ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA IN FINANCEPROGRAM

THE EFFICIENCY AND EFFECTIVENESS OF TAX MANAGEMENT IN ETHIOPIA WITH SPECIAL EMPHASIS ON VALUE ADDED TAX: CASE OF LARGE TAX PAYERS BRANCH OFFICE (LTO)

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS FOR PARTIAL FULFILLMENT OF THE REQUIREMENTS OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN FINANCE

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The Efficiency and Effectiveness of Tax Management in Ethiopia With Special Emphasis on Value Added Tax: Case of Large Tax Payers Branch Office (LTO)

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DECLARATION

I, Samson Gedamu Ameya, hereby declare that this work is as a result of my independent investigation except where acknowledged. I also declare that to the best of my knowledge this work has never been submitted anywhere else for any award.

CANDIDATE: ……………………… ….. ………………………………

SAMSON GEDAMU DATE

This work has been submitted with the approval of my supervisors

SUPERVISOR: ……………………… …………………………………

ATO G/MEDHIN G/HIWOT DATE

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Acronyms and Abdication

AICPA-American Institute of Certified Public Accountant

C-Efficiency- Collection Efficiency

CIF-Cost, Insurance and Freight

ECA-Ethiopian Customs Authority

ECHR-Europeans Convention Human Right

EFIRA- Ethiopian Federal Inland Revenue Authority

ERCA- Ethiopian Revenue and Customs Authority

E-Tax- Electronics Tax

ETR-Electronics Tax Registers

FERE-Federal Domestic Republic of Ethiopian

GDP- Gross Domestic Product

GST-Goods Sales Tax

HMRC- Her Majesty's Revenue and Customs

IMF-International Monitory Fund

MB- World Bank

MOFED-Ministry of Finance and Economic Development

OECD-Organization for Economic co-operation and Development

SIGTAS-Standard Integrated Government Tax Administration System

TIN-Tax Identification Number

UN- United Nation

VAT- Value Added Tax

VRR-Value Added Tax Revenue Ratio

Abstract

The Government to undertake many socio-economic activities the tax revenue should be efficient and effective. Thus efficient and effective tax revenue management is the way enabling to achieve the 20 years the country development goals, which is Ethiopia has to get a position as medium world economy countries. According to EFIRA 2007 report federal VAT revenue (on domestic transaction) accounted for about 41 percent of total federal revenues from domestic sources. However; in the current situation the attitude of tax payer is minimum, the awareness of public is weak, and the capacity of the office is under ability to implement the VAT policy. So as to this a survey was carried out to cover the area of efficiency and effectiveness of tax management special emphasis on VAT. The objective of the study is to assess the efficiency and effectiveness of tax management with special emphasis on VAT-the case of ERCA-Large Tax Payers Branch Office. The research instruments are questionnaires and interview for the three target groups. Those are the tax payers, the communities of Addis Ababa, and the branch authority employees. The finding shows that the causes of efficient and effective VAT management failure are multidimensional. They include both internal and external factors and these are interrelated. Among the causes of failure are: limited office capacity, lack of unfit technologies, lack of sophisticated laws and procedures, lack of public awareness, and negative attitude of tax payers in the study area. The conclusion from the study data were collected from the tax payers, the communities of Addis Ababa, and the branch Authority employees by using questionnaire and interview. Finally, recommendations were given based on the findings. Total population of the study is as follows. There are three target groups; Tax payers, tax collectors and consumers. Therefore, their population also differs. The total population for tax payers is 1076, for tax collectors is 205 and for consumers is all residents of Addis Ababa. The sample technique used is purposive for tax collectors, convenience sampling for the rest.

Key words:

- *Tax Payers*
- *Tax Collectors*
- *Consumers*
- *Consumption Tax*
- *VAT (Value Added Tax)*

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Taxes are payment that any citizen pays to the government. Especially, at this time for developing countries like Ethiopia taxes are used to obtain higher tax revenue (compare to time history) to cover public expenditure and to get rid of poverty. Governments use taxation because without any money the government can"t operate public goods such as health, basic education and infrastructure. So taxation is very important for the development of a country even though every taxpayer complains about higher rate of taxes. However, in order to make the tax acceptable and successful, tax must be simple, efficient and effective to implement. Different types of taxes are imposed by government VAT is one. According to the EFIRA 2007 Report published for the year VAT is contributing 41%, of total federal revenue from domestic sources (Yesegat, 2008).

As quoted the Ethiopian Chamber of Commerce, The existence of collective consumption of goods and services necessitates putting some of our income into government hands. Most infrastructures like roads, power, municipal services, and other public services have favorable results on many families, business enterprises, industries and the general public. Public goods are normally supplied by public agencies due to their natures of non-rivalry and non-excludability. The nature of consumption of public goods is such that consumption by one does not reduce consumption for others. Besides, consumption of public goods by an agent does not exclude others from doing same. Such nature of public goods therefore makes them impossible for private suppliers to avail them at market prices like other commodities. Government intervention in the supply of public goods is therefore inevitable and can only be done if the public pays taxes for the production and supply of such goods. The government to apply the above function one of the big indirect tax is used in VAT (Value Added Tax) (Jebeessa, 2005).

VAT administration practice is different from country to country, but it is supposed to be in the general tax principle. As mentioned above, VAT is the main source of tax revenue.

So in order to acquire this huge amount of the government tax revenue the tax authority office should be transparent, efficient and effective.

In general the small number of large tax payers has paid high amount of tax. According to EAST AFRITAC the 2008 east African countries tax revenue segmented in 1% numbers of large size enterprise tax payers has contributed 60-70% of tax revenue; 10-20% numbers of large size enterprise tax payers has contributed 20-30% of tax revenue, and 80-90% numbers of small size enterprises has contributed only 5% of tax revenue (Andrew Okello, 2008). This shows that much of the country revenue has depends on the compliance of large tax payers. So that the tax authority shall be different tax compliance strategy collection, filling, and risk assessment for large tax payers.

According to IMF Policy Paper, just like other policy, the government tax policy also must meet the willingness of citizens, the objective of the state and the implementation should be easy (with regarding possibility, lesser cost and the like). So that the government tax policy should prevent from unnecessary resource wastage and lack of effective and efficient tax administration. These efficiency and effectiveness means the government must use the sound policy which is the society participation, the government need to put clearly the policy to collect tax and to implement the policy effectively, and its policy implemented in leaser cost (Gupta, 2014).

Some studies show as different factors affecting the efficiency and effectiveness of tax management, for instance according to Holtzman et.al (2008), study‟s findings shows that the efficiency and effectiveness of tax management affected by the cost of the compliance activity of the tax authority. In addition KPMG International Cooperative (2014) study shows that the efficiency and effectiveness of tax management affected by the advancement technological infrastructure of the tax office. Although Association de Planification Fiscaleet Financière (APFF) (2000) study shows that, the efficiency and effectiveness of tax management affected by the public awareness. These studies used to measure the efficiency and effectiveness of tax management with regarding to only one variable, but in reality it is not. In fact, the compliance cost affected by the quality of Tax policy and procedure, the technological infrastructure of Tax authority, the human resource quality of the authority office, the awareness of public, the report quality of the tax payers. This study has been showing how those variables can be conducted the former topic, i.e. the efficiency and effectiveness of tax management with special emphasis on VAT.

1.2 Statement of the problem

Most of the public welfare and most social benefit to the society are covered by the government, whether it‟s developed or developing countries. Basically the government generates the income from different sectors; especially tax constitutes the highest percentage of government revenue. In managing and using the money collected from the society there has to be transparency that is, the method of collection should be transparent. There has to be an efficient mechanism and system which allows them to collect the tax with a minimum resource. There should be an effective way of managing and administrating the money collected from tax as per predetermine plan. However, there are many factors that affecting the tax payment; like: due to lack of public awareness and administration knowledge from the government officials, lack of transparency, lack of cost efficiency, and lack of effective implementation due to collecting the tax (Nuguss M, Tesfahun S. and Yrgalem G., 2014). Then if this is fortunate reality, there is inefficient and ineffective on tax management in Ethiopia. However; these studies used to measure the efficiency and effectiveness of tax management with regarding to only one variable, but in reality it is not. In fact, the compliance cost affected by the quality of Tax policy and procedure, the technological infrastructure of Tax authority, the human resource quality of the authority office, the awareness of public, the report quality of the tax payers. This study has been showing how those variables can be conducted the former topic, i.e. the efficiency and effectiveness of tax management with special emphasis on VAT. This needs on investigation as to show the way forward for the effective and efficient management of tax.

In Ethiopian the VAT revenue contributing for the country‟s GDP is 6.1%, which is, less amount of contribution with compares to some of others Sub-Saharan countries. For instance; Kenyan‟s VAT revenue has contributed 8.5% for the Kenyan GDP, Ghanaian‟s VAT revenue has contributed 9.7% for the Ghanaian GDP, and Malian‟s VAT revenue has contributed 7.3% for the Malian GDP (IMF, 2005). According to IMF the C-efficiency (collection efficiency) measures calculating by:

C-efficiency is $E^c \equiv R/\tau C$, where R denotes VAT revenue, τ the standard rate and C consumption.

Table 1.1:- C-efficiency Data

Country	Standard VAT Rate	VAT Revenue (In %of GDP)	C-efficiency
Ethiopia	15	6.1	42.9
Ghana	12.5	9.7	80.4
Mali	15	7.3	52.4
Kenya	16	8.5	57.2

Source: IMF staff estimates

The reason is that in Ethiopia, the attitude of tax payer could be poor, the awareness of public could be week, and the capacity of the office could be under ability to implement the policy. Those three factors have enough reason to bring the ineffectiveness and inefficiencies of VAT management. So that, this study is tried to assess what affected the tax payment and the efficient and effective of tax management in Ethiopia with special emphasis on VAT.

This research paper is focused on ERCA- Large Tax Payers branch office tax administration system, especially about value added tax (VAT) collection problems. This paper is show how the government will lose huge amount of money due to lack of transparency, efficiency and effectiveness of collecting the VAT. Also this research paper indicated the suggested solutions to resolve the problem.

1.3. Objective of the Study

1.3.1. General Objectives

The general objective of the research is to assess: The efficiency and effectiveness of tax management in Ethiopia with special emphasis on VAT with specific requirement to ERCA-Large Tax Payers Branch Office.

1.3.2. Specific Objectives

The specific objectives of the research are:-

- To identify that the policies, laws and procedures used by the government to efficiently and effectively administer VAT.
- To assess the extent to which human, capital and time resource affect the tax policies, laws and procedures are being implemented.
- To identify the challenges of the technological infrastructure during implementing tax policies, laws and procedures.
- To understand level of public awareness on significance of tax.
- To discuss the effect of report quality of tax payers on the tax policy implementation process and tax management.
- To suggest possible solution to improve the tax management.

1.4 Research Question

This study focuses on the following fundamental questions and suggested solutions regarding VAT in ERCA- Large Tax Payers Branch Office

- What kind of polices, laws and procedures are being used by the government to manage tax collection?
- To what extent the human, capital and time resource affect the

implementation process of the tax policies, laws and procedures?

- What are the impacts of the capacity of technological infrastructure on the implementation process of the tax policies, laws and procedures?
- What is the level of public awareness on the significance of tax?
- What is the effect of report quality of the tax payers on the process of tax policy Implementation and tax management?
- What are the possible solutions?

1.4.1 Research Hypothesis

- H1: Quality of the tax policy, laws, and procedure has positive influence of the tax management.
- H2: Quality of human, capital and time resource has positive influence of the tax management.
- H3: Quality of technological infrastructure has positive influence of the tax management.
- H4: Quality of the tax payers report has positive influence of the tax management.
- H5: The actual public awareness about tax has positive influence of the tax management.

1.5 Significance of the study

The rationale behind conducting this study is to provide general picture of the effective and efficient tax management in ERCA by doing so it can be beneficial in different ways:-

- Base for other researchers who want to make further investigation in this area and to conduct detailed researches on the problem.
- Used as input or solution in properly management tax and dig out tax management problem.

1.6 Scope of the Study

The research addressed different issues regarding on the efficiency and effectiveness of tax management with special emphasis on VAT. The research took specifically VAT management an area of ERCA- Large Tax Payers Branch Office and as a model for practical considerations. Because it is difficult to obtain information regarding the efficiency and effectiveness of VAT from all branch offices because of limited the time and cost constraint. The study focused on discussing the efficiency and effectiveness of tax administration special emphasis on VAT in Large Tax Payers Branch Office only, because it is difficult to discuss all tax payment. However, this study has been assess the effectiveness and efficiency measurement requirements limited in three different actors (Tax collector, Tax payers, & the entire Community) angle and those actors have the same way tracks to VAT collection management regarding to their objectives.

1.7 Limitation of the Study

In the process of conducting this research study, various problems and constraints has been encountered.

The following are some of the constraints faced during the preparation of this paper.

The capital requirement to complete this paper is too high. During the time of conducting of this study, various costs are incurred to make ready the paper for submission, like time, transportation incurring costs and other related costs to prepare the draft of the paper. Thus, these constraints forced me to limit the size of the paper and limited to only Addis Ababa area.

1.8. Organization of the Paper

This paper has four chapters. That includes in chapter I General Background, Statement of The Problem, Significance of the Study, Objectives of the Study, Scope of the Limitation of the Study and Research Methodology. Then, in chapter II will review of the related literature with the study. Then next, will include chapter III Data Presentation and Analysis. Lastly; will include in chapter IV the Research Conclusion and Recommendation that the ERCA- Large Tax Brach Office has better will be followed.

CHAPTER TWO: LITERATURE REVIEW

2.1The Basic Concept and Definition of VAT

Taxation is one of the main sources of income to the government. It provides governments with the funds needed to invest in development, relieve poverty and deliver public services (IMF, OECD, UN, and WB, 2011). Most infrastructures like roads, power, municipal services, and other public infrastructures are build and operate based on the income generated from many families, business enterprises, industries and the general public as a form of tax. Basically the government needs a means of getting enough income or revenue to overcome the economical crises and to satisfy all the social needs such as health care, education and many others public facilities. Some countries while they encouraging growth in the private sector they introduce value added tax as a solution.

In today"s, all companies and individuals are required to pay taxes. The general idea behind the imposition of taxes by the government is generally to balance the economy in terms of the redistribution of funds and income from the rich to the poor (www.investinganswers.com).

With keeping this, government tax consists of two sub classification of taxation, which is; direct tax is imposed directly on the tax payers and paid directly to the government by the person (juristic or natural) on whom it is imposed, and indirect tax is the tax collected by an intermediaries (such as a retail store) from the person who bears the ultimate economic burden of the tax (such as the customer) (Alen S. Auerbach, 2001). VAT is one of the indirect tax. The definition of "value added tax (VAT) is a consumption tax added to a product's sales price. It represents a tax on the "value added" to the product throughout its production process" (www.investinganswers.com). Currently, the governments in the world also have special emphasis for the indirect tax than direct tax; because they understand the big amount of indirect tax revenue (specifically VAT) have contributed remarkable impact for the country development. According the UK essay Co: "now days there is a global shift in paradigm, where by the focus point is moving from a direct taxation policy towards an indirect taxation policy. This action led to the implementation of the Value Added Tax (VAT). The VAT was undoubtedly the most fortuitous innovation of the half-century with regard to taxation policy. No other taxes, not even the income tax, have made an impact so quickly and rapidly to such extent that the VAT now exists in over 150 countries around the world, including Mauritius and other African countries. This is so because the VAT is considered as an important source of government revenue and evidences have shown that the VAT is not only the least distorting tax, but can also be easily administered in most countries. Every country now makes use of the VAT and each year sees a new continent adopting it (UK Essay, 2003)

2.1.1 The History and Evolution of VAT

2.1.1.1 The Evolution of VAT

Value Added Tax (VAT) is the twentieth century most remarkable finding for government revenue in the tax world. As Cnossen wrote, the nearly universal introduction of the value added tax should be considered the most important event in the evolution of tax structure in the last half of the twentieth century (James, 2011). The idea of the value added taxation (VAT) traces back to the writing by von Siemens, a German businessman, in the 1920s. Not until 1948, however, was the tax first applied in France. At the beginning, France applied the GNP-based VAT covering up to the manufacturing level and subsequently replaced it with a consumption VAT in 1954 (Tuan Minh Le, 2003).

2.1.1.2 The History of VAT in Ethiopia

Ethiopia introduced value added tax (VAT) in the year 2003 as a replacement to sales tax. VAT is the principal source of revenue for the Ethiopian government (Yesegat, 2008). Moreover, the current the Ethiopian government FDRE is given full power for the Ministry of Finance and Economic Development (MOFED) to govern the VAT (not only VAT, but all Tax revenue of the country) under the 1994 constitution of Ethiopia. Likewise, the VAT is administered by the EFIRA, ECA and the Regional Government"s Finance Bureaux. The ECA administers VAT on imports into the country. The EFIRA with its VAT department, large taxpayers" office and branch offices (Addis Ababa branch and regional branch offices) administers federal and joint VAT on domestic transactions, while regional governments‟ finance bureaus administer their own VAT revenues (Yesegat, 2008).

According to Proclamation No.285/2002 VAT is levied on locally produced goods at the manufacturing level or on imported goods at the import gate. The bases for taxation are the producer‟s wholesale price plus excise tax for local goods or the CIF value plus customs duty and excise tax for imports. There is a refund for input taxes paid on raw materials used in the production of local goods, except for pure alcohol used as raw material. The tax is payable monthly and is due no later than the end of the following month. For imported goods, the tax is collected at the same time as the customs duty (Amin Abdella, 2010).

2.2. Theoretical Review Positive Factors of VAT

2.2.1 Factors that influence to efficiently and effectively collecting VAT

As Asamenew (2012), Hailemariam and Wbshet (2011) found that the major causes for the aforementioned Tax assessment and collection problems are summarized as: Inefficiency and ineffective organization of computerized system in tax administration and inflexibility of the software in use, absence of frequent discussion concerning various problems encountered in the tax office, lack of sufficient, competent and motivated tax officers, lack of adequate skills and absence of willingness and poor understanding about the concept of tax by tax payers, frequent change of taxpayers address without acknowledgement of the office, lack of willingness to provide information by third party, electric power failure, and complexity of the tax laws and proclamation (Desta, 2014). According to this research mentioned that on the chapter one the main factors that affected the efficiency and effectiveness of the value added tax (VAT) administration are tax policies, laws and procedures, the labor capacity of the administration office, technological infrastructure status of the authority office, and as well as the public awareness about government tax.

2.2.1.1The VAT Policy, Laws and Procedures

2.2.1.1.1 VAT Policy complexity under International Practice

Over 150 countries have implemented a VAT/GST; there is a need for a global platform where the economic, social and cross border issues of operating a VAT/GST. Experts also considered ways to improve the efficiency of VAT/GST systems. Governments are facing the difficult challenge of raising revenues in the short term to address fiscal consolidation challenges without jeopardizing economic growth. OECD experts on the VAT policy design and application meeting notably agreed that combating VAT/GST fraud and avoidance is another policy priority, notably through enhanced cooperation and exchange of information between countries. It is in this context that it was agreed to explore the creation of a Global Forum on VAT which would provide a platform where businesses and governments from around the globe can meet to exchange experience and to identify best practices (Battiau:2014).

Value-added tax avoids the cascade effect of sales tax by taxing only the value added at each stage of production. For this reason, throughout the world, VAT has been gaining favor over traditional sales taxes. In principle, VAT applies to all provisions of goods and services. VAT is assessed and collected on the value of goods or services that have been provided every time there is a transaction (sale/purchase). The seller charges VAT to the buyer, and the seller pays this VAT to the government. If, however, the purchaser is not an end user, but the goods or services purchased are costs to its business, the tax it has paid for such purchases can be deducted from the tax it charges to its customers. The government only receives the difference; in other words, it is paid tax on the gross margin of each transaction, by each participant in the sales chain. The VAT is a highly efficient flat consumption tax that reduces the incidence of non-compliance.

According to TAXUD the simplest measure of VAT effectiveness VAT „productivity" is VAT collections divided by the standard rate of VAT as a percentage of GDP. A more refined version originating with the IMF (Ebrill et al. 2001), called c-efficiency and currently estimated annually for OECD countries under the name of the VAT Revenue Ratio (VRR) (OECD 2012) is by far the most commonly used „gap" measure found in the literature. This benchmark measure which is commonly used for assessing VAT performance is defined as the ratio of actual VAT revenue to the revenue that would be raised if VAT were levied at the standard rate on all consumption with perfect enforcement. This measure has three important advantages. First, it is easy to calculate from readily available data. Secondly, it provides a clearly understandable normative benchmark a uniform VAT imposed on all final consumption. Thirdly, as Keen (2013) discusses in detail, the gap between actual and „potential‟ revenues thus measured may be decomposed in a number of useful ways. Such decomposition is important because while the VRR (c-efficiency) measure provides a good starting point, it is not in itself adequate to assess either VAT compliance or administrative effort (TAXUD, 2012).

2.2.1.1.2 The VAT Rate Practice in the World

The world countries have different practice and law regarding with the VAT rate. However, the law of the VAT rate has imposed by the government with through different angle point of view. Normally, there are different rates of VAT, depending on the type of goods or services that the business provides. There are three different rates of VAT, such as: super reduced, reduced and standard rate, and there are also some goods and services that are exempt, where no VAT is charged or they‟re outside the scope of the VAT system. For instance, in UK the rates may only apply if certain conditions are met, or in particular circumstances, like Who‟s providing them or buying them, Where they‟re provided, How they‟re presented for sale, The precise nature of the goods or services, Whether you obtain the necessary evidence, Whether you keep the right records, Whether they are provided with other goods and services. These situations are applicable depending on some or all (http://www.gov.uk/).

According to Mohd Razalm Palil (2010) sited the Malaysia Goods and Service (GST) official website more than 100 countries have adopted it with rates ranging from 10% - 25%. Currently, there are 160 countries in the world that have implement VAT/GST. Numbers of country based on region are as follows:-

Table 2.1: - The VAT/GST have been implemented countries in the world

No.	Region	No. of Country
1	ASEAN	7
2	Asia	19
3	Europe	53
4	Oceania	7
5	Africa	44
6	South America	11
7	Caribbean, Central & North America	19

Source: GST Official website

2.2.1.1.3 VAT Policy complexity under Ethiopian Practice

The VAT replaced the sales tax in Ethiopia at January 1, 2003 because, it is expected to enhance revenue, improve economic efficiency, promote exports, and foster growth. According to IMF in comparison to the sales tax, the new VAT (1) taxes services in addition to production, (2) grants zero-rating to exports, and (3) gives exemptions to fewer basic products (Sònia Muñoz and Stanley Sang-Wook Cho, 2003). Finally the IMF concluded and recommended that; the progressivity of the VAT comes mainly from the high ratio of in-kind transactions for poorer households, but this share is expected to decrease as the economy moves into a stable growth track and becomes more market-based. Therefore, the VAT in Ethiopia is likely to become less progressive in the future, even at the national level. Moreover, the VAT is regressive or at most neutral in urban areas. Considering the growing urbanization in Ethiopia and the fact that most urban immigrants consist of poor people, this could have significant consequences for the poor. Thus, in the future, the authorities should look for ways to adjust the VAT that would both yield sufficient revenue and increase its progressivity. This may require a restructuring of the VAT exemptions (Sang-Wook Cho, 2003).

2.2.1.1.4 VAT Rate Practice in Ethiopia

The VAT rate practice in Ethiopia also supplies (goods and services) are classified as taxable supplies and exempted supplies. Taxable supplies are further sub classified as standard rated supplies and zero-rated supplies.

Standard rated supplies are those taxable supplies (goods and services) on which VAT is charged at a standard rate of 15% of the value of supply. Zero-rated supplies are those taxable supplies (goods and services) on which VAT on supply/sales (output VAT) is charged at 0. Exempt supplies are those supplies (goods and services) on which VAT is not chargeable at either the standard rate or zero-rate. They are non taxable supplies; meaning no VAT is charged on exempt supply when either they are imported or supplied (sold) locally (Herouy, 2004).

2.2.1.2 Human Capability of the Tax Authority

A human resources management framework does not exist in a vacuum but is interconnected with the organization‟s mission and is subject to a number of forces, both internal and external. According to the Rwanda Revenue Authority; Internally, there was a need to shed the legacy of the past and to create an entirely new organization capable of performing, guided by clear goals and objectives, driven by new management and governance principles, and supported by professional staff and modern business processes. Externally, there was a need to transform the image and standing of the revenue service and to establish a new relationship with its stakeholders based on trust and cooperation. A major effort would be needed to change the attitude of the public towards the very idea of paying taxes. It would also be important to secure the support of other parts of the government bureaucracy (Anthony Land, 2004).

2.2.1.3 Infrastructural Capacity of the Authority Office

The tax system is the central system of record in a tax administration and the primary enabler for automation and straight through processing. It provides technology support, at varying levels, to all functions of the tax administration: processing of registration filings and issuing taxpayer identification numbers (TIN); validating and processing returns and payments received through different channels; maintaining the taxpayer's accounts; providing tools to identify and pursue delinquent taxpayers; automating appeal tracking;

and providing taxpayer service staff with access to taxpayer information to enable a better level of service to taxpayers, among others. Advances in information technology (IT) offer a cheaper possibility for gathering and analyzing a large amount of data on tax payers. This has caught the attention of tax authorities throughout the developing countries in their attempt to improve fiscal capacity. In an extensive survey of reforms on tax administration, Bird and Zolt (2008) note that, over the past decades, "reform efforts in tax administration in developing countries have generally centered on information technology (IT)". Nevertheless, there has been little, if any, systematic empirical evidence on the impact of those reforms (Mariam Ali et.al, 2014).

2.2.1.3.1 The Functions of E-Tax

Electronic tax filing, or e-filing, is a system for submitting tax documents to a revenue service electronically, often without the need to submit any paper documents. Electronic tax filing systems are an e-government application that is being utilized with increasing frequency all over the world. Such systems are particularly favorable for governments because they avoid many of the mistakes taxpayers make in manual filings, and they help to prevent tax evasion by data matching (Manly et al, 2005). The data houses developed using electronic tax filings can allow tax inspectors to analyze declarations more thoroughly, and enable policy makers to develop fairer and more effective (Henry Muwonge, 2011).

According to National Informatics Centre, WBSC e-tax filing user manual, in France for using the e-filing of Return shall be fulfilled the following Pre-requisite; there are: User-id and Password, password must be changed when you log in for the first time, file electronic return using „Download/ Upload Return Filing" method, and finally Client computer installed (WBSC, 2014).

However; there is no good benefit without caring some limitation. This e-filing system brought some limitation when the implementation of this technology: for instance, according to in England HMRC consultation document, some of the challenges are:

On 30 September 2013, the First Tier Tribunal released its decision in joined appeals lodged against the requirement to file of VAT returns online by a number of VAT registered businesses (ref: TC 02910t: L.H. Bishop Electrical Co. Ltd. A F Sheldon t/a Aztec Distributors).

The Tribunal judge held that the failure of the VAT Regulations 1995 to take account of a person's ability to comply on account of: age, disability, computer illiteracy (linked to age), or remoteness of location Was a breach of the European Convention on Human Rights (ECHR), the judge also held that the Filing by Telephone service was an unlawful concession that had not been properly published and that the availability of this service to appropriate businesses could therefore not heal the aforementioned human rights breach, and having carefully weighed up the options, the Government has decided to clarify the legal position beyond any possible doubt.

So the HRMC change the previous policy to the later one, which is: review the VAT Regulations 1995 to ensure beyond doubt that they provide a means for all VAT registered businesses (except the very small number that are exempt) to file VAT returns by approved electronic means. Publish guidance, setting out that what VAT registered businesses should do if they are having difficulty filing VAT returns online; and the circumstances in which HMRC will consider allowing businesses to use the Filing by Telephone service and the process to be followed by businesses who consider that they need to file by telephone. And consider changes to the Filing by Telephone service to ensure that it meets the needs of businesses that are unable to file returns online using the current approved forms of electronic return system without the assistance of others (HRMC, 2013).

2.2.1.3.2 E-Tax Filing System in Ethiopia

In Ethiopia Electronics Tax Register machine has been began in Addis Ababa, in February, 2008 and its use has expanded significantly during the past 5 years. Until January, 2013 the total number of 53,241 tax payers purchase 59,876 ETRs. The tax payers who use the machine can quickly process their customer‟s transactions and accurately keeps records. ERCA also obtains information regarding total sales and this would enable the authority to levy tax based on information (ERCA, 2013) (Hamido Kedir Mohammed, Zinash Degefa Gola, 2013).

All the reforms in the Ethiopia‟s tax system were aimed at improving tax collections, administration, and above all tax compliance. The Ethiopian Revenue and Customs Authority (ERCA) announced Friday Jan 3, 2015 on its home page that e-tax training and implementation for a number of taxpayers is well underway. It was also stated that E-tax system helps tax payer‟s access Authority Database called Standard Integrated Government Tax Administration System (SIGTAS) through internet and can report their monthly and annual tax being wherever they like through e-filling system.

However, the tax authority should be proven that the Tax payers ability of using this technology. According to ERCA it is a necessary step to give training for tax payers on e-tax to help them effectively carry out any activity in their respective organizations. While people prepare their return by answering some simple questions asked by the system, they go on recording the answers in simple step by step manner. Apart from this, people need not know the tax laws or need not even remember the various subsections of the tax laws (Dire Tube.com, 2015).

2.2.3 The Tax Compliance Management

2.2.3.1. The Compliance Risk Management

The tax authority cannot control every individual tax payers, because of the limitation of resource. According to Forums on Tax Administration Compliance Sub-group the tax authorities are appropriated a finite level of resource. Meaning that careful decision are required as to how and what ways those resource are to be applied to achieve the best possible outcome in terms of improved compliance with the tax laws (OECD, 2004). According to European Union the Compliance Risk Management is an instrument to allow tax administrations to make best use of their resources, we should also look at its limitations. Solutions to reduce non-compliance or to fight fraud need more structured approaches. Sometimes, it is the tax laws that represent a category of risk. The treatment required may be to change the legal framework rather than any administrative changes. In practice, many factors may directly influence Compliance Risk Management decision making such as: the variations in a tax authority‟s financial resources that may substantially affect its capacity to deal with all of the risk identified; likely government position on specific tax legislation changes, e.g. powers for officials, that may represent an opportunity to deal with a risk; and weakness or shortages in staff skills that may seriously prevent a tax authority‟s ability to deal with major risks (Barrie Russell, 2010).

To maximize compliance we need to encourage tax payers to comply voluntarily. So the tax authority shall provide for the tax payers with everything necessary to enable compliance. After the tax authority providing what the tax payers need comply and the process of comply make it easy. Then if the tax payers not comply, the enforcement action and penalty will be a solution. According to Forums on Tax Administration Compliance Sub-group, there are four broad categories of tax payer‟s obligation. Such as: registration in the system; timely filing or lodgment of requisite taxation information; reporting of complete and accurate information (incorporating good record keeping); and payment of taxation obligations on time (OECD, 2004)

2.2.3.2 Tax payer's compliance

The tax authority need tailored responses to different taxpayers and tax payer groups based on compliance risk levels, histories and behavior. According to European Union the European tax authorities have the (implicit or explicit) strategic goal to stimulate compliance and to prevent non-compliance. Compliance is about the willingness of a taxpayer to fulfill his tax obligations. Therefore, it refers to behavior. In order to choose the most efficient (low costs) and effective (best outcome) way to achieve the optimal level of compliance it is necessary to pay attention to taxpayer behavior and the methods of influencing behavior (Barrie Russell, 2010). The tax authority should encourage voluntary compliance with in a cooperative and participative frame work. The tax payer compliance range of products, technologies and methods ranging from support and assistance through to targeted enforcement measures, such as audits, investigations and sanctions and prosecutions. According to Barrie Russell the data techniques, tools and (human) capabilities are undoubtedly the basis for executing the compliance risk management process. These elements play a role in all steps of the risk management process, particularly in the identification and analysis stage. It is important that management decisions are based on firm ground; on knowledge of taxpayers (the behavior) and risks. As the compliance risk management process is a cycle, the output of the process gives input to new risks, more knowledge etc (Barrie Russell, 2010).

2.2.3.3 Voluntary Compliance

The objective of Risk Management is to maximize the voluntary compliance. According to Irish Tax and Customs Authority the voluntary compliance is a fundamental principle of self-assessment tax systems that returns filed by compliant taxpayers are accepted as the basis for computing tax liabilities. Revenue promotes compliance with the tax system by vigorous pursuit of those who do not file returns, by auditing, investigating or making enquiries into selected returns and by taking appropriate action against tax evaders. Revenue challenges aggressive tax avoidance schemes and unintended use of legislation, which threaten tax yields and the perceived fairness of the tax system (Irish Tax and Customs, 2013).

The voluntary compliance affected by three factors. There are: policies, strategies and procedures. According to Jenkins and Forlemu compliance by tax payers would be more effective and efficient (i.e. would have lower administrative and compliance cost) if the tax administration put greater emphasis on assisting tax payers in meeting their obligations. This is done by providing outreach service, and allowing tax payers to file and pay in ways that minimize compliance costs. Policy makers should seek to improve the self-assessment model inherent in voluntary compliance by drawing on the vast resources and opportunities offered by the nexus of computer generated information, the tax laws and regulations applicable to particular types of tax payers, modern communication techniques that can focuses on targeted sectors or groups, and the availability of third party income and transactions information. The information generated and disseminated by such means could be crucial in ensuring that tax payers discharge tax obligations more efficiently and effectively (Jenkins and Forlemu, 1992).

According to Ohene, Francis Kwabena (2011)Previous studies have evidenced that general tax knowledge has a very close relationship with taxpayers‟ ability to understand the laws and regulations of taxation, and their ability to comply with them Singh, (2003).Given evidence that tax knowledge affects understanding of taxpayers, an obvious explanation that has been raised by previous researchers e.g. Singh, (2003), Eriksen and Fallan, (1996) Harris (1989) is whether enhancement of tax knowledge will increase tax compliance.

The Risk management design program needs to the tax authority to collect tax efficiently and effectively. Because: cannot audit every tax payer compressively, minimize return on resource investment, minimize cost of compliance, and select audit targets i.e. the taxpayers and issues

The risk management plan and strategies encompasses to the likelihood of the risk and consequence of the risk.

To implement the above the tax payer‟s obligation, in formal terms, compliance risk management is a structured process for the systematic identification, assessment, ranking, and treatment of tax compliance risks (e.g., failure to register, failure to properly report tax liabilities etc). Like risk management in general, it is an iterative process that consists of well-defined steps to support improved decision-making.

2.2.3.4. The Importance of Risk Management

The authority office cannot audit every one and every issue even in Large Tax Payers Brach Office (LTO). Because the limited human, capital and time recourses (as we see above). Meanwhile, the government expects efficiently administer to get maximizes revenue with a minimum cost. This minimizing cost encompasses to administrative cost and tax payers compliance cost. According to Caribbean Regional Technical Assistance Centre (CARTAC) risk management involves taking decisions leading to deliberate strategies and actions that mitigate the negative impacts of risk, while maximizing positive opportunities. Properly executed, its benefits are provide assurance that the most effective use is being made of the organization‟s resources by focusing them on the most significant risks, ensure reasoned and defensible decisions, priorities and actions, reflecting the changing environment within which a tax administration operates, foster fairness and equal treatment of all taxpayers, focus the burden of audit to non-compliant taxpayers, and Result in the most effective means of improving voluntary compliance (Ron Thomson, 2008).

The efficient government administration is using to build and maintain community confidence. So the revenue administration office also should have a good plan and strategy to be efficient. The good planning is assists to determining objectives, establishing strategies and prioritizing activities. This provides focuses on compliance impacts of a range of issues and strategies.

The European Commission the Risk Management Process setting as: risk identification is the first step of an ongoing Risk Management task which is the determination of the likely sources of risk and the magnitude of that risk which threatens the objectives of the organization. This phase of the process provides a list of potential risks. Risk analysis is the phase when the risks are examined in order to discover essential components and features. It is performed by gathering and understanding computer held data, human knowledge and intelligence. By refining data and information, knowledge (intelligence) about the risks can be attained, and the Tax Risk Management is benefiting to minimize the non-compliance tax payers. In addition it is provides structure and a bases of governance and accountability with integrity from internal and external resources (European Commission, 2006).

2.3 Empirical Review of VAT

Tamunonimim A. Ngerebo and A. Masa studies assumed that VAT can satisfy two of the appraisal tools for testing the efficiency/effectiveness of a tax system, more so as the two out of the many measurement tools that will be used in this study from 1994 to 2004 are the revenue generating tool and their fiscal planning tool. As a survey study of Tamunonimim A. Ngerebo and A. Masa studies, published data on Total Consumption Expenditure, Value Added Tax revenue and the GDP will be utilized for the period specified. And two tests will be conducted namely: Effectiveness test, using the revenue generating tool, and Efficiency test, using the fiscal planning tool.

According to Clinton Alley and Duncan Bentley the common understanding of the goals for a good tax system commission of enquiry, legislators, policy makers, administrators and tax payers may have more detailed goals that they wish to see achieved in any reform or chance process (Clinton Alley and Duncan Bentley, 2005). The pioneer of the principles of taxation is Adam Smith in 1776. He arguing on his lecture „Wealth of Nations‟ that of the general tax assumption has a means of the availability of the efficient and effective tax administration (en.wikipedia.org/wiki/the-Wealth-of-Nation/). In addition to this in the current era the American Institute of Certified Public Accountants (AICPA) also provides the second example of an extended list of principles that are relevant to the creation of good taxes, calling them „the ten guiding principles of good tax policy.‟ These principles include the Adam Smith‟s four principles as well as six others, „simplicity, neutrality, economic growth and efficiency, transparency and visibility, minimum tax gap and appropriate Government revenues‟ (Clinton Alley and Duncan Bentley, 2005).

The rapid rise of the value-added tax (VAT) was the most dramatic and probably most important development in taxation in the latter part of the twentieth century, and it still continues (Tuan Minh Le, 2003:2). Forty years ago, the tax was barely known outside theoretical discussions and discourses. According to UK Essay today, it is a key component of the tax system in over 150 countries. VAT is a source of vast revenue income especially for developing countries, because VAT is levied on all sales of commodities at every stage of production. Its defining feature is that it credits taxes paid by enterprises on their material inputs against the taxes they must levy on their own sales. Unlike retail sales tax under which tax is collected only at the point of sale to the final consumer revenue is collected throughout the production process. Unlike a simple turnover tax which levies tax on all sales, intermediate or final producers can reclaim the tax they have been charged on their inputs. Because the VAT does not affect the prices firms ultimately pay for inputs, it does not distort production decisions and does not create.

To implement a value-added tax efficiently and effectively, there must be adequate preparations. These would include designing the system for administration; developing complete staffing and equipment needs; putting together a practical public relations program; and adhering to a realistic timetable.

According to Tamunonimim A. Ngerebo and A. Masaapplying the concept of effectiveness and efficiency tests of tax systems, especially the VAT system in Nigeria, with the data in the following findings was made: That the Value Added Tax system was neither effective in generating revenue for public sector activity, nor was it efficient in directing the consumption pattern of the economy, when appraised with the gross values; These assertions are based on the fact that the VAT-GDP-Standard VAT Rate was just about 33 percent; Similarly, the VAT-TCE-Standard Vat Rate was also very low within the 11 years studied since it is just about 39 percent; And this means that the system could not generate 5 percent of both the National Income (GDP) and influence up to 5 percent of the Total Consumption (Tamunonimim A. Ngerebo and A. Masa, 2012).

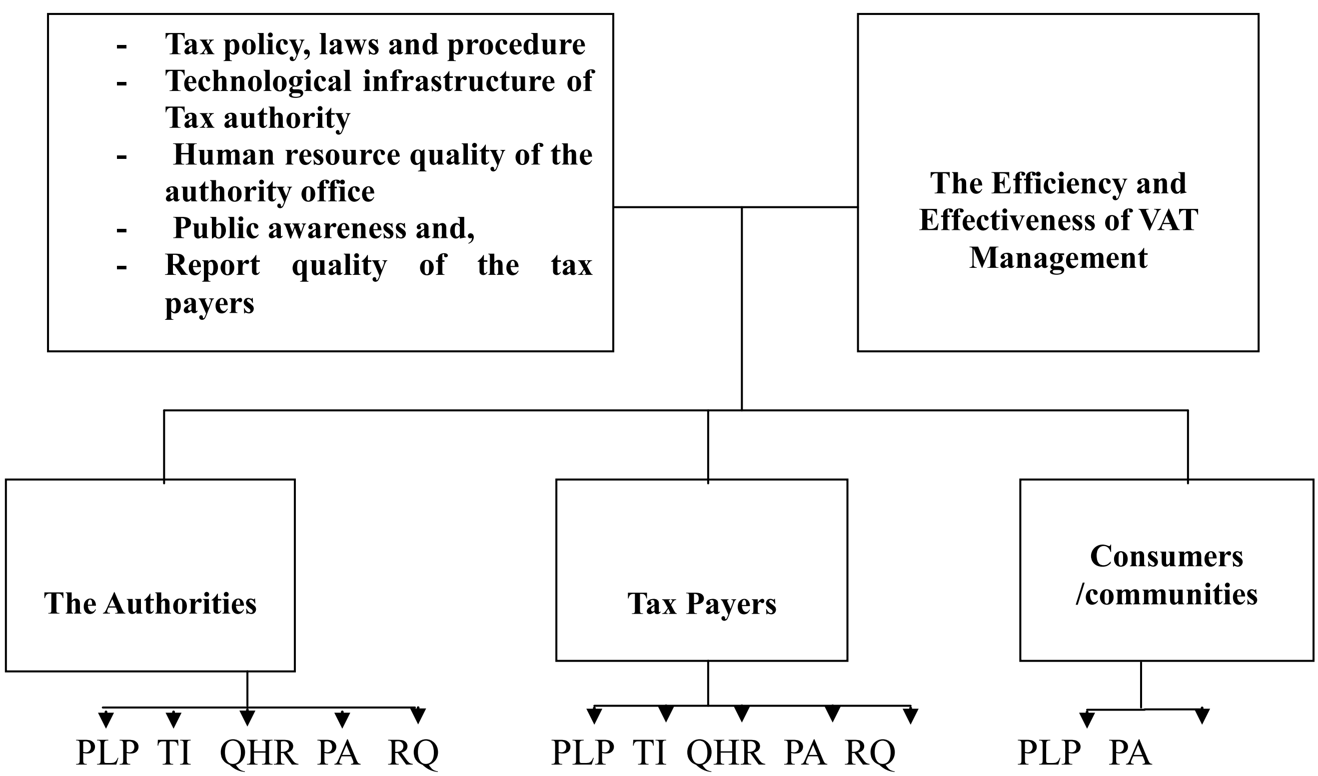
According to Michael Keen the idea of C-efficiency has proved very attractive to applied policy analysts: calculating it, and making comparisons with other countries, is a core element in much of the advice commonly given to developing countries, and is now routinely reported for its members by the OECD. One practical merit is that the data requirements for putting some number on C efficiency are relatively modest. And these numbers can provide a vivid first assessment and expression of the potential revenue gain from base-broadening (Michael Keen, 2013). However the C-efficiency has its own shortcoming. According to Michael Keen to use the C-efficacy measurement the following pre condition shall be fulfilled. Such that it is clear that departures from C-efficiency of 100 percent arise from two broad sources: the extent to which the VAT differs in design from a uniform tax on all consumption (and only on consumption, with no exemptions and consequent possibility of unrecovered tax on inputs); and the extent to which its implementation is imperfect. The critical assumption here is that the measure of C being used includes a reasonable adjustment for unrecorded consumption as national accounts generally try to make (though in ways that vary and will often be unclear to the user of these data another and major reason for caution in interpretation) (Michael Keen,2013).

2.4 Conceptual Framework

A Conceptual framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas.

Efficiency and effectiveness of VAT management is dependent on Tax policy and procedure, the technological infrastructure of Tax authority, the human resource quality of the authority office, the awareness of public, and the report quality of the tax payers. The following graph shows the relationship between the dependent and independent variables clearly in graphic form.

Table 2.2:- Conceptual framework



PLP – Policy, Laws and Procedures

TI – Technological Infrastructure

QHR – Quality of Human Resource

PA – Public Awareness

RQ – Tax Payers Report Quality

2.5 Summary of research gap

In managing and using the money collected from the society there has to be transparency that is, the method of collection should be transparent. There has to be an efficient mechanism and system which allows them to collect the tax with a minimum resource. There should be an effective way of managing and administrating the money collected from tax as per predetermine plan. However, there are many factors that affecting the tax payment; like: due to lack of public awareness and administration knowledge from the government officials, lack of transparency, lack of cost efficiency, and lack of effective implementation due to collecting the tax (Nuguss M, Tesfahun S. and Yrgalem G., 2014). As chapter one indicated these studies used to measure the efficiency and effectiveness of tax management with regarding to only one variable, but in reality it is not. In fact, the compliance cost affected by the quality of Tax policy and procedure, the technological infrastructure of Tax authority, the human resource quality of the authority office, the awareness of public, the report quality of the tax payers. This study has been showing how those variables can be conducted the former topic, i.e. the efficiency and effectiveness of tax management with special emphasis on VAT. Then if this is fortunate reality, there is inefficient and ineffective on tax management in Ethiopia. This needs an investigation to show the way forward for the effective and efficient management of tax.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Data Type and Source

The research design for this study is descriptive design. According to Fransisk.O. Yuen et.al; "A descriptive study uses more specific data gathering techniques, may involve various comparison groups in its attempt to produces specific and clear information regarding the problem."

The design includes qualitative data which have to be for analyzing and interpretation through using percentage and ratios.

3.2 Study Design

3.2.1 Sample and Population Size

The population, from which representative sample has taken, comprises of, Large Tax Payers (LTP) Branch Office"s: management department whose total number of 3 employees, tax Assessment and follow up department whose total number of 67 employees, Human Resource department whose total number of 4 employees, Audit department whose total number of 71 employees, Legal department whose total number of 30 employees, and customer service officers whose total number of 33 employees. However; this study emphases on specific employees who have direct contact on VAT and have more experiences. The area of study also covers the tax payers and residents of Addis Ababa.

3.2.2 Sampling Method

The non-probability sampling method that have been applied in survey of data is purposive and convenience sampling.

Purposive sampling: - is one type of non-random sampling that conforms to certain criteria. In other words, it occurs when the researcher selects sample members or respondents to conform to some criterion. It is a lower cost of sampling. This method will be used for this study to the authority"s branch employees.

Convenience sampling: - is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

In all forms of research, it would be ideal to test the entire population, but in most cases, the population is just too large that it is impossible to include every individual. This is the reason why most researchers rely on sampling techniques like convenience sampling, the most common of all sampling techniques. Many researchers prefer this sampling technique because it is fast, inexpensive, easy and the subjects are readily available. This method will be used for this study to the tax payers and community side. Thus community side is it not have a meaning „they are not tax payers". Especially, on the behavior of consumption tax all people pay tax when buying consumable goods and service. But on this research have a meaning of communities; they are not to intend or to plan to pay tax, because one of the natures of consumption tax is unconsciously on the tax payers mind. But on the other side tax payers have a meaning on this research the people, who are deliberately comes and reported to pay VAT.

3.3 Sample size

Carvalho (1984) puts sample size to be selected from a given population based on 95% confidence interval and 5% sample error as follows:

Table 3.1:- Carvahlo Sample Size Technique

Population size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10,001-35,000	125	315	500
35001-150,000	200	500	800

Carvalho (1984)

Similarly; Kothari (2004) calculates sample size when population is infinite as follows:

$$n=\frac{z^2 * p * q}{e^2}$$

Where;

n= Sample size

e= acceptable error

z= Standard variation given confidence level

p= Sample proportion, q= 1-p (CR.Kothari, 2004:179)

Therefore; considering the capacity and the quality of the research, the researcher didn"t want to reduce the sample size less than twenty percent. This means as Carvalho standard more than medium but less than large standard sample size. Therefore; the responses for the respective questions were summarized as follows:

Table: - 3.2 Position in the authority branch staffs

Position	Total Population	Respondents
Tax Assessment and follow up officers	67	15
Human Resource Department	4	2
Tax Auditors	71	16
Legal Enforcement Officers	30	7
Customer Service Officers	33	9
Total	205	49

As we can see from the above data, the research has tried to cover all areas of position that are available in the VAT administration processing. From 3.2 from 67 total employees who are working in Tax Assessment and Follow up department 15 employees were selected to be respondent, from 4 total employees who are working in Human

Resource department 2 employees were selected to be respondent, from 71 total employees who are working in Tax Audit department 16 employees were selected to be respondent, from 30 total employees who are working in Legal Enforcement department 7 employees were selected to be respondent and from 33 total employees who are working in Customer Service department 9 employees were selected to be respondent. Totally from 205 the authority branch office employees 49 staffs were selected to respond the questionnaires.

On the tax payer‟s side, the population of the Large Tax Payers Branch Office (LTO) is 1076 as of 2014-15. These tax payers are domestic and multinationals companies. Were as; the researcher is selected 50 samples by analyzing a convenient sampling method. These 50 samples are less than Cavalho medium size but it has been more than small size. The consumers also the researcher selects 390 samples population as per Yamane and Taro (1967) calculation. According to Yamane and Taro (1967) if the population is infinite 385 sample needed to get a valid conclusion. If so, the researcher selected 390 sample sizes and then prioritized with the ten groups for each Addis Ababa sub cities and these each groups have thirty nine respondents. These sub cities known as: Kirkos Kifle Ketema, Akaki Kality Kifle Ketema, Kolfe Keranio Kifle Ketema, Addis Ketema Kifle Ketema, Arada Kifle Ketema, Bole Kifle Ketema, Yeka Kifle Ketema, Lideta Kifle Ketema, Yeka kifle Ketema, Nifas Silk Kifle Ketema, and Gulele Kifle Ketema. Even the Large Tax Payers Branch Office is responsible for all the entire Ethiopian large companies‟ tax management; substantial companies are dwelling Addis Ababa. So the researcher tried to study in the contribution of Addis Ababa dwellers for the efficiency and effectiveness of the tax administration with special emphasis on VAT.

3.4 Data Collection Method

In this research primary data collection method was used.

3.4.1 Primary Data

Primary data has been collected through Structured Interview with Eastern Addis Ababa Branch Office‟s: Managements, Education and Communication Department, Tax

Collection Experts, Auditors, tax collection officer, some selected staff, tax payers and communities who are live in Addis Ababa. Structured Questionnaire also given for all, who were not participated on the interviews because of work load and convenient time shortage.

3.5 Model of Data Analysis

The data collected through questionnaires have been analyzed and demonstrated using tables. Appropriate explanations were given under each table. The variables used for assessing efficiency and effectiveness of VAT management in this study were quality of government policy, quality of strategic planning, quality of human resource, appropriate filing system, the technology infrastructure, the knowledge of tax payers, and the awareness of consumers. Different authors have studied VAT efficiency and effectiveness using the above variables. Based on Mc Lannan B. (1997) for the variable tax policy, law and procedure, Aizenman, J. and Jinjarak,Y. (2005) for the variable Human, capital and time resource, Doherity, P. (1999) for the variable technological infrastructure, Irena Vlassenko, (2001) for the variable tax payers report quality, Yesegat, W.A. (2008) for the variable public awareness, a model could be developed. Therefore; the model for the efficiency and effectiveness of VAT management used in this research is as follows:

$$y=\beta_0+\beta_1(PLP)+\beta_2(HCT)+\beta_3(TI)+\beta_4(RQ)+\beta_5(PA)+e$$

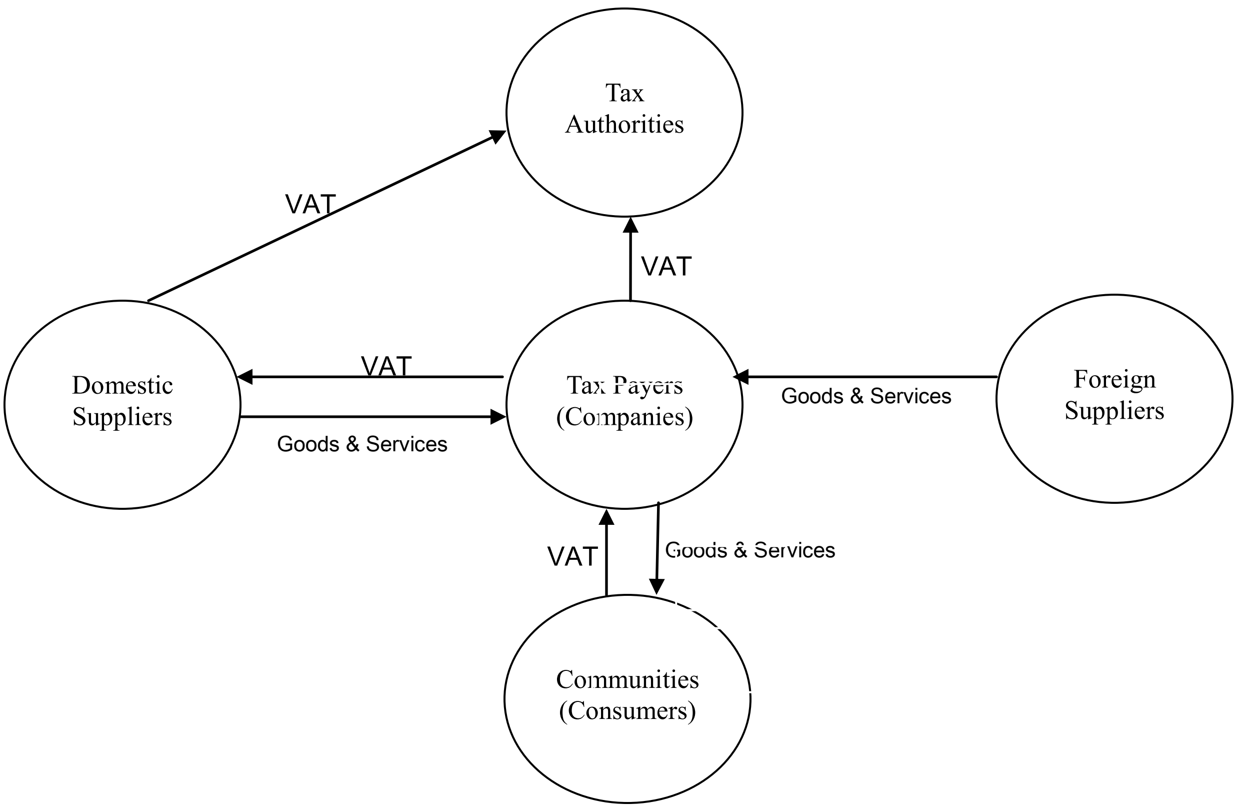
(see page 25)

By running the multiple linear regression model above the relationship between the efficiency and effectiveness and the rest explanatory variables were analyzed.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

This chapter deals with a data presentation analysis and interpretation. The data was collected through questionnaires and interviews. Questionnaires were distributed to authority‟s staffs, tax payers and selected consumers and the return rate was 100%. In addition interviews were conducted with the authority‟s branch managers. There is hierarchical relationship among the respondents. The following table shows their relationship:

Figure: - 4.1 VAT relationships among with the respondents



VAT is one of the indirect taxes. One of the indirect tax behaviors is unconsciousness which is the amount of tax included in the price of commodity and consumer pays the tax without experiencing the pinch for the tax payers. Therefore, this analysis classifies the tax payers in to two groups for research purpose. Those are; the Tax payers, who have VAT‟s register number; and the community, who pay tax when consuming goods but have no VAT register number (reflecting unconsciousness behavior).

4.1 Tax payers company profile

The tax payers profile could help us understand their background and behavior in drawing conclusions about the effectiveness and efficiency of tax management. The following tables present the profiles of the respondents.

4.1.1 Respondents' Business Background

Respondents‟ business background was assessed to know in which business type and line of business they are working:

Table: - 4.1 Type of Business

Type of Business	No	Percentage
Domestic Company	32	64%
Multinational Company	18	36%
Total	**50**	**100%**

Source: Field Survey

Table 4.1 shows that of the 50 tax payer respondents 64% are domestic companies, whereas the rest 36% are multinational companies.

Table: - 4.2 Line of Business

Line of Business	No	Percentage
Import and Export	17	34%
Manufacturing Business	14	28%
Mining	3	6%
Electronics Appliance	6	12%
Real states and Construction	6	12%
Others	4	8%
Total	**50**	**100%**

Source: Field Survey

Table 4.2 shows that 34% of the respondent‟s businesses are import and export whereas the rest 28% of the respondents businesses are operating in the manufacturing sector. This indicates that the manufacturing and international trade line of business is favored by the Ethiopian government policy. On the other hand, as table 4.2 shows there are only 6% respondents whose businesses are in the mining sector. Other sectors businesses contribute to 8% of the total. Among business sectors included in others are; financial institutions, oil and lubricants, and transportation. In addition, 88% of the respondents‟ business is private owned company.

4.1.2 Duration since registration for VAT

The length of the period the tax payers spent since registration for VAT may help us to draw some conclusion on the entry barrier conditions.

Table 4.3: - Number of years since VAT registration

Number of years since registration	No	Percentage
Less than one year	0	0%
One to three years	7	14%
There to five years	11	22%
More than five years	32	64%
Total	**50**	**100%**

Source: Field Survey

As table 4.3 above shows, 64% of the respondent‟s company has registered for VAT before five years. Though the number of VAT registered companies do not show significant increment the revenue from VAT has been increasing since 2011/12. The ERCA Large Tax Payers Office has only four year‟s data because it was established in 2010. Before 2010 the large tax payer‟s organizations declare their tax with the middle income tax payer‟s authority branches.

4.1.3 The respondents are also classified in the range of their business sales turnover per annum.

The business bench mark for classifying businesses based on turnover rate is 27,000,000 birr.

Table: -4.4 Annual Revenue Range

Annual sales turnover range	No	Percentage
Less than 27,000,000.00	19	38%
27,000,000.00 and above	31	62%
Total	**50**	**100%**

Source: - Field Survey

From table 4.4 above 50 respondents indicated that their business annual sales turnover is less than 27,000,000.00 Eth. Birr. However; information collected from the branch office shows that all the branch office tax payers are large tax payers whose business annual sales turnover is 27,000,000.00 birr and above. If their business annual sales turnover less than 27,000,000.00, they should pay in the middle or small branch offices. Based on the investigation once the tax payers are registered in the large tax payer‟s branch office, there is no mechanism to degrade their stage.

4.2 Profile of Consumer Respondents

In this section the researcher tries to include age, sex, educational level and current job of the respondents. The following table depicts the age, sex and educational level of the respondents.

Table 4.5 Age, sex and educational level of respondents

Description		No of respondents	percentage
Age	Below 20 years	2	0.51%
	21-30 years	176	45.13%
	31-40 years	94	24.10%
	41-50 years	86	22.05%
	51-60 years	27	6.93%
	Above 61 years	5	1.28%
	Total	390	100%
Sex	Male	286	73.33%
	Female	104	26.67%
	Total	390	100%
Educational level	Illiterate	7	1.79%
	1-4 grade	68	17.44%
	5-12 grade	106	27.18%
	Certificate and above	209	53.59%
	Total	390	100%

Source: Field Survey

As we can see from table 4.5 above there are 0.51% (2) respondents in the age category of below 20 years, 45.13% (176) are between 21-30 years, 24.10% (94) are between 31-40 years, 22.05% (86) are between 41-50 years, 6.93% (27) are between 51-60 years and the remaining 1.28% (5) respondents are above 61 years old. If we see the gender composition of the respondents 73.33% (286) are male and the remaining 26.67% (104) are female. When we come to the educational level 1.79% (7) respondents are illiterate, 17.44% (68) of them are 1-4 grade, 27.18% (106) of them are 5-12 grade and the remaining 53.59% (209) have certificate and above. So from those data we can say that in terms of age respondents the age interval of 21-30 dominates. In terms of gender male respondents dominate, and finally those with educational level of certificate and above dominated.

4.3 Analysis of Dependent and Independent Variables

The selected staffs have played a great role in the finalization of this paper by answering the questions which were asked in the form of questionnaires.

4.3.1 Independent Variables

Independent variable is the values that can be change in a given model or equation. They provide the "input" which is modified by the model to change the "output" (examples.yourdictionary.com). According to this paper the independent variables are: VAT policies, laws and procedures, human, capital and time resources, technological infrastructures, tax payer‟s report quality, and public awareness about VAT.

4.3.1.1 Summary and Analysis of Responses on Tax policies, laws and procedures

Quality of the tax policy, laws and procedures are the means of which government raise revenue to finance spending on public goods and services (Battiau, 2014). Hence, studying their influence on tax management is important. Therefore, the respondents were asked the following question:

4.3.1.1.1 Questions for the Authority Staffs on policy, laws and procedures

Question for Tax Assessment and Follow up Officers

Do the tax payers believe that the number of steps to required report VAT is necessary?

Table: - 4.6 necessity of step required to report VAT

Answer	Number of respondents	Percentage
Yes	9	60%
No	7	40%
Total	15	100%

Source: Field Survey

The managers replied that it takes in average 10-20 minutes to report VAT. If the tax payers used the E-tax system the filling process could be completed immediately after approval. But to complete the filling process without E-tax system, it may take 15 working days.

Question for Human Resource

Does the authority branch office have decentralized the right to recruit, promote, transfer and demote the branch office employees?

Table: - 4.7 the branch office decentralize right

Answer	Number of respondents	Percentage
Yes	2	100%
No	0	0%
Total	2	100%

Source: Field Survey

As per table 4.7 above 100% of the respondents answered that the branch authority has full power to recruit, promote, transfer and demote its employees. This indicates that this decentralization contributes to efficiency of VAT management.

Question for Tax Auditors

Do you have printed audit manual?

Table: - 4.8 printed audit manual

Answer	Number of respondents	Percentage
Yes	11	69%
No	5	31%
Total	16	100%

Source: Field Survey

From table 4.3 above shows 69% of the respondents answered that they have audit manual, but the remaining thirty one percent said we haven"t any printed audit manual. Surprisingly, 31% of the respondents that said we haven"t, two of them answered we never had faced any problem. Three respondents are said „we faced a problem of remembering all proclamation and regulation at the process of whether desk or fields audit work"; and one respondent is said „It was difficult to prepare standard work plan and time schedule without printed audit manual".

Question for Legal and Enforcements

Do you believe the existing audit selection criteria are not sound enough to identify tax payers that engaged in tax evasion?

Table: - 4.9 audit selection criteria (Legal and enforcement department)

Answer	Number of respondents	Percentage
Yes	2	26%
No	5	74%
Total	7	100%

Source: Field Survey

Table 4.9 above shows that 74% of the respondents feel the audit criteria are sound indicating that the criterions are sound.

Question for Customer Service

Do you believe the existing criteria for selection of tax payers for audit and auditing procedure lack clarity and transparency?

Table: - 4.10 the audit selection criteria (customer service department)

Answer	Number of respondents	Percentage
Yes	5	56%
No	4	44%
Total	9	100%

Source: Field Survey

Table-4.10 indicates that the audit selection criterion is weak as per the customer service department respondents. According to Ron Thomson (2008) if there is no standard audit selection, the tax collection might be inefficient because it cannot audit all tax payers company within a reasonable time. In addition to this the researcher asked „what procedures are needed to lodge any appeal in case disagreement with tax charge decisions and how long time does it take?" The respondents replied that the tax payers have to follow the procedures as per the proclamation, regulation and the tax directions to appeal the tax decisions. As per the proclamation No. 285/2002 and regulation No 79/2002 the tax payers shall fill the appellant form within ten days by paying fifty percent of the tax decision after notification by the authority. The tax payers complain for not being heard. The authority may take minimum one month and maximum three months to give decision on compliance.

4.3.1.1.2 Question for tax payers (policy, laws and procedures)

Do you believe that the criterion required by the office to collect/refund VAT was reasonable?

Summary of the responses were presented in the following table.

Table: - 4.11 the reasonableness of the criterion required

Answer	Number of respondents	Percentage
Yes	26	52%
No	24	48%
Total	50	100%

Source: Field Survey

Table 4.11 above shows that 52% of the respondents believe that VAT declaration criteria set by the branch office is reasonable. But still 48% of the Tax payer respondents believe that the criteria given by the office is not reasonable. This indicates that the Training and Communication Department need to improve the awareness of the tax payers, by providing training. The authority should also assess the criteria and take actions which improve VAT management efficiency.

4.3.1.1.3Question for Consumers (policy, laws and procedures)

Do you believe government VAT policy implementation is fair?
The responses of the respondents (consumers) were summarized in table 4.7 below:

Table: - 4.12 the fairness of the VAT policy

	No	Percentage
Yes	347	89%
No	43	11%
Total	390	100%

Source: Field Survey

Accordingly 89% believe the policy implementation is fair, that means it has contributed to effectiveness of VAT management.
The next question for respondents was why they did believe the VAT policy is not fair and they responded as follows: -
Those who answered the policy implementations is not fair list the following reasons:

- 11 respondents said „It is not fair because the government imposed the VAT in wide range of goods and services. For example it is not fair to add values on food items".

- 19 respondents said „In reality the VAT policies are not applicable in all business companies, if so; this is open gap for the implementer to have unnecessary discretionary power and make disparity among the people‟.
- 31 respondents said „15% of flat rate value added tax at every commodity is not fair for the current kind of Ethiopian‟s living conditions‟.
- 13 respondents said „Naturally regressive Tax like VAT puts more burdens on lower level of societies‟.
- 3 respondents said „The controlling capacity of the authority is not fit to implement the complexity of VAT‟s policy, so honesty retailer‟s investment may be affected‟.

On the other hand; major of the respondents believe that the VAT policy is fair and the researcher asked that what they would contribute for the government to collect effectively the VAT revenue, and their responses were as follows:

- 9 respondents said „By preferring the shops who owning the VAT register-machines to buying any goods and services‟.
- 17 respondents said „by checking the accuracies of the cash receipt when purchasing goods and services by looking at the printed time, item type and the amount of values, and also if the receipt is prepared manually, they check that if the customers receipt is exact copy of the VAT for tax authorities‟.
- 6 respondents are said „by giving necessary information for concerned government bodies, in case improper or illegal activities with regard to VAT exists‟,

4.3.1.2 Human, Capital and Time Resources

Quality human resource has positive influence on tax management. In addition, capital has positive influence because it enables tax collector to invest on technology and there by controlling frauds and incompliance (Anthony Land, 2004).

4.3.1.2.1 The Authority Staffs (Human, Capital and Time)

Question for Tax Assessment and Follow up Officers

Do you believe that the current level of education and work experience of the employees is enough to make the tax assessment and follow up effort successfully?

Table: - 4.13 the level of education and work experience of staffs

Answer	Number of respondents	Percentage
Yes	11	73%
No	4	27%
Total	15	100%

Source: Field Survey

As table 4.13 above, 27% of respondents said the current staff‟s education and work experience is not enough to make the tax assessment and follow up effort successfully. The Tax Assessment and Follow up Officers mentioned that the internal factors that aggravate the occurrence of VAT revenue reduction are listed as follows:

- 9 respondents said „The authority‟s incentive package is weak, which in turn affects the motivation of the officers‟.
- 2 respondents said „Lack of strong enforcement and penalty as per a proclamation and regulation on the tax payer‟s company, who evade, avoid, and loophole the government tax‟.
- 14 respondents said „Shortage of number of employees‟.
- 8 respondents said „There is no way to control tax payer‟s sales before auditing‟.
- 5 respondents said „Setting of unattainable revenue collection plan with regard to VAT by the authority without consideration of current conditions of the country‟s economy‟.
- 2 respondents said „Tax payers are dissatisfied for long waiting and unstructured service of the authority‟.

Question for Human Resource

Do you think the employees feel happy by the results of their performance appraisal?

The responses were summarized in table 4.9 below:

Table: - 4.14 the happiness of the performance appraisal result

Answer	Number of respondents	Percentage
Yes	1	50%
No	1	50%
Total	2	100%

Source: Field Survey

As per table 4.14 above, 50% of the respondents answered that the employees are not happy by their performance appraisal. The rest 50% believe that the evaluation is nether transparent nor include continuous follow up. This result may indicate that staff dissatisfaction may contribute to VAT management inefficiency.

Question for Tax Auditors

Do you think there is transparency and continuous follow up when evaluating employees?

The responses were summarized in table 4.10 below:

Table: - 4.15 the transparency of the employees evaluating

Answer	Number of respondents	Percentage
Yes	8	50%
No	8	50%
Total	16	100%

Source: Field Survey

As table 4.15 above 50% of the audit department staffs answered that don‛t believe the evaluation is transparent and include continuous follow up.

Question for Legal and Enforcements

Do you believe that using cash register machine can reduce administration cost (time saving, bribery, etc) to collect VAT?

The response was summarized in table 4.11 below:

Table: - 4.16 the advantage of cash register machine

Answer	Number of respondents	Percentage
Yes	7	100%
No	0	0%
Total	7	100%

Source: Field Survey

Table 4.16 above shows that 100% of respondents believe that the cash register machines are efficiently facilitating the VAT"s collection process. They said it contributes to revenue increment by reducing administration cost like: time saving, reducing bribery, etc on the collection processes of VAT. This indicates that the cash register machine has contributed to VAT management efficiency.

Question for Customer Service

Do you believe that the cash register machine can contribute to increase the authority"s VAT revenue?

Their responses were summarized in table 4.12 below:

Table: - 4.17 the contribution of the cash register machine for the efficiency of VAT collection.

Answer	Number of respondents	Percentage
Yes	9	100%
No	0	0%
Total	9	100%

Source: Field Survey

A table 4.17 show that 100% of respondents are believes that the cash register machine contributes to the collection of VAT‟s revenue increment. This indicates that the efficiency due to use of cash register results in increment of VAT revenue by giving enough time and effective control methods for the authority staffs.

4.3.1.2.2Question for tax payers (human, capital and time)

Do you observe problems on cooperation among front line VAT collectors?

The respondents answered on about what the difficulties they face and their observation on cooperativeness to pay/get refund VAT, the summarizing being presented in table 4.18 below:

Table: - 4.18 the problem of cooperation

Answer	Number of respondents	Percentage
Yes	24	48%
No	26	52%
Total	50	100%

Source: Field Survey

Table 4.18 above shows that there is a problem in cooperation on tax collection process. Even if, there are various problems specified by tax authority employees and tax payers the following major problems were mentioned by the respondents:

- 26 respondents said „The tax declaration process is very long and not completes in a window‟.
- 34 respondents said „there is a stability problem of tax declaration laws and procedures‟.
- 3 respondents said „Lack of printed manuals for the new laws and procedures‟.

4.3.1.3 Technological Infrastructure

Effective tax management is the one that maximizes the revenue collected from taxable sources. Technology helps to increase the efficiency of the tax collector there by shortening time for the payer (Muwonge, 2011).

4.3.1.3.1 The Authority Staffs (technological infrastructure)

Question for Tax Assessment and Follow up Officers

Do you believe if the ERCA-LTO Electronics Tax (E-Tax) system is implemented effectively, the branch office‟s VAT revenue could be increased?

Table: - 4.19 the contribution of E-Tax for the collection efficiency

Answer	Number of respondents	Percentage
Yes	11	73%
No	4	27%
Total	15	100%

Source: Field Survey

According to the information of the above table, 73 %of the respondents answered yes and 27% respondents were answered no. there who answered no say the software is defective and computers sometimes fail. We can see from table 4.19 above that E-tax system has contributed to VAT management efficiency.

Question for Human Resource
Do you believe the current ERCA Electronics Tax (E-Tax) system is effective?

Table: - 4.20 the effectiveness of the ERCA E-Tax system

Answer	Number of respondents	Percentage
Yes	2	100%
No	0	0%
Total	2	100%

Source: Field Survey

As table 4.20 above shows that 100% of respondents believe that the E-Tax system has contribution for the effectiveness of tax collection. Unfortunately, all the authority‟s tax payers not use the E-tax because some companies E-tax trained employees shifts their jobs, or some companies are not interested to use E-tax and the other reason is a new collection system, the authority‟s branch is not willing to allow the access for all tax payers companies.

Question for Tax Auditors

Do you believe that the chance of being detected is relatively low if an official is engaged in corrupt activities on the electronics tax (E-Tax) users?

The respondents were answer summarized in table 4.21 below.

Table: - 4.21 the E-Tax contribution for reducing corrupt activities

Answer	Number of respondents	Percentage
Yes	4	25%
No	12	75%
Total	16	100%

Source: Field Survey

Table 4.21 above shows that in theory the technology is increasing the efficiency of tax collection. However; 75% the audit department respondents do not believe that the E-tax system is increasing the collection efficiency. This indicates that the corruption ways are not within the system of VAT collection by electronic tax system.

Question for Legal and Enforcements

Do you believe that using cash register machine facilitates the VAT collection process?

Table 4.22 below summarizes the responses for cash register machine contribution in collection process.

Table: - 4.22 cash register machine facilitation for the VAT collection process

Answer	Number of respondents	Percentage
Yes	7	100%
No	0	0%
Total	7	100%

Source: Field Survey

As per table 4.22 above, all legal and enforcement department respondents are believe that the cash register machine fulfilled the required process. This means that the authority office has to work on those tax payers who do not use E-tax system to let them use it so that VAT revenue will increase and VAT management is efficient.

Question for Customer Service

Do all the LTO"s branch office tax payers use the Electronic Tax (E-Tax) system?

Their answers were summarized in table 4.23 below.

Table: - 4.23 E-Tax system using status on the tax payers

Answer	Number of respondents	Percentage
Yes	0	0%
No	9	100%
Total	9	100%

Source: Field Survey

From table 4.23 above, we can see that all the customer service department respondents believe that all the tax payers do not use the E-Tax system.

4.3.1.3.2 Question for tax payers (technological infrastructure)

Do you observe problems on speed of front line VAT collector?
The respondents answered about the difficulties they faced and what are their observation on speed to pay/get refund VAT.

Table: - 4.24 the difficulties speed

Answer	Number of respondents	Percentage
Yes	28	56%
No	22	44%
Total	50	100%

Source: Field Survey

In general the data in table 4.24 above shows there is a problem in speed on tax collection process that major problems listed were:

- 14 respondents said „Shortage of professional to fix the E-Tax software program‟.
- 20 respondents said „The technology backwardness as well as network system problems affect speed and repeated termination‟.

Therefore, managing the E-tax system is a key problem among the users of E-tax system. This made the authority office‟s VAT management inefficient.

4.3.1.4 Tax Payers Report Quality

Quality of the tax payers report increases transparency between tax payer and collector. As a result it improves the tax management system (Doherity, P.1999).

4.3.1.4.1 The Authority Staffs (tax payers report quality)

Question for Tax Assessment and Follow up Officers

Do you believe that all the LTO‟s branch office tax payers have sufficient knowledge about Electronics Tax (E-Tax) system?

Their responses summarized were presented in table 4.25 below.

Table: - 4.25 tax payer's knowledge about E-Tax system

Answer	Number of respondents	Percentage
Yes	0	0%
No	15	100%
Total	15	100%

Source: Field Survey

Table 4.25 above shows that all the tax assessment and follow up department respondents do not believe that all the branch office‟s tax payers are sufficient knowledge about the E-Tax.

Question for Human Resource

Do you believe that the format prepared to be completed by the tax payers is not friendly with the tax office filling system?

Table: - 4.26 the quality of the report friendly with the filling system

	No	Percentage
Yes	1	50%
No	1	50%
Total	2	100%

Source: Field Survey

From table 4.26 above we can see that 50% of human resource department respondents believe the tax payer‟s report is not friendly with the tax office filling system. In addition to this the researcher asked „how much is the annual employees‟‟ turnover rate in the branch office, if the answer is above one percent what are the main reasons the employees to terminate their job. The respondents answered that the authority‟s branch office annual employee‟s turnover rate is around one to three percent. The main reasons that force the branch authority‟s employees terminate their job is dissatisfaction on benefits. As the respondents said the salary is not enough to the employee‟s performance and quality. Therefore, turnover is one reason for VAT management inefficiency.

Question for Tax Auditors

Do you believe that the form used by the tax payers to notify their tax liability fully satisfy the filling process requirement?

Table: - 4.27 the form quality VS with the filling process

Answer	Number of respondents	Percentage
Yes	13	81%
No	3	19%
Total	16	100%

Source: Field Survey

As per table 4.27 above the majority of the audit department respondents believe that the forms used by the tax payers to notify their tax liability fully satisfy the filling process requirement.

Question for Legal and Enforcements

Do you think adequate awareness creation training has been given to the VAT registered organization regarding the use of cash register machine?

Table 4.28 below summarizes the response.

Table: - 4.28 the training about the cash register machine

Answer	Number of respondents	Percentage
Yes	4	57%
No	3	43%
Total	7	100%

Source: Field Survey

As per table 4.23 above 43 % of the legal and enforcement department respondents do not believe that the authority has given adequate training. The researcher also asked what kind of penal action has to be taken on the tax payers, who are the non-filers, try to reduce the VAT‟s payable and not settled their obligation on time, if they think this existing enforcement of penal action is too week, what are the weakness. The respondents said that the penal action has to be taken as per the government tax proclamation and regulation. However; there are problems on implementation. They suggested all penal actions should be given equally for all tax payers. Some tax payers are simply given warning for major violation. Since the branch office customers are large tax payers whose annual revenue is more than 27,000,000.00 birr, the government wants to encourage large investment groups and it doesn‟t want to measure direct penal action as a regulation and proclamation. But this discrimination has opened a door for the high level tax officers and government officials to be corrupted.

Question for Customer Service

Do you believe that the quality of report submitted by the tax payers satisfy the required information needed and hence require only a standard time set for the officers by the office?

Table: - 4.29 the information ability of the tax payers report

Answer	Number of respondents	Percentage
Yes	6	67%
No	3	33%
Total	9	100%

Source: Field Survey

According the LTO the standard time the tax payers could be taken 10-20 minutes to report VAT. However; 33% of the customer service respondents are believed that it might take more than 20 minutes.

4.3.1.4.2 Question for tax payers (tax payers report quality)

Did you face difficulties to pay/refund VAT?

Table: - 4.30 tax payers faced problems on the process of reporting

Answer	Number of respondents	Percentage
Yes	19	38%
No	31	62%
Total	50	100%

Source: Field Survey

Table 4.30 above shows that 62 % of the tax payer‟s respondents had faced problem on the process of reporting VAT.

4.3.1.5 Public Awareness

If the public is aware of the tax system it will boost the morale of the tax payer and there by improve tax management system by increasing the number of voluntary tax payers (Yrgalem G., 2014).

4.3.1.5.1 The Authority Staffs (public awareness)

Question for Tax Assessment and Follow up Officers

Do you think that the tax payers have positive perception about VAT?

Table: - 4.31 tax payer's perception about VAT

Answer	Number of respondents	Percentage
Yes	8	53%
No	7	47%
Total	15	100%

Source: Field Survey

Table 4.31 above shows that 47% of respondents said the tax payers have not positive perception about VAT. AS Tax Assessment and Follow up Officers the external factors that aggravate the occurrence of VAT revenue reduction are listed here:

- 11 respondents said „As the authority‟s tax payers are the large tax payers their revenues are vast. The amount of VAT‟s payable is also large. So the tax payers are not willing to pay large amount of VAT‟s payable in the required period‟.
- 1 tax respondent said „Lack of awareness among the tax payers, the communities and other government department employees result VAT revenue deduction‟.
- 4 respondents said „Some tax payers have rent seeking attitude which make it difficult for the authority service to run smoothly‟.

Question for Human Resource

Do you believe that the awareness creation program organized currently by ERCA is not extensive and not sufficient to build tax and improve tax compliance by VAT registered organization?

Table: - 4.32 the awareness creation program of the ERCA

Answer	Number of respondents	Percentage
Yes	2	100%
No	0	0%
Total	2	100%

Source: Field Survey

Table 4.32 above shows that all human resource department respondents believe that the awareness creation program organized currently by ERCA is not extensive and not sufficient to build tax and improve tax compliance.

Question for Tax Auditors

Do you think that the tax payer does not have good perception of ERCA tax audit follow up system?

Table: - 4.33 the perception of tax payer's about audit follow up

Answer	Number of respondents	Percentage
Yes	13	81%
No	3	19%
Total	16	100%

Source: Field Survey

Table 4.33 above shows that 81 % of the audit department respondents were responded that the tax payers have not a good perception about the tax audit and follow up. The researcher were also asked „what kind of audit strategies do they use and if the tax payers audit selection criterion was clear and transparent, if the answer is the audit selection criterion is not sound, is it enough reason that to promote the tax payers to be involve in the tax evasion?"". 44 % of the respondents answered that the compressive audit strategy is used, on the other side 31% of the respondents answered risk based audit strategy and the remaining answered both the comprehensive and risk based audit strategies are used. Furthermore; the respondents do not believe that the audit selection of the tax payers is clear and transparent. Therefore; the tax payers are motivated to beinvolvedin corruption, tax evasion and other illegal act.

Question for Legal and Enforcements

Do you believe that the office provide educate awareness to those who default before taking action against them?

Legal and Enforcement officers responded on that what they think about the awareness creation given by the authority office to the tax payers, about cash register machine and what they suggest to mitigate the problems related with the tax payers awareness to maximize tax collection: -

Table: - 4.34 the capability of the awareness creation program

Answer	Number of respondents	Percentage
Yes	5	71%
No	2	29%
Total	7	100%

Source: Field Survey

Table 4.34 shows that 71 % of the respondents answered that we think that not enough training was given by the tax authority to the tax payers. They indicated that in order for government tax collection to be efficient and effective the authority should give the well organized and continuous training to the tax payers. Consequently; they suggested the following to mitigate tax collection problems related to shortage of training:

- 1 respondent said „The authority should use additional promotion using schools, notice board, etc and the necessary information should be given to the general public in an attractive entertainment and advertisement‟.
- 2 respondents said „The government should create awareness for the public that the tax revenues are very important to the country development and the improvement of living standard of the society‟.
- 5 respondents said „Even if we believe that the awareness creation program is essential before penalizing the tax payers, the tax payers should use their rights by asking information. Because, I don‟t know the law doesn‟t rescue from prosecution‟.

Question for Customer Service

Do you believe the Ethiopian Revenue and Customs Authority (ERCA) offered adequate training about VAT?

Table: - 4.35 adequacy of the ERCA training about VAT

Answer	Number of respondents	Percentage
Yes	3	33%
No	6	67%
Total	9	100%

Source: Field Survey

They responded that 67 % of respondents answered we do not believe the awareness creation program organized by the ERCA is extensive and sufficient to build tax and improve tax compliance by the VAT registered organizations. So it is difficult to say that the awareness creation about VAT training given by the ERCA is adequate. 67% of the respondents indicated that the current tax compliance situation has shown that the education and awareness creation through television, brochures, magazines, newspapers and others were not sufficient. 83% of the respondents replied the tax payers do not have good perception of ERCA tax audit follow up system.

4.3.1.5.2 Question for tax payers (public awareness)

Does the office provide advisory service to you on how to pay/refund VAT?

The respondents answered the question that „have they ever gotten advisory service from the authority", which is to understand how to pay/get refunding VAT.

Table: - 4.36 the ERCA advisory service ability on the reporting VAT

	No	Percentage
Yes	40	80%
No	10	20%
Total	50	100%

Source: Field Survey

As per table 4.36, 20% of the respondents did not get advisory service from the office of the tax authority on how to pay/ get refund from VAT. This indicated that the capacity of the collection of the office is not satisfactory to efficiently and effectively manage the VAT collection. The researcher also tried to find any tax information and published materials from branch office Education and Training Department, but couldn‟t find any because the concerned staff in the department was not cooperative. However; even if it is costly, it is very important to strengthen the training service for the tax payers when the old laws and procedures are changed or modified. This is because smooth communication of the tax officer with tax payers will be followed by reduced cost, increased work satisfaction, efficient reporting time, better understanding for the benefit of Tax and also.

4.3.1.5.3 Question for Consumers (public awareness)

Do you believe VAT is important for Ethiopia?

This question for respondents was to know their belief on the importance of VAT in Ethiopia.

Their response is summarized on table 4.37 below:

Table: - 4.37 the importance of VAT

	No	Percentage
Yes	286	73%
No	104	27%
Total	390	100%

Source: Field Survey

From table 4.37 above we can see 27 % of the respondents say that they didn‟t believe the importance of VAT in Ethiopia. On the importance of VAT is as follows:

- 62 respondents said „The majority of Ethiopia people live under poverty and this value added tax is another burden for those broken people‟.
- 11 respondents said „This VAT is bringing inflations on the residence of people who are fighting to win day to day life‟.
- 37 respondents said „the implementation process will be difficult because of the country‟s economic capacity which is limited and many people are using ordinary

consumable items like foods, shelter, and cloths‟.

- 5 respondents said „The country‟s tax administration offices have capacity problem‟.
- 3 respondents said „First the government has to make sure the society‟s knowledge and understanding about VAT policy with the same emphasis as implementation‟.
- 7 respondents said „The stability of the country‟s economy is probably affected by VAT.‟

4.3.2 Dependent Variable for All Respondents

Dependent variable is the value that results from the independent variables (examples.yourdictionary.com). The VAT collection should be an efficient which allows them to collect the tax with a minimum resource, and also it should be an effective which is the money collected from tax as per predetermine plan. Therefore; as this research the efficient and effective VAT collection considered as one variable. For instance; the numbers of non compliance are increasing means the cost of the authority to collect tax will be increased i.e. inefficient, as well as the planed collection will be variant with the actual i.e. ineffective. So the researcher was asked to all respondents one question. That is:

Do you think the current VAT revenue being collected by the government is efficient and effective?
The responses by the respondents were summarized in table 4.38 below.

Table: - 4.38 the efficiency and effectiveness of VAT collection

	No	Percentage
Yes	174	45%
No	215	55%
Total	389	100%

Source: Field Survey

From table 4.38 above we can see that 55% of the respondents believe the VAT collection in Ethiopia is efficient and effective.

4.4 Relationship among variables

Correlations are the measure of the linear relationship between two variables (Brooks (2008)). To find the association of the independent variables with dependent variable, Pearson product moment of correlation coefficient was used.

A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated and values closer to 0 indicates that there is no linear relationship whereas value closer to -1indicates that there is a weak relationship between the variables. As described by Andy (2006), the correlation is a commonly used measure of the size of an effect: values of ± 0.1represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect.

In this section, correlation analysis was conducted in light of each research objectives and hypotheses developed.

4.4.1 Relationship among variables for tax collector

Table 4.39 Correlations matrix between efficiency and effectiveness of collectors and predictors

		Efficient & Effectiveness of TAX Management	Policy, Law & Procedure	Human, Capital & Time Resource	Technological Infrastructure	Quality of Tax Payers Report	public Awareness
Efficient & Effectiveness of TAX Management	Pearson Correlation	1	.473**	.501**	.423**	.154	.085
	Sig. (1-tailed)		.001	.000	.002	.291	.561
	N	49	49	49	49	49	49

Policy, Law & Procedure	Pearson Correlation	.473**	1	.309*	.245	-.100	-.002
	Sig. (1-tailed)	.001		.031	.090	.493	.990
	N	49	49	49	49	49	49
Human, Capital & Time Resource	Pearson Correlation	.501**	.309*	1	.145	.034	.004
	Sig. (1-tailed)	.000	.031		.321	.817	.979
	N	49	49	49	49	49	49
Technological Infrastructure	Pearson Correlation	.423**	.245	.145	1	.114	-.124
	Sig. (1-tailed)	.002	.090	.321		.436	.396
	N	49	49	49	49	49	49
Quality of Tax Payers Report	Pearson Correlation	.154	-.100	.034	.114	1	-.361*
	Sig. (1-tailed)	.291	.493	.817	.436		.011
	N	49	49	49	49	49	49
Public Awareness	Pearson Correlation	.085	-.002	.004	-.124	-.361*	1
	Sig. (1-tailed)	.561	.990	.979	.396	.011	
	N	49	49	49	49	49	49

**.Correlation is significant at the 0.01 level (1- tailed).

*Correlation is significant at the 0.05 level (1 tailed).

As shown in the above correlation matrix table 4.34, the correlation coefficient value shows as the Policy, law and procedures; Human, capital and time resource and technological infrastructure had a large positive relationship and statistically significant correlation with Efficiency and Effectiveness of tax management (r=.473, $p<.01$),

(r=.501, p<.01), and (r=.423, p<.01) respectively, while, quality of tax payers report and staff awareness have a small correlation(r=.154, p>.05) and (r=.085, p>.085).

From the above correlation matrix the relationship of all of the predictors with Efficiency and Effectiveness of tax management, i.e. Human, capital and time resource correlates best with the outcome (r=.501, p<.01) and so it is likely that this variable will best predict Efficient and Effectiveness of tax management.

4.4.2 Relationship among variables for tax payers

Table 4.40 Correlations matrix between efficiency and effectiveness of tax payers and predictors

		The Efficiency & Effectiveness of VAT Management	Policy, Law & Procedure	Human, Capital & Time Resource	Technological Infrastructure	Quality of Tax payers Report	Public Awareness
The Efficiency & Effectiveness of VAT Management	Pearson Correlation	1	.486**	.578**	.525**	.656**	.169
	Sig. (1-tailed)		.000	.000	.000	.000	.241
	N	50	50	50	50	50	50
Policy, Law & Procedure	Pearson Correlation	.486**	1	.304*	.099	.235	.187
	Sig. (1-tailed)	.000		.032	.495	.100	.193
	N	50	50	50	50	50	50
Human, Capital & Time Resource	Pearson Correlation	.578**	.304*	1	.412**	.238	-.080
	Sig. (1-tailed)	.000	.032		.003	.097	.580
	N	50	50	50	50	50	50

Technological Infrastructure	Pearson Correlation	.525**	.099	.412**	1	.249	-.182
	Sig. (1-tailed)	.000	.495	.003		.081	.205
	N	50	50	50	50	50	50
Quality of Tax payers Report	Pearson Correlation	.656**	.235	.238	.249	1	-.082
	Sig. (1-tailed)	.000	.100	.097	.081		.569
	N	50	50	50	50	50	50
Public Awareness	Pearson Correlation	.169	.187	-.080	-.182	-.082	1
	Sig. (1-tailed)	.241	.193	.580	.205	.569	
	N	50	50	50	50	50	50

**.Correlation is significant at the 0.01 level (1- tailed).

*Correlation is significant at the 0.05 level (1 tailed).

As shown in the above correlation matrix of customers table 4.35, the correlation coefficient value shows as the Policy, law and procedures; Human, capital and time resource, technological infrastructure and quality of tax payers report had a large positive relationship and statistically significant correlation with Efficiency and Effectiveness of tax management (r=.486, p<.01), (r=.578, p<.01), (r=.525, p<.01) and (r=.656, p<.01) respectively, while, customers awareness have a small correlation(r=.169, p>.05).

From the above correlation matrix the relationship of all of the predictors with Efficiency and Effectiveness of tax management, quality of tax payers report correlates best with the outcome (r=.656, p<.01) and so it is likely that this variable will best predict Efficient and Effectiveness of tax management.

4.4.3 Relationship among variables for consumers

Table 4.41 Correlations matrix between efficiency and effectiveness of consumers and predictors

		The Efficiency & Effectiveness of VAT Management	Policy, Law & Procedure	Public Awareness
The Efficiency & Effectiveness of VAT Management	Pearson Correlation	1	.653**	.568**
	Sig. (1-tail)		.000	.000
	N	390	390	390
Policy, Law & Procedure	Pearson Correlation	.653**	1	.260**
	Sig. (1-tail)	.000		.000
	N	390	390	390
Public Awareness	Pearson Correlation	.568**	.260**	1
	Sig. (1-tailed)	.000	.000	
	N	390	390	390

*Correlation is significant at the 0.05 level (1 tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

As shown in the above correlation matrix of consumers table 4.36, the correlation coefficient value shows as the Policy, law and procedures and consumers awareness had a large positive relationship and statistically significant correlation with Efficiency and Effectiveness of tax management (r=.653, $p<.01$) and (r=.568, $p<.01$) respectively.

From the above correlation matrix the relationship of all of the predictors with Efficiency and Effectiveness of tax management, Policy, law and procedures correlates best with the outcome (r=.653, $p<.01$) and so it is likely that this variable will best predict Efficient and Effectiveness of tax management.

4.5 Test regression assumptions

The regression analysis was conducted to know by how much the independent variable explains the dependent variable. Before we go to in detail of multiple regression assumption of multivariate normal distribution, independence of errors, and equality of variance were first tested. This study involves a relatively large sample (49 staff, 50 tax payers and 390 customers) and therefore, the Central Limit Theorem could be applied and hence there is no question on normality of the data. Two major methods were utilized in order to determine the presence of multicollinearity among independent variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation Factor (VIF) (Kleinbaum & Klein, 2002). The results of these analyzes are shows as all predictors VIF is below 10 and none of the Tolerance levels is < or equal to .01. Multicollinearity was not a concern with this data set as confirmed by the main effect regression models.

According to Andy Field (2009) the acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis Durbin – Watson values are ranges from 1.603 to 2.141, which are between the acceptable ranges, show that there was no auto correlation problems in the data used in this research. Thus, the measures selected for assessing independent variables in this study do not reach levels indicate of multicollinearity. Therefore, regression analysis of Predictors and Dependent variables was conducted and the results of the regression analysis are presented as following section.

4.5.1 Testing hypothesis

The hypothesis testing was done through multiple regression analysis. According to Meyers et al., (2006) the multiple regression is a very useful tool that has become very popular in behavioral study. After getting empirical data from the questionnaires (full version & final version Questionnaires), the regression coefficient and T-value from SPSS result have been used to estimate results for hypothesis testing and answer other research questions. The regression coefficient is interpreted as the rate of change in dependent variable (Behavioral intention) as a function of change in independent variables (factors).

Below table presents findings from the study, where Beta values are the coefficients of regression and t-value are used to decide on the significance. Expectedly, t-value with greater value of regression coefficients is found higher. Following the rule of thumb (George & Mallery, 2003), t-value greater than two (T>2) is considered as significant, and are used for making decisions on the constructed hypotheses.

4.5.2 Test Hypothesis regarding Efficient and Effectiveness of tax management

Here the Efficient and Effectiveness of tax management dimensions of staffs‟ hypothesis test is done to know which hypothesis is accepted and rejected; similarly here it regressed to know the variation of Policy, law and procedures; Human, capital and time resource, technological infrastructure; quality of tax payers report and staff, customers and consumers awareness has on Efficient and Effectiveness of tax management. It presented as below:

Table 4.42 Regression coefficients result for Efficient and Effectiveness of tax management and predictors for staffs

Factors	β	t-test	Sig.
Constant	-.219	-1.489	
Policy, Law & Procedure	.313	2.665	.011
Human, Capital & Time	.386	3.100	.003
Technological Infrastructure	.299	2.613	.012
Quality of Tax Payers Report	.203	2.975	.050
staff Awareness	.195	1.693	.098

*. Statistically significant at the 0.05 level

**. Statistically significant at the 0.01 level

Number of observation = 49, P=0.0000, R-Squared= 0.499 (See Apendix3)

Table 4.43 Regression coefficients result for Efficient and Effectiveness of tax management and predictors for customer

Factors	β	t-test	Sig.
Constant	-.311	-3.160	
Policy, Law & Procedure	.229	2.727	.009
Human, Capital & Time	.278	3.682	.001
Technological Infrastructure	.297	3.981	.000
Quality of Tax Payers Report	.469	6.535	.000
customers Awareness	.296	3.459	.001

*. Statistically significant at the 0.05 level

**. Statistically significant at the 0.01 level

Number of observation = 50, P=0.0000, R-Squared= 0.790 (See Apendix3)

Table 4.44 Regression coefficients result for Efficient and Effectiveness of tax management and predictors for consumers

Factors	β	t-test	Sig.
Constant	.017	.529	
Policy, Law & Procedure	.521	16.179	.000
consumers Awareness	.463	12.768	.000

**. Statistically significant at the 0.01 level

Number of observation = 390, P=0.0000, R-Squared= 0.596 (See Apendix3)

The above table presents the results from the multiple regressions carried out using the five variables: Policy, law and procedures; Human, capital and time resource, technological infrastructure; quality of tax payers‟ report and staff, customer and consumers awareness as the independent variables and Efficient and Effectiveness of tax management as the dependent variable.

Based on the table above, R-squared values for staffs, customers and consumers are

0.499, .790 and .596 that indicates how much of the variation of the dependent variable is explanatory variables. Hence, 50% and 79% of variation of the dependent variable, Efficient and Effectiveness of tax management, is explained by the independent variables Policy, law and procedures; Human, capital and time resource, technological infrastructure; quality of tax payers report and staff and customers awareness and the rest 50% and 21% is determined by unexplained factors, while, 60% of variation of the dependent variable, Efficient and Effectiveness of tax management, is explained by the independent variables Policy, law and procedures and consumers awareness and the rest 40% is determined by unexplained factors.

Test Hypothesis one

Hypothesis1: Quality of the tax policy, laws, and procedure has positive influence on the tax management.

Based on the p-value (0.000) (Table 4.42, 4.43, & 4.44) from regression coefficient of staffs, customers and consumers policies, procedures and law followed by the organization was found to have a positive significant effect on Efficient and Effectiveness of tax management. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

Test Hypothesis two

Hypothesis2: Quality of human, capital and time resource has positive influence on the tax management.

Based on the p-value (0.000) from regression coefficient of staffs and customers the Human, capital and time resource of the organization was found to have a positive significant effect on Efficient and Effectiveness of tax management (Table 4.42, 4.43, & 4.44).

Test Hypothesis three

Hypothesis3: Quality of technological infrastructure has positive influence on the tax management.

Based on the p-value (0.000) (Table 4.42, 4.43, & 4.44) from regression coefficient of staffs and customers the, technological infrastructure of the organization was found to have a positive significant effect on Efficient and Effectiveness of tax management. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

Test Hypothesis four

Hypothesis4: Quality of the tax payers report has positive influence on the tax management.

Based on the p-value (0.000) (Table 4.37, 4.38, & 4.39) from regression coefficient of staffs and customers the quality of tax payers report was found to have a positive significant effect on Efficient and Effectiveness of tax management. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

Test Hypothesis five

Hypothesis5: The actual public awareness about tax has positive influence on the tax management.

Based on the p-value (0.000) (Table 4.37, 4.38, & 4.39) from regression coefficient of customers and consumers the level of awareness was found to have a positive significant effect on Efficient and Effectiveness of tax management, while, from regression coefficient of staffs indicated as their level of awareness have no effect on Efficient and Effectiveness of tax management of the organization. Therefore, the null hypothesis is rejected from customers and consumers and the alternative hypothesis is accepted, while the null hypotheses are accepted from staffs" point of view and the alternative hypothesis is rejected.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

1. More than 52 % of respondents justified that the tax collector lacks cooperativeness, there are problems on serving the tax payers with speed and curtsey (table-4.18 & 4.24).
2. The finding also indicated that transparency and accountability becomes the other major problems of the authority (under table-4.11 page no. 38-39 & under 4.14 page no. 42).

3. The branch authority office has also the problem of human power (under table-4.13 page no.41-42).

4. The other problem is that majority of the employees are not satisfied by the existing salaries and benefits (under table 4.7 page no. 36).

5. There is different level of understanding about the use of VAT among tax collectors, tax payers, and communities (consumers) (under table 4.34 page no. 54, under table 4.36 page no. 55-56 & under table-4.37 page no. 56-57).

5. Lastly the research founded that the advisory service and training given to tax payers were still have a problem (under table table-4.37 page no. 55-56), the attitude of the community regarding VAT is limited (under table-4.13 page 42-43), and the knowledge of the tax authority‟s staffs about VAT‟s regulation is minimum (under table-4.8 page no. 37, under table 4.10 page no. 39 & under table 4.28 page no. 50-51). There is also bribery and corruption as per the findings from respondents (under table-4.28 page no. 50-51).

5.2 Conclusions

1. The tax function can optimize its role within an organization by utilizing operations management tools and methods, as well as through the study and implementation of business process improvements to improve tax efficiency and effectiveness. The application of these tools serves as a means of both enabling a team to complete compliance-related tasks with greater efficiency and integrating the corporate tax

department with other functions of an organization. Generally, as per literature, the major factors that affect the effectiveness and efficiency of tax management are; tax policy laws and procedures, technological infrastructure, quality of human resource, quality of tax payers‟report and public awareness.

2. Based on the findings from the questionnaire the problem of lack of cooperativeness by the tax collectors lead to lack of speed in service which in turn contributed inefficiency. Another problem observed was lack of transparency and accountability which opens room for corruption. The problem of staff dissatisfaction is also a major reason for inefficiency of the authority shortage of training also contributed to inefficiency as the capacity of the human power was not developed.

3. The findings of this research are similar with that of Mc Lannan B. (1997) for the variable tax policy, law and procedure, Aizenman, J. and Jinjarak,Y. (2005) for the variable Human, capital and time resource, Doherity, P. (1999) for the variable technological infrastructure, and Irena Vlassenko, (2001) for the variable tax payers report quality. Tax policy, law and procedure, human, capital and time resource, technological infrastructure, and tax payers report quality significantly affect the efficiency and effectiveness of the VAT management of Large Tax Payers Brach Office. However; the finding for the variable public awareness is different from Yesegat, W.A. (2008). This may indicate that there has been betterment to some extent but it still needs extra effort on public awareness (table 4.7 & 4.32).

5.3 Recommendation

Thus, from the finding of the research the following recommendations were made to improve the efficiency and effectiveness of the VAT management increasing government revenue that will be collected from VAT.

1. The authority office shall builds strong capacity through Human (by develop well training plan, recruited competent employees, develop marketable employees benefit and motivation plan, organized functional departments.
2. Through capital by expanding and build more additional offices and increasing additional technological equipment.

3. To increase the efficiency and effectiveness collection of VAT management, the authority office shall be using the appropriate and available technologies that are set fit with the capacity and knowledge of users.
4. The other is the authority office shall be transparent (the tax payers and the community have the right to know every activity of the authority), and as well as accountable (preparing published necessary report timely that detail what has been achieved and what has been failed. And clearly indicated what activities failed it would be clear as to who would be responsible for that failure.
5. According to the finding the participation of the stakes are minimum when the VAT policies and laws developed. So the researcher recommended that will be better when the authority plan and develop the new policies, it should open participation to all types of stakes who are the communities, tax payers, other government organizations, NGOs, formal and informal social sectors and so on.
6. If it is necessary, the VAT rate policies would be revised with public participation without affected the total VAT‟s revenue through identifiable rating the commodity items. Like: first the drags, milk, and first agricultural products remaining zero rated, second basic and ordinary items like foods and house will be reduced from 15% to 10% by using the most reduced standard rate policy system, and thirdly, the luxury goods like luxury automobiles, perfumes, toilet water will be increased from 15% to 20%.
7. To increase the efficiency and effectiveness of VAT management, the authority should established permanent training and advisory service for tax payers that giving knowledge how to fill the VAT‟s form and how to report the VAT including what the tax payer right and duties. The authority office also shall be given well organized training continuously for the staffs, tax payers as well as the communities in general. It should create and develop positive attitude in all stakeholders mind about the benefit of VAT.
8. Finally; the researcher recommends further research on the role of tax policies, laws and procedures, human, capital and time resources, technological infrastructures, tax payers report quality, and public awareness.

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ANNEX 1: HYPOTHESIS QUESTION FOR RESPONDENTS

Hypothesis 1: Quality of the tax policy, laws, and procedure has positive influence of the tax management.

Question for Tax Assessment and Follow up Officers

Do the tax payers believe that the number of steps to required report VAT is necessary?

Yes denoted 1 no denoted 0

Question for Human Resource

Does the authority branch office have decentralize right to recruit, promote, transfer and demoted the branch office employees?

Yes denoted 1 no denoted 0

Question for Tax Auditors

Do you have printed audit manual?

Yes denoted 1 no denoted 0

Question for Legal and Enforcements

Do you believe the existing audit selection criteria are not sound enough to identify tax payers that engaged in tax evasion?

Yes denoted 0 no denoted 1

Question for Customer Service

Do you believe the existing criteria for selection of tax payers for audit and auditing procedure lack clarity and transparency?

Yes denoted 0 no denoted 1

Question for tax payers

Do you believe that the criterion required by the office to collect/refund VAT was reasonable?

Yes denoted 1 no denoted 0

Question for Consumers

Do you believe government VAT policy implementation is fair?

Yes denoted 1 no denoted 0

Hypothesis2: Quality of human, capital and time resource has positive influence of the tax management.

Question for Tax Assessment and Follow up Officers

Do you believe that the current level of education and work experience of the employees is enough to make the tax assessment and follow up effort successfully?

Yes denoted 1 no denoted 0

Question for Human Resource

Do you think the employees are feels happy by the results of appraising their performance?

Yes denoted 1 no denoted 0

Question for Tax Auditors

Do you think there is transparency and continuous follow up when evaluating employees?

Yes denoted 1 no denoted 0

Question for Legal and Enforcements

Do you believe that using cash register machine can reduce administration cost (time saving, bribery, etc) to collect VAT?

Yes denoted 1 no denoted 0

Question for Customer Service

Do you believe that the cash register machine can contribute to increase the authority‟s VAT revenue?

Yes denoted 1 no denoted 0

Question for tax payers

Do you observe problems on cooperation of front line VAT collector?

Yes denoted 0 no denoted 1

Hypothesis3: Quality of technological infrastructure has positive influence of the tax management.

Question for Tax Assessment and Follow up Officers

Do you believe if the ERCA-LTO Electronics Tax (E-Tax) system is implemented effectively, the branch office‟s VAT revenue could be increased?

Yes denoted 1 no denoted 0

Question for Human Resource

Do you believe the current ERCA Electronics Tax (E-Tax) system is effective?

Yes denoted 1 no denoted 0

Question for Tax Auditors

Do you believe the chance of being detected is relatively low if an official is engaged in corrupt activities on the electronics tax (E-Tax) users?

Yes denoted 0 no denoted 1

Question for Legal and Enforcements

Do you believe that using cash register machine facilitates the VAT collection process?

Yes denoted 1 no denoted 0

Question for Customer Service

Are all the LTO‟s branch office tax payers using the Electronic Tax (E-Tax) system?

Yes denoted 1 no denoted 0

Question for tax payers

Do you observe problems on speed of front line VAT collector?

Yes denoted 0 no denoted 1

Hypothesis4: Quality of the tax payers report has positive influence of the tax management.

Question for Tax Assessment and Follow up Officers

Do you believe all the LTO"s branch office tax payers have sufficient knowledge about Electronics Tax (E-Tax) system?

Yes denoted 1 no denoted 0

Question for Human Resource

Do you believe that the format prepared to be completed by the tax payers is not friendly with the tax office filling system?

Yes denoted 0 no denoted 1

Question for Tax Auditors

Do you believe that the form used by the tax payers to notify their tax liability fully satisfy the filling process requirement?

Yes denoted 1 no denoted 0

Question for Legal and Enforcements

Do you think adequate awareness criterion training has been given to the VAT registered organization regarding the use of cash register machine?

Yes denoted 1 no denoted 0

Question for Customer Service

Do you believe that the quality of report submitted by the tax payers satisfy the required information needed and hence require only a standard time set for the officers by the office?

Yes denoted 1 no denoted 0

Question for tax payers

Have you faced difficulties to pay/refund VAT?

Yes denoted 0 no denoted 1

Hypothesis5: The actual public awareness about tax has positive influence of the tax management.

Question for Tax Assessment and Follow up Officers

Do you think that the tax payers have positive perception about VAT?

Yes denoted 1 no denoted 0

Question for Human Resource

Do you believe the awareness creation program organized currently by ERCA is not extensive and not sufficient to build tax and improve tax compliance by VAT registered organization?

Yes denoted 0 no denoted 1

Question for Tax Auditors

Do you think the tax payer does not have good perception of ERCA tax audit follow up system?

Yes denoted 0 no denoted 1

Question for Legal and Enforcements

Do you believe that the office provide educate awareness to those who default before taking action against them?

Yes denoted 1 no denoted 0

Question for Customer Service

Do you believe the Ethiopian Revenue and Customs Authority (ERCA) offered adequate training about VAT?

Yes denoted 1 no denoted 0

Question for tax payers

Does the office provide advisory service to you on how to pay/refund VAT?

Yes denoted 1 no denoted 0

Question for Consumers

Do you believe Vat is important for Ethiopia?

Yes denoted 1 no denoted 0

Dependent Variable for All Respondents

Do you think the current VAT revenue being collected by the government is efficient and effective?

Yes denoted 1 no denoted 0

ANNEX 2

QUESTIONNAIRE FOR CONSUMERS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Consumers

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ "Efficiency and Effectiveness of Tax Management" **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት □አል □ሁለተኛ ትፅሪ ለማቶኘት የሚደረገውን ጥናት ለማሳካት ነው:: ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል::**

ማሳሰቢ□: - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን:: ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን::

እናመሰግናለን!

1. Sex
ፆታ
Male
ወንድ
Female
ሴት

2. Age
እድሜ
Below 20 Years
ከ 20 ዓመት በታች
From 21-30 Years
ከ 21-30 ዓመት
From 31-40 Years
ከ 31-40 ዓመት
From 41-50 Years
ከ 41-50 ዓመት
From 51-60 Years
ከ 51-60 ዓመት
Above 61 Years
ከ 61 ዓመት በላይ

3. Level of Education
የትምህርት ደረጃ
Illiterate
ያልተማረ
From 1-4 grade
ከ1-4ኛ ክፍል
From 5-12 grade
ከ1-4ኛ ክፍል
Certificate and above
ሰርተፍኬትና ከዚያ በላይ

4. Do you believe VAT is important for Ethiopia?
የተ.እ.ታ. በኢትዮጵያ አስፈላጊ መሆኑን ያምኑበታል?
Yes
አዎ
No
አላምንበትም

5. If No, why?
አላምንበትም ከሆነ መልስዎ ለምን?

___

___

___

6. Do you believe government VAT policy implementation is fair?
የመንግስታችን የተ.እ.ታ. ፖሊሲ አተገባበር አግባብ እንደሆነ ያምኑበታል?
Yes
አዎ
No
አላምንበትም

7. Do you think the current VAT revenue being collected by the government is efficient and effective?
   አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ ገቢ ውጤታማና አመርቂ ነው ብለው ያስባሉ?

   Yes **አዎ** ☐ No **አላስብም** ☐

8. If No, why?
   አላምንበትም ከሆነ መልስዎ ለምን?

   ____
   ____
   ____

9. If the Q6 answer the policy is fair, what is your contribution toward the success of collecting VAT?
   በተ.ቁ. ጥያቄ 6 የመንግስት የተ.እ.ታ. ፖሊሲ አግባብ ከሆነ መልስዎ መሰብሰብ የሚገባው የመንግስት የተ.እ.ታ. ገቢ እንዲሰበሰብ የእርስዎ ድርሻ ምን ይመስላል?

   ____
   ____
   ____

QUESTIONNAIRE FOR TAX PAYERS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by tax Payers

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ “Efficiency and Effectiveness of Tax Management” **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትፅሪ ለማቶኘት የሚደረገውን ጥናት ለማሳካት ነው። ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል።**

ማሳሰቢ□: - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን። ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን።

እናመሰግናለን!

1. What is the type of your business?
ድርጅትዎ በየትኛው አይነት ድርጅት ይመደባል?

Multinational Company **አለም አቀፍ**	☐	Domestic Company **አገር በቀል**	☐

2. What is the line of your business?
ድርጅትዎ በየትኛ□ □ስራ □ርአ ስር □ቶኛል?

Import and Export **አስመጪና ላኪ**	☐	Electronic Appliance **ኤሌክትሮኒክስ**	☐
Manufacturing Business **ኛብሪካ**	☐	Real states and Construction **ሪልስቴትና ግንባታ□**	☐
Mining **ማህድን**	☐	Others, Specify **ሌሎች ይግለፁት**	☐

3. How long was your company established?
ድርጅትዎ ከተቋቋመ ምን ያህል ጊዜ ይሆነዋል?

Less than one year **ከአንድ አመት በታች**	☐	Three to five years **ከሦስት አስከ አምስት አመት**	☐
One to two years **ከአንድ አስከ ሁለት አመት**	☐	Above five Years **ከአምስት አመት በላይ**	☐

4. How long have your company been registered for VAT?
ድርጅትዎ የተ.እ.ታ. ቁጥር አውጥቶ ስራ ላይ ከቆየ ምን ያህል ጊዜ ይሆነዋል?

Less than one year **ከአንድ አመት በታች**	☐	Three to five years **ከሦስት አስከ አምስት አመት**	☐
One to two years **ከአንድ አስከ ሁለት አመት**	☐	Above five Years **ከአምስት አመት በላይ**	☐

5. What is the range of your business turnover per annum?
የድርጅትዎ አመታዊ ገቢ ከየትኛው ጋር የመደባል?

Less than 27,000,000.00 **ከ 27,000,0000.00 በታች**	☐	27,000,000.00 and above **27,000,0000 እና ከዚያ በላይ**	☐

6. Have you faced difficulties to pay/ refund VAT?
□ተ.እ.ታ. ሂሳብ ለማወራረድ ያጋጠሞት ችግር አለ?

Yes **አዎ**	☐	No **□ለም**	☐

If yes, what are the difficulties?

አዎ ከሆነ መልስዎ ያጋጠሞት ችግር ምንድን ነው?

---

7. Dose the office provide advisory service to you on how to pay/get refund VAT?
ከዚህ በፊት ከታክስ ሰብሳቢው ድርጅት የተ.እ.ታ. በተመለከተ ስልጠና ወስደው ያውቃሉ?

Yes አዎ	☐	No አላውቅም	☐

8. Do you observe problems on cooperation front line VAT collector?
በታክስ ሰብሳቢው ድርጅት ሰራተኞች ላይ የስራ ቅንጅት አስተውለዋል?

Yes አዎ	☐	No አላስተዋልኩም	☐

9. Do you observe problems on speed of front line VAT Collector?
በታክስ ሰብሳቢው ድርጅት ሰራተኞች ላይ የስራ ቅልጥፍና ችግር አስተውለዋል?

Yes አዎ	☐	No አላስተዋልኩም	☐

10. Do you observe problems on courtesy of front line VAT collector?
በታክስ ሰብሳቢው ድርጅት ሰራተኞች ላይ የትህትና ችግር አስተውለዋል?

Yes አዎ	☐	No አላስተዋልኩም	☐

11. Do you believe that the criterion required by the office to collect/ refund VAT was
የታክስ ሰብሳቢው መ/ቤት ተ.እ.ታ. ሪፖርት ለማድረግ የሚጠይቀው ቅድመ ተከተል ምክንያታዊ ነው ብለው ያምናሉ?

Yes አዎ	☐	No አላምንበትም	☐

12. Do you think the current VAT revenue being collected by the government is efficient and effective?
አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ. ገቢ ውጤታማና አመርቂ ነው ብለው ያስባሉ?

Yes አዎ	☐	No አላስብም	☐

QUESTIONNAIRE FOR MANGERS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Mangers

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ "Efficiency and Effectiveness of Tax Management" **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትፅሪ ለማቶኘት የሚደረገውን ጥናት ለማሳካት ነው፡፡ ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል፡፡**

ማሳሰቢ□፡ - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን፡፡ ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን፡፡

እናመሰግናለን!

1. What is yours position in the Branch?
   በተቋሙ ውስጥ የስርስዎ የስራ ዘርፍ ምንድን ነው?______________________________

2. Who are involved in the process of Collecting/Refunding VAT?
   የተ.እ.ታ. በተመለከተ የሚሳተፉት ክፍሎች እነማን ናቸው?______________________,-
   ______________________,__________________________,_________________________,-
   ______________________,_________________________,__________________________

3. As per your plan how much standard time does it take to report VAT?
   በፕላናችሁ መሰረት የተ.እ.ታ. ለማወራረድ ምን ያህል ጊዜ ይሆናል?_______________

4. What is the tolerable non-compliance VAT's rate in your standard (non filers, stop filers and reduced the actual due tax payable) from its total numbers of VAT Registers?
   በእናንተ ስታንዳርድ መሠረት የተ.እ.ታ. ሳይከፍሉ ይችላሉ (ማለትም የተ.እ.ታ. ቁጥር ወስደው ሳይከፍሉ ሊቀሩ፣ መክፈል ጀምረው ሊያቆሙ፣ ያለባቸውን የተ.እ.ታ. ሂሳብ ለመቀነስ የሚሞክሩ) ምን ያህል ይሆናሉ ተብሎ ይገመተል?______________________

5. What is the actual non-compliance VAT's rate (non filers, stop filers and reduced the actual due tax payable) from its total numbers of VAT Registers?
   ምን ያህሉ ከተ.እ.ታ. ተመዝጋቢዎች በትክክለኛ የተ.እ.ታ. ሳይከፍሉ ቀርተዋል? (ማለትም ምን ያህሉ የተ.እ.ታ. ቁጥር ወስደው ሳይከፍሉ ቀርተዋል፣ ምን ያህሉ መክፈል ጀምረው አቁመዋል፣ ምን ያህሉ ያለባቸውን የተ.እ.ታ. ሂሳብ ለመቀነስ ሞክረዋል?) ____________

6. What do you think is the main reason of Tax payers actual Tax default (non filers, stop filers and reduced the actual due tax) specifically in VAT's payable?
   የተ.እ.ታ. በትክክል ያለመክፈላቸው ዋነኛ ምክንያት ምንድን ነው? (ማለትም የተ.እ.ታ. ቁጥር ወስደው ሳይከፍሉ ወይም መክፈል ጀምረው የማቆማቸው ወይም ያለባቸውን የተ.እ.ታ. ሂሳብ ለመቀነስ የመሞከራቸው ዋነኛ ምክንያት ምንድን ነው?)

7. Performing to VAT which policies are difficult to implement actively?
   □ተ.እ.ታ. በተመለከተ የትኛውን የመንግስት ፖሊሲ ለማስፈፀም አስቸጋሪ ነው?

8. If difficulties exist in the policy, who is the responsible government body?
   በፖሊሲው ላይ ችግር ካለ ኃላፊነቱን □ሚ□ስ□□ የትኛው የመንግስት ክፍል ነው?

9. What do you think is the contribution of other government institutions in the facilitating of tax (VAT) collection process?
የሌሎች የመንግስት ተቋማት የተ.እ.ታ. ለመሰብሰብ የሚያበረክቱት ድርሻ ምን □መስላል?

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10. Please state if you have any additional information?
ተጨማሪ መረጃ ካሎት?

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QUESTIONNAIRE FOR LEGAL ENFORCEMENT OFFICERS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Legal Enforcement Officers

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ "Efficiency and Effectiveness of Tax Management" **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትፅሪ ለማቶኘት የሚደረገውን ጥናት ለማሳካት ነው:: ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል::**

ማሳሰቢ□: - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን። ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን።

እናመሰግናለን!

1. What is yours position in the Branch?
   በተቋሙ □·ስዓ □እርስዎ የስራ ዘርፍ ምንድን ነው? ____________________________
2. Do you think adequate awareness creation training has been given to the VAT registered organization regarding the use of cash register machine?
   ስለ ሽ□□ ገነዘብ መቀበያ ማሽን በቂ ስልጠና ለተ.እ.ታ. ተመዝጋቢ ድርጅቶች ተሰጥቷቸዋል ብለው ያስባሉ?
   Yes አዎ ☐ No አላስብም ☐
3. Do you believe that the office provide educate awareness to those who default before taking action against them?
   የግብር ሰብሳቢው መ/ቤት ግብርን በትክክል አሳውቀው በማይከፍሉት ላይ ከሚወሰደው እርምጃ በፊት በቂ የግንዛቤ ማስጨበጫ ትምህርት ተሰቷቸዋል ብለው ያስባሉ?
   Yes አዎ ☐ No አላስብም ☐
4. Do you believe the existing audit selection criteria are not sound enough to identify tax payers that engaged in tax evasion?
   አሁን ያለው የግብር ከፋዮች የኦዲት ምርጫ ጤናማ ስላልሆነ የተጭበረበረ ግብርን ለይቶ ለማወቅ አስቸጋሪ ነው ብለው ያምናሉ?
   Yes አዎ ☐ No አላምንበትም ☐
5. Do you believe that using cash register machine facilitates the VAT collection process?
   □ሽ□□ ገንዘብ መቀበያ ማሽን የተ.□ታ ቅደም ተከተል የሚሻል ብለው ያምናሉ?
   Yes አዎ ☐ No አላምንበትም ☐
6. Do you believe that using cash register machine can reduce administration cost (Time saving, bribery, etc) to collect VAT?
   የሽያጭ ገንዘብ መቀበያ ማሽን የአስተዳደራዊ ወጪን ይቀንሳል ብለው ያምናሉ?
   Yes አዎ ☐ No አላምንበትም ☐
7. Do you think the current VAT revenue being collected by the government is efficient and effective?
   አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ. ቁጢ □·ቷታማና አመረቂ ነው ብለው ያስባሉ?
   Yes አዎ ☐ No አላስብም ☐
8. What actions does the authority take on non filers, stop filers and reduced VAT's payable?
   □ተ.እ.ታ. ቁዓ ር □ስደው ሳይከፍሉ የቀሩ □□ም መ□□ል □ምረ□· □ቆሙ □□ም የለባቸውን ሂሳብ ለመቀነስ የሞከሩ በተቋሙ በኩል የሚወሰዱ እርምጃዎች ምን □መስላሉ?____

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9. What action does the authority take on those tax (VAT) payers who do not settle their obligation on time?
□ተ.እ.ታ. መክፈል ባለባቸው ጊዜ ውስጥ ሳይከፍሉ በቀሩት ላይ ምን አይነት እርምጃ □□ሰ□ል?

10. What suggestion do you have on measures that should be taken to mitigate problems related to tax education or public awareness program so that effective VAT's collection is maximized?
ባለማወቅና በቂ ስልጠና ባለማገኘት የሚመ□ □ተ.እ.ታ. ስኬታማ ቁጢ ማነስ እንዲቀረፍ ምን እርምጃ እንዲወሰድ ይመ□ራሉ?

11. If you think the existing enforcement of penal action are too week, what do you think are the reasons?
አሁን ያለው የህግ ሂደት □ካማ ነው ብለው ያስባሉ? ምክንያቱ ምን ይሆናል ብለው □ስባሉ?

12. Please state if you have any additional information?
ተፊ ማገሪ መረጃ ካሎት?

QUESTIONNAIRE FOR TAX ASSESSMENT AND FOLLOW UP OFFICERS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Tax Assessment and Follow up Officers

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ “Efficiency and Effectiveness of Tax Management” **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትፅሪ ለማቶኘት የሚደረገውን ጥናት ለማሳካት ነው፡፡ ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል፡፡**

ማሳሰቢ□፡ - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን፡፡ ስለሆነም (✓) ምልክት በጥያቂዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን፡፡

እናመሰግናለን!

1. What is yours position in the Branch?
   በተቋሙ ውስጥ የስርስዎ የስራ ዘርፍ ምንድን ነው? ______________________________

2. If your answer is No, why?
   አላምንበትም ከሆነ መልስዎ፤ ለምን?

   ____

   ____

3. Do the tax payers believe that the number of steps to required report VAT is necessary?
   ግብር ከፋዮች የተ.እ.ታ. ሪፖርት ለማድረግ የሚጠይቀውን ቅደም ተከተል ብዛት ትክክለኛ እንደሆነ ያምኑበታል?

   Yes
   አዎ ☐ No
   አያምኑበትም ☐

4. Do you believe that the current level of education and work experience of the employees is enough to make the tax assessment and follow up effort successfully?
   የክፍሉ ሠራተኞች ያላቸው የትምህርት ደረጃና የስራ ልምድ የታክስ አሰባሰቡንና የታ□ስ ክትትሉን ሂደት በብቃት ያሳካል ብለው ያምናሉ?

   Yes
   አዎ ☐ No
   አላምንበትም ☐

5. Do you believe if the ERCA-LTO Electronics Tax (E-Tax) system is implemented effectively, the branch office's VAT revenue could be increased?
   የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን ከፍተኛ ግብር ከፋዮች ቅ/ፅ/ቤት የኤልክትሮኒክስ ታክስ ሲስተምን በትክ□ል ተፅባራዊ ቢ□□ርፅ □ቅ/ን/ቤቱ □ተ.እ.ታ ቁኢ ሊፊ ምር □ችላል ብለው ያምናሉ?

   Yes
   አዎ ☐ No
   አላምንበትም ☐

6. Do you believe all the LTO's branch office tax payers have sufficient knowledge about Electronics Tax (E-Tax) system?
   ሁሉም □ቅ/ፅ/ቤቱ ግብር ከፋዮች ስለ ኤልክትሮኒክስ ታ□ስ ሲስተም በቂ እውቀት አላቸው ብለው ያምናሉ?

   Yes
   አዎ ☐ No
   አላምንበትም ☐

7. Do you think that the tax payers have positive perception about VAT?
   ግብር ከፋዮች ስለ ተ.እ.ታ ያላቸው አመለካከት ዓ ሩ ነው ብለው ያስባሉ?

   Yes
   አዎ ☐ No
   አላስብም ☐

8. Do you think the current VAT revenue being collected by the government is efficient and effective?
አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ. ቁጢ □ቷታማና አመረቂ ነው ብለው ያስባሉ?

Yes **አዎ** ☐ No **አላስብም** ☐

9. If your answer is No, why?
አይደሉም ከሆነ መልስዎ፤ ለምን?

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10. How long time does it takes to complete the filing process of VAT that reported by the Tax Payers?
የግብር ከፋዮችን የተ.እ.ታ. ሪፖርት ፋይል አድርጎ ለማጠናቀቅ ምን ያህል ጊዜ

□□ስ□ል?____

11. Mention the major internal factors that aggravate the occurrence of tax reduced special emphasis on VAT?
መንግስት ታ□ስ □ተ.እ.ታ. በተመለከተ የተሰብሳቢ ሂሳብ ለመቀነስ አይነተኛ ምክንያት የሆኑ የውስጥ ችግሮች ምንድን ናቸው?

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12. Mention the major external factors that aggravate the occurrence of tax reduced special emphasis on VAT?
መንግስት ታ□ስ □ተ.እ.ታ. በተመለከተ የተሰብሳቢ ሂሳብ ለመቀነስ አይነተኛ ምክንያት የሆኑ የውጭ ችግሮች ምንድን ናቸ□?

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13. Please state if you have any additional information?
ተጨማሪ መረጃ ካሉት?

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QUESTIONNAIRE FOR TAX AUDITORS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Tax Auditors

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ "Efficiency and Effectiveness of Tax Management" **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትፅሪ ለማቹኘት የሚደረገውን ጥናት ለማሳካት ነው:: ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል::**

ማሳሰቢ□፡ - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን፡፡ ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን፡፡

እናመሰግናለን!

1. What is yours position in the Branch?
   በተቋሙ ውስጥ የስርስዎ የስራ ዘርፍ ምንድን ነው? ____________________________

2. What kind of Tax Audit strategies do you use?
   ምን አይነት የታክስ ኦዲት ስትራቴጂ ትጠቀማላችሁ?
   Compressive Audit ☐ Risk Based Audit ☐
   አጠቃላይ ኦዲት ችግር ያለበትን ቦታ □ተኮረ
   Others, specify?
   ሌሎች ይግለፁት? ____

3. Do you have printed Audit manual?
   የተዘጋጀ የኦዲት ማኑዋል አላችሁ?
   Yes ☐ No ☐
   አዎ የለንም

4. If the answer is No, have you faced difficulty to accomplish your jobs because of the absence of the Audit manual?
   የለንም ከሆነ መልስዎ የኦዲት ማኑዋል ባለመኖሩ በስራዎ ላይ ያጋጠሞት ችግር አለ?
   Yes ☐ No ☐
   አዎ □ለም

5. If the answer is Yes, Please specify?
   አዎን ከሆነ መልስዎ እባክዎን ይግለፁት?

   ____

   ____

6. Do you believe the chance of being detected is relatively low if an official is engaged in corrupt activities on the electronics tax (e-tax) users?
   □ታክስ መ/ቤቱ ሠራተኞች ከኤልክትሮክስ ታክስ ተጠቃሚ ግብር ከፋዮች ጋር ከተስማሙ በአንፃሩ ችግሩን የማግኘት እትል □ቅተኛ ነው ብለው ያምናሉ?
   Yes ☐ No ☐
   አዎ አላምንበትም

7. Do you believe that the form used by the tax payers to notify their tax liability fully satisfy the filling process requirement?
   ግብር ከፋዮች የግብር ዕዳቸውን ለማሳወቅ የሚጠቀሙበት ፎርም የፋይል ሂደቱ የሚጠይቀውን ጥያቄ ሙሉ በሙሉ □መልሳል ብለው ያምናሉ?
   Yes ☐ No ☐
   አዎ አላምንበትም

8. Do you think the tax payer does not have good perception of ERCA tax audit follow up system?
   ግብር ከፋዮች ስለ ታክስ ኦዲትና ክትትል ጥሩ የሆነ አመለካከት አላቸው ብለው ☐ስባሉ?

Yes **አዎ**	☐	No **አላስብም**	☐

9. Do you think there is transparency and continuous follow up when evaluating employees?
   የሠራተኞች የስራ ግምገማ ውጤት ግልጽነትና የግምገማ ጊዜውን ሙሉ በሙሉ ያካተተ ነው ብለው ያስባሉ?

Yes **አዎ**	☐	No **አላስብም**	☐

8. Do you think the current VAT revenue being collected by the government is efficient and effective?
   አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ. ቀጢ ☐ቷኌታማና አመረቂ ነው ብለው ያስባሉ?

Yes **አዎ**	☐	No **አላስብም**	☐

9. Please state if you have any additional information?
   ተጨማሪ መረጃ ካሎት?

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QUESTIONNAIRE FOR CUSTOMER SERVICE

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Customer Service

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ “Efficiency and Effectiveness of Tax Management” **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትፅሪ ለማቶኝት □ሚ□ረቱ□ን ጥናት ለማሳካት ነው:: ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል::**

ማሳሰቢ□፡ - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን፡፡ ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን፡፡

እናመሰግናለን!

1. What is yours position in the Branch?
   በተቋሙ ውስጥ የስርስዎ የስራ ዘርፍ ምንድን ነው? ___________________________
2. State the procedures to do follow by tax payers to lodge any appeal in case disagreement with tax charge decisions?
   አላግባብ የሆነ የታክስ ውሳኔን ለመቃወም ግብር ከፋዮች ምን ምን ማሟላት አለባቸው?

   ____

   ____

   ____
3. How long time does it take to provide divisions to tax appeal applications?
   ግብር ከፋዮች የታክስ ውሳኔ ተቀውሞ ማመልከቻ ካስገቡ በኋላ በምን ያህል ጊዜ ውስጥ የመጨረሻ ውሳኔ ይሰጣቸዋል?____
4. Do you believe the Ethiopian Revenue and Customs Authority (ERCA) offered adequate training about VAT?
   የኢትዮጵያ ገቢዎች ባለስልጣን ስለ ተ.እ.ታ በቂ ስልጠና ይሰጣል ብለው ያምናሉ?

   Yes
   አዎ ☐
   No
   አላምንበትም ☐
5. Do you think the education and awareness creation program through television, brochures, magazines, news papers and others is not sufficient to improve Tax compliance?
   በቴሌቭዥን፣ በበራሪ ወረቀቶች፣ በመጽሔቶች፣ በ□□ጦችና እንዲሁም በሌሎች የሚዲያ አውታሮች ስለግብር የሚሰጠው ትምህርት የታ□ስ አሰባሰብ ስርአቱን ለማሻሻል በቂ ነው ብለ□ □ስባሉ?

   Yes
   አዎ ☐
   No
   አላስብም ☐
6. Are all the LTO's branch office tax payers using the Electronics Tax (E-Tax) system?
   ሁሉም □ቅ/ን/ቤቱ ግብር ከፋዮች የኤልክትሮኒክስ ታክስ ሲስተም ተጠቃሚዎች ናቸው?

   Yes
   አዎ ☐
   No
   አይደሉም ☐
7. Do you believe the existing criteria for selection of tax payers for audit and auditing procedures lack clarity and transparency?
   አሁን ያለው የግብር ከፋዮች የኦዲት ምርጫና የኦዲት አካሄድ ግልጽነት የጎደለው ነው ብለው ያምናሉ?

   Yes
   አዎ ☐
   No
   አላምንበትም ☐

8. Do you believe that the cash register machine can contribute to increase the authority's VAT revenue?
   የሽያጭ ገንዘብ መቀበያ ማሽን ለተ.እ.ታ. ገቢ መጨመር አስተዋፅኦ ያደርጋል ብለው ያምናሉ?

   Yes **አዎ** ☐ No **አላምንበትም** ☐

9. Do you believe that the quality of report submitted by the tax payers satisfy the required information needed and hence require only a standard time set for the officers by the office?
   የግብር ከፋዮች የሪፖርት ጥራት ግብር ሰብሳቢው መ/ቤት የሚጠይቀውን መስፈርት ለሟሟላት በቂ ስለሆነ የታ□ስ ኦኘሰሩ ሪፖርቱን አገናዝቦ ለመቀበል የሚፈጅበት ሰዓት በትርፀቱ ስታንዳርድ መሠረት እንደሆነ ያምኑበታል?

   Yes **አዎ** ☐ No **አላምንበትም** ☐

10. Do you believe there is a strong link between employees required their outcome and reward in your office?
    ሠራተኞች የሚሰጣቸው ጥቅማጥቅም ከሚሰጡት የስራ ውጤት ጋር ተመጣጣኝ ነው ብለው ያምናሉ?

    Yes **አዎ** ☐ No **አላምንበትም** ☐

11. Do you think the current VAT revenue being collected by the government is efficient and effective?
    አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ. ቁቢ □ቷታማና አመረቂ ነው ብለው ያስባሉ?

    Yes **አዎ** ☐ No **አላስብም** ☐

12. Please state if you have any additional information?
    ተጨማሪ መረጃ ካሎት?

    ____

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    ____

QUESTIONNAIRE FOR HUMAN RESOURCE OFFICERS

ADDIS ABABA UNIVERSITY

COLLAGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

ERCA (Large Tax Payers Branch Office): - Efficiency and Effectiveness of Tax Management with Special Emphasis on VAT

To be filled by Human Resource Officers

This questionnaire is prepared by MBA student of AAU-CBE to get relevant data about the Efficiency and Effectiveness of Tax Management. The research is undertaken as a partial fulfillment for the Masters of Business Administration (MBA) Degree in Finance.

Remark: - your contribution on honestly and frankly filling the question are helpful for producing quality paper and the information will be held confidential and used for this research purpose only. Please you are kindly requested to answer the following question. There is no need to write your name on the questioner, put **(✓)** tick one mark, if necessary provide your response in the space provided.

THANK YOU!

ይህ መጠየቂያ የተዘጋጀው በ “Efficiency and Effectiveness of Tax Management” **በሚል ርክስ በአዲስ አበባ ዩኒቨርስቲ በቢዘነስና ኢኮኖሚክስ የትምህርት ክፍል የሁለተኛ ትዕሪ ለማቶኘት የሚደረገውን ጥናት ለማሳካት ነው:: ይህም ጥናት የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የከፍተኛ ግብር ቅርንጫፍ ፅ/ቤት አስተዳደርን በተመለከተ ይሆናል::**

ማሳሰቢ□፡ - ይህ መረጃ ለጥናቱ ወሳኝ በመሆኑ መልስዎን በታማኝነትና ነፃ ሆነው እንዲሞሉ በትህትና እየጠየቅን የሚሰጡንም መረጃ ሚስጥራዊነት እንደተጠበቀ መሆኑንም በትህትና እንገልፃለን። ስለሆነም (✓) ምልክት በጥያቄዎቹ ትክክል ባሉት መልስ መስጫ ላይ በማድረግ አልያም አስፈላጊ ሆኖ ሲገኝ ባሉት የመልስ መስጫ ቦታዎች ላይ መልስዎን እንዲያስቀምጡ በትህትና እንገልፃለን።

እናመሰግናለን!

1. What is yours position in the Branch?
   በተቋሙ □ስዓ □እርስዎ የስራ ዘርፍ ምንድን ነው?____________________________
2. Does the authority branch office have decentralize right to recruit, promote, transfer and demoted the branch office employees?
   □ቅርንጫፍ መ/ቤቱን ሠራተኞች የመቅጠር የማሳደግ የቦታ ለ□ዓ □ማትረፅ እን□ሁም ከደረጃ ዝቅ የማድረግ መብት ቅ/መ/ቤቱ አለው?
   Yes አዎ ☐ No □ለ□ም ☐ yes, but partially አዎን ግን ሙሉ በሙሉ ያልሆነ ☐
3. If your answer is partially, where the branch office authority's have the restrictions?
   መልስዎ አዎን ግን ሙሉ በሙሉ አይደለም ከሆነ መልስዎ የቱ ጋር ነው ቅ/መ/ቤቱ መብት የሌለው?

   ____

   ____
4. In Q2, if your answer is not Yes, have the authority faced a problem to get the right person at the right position?
   በተ.ቁ. ዓ□ቂ 2 ላ□ □እርሶ መልስ አዎን ካልሆነ የቅ/መ/ቤቱ ትክክለኛ ሠራተኛ የሚመጠነው ቦታ ላይ የመስራት ችግር ገጥሞታል?
   Yes አዎ ☐ No አላጋጠመውም ☐
5. Do you believe that the format prepared to be completed by the tax payers is not friendly with the tax payers filling system?
   ግብር ከፋዮች ግብር ለመክፈል የሚጠቀሙበት የሪፖርት ፎርማት ሠራተኞች ፋይል በሚያደርጉበት ወቅት ችግር አለው ብለው ያስባሉ?
   Yes አዎ ☐ No አላስብም ☐
6. How many annual employees' turnover rate is in your branch office?
   በቅ/መ/ቤቱ ምን ያህል እጅ ሠራተኞች በየአመቱ ይለዋወጣሉ?
   Less Than one Percent ከአንድ ፐርሰንት በታች ☐ One to three percent ከአንድ እስከ ሦስት ፐርሰንት ☐
   Three to five percent ከሦስት እስከ አምስት ፐርሰንት ☐ More than five percent ከአምስት ፐርሰንት በላይ ☐
7. If your answer is more than one percent, what are the main reasons that the branch office authority's employees leave their jobs?
   መለስዎ ከአንድ ፐርሰንት በላይ የሚል ከሆነ የባለስልጣን ቅ/መ/ቤቱ ከስራቸው የሚለቁበት ዋነኛ ምክንያት ምንድን ነው?

   ____

   ____

8. Do you think the employees are feels happy by the results of appraising their performance?
ሠራተኞች በሚሰጣቸው የስራ ምዘና ውጤት ደስተኛ ናቸው ብለው ያስባሉ?
Yes ☐ No ☐
አዎ አላስብም

9. Do you believe the current ERCA Electronics Tax (E-Tax) system is Effective?
አሁን ያለው የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የኤሌክትሮኒክስ ታ□ስ ሲስተም □ቷታማ ነው ብለው ያምኑበታል?
Yes ☐ No ☐
አዎ አላምንበትም

10. Do you think the current VAT revenue being collected by the government is efficient and effective?
አሁን በመንግስት የሚሰበሰበው የተ.እ.ታ. ቁ. □ቷታማና አመረቂ ነው ብለው ያስባሉ?
Yes ☐ No ☐
አዎ አላስብም

11. Do you believe the awareness creation program organized currently by ERCA is not extensive and not sufficient to build tax and improve tax compliance by VAT registered organization?
አሁን በኢትዮጵያ ገቢዎች የሚሰጠው ስለ ግብር አከፋፈል የማሳወቅ ፕሮግራም □ተ.እ.ታ. ተመዝጋቢዎችን የታ□ስ እውቀትን የማይገነባና የግብር አሰባሰብ ሂደቱን □ማ□ሻሽል ነው ብለው ያምናሉ?
Yes ☐ No ☐
አዎ አላምንበትም

12. Do you believe that the office provides adequate training for the staffs as well as for the tax payers that contributes to efficient tax collection?
□ታክስ አሰባሰቡን ወጤታማ የሚያደርግ ስልጠና ለሰራተኞች ሆነ ለግብር ከፋዮች በበቂ ሁኔታ ድርጅቱ አቅርቧል ብለው ያምናሉ?
Yes ☐ No ☐
አዎ አላስብም

13. Please state if you have any additional information?
ተጨማሪ መረጃ ካሎት?

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Annex 3. **Correlation analysis for tax collectors**

Correlation analysis for tax collectors

Descriptive Statistics

	Mean	Std. Deviation	N
Efficient & Effectiveness of TAX Management	.63	.487	49
Policy, Law & Procedure	.63	.487	49
Human, Capital & Time Resource	.73	.446	49
Technological Infrastructure	.65	.481	49
Quality of Tax Payers Report	.49	.505	49
Public Awareness	.39	.492	49

Correlations

		Efficient & Effectiveness of TAX Management	Policy, Law & Procedure	Human, Capital & Time Resource	Technological Infrastructure	Quality of Tax Payers Report	Public Awareness
Efficient & Effectiveness of TAX Management	Pearson Correlation	1	.473**	.501**	.423**	.154	.085
	Sig. (1-tailed)		.001	.000	.002	.291	.561
	N	49	49	49	49	49	49
Policy, Law & Procedure	Pearson Correlation	.473**	1	.309*	.245	-.100	-.002
	Sig. (1-tailed)	.001		.031	.090	.493	.990

	N	49	49	49	49	49	49
Human, Capital & Time Resource	Pearson Correlation	.501**	.309*	1	.145	.034	.004
	Sig. (1-tailed)	.000	.031		.321	.817	.979
	N	49	49	49	49	49	49
Technological Infrastructure	Pearson Correlation	.423**	.245	.145	1	.114	-.124
	Sig. (1-tailed)	.002	.090	.321		.436	.396
	N	49	49	49	49	49	49
Quality of Tax Payers Report	Pearson Correlation	.154	-.100	.034	.114	1	-.361*
	Sig. (1-tailed)	.291	.493	.817	.436		.011
	N	49	49	49	49	49	49
Public Awareness	Pearson Correlation	.085	-.002	.004	-.124	-.361*	1
	Sig. (1-tailed)	.561	.990	.979	.396	.011	
	N	49	49	49	49	49	49

**. Correlation is significant at the 0.01 level (1-tailed).

*. Correlation is significant at the 0.05 level (1-tailed).

Annex 4. Regression result of tax collectors

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.707[a]	.499	.441	.364	.499	8.575	5	43	.000	1.603

a. Predictors: (Constant), Public Awareness, Policy, Law & Procedure, Technological Infrastructure, Human, Capital & Time Resource, Quality of Tax Payers Report

b. Dependent Variable: Efficient & Effectiveness of TAX Management

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.685	5	1.137	8.575	.000[a]
	Residual	5.702	43	.133		
	Total	11.388	48			

a. Predictors: (Constant), Public Awareness, Policy, Law & Procedure, Technological Infrastructure, Human, Capital & Time Resource, Quality of Tax Payers Report

b. Dependent Variable: Efficient & Effectiveness of TAX Management

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	-.219	.147		-1.489	.144	-.517	.078					
Policy, Law & Procedure	.313	.117	.313	2.665	.011	.076	.550	.473	.376	.288	.845	1.184
Human, Capital & Time Resource	.386	.125	.354	3.100	.003	.135	.637	.501	.427	.334	.895	1.117
Technological Infrastructure	.299	.115	.296	2.613	.012	.068	.530	.423	.370	.282	.910	1.099
Quality of Tax Payers Report	.203	.113	.211	2.975	.050	-.025	.431	.154	.264	.194	.846	1.182
Public Awareness	.195	.115	.197	1.693	.098	-.037	.427	.085	.250	.183	.861	1.161

a. Dependent Variable: Efficient & Effectiveness of TAX Management

Coefficient Correlations[a]

Model			Public Awareness	Policy, Law & Procedure	Technological Infrastructure	Human, Capital & Time Resource	Quality of Tax Payers Report
1	Correlations	Public Awareness	1.000	.028	.084	-.037	.352
		Policy, Law & Procedure	.028	1.000	-.225	-.291	.145
		Technological Infrastructure	.084	-.225	1.000	-.069	-.100
		Human, Capital & Time Resource	-.037	-.291	-.069	1.000	-.068
		Quality of Tax Payers Report	.352	.145	-.100	-.068	1.000
	Covariances	Public Awareness	.013	.000	.001	.000	.005
		Policy, Law & Procedure	.000	.014	-.003	-.004	.002
		Technological Infrastructure	.001	-.003	.013	.000	-.001
		Human, Capital & Time Resource	.000	-.004	.000	.016	.000
		Quality of Tax Payers Report	.005	.002	-.001	.000	.013

a. Dependent Variable: Efficient & Effectiveness of TAX Management

CollinearityDiagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Policy, Law &Procudure	Human, Capital & Time Resource	Technological Infrustructure	Quality of Tax Payers Report	Public Awareness
1	1	4.224	1.000	.01	.01	.01	.01	.01	.01
	2	.782	2.324	.00	.00	.00	.01	.20	.42
	3	.424	3.157	.00	.23	.01	.05	.39	.26
	4	.271	3.947	.00	.13	.15	.81	.02	.01
	5	.202	4.570	.00	.58	.61	.01	.14	.05
	6	.097	6.605	.99	.05	.21	.11	.24	.24

a. Dependent Variable: Efficient & Effectiveness of TAX Management

CasewiseDiagnostics[a]

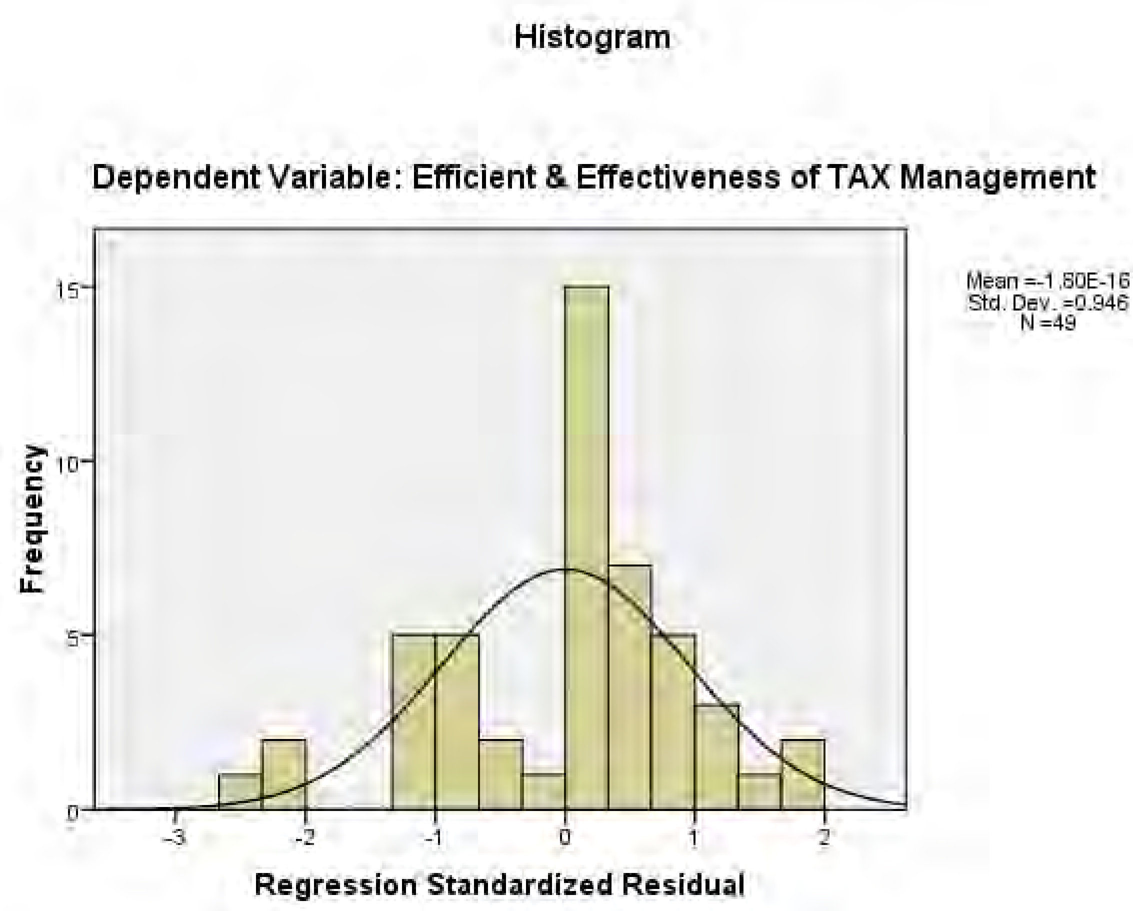
Case Number	Std. Residual	Efficient & Effectiveness of TAX Management	Predicted Value	Residual
39	-2.139	0	.78	-.779
40	-2.139	0	.78	-.779
44	-2.409	0	.88	-.877

a. Dependent Variable: Efficient & Effectiveness of TAX Management

Residuals Statistics[a]

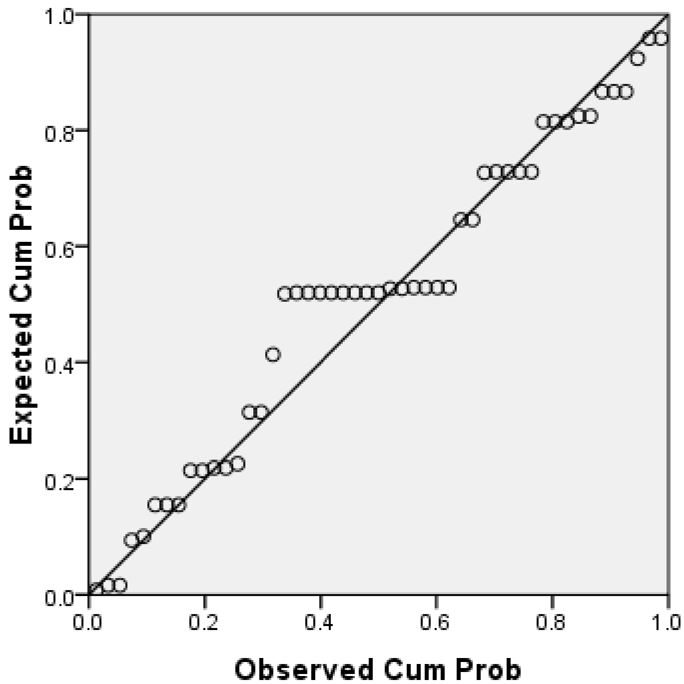
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-.22	1.18	.63	.344	49
Residual	-.877	.630	.000	.345	49
Std. Predicted Value	-2.476	1.581	.000	1.000	49
Std. Residual	-2.409	1.731	.000	.946	49

a. Dependent Variable: Efficient & Effectiveness of TAX Management



Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Efficient & Effectiveness of TAX Management



Annex 4. Correlation analysis for tax payers

Descriptive Statistics

	Mean	Std. Deviation	N
The Efficiency & Effectiveness of VAT Management	.66	.479	50
Policy, Law & Procedure	.76	.431	50
Human, Capital & Time Resource	.52	.505	50
Technological Infrastructure	.42	.499	50
Quality of Tax payers Report	.62	.490	50
Public Awareness	.80	.404	50

Correlations

		The Efficiency & Effectiveness of VAT Management	Policy, Law & Procedure	Human, Capital & Time Resource	Technological Infrastructure	Quality of Tax payers Report	Public Awareness
The Efficiency & Effectiveness of VAT Management	Pearson Correlation	1	.486**	.578**	.525**	.656**	.169
	Sig. (2-tailed)		.000	.000	.000	.000	.241
	N	50	50	50	50	50	50
Policy, Law & Procedure	Pearson Correlation	.486**	1	.304*	.099	.235	.187
	Sig. (2-tailed)	.000		.032	.495	.100	.193
	N	50	50	50	50	50	50

Human, Capital & Time Resource	Pearson Correlation	.578**	.304*	1	.412**	.238	-.080
	Sig. (2-tailed)	.000	.032		.003	.097	.580
	N	50	50	50	50	50	50
Technological Infrastructure	Pearson Correlation	.525**	.099	.412**	1	.249	-.182
	Sig. (2-tailed)	.000	.495	.003		.081	.205
	N	50	50	50	50	50	50
Quality of Tax payers Report	Pearson Correlation	.656**	.235	.238	.249	1	-.082
	Sig. (2-tailed)	.000	.100	.097	.081		.569
	N	50	50	50	50	50	50
Public Awareness	Pearson Correlation	.169	.187	-.080	-.182	-.082	1
	Sig. (2-tailed)	.241	.193	.580	.205	.569	
	N	50	50	50	50	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.889[a]	.790	.767	.231	1.858

a. Predictors: (Constant), Public Awareness, Human, Capital & Time Resource, Quality of Tax payers Report, Policy, Law & Procedure, Technological Infrastructure

b. Dependent Variable: The Efficiency & Effectiveness of VAT Management

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.869	5	1.774	33.202	.000[a]
	Residual	2.351	44	.053		
	Total	11.220	49			

a. Predictors: (Constant), Public Awareness, Human, Capital & Time Resource, Quality of Tax payers Report, Policy, Law & Procedure, Technological Infrastructure

b. Dependent Variable: The Efficiency & Effectiveness of VAT Management

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			95% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	-.311	.099		-3.160	.003	-.510	-.113					
Policy, Law & Procedure	.229	.084	.207	2.727	.009	.060	.399	.486	.380	.188	.829	1.206
Human, Capital & Time Resource	.278	.076	.293	3.682	.001	.126	.430	.578	.485	.254	.750	1.333
Technological Infrastructure	.297	.075	.310	3.981	.000	.147	.448	.525	.515	.275	.786	1.272
Quality of Tax payers Report	.469	.072	.481	6.535	.000	.325	.614	.656	.702	.451	.879	1.138

Public Awareness	.296	.086	.250	3.459	.001	.123	.468	.169	.462	.239	.913	1.095

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

Coefficient Correlations[a]

Model			Public Awareness	Human, Capital & Time Resource	Quality of Tax payers Report	Policy, Law & Procedure	Technological Infrastructure
1	Correlations	Public Awareness	1.000	.063	.083	-.232	.145
		Human, Capital & Time Resource	.063	1.000	-.090	-.273	-.364
		Quality of Tax payers Report	.083	-.090	1.000	-.198	-.164
		Policy, Law & Procedure	-.232	-.273	-.198	1.000	.026
		Technological Infrustructure	.145	-.364	-.164	.026	1.000
	Covariances	Public Awareness	.007	.000	.001	-.002	.001
		Human, Capital & Time Resource	.000	.006	.000	-.002	-.002
		Quality of Tax payers Report	.001	.000	.005	-.001	.000
		Policy, Law & Procedure	-.002	-.002	-.001	.007	.000
		Technological Infrastructure	.001	-.002	.000	.000	.006

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

CollinearityDiagnostics[a]

Model	Dimension	Eigenvalue	Condition	Variance Proportions

			Index	(Constant)	Policy, Law &Procudur e	Human, Capital & Time Resource	Technological Infrustructure	Quality of Tax payers Resport	Public Awareness
1	1	4.562	1.000	.00	.01	.01	.01	.01	.01
	2	.593	2.774	.01	.02	.08	.40	.00	.07
	3	.315	3.807	.00	.01	.48	.05	.54	.01
	4	.295	3.933	.01	.00	.28	.47	.32	.09
	5	.156	5.411	.02	.92	.14	.02	.05	.19
	6	.079	7.603	.95	.03	.01	.05	.08	.63

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

CasewiseDiagnostics[a]

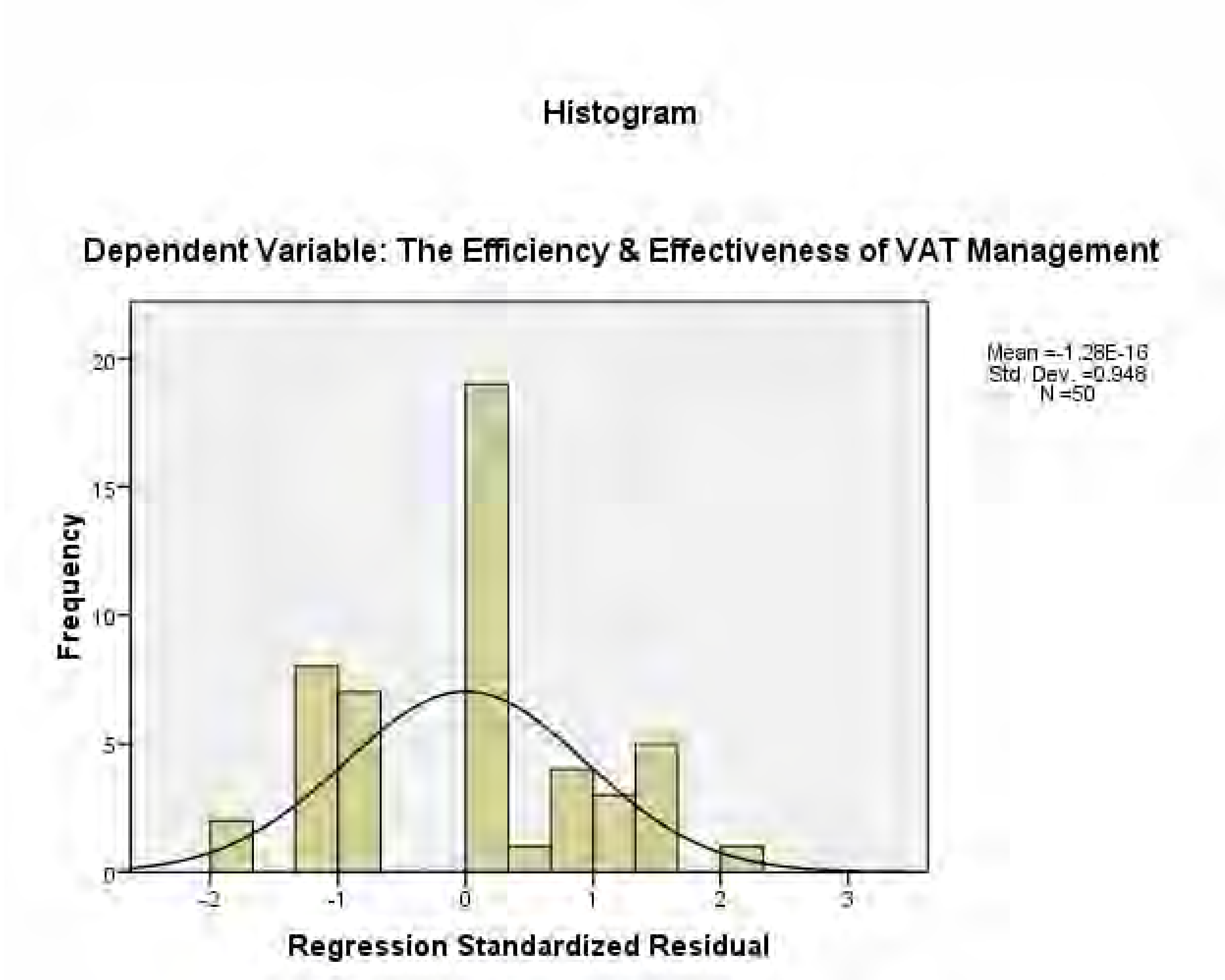
Case Number	Std. Residual	The Efficiency & Effectiveness of VAT Management	Predicted Value	Residual
10	2.199	1	.49	.508

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

Residuals Statistics[a]

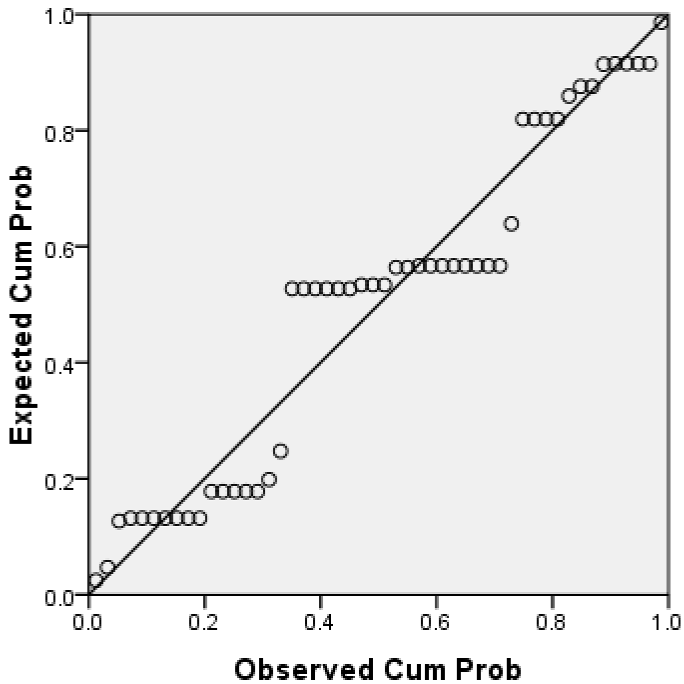
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-.08	1.26	.66	.425	50
Residual	-.454	.508	.000	.219	50
Std. Predicted Value	-1.745	1.407	.000	1.000	50
Std. Residual	-1.963	2.199	.000	.948	50

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management


Histogram
Dependent Variable: The Efficiency & Effectiveness of VAT Management
Mean =-1.28E-16
Std. Dev. =0.948
N =50
Frequency
Regression Standardized Residual
0
5
10
15
20
-2
-1
0
1
2
3

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: The Efficiency & Effectiveness of VAT Management



Annex 5. Correlation analysis for consumers

Descriptive Statistics

	Mean	Std. Deviation	N
The Efficiency & Effectiveness of VAT Management	.64	.480	390
Policy, Law & Procedure	.55	.498	390
Public Awareness	.73	.443	390

Correlations

		The Efficiency & Effectiveness of VAT Management	Policy, Law & Procedure	Public Awareness
The Efficiency & Effectiveness of VAT Management	Pearson Correlation	1	.653**	.568**
	Sig. (2-tailed)		.000	.000
	N	390	390	390
Policy, Law & Procedure	Pearson Correlation	.653**	1	.260**
	Sig. (2-tailed)	.000		.000
	N	390	390	390
Public Awareness	Pearson Correlation	.568**	.260**	1
	Sig. (2-tailed)	.000	.000	
	N	390	390	390

**. Correlation is significant at the 0.01 level (2-tailed).

Regression analysis results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.772[a]	.596	.594	.306	.596	285.545	2	387	.000	2.141

a. Predictors: (Constant), Public Awareness, Policy, Law & Procedure

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.772[a]	.596	.594	.306	.596	285.545	2	387	.000	2.141

b. Dependent Variable: The Efficiency & Effectiveness of VAT Management

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.324	2	26.662	285.545	.000[a]
	Residual	36.135	387	.093		
	Total	89.459	389			

a. Predictors: (Constant), Public Awareness, Policy, Law & Procedure

b. Dependent Variable: The Efficiency & Effectiveness of VAT Management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.017	.032		.529	.597	-.046	.080					
	Policy, Law & Procedure	.521	.032	.541	16.179	.000	.458	.585	.653	.635	.523	.932	1.073

Public Awareness	.463	.036	.427	12.768	.000	.391	.534	.568	.544	.413	.932	1.073

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

Coefficient Correlations[a]

Model			Public Awareness	Policy, Law &Procudure
1	Correlations	Public Awareness	1.000	-.260
		Policy, Law & Procedure	-.260	1.000
	Covariances	Public Awareness	.001	.000
		Policy, Law & Procedure	.000	.001

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

CollinearityDiagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Policy, Law & Procedure	Public Awareness
1	1	2.551	1.000	.03	.05	.03
	2	.306	2.889	.09	.94	.15
	3	.143	4.223	.87	.01	.81

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

CasewiseDiagnostics[a]

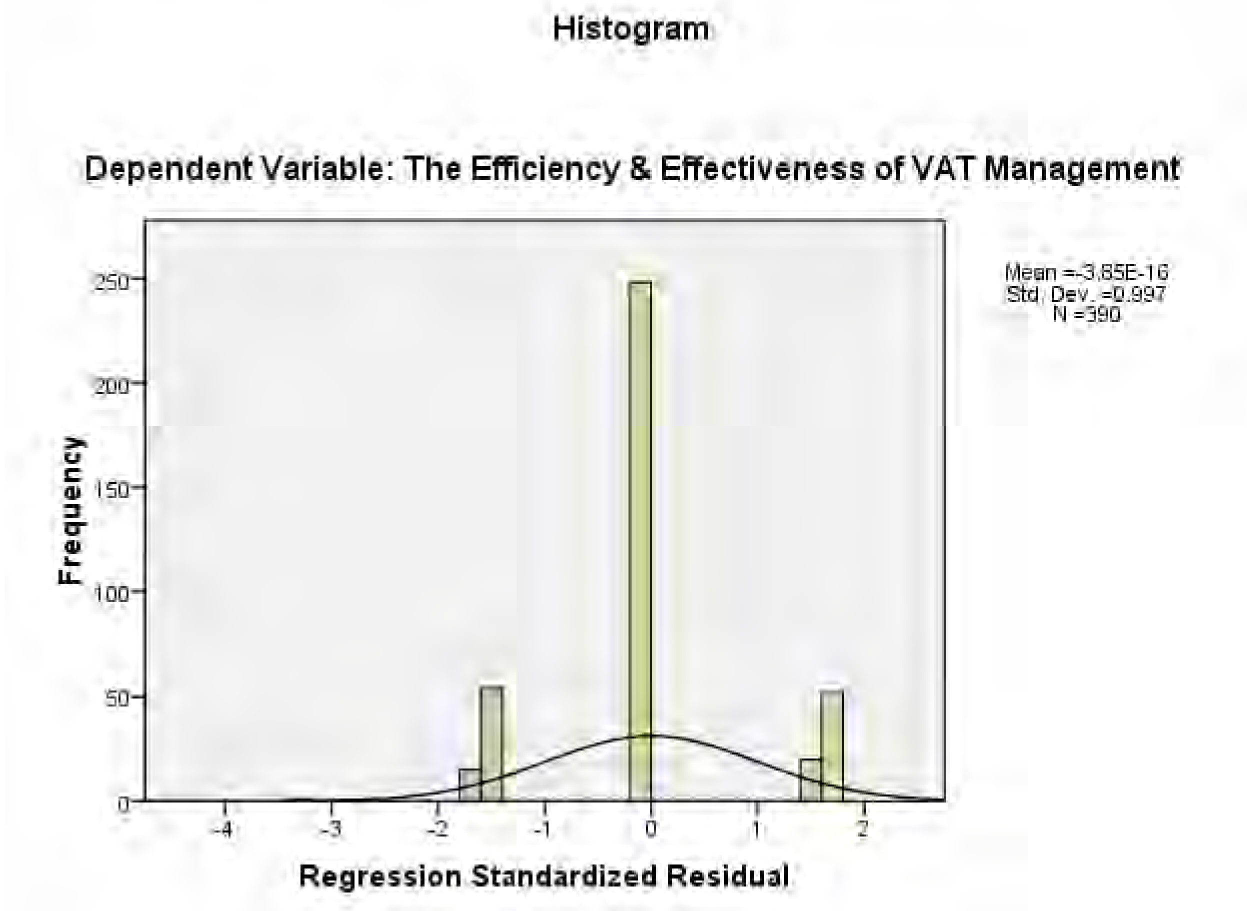
Case Number	Std. Residual	The Efficiency & Effectiveness of VAT Management	Predicted Value	Residual
311	-3.276	0	1.00	-1.001

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.02	1.00	.64	.370	390
Residual	-1.001	.520	.000	.305	390
Std. Predicted Value	-1.693	.965	.000	1.000	390
Std. Residual	-3.276	1.703	.000	.997	390

a. Dependent Variable: The Efficiency & Effectiveness of VAT Management


Histogram
Dependent Variable: The Efficiency & Effectiveness of VAT Management
Mean =-3.85E-16
Std. Dev. =0.997
N =390
Frequency
250
200
150
100
50
0
-4
-3
-2
-1
0
1
2
Regression Standardized Residual

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: The Efficiency & Effectiveness of VAT Management