	Property tax helps to achieve tax collection targets					
6	Property tax valuation help owners keep accurate financial records for better future.					
7	Government collects lot property tax money from owners.					
8	Outcomes of property tax can change taxpayers perception towards tax compliance					
9	Property owners feel comfortable and cooperate with property valuation.					
10	A clear prediction of property tax is difficult to make.					
11	Providing necessary information about purpose of property tax to owners it's important to the provision of services and utilization of tax revenues.					
12	Generally, property Tax evasion should not be considered as a crime					
13	Property owners should evade tax if the tax system is unfair					
14	Educating the taxpayers and Conducting consultation session can minimize tax evasion by taxpayers					
15	Tax payers should evade property tax if a large portion of the money collected from tax is wasted.					

16	Property taxation revenue collection system is at its best.					
17	In case of Annual Income tax Owners over value their property to evade taxation.					
18	In case of property transaction tax Owners under value their property to evade taxation.					
19	Property owners should be allowed to reevaluate their properties when there is lack of records on construction period.					
20	Property owners should reevaluate their properties when there is higher inflation.					
21	The current real Property taxation system and rate is suitable of property owners.					
22	Property valuation companies are always biased by the owner.					
23	There must be a property value data base to refer property values at city level to refer property values.					
24	What do you think about the newly planned Property tax					
25	Basis of price for taxation should be based on the market value rather than construction cost					
26	Land administration offices should collect stamp duty tax rather than revenue authority					

Thank you for your response!

Appendix -2

Addis Ababa University

School of Commerce

Graduate Program (M.Sc.) In Project Management

The Structured Questionnaire for Addis Ababa City Administration Private Property Owners

Introduction to the respondent:

This questionnaire is design by a postgraduate Student Tamrat Afework' in the department of Project Management, Addis Ababa university to collect require primary data so as to undertake a study entitled as 'assess the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration in 2022/2003. Your responses were being kept confidential because the research is doing only for the academic purpose and have a great deal of importance increasing the accuracy and reliability of the study so as to draw policy recommendations.

Tamrat Afework

Mobile: + 251 91 304 3110

Thanks a lot!

NB. Circle the relevant option and fill the specific information

Section I

Background Information

1. Age 1= 18-30year 2= 31-40year 3 = 41- 50year 4 = > 51year

2. Sex 1 = female 2= male

3. Marital status 1 = single 2 = married

4. Educational level?

1 = Illiterate 2=primary school 3= secondary school

4= Diploma 5 = BSc/BA 6 = MSc/MA and above

5. Field of business.....

6. Business Experience

1= less than 1 year 2= 1-3 years 3 = 4- 6years 4 = > 7years

7. Have you ever complained about not paying your property taxes from Sub city administration revenue office?

1= Yes 2= No

8. Did you have any complain about real property valuation consultancy companies?

1= Yes 2= No

If your answer is yes what was it.....?

9. How long did you pay your property tax in Addis Ababa city administration?

1= less than 1 year 2= 1-3years 3 = 4- 6years 4 = > 7years

10. Did you attend any special training or meeting about property tax?

1= Yes 2= No

If your answer is yes for the above question, which type of training/Meeting has been taken?

1= Concepts about property tax valuation

2= About Tax rate selection techniques

3= about tax compliance

4= Other

11. How frequently do you think city administration audit taxpayers?

1= once a year

2= once within two years

3= once within three years

4= once within four years

5= other

12. What do you think about the primary purpose of property tax is to;

1=to achieve city tax revenue collection targets set;

2=to improve the general taxpayers compliance levels.

3= to improve city revenue and bring development

3= All of the above

4= others please specify.....

13. Which kind of tax audit is better for tax compliance?

1= Stamp duty tax,

2= Annual income tax

3= Property tax

4= Other

14. Which kind of tax is effective for tax payers?

1= Stamp duty tax,

2= Annual income tax

3= Property tax

4= Other

15. What is your property tax compliance level?

1= Good

2= Medium

3= Poor

4= Other

16. Have you properly documented your construction period cost?

1=Yes

2= No

17. Have you reevaluated your property?

1=Yes

2= No

If YES why

1. To know the exact value of the property

2. For the purpose of tax

3. To sell the property

4. for standard accounting practices compliance like IFRS and IPSAS

5. Others

16. How frequently do you think taxpayers (owners) under report their income?

1= Once

2= Twice

3= More Than 3 Times

4= Others

17. Do you think taxpayers (owners) over state their deductible expenses?

1= Once

2= Twice

3= More Than 3 Times

4= Others

18. Have you experience of tax penalty?

1= Yes

2= No

If your answer is yes, how many time

1= Once

2= Twice

3= More Than 3 Times

4= Other

19. What is the level of your company to pay tax?

1= Good

2= Medium

3= Poor

4= Other

20. Do you think the government has a tax system that is convenient for tax payers?

1= Yes

2= No

Section II

There are five options: From strongly agree to strongly disagree. Please, kindly tick as appropriate to you.

No	Activates	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	I believe that the Ethiopia has fair tax policies for tax payers					
2	I was pay my debts and basic needs first rather than property tax					
3	I know how to keep records/documents pertaining to income and expenditure for a required period of years.					
4	I know how to declare actual income received from all sources to the tax authority					
5	By paying right amount of tax, I believe that other people especially the poor was get the benefit					
6	There are a number of government services, facilities and infrastructure for which I am very thankful					
7	The penalty rates are very low and I can afford to pay the penalty					
8	The government tax compliance enforcement is very weak. So, I have the opportunity to report under income					
9	Property taxation revenue collection system is at its best.					
10	The property tax rate is very high thus significantly affects my income					
11	The current value of my building is higher thus I have to reevaluate in order to get a lower tax					
12	The rate of profit tax is very high thus pushes for tax evasion.					
13	No body regulates transaction fee thus is easy to manipulate on contract agreement.					
14	Property tax should be implemented in order to get infrastructure around my property					
15	Basis of price for taxation should be based on the market value rather than					

	construction cost					
16	In case of property transaction tax Owners under value their property to evade taxation.					
17	Property owners should be allowed to reevaluate their properties when there is lack of records on construction period.					
18	I believe the government was not waste taxpayer money improperly					
19	Property owners should reevaluate their properties when there is higher inflation.					
20	Property valuation companies are always biased by the owner.					
21	The current real Property taxation system and rate is suitable of property owners.					

Appendix -3

Addis Ababa University

School of Commerce

Graduate Program (M.Sc.) In Project Management

The Structured Questionnaire For real property valuation consultancy companies

Introduction to the respondent:

This questionnaire is design by a postgraduate Student Tamrat Afework' in the department of Project Management, Addis Ababa university to collect require primary data so as to undertake a study entitled as 'assess the real property valuation practice and taxation in Addis Ababa: The Case of Lemi Kura Sub city Administration in 2022/2003. Your responses were being kept confidential because the research is doing only for the academic purpose and have a great deal of importance increasing the accuracy and reliability of the study so as to draw policy recommendations.

Tamrat Afework

Mobile: + 251 91 304 3110

Thanks a lot!

NB. Circle the relevant option and fill the specific information

Section I

Background Information

1. Work Experience in property valuation?

1= less than 1 year 2= 1-3years 3 = 4- 6years 4 = > 7years

2. Number of employees?

1= less than 3 2= 4-7 3 = 8- 10 4 = > 10

3. How long did you work with real property valuation sector?

1= less than 1 year 2= 1-3years 3 = 4- 6years 4 = > 7years

4. Is there any award/certificate your company have?

1= Yes 2= No

If your answer is yes for the above question, what type

5. Did you attend any special training? 1= Yes 2= No

If your answer is yes for the above question, which type of training has been taken?

1= Preparation of real property valuation

2= Accountability, transparency and rule of law

3= about tax compliance

4= Other

6. Why do you think property owners value there property?

.....

7. What do you think about the primary purpose of property tax is to;

.....

8. How do you evaluate the cooperation of owners during property valuation accuracy?

1= Good 2= Medium 3= Poor 4= Other

9. What's the tendency of owners towards evading taxes?

1= Low 2= medium 3= high 4= very high

10. Which kind of property tax valuation system is effective?

1= Stamp duty tax,
2= Annual income tax
3= Property tax
4= Other

11. How frequently do you think property owners under report their income?

1= once 2= twice 3= more than 3 times 4= others

12. How frequently do you think property owners over state their deductible expenses?

1= once 2= twice 3= more than 3 times 4= others

13. What is your office real property valuation experience?

1= Good 2= Medium 3= Poor 4= Other

14. Do you think the government has a tax system that is convenient for private property tax payers?

1= Yes 2= No

14. Do you think the government has a tax rate is convenient for private property tax payers?

1= Yes 2= No

15. Do owners push for a higher valuation on property valuation assignments?

1= Yes 2= No

If yes why?

16. What are the problems you face in the sector?

.....

16. Do you believe cities must have a property value database? Why?

.....

Section II

There are five options: From strongly agree to strongly disagree. Please, kindly tick as appropriate to you.

No	Activates	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	I believe that the Ethiopia has fair tax policies for tax payers					
2	Owners records/documents pertaining to income and expenditure for a required period of years.					
3	I know how to declare actual income received from all sources to the tax authority					
8	The government tax compliance enforcement is very weak. So, I have the opportunity to report under income					
9	Property taxation revenue collection system is at its best.					
10	The property tax rate is very high					
11	Buildings should be revaluated regularly based on market price					
12	The rate of profit tax is very high thus pushes for tax evasion.					
13	No body regulates transaction fee thus is easy to manipulate on contract agreement.					
14	Property tax should be implemented in order to get basic infrastructures					
15	Basis of price for taxation should be based on the market value rather than construction cost					
16	In case of property transaction tax Owners under value their property to evade taxation.					
17	Property owners should be allowed to reevaluate their properties when there is lack of records on construction period.					
19	Property owners should reevaluate their properties when there is higher inflation.					
20	There is a chance that Property valuation companies are biased by the owner.					
21	The current real Property taxation system and rate is suitable of property owners.					

Table: Descriptive Statistics of tax auditors

Descriptive Statistics of tax auditors					
	N	M in	Max	Mean	SD
age	52	1	4	2.52	1.038
gender	52	1	2	1.71	.457
marital status	52	1	2	1.62	.491
education level	52	1	6	3.21	1.258
field of study	52	1	5	3.21	1.460
position	52	1	4	2.90	.975
work experience	52	1	2	1.83	.382
Did you have any property tax audit experience before you joined the AACAR office	52	1	2	1.17	.382
How long did you work with your current job occupation in the property tax audit department	52	1	4	2.90	.975
Did you attend any special training	52	1	2	1.27	.448
If your answer is yes for the above question, which type of training has been taken	39	1	4	2.59	1.093
How frequently do property tax auditors audit property owner taxpayers	52	1	5	3.33	1.115
What do you think about the primary purpose of property tax is to	52	1	3	1.71	.800
Which kind of property tax system is better for tax compliance	52	1	4	2.54	1.244
How frequently do you think property owners evade taxes	52	1	4	2.17	1.324
Which kind of property tax valuation system is cost effective	52	1	4	2.25	1.100
How frequently do you think property owners under report their income	52	1	4	2.37	.971
How frequently do you think property owners over state their deductible expenses	52	1	2	1.40	.495
What is your office property tax collection status	52	1	3	1.87	.687
Do you think the government has a tax system that is convenient for private property tax payers?	52	1	2	1.56	.502
What problems do you face in property tax collections	52	1	4	2.27	.910
How frequent does valuation met actual building cost in your assessment or experience	52	1	3	2.19	.841
What's the need of valuation for real property	52	1	5	2.23	1.165
Why do owners value their property	52	1	5	2.77	1.323
Why do Owners/Property Valuers over value their property cost	52	1	5	3.19	1.560
Why do owners under value their property cost	52	1	5	2.98	1.540
Does an owner bring actual building cost or property	52	1	2	1.71	.457

valuators valuation report					
Do you think current valuers on the industry are following a standard valuation practice for valuating a real property	52	1	2	1.65	.480
Do you think owners have influence on property valuation outcomes when valuated by valuers	52	1	2	1.17	.382
Do you think there is a relationship between property valuation and taxation	52	1	2	1.25	.437
Do you have a standard property value database	52	1	2	1.40	.495
Does inaccurate property value affect taxation base	52	1	2	1.19	.398
Property tax helps to ensure that the overall revenue collection work is done on time.	52	1	5	3.90	1.361
property tax allows to independently determine the accurate property liability of the owners	52	1	5	3.58	1.321
Property tax requires the owners are well-informed before the commencement of the audit.	52	1	5	4.33	1.248
Property tax allows physical verification of taxpayer's claims to confirm the facts and figure of the returns.	52	1	5	3.85	1.349
Property tax helps to achieve tax collection targets	52	1	5	3.27	1.285
Property tax valuation help owners keep accurate financial records for better future.	52	1	5	3.54	1.290
Government collects lot property tax money from owners.	52	1	5	2.35	1.282
Outcomes of property tax can change taxpayers perception towards tax compliance	52	1	5	3.67	1.248
Property owners feel comfortable and cooperate with property valuation.	52	1	5	3.12	1.231
A clear prediction of property tax is difficult to make.	52	1	5	3.54	1.290
Providing necessary information about purpose of property tax to owners it's important to the provision of services and utilization of tax revenues.	52	1	5	4.65	1.312
Generally, property Tax evasion should not be considered as a crime	52	1	5	2.63	1.221
Property owners should evade tax if the tax system is unfair	52	1	5	2.23	1.308
Educating the taxpayers and Conducting consultation session can minimize tax evasion by taxpayers	52	1	5	4.79	1.273
Tax payers should evade property tax if a large portion of the money collected from tax is wasted.	52	1	5	2.58	1.226
Property taxation revenue collection system is at its best.	52	1	5	2.48	1.306
In case of Annual Income tax Owners over value their property to evade taxation.	52	1	5	3.43	1.277
In case of property transaction tax Owners under value their property to evade taxation.	52	1	5	3.46	1.244
Property owners should be allowed to reevaluate their	52	1	5	2.73	1.416

properties when there is lack of records on construction period.					
Property owners should reevaluate their properties when there is higher inflation.	52	1	5	3.27	1.315
The current real Property taxation system and rate is suitable of property owners.	52	1	5	2.12	1.308
Property valuation companies are always biased by the owner.	52	1	5	3.40	1.390
There must be a property value data base to refer property values at city level to refer property values.	52	1	5	4.24	1.357
What do you think about the newly planned Property tax	52	1	5	3.35	1.356
Basis of price for taxation should be based on the market value rather than construction cost	52	1	5	3.40	1.257
Land administration offices should collect stamp duty tax rather than revenue authority	52	1	5	2.12	1.423

Table: Descriptive Statistics of property owners

Descriptive Statistics of property owners					
	N	Min	Max	Mean	SD
Age	196	1	4	2.54	1.040
Gender	196	1	2	1.70	.460
marital status	196	1	2	1.60	.492
education level	196	1	6	3.36	1.255
field of business	196	1	6	3.09	1.461
Business Experience	196	1	4	2.86	.943
Have you ever complained about not paying your property taxes from Sub city	196	1	2	1.81	.396
Did you have any complain about real property valuation consultancy companies	196	1	2	1.17	.380
How long did you pay your property tax in Addis Ababa city administration	196	1	4	2.86	.943
Did you attend any special training or meeting about property tax	196	1	2	1.26	.437
If your answer is yes for the above question, which type of training/Meeting has been taken?	147	1	4	2.59	1.039
How frequently do you think city administration audit taxpayers	196	1	5	3.32	1.111
What do you think about the primary purpose of property tax is to	196	1	4	1.74	.839
Which kind of tax audit is better for tax compliance?	196	1	4	2.51	1.238
Which kind of tax is effective for tax payers	196	1	4	2.14	1.289
What is your property tax compliance level	196	1	3	1.62	.680
have you properly documented your construction period cost	196	1	2	1.43	.496
Have you reevaluated your property	196	1	2	1.62	.486
if yes why	74	1	4	2.41	1.084
How frequently do you think taxpayers (owners) under report their income	196	1	4	2.31	1.027
Do you think taxpayers (owners) over state their deductible expenses	196	1	4	1.54	.627
Have you experience of tax penalty	196	1	2	1.45	.499
If your answer is yes, how many time	196	1	5	1.89	.446
What is the level of your company to pay tax	196	1	3	1.87	.686
Do you think the government has a tax system that is convenient for tax payers	196	1	2	1.58	.495
I believe that the Ethiopia has fair tax policies for tax payers	196	1	5	2.33	1.340
I was pay my debts and basic needs first rather than property tax	196	1	5	3.47	1.299
I know how to keep records/documents pertaining to income and expenditure for required period of years.	196	1	5	2.33	1.231
I know how to declare actual income received from all sources to the tax authority	196	1	5	2.85	1.350
By paying right amount of tax, I believe that other people	196	1	5	3.24	1.269

especially the poor was get the benefit					
There are a number of government services, facilities and infrastructure for which I am very thankful	196	1	5	2.24	1.283
The penalty rates are very low and I can afford to pay the penalty	196	1	5	3.34	1.281
The government tax compliance enforcement is very weak. So, I have the opportunity to report under income	196	1	5	3.66	1.228
Property taxation revenue collection system is at its best.	196	1	5	2.17	1.253
The current value of my building is higher thus I have to reevaluate in order to get a lower tax	196	1	5	3.55	1.282
The rate of profit tax is very high thus pushes for tax evasion.	196	1	5	3.66	1.281
No body regulates transaction fee thus is easy to manipulate on contract agreement.	196	1	5	3.40	1.214
Property tax should be implemented in order to get infrastructure around my property	196	1	5	2.90	.917
Basis of price for taxation should be based on the market value rather than construction cost	196	1	5	3.31	1.317
In case of property transaction tax Owners under value their property to evade taxation.	196	1	5	4.85	1.266
Property owners should be allowed to reevaluate their properties when there is lack of records on construction period.	196	1	5	4.51	1.200
I believe the government was not waste taxpayer money improperly	196	1	5	2.54	1.213
Property owners should reevaluate their properties when there is higher inflation.	196	1	5	2.97	1.265
Property valuation companies are always biased by the owner.	196	1	5	3.15	1.294
The current real Property taxation system and rate is suitable of property owners.	196	1	5	2.45	1.237

Table: Descriptive Statistics property consultancy

Descriptive Statistics property consultancy					
	N	Min	Max	Mean	SD
Work Experience in property valuation	6	3	4	3.33	.516
Number of employees	6	1	2	1.83	.408
How long did you work with real property valuation sector	6	1	1	1.00	.000
Is there any award/certificate your company have	6	2	2	2.00	.000
Did you attend any special training or meeting	6	1	1	1.00	.000
If your answer is yes for the above question, which type of training/Meeting has been taken?	6	1	3	2.17	.983
Why do you think property owners value their property	6	3	4	3.67	.516
What do you think about the primary purpose of property tax is to	6	1	2	1.33	.516
How do you evaluate the cooperation of owners during property valuation accuracy	6	1	3	2.00	.894
What's the tendency of owners towards evading taxes	6	1	4	2.00	1.549
Which kind of property tax valuation system is effective	6	1	2	1.33	.516
How frequently do you think property owners under report their income	6	1	3	1.67	1.033
How frequently do you think property owners over state their deductible expenses	6	1	3	2.00	.894
What is your office real property valuation experience	6	1	4	2.83	.983
Do you think the government has a tax system that is convenient for private property tax payers	6	1	2	1.33	.516
Do you think the government has a tax rate is convenient for private property tax payers?	6	1	2	1.50	.548
Do owners push for a higher valuation on property valuation assignments	6	2	2	2.00	.000
Do you believe cities must have a property value database	6	1	3	2.17	.983
Why	6	1	4	2.67	1.033
I believe that the Ethiopia has fair tax policies for tax payers	6	1	5	4.17	1.472
Owners records/documents pertaining to income and expenditure for a required period of years.	6	1	2	2.17	.548
I know how to declare actual income received from all sources to the tax authority	6	3	5	1.50	.816
The government tax compliance enforcement is very weak. So, I have the opportunity to report under income	6	1	3	5.00	.894
Property taxation revenue collection system is at its best.	6	1	5	3.50	1.643
The property tax rate is very high	6	2	5	4.00	1.095
Buildings should be revaluated regularly based on market price	6	3	5	4.17	.753

The rate of profit tax is very high thus pushes for tax evasion.	6	3	5	4.17	.753
No body regulates transaction fee thus is easy to manipulate on contract agreement.	6	2	5	4.00	1.095
Property tax should be implemented in order to get basic infrastructures	6	1	5	3.67	1.506
Basis of price for taxation should be based on the market value rather than construction cost	6	3	5	4.00	.894
In case of property transaction tax Owners under value their property to evade taxation.	6	2	3	4.50	.548
Property owners should be allowed to reevaluate their properties when there is lack of records on construction period.	6	1	5	4.17	1.602
Property owners should reevaluate their properties when there is higher inflation.	6	1	5	2.17	1.506
There is a chance that Property valuation companies are biased by the owner.	6	4	5	1.50	.516
The current real Property taxation system and rate is suitable of property owners.	6	3	5	5.00	.753

Schedule and Budget

The timely completion and follow up of the research requires a carefully work plan that could guide the researcher in pointing out what to do at what point of time. The amount of time required to conduct the study is estimate as indicated here under.

S. No	Activities	Implementation time 2022/2023						
		O	N	D	J	F	M	A
1	Problem identification	X						
2	Preparing proposal	X	X	X				
3	Submitting proposal for defense				X			
4	Discussion and improvement of proposal							
5	Review of the related literature							
6	Designing and preparing survey				X			
7	Data organization and analysis				X	X		
8	Preparing final draft					X		
9	Report editing, submitting, and defense					X		

Budget Breakdown

Table: Budget Breakdown

	Material	Unit	Quantity	Unit cost	Total cost
				Birr	Birr
1	Printing paper	Packet	5	100.00	500.00
2	Photo copy paper	Packet	5	100.00	500.00
3	Compact disc CCD-R and CDRW	No	20	20.00	400.00
4	Flash disc (16 GB)	Pcs	1	520.00	520.00
5	Pen	Pcs	20	3.00	60.00
6	Writing pad	Pcs	5	20.00	100.00
7	Transportation rent during data collection	Day	16	100	1600
8	Transportation cost			1800*2	3600
9	Photo copy			530	530
10	Internet service			500	500
11	Printing and binding	LS	6	200	1200
12	Pity cash			2870	2870
13	Periderm for data collection	Days	8*70=560	560*5	2800
14	Total contingency				1320
15	Ground total				17,000birr